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

Annual Report

31 December 2020

Salini Costruttori S.p.A.
Share capital Euro 62,400,000
Registered office in Milan, Via del Lauro 3
Tax code and registration number: 00436420582 with Companies House of Milan
Econ. & Admin. Index (REA) no. 1977962 – VAT no. 00892101007

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Company officers

Board of Directors (i)	
Chairman	Simonpietro Salini
Deputy Chairperson	Francesco Saverio Salini
Chief Executive Officer	Pietro Salini
Directors	Alessandro Salini
	Claudio Costamagna
	Sergio Erede
	Daniele Gambirasio
	Nicola Greco
	Antonio Nuzzo
Board of Statutory Auditors (ii)	
Chairperson (*)	Matteo Caratozzolo
Standing Statutory Auditors	Carmine Biancardi
	Francesco Facchini
Substitute Statutory Auditors	Giuseppe Mongiello
	Stefano Massarotto
Independent Auditors (iii)	KPMG S.p.A.

(i) Appointed by the shareholders on 9 October 2019; in office from 11 November 2019 until approval of the financial statements as at and for the year ended 31 December 2021.

(ii) Appointed by the shareholders on 9 October 2019; in office from 11 November 2019 until approval of the financial statements as at and for the year ended 31 December 2021.

(iii) Engaged by the shareholders on 06 October 2015; term of engagement from 2015 to 2023.

(*) Appointed by the shareholders on 9 December 2019; in office until approval of the financial statements as at and for the year ended 31 December 2021.

The Salini Costruttori Group: our vision and performance

Who we are

Salini Costruttori is a global construction operator specialised, through its subsidiary Webuild, in building large complex infrastructure for the sustainable mobility, hydropower, water and green buildings sectors. Market leader in Italy and one of the main players on the international stage, the Group supports its customers in pursuing the United Nations' Sustainable Development Goals (SDGs).

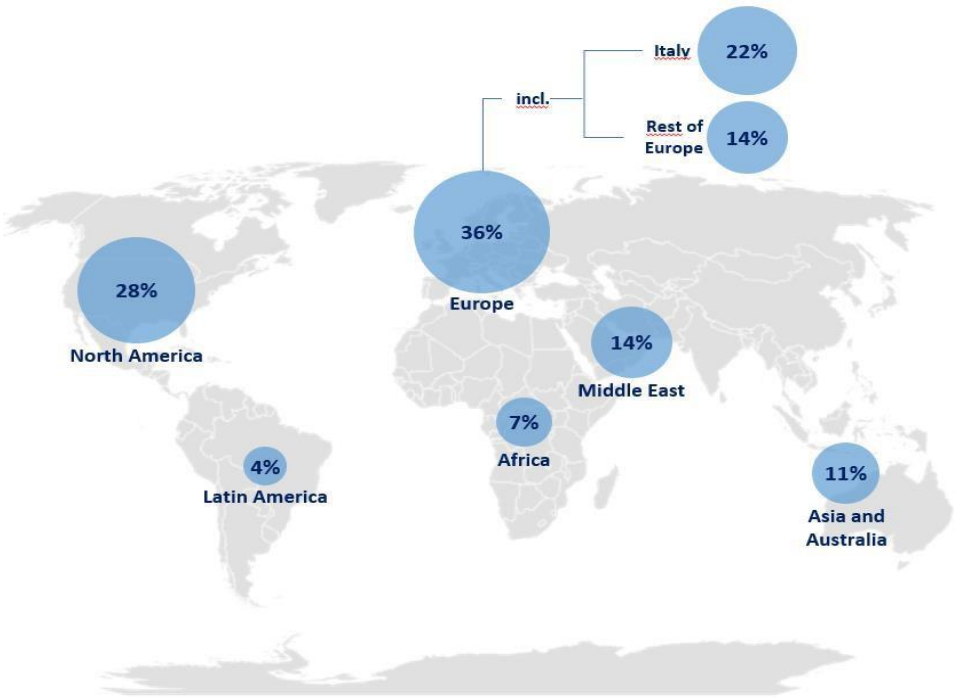
The Group is the promoter of Progetto Italia, the operation to consolidate Italy's construction sector. The aim is to create a large construction group to support the sector's relaunch and assist Italian companies become more competitive in international markets[1].

Recognised by Engineering News-Record (ENR) as one of the top contractors in the world in the water sector (dams and hydropower plants, water treatment plants, desalination and wastewater hydraulic works and drinking water and irrigation water reservoirs), the Group is also a global leader in sustainable mobility (metros and railways, roads, motorways, bridges, ports and sea works) as well as one of the top ten contractors in the environment sector.

At 31 December 2020, the Group has an order backlog worth €41.7 billion (including €33.3 billion for construction contracts), and revenue of €5,317.1 million[2]. The construction order backlog includes 89% from projects tied to achievement of the United Nations' SDGs, while 63% relates to climate action projects that allow the avoidance of greenhouse gas (GHG) emissions (hydropower, railway lines and metros, green buildings)[3].

It works in around 50 countries focusing on its operations in Italy, Europe, North America and Australia.

2020 revenue by geographical area



[1] More information is available on the website www.progettoitalia.webuildgroup.com

[2] Adjusted figure, consisting of the reported amount including the joint ventures not controlled by Lane Industries

[3] Figures include Fisia Italimpianti.

In 2020, the subsidiary Webuild successfully acquired 66.28% of Astaldi S.p.A. (in addition to its indirect investment of 0.95%), the second largest Italian construction group, via a capital increase, bringing to a close the most important operation of Progetto Italia. In addition to ensuring the Group's growth, the acquisition enables the blending of technical expertise and innovative engineering know-how, developed in about 100 work sites around the world. It also allows the Group to expand its footprint to rapidly respond to the various governments' proposed investment plans for the large strategic infrastructure works sector.

In 2020, the Group kept production going at its main international work sites despite the impact of the Covid-19 pandemic, investing immediately in additional safety measures for its direct and indirect work site and office workers. The Group also stepped up its investments in innovation, especially digitalisation devices to optimise production and control processes.

The countless works built around the world tell the story of a Group that has based its business on its passion to build, the search for excellence in every operating and environmental situation and a commitment to meet global challenges, tied to the essential needs of the local areas and their communities for 115 years. It has built railway lines and metros, roads, motorways and bridges, dams and hydropower plants, hydraulic systems, drinking water, desalination and water treatment plants, airports, and civil and industrial buildings.

During the year, completion of certain high profile iconic projects, such as the Genoa Bridge, has earned the Group its leadership position thanks to its ability to design and deliver efficient and innovative construction models that can be replicated on the Italian and international markets as well as its development of a team-driven organisational approach, where the cohesion of the entire procurement chain gives it a competitive edge.

The Group has developed a robust business model capable of creating economic value for its shareholders, investors and customers while generating social and environmental value for its employees and the stakeholders of the areas in which it operates, adopting an approach designed to create shared value.

Business model

The Group has developed its business model to optimise results in terms of quality, to comply with the customer's budget and timeline and to be economically, socially and environmentally sustainable. Its model is designed to support customers build complex infrastructure in response to the ongoing megatrends, leveraging three distinctive strategic pillars: expertise and innovation, centralised governance and sustainability. Thanks to its business model, the Group creates shared value for its shareholders, investors, customers, employees, suppliers and other stakeholders and contributes to achievement of 11 of the main SDGs.

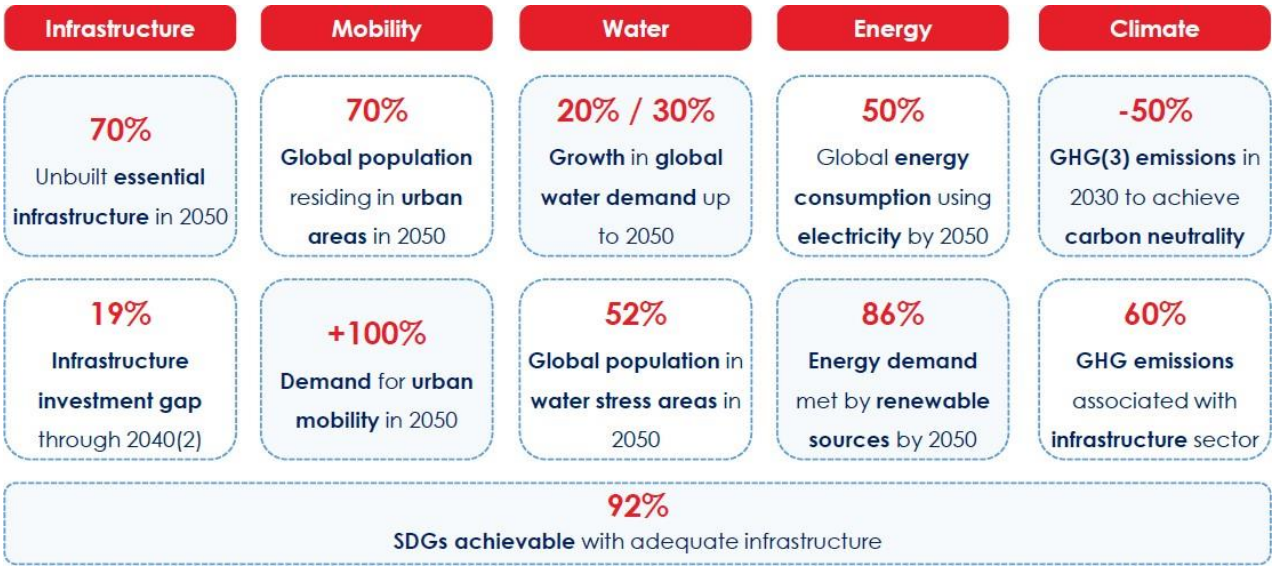
Global challenges

The Group's business is closely linked to the main global megatrends, such as demographic growth, urbanisation, resource scarcity and climate change. They are significantly changing people's needs, influencing the priorities of public bodies and investors and modifying market competition.

2020 saw an acceleration in the international political agenda and market **trends** focussing on sustainability, partly as a result of the global emergency caused by Covid-19. This pandemic has highlighted the link between environmental degradation and the spread of disease, as well as the importance of having national and corporate systems that are resilient to external shocks.

Infrastructure continues to be an essential response to global challenges in a situation where it is generally accepted that the specialist know-how of large construction companies is fundamental to developing infrastructure solutions to improve people's quality of life.

Main megatrends that affect the infrastructure market[4]



The international community has undertaken important initiatives to manage the changes underway, like the United Nations' 2030 Agenda (which includes the SDGs) for Sustainable Development and the Paris Climate Agreement.

Infrastructure directly and indirectly contributes to achievement of 92% of all the targets linked to the SDGs[5]. It is a fundamental part of the fight against climate change as it contributes more than 60% of the global GHG emissions[6].

In 2020 as part of the European Green Deal, the European Union set the objectives of a reduction of at least 55% in GHG emissions by 2030 and to be climate neutral by 2050. The new US president has set the same objective for 2050 while China aims to begin cutting its emissions by 2030 and to be climate neutral by 2060.

The main focus areas identified to reduce emissions are the energy, industrial, transport and construction sectors, which will receive sizeable investments and incentives in the next few years.

The construction sector is expected to play a large part in the post-Covid-19 period, benefiting from economic and fiscal stimuli to build infrastructure for sustainability mobility, smart cities and to fight climate change, all considered essential to contain the effects of future recessions[7].

The European Union alone intends to earmark at least 30% of the investments included in the long-term EU budget 2021-2027 and the post-Covid-19 recovery plan (the Next Generation EU)[8] to projects to combat climate change.

Core Business: Our performance in the business areas linked to market trends

The Group has a privileged position in the infrastructure sector as it is one of the few global operators with a strongly SDG-oriented core business directed towards the development and building of infrastructure that directly contributes to the achievement of the SDGs and transition to a low-carbon economy.

[4] Source: United Nations Office for Project Services, the Global Commission on the Economy and Climate, Global Infrastructure Outlook, Infrastructure investment needs to 2040.

[5] Source: Thacker S, Adshead D, Morgan G, Crosskey S, Bajpai A, Ceppi P, Hall JW & O'Regan N. (2018). Infrastructure: Underpinning Sustainable Development, UNOPS.

[6] Source: The Sustainable Infrastructure Imperative, New Climate Economy – The Global Commission on the Economy and Climate, 2016.

[7] Source: Global Construction 2021 Outlook, Bloomberg Intelligence, December 2020.

[8] Source: https://www.consilium.europa.eu/en/meetings/european-council/2020/12/10-11/

Sustainable Mobility

- Metros
- Railways
- Roads and motorways
- Bridges and viaducts
- Ports and sea works

Clean Hydro Energy

- Hydropower plants
- Pumped storage

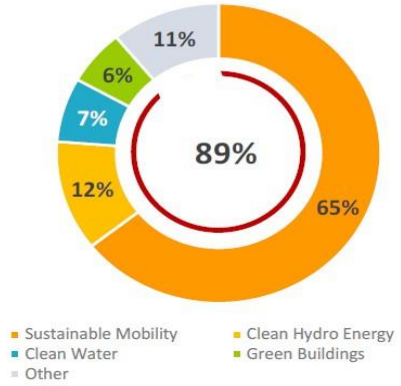
Clean Water

- Drinking water and desalination plants
- Wastewater management plants
- Hydraulic projects
- Drinking water and irrigation water reservoirs

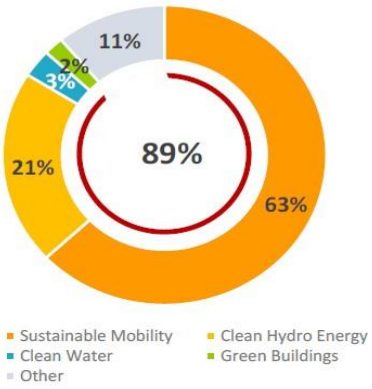
Green Buildings

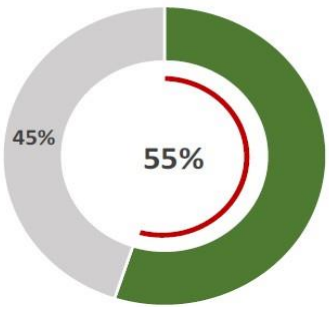
- Civil and industrial buildings
- Airports
- Stadiums
- Hospitals

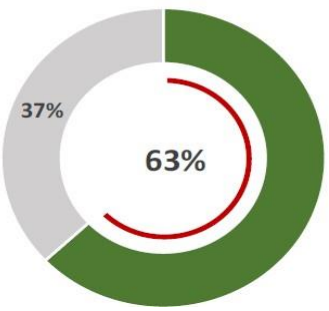
2020 revenue



Construction order backlog at 31 December 2020







Ongoing or completed projects of 2020 in the sustainability mobility sector accounted for *65*% of contract revenue and **63**% the construction order backlog.

Ongoing clean hydro energy projects contributed **12**% to contract revenue and make up **21**% of the construction order backlog.

Completed or ongoing clean water projects made up **7**% of contract revenue and **3**% of the construction order backlog in 2020, while green building projects accounted for **6**% of contract revenue and **2**% of the construction order backlog.

Sustainable Mobility

The Group is one of the key global operators in the urban (metros and light rail) and non-urban (high speed railways) sustainable mobility sectors as well as in the land transport infrastructure (roads and motorways), sea (ports and navigable channels) and air (airports) sectors.

The Group has built 13,637 km of metros and railway lines, 80,291 km of roads, 946 km of bridges and viaducts and 2,373 km of tunnels and underground works.

It has constructed some of the largest metros in the world like those in Riyadh, Doha, Copenhagen, Paris, Milan and Rome, high-speed railways in Italy, Austria, Norway, Sweden, Turkey and the US, unique works like the new Panama Canal, which has enabled post-Panamax ships to cross the American continent since 2016 rather than going around it, leading to an approximate 16 million tonne reduction in CO_2 emissions a year.

In 2020, the Group again focused on the sustainability mobility sector, which accounts for 63% of its order backlog (58% in 2019) and is one of the most promising business areas for the next few years. It is expected that passenger traffic alone will grow by 50% within 203, to then double by 2050, while only 16% of global urban travel takes place using public means of transport[9].

The transport sector accounts for two-thirds of global oil consumption and continues to be the fastest growing source of greenhouse gas emissions[10].

Rail transport is pivotal to government plans to counter climate change. The Sustainable and Smart Mobility Strategy announced by the European Commission at the end of 2020 includes doubling the high speed rail traffic by 2030 while high speed railway lines could double by 2035, to span 100,000 km worldwide[11].

The role played by the metro systems in urban centres is equally important in terms of a reliable, accessible service to all population brackets, safety and reduced pollution. Metro systems exist in around 180 cities, transporting more than 50 billion people a year and keeping the equivalent of 133 million vehicles off the roads each day[12].

The metro projects under construction alone will allow the fast, efficient and sustainable transportation of approximately 4.1 million people a day on state-of-the-art infrastructure, avoiding emissions of around 1.8 million tonnes of CO_2 a year. The high speed railway projects will shorten travel times by an average of 50%, providing around 25 million people with safe, rapid and low-carbon services. In fact, rail transportation services generate emissions up to one eighth of those of the most environmentally-friendly cars and up to one ninth of the most efficient aircraft. The ongoing railway projects will allow less annual emissions of about 6 million tones of CO_2.

Road infrastructure works will continue to be fundamental to move goods and people both in the developed economies (where the focus is mainly on modernisation and traffic decongestion) and low-income countries (where around one billion people still lack access to an all-weather road)[13].

[9] Source: Sustainable Mobility for All, Global Mobility Report 2017, https://openknowledge.worldbank.org/bitstream/handle/10986/28542/120500.pdf?sequence=6

[10] Source: World Resources Institute, https://www.wri.org/blog/2019/10/everything-you-need-know-about-fastest-growing-source-global-emissions-transport

[11] Source: Global Construction 2021 Outlook, Bloomberg Intelligence, December 2020

[12] Source: UITP (Union Internationale des Transports Publics, https://www.uitp.org/topics/metro/

[13] Source: The World Bank, Transport, https://www.worldbank.org/en/topic/transport/overview

Clean Hydro Energy

The Group is one of the main players in the hydropower sector and has been acknowledged as a sector leader by ENR for five years with a track record of 313 plants built in five continents for installed capacity of 52,900 MW (completed and ongoing projects).

The Group has strong experience in the various construction methods (concrete, RCC and loose materials) and environmental contexts as it has carried out projects at all latitudes in Europe, North and South America, Africa, Asia and Oceania. It always complies fully with the applicable environmental and social standards.

Hydropower is the largest source of renewable energy in the world, providing around 70% of all renewable electricity worldwide[14]. The energy sector accounts for about 60% of the world's GHG emissions[15], with 789 million people still without access to electricity[16].

Hydropower's great reliability and flexibility are key to the global energy transition as it can balance and stabilise the energy injected into the grid by other intermittent renewable sources like wind and solar power.

Hydropower is one of the renewable sources with the lowest unit cost, which makes it particularly suitable for those areas of the world where most of the population still does not have electricity, like some of the emerging economies.

The active hydropower plants make it possible to avoid emitting four billion tonnes of GHG and 150 million tonnes of atmospheric pollutants (e.g., PM) a year[17]. IRENA (the International Renewable Energy Agency) estimates that the installed hydropower capacity needs to be increased by 25% by 2030 and by 60% by 2050 to keep the increase in the global temperature to below 2°C. This could create up to 600 thousand new jobs over the next decade[18].

The ongoing hydropower projects will have capacity of more than 14,400 MW and will provide low-cost clean energy to the equivalent of over 23 million residents around the world, especially in the Horn of Africa (Ethiopia and surrounding countries), Central Asia (Tajikistan and adjacent countries) and Australia. This should avoid emissions of approximately 13 million tonnes of CO_2 a year.

Clean Water

The Group is a global leader in the water infrastructure sector and active in the entire water cycle, from supply to drinking water to irrigation and the final treatment of wastewater.

Thanks to the group company Fisia Italimpianti, which leads the desalination, drinking water and water treatment sector, the Group is a strategic partner for public and private sector customers in areas subject to water stress like the Middle East where it builds essential water infrastructure for millions of people. The Group also has immense experience in building water storage for drinking water and/or irrigation, environmental recovery projects and works to upgrade urban wastewater management infrastructure to make it more resilient to the increasingly frequent extreme weather events, protecting areas affected by flooding and preventing the pollution of the receiving water bodies.

The efficient management of water is one of the principal global challenges, especially given that the effects of climate change are happening faster than expected. More than two billion people live in areas subject to water, 2.2 billion people do not have access to drinking water, 4.2 billion to modern sanitation services[19] and 80% of the water discharges are released into the environment without proper treatment[20].

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[14] Source: IEA Renewables Information 2020 https://www.iea.org/subscribe-to-data-services/renewables-statistics

[15] Source: United Nations – Sustainable development, Energy, Facts and figures, https://www.un.org/sustainabledevelopment/energy/

[16] Source: United Nations - Department of Economic and Social Affairs, SDG7 Overview, Progress and info (2018), https://sdgs.un.org/goals/goal7

[17] Source: International Hydropower Association, https://www.hydropower.org/resources/factsheets/greenhouse-gas-emissions

[18] Source: Global Renewables Outlook 2020 – Energy transformation 2050, IRENA, pp. 28, 114

[19] Source: Fonte: United Nations - Department of Economic and Social Affairs, SDG6 Overview, Progress and info (2017), https://sdgs.un.org/goals/goal6

[20] Source: United Nations – Sustainable development, Water and Sanitation, Facts and figures, https://www.un.org/sustainabledevelopment/water-and-sanitation/

Every day, more than 20 million people are served by just the plants built by Fisia Italimpianti while another approximate 17 million people will benefit from the hydraulic infrastructures currently being built by the Group.

Green Buildings

The Group has built dozens of civil, institutional, commercial, industrial, cultural, public health, sporting and religious buildings. It has extensive experience in Eco-design & Construction systems, which allow a reduction in the works' environmental footprint over their life cycle.

Its projects include iconic works such as the Stravos Niarchos Foundation Cultural Centre in Athens, the Al Bayt Stadium in Doha, the new ENI offices under construction in San Donato Milanese (Milan) and many hospitals built according to the most advanced environmental and sustainability criteria.

The sustainability of buildings is key to the future of urban areas, where 70% of the world's population will live by 2050[21] and which are already highly polluted and subject to environmental stress with the related fall-out on the health of residents and public finances. Estimates indicate that 90% of the global urban population breathes air of a quality below the standards set by the World Health Organisation[22].

The construction of green buildings, i.e., buildings with adoption of certifiable sustainability valuation systems (e.g., Leadership in Energy and Environmental Design - LEED) allows both a reduction in the environment footprint during construction, thanks to the use of low-environmental impact raw materials and optimisation of production and logistics processes, and maximisation of the building's environmental performance during its lifetime as a result of lower energy and water consumption and less emissions.

The environmental advantages of using Eco-design & Construction systems are measured by comparing them to environmental performances obtained using standard design and construction methods. The Group has found that green buildings generate lower environmental impacts of more than 30% and this is one of the reasons why the Group's projects have garnered important accolades at international level for their innovative and environmental sustainability characteristics.

Strategic pillars

Given the complexity of global challenges and the competitive playing field, the Group has to be agile and dynamic, ready to pre-empt the market's needs before it is even aware of them and the related business opportunities.

Accordingly, the Group has refreshed its organisational model significantly in recent years to ensure continuous improvement and a sharper focus on expertise and innovation, centralised governance and sustainability.

Expertise and innovation

The large complex infrastructure sector the Group works in requires niche skills to guarantee the customisation of the processes, techniques and technologies deployed depending on the nature of the works to be performed. Each project is unique and requires the development of bespoke solutions designed thanks to highly specialised know-how.

Its track record of thousands of works successfully built around the world testifies to its high level of expertise. The Group considers investments in employee upskilling and training and innovation as the main levers in its long-term sustainable growth.

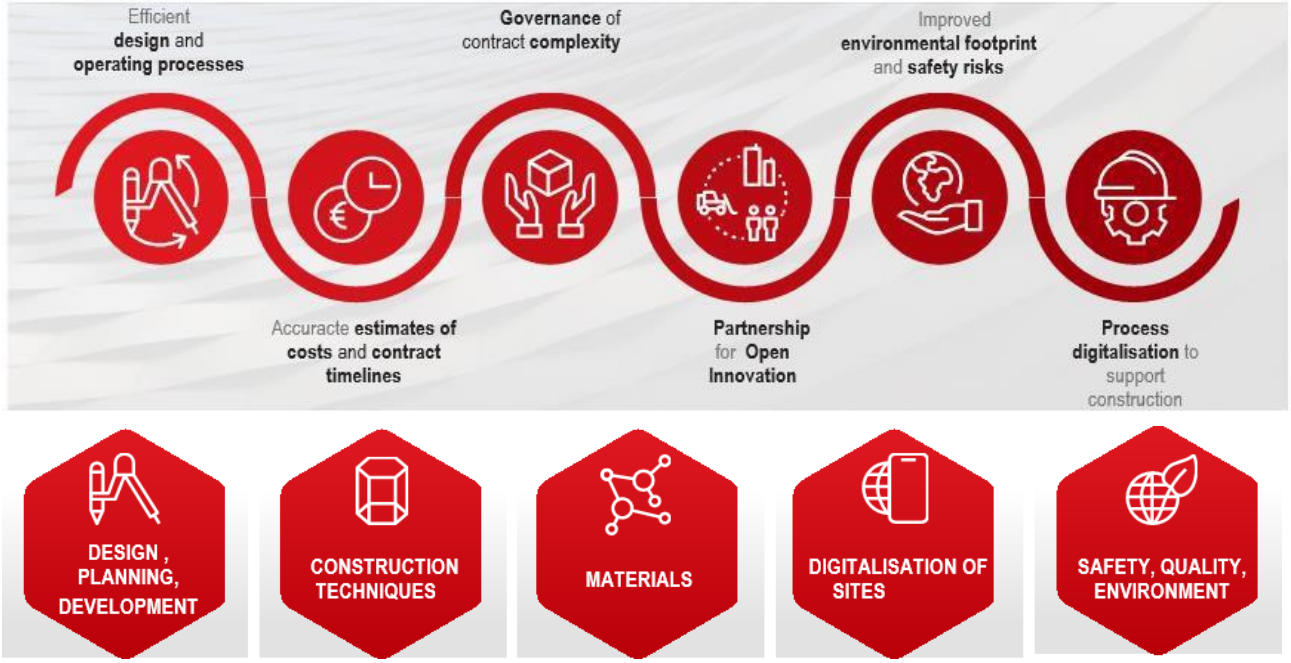
[21] Source: United Nations – Sustainable development, Cities, Facts and figures, https://www.un.org/sustainabledevelopment/cities/

[22] Source: https://www.un.org/sustainabledevelopment/cities/Source: United Nations - Department of Economic and Social Affairs, SDG11 Overview, Progress and info (2016), https://sdgs.un.org/goals/goal11

The rapidity of global changes and swift development of technological innovation make it essential to meld the Group's skill set with best-in-class innovative technologies and processes to hone its competitive edge.

Innovation is a strategic tool that improves skills and processes and is an area in which the Group plans to increase its investments. It contributes to making core processes more efficient, ensuring greater optimisation of the times and costs to perform the works and the support processes. It also assists the Group's social and environmental performance because it translates into an improvement in safety conditions and a reduced impact on the environment, and, thus, on the communities where the Group operates.

Development process and innovative areas



Research, development and innovation initiatives take place at project and corporate level. They involve the Group's technical departments and its partners (suppliers, professionals, universities and research centres) in the development of innovative solutions to improve internal processes and develop tailored projects to meet customers' requirements right from the bidding phase. Innovation at corporate level mostly relates to the optimisation of governance, organisation and management of operations.

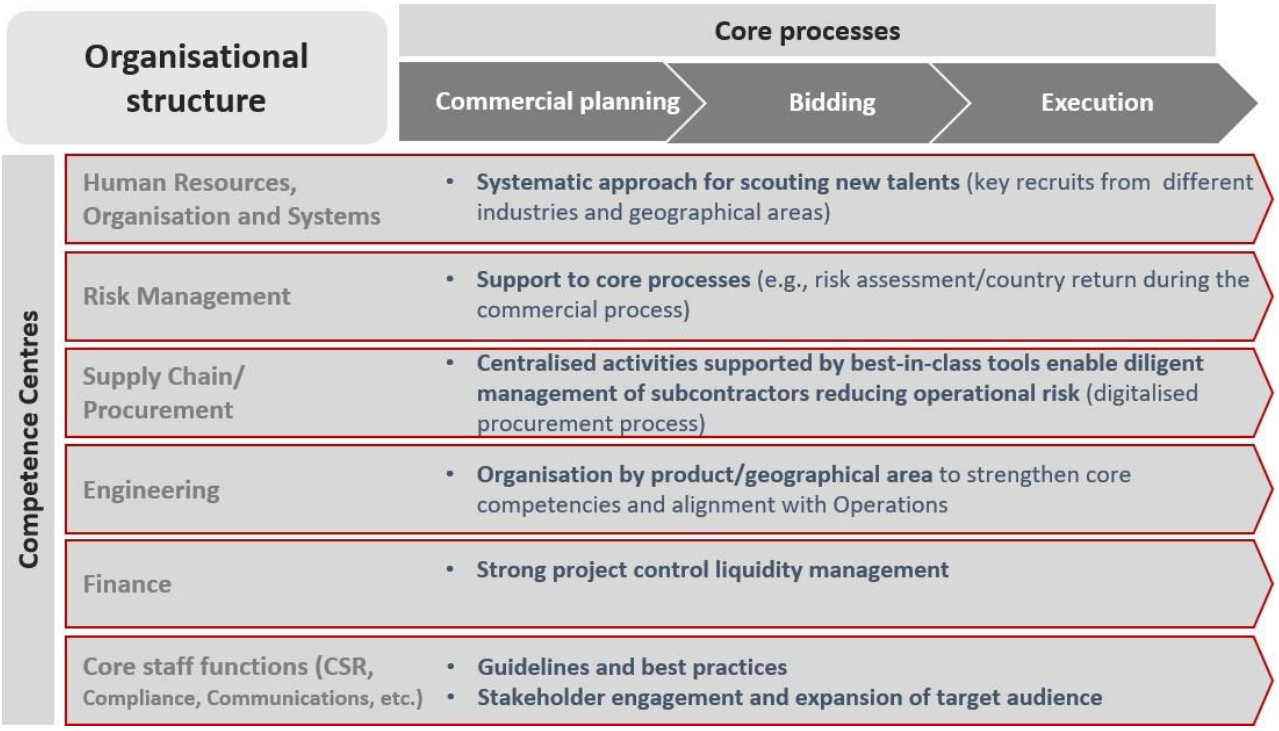
During the 2018-2020 three-year period, the Company invested on average around €18 million in innovation, research and development projects for a grand total of approximately over €53.9 million. These projects have involved on average more than 247 group specialised resources each year.

Centralised governance

Over the last few years, the Group has strengthened its organisational structure and this has had a profound impact on its internal culture and the active involvement of all levels of decision makers and operational resources. The objective was to ensure optimal management of all core processes, from commercial planning to the bidding and execution processes.

It has a centralised governance system of corporate competence centres that ensure the application of best practices and the Group's guidelines by all subsidiaries as well as optimisation of operating competencies and synergies along the entire value chain. They also monitor reputation risks and the brand's value.

The Group Organisational Model



A key facilitator of the organisational re-engineering project undertaken by the Group is the Performance Dialogue tool. It allows continuous monitoring of the ongoing projects through regular debriefing sessions that involve various internal levels of the corporate organisation. The tool ensures a structured exchange of information between the resources in the field and at headquarters, shared objectives and management priorities, the definition of agreed action plans and activation of operating tools to resolve any critical issues and benefit from potential opportunities.

The corporate organisational model has proven very resilient to external shocks, such as the Covid-19 pandemic. Its centralised oversight system and robust peripheral organisation responded promptly to the emergency, taking all measures necessary to protect employees' health, contain the diffusion of the virus and continue production activities in full compliance with the instructions of the local authorities. It made it possible for headquarters to be in constant contact with the more than 100 ongoing projects in over 50 countries around the world.

Thanks to its centralised governance system, it was able to efficiently coordinate global communication within the Group and with its stakeholders at a particularly delicate time, protecting its brand equity and its reputation from risks related to the Covid-19 emergency and high profile projects such as the new Genoa Bridge. It expanded its target audience via digital channels and leveraged the value of the brand. Similarly, internal communication allowed the more efficient onboarding of new hires following the inclusion of new companies in the Group as part of Progetto Italia and the development of a common culture, necessary to achieve strategic (e.g., health, safety and the environment), reputation and business objectives.

Sustainability

The principles of sustainable development are disseminated through the Group, both at core business and internal process level, as shown by the Sustainability Strategy, which identifies the sustainability of its projects and its work sites as the two cornerstones underpinning the Group's dedication and reputation.

In addition to developing works that contribute to the sustainable development of the communities where they are built, the Group has a coordinated framework of management policies and systems designed to ensure compliance with the highest ethical, integrity, social and environmental principles.

The Group's ESG (Environmental, Social, Governance) priorities include the fight against climate change and promotion of the circular economy (environment), the protection and enhancement of its people (social), and innovation as a strategic driver for sustainability and the improvement of business efficiency, to guarantee high governance, integrity, transparency and stakeholder engagement (governance).

The efficient implementation of the ESG best practices is confirmed by the Group's regular assessments by its investors, non-financial rating agencies, customers and other stakeholders.

Shared development

The Group generates value in its works, its operations and its relations with internal and external stakeholders and shares this value with its shareholders, investors, customers, employees, suppliers, partners, institutions and local communities.

The subsidiary Webuild formalised its commitment to sustainability in 2020 in its 5P Sustainability Manifesto, a comprehensive representation of its ability to generate shared value. The manifesto sets out the five priorities that the Group pursues to ensure excellence, innovation and respect for its stakeholders. The five priorities are: Planet, People, Partnership, Progress and Prosperity.

5P Sustainability Manifesto



Key events of the year

Progetto Italia

On 5 November 2020, Webuild successfully acquired 66.28% of Astaldi S.p.A. ("Astaldi") (in addition to its indirect investment of 0.95%), completing the most significant acquisition contemplated by Progetto Italia.

In addition to ensuring the Group's growth, the acquisition enables the blending of technical expertise and innovative engineering know-how, developed in about 100 work sites around the world. It also allows the Group to expand its footprint to rapidly respond to the various governments' proposed investment plans for the strategic large infrastructure sector to contribute to progress towards the SDGs defined by the United Nations and the fight against climate change.

The acquisition took the form of a cash capital increase of €225 million reserved to the subsidiary Webuild, the proceeds of which were partly used to settle the secured and pre-deductible claims and partly to support Astaldi's continuity plan. The subsidiary Webuild financed the transaction using the liquidity obtained with the capital increase that was fully subscribed and paid up by Salini Costruttori, CDP Equity, Banco BPM, Intesa Sanpaolo, UniCredit and other institutional investors in November 2019.

The subsidiary concurrently decided on its new name to better recognise the importance and far-reaching effects of this project: Webuild.

The resolution of the shareholders of the subsidiary Salini Impregilo to change the parent's name to Webuild S.p.A., taken in the extraordinary meeting of 4 May 2020, was filed with the Milan Monza Brianza Lodi Chamber of Commerce on 15 May 2020.

Bond issue

New notes successfully priced for €250 million with a seven-year maturity and a 3.625% coupon

On 17 January 2020, the subsidiary Salini Impregilo S.p.A. (now Webuild S.p.A.) successfully completed the exchange of the existing "€600,000,000 3.75 percent. Notes due 24 June 2021" (the "2021 bonds") with Euro-dominated senior fixed rate notes.

The nominal amount of the 2021 notes validly offered for exchange is €120,970,000. The aggregate nominal amount of the new notes to be issued is €250,000,000. The new notes' maturity date is 28 January 2027 and the coupon is 3.625%.

The new notes will include notes not issued for exchange of €123,341,000 (the "additional new notes") and demand was approximately four times higher than the offer.

The transaction is part of the plan to optimise its debt profile, extending its average debt repayment dates and maintaining a low corporate debt cost.

New notes successfully priced for €550 million with a five-year maturity and a 5.875% coupon

On 3 December 2020, the Group announced the terms of the new unsecured fixed rate senior notes (the "New 2025 notes"). Part of the proceeds from the issuance will be used to repurchase the subsidiary's "€600,000,000 3.75 percent. Notes due 24 June 2021 (the "2021 notes").

The aggregate nominal amount of the New notes is €550,000,000. The new notes' maturity date is 15 December 2025 and the coupon is 5.875%.

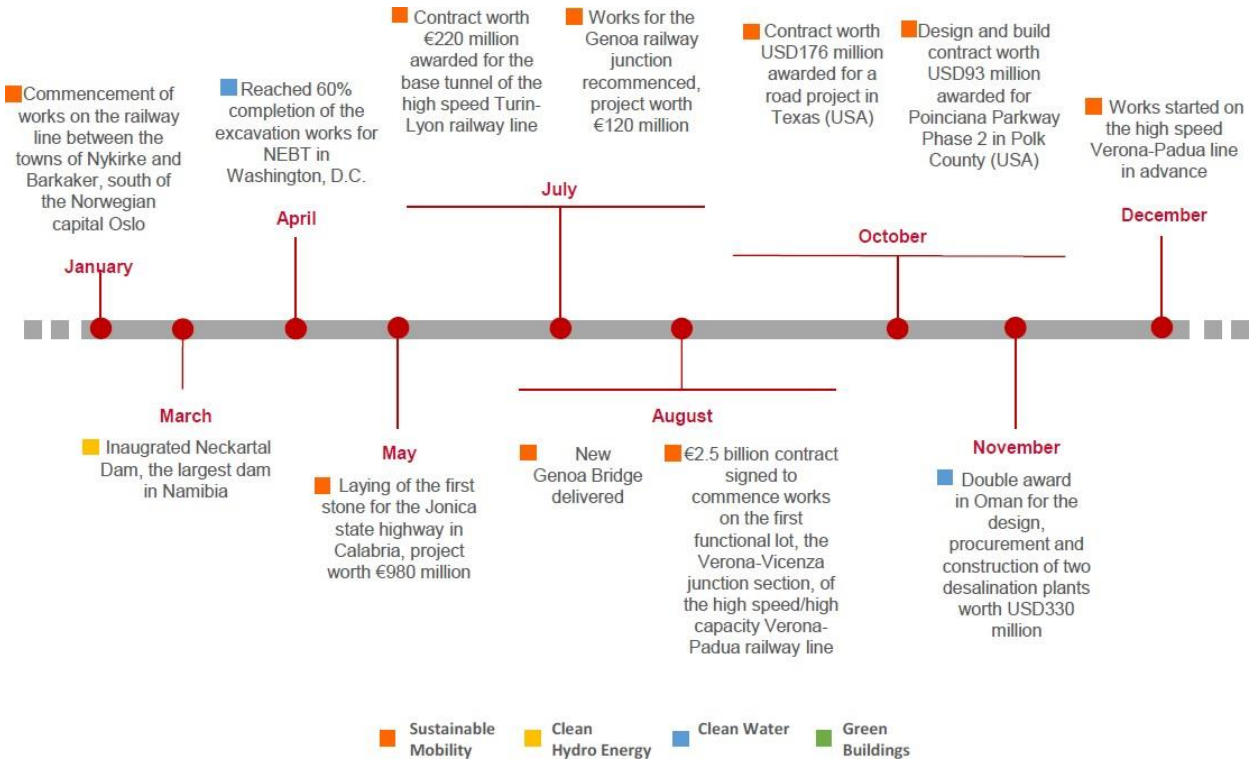
In tandem with the issuance of these new notes, for which demand was three times greater than the offer, the Group launched a tender offer for the outstanding 2021 notes. More than 50% of the noteholders accepted the offer, thus decreasing the outstanding 2021 notes to approximately €236.7 million.

The issuance of the new 2025 notes allows the Group to meet its next corporate debt deadline of June 2021 significantly in advance.

New orders and milestones achieved in 2020

The new projects and main milestones achieved in 2020 are described below while more information is available in the section on the Group's performance by geographical area.

New orders and main milestones of 2020



Other significant events of the year

2020-2022 performance share plan

On 11 March 2020, on the proposal of the Remuneration and Appointments Committee and in accordance with Article 2389 of the Italian Civil Code, with the opinion of the Board of Statutory Auditors, the Board of Directors of the subsidiary Salini Impregilo S.p.A., now Webuild S.p.A. ("Salini Impregilo", "Webuild" or the "subsidiary") approved the guidelines and draft regulation for an incentive plan open to certain employees, consultants and/or directors with specific duties either with the parent and/or its direct or indirect subsidiaries pursuant to article 2359 of the Italian Civil Code (the "Salini Impregilo 2020- 2022 performance share plan" or the "Plan"). This Plan was then approved by the Shareholders' Meeting of the subsidiary Salini Impregilo (now Webuild).

Specifically, in accordance with article 84-bis, paragraph 3 of the Regulation adopted by Consob with measure no. 11971 of 14 May 1999, as subsequently amended (the "Issuer Regulation"), the following should be noted.

PLAN OBJECTIVES

The plan is intended to (i) focus the beneficiaries' attention on medium to long-term strategic factors and any changes thereto, (ii) encourage their loyalty and retention, (iii) tie their remuneration to the creation of value for the shareholders and the stakeholders in the medium to long term, and (iv) guarantee a competitive remuneration package.

BENEFICIARIES

The beneficiaries are the directors with specific duties at the group companies, to be identified solely by the board of directors from the directors who cover management roles that contribute to the Group's results and for whom retention actions can be justified as a source of creation of value, and the Group's employees and/or consultants identified by the board of directors from among the parties that carry out duties important to the Group and for whom retention and incentivisation actions can be justified as a source of creation of value and sustainability using long-term reward mechanisms (the "Beneficiaries").

The Beneficiaries may include parties belonging to the groups indicated in point 1.3.a)/b)/c) of Annex 3A, Table 7 of the Issuer Regulation.

When required, their names and other information required by paragraph 1 of Table 7 of Annex 3A to the Issuer Regulation will be provided in accordance with article 84-bis.5.a) of the Issuer Regulation.

CHARACTERISTICS OF THE FINANCIAL INSTRUMENTS

Should the performance targets set by the board of directors and other plan requirements be met, the beneficiaries will receive, free of charge, ordinary Company shares (the "Shares") in circulation or held by the Company (or repurchased subsequently) or newly issued shares as per article 2349 of the Italian Civil Code, subject to the approval by the Company's shareholders of the proposal to include the option to carry out capital increases pursuant to article 2349 of the Italian Civil Code in the by-laws.

The Board of Directors will decide the maximum number of shares to be assigned and will disclose this number in accordance with article 84-bis.5.a) of the Issuer Regulation or, however, pursuant to the laws and regulations in force from time to time.

The beneficiaries will be assigned the right to participate in the Plan free of charge. This right is personal and cannot be transferred *inter vivos* or pledged or given as any form of security.

The Board of Directors will decide the number of shares for which the Beneficiaries are eligible at the end of the vesting period (which will start on the date the Shareholders approve the plan (the "Approval Date") and end on the date the subsidiary approves the separate financial statements at 31 December 2022 (the "Vesting Period") depending on the achievement of the performance targets.

Exercise of the plan is subject to achievement of specific performance targets over the 2020-2022 period (the Vesting Period) and the shares will be assigned at the end of this three-year period.

A first instalment of 50% of the shares will be assigned up front when the vesting period ends while the other 50% will be assigned in the second year after the end date.

The plan will be valid from the Approval Date until 30 June 2023, without prejudice to lock-up and certain provisions, such as the claw back mechanisms, which will continue to be effective after that date.

Issue of an arbitration award (basalt) as part of the extensive litigation for the Panama Canal

On 26 September 2020, as part of the ongoing proceedings for the complex litigation about the construction and delivery of the new Panama Canal, the International Chamber of Commerce (ICC) issued an arbitration award which was partly in favour of the constructors consortium, Grupo Unidos por el Canal ("GUPC") and its European members, including the subsidiary Impregilo (now Webuild).

The award accepted just part of GUPC's claims for USD 20.7 million as well as some settled claims of approximately USD 6.1 million. The arbitration costs were calculated with the tribunal's final award as USD 33.4 million (Webuild's share: USD 13.5 million). At the end of October, the Group's legal advisors formally challenged the entire arbitration tribunal. At the end of November, they filed a petition for cancellation of the interim award with the Miami Court (Florida, US).

The difference between the amounts already received by GUPC for the DAB's decisions (approximately €227 million, of which around €86 million pertaining to the subsidiary Impregilo, now Webuild) and the amounts that will be recognised in favour of GUPC by the final award was returned to ACP by GUPC and its European partners. GUPC and the subsidiary Webuild are confident that this restitution will be temporary and that, after the lengthy process of all the pending arbitrations, their reasons will be acknowledged.

Directors' report - Part I

Covid-19

Introduction

During 2020, the global macro-economic situation worsened rapidly due to the outbreak and spread of Covid-19. Measures adopted by the institutions to curb the public health emergency included the lockdown of non-essential production activities, a ban on movements and quarantine periods.

The economic repercussions led to a dramatic contraction in supply as a result of the closure of many production activities as well as a drop in consumption. This severely affected some production sectors, triggered a drop in household available income, the loss of value of financial assets and, especially, heightened uncertainty given the difficulty in making assumptions about the epidemic's future development and related economic fallout.

The governments of the countries hit by the Coronavirus adopted multiple measures primarily to support business liquidity and household income as well as to ensure access to credit.

The Group in turn introduced prudent measures to manage and contain the pandemic and to safeguard the health of its employees and partners. Despite the slowdown and, in some cases, the suspension of projects, these measures allowed the Group to continue to manage its ongoing projects. Its priorities have always been and will continue to be protecting the health of its employees and partners, ensuring business continuity and mitigating the financial impact of the epidemiological emergency.

Employee management and prevention measures to deal with the pandemic

The Group has defined a number of measures to protect/ensure employees' health and safety, coordinated by the crisis unit which monitors developments in the crisis for the head office and work sites on an ongoing basis.

The work sites on which the Group operates immediately introduced precautionary measures to protect the health of all personnel in accordance with the guidelines and the precautionary measures introduced by the authorities in the various countries.

When possible, working from home arrangements were introduced, currently involving most of its office employees in Italy.

Specifically, the Group rolled out the following initiatives for its employees during the pandemic:

i) it drew up anti-contagion protocols and introduced measures to protect its employees, not only during their work shifts through rotation management, but also in their free time for those that live on site (e.g., reorganisation of the accommodation into single rooms) in order that work on the strategic infrastructure projects (e.g., the Polcevera Bridge in Italy) could continue;

ii) global mobility: as the Group draws on its global experience and expertise to place the most appropriate personnel in the right place at the right time for each project, the restrictions on people's movements imposed by many countries made the organisation of work much more difficult. The Company dealt with this by introducing a number of measures: a) after authorisation by senior management of individual movements, waivers of the restrictions were requested from local authorities for travel to and from the work sites; b) local recruitment was stepped up, including of managers and specialists; c) assistance was provided to workers stranded off-site or involved in projects on stand-by and the related costs monitored closely;

iii) it drafted emergency plans for cases when workers were unable to return to the work sites or their return was delayed due to the mandatory quarantine periods by reorganising shifts or, when possible, facilitating remote working;

iv) it reorganised "intellectual work" so that it would be carried out remotely, when possible, while maintaining the minimum safeguards in place to ensure the work sites could continue to operate;

v) it carefully scrutinised each travel request to assess whether it was strictly necessary and whether the tasks could be carried out remotely;

vi) management of non-group personnel: to ensure the continuity of its works, the Group actively assisted its contractors and subcontractors to protect workers' safety. This involved extending the precautions introduced for its own personnel to those of other companies (49 thousand workers).

Measures introduced to prevent the spread of the disease included:

1) adoption of anti-contagion security protocols at the work sites and ramping-up the emergency procedures to cover the management of suspected cases, both together with the local healthcare units and by setting up isolation units for the in-house management of cases in remote work sites;

2) introduction of screening campaigns with serological and antigen swaps assisted by the authorised health units to ensure prompt action whenever suspect cases were identified and to monitor the conditions in the base camps of some work sites;

3) management of common areas to decrease gatherings;

4) special measures to provide healthcare assistance when the local healthcare units were unable to treat Covid-19 patients;

5) employee awareness raising campaigns about the Protocols. Educational programmes were held at the work sites based on the guidelines of the international organisations and local legislation. Some campaigns included pamphlets and videos to ensure the workforce's maximum cooperation.

Operations and effects on the Group's business

As a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries (as described earlier), Webuild was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shut-down of work site activities for a few weeks in line with the new measures imposed by government or local authorities and this led to a reduction in production volumes and profit margins.

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels.

During the period, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. Negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent impacts and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.

Article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

At the date of preparation of this report, there is no exposure to potential financial stress scenarios. It has cash and cash equivalents and a revolving credit facility sufficient to meet its short-term requirements. In 2020 and early 2021, the Group issued notes for €1 billion to cover its main corporate debt repayments of 2021, including the notes maturing in June 2021 (the most significant short-term obligation). This complies with the strategy to optimise the timelines of its financial commitments by lengthening their average term.

An overview of the situations in the various geographical areas where the Group operates is provided below.

Italy

After the slowdowns seen in the first half of the year at various work sites in Italy, business has slowed returned to normal.

Specifically, starting from March, the work sites for the high speed/capacity Milan - Genoa railway line project (COCIV), Line 4 of the Milan Metro and the ENI offices were closed for short periods as agreed with the customers to comply with the regulations imposed by the government and local authorities. Work recommenced in May, despite the difficulties encountered by the subcontractors and the restrictions on workers' movements.

Production continued at the other Italian work sites, especially those for the Naples - Cancello section of the Naples - Bari railway line and the Jonica state highway 106 albeit at a slower pace due to the introduction of

measures to curb the spread of Covid-19. The work sites for the Naples - Bari section, the Apice - Hirpinia section and IRICAV DUE - high speed/capacity Verona - Padua railway line were not particularly affected as mostly design work and other preliminary activities were carried out.

To offset the negative effects of the Covid-19 emergency, significant organisational efforts were focussed on the new Genoa Bridge (rebuilding of the Polcevera Bridge of the A10 motorway) from March 2020, where work continued with the involvement of more than 1,000 workers to complete the bridge safely in an unprecedented time-frame and ensuring a maximum focus on quality.

Europe

Due to the regulations introduced by governments and/or customers in France and Switzerland, the work for Parc du Simplon in Lausanne and Lines 14 and 16 of the Paris Metro was suspended and slowed down in the first half of the year. At the date of preparation of this report, although the restrictive measures are still in place, the works are continuing at almost normal levels in France while the work sites in the rest of Europe are still not fully operational, mostly due to the limitations on the movement of people and goods between countries.

Middle East and Asia

In Saudi Arabia, Qatar and Tajikistan, the governments issued orders that led to an average slowdown of production at the work sites of an average of 50% in the period from April to June. The Middle East work sites are now more active than in the second quarter of the year but continue to be affected by the measures brought in by the local authorities to contain contagion. On the other hand, activities in Tajikistan have gradually returned to normal although they slowed down slightly towards the end of the year.

Latin America

The Group received instructions to temporarily suspend production at the outbreak of the pandemic to deal with the crisis. Its work sites gradually started work again to become fully operational in the second half of the year.

North America, Africa and Australia

There were no significant slowdowns or suspensions of work, which continued regularly throughout the year, apart from some specific work sites in the US.

Progress on the Australian projects was slower than expected, mostly as a result of the local authorities' restrictions on the movement of people and goods to prevent the spread of Covid-19.

Supply chain

One of the particularly critical aspects of the pandemic was management of the Group's supply chain. In the first half of the year, the Group introduced a dedicated tool to coordinate and manage the numerous supply-related issues, centralising information from around the world at the head office and tailoring plans to mitigate and/or monitor delays in supplies.

To ensure business continuity, the Group dealt with the risk of supply chain issues by identifying alternative procurement solutions and by urgently transferring equipment from one work site to another.

These mitigation measures adopted during the first six months of the year meant that the supply chain was not too affected by the pandemic in the second half of the year either.

Market trends and commercial activities

During the year, the Group continued to invest in commercial activities despite the generalised slowdown of its sector due to the spread of Covid-19. Thanks to its increasingly accurate scheduling, greater efficiency that led to less calls for tenders being abandoned and greater efforts to scout new opportunities, it made significantly more bids in 2020 compared to the previous year. In fact, the Group participated in approximately 22% more calls for tenders in 2020, despite the postponement of calls worth €27 billion scheduled to take place during the year because of the pandemic.

In line with the Group's de-risking strategy, most bids were for projects in the US, Australia, Italy and other central European countries, mainly in the high speed railway sector and the roads sector (including maintenance).

Fisia Italimpianti presented more bids than customary thanks to the increasing demand for wastewater treatment and desalination plants. The sector is expected to pick up in 2021 with the commencement of the calls for tenders put off in 2020 and the investments plans under the Recovery Fund umbrella, which will focus on relaunching sustainable infrastructure. The geographical areas which should see the greatest growth are Europe, Australia and North America, where the Group has had a strong foothold for many years.

Confirming the prospects created by its intense commercial activities undertaken in 2020, the Group has been awarded or was the lowest bidder for contracts worth €2.5 billion since the beginning of this year. They include three sustainable mobility projects in Italy for more than €2.1 billion (the Fortezza Ponte Gardena high capacity railway line, two sections of the Pedemontana Lombarda Motorway and the doubling of the Taormina Giampilieri section of the high capacity Messina – Catania railway line), confirming the effective relaunch of the domestic infrastructure market.

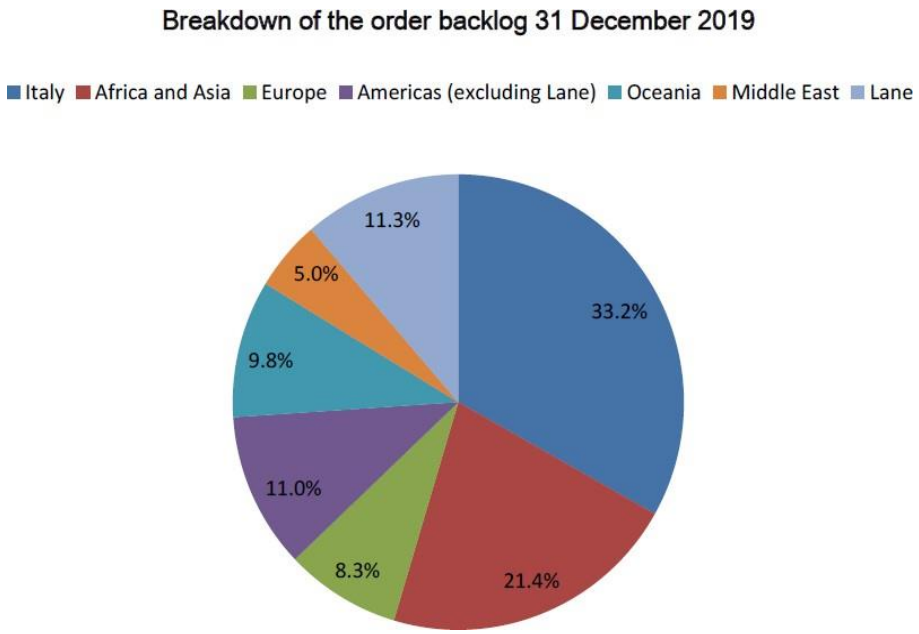
Order backlog

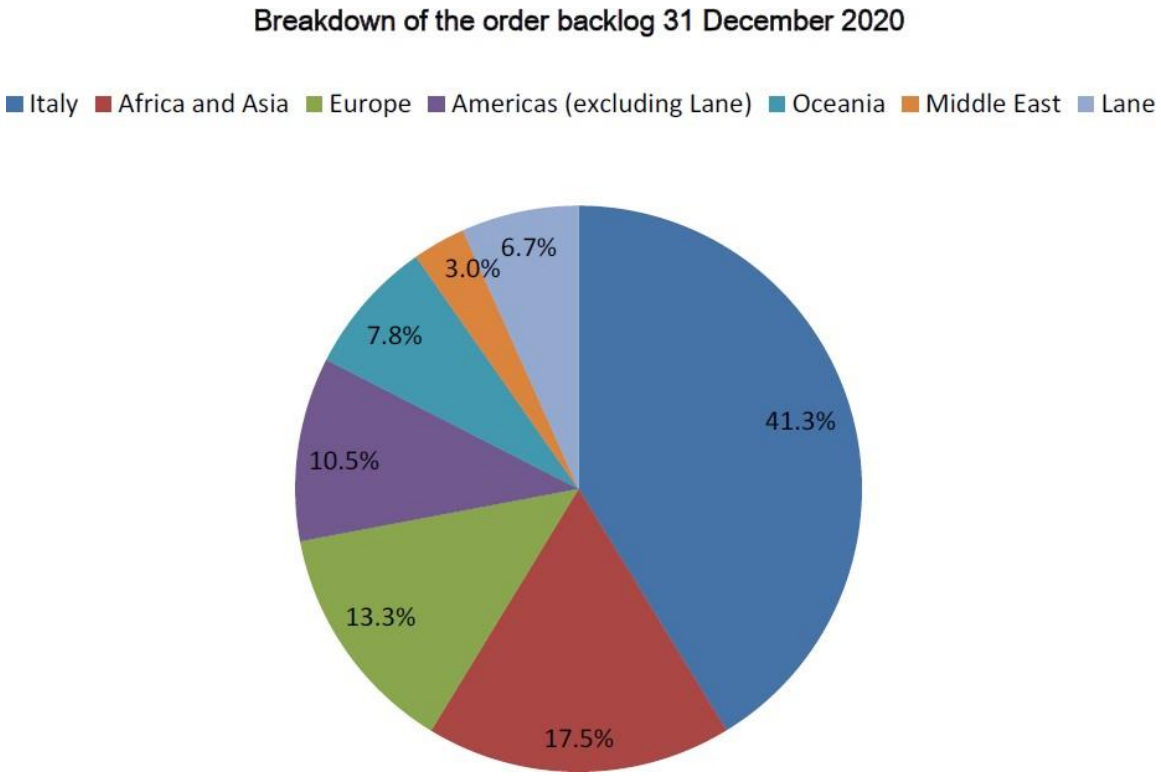
The order backlog by geographical area for the construction and concession segments is as follows.

(Share of in millions of Euro)

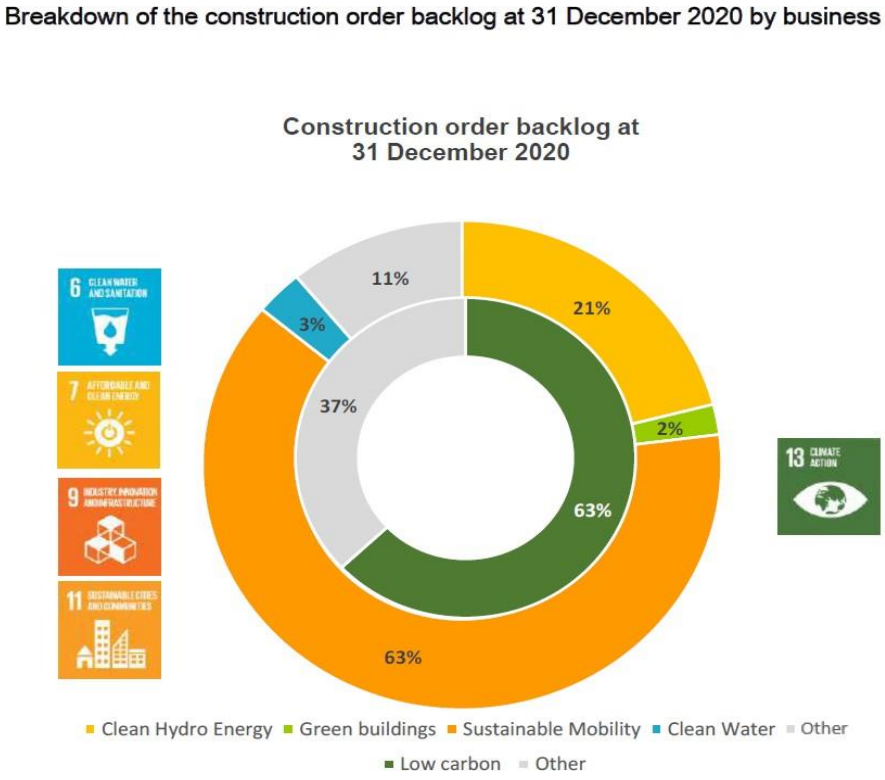
Area/Country	Residual order backlog at 31 December 2019	Percentage of total	Residual order backlog at 31 December 2020	Percentage of total
Italy	**12,016.2**	**33.2%**	**17,199.0**	**41.3%**
Africa and Asia	7,770.7	21.4%	7,276.5	17.5%
Europe	2,998.6	8.3%	5,552.5	13.3%
Americas (excluding Lane)	4,003.1	11.0%	4,380.0	10.5%
Oceania	3,536.3	9.8%	3,231.5	7.8%
Middle East	1,808.2	5.0%	1,261.4	3.0%
Abroad	**20,116.9**	**55.5%**	**21,701.8**	**52.1%**
Lane	4,096.2	11.3%	2,787.2	6.7%
Total	**36,229.3**	**100.0%**	**41,688.0**	**100.0%**

The following chart provides a breakdown of the order backlog by geographical area:





A breakdown of the construction order backlog by business area and contribution to the fight against climate change (low carbon/non-low carbon) is summarised below:



Information on the main ongoing projects and their sustainability characteristics is provided in the section on the performance by geographical area.

Order backlog

The order backlog shows the amount of the long-term construction and concession contracts awarded to the Group, net of revenue recognised at the reporting date. The Group records the current and outstanding contract outcome in its order backlog. Projects are included when the Group receives official notification that it has been awarded the project by the customer, which may take place before the definitive binding signing of the related contract.

The Group's contracts usually provide for the activation of specific procedures (mainly arbitrations) to be followed in the case of either party's contractual default.

The order backlog includes the amount of the projects, including when they are suspended or deferred (i.e., Venezuela and Libya), pursuant to the contractual conditions.

The value decreases:

- when a contract is cancelled or decreased as agreed with the customer;
- progressively in line with the recognition of contract revenue in profit or loss.

The Group updates the order backlog to reflect amendments to contracts and agreements signed with customers. In the case of contracts that do not have a fixed consideration, the related order backlog reflects any contract variations agreed with the customer or when the customer requests an extension of the execution times or amendments to the project that had not been provided for in the contract, as long as these variations are agreed with the customer or the related revenue is highly probable

The measurement method used for the order backlog is not a measurement parameter provided for by the IFRS and is not calculated using financial information prepared in accordance with such standards. Therefore, the calculation method used by the Group may differ from that used by other sector operators. Accordingly, it cannot be considered as an alternative indicator to the revenue calculated under the IFRS or other IFRS measurements.

Moreover, although the Group's accounting systems update the related data on a consolidated basis once a month, the order backlog does not necessarily reflect the Group's future results, as the order backlog data may be subject to significant variations.

The above measurement method differs from the method used to prepare the disclosure on performance obligations yet to be satisfied in accordance with IFRS 15 as set out in note 32 to the consolidated financial statements at 31 December 2020. Specifically, the main contract revenue included in the order backlog and not considered in the notes includes:

- revenue from concession contracts as it is earned mainly by equity-accounted investees;
- revenue from the joint ventures not controlled by Lane Group and measured using the equity method;
- income from cost recharges attributable to non-controlling members of Italian consortia classified as "Other income".
- contracts signed with customers that do not meet all the criteria of IFRS 15.9 at the reporting date.

Performance by geographical area

Italy

The Group focused on its home market in 2020, partly to follow Progetto Italia and the acquisition of Astaldi S.p.A. (the relevant section provides information about this).

In Italy, it operates in the construction segment, mostly in the areas of sustainable mobility and green buildings, and the concessions segment.

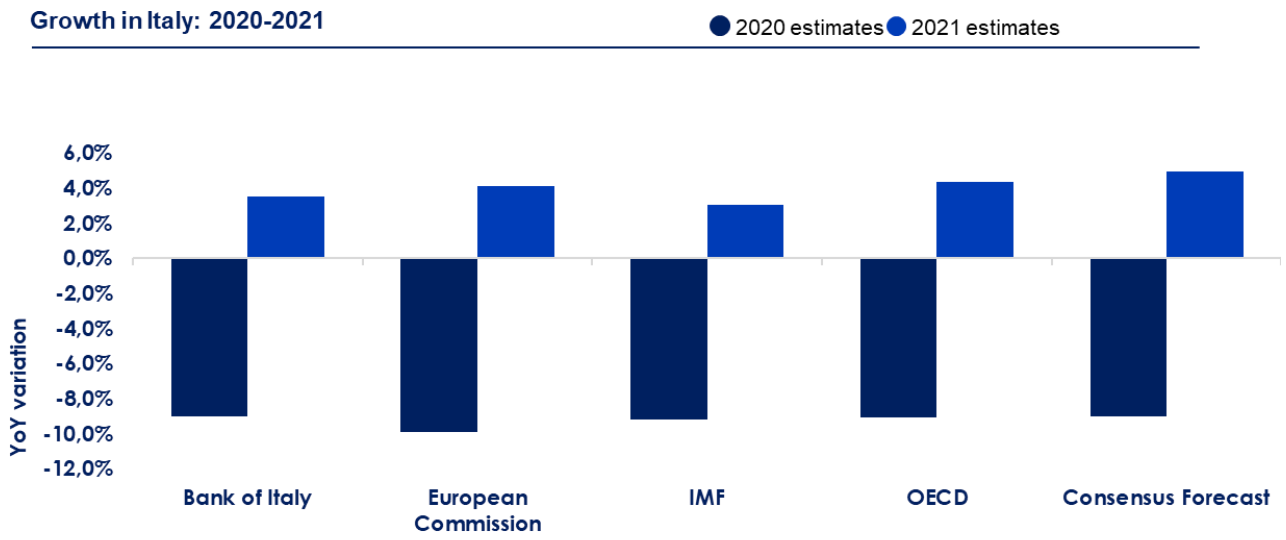
Reference context and macroeconomic scenario

Italy is ranked 30th in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 162 countries around the world. Italy shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, mobility and the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Wastewater treated	58.8%	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (railways, metros and road projects) and Green Buildings (civil and industrial) areas, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
7	Renewable energy in final consumption	17.9%	Improving	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.9	In line with objectives	
11	Satisfaction with public transport	34.4%	Deteriorating	
13	CO2 emissions per capita linked to energy (ton)	5.4	Deteriorating	

As one of the first countries that had to deal with the Covid-19 pandemic, Italy led continental Europe in introducing tough lockdown measures, adversely affecting industrial production and consumption. After other countries started to implement their own lockdowns, Italy's export sector was also hit hard and this has triggered a sharp drop in GDP, seen immediately from the first quarter of 2020.

The IMF's January 2021 projections include a 9.2% fall in GDP in 2020, after growth of 0.3% in 2019, but it should grow by 3.0% in 2021.



Sources:
Bank of Italy, January 2021
IMF, January 2021

The Italian government brought in numerous measures to prevent and contain the effects of the Covid-19 emergency on the country's economy. Decree law no. 18/2020 (the "Cure Italy" decree), Decree law no. 23/2020 (the "Liquidity" decree) and Decree law no. 34/2020 (the "Relaunch" decree) introduced, *inter alia*, a multitude of initiatives to provide financial assistance to households, workers and companies. Specifically:

- the "Liquidity" Decree tackled various issues, mostly to support companies and provide assistance to the hardest-hit sectors. Its measures included the issue of guarantees up to €200 billion until 31 December 2020 to banks, financial institutions and other credit institutions authorised to operate in Italy for financing of any form provided to companies, in accordance with EU laws;
- the "Relaunch" Decree provided for assistance of €55 billion to be provided to the sectors that were the worst affected by the epidemiological emergency with measures covering public health, employment, social policies, lending and production. Article 207 is worthy of special note. It provides for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance;
- with respect to the infrastructure sector, Decree law no. 76/2020 (the "Simplification" Decree), converted into Law no. 120 of 11 September 2020, is designed to, *inter alia*, streamline the calls for tenders procedure and the timeline between the tender award and the start of the works. It introduces sanctions for public officials who hinder the performance of public works, reduces the award times to within six months of the closure of a call for tenders and adopts a model with extraordinary commissioners to manage and supervise strategic projects to ensure they are carried out rapidly.

On 21 July 2020, the European Council reached a final agreement on the €750 billion recovery fund proposed by the European Commission, the Next Generation EU. The Recovery and Resilience Facility (RRF) will receive the bulk of the fund:

- €312.5 as grants;
- €360 billion as long-term subsidised loans;
- the remaining €77.5 billion will be distributed through other EU programmes.

The scope of the RRF is structured around six pillars:

- **Green transition**: in line with the European Green Deal and the Energy and Climate Plan, a minimum of 37% of expenditure on investments and reforms contained in each national plan should support climate objectives;
- **Digital transformation**: a minimum of 20% of expenditure on investments and reforms contained in each national plan should support the digital transition;
- **Smart, sustainable and inclusive growth and jobs**: each national plan should guarantee an inclusive and sustainable recovery and improve the potential growth trend;
- **Social and territorial cohesion**: each national plan should contribute to enhancing cohesion, taking into account local, regional and national disparities, including the rural/urban divide;
- **Policies for the next generation, children and youth, including education and skills** : each national plan should promote policies for the next generation, especially education and childcare, education and skills, including digital skills, reskilling, employment;
- **Health, economic, social and institutional resilience**: the member states shall define how this pillar will contribute to the strengthening and the resilience of the economic, social and institution aspects, assisting the country to come out stronger from the crisis.

The envelope envisaged in the first draft of the Italian RRF, still under discussion, amounts to more than €300 billion, mostly made up of the over €210 billion from the Next Generation EU fund, integrated by the funds made available by the long term EU budget 2021-2026.

According to the "The 2021 construction market" report issued by Centro Ricerche economiche, sociologiche e di mercato (CRESME), after growing by 6.5% in 2019, investments in public works are expected to increase by 1.1% in 2020 and 7.5% in 2021. This trend will mainly be bolstered by national programmes and European initiatives put in place after the pandemic. Together with the Simplification decree, they should speed up the actual use of the already earmarked funds. Growth is mostly pushed by investments in transport infrastructure (railways, roads, ports, airports and metros), the integrated water cycle and ultra-broadband telecommunications. The main growth drivers for the construction sector are the public administration's renewed ability to spend and the increase in infrastructure investments by Rete Ferroviaria Italiana (RFI) and private motorway operators.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(Share of in millions of Euro)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Cociv Lot 1-6	2,786.0	41.4%	2,687.0	47.6%
Iricav Due	1,430.1	1.2%	4,178.2	0.7%
Others	3,555.2		4,479.8	
Total	**7,771.3**		**11,345.1**	

High-speed/capacity Milan - Genoa Railway Project (COCIV)

The project for the construction of the Giovi third railway crossing of the high speed/capacity Milan - Genoa railway line section was assigned to the COCIV consortium as general contractor by Rete Ferroviaria Italia S.p.A. (RFI, formerly TAV S.p.A. - as Ferrovie dello Stato's operator) with the agreement of 16 March 1992 and subsequent rider of 11 November 2011.

The subsidiary Webuild has a 99.999% stake in the consortium as its leader after the specific agreements with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte") as described in detail in the 2019 Annual Report.

The works began on 2 April 2012 and the contract is worth approximately €4.8 billion.

It is split into six non-functional construction lots for a total of approximately 125 months excluding the pre-operating/inspection phase (three months).

All the six lots provided for in the rider of 11 November 2011 are fully financed and the Giovi third railway crossing project has been contractually joined with the Genoa railway junction project for the development of the related tunnels.

On 2 December 2020, RFI confirmed its willingness to increase the contract advance in addition to that paid at the end of June 2020, in accordance with article 207.2 of Decree law no. 34 of 19 May 2020.

Information about the orders issued by the Rome and Genoa public prosecutors which also involved certain parties related to the consortium is available in the "Main risk factors and uncertainties" section.

High-speed/capacity Verona - Padua Railway Project (IRICAV DUE)

The IRICAV DUE consortium (Webuild S.p.A. 45.44% and Astaldi S.p.A. is RFI's general contractor for the design and construction of the high speed/capacity Verona – Padua railway line section as per the agreement of 15 October 1991.

The 78.8 km railway line will cross 19 municipalities (six in the Verona Province, nine in the Vicenza Province and four in the Padua Province), to quadruple the existing line, increase the quality of the Italian railway system and assist its integration with the European network.

On 18 July 2018, after completion of the legitimacy checks by the Court of Auditors, the CIPE's approval measure was published in the Italian Official Journal and became effective.

The approval measure authorised a maximum investment of €4.8 billion by RFI in the entire Verona - Padua railway line section, of which €4.2 billion for the General Contractor.

On 6 August 2020, RFI and the consortium agreed the rider to the TAV/Consorzio Iricav Due agreement of 1991 for the first functional lot, the Verona - Vicenza junction section.

The related amount of approximately €2.5 billion is divided between two construction lots and RFI has resources of €873.7 million available just for the first lot.

On 17 October 2020, the consortium received the contract advance of approximately €87.4 million, equal to 10% of the consideration for the first construction lot.

The works commenced on 26 November 2020 with the geognostic investigations being commenced along with the executive design stage which was already in progress.

On 22 October 2020, RFI communicated its intention to increase the contract advance in accordance with article 207.2 of Law decree no. 34 of 19 May 2020.

As a result of the procedure commenced in 2019 by the extraordinary commissioner of the consortium partner Condotte for the sale of its interest in the consortium (11.35%), the subsidiary Webuild made a binding offer to acquire such interest. On 9 March 2020, with the authorisation of the Ministry of Economic Development, the commissioner accepted Webuild's offer.

On 5 June 2020, Condotte sold Webuild its 11.35% interest in the consortium with an authenticated private agreement that contained certain conditions precedent.

On 16 October 2020, as the conditions precedent were met, including RFI's written agreement with the change in investment percentages and the consortium fund, which entailed the related necessary amendments to the by-laws, the subsidiary Webuild and Condotte executed the agreement.

Other projects in Italy

Naples - Bari railway line, Naples - Cancello section

The high capacity Naples - Bari railway line is of strategic importance to southern Italy as it connects its two most important economic and urban areas. The project will extend the high speed/capacity service to southern Italy, connecting it to the rest of Italy and reducing travel times by between 20% to 45%.

With respect to the Naples - Cancello section of the Naples - Bari railway line, the contract for which was signed in December 2017 by Webuild S.p.A. (60%) 60% and Astaldi S.p.A. (40%), the contract advance was received on 5 April 2019. During 2020, work continued including the laying of the foundations and elevation of the viaducts and construction of the tunnel diaphragm walls.

On 26 November 2019, 7 May 2020 and 20 November 2020, the joint venture signed three riders with RFI for the supply of crushed stone by it and the removal of the above-ground materials in areas located in the Casoria Municipality, for archaeological investigations and excavations and for the removal of the above-ground materials and additional archaeological investigations and excavations. This increased the contract consideration to approximately €431.9 million.

Naples - Bari railway line, Apice - Hirpinia section

On 28 March 2019, RFI announced that the consortium to be set up by Webuild S.p.A. 60% and Astaldi S.p.A. 40%, had been awarded the contract for the executive design and construction of the Apice - Hirpinia section of the Naples Bari railway line worth €608.1 million.

On 1 July 2019, the two partners set up Consorzio HIRPINIA AV and it signed the related contract with RFI on 31 July 2019. It collected the contract advance of €121.6 million, equal to 20% of the contract consideration, on 25 October 2019.

On 22 February 2020, the consortium delivered the executive design to the site manager Italferr S.p.A. and the customer RFI, which approved it on 21 September 2020. Subsequently on 25 September 2020, Conformity Deed no. 1 was signed amending the contract consideration to €603.3 million.

On 30 June 2020 after the signing of rider no. 2 in accordance with article 207 of Decree law no. 34/2020, the consortium received the additional advance.

During the year, the executive design and geognostic investigations were completed and the pre-construction work commenced (clearing of ordnance and remediation of any issues with underground utilities).

Palermo - Catania railway line, Bicocca - Catenanuova section

Again with respect to railway works, a consortium (Webuild S.p.A. 60% and Astaldi S.p.A. 40%) signed a contract with RFI to double the tracks on the Bicocca - Catenanuova section of the Palermo - Catania railway line, including the executive design. The contract is worth approximately €194 million.

Following approval of the executive design on 14 December 2018 and delivery of the works on 20 December 2018, the joint venture collected the contract advance on 5 April 2019.

In 2020, the ongoing works included the construction of the viaducts, railway overpasses and underpasses, the construction of water courses and related manholes, the formation of trenches and the embankment floors, the construction and renovation of railway buildings as well as activities relating to electric traction, light and driving force.

Brenner base tunnel - Isarco River Underpass

This contract consists of underground civil works and external works for the relocation of national road SS12 and a cargo loading/unloading area on the A22 motorway. The subsidiary Webuild is the lead contractor with a share of 41%.

During 2020, the main activities involved the works to strengthen the Isarco River Underpass, the consolidation, excavation and lining of the northbound tunnels, the lining of the southbound tunnels and the performance of the civil and plant engineering works of the deviation of the existing Brenner railway line.

On 30 November 2020, after the signing of the second amendment to the contract in accordance with article 207 of Decree law no. 34/2020, the consortium received the additional advance.

Milan - Metro Line 4

Metro Blu S.C.r.l. (Webuild S.p.A. 50% and Astaldi S.p.A. 50%) was set up to carry out the works and services related to the civil works to build the new Line 4 of the Milan Metro.

The new line, which will be fully automated (i.e., driverless) with intelligent traffic control technology to ensure the highest safety standards, will cover a 15.2 km stretch from Linate to Lorenteggio. It will increase the city's public sustainability mobility system carrying an additional 24 thousand passengers an hour in each direction.

The contract includes the construction of two single-track tunnels, one in each direction, 21 stations and a depot/workshop. Work started in 2013 under an accessory agreement pending approval of the concession agreement of 22 December 2014 and the subsequent rider no. 1 of 5 February 2019.

The consideration for the EPC contract is approximately €1.8 billion.

During the year, the mechanised tunnelling with the TBM-EPB of the central section tunnels was completed and work commenced on the new order for the tunnel network of the central section using the ground freezing technique.

Rebuilding of the Polcevera Bridge of the A10 motorway

With respect to motorways and bridges, the subsidiary Webuild and Fincantieri were awarded the contract worth approximately €200 million to rebuild the bridge over the Polcevera River in Genoa, as per the decree of the extraordinary commissioner for the reconstruction project of 18 December 2018.

On 18 January 2019, the extraordinary commissioner signed the contract to rebuild the Polcevera Bridge, part of the A10 motorway, with PerGenova S.C.p.A., the consortium company limited by shares set up by Webuild and Fincantieri Infrastructure S.p.A. (50:50). The contract covers the design and performance of the works and services to build the new bridge. The consortium company received the contract advance on 25 February 2019.

The work areas were delivered on 15 April 2019.

On 1 October 2019, the first section of the deck was installed and the main deck was completed on 28 April 2020.

On 25 May 2020, the extraordinary commissioner authorised integration of the contract advance in accordance with article 207.2 of Decree law no. 34 of 19 May 2020.

The work on the deck necessary to open the bridge to traffic was completed in good time and the bridge was opened to the public on 3 August 2020.

Some additional work is currently being performed which does not affect the use or operation of the bridge, including the plant functional calibrations (Robot, SCADA, lighting, monitoring), powered, inter alia, by a photovoltaic system that provides the bridge with 95% of its energy requirements.

The bridge's design incorporates environmental aspects, based on projections about the climate in the area to ensure that the bridge will stand up to the increase in rainfall expected to occur over the next 80 years.

In addition, nearly all the excavation materials were reused during the works.

Jonica state highway 106 - Third maxi-lot

Sirjo S.C.p.A. (Webuild S.p.A. 40% and Astaldi S.p.A. 60%) is the general contractor for the design-build contract signed on 12 March 2012 for the third maxi-lot of Jonica state highway 106. The contract is worth approximately €980 million as defined in the second rider to the contract signed on 19 November 2020.

CIPE approved the definitive designs with resolution no. 3/2018 of 28 February 2018 published in the Italian Official Journal no. 178 of 2 August 2018, which followed its previous resolution no. 41/2016 approving the definitive designs for the first lot, published in the Italian Official Journal on 1 August 2017.

Sirjo S.C.p.A. sent the executive designs to the customer on 15 April 2019 for checks of the quality, technical and financial adequacy and compliance with the ruling regulations. These checks were completed on 24 September 2019 with the issue of a report with a positive opinion. On 9 March 2020, ANAS' board of directors approved the executive designs and on 27 March 2020 issued its authorisation for the second rider to the contract signed on 19 November 2020.

On 19 May 2020, the works were formally delivered with the signing of the related report.

As provided for by article 207 "Urgent measures for the liquidity of construction companies" of the Relaunch decree, Sirjo S.C.p.A. requested of ANAS and obtained a contract advance on 10 September 2020.

In June 2020, the contractor commenced work site preparatory activities and its archaeological investigations.

In the second half of the year, it also commenced construction work, with construction of the first foundation piles while the production of strategic components started towards the end of the year, such as the pre-cast sections of the tunnels and the metal decking of the viaducts.

ENI headquarters

The Group does not limit itself to infrastructure. The subsidiary Webuild, in fact, is also engaged in acquiring orders in the commercial building sector, thus availing of development opportunities mostly created by the growth of Italy's large metropolitan areas. In partnership with a leading group of investors and acting as contractor, the company signed a contract on 28 July 2017 for the building of ENI's new headquarters in San Donato Milanese. This construction contract is worth approximately €151 million (Webuild's share: 60%).

Work began at the end of 2017 and continued in 2020 to complete construction of the three buildings. Activities for the bulk of the project, such as the installation of the systems and façades, have been stepped up.

During the year, negotiations with the customer about the internal finishings of the buildings were intensified to be settled with a rider with a value of approximately €18 million and the lengthening of the delivery times of about 18 months.

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Unforeseen costs have been incurred on the high speed/capacity Milan - Genoa railway line section, Naples - Bari railway section, Naples - Cancello railway section, the Bicocca - Catenanuova section of the Palermo - Catania railway line, the Brenner Base Tunnel - Isarco River Underpass, Line 4 of the Milan Metro and Eni's headquarters and the contractors have accordingly presented their requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Real estate

Cediv S.p.A.

The year saw a successful close to the town planning phase of the optimisation of the area of the subsidiary Cediv S.p.A. in Via Ulloa, Marghera (VE).

On 29 July 2020, the Council Board issued Resolution no. 76, definitively approving the town planning variant and the new intended purposes for the 44,400 sq. mts permitted, of which:

- 14,000 sq. mts for accommodation purposes (approximately 300 rooms)
- 15,100 sq. mts for residential purposes
- 6,000 sq. mts for commercial use
- 9,300 sq. mts for offices and services
- a multi-storey car park (26,000 sq. mts) with bus station
- a public park (approximately 3 hectares).

Upon completion of the process, on 19 February 2021, Cediv stipulated the Town Planning Agreement with Venice City Council, effectively and definitively sanctioning the building permits for the area.

approval of the variant and stipulation of the Agreement obtained by Cediv constitutes an essential event for the area's appeal that, finally, concretely obtains the right to be built on.

The Variant also approved the access roads to the area, directly from the motorway and, following the agreement stipulated between the City Council and the railways, RFI is currently designing the bridge that will link Mestre Station directly to the area of Cediv and Marghera.

The City Council has always viewed this project as essential, as it represents the real hub for reconnecting the towns of Mestre and Marghera. It also pays close attention to the development of the multi-storey car park, which will not only be used as a hub for road-rail exchanges for users of the station and tourists heading to Venice, but can also host a new hub for tourist buses.

In July 2020, Venice Council and the FS Group publicly confirmed the development of the new Mestre railway station, which will be built between by end 2026 (the opening is expected for the Milan-Cortina Olympics), bridging the existing railway lines and Viale della Libertá and also acting as a cycle-footpath to connect the new Cediv buildings directly with the town of Mestre and the station, thereby optimising the area of Via Ulloa.

In July 2020, Veneto Regional Council approved the Strategic Environmental Assessment (SEA) of the town plan and in November 2020, it approved the Characterisation Plan for reclaiming the area.

In July 2020, the pool or architects to which the design had been entrusted (Grimshaw of London, Tecnic of Rome and H&A of Venice) completed the Preliminary Project of the whole real estate complex. The final project of the urbanisation works envisaged by the plan and the multi-storey car park with bus station, is currently being prepared.

The buildings under construction are being marketed as follows:

- 9 international hotel chains, under the scope of the tender called by Horwath HTL (hotelier consultant appointed by the company specialised in the hotel & leisure sector) sent a letter of intent suggesting they were interested in the multi-year lease of the hotels;
- negotiations are continuing with the French company Domitys, from the Aegide Group, European leaders in senior housing, with a view to stipulating a multi-year lease contract for the residential buildings measuring 9,000 sq. mts and comprising 130 flats and common areas (reception, swimming pool, wellness, restaurant, kitchen, etc.);
- 2 national companies have sent a Letter of Intent expressing an interest in managing the multi-storey car park and bus station.

In addition, Cediv has entrusted the task of analysing and branding the project and marketing all the other private buildings (residential, commercial, offices and services) to Berkshire Hathaway Maggi Group, the

international multinational company of the Warren Buffett Group present worldwide; this will start in 2021 with a pre-sounding of the market.

Berkshire Hathaway Maggi Group has therefore already carried out a detailed marketing study for all project uses, analysing context, population, competitors and opportunities, with a view to providing market strategies on the basis of the SWOT (Strengths, Weaknesses, Opportunities, Threats) methodology.

The directors of Cediv believe, in connection with the realisation value that can be seen from market trends, that the valuation assigned to inventories booked for a total of €35.0 million to be consistent, without prejudice to the clear commitment to constantly monitor the effective progress made on the initiative, so as to proceed as quickly and as promptly as possible to review these valuations, where applicable.

Zeis S.r.l.

In 2014, Roma Capitale issued the subsidiary Zeis S.r.l. with a Construction Permit ("CP") to transform and optimise the buildings of the property complex situated in Via Enrico Fermi, Rome, which involves the development of 280 luxury flats and appreciation 2000 sq. mts of commercial premises.

Start of criminal proceedings and preventive seizure of site areas

Following the numerous complaints submitted in recent years to the Court of Rome by the district committees, ever hostile to the project, the Public Prosecution has ruled that these requests must be processed and on 23 November 2018, Zeis was notified a Decree of preventive seizure of the entire site area, issued by the Investigating Judge of the Ordinary Court of Rome. The Investigating Judge upheld the Prosecution's request to start an investigation, involving, amongst others, representatives of Zeis, the technician appointed by Zeis and two municipal technicians, hypothesising the unlawful nature of 1991 Amnesty Concession no. 540/S and, accordingly, CP no. 166/2014, insofar as the administrative deed is based on the validity of all earlier administrative deeds, including said Concession.

The list of witnesses and consultants has been submitted for the first debate hearing, originally scheduled for 12 May but then postponed, due to Covid-19, first to 21 October 2020 and then to May 2021.

The list of witnesses and consultants has recently been submitted for the first debate hearing, originally scheduled for 12 May but then postponed, due to Covid-19, first to 21 October 2020.

When the proceedings started, in order to obtain the area's release from seizure, Zeis immediately proposed a Review Deed, which was unfortunately declared inadmissible on procedural grounds. It then filed a technical consultancy report prepared by a well-regarded, authoritative professional, showing the complete lawfulness of the 1991 Amnesty Concession and, consequently, the legitimacy of the construction permits granted later by Rome City Council for the property complex.

However, in choosing to uphold the opinion given by its own technical advisor, the Prosecution considered that the matter was worthy of debate and thereby requested that the Zeis defendants be summonsed to court, instead archiving the positions of the municipal technicians who had issued the permit in 2014.

Absolutely certain of the lack of grounds to the charges unfairly moved against it, it is considered that the defence must prevail and the outcome will be in our favour.

The criminal proceedings in question have no impact in terms of the liability of the subsidiary pursuant to Italian Legislative Decree no. 231 of 2001. In actual fact, the charges brought against the subsidiary's representatives, at present, are not included amongst those that can bring about administrative liability pursuant to Law 231.

Petition to the Lazio regional administrative court

Previously, with the Judgement of the Lazio regional administrative court no. 04893/2017, the Court had sanctioned the unlawful nature of the suspensions of Construction Permit no. 166/2014 ordered by Rome City Council and, consequently, Zeis's right to be compensated for the damages suffered, at the same time asking Rome Council to submit a proposal for such compensation. As Zeis did not receive any proposal from the regional administrative court by the deadline established by the court, on 16 March 2018, a petition was submitted against Roma Capitale for failure to comply with judgement 4893/2017. Upon completion of these new proceedings, by Judgement no. 7737/2018, the court declared default by Roma Capitale and consequently demanded the quantification of the amounts by a Special Commissioner, setting, however, some key points to guide the estimation.

On 19 July 2018, the court appointed Prof. Alessandro Gaetano of the University of Tor Vergata as Special Commissioner, who filed his appraisal setting out a prudent estimate of the damages suffered by the Company as a result of the unlawful suspension of works ordered by the local authority in 2015/16. In his conclusions, the Commissioner clarified that these "lost earnings" would not be recognised if "the legal proceedings currently in progress should show that there is no legal basis on which to pursue the initiative".

Plus S.r.l./Dirlan S.r.l.

The subsidiary Zeis is also monitoring the conclusive phases of the initiatives involving the companies **Plus S.r.l.** and **Dirlan S.r.l.**, coordinating complex assistance with the general maintenance of the property, monitoring plant function and dealing with the management of the works necessary to have the contractor restore function and repair certain works. Zeis is also handling the sale of the property units.

Although marketing of the property units is continuing, it has slowed and, therefore, in order to increase the number of sales made and speed up their conclusion, starting 16 September 2019, a mandate has been conferred upon a leading estate agency, which has proposed an extensive marketing plan involving the publication of the complex on both traditional and digital media, road signs, the creation of events and all else as may prove necessary to draw in new customers.

To boost sales, the agency has suggested preparing two, fully-furnished sample flats, currently being designed, which could be completed quickly, thereby offering buyers, as an alternative to a discount, a furnishing bonus according to the proposals prepared for the sample flats.

At 31 December 2020, a total of 316 purchase and sale contracts have been signed, for a price of approximately €65.5 million and €47.4 million repaid to the lender (BPM) out of a total of €71.0 million.

In 2020, a total of 38 deeds of purchase and sale have been stipulated, for €7.6 million.

In Q1 2021, eight deeds of purchase and sale were stipulated and €1.6 million received. Finally, another 18 sales proposals have been accepted, for which deeds have yet to be drawn up, worth €3.5 million.

The economic/financial analyses of the above initiatives are based on estimates that take into account the current real estate situation and refer to property development plans, preliminary sales agreements (where applicable), appraisals and other documents; they show profitability that will allow for the recovery of the carrying amounts currently booked.

Salini Costruttori S.p.A.

The year saw a favourable conclusion to the dispute between Salini Costruttori and Aprilia Council, started back in 2002 against Aprilia Council with a claim submitted for compensation of an initial amount of €1.3 million for the restoration of the value of proprietary areas, plus damage for having unlawfully occupied them.

By a Judgement given on 26 September 2017, the Court of Latina acknowledged approximately €2.3 million in Salini Costruttori's favour, plus interest and value adjustment. Having received the deeds of precept, after having contacted Salini Costruttori's lawyers to seek a settlement, in March 2020 Aprilia Council formalised a proposal, offering Salini Costruttori payment of the principal amount in six annual instalments and asking for a complete waiver of interest and value adjustments.

Having given due consideration to the risk of insolvency on the part of the council, the proposal was considered worth accepting, thereby successfully concluding a twenty-year-old dispute.

Nores S.r.l.

The subsidiary Zeis is completing the authorisation procedure for the initiatives of Consorzio Tiburtino and Nores Srl, headed by Plus, under the scope of the SDO Tiburtino agreement (phase 2).

Following the petition submitted by the Consortium, having noted that the council had failed to take action, the Lazio regional administrative court appointed the Special Commissioner, who took up the role in July 2020 and closed the service conference in February 2021, approving the executive project for the phase 2 urbanisation works. The Special Commissioner and the Consortium can therefore now stipulate the Town Planning Agreement,after which the construction permit submitted by Nores in 2017, and which is currently still pending, can finallybe issued.

Italian concessions

The Group's concessions activities in Italy mainly consist of investments in the operators still involved in developing projects and constructing the related infrastructure.

These concessions principally relate to the transport sector (motorways, metros and car parks).

The following tables show the key figures of the Italian concessions at the reporting date, broken down by business area:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Pavia)	SaBroM S.p.A. (Broni-Mortara)	60	50	Not yet active	2010	2057
Italy (Ancona)	Passante Dorico S.p.A. (Ancona Port)	63.1	11	Not yet active	2013	2049

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Italy (Milan)	SPV Linea 4 S.p.A. (Milan Metro Line 4)	9.7	15	Not yet active	2014	2045

CAR PARKS

Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Corso del Popolo S.p.A.	55.0	Active	2016	2046

OTHER

Country	Operator	% of investment	Stage	Start date	End date
Italy (Terni)	Piscine dello Stadio S.r.l.	70.0	Active	2014	2041

Astaldi

Group profile

The Astaldi Group (the "Group") is an international market player and one of the major general contractors in Italy. It has a large share of the European and global construction market. Listed on the stock exchange since 2002, it mostly operates as an EPC[23] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works. As of 5 November 2020, the group has been part of the Salini Costruttori Group.

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

The Group's core business is the transport infrastructure segment, comprising the (i) railways and metros, (ii) roads and motorways, and (iii) ports and airports sub-segments. Astaldi designs, builds and, occasionally, operates the completed infrastructure, drawing on the internationally-recognised expertise of its highly qualified human resources. In the last decade, the Group has built over 2,000 km of railway and metro lines and more than 1,600 km of roads and motorways, including approximately 300 km of tunnels and around 180 km of bridges and viaducts. In the same period, it has built, inter alia, seven hydroelectric power plants, five dams and two waste- to-energy plants in the hydraulic plants and energy production segment, while it has completed 39 buildings, including 12 healthcare facilities, in the civil and industrial construction segment.

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

Foreword

On 28 September 2018, Astaldi S.p.A. ("Astaldi" or the "Company") filed its application (no. 63/2018) with the bankruptcy section of the Rome Court (the "Rome Court") for its composition with creditors on a going concern basis procedure as per article 161 and following articles of the Bankruptcy Law (the "Procedure").

On 19 June 2019, Astaldi filed the definitive composition with creditors plan (the "plan") together with the proposal and additional documentation requested (subsequently updated on 16 July 2019, 20 July 2019 and 2 August 2020 - the "Composition with creditors proposal").

The plan is underpinned, inter alia, by the offer for financial and industrial assistance made by the subsidiary Webuild S.p.A. ("Webuild", then Salini Impregilo S.p.A.) on 13 February 2019, subsequently integrated and confirmed on 15 July 2019 (the "Webuild offer"). Since 5 November 2020, the Group has had an investment in Astaldi, which amounts to 66.97% (66.10% held directly and 0.87% indirectly) at the date of preparation of this report and was acquired as part of the composition with creditors procedure.

Reference should be made to the 2019 Annual Report available in the Investor Relations - Financial Reports section of Astaldi's website www.astaldi.com for information about the reasons for its financial difficulties, the various steps of the procedure and a description of the composition with creditors proposal and plan (authorised by the Rome Court on 17 July 2020).

The plan provided for:

a) the separation of:

i. Astaldi's construction, infrastructure, plant engineering, study, design, transport, maintenance, facility management activities and management of complex systems to be continued by Astaldi (the "core assets scope");

ii. Astaldi's activities related to the operation of infrastructure and other assets under concession to be transferred to a separate unit set up in accordance with article 2447-bis and following articles of the Italian Civil Code (the "separate unit") for their sale;

[23] Engineering, Procurement, Construction

b) satisfaction of the creditors:

i. in cash for the pre-preferential and preferential creditors, including by using the proceeds from the capital increase of €225,000,000.00 reserved to Webuild (the "Webuild capital increase", as defined later);

ii. with respect to the "unsecured creditors" (i.e., Astaldi's unsecured creditors at 28 September 2018, the reference date for its composition with creditors procedure) by assigning them: (a) new ordinary Astaldi shares to settle their claims in the ratio of 12.493 new shares for each €100 of unsecured claim, and (b) participating financial instruments issued by Astaldi as per article 2447-*ter*.1.e) of the Italian Civil Code, which give them the right to receive the net proceeds from the sale of the business unit (the "participating financial instruments", "PFI") in the ratio of one PFI to every €1.00 of unsecured claim. The composition with creditors procedure provides for both the unsecured creditors' involvement in the core assets scope (with the receipt of ordinary shares) and their exclusive right to the proceeds from the sale of the assets transferred to the business unit (with the receipt of participating financial instruments). The unsecured creditors are both creditors with filed claims (i.e., unsecured creditors with claims dating back to before publication of the pre-composition with creditors proposal appeal on 1 October 2018, as shown in the list of liabilities filed with the composition with creditors proposal and the integrations made by the judicial commissions after their checks as per article 171 of the Bankruptcy Law) and the "additional creditors" (i.e., the potential creditors whose claims have not been wholly or partly included in the plan's liabilities after the checks performed by the judicial commissioners as per article 171 of the Bankruptcy Law but have been included in full in the provisions for risks as part of the plan's liabilities as adjusted by the judicial commissioners) or the "creditors not provided for" (i.e., (i) the unsecured creditors whose claims have not even been partly included in the liabilities and the provisions for risks as part of the plan's liabilities, and (ii) the potential creditors for the part of their claims not settled as part of the capital increase for conversion into shares as defined later);

c) Astaldi's issue of warrants to the subsidiary Webuild to ensure that its investment percentage is not diluted following the subscription of Astaldi shares by the unsecured creditors (the "anti-dilutive warrants").

As part of the transactions envisaged by the composition with creditors proposal, Astaldi has also issued warrants for its lending banks that made new resources available to it during the procedure (the "banks", as defined later) to give them the option to acquire an investment in its share capital (the "lending bank warrants").

The main steps of the procedure implemented since 1 January 2020 are presented below.

Composition with creditors on a going concern basis

In February 2020, the judicial commissioners filed their report prepared in accordance with article 172 of the Bankruptcy Law with the Rome Court. Upon completion of their work, the judicial commissioners found the composition with creditors plan and proposal to be legally and financially viable, finding the proposal to be "*definitely more beneficial to the unsecured creditors*" compared to the alternative scenario of an extraordinary administration procedure.

On 25 February 2020, the holders of the "€140,000,000 4.875 per cent. Equity-Linked Notes due 2024" met on first call and approved the composition with creditors proposal with a favourable vote of 80.05% of those present. On 17 March 2020, the holders of the "€750,000,000 7.125% Senior Notes due 2020" met on second call and rejected the composition with creditors proposal with a negative vote of 73.2% of those present. The two votes were an essential part of the procedure and, in accordance with Italian law, the results of the votes of both meetings were communicated by the noteholders' joint representative during the creditors' meeting, as defined later.

On 9 April, the creditors' meeting took place remotely (the "meeting") and after the voting procedures, the Rome Court acknowledged that 69.4% of the creditors eligible to vote had voted in favour of the composition with creditors proposal in its ruling of 4 May 2020. The Court authorised Astaldi's composition with creditors procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (no. 26945/2020) (the "authorisation ruling"). As the only opposition proposed by the creditors had been waived, the authorisation ruling became definitive and effective on 17 July 2020. The shareholders' resolution approving the Webuild capital increase was passed on 31 July 2020.

In addition, Astaldi's board of directors set up the separate unit with its resolution of 24 May 2020, thus implementing the composition with creditors plan and proposal. The board of directors also resolved:

(i) to assign the management and sale of the non-core assets in the unsecured creditors' interests to Claudio Sforza, who meets the professional and ethical requirements for statutory auditors (the "Proxy"). They gave him an irrevocable mandate with representation (the "Mandate") to be defined before the date of publication of the Rome Court's authorisation of the composition with creditors proposal (the "Authorisation", published on 17 July 2020), effective from that date. The mandate includes all the deeds, legal transactions, contracts and any sort of activity, deemed necessary, useful and/or appropriate, to perform the specific activities for which the separate unit was set up in the name and on behalf of Astaldi but in the interests of the unsecured creditors holding participating financial instruments. It covers the management and sale of all the assets, rights and judicial relationships of the separate unit, in accordance with the plan's terms;

(ii) to approve the separate unit's business plan (the "Astaldi Separate Unit Business Plan") which covers the four-year period from 2020 to 2023, during which the sale of the assets to be transferred to the Astaldi Separate Unit shall take place as provided for by the composition with creditors proposal and in accordance with its terms;

(iii) to establish how to report on the separate unit, without prejudice to the fact that the unit is to be audited/reviewed by the parent's independent auditors;

(iv) to issue, in one or more instalments, participating financial instruments without a nominal amount in accordance with article 2447-*bis*.e of the Italian Civil Code to be assigned to the unsecured creditors against the transfer of their claims to the separate unit (the "unsecured claims") as per article 2447-*bis*.d of the Italian Civil Code;

(v) to approve the participating financial instruments' regulation (the "PFI Regulation") (more information about this regulation is available in the Liquidation perimeter section of the parent's website (www.astaldi.com);

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

(vii) that the first issue of participating financial instruments would take place after the Court's authorisation of the composition with creditors procedure for a number of instruments equal to the unsecured debt presented in the plan's liabilities, as adjusted by the judicial commissioners' report prepared in accordance with article 172 of the Bankruptcy Law. Any other issues of participating financial instruments will be made as approved by the parent's board of directors every six months after the acknowledgement (in or outside court) of unsecured claims not included in the plan's liabilities or liabilities which were provided for in the relevant provision for risks. The first issue was made in November 2020, as described later.

As part of the plan to set up a separate unit to implement the composition with creditors plan and proposal, Astaldi Concessioni was firstly subjected to a partial proportionate demerger as per the related deed of 28 May 2020 (which became effective on 12 June 2020). This transaction was undertaken to establish the scope of the non-core assets (which remain with Astaldi Concessioni) and the core assets (transferred to a newco Astaldi Concessions S.p.A., "Astaldi Concessions"). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities, including with third parties.

On 31 July 2020, to comply with the requirements of the Astaldi composition with creditors procedure, the parent's shareholders resolved, inter alia, in an extraordinary meeting:

(i) (a) an indivisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, of €225,000,000.00, including a premium, by issuing 978,260,870 ordinary shares, without a nominal amount, at a unit price of €0.23 to be reserved to the subsidiary Webuild, to be paid in cash (the "Webuild capital increase"); (b) the issue and assigning of 80,738,448 anti-dilutive warrants to Webuild, which gives Webuild the right to a maximum of 80,738,448 ordinary Astaldi shares without a nominal value ("bonus shares") in the ratio of one new ordinary Astaldi share to each anti-dilutive warrant exercised; (c) the issue of a maximum of 80,738,448 ordinary Astaldi shares without a nominal amount ("bonus shares") to be used for the exercise of the anti-dilutive warrants, without changing the share capital;

(ii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €98,653,846.00, including a premium, by issuing a maximum of 428,929,765 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the filed and potential creditors to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for conversion purposes");

(iii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €10,000,000.00, including a premium, by issuing a maximum of 43,478,261 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the creditors not provided for to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for the creditors not provided for").

On the same date, in their extraordinary meeting, Astaldi's shareholders also resolved on: (*a*) the issue and assignment of 79,213,774 lending bank warrants to Astaldi's banks, which give them the right to subscribe ordinary Astaldi shares in the ratio of one share to each lending bank warrant to be exercised within three years from the date of registration of the resolutions with the company registrar; (*b*) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, for a maximum of €18,219,168.00, including a premium (the "capital increase for the lending banks") by issuing a maximum of 79,231,774 Astaldi shares without a nominal amount at a unit price of €0.23, reserved exclusively and irrevocably to service the lending bank warrants and, therefore, the exercise of the subscription rights given to the holders of the lending bank warrants.

In line with the shareholders' resolutions taken on 31 July 2020, on 5 November 2020:

(i) the subsidiary Webuild entirely subscribed and paid up the Webuild capital increase receiving 978,260,870 new Astaldi shares;

(ii) Astaldi performed the capital increase for conversion purposes by issuing 399,782,755 new Astaldi shares;

(iii) Astaldi issued 3,199,975,846 participating financial instruments for €3,199,975,846.00;

(iv) Astaldi issued and assigned Webuild 80,738,448 anti-dilutive warrants;

(v) Astaldi issued and assigned the lending banks (Unicredit, Intesa Sanpaolo, SACE, BNP Paribas, Banca Monte dei Paschi di Siena and Banco BPM) 79,213,774 lending bank warrants.

Following Banco BPM's request, on 26 November 2020, to exercise 4,222,094 lending bank warrants, 4,222,094 lending bank warrants were cancelled and 4,222,094 Astaldi shares were issued and assigned to Banco BPM using the capital increase reserved to the lending bank warrants.

At the date of preparation of this report, Astaldi's share capital amounts to €340,431,460.27 consisting of 1,480,136,785 shares, including €91,950,033.65 and the related 399,782,755 shares subscribed on 5 November 2020 as part of the capital increase for conversion purposes and €971,081.62 and the related 4,222,094 shares subscribed on 26 November 2020 related to the capital increase for the lending bank warrants. The capital increase for the creditors not provided for has been approved but not subscribed at all.

As a result of the above transactions, at the date of preparation of this report, Astaldi's share capital is held by Webuild (66.97%, 66.10% held directly and another 0.87% indirectly), Fin.Ast (3.57%) and the market (29.46%).

On 19 October 2020, Astaldi signed an unsecured loan agreement with a bank syndicate comprising Banca Monte dei Paschi di Siena, Banco BPM, BNP Paribas (Italian branch), Intesa Sanpaolo and Unicredit (the "banks") (the "RCF agreement") whereby the banks agreed to make a revolving credit facility of €200 million (the "RCF 200"), which is pre-preferential as per articles 182-quater.1 and 111 of the Bankruptcy Law if certain conditions precedent are met. The RCF will be used to fund Astaldi's ordinary activities and the redemption of any residual portion of the pre-preferential bonds (the "pre-preferential bonds") and the "Up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022" subscribed by Beyond and Illimity in 2019 after the Webuild capital increase has been authorised and performed. Astaldi fully redeemed the pre-preferential bonds on 12 November 2020 after the Webuild capital increase and subsequent disbursement of the RCF 200, as provided for by the loan regulation.

Appeal to the Supreme Court against the authorisation ruling of 17 July 2020

On 14 and 15 September 2020, the parent was notified of two extraordinary appeals to the Supreme Court as per article 111 of the Italian Constitution, separately proposed by an individual bondholder (the "individual appeal") and a group of bondholders (the "first collective appeal") against the authorisation ruling of 17 July 2020. On 13 and 14 October 2020, the parent was notified of another two extraordinary appeals to the Supreme Court, proposed by eight (the "second collective appeal") and 18 bondholders (the "third collective appeal"), which nearly entirely repeat the issues raised in the first collective appeal. The four appeals were joined as per article 335 of the Code of Civil Procedure with number 23901/2020.

On 23 October 2020, Astaldi notified its first counter appeal against the first collective appeal and the individual appeal with a single response to both appeals as most of the matters challenged were the same. On 2 November 2020, it appeared in court.

On 20 November 2020, Astaldi notified another counter appeal, again pursuant to article 372 of the Code of Civil Procedure, against the second and third collective appeals, asking that they be found inadmissible or ungrounded. On 3 December 2020, the parent formally filed them with the court's secretary.

At the date of preparation of this report, the Supreme Court has not set a date for a hearing to discuss the appeals.

Astaldi deems the risk of an unfavourable ruling is remote, as it holds that the appeals are ungrounded and inadmissible, supported by its legal advisors. Moreover, the appeals do not affect the performance of the composition with creditors procedure.

Other procedures linked to Astaldi's composition with creditors procedure

NBI S.PA. - SEPARATE COMPOSITION WITH CREDITORS PROCEDURE

On 5 November 2018, NBI S.p.A. ("NBI"), wholly-owned by Astaldi, submitted an application for a separate composition with creditors on a going concern basis procedure to the Rome Court as per article 161.6 of the Bankruptcy Law. It was subsequently authorised to continue certain contracts and the Rome Court authorised it to issue the certification of labour compliance (DURC) and to collect receivables due from customers. The subsidiary filed its composition with creditors proposal on 7 June 2019, before the deadline set by the Rome Court. As a result of the clarifications requested by the court and within the timeline set by it, NBI filed a revised composition with creditors proposal on 6 November 2019 and commenced a debt restructuring procedure in Chile. NBI informed the Rome Court with its communication of 7 February 2020 that it had obtained the majority vote required by Chilean law for approval of its local debt restructuring proposal presented in that country. The Rome Court accepted NBI's application for the composition with creditors procedure with its ruling of 26 February 2020 and ordered that the creditors' meeting be called for 24 June 2020. On 9 May 2020, the competent judicial commissioners expressed their positive opinion on the composition with creditors plan and proposal in accordance with article 172 of the Bankruptcy Law. On 24 June 2020, the creditors' meeting was held remotely and, after the vote, NBI's composition with creditors proposal and plan were approved by a significant majority (78.12% of the creditors eligible to vote). The Rome Court set the date of 30 September 2020 for the hearing to authorise NBI's composition with creditors procedure in its ruling of 22 July 2020. On 9 October 2020, the Rome Court published its ruling authorising NBI's composition with creditors procedure. This ruling, handed down without opposition as per article 180.3 of the Bankruptcy Law, cannot be appealed and is, therefore, res judicata with immediate effect. NBI's composition with creditors procedure entails the settlement of all the pre-preferential and preferential claims in full and payment of 10.1% of the unsecured claims in cash over the plan period as well as payment of the unsecured claims using the proceeds from non-core assets. The court has entrusted the performance of the composition with creditors procedure to NBI while the judicial commissioners will oversee its proper execution. The court appointed a receiver to sell the non-core assets in line with the information provided in NBI's composition with creditors proposal and assigned them the duty of satisfying the creditors. The court's authorisation implies that NBI is again a going concern.

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

On 3 June 2019, Afragola FS S.c.r.l. ("Afragola", 82.54% owned by Astaldi with the other 17.46% held by NBI) submitted an application for a separate composition with creditors procedure to the Rome Court as per article 161.6 of the Bankruptcy Law in order to subsequently submit a composition with creditors proposal. The Rome Court set the date of 3 September 2019 in its ruling of 12 June 2019 as the deadline for presentation of the definitive proposal, the composition with creditors plan and the additional documents required by law. Afragola subsequently requested an extension of 60 days from that deadline on 30 August 2019 as allowed by

the last paragraph of article 161 of the Bankruptcy Law. The Rome Court authorised the extension on 5 September 2019. Afragola filed its composition with creditors proposal for its winding up as per article 160 and following articles of the Bankruptcy Law on 4 November 2019. The competent judge made several comments on this proposal in their ruling of 22 January 2020, which Afragola replied to providing clarifications, an updated version of the plan, the related certification and additional documents on 25 February 2020. The Rome Court authorised Afragola's application for the composition with creditors procedure with its ruling of 4 October 2020 filed on 5 November 2020. On 10 March 2021, the creditors' meeting was held and the voting procedures will be completed on 30 March 2021 in accordance with article 178.4 of the Bankruptcy Law. During the meeting, approximately 40% of the creditors voted in favour and, therefore, at the date of preparation of this report, the directors deem that approval of the proposal is highly probable.

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

Partenopea Finanza di Progetto S.c.p.A. ("PFP"), a consortium company 99% controlled by Astaldi received a winding up petition before the Naples Court. As it did not have sufficient funds to cover its debts (its main asset is a financial asset with Astaldi that cannot be collected given the parent's composition with creditors procedure), it in turn filed an appeal pursuant to article 161.6 of the Bankruptcy Law with the Naples Court. The court established a deadline of 1 June 2019 (then extended to 31 July 2019) to present its composition with creditors proposal. On 31 July 2019, PFP presented its proposal and the Naples Court requested clarifications on 8 August 2019, setting the date of 18 September 2019 for the related hearing. Subsequently and to provide the requested clarifications within the set timeline, PFP presented a new composition with creditors proposal with the related documentation. The Naples Court authorised its commencement of the composition with creditors procedure on 15 January 2020. In their report prepared in accordance with article 172 of the Bankruptcy Law, filed on 16 March 2020, the competent judicial commissioner expressed a "*positive opinion on the plan with respect to both its legal and financial viability*", clarifying that "*the plan proposed by PFP is logical and reasonable and found to be feasible and cost effective compared to the possible alternatives (winding up)*". On 27 April 2020, the creditors' meeting originally due to be held on 30 April 2020, was postponed to 17 June 2020. The Naples Court authorised PFP's proposal in its ruling of 23 July 2020 and set the date of 23 September 2020 for the hearing to authorise the procedure in line with article 180 of the Bankruptcy Law. The Naples Court authorised PFP's composition with creditors procedure with its ruling of 21 October 2020 and appointed the judicial receiver in charge of selling the company's assets and distributing the proceeds to its creditors.

ASTALDI BRANCH IN CHILE – JUDICIAL REORGANISATION PROCEDURE

On 6 November 2018, the Chilean branch (Astaldi's base in Chile, the "Chilean branch") applied to the Santiago Court to have the parent's composition with creditors procedure endorsed so that the effects of the Italian procedure would be valid in Chile. The Chilean bankruptcy law provides that endorsement of cross-border composition with creditors procedures gives the debtor temporary protection from individual enforcement actions by creditors. As provided for by the local law, the Chilean branch firstly applied to the Santiago Court for a precautionary financial protection measure as per article 57.1 of the local bankruptcy law ("financial protection"). Subsequently, upon a creditor's request, the Santiago Court revoked the Chilean branch's financial protection measure. On 25 February 2019, the Chilean branch applied for the Chilean judicial reorganisation procedure (which is an alternative to a winding up procedure) which, in short, provides for (*i*) the presentation by the branch of a debt restructuring proposal for its creditors, (*ii*) the appointment of a body by the three main creditors to assist the debtor in preparing its proposal and to express an opinion on its feasibility, and (*iii*) the calling of a creditors' meeting to vote on the debtor's proposal. On 27 March 2019, the parent presented an application to the Rome Court for its authorisation to activate the procedure, which the court granted on 29 March 2019. Therefore, on the same date, the Chilean branch presented its judicial debt restructuring agreement proposal to the eleventh civil courtroom of Santiago ("*Juzgado Civil*"). On 15 April 2019, the creditors were asked to vote on the proposal which they approved with a very large majority (more than 90% of the qualified creditors in terms of the amounts and number involved). Starting from that date, the Chilean debt restructuring agreement is valid in accordance with Chilean bankruptcy legislation and, therefore, the branch commenced payment of the instalments as per the agreement within the dates and using the methods approved therein. Due to the Covid- 19 pandemic which has significantly affected Chile's economy, the branch's main customer, CODELCO, ordered the shuttering/slowdown of activities at two work sites (the Chuquicamata and El Teniente Mines). Starting from June 2020, payment of the instalments as per the original judicial debt restructuring agreement was affected and the branch presented the Chilean creditors with a modified payment plan (which

they accepted in September 2020). This plan reflects the variation in the cash flows servicing the judicial debt restructuring and provides for payment of the two outstanding principal amounts for 2020 in 2022. The two deferred instalments are those of 15 July 2020 and 15 October 2020. The modified payment plan provides for instalments of different amounts starting from April 2022 (the last instalment under the previous agreement) to July 2023 (the last instalment under the new agreement). The January 2021 instalment (as per the new payment schedule) was paid regularly on the agreed date. The company's directors deem the risk of possible negative effects are remote.

ASTALDI BRANCH IN HONDURAS – JUDICIAL ADMINISTRATION

Following the application presented by some creditors and in accordance with local laws, Astaldi's representatives in Honduras were required to provide the local court with a formal statement about the parent's assets in the country. The judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets (while Astaldi's representatives were denied any powers of disposal), to manage and preserve them, in order to sell the assets to satisfy its creditors. This administration procedure is still ongoing. The company's directors deem the risk of possible negative effects are remote and have, however, made the necessary provisions.

ASTALDI BRANCH IN PERU – INSOLVENCY PROCEDURE

Prompted by a Peruvian creditor and following a series of checks, including with the parent's legal advisers, the local commission (*Instituto Nacional de Defensa de la Competencia y de la Protección de la Propiedad Intelectual* – INDECOPI) began an ordinary winding up procedure for Astaldi's Peruvian branch with its decision of 18 March 2019. On 4 April 2019, the branch appealed against such decision. Pursuant to the ruling regulations, the competent authority found the appeal to be without grounds on 22 October 2019. On 9 December 2019, the insolvency proceedings were formally commenced. At the date of preparation of this report, the financial asset is being reconciled. The company's directors deem the risk of possible negative effects are remote.

Astaldi Group's construction contracts

Foreword

Astaldi Group's main business is the construction segment.

At 31 December 2020, the Group has more than 50 construction projects in 11 countries, namely Italy, Romania, Poland, Sweden and Turkey in Europe, Chile, Canada, the US and Paraguay in the Americas, Algeria in Africa and India in Asia. At the reporting date, these contracts have generated 97% of total revenue, making up 77% of the order backlog.

The construction segment comprises the following sub-segments:

(i) **Transport infrastructure** - This is the Group's core business and is split into (*i*) railways and metros, (*ii*) roads and motorways, and (*iii*) airports and ports. The Group designs, builds and, occasionally, operates the completed infrastructure. At 31 December 2020, the transport infrastructure sub-segment has generated 81% of total revenue and made up around 66% of the order backlog;

(ii) **Hydraulic plants and energy production** - The Group acts as an EPC[24] contractor to design, build and maintain renewable energy generation plants, hydraulic and hydroelectric power plants, waste-to-energy plants, dams, aqueducts and wastewater treatment plants. At 31 December 2020 the hydraulic plants and energy production sub-segment has generated approximately 2% of total revenue and made up around 2% of the order backlog;

(iii) **Civil and industrial construction** – The Group designs, builds and, occasionally, operates healthcare facilities, sports centres, administration buildings, universities, industrial systems and car parks. At 31 December 2020, the civil and industrial construction sub-segment has generated approximately 7% of total revenue and made up around 8% of the order backlog;

[24] Engineering, Procurement, Construction.

(iv) **Plant and engineering** – The Group designs, assembles, installs and operates engineering, electrical, HVAC (Heating, Ventilation, Air conditioning) and other systems for the transport infrastructure, hydraulic plants and energy production and civil and industrial buildings sub-segments. It mostly operates through NBI, wholly owned by Astaldi. At 31 December 2020, the plant and engineering sub-segment has generated 7% of total revenue and made up around 1% of the order backlog.

The table below summarises the construction contracts, followed by a brief overview of the main geographical segments:

(Share in millions of Euros)

Project	Country	Residual order backlog at 31 December 2020	Percentage of completion
Brenner Base Tunnel Lot Mules 2-3	Italy	211.9	56.6%
Line C of the Rome Metro	Italy	106.4	88.4%
Infraflegrea Project – Monte Sant'Angeloi railway connector	Italy	127.0	28.5%
Marche–Umbria road system (maxi lot 2)	Italy	204.3	67.6%
Sibiu–Pitesti Motorway, Lot 5	Romania	393.1	1.4%
Braila Bridge	Romania	183.3	37.2%
Frontieră–Curtici–Simeria railway line - lot 3	Romania	150.6	44.9%
Frontieră–Curtici–Simeria railway line - lot 2B	Romania	82.8	56.9%
Frontieră–Curtici–Simeria railway line - lot 2A	Romania	65.5	60.0%
S2 - Warsaw Southern Bypass - Lot A	Poland	52.3	78.3%
S–7 Expressway, Naprawa–Skomielna Biała section and Zakopianka Tunnel	Poland	59.5	68.7%
Gdańsk waste-to-energy plant	Poland	53.9	14.1%
Gothenburg Rail Link - Haga Station	Sweden	194.7	37.4%
Gothenburg Rail Link - Kvarnberget	Sweden	94.7	31.0%
Etlik Integrated Health Campus, Ankara (Etlik Hastane EPC)	Turkey	212.4	54.7%
Istanbul Metro (Kirazli–Halkali section)	Turkey	77.3	2.2%
New Linares Hospital	Chile	107.1	14.3%
Barros Luco Trudeau Hospital in Santiago	Chile	240.4	7.1%
I-405 Highway	USA	231.6	51.3%
Versova–Bandra Sea Link ("VBSL") in Mumbai	India	364.4	2.0%

ITALY

Italy is Astaldi's home ground and its reference market.

ASTALDI GROUP'S MAIN ONGOING PROJECTS IN ITALY

Brenner Base Tunnel (Lot Mules 2–3)

The contract covers construction of the main section of the Italian portion of the Brenner Base Tunnel, the joint Italian-Austrian project to build a railway tunnel to connect Italy to Austria. This tunnel is part of the project to upgrade the Munich-Verona railway line, which will become the longest underground railway line in the world once completed. Lot Mules 2-3 includes the excavation of approximately 75 km of tunnels using traditional tunnelling methods as well as TBMs (Tunnel Boring Machines). The customer is BBT SE, equally owned by Italy and Austria (50:50) and the works are being carried out by a joint venture including Astaldi (47.23%), Ghella (Italy, 47.21%), PAC (Italy, 5.55%) and Cogeis (Italy, 0.01%). In addition to the emergency station, the exploratory tunnel and side tunnels, the main line tunnels are also being excavated using the traditional method for the southbound tunnel and both traditional and mechanised tunnelling with the TBMs in the northbound tunnel. Due to the Covid-19 pandemic, work was suspended from 14 March 2020 to 18 May 2020.

Line C of the Rome Metro

The contract includes the construction, supply of rolling stock and roll-out of the new metro line (25.4 km, 29 stations) along the Monte Compatri/Pantano-Clodio/Mazzini to Rome section. The customer is Roma Metropolitane (Rome Municipality). The works have been assigned to Metro C S.c.p.A., general contractor, comprising Astaldi (34.5%), Vianini Lavori (Italy, 34.5%), Hitachi Rail (Italy, 14%), Cooperativa Muratori e Braccianti di Carpi (Italy, 10%) and Consorzio Cooperative Costruzioni (Italy, 7%). Line C is the first driverless metro line to be built in Rome. The driverless technique means the line is managed in a completely automated manner with the safe transit of the trains and management of the transport service. The entire first strategic phase from Monte Compatri/Pantano Station to San Giovanni Station (19 km, 22 stations) has been completed while Section T3 from San Giovanni Station to Piazza Venezia Station is underway (approximately 3 km). The project includes two stations, Amba Aradam and Fori Imperiali and two ventilation shafts, Giardini di Via Sannio and Piazza Celimontana. At the end of 2019, the customer ordered the definitive design activities be recommenced for the Fori Imperiali-Venezia sub-section, bringing forward the project for the mechanised tunnelling of the line tunnel from the end of Section T3 to Piazza Venezia. The definitive design for Venezia Station was delivered in June 2020 and the mechanised excavation of the line tunnel from the end of Section T3 to Piazza Venezia was completed by the end of August 2020, despite the Covid-19 emergency and thanks to the company's introduction of all the necessary prevention and protection measures. Infraflegrea Project – Monte Sant'Angelo railway junction and work on Pozzuoli Port (Italy)

Infraflegrea Project - Monte Sant'Angelo railway junction and work on Pozzuoli Port (Italy)

The contract covers a number of activities in the urban areas of the Naples and Pozzuoli municipalities. They include construction of Line 7 of the Naples Regional Metro System (the Monte Sant'Angelo railway connector), extension and upgrading of Pozzuoli Port and works for the Bagnoli ring road. The works have been awarded to the general contractor Infraflegrea Progetto S.p.A. (Astaldi: 51%, Giustino Costruzioni, Italy: 49%) and, for the part financed up to 4 August 2015, are being carried out by Astaldi as the executive partner. At the date of this report, financing has only been received in part for the Monte Sant'Angelo railway connector and the Pozzuoli Port work while the other works still have to be financed. The request for the extension of the completion timeline to 31 December 2021 was accepted for Lots 1 and 2, while the removal of underground utilities, war devices and archaeological investigations continued for Parco San Paolo Station while awaiting approval of the variation appraisal from the municipal council during the services conference. With respect to Pozzuoli Port, the services conference is still evaluating the project and should approve it during the first quarter of 2021. During 2020, progress on the contract was held back by the Covid-19 emergency which led to no work being carried out in the period from March to May 2020.

Marche–Umbria road system (maxi lot 2)

The contract covers the upgrading and extension of the Perugia-Ancona section (approximately 31 km in both directions, including 22 km of tunnels) and the construction of the Pedemontana delle Marche Road (around 36 km, single lane, including 5 km of tunnels) on a general contracting basis. The customer is Quadrilatero Marche S.p.A., controlled by ANAS (FS Group). The contractor is Dirpa 2 S.c.ar.l., 99.98% owned by Consorzio Stabile Operae, in which Astaldi has a 98% investment with NBI (Astaldi Group) holding 1% and GIT Service the other 1%. Astaldi is performing the works. At the date of preparation of this report, 17 km of completed motorway have been formally delivered to ANAS and work is continuing on the rest of the section. As a result of the national emergency triggered by the Covid-19 pandemic, work gradually slowed down in March 2020 to come to a complete halt with a subsequent pick up in activities beginning from the start of May 2020.

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Unforeseen costs have been incurred on the Brenner Base Tunnel (Lot Mules 2.3), Rome Metro Line C, Infraflegrea Project – Monte Sant'Angelo railway junction and work on Pozzuoli Port and the Marche-Umbria road system (maxi lot 2) for which the Astaldi Group has accordingly presented its requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

EUROPE

The group's foothold in Europe includes its historical stamping grounds such as Poland, Romania and Turkey as well as areas it has recently moved into like Sweden. It mainly carries out contracts in the transport

infrastructure sector (roads, motorways, airports and railways) as well as small energy projects (waste-to-energy plants).

MAIN ONGOING PROJECTS IN EUROPE

Sibiu–Pitesti Motorway, Lot 5 (Romania)

The contract (100% Astaldi), signed in May 2020 and included in the new orders for the year, covers the construction of over 30 km of the Sibiu-Pitesti Motorway, the most important section under construction in Romania. It is an EPC contract and covers the design and construction of Lot 5 of the Sibiu-Pitesti Motorway, from Km 92+600 to Km 122+950. The planned duration of the works is 60 months, 12 months of which for design and 48 months for construction. The contract is financed partly with European funds (85%) and partly with the state budget (15%) and includes the adjustment of contract prices starting from the date of the submission of the bid. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure, which awarded the contract to Astaldi Group.

Braila Bridge (Romania)

The contract covers the design and construction of a 1,975-metre suspension bridge as well as approximately 23 km of access roads. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure. The works are included in the country's transport master plan and are financed using EU funds as part of the LIOP (Large Infrastructure Operational Programme). Design and construction will be performed as a joint venture between Astaldi (main contractor, 60%) and IHI (Japan, 40%). The design work was completed in 2018 and the construction phase began at the start of 2019. At the date of preparation of this report, approximately 60% of the work on the suspension bridge had been completed.

Frontieră–Curtici–Simeria (railway line (Lots 2A and 2B) (Romania)

The contract covers the rehabilitation of approximately 120 km of the Frontieră-Curtici-Simeria railway line, which is part of the Pan European Corridor IV. The customer is CFR (the Romanian National Railways Company). The works are 75% funded by the EU as part of the LIOP and 25% by the state.

Lots 2A and 2B – These lots include the rehabilitation of around 80 km of the railway line as well as the construction of 11 stations, 30 bridges and a tunnel as well as the installation of an ERTMS (European Rail Traffic Management System) signalling and telecommunications system. Construction work will take 36 months. Some sections were delivered to the customer in 2019 and work continued during 2020. The contract has been awarded to a joint venture of Astaldi (leader, 49.5%), FCC Construction (Spain, 49.5%) and Salcef (Italy, 1%).

Lot 3 – The contract includes the rehabilitation of 40 km of the railway line and specifically, the line between Gurasada and Simeria of the 614 km Radna-Simeria section. The scope of the contract also includes the construction of 17 bridges, electrification, the installation of the ERTMS signalling and telecommunications system, the renovation of eight railway stations and some minor works. Construction work will take three years. The works have been awarded to a joint venture including Astaldi (49.5%), FCC Construction (Spain, leader, 49.5%) and Convesa (Spain, 1%).

S-2 Warsaw Southern Bypass (Lot A) (Poland)

The contract (100% Astaldi) covers the development of Lot A of the Warsaw Southern Bypass, a strategic project to develop the city's infrastructure, ensuring significant benefits connected with the reduction of traffic congestion in the city centre. The works involve the design and construction of approximately 5 kilometres of expressway with two separate three-lane carriageways in each direction, linking Puławska junction to Przyczółkowa junction. The contract also includes the construction of nine bridges, a twin-tube tunnel measuring 2.3 kilometres in length, two road junctions and all related works. The customer is Poland's General Road and Motorways Authority (GDDKiA) and the works are being financed using EU funding. The works have been awarded to the Astaldi Group.

S–7 Expressway, Naprawa–Skomielna Biała section and Zakopianka Tunnel (Poland)

The contract provides for the construction of the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój Expressway, including the Zakopianka Tunnel, the longest bored road tunnel in Poland. It will involve the construction of 3 km of new sections, including 2 km of twin-tube tunnels, a 400 metre viaduct, external works, systems and environmental protection works. The customer is the Polish General Directorate for National Roads and Highways which awarded the contract to Astaldi Group.

Gdańsk waste-to-energy plant (Poland)

The contract covers the construction of a WtE plant to treat urban waste in the Gdańsk-Gdynia-Sopot metropolitan area and O&M activities for 25 years. The planned duration of construction activities is 48 months, 12 months of which for design, and 36 months for the construction work. The construction activities are being carried out by a joint venture comprising Astaldi (leader, with a 51% share), and the Italian company Termomeccanica Ecologia (Italy, 49%). An SPE will be set up for the O&M activities, held by Astaldi (with a 10% stake), Termomeccanica Ecologia (10%), and the French company Dalkia Wastenergy (formerly Tirù, France, 80%). The customer is Port Czystej Energii set up by the Gdańsk Municipality to manage the investment. The contract is financed with EU funds and the state budget.

Gothenburg Rail Link - Haga Station (West Link - Lot E04 Haga Station) (Sweden)

The EPC contract includes the design and construction of a new underground station of the railway link in the city centre and a 1.5 km service tunnel. The works are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemark (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. The works are financed using European funds and the state budget. They are expected to take approximately eight years, with completion slated for 2026. In 2020, the project was not significantly impacted by the Covid-19 pandemic due to the local authorities' decision not to impose restrictions in the work places and, more generally, on production activities.

Gothenburg Rail Link - Kvarnberget (West Link - Lot E03 Kvarnberget) (Sweden)

The EPC contract covers the construction of approximately 600 metres of railway tunnel as part of the Gothenburg Rail Link project, which Astaldi is already involved in via construction of Haga Station (see above). The tunnel is being built using the cut & cover method. The works, financed using European funds and local funding, are being carried out by the AGN Haga AB joint venture, which includes Astaldi (40%), Gülemak (Turkey, 40%) and NRC Group (Norway, 20%). The customer is Trafikverket, the Swedish infrastructure and transport authority. After the amendment to the contract in the second half of 220, the planned duration of the works is approximately five years, with completion slated for June 2023. In 2020, the project was not significantly impacted by the Covid-19 pandemic due to the local authorities' decision not to impose restrictions in the work places and, more generally, on production activities.

Etlik Integrated Health Campus, Ankara (Etlik Hastane EPC) (Turkey)

The EPC contract includes the design, construction and supply of electro-medical equipment and furnishings, as well as the long-term operation under concession of the healthcare facility that is one of the largest of its kind in Europe. The customer is the Turkish Ministry of Health (as the granter) and the works are being carried out by a joint venture comprising Astaldi (51%) and Turkeler (Turkey, 49%). During 2020, the Covid-19 pandemic did not affect the project, which is on stand-by due to certain issues which were resolved in September 2020 when work recommenced regularly. In fact, in September 2020, the negotiations with the lenders and the granter about certain waivers of conditions precedent requested for the project's debt restructuring were concluded satisfactorily, with the lenders approving the project. Therefore, a new completion date (31 December 2021) has been agreed for this project as well as a variation for the additional work requested.

Istanbul Metro (Kirazli-Halkali section) (Turkey)

The contract, to be carried out by a joint venture which includes Astaldi (15%), covers the civil works and installation of the electromechanical systems for the new section of the Istanbul Metro to connect Kirazli to Halkali. The contract includes construction of 10 km of twin-tube tunnels, including 7 km using TBMs, nine stations and related works. The customer is the Municipality of Istanbul. The works have been awarded to the Astaldi Group. The project was not affected by the Covid-19 pandemic in 2020.

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Unforeseen costs have been incurred on the Braila Bridge, the Frontieră–Curtici–Simeria railway line (Lots 2A and 2B and Lot 3), the Warsaw Southern Bypass, the S-7 Expressway (Naprawa–Skomielna Biała section) and the Zakopianka Tunnel for the Astaldi Group has accordingly presented its requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group’s advisors.

AMERICAS

This geographical segment includes both the group's traditional markets (US and Chile), areas where it has recently started operating (Canada and Paraguay) as well as areas where it is discontinuing its activities (Mexico, Peru and Central America). Its main sectors of interest are transport infrastructure (roads and motorways), civil construction and energy generation plants. Specifically, Chile is the group's main market in Latin America, where it is active in the transport infrastructure (airports), healthcare buildings and mining sectors.

MAIN ONGOING PROJECTS

Barros Luco Trudeau Hospital in Santiago (Chile)

The contract covers the design and construction of a new healthcare facility in Santiago del Chile. The works will take seven years. The customer is the Chilean Ministry of Health and the works, awarded to Astaldi Group, are financed using state funds. The design phase has taken longer than scheduled due to variations requested by the customer and the difficulties imposed by the strict isolation measures brought in by the Chilean authorities to contain the Covid-19 pandemic. At the date of preparation of this report, it is nearing completion and the entire executive design should be approved in the first quarter of 2021 with the start of the construction phase.

New Linares Hospital (Chile)

The EPC contract includes the design and construction of a new healthcare facility in Linares in the Maule region. The contract was awarded to Astaldi and the works will be built by NBI (an Astaldi Group company) and will take just over six years, with design activities started in 2017. The customer is the Chilean Ministry of Health and the works are financed using state funds. The design phase was completed with approval of the executive design in the last quarter of 2020 and the construction phase started in January 2021. The preliminary activities for the start-up of the work sites have already begun. Despite its start-up phase, the project has been adversely affected by the Covid-19 pandemic.

I-405 motorway (USA)

The contract includes the design and construction of the improvement works for 26 km of the I-405 motorway between Los Angeles and San Diego. To date, it is one of the most important projects assigned in California for the infrastructure sector. The customer is OCTA (Orange County Transportation Authority) and the works are being carried out by OC 405 Partners, a joint venture comprising Astaldi Group (40%) and OHL (Spain, 60%). During 2018, the designs were prepared for the bridges and the main structures as well as the activities to demolish the existing structures to be replaced and for traffic management. In 2019, the design phase was completed and construction of 11 bridges and three miles of drainage infrastructure were commenced. Work continued along the section in the year and continues to do so at full speed as it was not slowed down by Covid-19.

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Unforeseen costs have been incurred on the Barros Luco Trudeau Hospital in Santiago for the Astaldi Group has accordingly presented its requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

ASIA

The Astaldi Group has recently entered India.

MAIN ONGOING PROJECTS IN ASIA

Versova–Bandra Sea Link ("VBSL") in Mumbai (India)

The EPC contract, awarded to a joint venture including Astaldi (50%), covers the work to improve the viability in Mumbai as part of a joint venture with an Indian company Reliance Infrastructure. The new infrastructure will require the construction of complex works at sea and stretch for a length of approximately 17.7 kilometres,

linking the neighbourhoods of Bandra, Otter, Juha and Versova. The new infrastructure will be situated about 900-1,800 metres from the coast of the city of Mumbai. In addition, the Main Bridge will also include the construction of a cable-stayed bridge of 150 metres and three bridges of variable section, with a main span of 100 metres, to allow navigation in the area. Maintenance activities for two years are also planned. The customer is Maharashtra State Road Development Corporation (MSRDC), and the works are financed by a bank syndicate led by SBI (State Bank of India) with a state guarantee. The contract has been awarded to a joint venture including Astaldi and the Indian company Reliance Infrastructure. The Marhastra State was seriously affected by the outbreak of Covid-19 which led to the introduction of restrictions and a total lockdown from March 2020 to July 2020. The work sites were gradually re-opened but the efficiency rate was lower due to the lack of workers, most of whom come from outside Mumbai, as internal movement within India is still restricted although it appears that the measures will be lifted.

Operation & Maintenance

Over the last ten years, the Group has honed its recognised expertise in providing O&M services, normally for works which Astaldi itself has built. These services include the ordinary and extraordinary maintenance of civil works and systems, heat and energy management, management of healthcare technologies, electro-medical equipment and the sterilisation of medical devices. They also comprise hotel services such as, for example, cleaning and catering and management of green areas and retail outlets.

The Group is particularly interested in the hospital segment, where it already has significant expertise thanks to its prior experience gained in the concessions segment.

The O&M activities are usually carried out to provide services that allow the completed infrastructure to be operated. A special purpose entity is set up for each contract in which Astaldi Concessioni initially had an investment and, since June 2020, Astaldi Concessions (after the partial demerger of Astaldi of Astaldi Concessioni - see the "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law" section) which has received the industrial activities, human resources and expertise as well as the references of ten years of operations, to support the group in growing its foothold in the O&M segment.

The O&M segment's outstanding order backlog is worth €1,865.0 million at year end.

OPERATING PROJECTS

GE.SAT (Four Tuscan hospitals, Italy) - GE.SAT, over which the Group has majority control with a 53.85% investment, is the O&M company for the four Tuscan hospitals with capacity of 1,710 beds - Ospedale San Jacopo in Pistoia, Ospedale Santo Stefano in Prato, Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara - built by Astaldi under concession. The O&M contract agreed with the operator SAT (valid until 2033) establishes that, since 2013, GE.SAT has provided all the non-healthcare and commercial services to the four hospitals, which have all been completed and are in operation.

VENETA SANITARIA FINANZA DI PROJECT (Ospedale dell'Angelo di Venezia-Mestre, Italy) – VSFP, in which the Group has a non-controlling interest, performs the O&M activities for the Ospedale dell'Angelo di Venezia- Mestre (680 beds), built by the group using the project financing formula and currently in operation (since 2008).

ANKARA ETLIK HASTANE IŞLETME VE BAKIM A.Ş. (Etlik Integrated Health Campus in Ankara, Turkey) – Ankara Etlik Hastane Işletme ve Bakim A.Ş., in which the Group has a 51% interest, is the O&M company set up for the Etlik Integrated Health Campus in Ankara that Astaldi is developing under a concession contract as part of a joint venture with a Turkish company. The O&M company is the sole provider of all the services provided for in the concession contract, which include maintenance (civil works, systems, medical equipment, etc.), healthcare support (healthcare IT system, laboratory, imaging, sterilisation and rehabilitation) and hotel services (catering, cleaning, laundry, waste disposal, security and pest control). At the date of preparation of this report, the company is engaged in selecting the providers so as to be fully operational once the facility has been completed. More information on the related EPC contract is available in the "Europe" subsection of the "Construction" section.

OTHER PROJECTS

SAMO (West Metropolitan Hospital in Santiago, Chile) – *Sociedad Austral de Mantenciones y Operaciones* ("**SAMO**"), wholly owned by the Group, performs the O&M activities for this hospital. Its opening was affected by the dispute that arose between Astaldi's Chilean branch (the EPC contractor) and the operator (*Sociedad Concesionaria Metropolitana de Salud S.A.*, **SCMS**) after the latter's decision to terminate the related EPC contract in January 2019. In order to safeguard its position, jeopardised by SCMS's serious defaults and the fact that thehospital did not open in time, SAMO was obliged to notify the termination of the O&M contract in September 2019 and commence arbitration proceedings.

Astaldi Group's main situations characterised by risk and/or uncertainty profiles

The Group's principal pending disputes and, more generally, the main situations characterised by risk and/or uncertainty at 31 December 2020 are described in this section.

CIVIL LITIGATION

Based on their assessments of each dispute, the directors deem that the risk of an unfavourable ruling is remote unless specified otherwise.

Astaldi - Avola Municipality (Italy)

The hydraulic works in the Avola Municipality were substantially completed on 13 February 1999. On 28 January 2021, the specialised company section of the Catania Court filed its ruling no. 453/2021 ordering the municipality to pay €4.1 million as well as revaluation of the balance due and interest from the application date (Astaldi's share: 50%).

Brenner Base Tunnel (Lot Mules 2–3) (Italy)

With respect to the contract to develop Lot Mules 2.3, the main part of the Italian section of the Brenner Base Tunnel, after the set up of the technical consultancy board on 16 December 2020 as per article 6 of Decree law no. 76/2020, finding no. 1 was filed on 5 February 2021. This found that the joint venture carrying out the works was due approximately €25.5 million for the greater safety costs incurred. The amount will be paid in the individual progress billings in line with the percentage of completion of the works.

Salerno–Reggio Calabria, Motorway Lot 2 (Italy)

On 12 February 2020, ruling no. 1058/2020 was published on the dispute about the performance of the works to upgrade the Salerno-Reggio Calabria Motorway to comply with CNR 80 type 1/A. It ordered the customer (ANAS) to pay Astaldi €3 million, which the latter has received in full.

San Filippo Stadium in Messina (Italy)

Astaldi reached an agreement with the Messina Municipality about the dispute related to the construction of San Filippo Stadium in Messina on 3 December 2020. The municipality agreed to pay Astaldi €1.7 million by April 2021 thus settling any and all claims.

New premises of the police academy in Florence (Italy)

On 20 January 2020, the Rome Court accepted Astaldi's application and handed down ruling no. 1239/2020 ordering the Ministry of Infrastructure and Sustainable Mobility (formerly the Ministry of Infrastructure and Transport) to pay €1.5 million, plus interest and revaluations of the balance due in conjunction with the dispute about the construction of the new police academy in Florence for the Carabinieri Military Police. The ruling is *res judicata* and the executive procedure has been commenced to enforce the ruling. The amount relates to the claims recorded for Lot B not included in the arbitration award of 21 September 2011. At the date of preparation of this report, the dispute for Lots A and B has led to the order to pay the contractor approximately €55 million plus the legally required amounts, of which it has received €36 million. Following a number of attempted attachments at Bank of Italy, the most recent of which with the court order of 8 March 2020, after the new statement of the third attachment, the judge assigned Astaldi (on behalf of the joint venture) €22.4 million, which is the total of the joint venture's receivable for the dispute, net of the ruling for the Lot A - post-award claims (which is still pending). Bank of Italy made the payment on 24 March 2021.

Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara (Italy)

The mediation proceeding as per article 5.2 of Legislative decree no. 28 of 4 March 2010 related to two disputes before the Florence Court involving the operator SAT has been completed. The disputes relate to the construction of two hospitals, Ospedale San Luca in Lucca and Ospedale delle Apuane in Massa Carrara. As a result of the mediation proceeding, the competent local healthcare units have paid €7.8 million.

CO.MERI (state road Jonica, Lot DG–21)

As part of the dispute about the construction of E-90, the section of SS-106 state road Jonica from the Squillace junction (km 178+350) to the Simeri Crichi junction, on 29 October 2020, the Rome Appeal Court entirely rejected the appeal presented by the customer ANAS against the arbitration award of 28 October 2013 which found that CO.MERI was to be paid approximately €103 million plus the legally required amounts.

La Punilla multi-purpose dam (Chile)

Right from the outset, this contract for the construction and operation of the multi-purpose dam under concession on behalf of the Chilean Ministry of Public Works was blighted by issues threatening to jeopardise the feasibility of the project leading to a supplementary agreement ("framework agreement") being defined and signed by the Ministry of Public Works in January 2018. However, while Astaldi– via its subsidiary Astaldi Concessioni (subsequently Astaldi Concessions which took on all the rights and obligations of this project as a result of the demerger), immediately made good on its commitments (also incurring additional costs), the Ministry has still not completed the process to have the agreement legally validated. Moreover, the environmental impact assessment for some areas (to be performed by the Ministry) is still pending to date and without it works cannot be performed. In addition, the Group has been summonsed as a third party for environmental damage following the forced expropriation by the Ministry in November 2018 for certain lots. Such summons - actually against the Ministry since Astaldi was not involved in the expropriation procedures - brought the relevant works to a standstill. The most important critical issue involves the storage capacity set out in the contract (625 million cubic metres) which actually turned out to be lower (563 million cubic metres), negatively impacting both the minimum irrigation service guaranteed under contract and the forecast revenue from the project (which is therefore no longer financially viable). Astaldi brought the issue before the Concessions Technical Panel, the local advisory body in charge of resolving any disputes between operators and customers before arbitration. The Technical Panel acknowledged the error in the call for tenders documents and stated that the contract cannot be performed in its current format and presented possible solutions (re-establishing the storage capacity, acknowledging the extra costs incurred by Astaldi, or amending the concession contract, compensating Astaldi for lower revenue). Despite these complications, Astaldi has always reached the set contract milestones. However, in order to limit further exposure, also in light of the findings of the Technical Panel, on 10 August 2019, Astaldi did not pay the remainder of the contractual minimum mandatory amount (36 months after the contract had been awarded). As a result, on 14 August 2019, the Ministry enforced the performance bond (approximately €15 million) issued by a local insurance company. On 2 September 2019, the Ministry presented a request to terminate the concession for gross negligence, thus commencing an arbitration as per local regulations on concessions. Under the terms of the bilateral investment treaty signed between Italy and Chile in 1995, the Astaldi Group, via its subsidiary Astaldi Concessioni (subsequently Astaldi Concessions, as explained above) commenced six-month amicable negotiations which ended in April 2020 without accomplishing anything. After this period, the investor can choose between continuing the dispute before a local court, an UNCITRAL (United Nations Commission on International Trade Law) arbitration or an ICSID (International Centre for Settlement of Investment Disputes) international arbitration. Also based on the opinions of its external legal advisers, the operator (indirectly controlled by Astaldi) adjusted the carrying amount of the investment made up to 31 December 2018 to its recoverable amount and recognised the reduction in fees in line with the enforcement of the guarantee in 2019.

Arturo Merino Benítez International Airport in Santiago (ICC arbitration no. 25888/GR) (Chile)

On 12 March 2015, Supreme decree no. 105 signed by the President of Chile and the Minister of Public Works (Mnisterio de Obras Públicas), as granter, was issued awarding the concession for the construction, restructuring, maintenance and operation of Arturo Merico Benítez International Airport in Santiago to Sociedad Concesionaria Nuevo Pudaahuel S.A. ("NPU"), 45% owned by Aéroports de Paris, 40% by VINCI Airports and 15% by Astaldi Concessioni (now transferred to the separate unit). On 18 November 2015, NPU awarded an EPC contract to a joint venture comprising Astaldi and VINCI Construction Grands Projects (VCGP) to design, build and restructure the airport. Due to the grantor's delay in approving the definitive design prepared by the contractor, the contract was immediately beset by serious delays, generating additional

costs for the joint venture, mostly due to the general difficultly in planning the work activities leading to the lack of productivity and significant diseconomies as a result of the continued interruptions in the approval process. The non-productivity caused both the need for additional resources to resolve the delays and the greater resort to those scheduled. In addition, the leader VCGP had immediately imposed a work site organisation which was very costly and a contract strategy which was not favourable to the operator NPU, which Vinci has a 40% interest in. This management model and the operating decisions taken, most of which Astaldi did not agree with, meant the contract outcome decreased over time. VCGP continued to refuse the proposals made by Astaldi over the contract term to improve its management and make the processes more efficient, leading Astaldi to communicate its intention of commencing a dispute for mismanagement. In the meantime, Astaldi found itself in financial difficulties which led to its application for a composition with creditors procedure and meant it was unable to cover the joint venture's significant funding requirements. VCGP agreed to provide the joint venture with Astaldi's share of the funding. The conflict of interest between GCGP and the group company VINCI Airports, which has a 40% interest in NPU, meant that it could not apply to NPU or the Ministry for the immediate cover of the higher costs incurred. Astaldi always queried this policy to no avail. Due to this growing level of disagreement, on 23 November 2020, VCGP exercised its right to withdraw from the interim agreement, signed in June 2019 whereby it agreed to provide the joint venture with necessary funding, also on behalf of Astaldi. Its formal reason for this was the positive conclusion of Astaldi's composition with creditors procedure and subsequent capital increase of 5 November 2020. In addition on 4 December 2020, VCGP requested Astaldi return the funding provided to the joint venture (and interest thereon) by VCGP on its behalf of around €38 million. As Astaldi deems that the joint venture's difficulties were caused by its bad management unilaterally decided upon by the leader (VCGP) and given that its proposal to settle the dispute amicably was rejected, it challenged VCGP's request and presented an application for arbitration to the International Chamber of Commerce against its partner VCGP on 14 December 2020. It requested that VCGP cover all the costs of its management decisions and to hold Astaldi harmless from any other risks arising from the contract. In line with its general approach, VCGP found that Astaldi had defaulted and noted that it was excluded from the joint venture. Under the terms of the agreement between the parties and without prejudice to the fact that ascertainment of responsibility is the subject of the currently pending arbitration, the defaulting party is excluded from the joint venture and an expert (appointed jointly by the parties or, if they cannot come to an agreement, by the International Chamber of Commerce) defines the receivable (or payable) due from or to the excluded party, considering the reasonably foreseeable losses to complete the contract and the revenue accrued at the exclusion date. Upon completion of the contract, the excluded party does not have any rights should the contract outcome be better than expected while should it be worse (smaller profits or larger losses), the excluded party bears its share in proportion to its original investment.

Arturo Merino Benitez International Airport in Santiago. Arbitration before the Concessions Arbitration Commission (Chile)

As part of the EPC contract for the design, construction and restructuring of the airport, on 24 May 2019, the joint venture comprising Astaldi and VINCI Construction Grands Projets (VCGP) presented the operator NPU for its transmission to the Technical Panel details of the additional costs incurred due to the delayed approval of the project by the Ministry of Public Works (the granter). On 16 August 2019, the Technical Panel acknowledged only part of the contractor's costs (approximately 12 million). As a result, on 4 August 2020, the operator presented an application under the back-to-back principle to the Comisiòn Arbitral de Concesiones about the claims ruled on by the Technical Panel. The amount applied for is the equivalent of approximately €101.4 million. The arbitration proceeding is ongoing. On 18 March 2020, the contractor presented the operator, again for its transmission to the Technical Panel, a new application for acceptance of the additional costs related to the changes to the baggage handling system (BHS) and the check-in system of Terminal T-2. On 15 May 2020, while acknowledging its right to reimbursement of the additional costs, the Technical Panel rejected the application as it held that the method used to calculate the costs was inadequate. In November 2020, the contractor presented another arbitration application to the Comisión Arbitral de Concesiones for the equivalent of approximately €29.5 million. The arbitration proceeding is ongoing.

Muskrat Falls hydroelectric project (Canada)

During the performance of this project in Canada, a number of unforeseeable events took place which, together with operating difficulties during the start-up phase, led to an increase in the project's total cost. Specifically, the productivity level of the local labour was unexpectedly and unusually low. In December 2016, Astaldi Canada Inc. and the customer, Muskrat Falls Corporation ("MFC") signed a rider, whereby the customer acknowledged the higher costs incurred by Astaldi to carry out the project. However, the difficulties in

performing the works continued and Astaldi presented an additional request for an extension of the contract timeline and reimbursement of the extra costs, mainly for the civil works in the hydroelectric plant. MFC did not accept this request and Astaldi was thus obliged to commence arbitration proceedings. During the performance of the works (95% completed), on 27 September 2018 - before the presentation of the application for composition with creditors procedure - Astaldi Canada Inc. notified MFC that it was requesting arbitration for payment *quantum meruit* of the actual value of the works performed due to the fact that Nalcor had arbitrarily imposed a pain/gain share mechanism to its sole advantage and to Astaldi's cost, thus causing the contractor to incur financial difficulties in performing the works. In addition, Astaldi claimed Nalcor had not fulfilled its obligation of good faith or its contractual obligations as seen in a series of defaults and omissions during the works. The estimated amount of damages set out in the application was CAD 429 million (the equivalent of €280 million). In reply, the customer sent a notice of default on 28 September 2018 and subsequently a notice of termination on 8 November 2018, and enforced the letters of credit acting as performance bond (CAD 100 million, the equivalent of €120 million) and advance payment bond (CAD 84 million, the equivalent of €55 million) for a total of CAD 184 million (the equivalent of €120 million), generically alleging lack of funds and non-payment of subcontractors and third parties. On 26 November 2018, the arbitration board was set up. During 2019, briefs were exchanged and the preliminary phase commenced and is still in progress. Specifically, Astaldi presented its brief on 31 May 2019, requesting the arbitration board order the customer pay (*i*) CAD 284.4 million (the equivalent of around €186 million) for work performed and not paid for, (*ii*) CAD 14.2 million (the equivalent of €9 million) for costs incurred by the contractor after termination of the contract, (*iii*) CAD 100 million (the equivalent of €65 million) for the letter of credit, and (*iv*) CAD 30.8 million (the equivalent of €20 million) for machinery, materials and loss of profit of CAD 429.4 million (the equivalent of €280 million). On 26 August 2019, MFC presented its counter appeal asking the arbitration board to order Astaldi pay compensation for damages of CAD 315.5 million (the equivalent of €206 million). Given the amounts to be paid and the enforced letter of credit, the amount requested by the customer decreases to CAD 55.7 million (the equivalent of around €36 million). The examination of the witnesses took place in the period from 2 to 12 November 2020 while the experts will be heard in March 2021. The award is expected to be handed down in the last quarter of 2021. Astaldi's separate and consolidated financial statements at 31 December 2018 already reflected the enforcement of the bonds and no changes have been made in subsequent financial statements.

Rehabilitation of the Frontieră–Curtici–Simeria railway line, Lot 2A (ICC arbitration no. ICC/25794/HBH) (Romania)

CRF (the Romanian railways body) and the Astaldi-FCC-Salcef-Thales Lot 2A joint venture signed the contract for the rehabilitation of the railway line and restructure some stations on 19 May 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, delays and lack of expropriations, delays in the delivery of the technical documentation and lack of environmental permits. On 13 November 2020, the contractor presented an application for arbitration as per the rules of the International Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON 66.3 million (the equivalent of around €13.4 million) plus interest and the costs of the arbitration proceeding. At the date of preparation of this report, the arbitration board is being set up.

Rehabilitation of the Frontieră - Curtici - Simeria railway line, Lot 2B (ICC arbitration no. ICC/25795/HBH)

CFR and the Astaldi-FCC-Salcef-Thales Lot 2B joint venture signed the contract to rehabilitate the railway line on 19 May 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, lack of and delays in expropriations, delays in the delivery of the technical documentation and lack of environmental permits. On 13 November 2020, the contractor presented an application for arbitration as per the rules of the International Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON 78.7 million (the equivalent of around €15.9 million) plus interest and the costs of the arbitration proceeding. At the date of preparation of this report, the arbitration board is being set up.

Rehabilitation of the Frontieră–Curtici–Simeria railway line, Lot 3 (arbitration no. 88/20)

CFR (the Rumanian railways) and the FCC-Astaldi-Convensa joint venture signed the contract for Lot 3 of the Frontieră–Curtici–Simeria railway line on 7 August 2017. Events took place during the performance of the contract that were outside the contractor's control such as non-possession of the work areas, non-receipt of the building permits, delays and lack of expropriations, the discovery of archaeological artefacts and delays in the delivery of the technical documentation. On 13 November 2020, the contractor presented an application for arbitration to the Court of International Commercial Arbitration attached to the Bucharest Chamber of Commerce against the customer CFR to obtain an extension of the contract timeline and to recover the higher costs and expenses incurred. It requested that the arbitration board rule on the customer's non-compliance with its contractual obligations and, accordingly, to grant an extension to allow it to complete the works. It also requested that CFR be ordered to pay not less than RON 106.1 million (the equivalent of around €21.4 million) plus interest and the costs of the arbitration proceeding. The arbitration proceeding is ongoing.

CRIMINAL LITIGATION

The directors deem that the risk of the company being required to make a financial outlay as a result of the following disputes is remote.

Criminal proceedings related to Line C of the Rome Metro (Italy)

With regard to the preliminary investigations for the out-of-court agreement between Roma Metropolitane and Metro C S.c.p.A., on 23 January 2019, an extension was requested for the preliminary investigations into Metro C, in relation to the crime as per Legislative decree no. 231/2001. Metro C adopted the model as per Legislative decree no. 231/2001 with board of directors' resolution of 20 December 2007. There are no proceedings as per Legislative decree no. 231/2001 against Astaldi. The judge for the preliminary investigations filed the proceeding on 9 September 2020 upon the public prosecutor's request as they deemed the evidence obtained was insufficient to support the accusations in court.

Investigations related to Metro C (Italy)

In July 2016, the Company was notified of the preliminary investigations being performed by the Rome public prosecutor as part of a criminal investigation into the construction of Line C of the Rome Metro. The related contract had been awarded by Roma Metropolitane S.r.l. to Metro C. S.c.p.A. ("Metro C"), an SPE in which Astaldi has a 34.5% investment. The alleged crime was aggravated fraud to obtain public subsidies (article 640-bis of the Code of Criminal Procedures) and the investigations cover some managers of Roma Metropolitane S.r.l. and Metro C, including Astaldi's current CEO as well as four former managers of Astaldi. On 19 July 2018, Astaldi was informed that the preliminary investigations as per article 415-bis of the Code of Criminal Procedure had been completed. The preliminary hearing was held on 12 September 2020 and as the necessary procedures were not completed on that date, hearings were set for 3 November 2020 and 15 December 2020. The civil parties, the Ministry for Infrastructure and Transport, Lazio Region, Rome Municipality and Roma Metropolitane S.r.l., presented themselves in court. The proceedings are at an initial stage. As part of the investigation, on 11 July 2016, Metro C was notified of a search and seizure warrant and is under investigation with respect to compliance with Legislative decree no. 231/2001 (the judge for the preliminary investigations ordered the proceeding be filed on 9 September 2020 - see above). Metro C adopted the model as per Legislative decree no. 231/2001 with board of directors' resolution of 20 December 2007. The judge for the preliminary investigations filed the proceeding upon the public prosecutor's request as they deemed the evidence obtained was insufficient to support the accusations in court.

Proceedings related to state road Jonica SS-106 (Lot DG-21) – Fiumarella (Italy)

On 16 March 2017, the Catanzaro Court summonsed three Astaldi employees, officials of CO.MERI, in charge of the works for SS-106 state road Jonica (Lot DG21) on behalf of ANAS (FS Group). The proceedings cover the alleged culpable damage causing/followed by flooding, landslide or avalanches (articles 427 and 449 of the Code of Criminal Procedure) due to alleged errors in the precipitation calculations during the design phase which affected the drainage of rainwater damaging an area of 100 metres of a private property. On 9 April 2018, the hearing was postponed to 12 November 2018 when it was deferred to 3 June 2019. The public prosecutor's technical expert was heard in the hearing of 3 June 2019 and the hearing to hear two witnesses for the defence and two civil parties was set for 21 October 2019, then deferred to 24 May 2020. This hearing was then deferred to 2 November 2020 because of the Covid-19 emergency and subsequently to 1 March 2021. Following the negotiations with the civil parties, an agreement has been reached whereby the civil parties have waived their right to appear in the criminal proceeding and to seek damages.

During the hearing of 1 March 2021, the new judge, Ms Gennaro acknowledged the civil parties' waiver of their right to appear, their non-appearance and the non-appearance of the public prosecutor's other two witnesses. She then postponed the judgement to the hearing of 24 May 2021 for the continuation with the hearing of the public prosecutor's witnesses.

Investigations related to state road Jonica (Lot DG21) – Germaneto Wall (Italy)

On 28 June 2017, as part of an ongoing investigation against unknown persons following the collapse of a wall, the Catanzaro public prosecutor ordered the seizure of a section of SS-106 state road Jonica, build by CO.MERI, in which Astaldi has a 99.99% investment. On 26 July 2017, ANAS (FS Group) informed the Group of the release of the area from seizure. CO.MERI is working with ANAS to ascertain the reasons for the incident in order to design the repair works. As part of the investigation, on 20 March 2018, CO.MERI's designer (an Astaldi manager), the works manager and inspector were informed that the preliminary investigations into the culpable collapse of the wall (articles 434 and 449 of the Code of Criminal Procedure) had been completed. The preliminary hearing was first set for 15 October 2018, then deferred to 20 November 2018 and finally 5 February 2019. The civil parties, ANAS and the Consumer Protection Association, presented themselves in court and the judge deferred the proceeding until 19 March 2019 to rule on the admissibility of the association and for the discussions. During the hearing, the judge for the preliminary hearing found the incident to be probative and deferred the next hearing to 17 June 2019 and then 2 July 2019 to engage the technical experts to ascertain the cause for the wall's collapse and the parties responsible. After engaging the expert, the judge for the preliminary hearing deferred the process to 29 January 2020 to hear the court-appointed expert. This hearing was deferred as requested by the defence counsel to 8 April 2020 when it was deferred to 30 October 2020 (as a result of the Covid-19 emergency) and then to 18 January 2021. The experts were heard in that hearing and the merits hearing was scheduled for 15 March 2021. During the hearing of 15 March 2021 set to hear all the parties' briefs, the works manager's defence counsel decided to continue the trial with the shortened proceedings and the judge postponed continuation of the hearing to 4 June 2021 when they will hear the works manager and discussions will be held. As the judge intends to hand down a single ruling, they have deferred the discussion of the other defence motions to the same date.

Investigations related to state road Jonica (Lot DG21) – Borgia junction (Italy)

At the end of 2017, there was subsidence of the side of the deceleration lane of the Borgia junction. Road traffic was limited to one lane only. In November 2017, the tax police carried out an inspection and requested the general contractor to provide the relevant documentation. In December 2017, CO.MERI commenced a geognostic investigation and prepared an intervention project (already approved by the works manager). The preliminary activities are underway. On 28 February 2019 and 1 March 2018, the public prosecutor's consultant carried out on-site tests. The allegation is that the defendants (including an Astaldi employee - the designer) participated generally and specifically in a culpable disaster causing the subsidence of part of the northwards lane of the state road near the Borgia junction. The preliminary hearing was set for 7 February 2020, during which, the judge for the preliminary hearing of the Catanzaro Court did not find that the conditions to accept the defendants' application (lack of jurisdiction to proceed) existed and ordered them to appear in court for the merits hearing of 8 July 2020. During this hearing, the judge deferred the hearing to 20 January 2021 (when it was deferred to 12 May 2021) given that the judge was to be transferred.

Della Monica incident, proceeding related to the Milan trade fair project (Italy)

In 2012, a gate caused the death of a blue collar worker in the Rho Milano trade fair complex. On 13 June 2016, the Milan public prosecutor commenced criminal proceedings accusing two Astaldi managers (then employed by NPF S.c.a.r.l., in which Astaldi has a 50% investment and which carried out the works for the Rho Milan trade fair) of manslaughter. On 9 March 2017, the Milan Court declared its lack of jurisdiction and transferred the case to the Bergamo Court, where the proceedings were resumed. The first hearing was scheduled to take place on 9 July 2018 but was deferred to 29 October 2018. The judge set a deadline of 10 October 2018 to allow Astaldi to assemble its comments on the list of documentation requested by the public prosecutor. The public prosecutor was also authorised to call two eye witnesses and an officer of the judicial police present at the scene of the accident. The hearings of 25 January 2019, 15 February 2019 and 22 February 2019 were set. With respect to this proceeding, other defendants (unrelated to Astaldi Group), managers of the specialist company in charge of the design, construction and installation of the gate, settled with a plea bargain. On 10 June 2020, the Bergamo Court found one of the two Astaldi managers involved (Nicoletta Miniero) and another defendant unrelated to Astaldi Group not guilty, while it sentenced the other Astaldi manager (Gennaro Fiscina) to nine months imprisonment with conditional suspension of the sentence and non-mention in the criminal record. The 90-day

term for the filing of the sentence runs from the date of its reading. Three other defendants (unrelated to Astaldi Group) were found guilty with the same sentence and benefits. In October 2020, the defendants appealed this sentence.

Proceeding related to Partenopea Finanza di Progetto (Ospedale del Mare di Naples) (Italy)

In July 2009, the Naples public prosecutor commenced criminal proceedings for the alleged aggravated fraud to the damage of the state (article 640.2.1 of the Code of Criminal Procedure) related to the concession for Ospedale del Mare. The proceeding implies the criminal liability of the numerous public officials and technical consultants as well as a former manager of Astaldi and the operator Partenopea Finanza di Progetto S.c.p.A. (in which Astaldi had a 59.99% interest at that date which it subsequently increased to 99.99%) in accordance with Legislative decree no. 231/2001. During the hearing of 26 November 2020, upon completion of the preliminary investigation, the public prosecutor requested that a statute of limitations be issued for the various crimes relating to individuals and that only Partenopea Finanza di Progetto be found guilty as per Legislative decree no. 231/2001 (payment of 400 units of €1,550 each and bans). The hearings to hear the defence counsel have been scheduled to take place in 2021.

Investigation related to Unicredit Factoring (Italy)

In June 2019, the parent was informed that its chairperson and CEO were under investigation for the alleged crime of misappropriation as part of criminal proceeding no. 21903/2019 (Rome public prosecutor) following a lawsuit filed by Unicredit Factoring. At the date of preparation of this report, the parent is cooperating with the public prosecutor and the judicial police formally mandated to acquire information useful for the investigation. It is not aware of any further developments.

Investigation related to Niagara S.r.l. lawsuit (Italy)

In December 2020, the parent was informed that its chairperson and CEO were under investigation as part of criminal proceeding no. 24699/19 RGNR for which the preliminary investigations were being performed by the Rome public prosecutor for the alleged crimes as per articles 236, 223 and 216 of Royal Decree no. 267/42 following a lawsuit filed by Niagara S.r.l. This is a subcontractor allegedly not paid in violation of the contractual provisions, which - for immaterial amounts of a few tens of thousands of Euro - has also sued Astaldi's entire board of directors in civil proceedings, again alleging fraudulent preference connected with the above-mentioned non-payment. The Company has grounded reasons to state that non-payment was tied to the subcontractor's contractual default. The risk that it be ordered to pay compensation as per the parallel civil proceedings is immaterial even in the denied assumption of the unfavourable outcome of the proceedings. At the date of preparation of this report, the parent is cooperating with the public prosecutor and the judicial police formally mandated to acquire information useful for the investigation. It is not aware of any further developments. The civil proceedings are underway after the initial presentation of briefs.

Investigations related to the Aosta Factor and Vianini lawsuit (Italy)

Reference should be made to the section on the civil litigation and, specifically, the sections on Line C of the Rome Metro - Metro C S.c.p.A. versus Astaldi and the Vianini-Astaldi dispute. Aosta Factor and Vianini have filed a lawsuit for the possible criminal aspect of the case. After formalisation of out-of-court agreements, Aosta Factor filed the complaint and Vianini has agreed to do likewise.

Investigations related to El Chaparral hydroelectric project (El Salvador)

On 21 January 2019, the parent became aware that the public prosecutor's office of the Republic of El Salvador (*Fiscalia*) had commenced proceedings alleging crimes against the public administration by certain individuals. One of the people under investigation is an Astaldi employee who acts as a representative of Astaldi's El Salvador branch. The alleged corruption, and the request for precautionary measures, refers to the agreement to discontinue the El Chaparral project in 2012. The agreement provided for the mutual termination of the contract due to extraordinary unexpected geological conditions at the site which made it impossible to carry out the project. It established that the parent would receive compensation of USD 28.7 million (the equivalent of around €24 million), paid between November 2012 and February 2013, being the sum of approximately USD 108.5 million (the equivalent of €89 million) (USD 85 million for works performed and USD 23.5 million as reimbursement of the extra costs incurred to partly carry out the works and their subsequent termination - €70 million and €19 million, respectively) less approximately USD 79.8 million (the equivalent of around €66 million) already paid by the customer. The public prosecutor's office also began proceedings against another employee of the El Salvador branch (as the agent of Astaldi's El Salvador branch) for income tax evasion by not recording the income related to the above-mentioned transaction. The proceedings are currently at a preliminary stage.

They were both suspended on 22 March 2020 due to the Covid-19 pandemic although the experts appointed by the public prosecutor continued their activities. On 6 July 2020, the parent learnt that, on 25 June 2020, the former customer of the El Chaparral project, the Executive Hydroelectric Commission of Rio Lempa ("CEL") had presented a precautionary attachment application against Astaldi to the same criminal court judge for USD 173 million (the equivalent of around €143 million) including (i) USD 61.3 million (the equivalent of €50 million) for damage related to the undue payments to Astaldi (CEL has challenged the higher costs recognised in the agreement and the assessment of the works performed), and (ii) USD111.6 million (the equivalent of €92 million) for the loss of profit due to the non-generation of electricity as the dam had not been built up to 2020. It subsequently increased this request to USD 227 million (the equivalent of €187 million), with the additional USD 54 million (the equivalent of €44 million) comprising financial expense and interest on the amount claimed as damages. On 28 September 2020, the local court handed down a precautionary attachment order for Astaldi's assets up to USD 227 million (the equivalent of €187 million), citing its civil liability under Salvadoran law, which provides that a legal entity is liable for corruption crimes carried out by their employees or agents. The court also requested that Italy intervene in accordance with article 46 of the United Nations Convention against Corruption. Astaldi found out about this ruling on 29 September 2020 through foreign press agency articles and was only formally notified on 2 October 2020. On 8 October 2020, it presented its appeal for cancellation of the precautionary measures ruling. The *Camara Tercera Penal* of the local court subsequently established the invalidity of the attachment with its measure of 26 October 2020 (notified to the parent on 31 October) both with respect to the defendants and the parent as the ancillary civil party. It referred the case to the judge for the preliminary investigation (*Juzgado Noveno de Instruccion*) so that they can replace the ruling with another measure to be issued in line with the criteria set by the *Camera Tercera* which identified several issues in the order. The local court will assess the re-issue of the ruling in line with the *Camara Tercera*'s guidelines in a closed court proceeding, removing the attachment order or reinstating it with new and adequate reasons, which according to Astaldi's local legal advisors (*Consortium Legal*) is possible. On 3 February 2021, CEL reiterated its application for a precautionary attachment (and related international cooperation). On 10 February 2021, the judge noted that they would decide after hearing the appraisals being prepared as part of the criminal proceeding. Should any claims emerge, to be settled as part of the issue under investigation, they would be treated similarly to those under the composition with creditors proposal (as defined in such proposal, see the "Composition with creditors on a going concern basis as per article 186-*bis* of the Bankruptcy Law" section). In addition, as provided for by the rules regulating the composition with creditors procedure, the above precautionary attachment measure requested by the local court would not be possible as the alleged unascertained claims relate to the period before the publication of the appeal as per article 161 of the Bankruptcy Law with the Company Registrar, presented to obtain authorisation of its composition with creditors procedure. With respect to the potential liability under Legislative decree no. 231/2001, based on the available information, the parent believes that the administrative offence it allegedly committed pursuant to article 25 of Legislative decree no. 231/2001 should be considered time-barred in accordance with article 22 of Legislative decree no. 231/2001 as five years has passed since the alleged crime was committed given the lack of significant acts that interrupted the limitation period. As the criminal proceeding in El Salvador is still at a preliminary stage, the risk that the parent may be found guilty of the alleged crime has been assessed as remote by its directors as there does not seem to be any material or immediate risk of this, which would, if proven, insinuate the Company's civil liability. Based on these considerations and the legal opinions obtained (including locally), while the criminal proceedings are still ongoing, the directors deem the risk of the parent's involvement to currently be remote. Therefore, it has not made any provision therefor in the consolidated financial statements.

Investigations related to the Bahia de Tela complex (Honduras)

The *Direccion Nacional de Investigacion e Inteligencia – Division de Investigacion* of Honduras asked Astaldi in its letter of 16 February 2018 for information about the construction of the road going to the Bahia de Tela complex, the related construction contract and other information as part of an investigation into the Bahia de Tela project. This project was completed nearly ten years ago (December 2010). Based on the available information, the investigation does not seem to involve Astaldi and the letter's content was generic (no mention was made of alleged crimes nor the involvement of individuals).

Astaldi Construction Corporation – United States Attorney of the U.S. Department of Justice – District of Columbia (US)

On 22 January 2020, Astaldi Construction Corporation received a communication from the United States Attorney of the US Department of Justice - District of Columbia as part of a criminal investigation. This communication accompanied a subpoena inviting the company to provide documents and information about Honduras nationals who might have had contact with it and Astaldi Group. Astaldi is fully cooperating with

the US authorities and has provided the requested documentation and information. The related investigations are underway. Concurrently, on 9 July 2020, Astaldi signed an agreement with the US authorities which suspends the statute of limitations of the theoretical and hypothetical liability of the group companies as part of this investigation until March 2021. There are no proceedings in place about the Group's liability as per Legislative decree no. 231/2001 for events related to the periods presented in this report.

Investigations related to Project Lomas de Ilo (Peru)

At the end of October 2020, the parent learnt from the Peruvian press that it was involved in criminal investigations in Peru. The issue relates to the Lomas de Ilo irrigation project worth approximately USD 30 million (the equivalent of around €25 million) which was carried out by a joint venture comprising Obrainsa (the local partner) and Astaldi. The investigations have effectively been commenced by the local public prosecutor (Fiscalia) into alleged bribes paid to public officials by an agent of Obrainsa (who was also a manager of the joint venture). The Astaldi personnel potentially involved are a former agent for Astaldi in the country and the joint venture, who is not longer a group employee, and two current employees, involved either pro forma or indirectly and however not involved in the actual events which allegedly took place between January and April 2014 and involved bribes of local officials. With respect to the Company's liability as per Legislative decree no. 231/2001, based on the available information, it deems that the alleged administrative crime pursuant to article 25 of Legislative decree no. 231/2001 is time-barred in accordance with article 22 of the same legislative decree as five years has gone by since the alleged crime has taken place and no significant agreements were signed to interrupt the statute of limitations. The local legislation establishes that legal entities are liable in civil proceedings to compensate the injured party if one of more of their agents, managers and/or officials are found guilty of committing illegal acts to its advantage. Given the preliminary stage of the proceeding, the local legal advisors were unable to make any assessments of Astaldi's possible involvement. The local legislation also provides for interdiction measures to be imposed on legal entities as additional sanctions defined at criminal proceeding level (i.e., fines, the ban on performing certain activities, the suspension of the entity's operations, the closure of its facilities, etc.). The Group has not worked in this country for years.

Reference should be made to Investor Relations - Financial reports section of Astaldi Group's website www.astaldi.com for any other information not included in this section.

Lane operating segment

The Group is active in the US through the subsidiary Lane Industries Incorporated, which mainly operates in the sustainability mobility and clean water sectors.

Reference context and macroeconomic scenario

The US is ranked 31st in the SDG Global Rank, the index that measures progress towards achievement of the SDGs in 166 countries around the world. The US shows progress in the majority of the goals that are most pertinent to the Group's business areas although it still faces tough challenges with respect to, in particular, the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Wastewater treated	58.9%	In line with objectives	The ongoing projects are mostly for the Sustainable Mobility (railways, metros and road projects) and Clean Water (hydraulic engineering works and environmental remediation projects) areas, with a positive contribution to achievement of the SDGs in terms of improved transport, water management and water quality, and lower GHG emissions.
7	Renewable energy in final consumption	7.8%	Stable	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	
11	Satisfaction with public transport	64.0%	In line with objectives	
13	CO2 emissions per capita linked to energy (ton)	15.3	Stable	

The US economy has been affected by the lockdown measures issued by the state governments in March and April to contain the Covid-19 pandemic.

According to the IMF's latest projections of January 2021, GDP is expected to decrease by 3.4% in 2020 while it grew by 2.2% in 2019. GDP is forecast to grow 5.1% in 2021. In addition to the stimulus plans rolled out at federal and local level, during the year, the Federal Reserve announced a change in its monetary policy to a flexible form of average inflation targeting (AIT), which ensures that its inflation objective of 2% is obtained on average.

The US Department of Labour reported that the unemployment rate decreased to 6.7% in December after peaking at 14.7% in April. This improvement in the labour market reflects the economy's ongoing recovery.

In October 2020, the Fixing America's Surface Transformation (FAST) Act was extended for a year while awaiting a more comprehensive fiscal stimulus plan, to include an infrastructure investment plan. It has an envelope of approximately USD 47.1 billion for roads and motorways and USD 12.3 billion for transit projects

During its presidential campaign, the Biden administration reiterated the need for new infrastructure to relaunch the US economy and committed to a second great railroad revolution and transformation of the municipal road networks. CRESME's "The 2021 construction market" report states that the expected drop in infrastructure investments in 2020 is around 1.7%. The new government may promote greener investments in strategic infrastructure such as transport (roads, ports and bridges), energy, water and telecommunications sectors.

With respect in particular to the railway sector, Texas Central (TC) has awarded Webuild Group the design-build contract for the new 240-mile high-speed train service between Houston and Dallas in Texas, USA.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
I-10 Corridor - California	539.6	10.0%	412.4	26.3%
C43 Water Management Builders - Florida	453.6	2.7%	366.6	15.2%
Southern Wake Freeway - North Carolina	322.0	10.3%	252.6	26.0%
I-440 Beltline Widening – North Carolina	278.8	9.5%	210.7	27.4%
I-405 Renton/Bellevue (Flatiron-Lane JV) – Washington	240.0	4.4%	198.3	14.7%
West Ship Canal CSO – Washington	224.0	1.3%	170.7	18.5%
I-40/I-77 Interchange – North Carolina	206.7	10.8%	143.0	35.7%
CTRMA US183A Extension Phase 3 (Hero Way/SH29) – Texas	0.0	0.0%	141.8	1.1%
North-East Boundary Tunnel - Washington DC	280.8	43.2%	136.3	71.7%
Wekiva Parkway – Florida	200.8	10.9%	133.8	37.4%
I-4 Ultimate - Orlando – Florida	194.1	70.5%	78.9	88.1%
Purple Line – Maryland	364.9	38.3%	22.8	93.6%
Others	791.0		519.4	
Total	**4,096.2**		**2,787.2**	

Purple Line – Maryland

In March 2016, the Purple Line Transit joint venture, which includes Lane Construction, was selected as the best bidder for the design and construction of the Purple Line transit system worth USD 2 billion (increased to approximately USD 2.2 billion due to contract modifications). Lane Construction is involved in the construction work with a 30% share.

On 1 May 2020, the joint venture exercised its right to terminate the contract due to the excessive delays caused by the operator and the end customer. As per the contract terms, termination was agreed with the customer on 17 December 2020 and the final payment should be made in 2021.

North-East Boundary Tunnel - Washington DC

In July 2017, the Lane Construction and Salini Impregilo (now Webuild) joint venture won the design-build contract for the mechanised excavation of an 8.2 km tunnel and related works in Washington D.C. worth USD 580 million (decreased to approximately USD 559 million as a result of contract variations). The works are part of the clean rivers project for the Anacostia River, which will help reduce combined sewer overflows to the River by 98% and the chance of flooding in the areas it serves from about 50% to 7% in any given year. The customer issued the notice to proceed in September 2017. Construction work, including the tunnel excavation, started in March 2018.

C43 Water Management Builders - Florida

In March 2019, the Lane-Salini Impregilo (now Webuild) joint venture (70%:30%, respectively) was awarded a contract worth USD524 million to build the Caloosahatchee (C43) storage reservoir in southern Florida. Commissioned by the South Florida Water Management District as part of the Comprehensive Everglades Restoration Plan to restore the wetlands and contain wastewater, the project is designed to reduce harmful discharges into the Caloosahatchee Estuary in Hendry County and includes the construction of an earth-fill dam and a separator dam.

West Ship Canal CSO – Washington

In August 2019, Lane was awarded a contract worth USD255 million to build a water storage tunnel to reduce polluted overflows into the Lake Washington Ship Canal. The main storage tunnel and shafts will consist of a tunnel around 14,000 feet long.

I-4 Ultimate - Orlando - Florida

In September 2014, I-4 Mobility Partners entered into a concession agreement with the Florida Department of Transportation (FDOT) to design, build, finance and operate the USD 2.3 billion I-4 Ultimate Project (the contract value was increased to approximately USD 2.5 billion to include contract variations). The operator subsequently assigned the works to a joint venture composed of Skanska (40%, leader), Granite (30%) and Lane Construction (30%).The project includes the reconstruction of 21 miles of I-4 from west of Kirkman Road in Orange County to eastof SR 434 in Seminole County, including the addition of four lanes and sections in Orlando.

I-10 Corridor - California

In August 2018, the Lane-Security Paving joint venture won a design-build contract for the I-10 Corridor Express Lanes (Contract 1) in California. The project's overall value approximates USD 670 million, with Lane acting as project leader with a 60% share of the joint venture. Once completed, the lanes are expected to reduce traffic congestion in this area of southern California which has seen large population growth in the last few years.

Wekiva Parkway – Florida

In October 2018, Lane Construction won a contract worth approximately USD 250 million in Florida to design and build a section of the Wekiva Parkway in Seminole County, north of Orlando. The project will include the new Wekiva Parkway interchange at I-4 that will connect with SR-417 to provide sustainable mobility alternatives by reducing traffic in large congestion areas in the counties of Orange, Lake, and Seminole.

I-440 Beltline Widening – North Carolina

In October 2018, Lane Construction won a contract worth approximately USD 350 million to widen the I-440/US 1 to six lanes from four for approximately 12 km and replace the pavement and bridges in the Raleigh, NC area.

I-40/I-77 Interchange – North Carolina

In December 2018, Lane Construction was awarded a contract worth approximately USD 260 million to improve the I-77/I-40 Interchange in Iredell County, NC. The contract foresees the widening from four lanes to eight lanes by designing and building a partial turbine interchange.

Southern Wake Freeway - North Carolina

In December 2018, the Lane-Blythe Construction joint venture was awarded the design-build contract worth approximately USD 400 million to extend the Triangle Expressway from U.S. 401 to I-40 in the Wake and Johnston Counties. It is part of the Complete 540 project to improve the highway system in Raleigh, the state capital. Lane has a 50% stake in the joint venture with Blythe Construction, a subsidiary of Eurovia (Vinci Group).

I-405 Renton/Bellevue (Flatiron-Lane JV) – Washington

In October 2019, as part of a joint venture with a 40% stake, Lane won a design-build contract with an overall value of USD 705 million to widen the highway and install a dual express toll system on Washington's I-405 between the I-405/SR Interchange at Renton and NE 6th Street in Bellevue, one of the state's most travelled and congested corridors.

CTRMA US183A Extension Phase 3 (Hero Way/SH29) – Texas

In September 2020, Lane Construction was awarded a contract worth USD176 million to add two tolled lanes to a highway near Austin, Texas.

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Unforeseen costs have been incurred on the I-4 Ultimate – Orlando – Florida contract referred to above and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Abroad

The Group is active in the construction sector abroad, mainly in the sustainable mobility, clean hydro energy and clean water areas, and in the concessions sector.

Macroeconomic scenario

Based on the IMF's most recent projections of January 2021, global GDP is projected to contract by 3.5% in 2020 compared to the 2.8% growth seen in 2019.

During the first few months of 2020, many countries had to come to grips with crisis situations in various areas: healthcare, the shuttering of production and economic activities, a collapse in exports, inverted capital flows and falling commodity prices.

The effects of the pandemic would have been much worse without the political and monetary policies introduced to shore up the economy. As reported in the IMF's Fiscal Monitor published in January 2021, the additional investments announced by the advanced economies amount to around USD 7.8 trillion, with more than USD 6 trillion in various forms to boost liquidity, including equity injections, loans and loan guarantees.

The IMF also expects a strong jump in 2021 with growth of 5.5% based on a scenario that assumes that social distancing will continue in 2021 but will disappear over time due to greater vaccination coverage and improved therapies.

The sizeable fiscal measures announced by some countries for 2021, including the US's and Japan's recovery plans and the release of the Next Generation EU funds, should facilitate the relaunch of the advanced economies, which, in turn, should benefit their commercial partners.

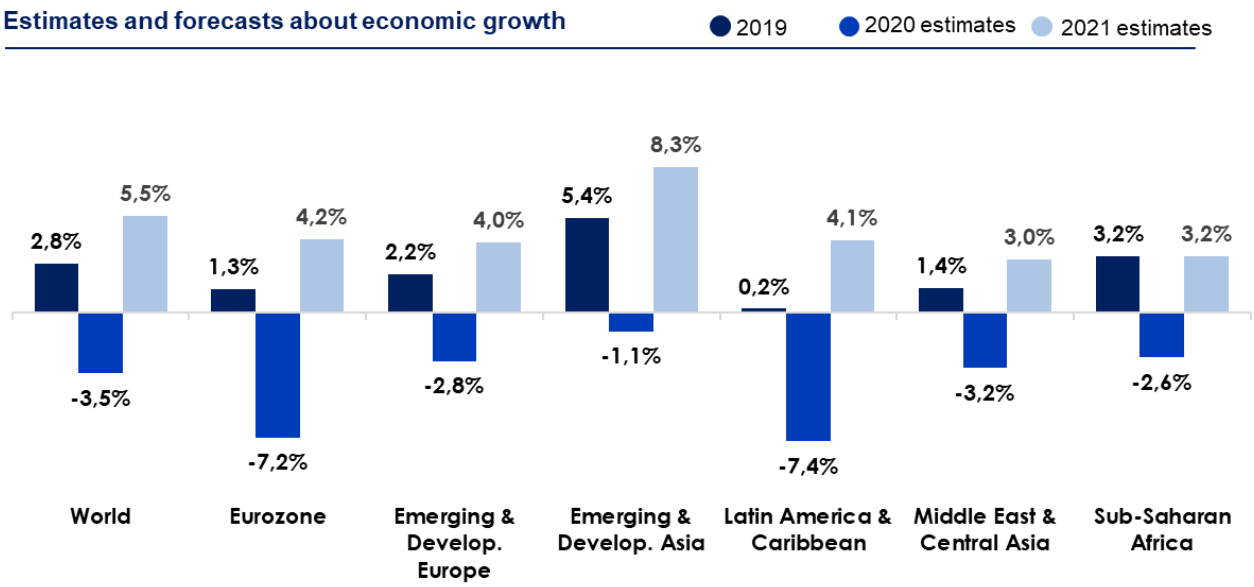
Specifically, in 2020, after growth of 1.3%, the Eurozone is expected to have been a sharp downwards trend of up to 7.2% with a return to growth in 2021, up 4.2%.

The Emerging & Developing Asia area's GDP is expected to decrease by 1.1% in 2020 compared to the growth of 5.4% of 2019 and to jump 8.3% in 2021. The outlook for China is much more positive than for most of the other countries in this area. Its economy is expected to grow around 10% in the 2020-2021 period, by 2.3% in 2020 and 8.1% in 2021.

The oil-exporting countries, mainly in the Middle East and Sub-Saharan Africa, were slammed by low oil prices per barrel due to weak international demand. Production is expected to decrease in many countries in the Middle East and Central Asia, with their GDP down by 3.2% in 2020 after growth of 1.4% in 2019, to increase by 3% in 2021.

Sub-Saharan Africa, hit by the economic crisis and civil conflict, is expected to see a 2.6% contraction in GDP in 2020 compared to forecast growth of 3.2% in 2021 like in 2019.

Many Latin American countries hard-hit by the pandemic are dealing with serious recessions that have been going on for years. This area's GDP is expected to decrease by 7.4% in 2020 compared to a near stagnant situation in 2019 and an improvement foreseen for 2021 with growth of 4.1%.



Source: IMF, January 2021;
Emerging & Developing Europe includes Russia
Emerging & Developing Asia includes China, India, Indonesia, Malaysia, Philippines, Thailand and Vietnam
Latin America & Caribbean includes Brazil and Mexico
Middle East & Central Asia includes Saudi Arabia
Sub-Saharan Africa includes Nigeria and South Africa

As an essential lever of economic growth, the construction and infrastructure sector will be pivotal to a sustainable recovery. New low-carbon infrastructure will be key to stimulating growth. From the USD 2 trillion Green New Deal proposed by the US president-elect to the green industrial revolution launched by the UK prime minister, governments are investing to ensure that economies come back stronger than before the Covid-19 pandemic crisis, without the increase in carbon emissions, experienced after the last financial recovery.

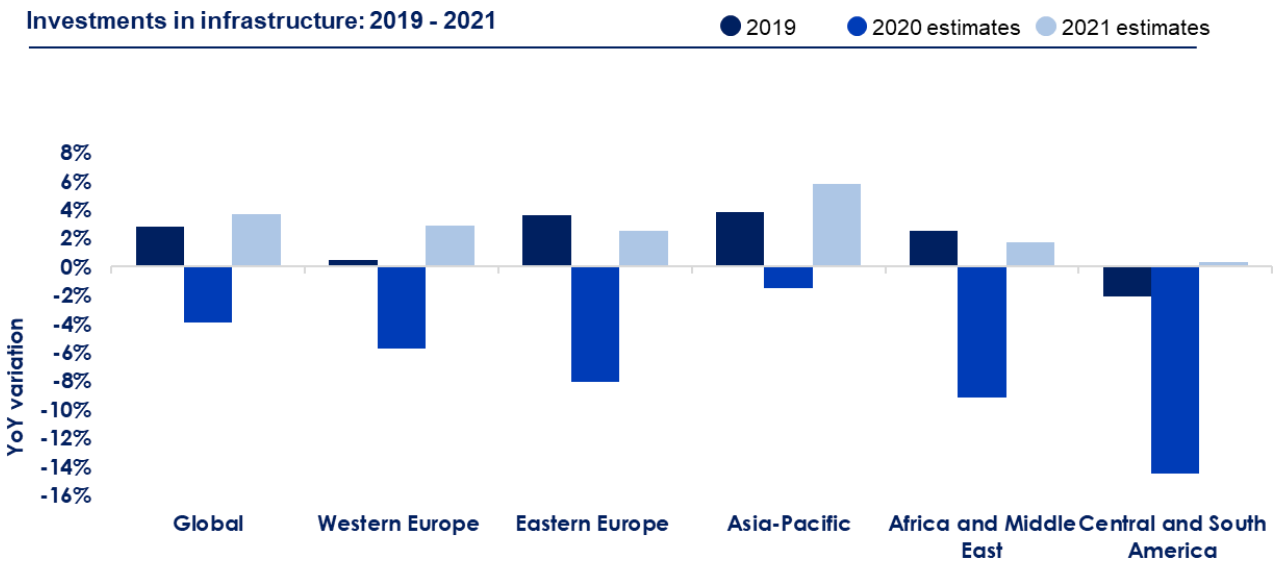
With respect to the Group's reference sectors, according to the IHS Markit January 2021 report, global infrastructure investments is expected to have contracted by 3.9% in 2020 and are expected to increase by 3.7% in 2021.

Infrastructure investments in Eastern and Western Europe are forecast to grow by over 2.4% in 2021 compared to a reduction of more than 5.6% expected for 2020. The measures announced by the governments of the European and non-European governments assume that the economic relaunch necessary to counter the effects of the Covid-19 pandemic will mostly be achieved through extraordinary investment plans, in which the infrastructure sector will be one of the main recipients.

In Africa and the Middle East, investments in infrastructure are expected to grow at a rate of above 1.6% in 2021 after a sharp decline of more than 9% in 2020.

IHS Market expects that investments in infrastructure in Latin America will pick up in 2021 (by just above 0%) after the degrowth of 14.5% and 2.1% in 2020 and 2019, respectively.

The Asia-Pacific area continues to be one of the areas with the greatest potential, with expected investments in infrastructure on the rise (+5.8% in 2021). The 2020 reduction will be contained at 1.5% while investments had grown 3.8% in 2019.



Source: IHS Markit, January 2021

Oceania

Australia

Reference context and market scenario

Australia is ranked 37th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	75.6%	Improving	The ongoing projects are mostly for the Sustainable Mobility (metros) and Clean Hydro Energy (pumped-storage hydro) areas, with a positive contribution to achievement of the SDGs in terms of improved transport, greater generation of electrical energy from renewable sources and lower GHG emissions.
7	Renewable energy in final consumption	6.9%	Stable	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	
11	Satisfaction with public transport	56.6%	Stable	
13	CO2 emissions per capita linked to energy (ton)	14.8	Stable	

The Group has been active in Australia since 2013 and currently operates through its local branch, the wholly-owned Salini Australia Pty Ltd, Salini Impregilo - NRW Joint Venture for the performance of the Forrestfield Airport link, SLC Snowy Hydro Joint Venture for the civil works and electromechanical component of the contract for the Snowy 2.0 project and the recently set up SC Hydro Pty Ltd.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Snowy Hydro 2.0	3,250.9	3.8%	3,099.6	8.8%
Forrestfield Airport Link	284.0	66.5%	130.4	85.1%
Others	1.5		1.5	
Total	**3,536.3**		**3,231.5**	

Snowy Hydro 2.0

On 4 April 2019, as leader of the joint venture (65% stake) with the Australian partner Clough (35%), the Group won the contract for the civil works and electromechanical component of the Snowy 2.0 project.

It involves the construction of a 36 km tunnel to connect the two existing reservoirs Tantagara and Talbingo and an underground power station with pumping capacity. The project will increase the renewable generating capacity of the existing system by 2,000 MW and serve up to 500 thousand additional houses at times of peak demand, with autonomy of 175 hours of continuous large-scale storage.

The project is worth AUD 5.3 billion.

On 28 August 2020, the project received the notice to proceed from the customer, certifying the start of the main works.

Forrestfield Airport Link

On 28 April 2016, as leader (with 80%) of a joint venture with NRW Pty Ltd (20%), the subsidiary Salini Impregilo (now Webuild), was awarded the contract to design, construct and maintain the Forrestfield Airport Link by the Public Transport Authority of Western Australia. The project includes construction of a new metro line to connect Forrestfield, and hence the airport, to the existing Perth network through an 8 km underground line. Once completed, the project will provide sustainable transportation of up to 20 thousand passengers a day with significant benefits in terms of less traffic, pollution and GHG emissions.

As well as the design and construction of the three new metro stations, the contract also includes 10 years of maintenance of the infrastructure. It is worth approximately AUD 1.26 billion.

In April 2020, the excavations of the line were completed with the breakthrough of the second TBM and the civil works are being performed to complete the contract.

Europe

France

Reference context and market scenario

France is one of the countries where the Group operates with the highest sustainability levels. It is ranked 4th in the SDG Global Rank. With respect to the goals that are most pertinent to the Group's business areas in this country, France shows progress in most of them, although it still faces tough challenges with respect to the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
	Population with access to adequate wastewater treatment systems	88.4%	Stable	The ongoing projects are mostly for the Sustainable Mobility (metros) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
	Renewable energy in final consumption	10.5%	Improving	
	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	4.0	In line with objectives	
	Satisfaction with public transport	67.9%	Deteriorating	
	CO2 emissions per capita linked to energy (ton)	4.8	Stable	

The Group has a local French branch, investments in the SEP (*società en partecipation*) set up to carry out the projects to build Lines 14 and 16 of the Grand Paris Express, awarded in 2018, and is part of the Telt Villarodin-Bourget Modane Avrieuz joint venture set up in 2020 for the high speed Turin-Lyon railway line.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Metro Line 16 Lot 2 - Line 14 Lot 4 *	464.7	18.7%	325.1	44.5%
TELT puits d'Avrieux	0.0	0.0%	149.9	1.5%
Total	**464.7**		**475.0**	

* The percentage of completion is 10.3% and 57.5% for Line 16, Lot 2 and Line 14, Lot 4, respectively at 31 December 2019 while it is 33.3% and 96.9% at 31 December 2020, respectively.

Line 16 Lot 2

The project is part of the construction of the future Line 16 of the Paris Metro (Grand Paris Express), including the construction of ten stations and a line between Noisy-Champs and Saint-Denis Pleyel via Aulnay-sous-Bois to serve an area of 800 thousand residents. It will have a capacity of 200 thousand passengers a day. The subsidiary Webuild will build Lot 2 as part of a joint venture with NGE GC. This involves the excavation of an 11.1 km tunnel, construction of four stations and 11 related works.

The contract's total value is approximately €720 million and the Group's share is 65%.

Line 14 Lot 4

The entire contract covers the 14 km extension of the existing Line 14 of the Paris Metro. The subsidiary Salini Impregilo (now Webuild) has been assigned Lot 4 as part of a joint venture with NGE GC. This entails excavation of a 4.1 km tunnel from the Pont de Morangis station to the new Orly Airport station and beyond underneath the airport runways. Upon completion, the entire line will allow transportation of up to 300 thousand passengers a day.

The contract's total value is approximately €200 million and the Group's share is 50%.

TELT puits d'Avrieux

The contract for Lot 5A, commissioned by Tunnel Euralpin Lyon Turin (TELT), consists of the preparatory works for the safety site at Modane, located at the centre of the 57.5 km base tunnel between the train stations of Susa in Italy and Saint-Jean-de-Maurienne in France. It also comprises the excavation of four shafts to ventilate the future base tunnel. The excavations will allow the creation of a logistics hub 500 metres below ground for the drilling of 18 km of tunnel under the Ambin Massif in the direction of Italy.

By 2030, the Turin-Lyon railway link will ensure a reduction in road traffic equal to 3 million of CO_2 emissions a year.

The contract's total value is approximately €450 million and the Group's share is 33.33%.

Norway

Reference context and market scenario

Norway is ranked 6th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, the fight against climate change and, to a lesser extent, mobility.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
	Population with access to adequate wastewater treatment systems	76.3%	Stable	The ongoing projects are mostly for the Sustainable Mobility (railways) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
	Renewable energy in final consumption	47.1%	In line with objectives	
	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.7	In line with objectives	
	Satisfaction with public transport	60.2%	Improving	
	CO2 emissions per capita linked to energy (ton)	8.8	Stable	

The Group is active in Norway through its branch and investment in the SA.PI. NOR Salini Impregilo - Pizzarotti joint venture.

Main ongoing projects

The following table shows the amounts involved in the main contract in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Nykirke - Barkaker railway line	380.1	0.2%	301.9	18.3%
Total	**380.1**		**301.9**	

Nykirke - Barkaker railway line

On 10 October 2019, the Group was awarded a contract worth approximately €390 million to upgrade a 13.6 km section of a railway line between the towns of Nykirke and Barkaker, south of Oslo.

The joint venture, comprising Webuild as leader (51% share) won the contract from Bane NOR, the state-owned company responsible for Norway's railway infrastructure. Under the terms of the contract, the joint venture will design and build a double-track line, including two bridges, three tunnels and a station near the town of Skoppum.

During 2020, some work was started such as temporary roads, deforestation and geotechnical surveys, the preparation of the work sites and the excavation of the first tunnel.

As a result of the Covid-19 pandemic, Bane Nor and the joint venture (SAPI NOR) signed a variation order for NOK 110 million (approximately €10 million). The customer also presented and subsequently defined four variation orders in the first few months of the year.

Middle East

Saudi Arabia

Reference context and market scenario

Saudi Arabia is ranked 97th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, energy and the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
	Population with access to adequate wastewater treatment systems	11.8%	Stable	The ongoing projects are mostly for the Sustainable Mobility (metros) and Green Buildings and other (civil and commercial buildings, urbanisation, etc.) areas, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
	CO2 emissions to generate energy (Mton/TWh)	1.6	Improving	
	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.1	In line with objectives	
	Satisfaction with public transport	72.8%	In line with objectives	
	CO2 emissions per capita linked to energy (ton)	17.9	Stable	

The Group currently operates in this country through its branch Webuild, Salini Saudi Arabia Company Ltd., Civil Works Joint Venture, Western Station J.V., Impregilo Arabia Ltd, Arriyad New Mobility Consortium and the recently set up BSS.KSAB JV.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Riyadh National Guard Military (SANG Villas)	967.5	14.6%	733.4	30.9%
Riyadh Metro Line 3	427.9	85.7%	219.3	92.6%
Others	22.4		89.1	
Total	**1,417.8**		**1,041.8**	

Riyadh Metro Line 3

On 29 July 2013, the Group, as leader of an international consortium, won a portion of the maxi contract awarded by ArRiyadh Development Authority to design and construct the new Riyadh Metro line (Line 3, 41.2 km), the longest line of the challenging project for the metro system of Saudi Arabia's capital. It will have a transportation capacity of five thousand people per hour in each direction.

On 11 July 2018, the parties finalised a contract variation which increased the value of the works being performed by the consortium to design and construct the entire Line 3.

As a result of this variation, the contract's value increased from approximately USD 6.0 billion to approximately USD 6.4 billion, including approximately USD 5.3 billion for the civil works (previously approximately USD4.9 billion). The Group's share is 66%.

Riyadh National Guard Military (SANG Villas)

In December 2017, the subsidiary Salini Impregilo (now Webuild) signed the agreements for a contract in Riyadh worth approximately USD1.3 billion with the Saudi Arabia National Guard (SANG Villas).

The project includes housing and urban planning on a large scale with the construction of about 6,000 villas in

an area of 7 million square metres to the east of Riyadh and more than 160 kilometres of main roads and secondary routes and related services, as well as a sewage treatment plant.

Africa and Asia

Ethiopia

Reference context and market scenario

Ethiopia is ranked 136th in the SDG Global Rank. With respect to the goals that are most pertinent to the Group's business areas in the country, it shows significant progress with respect to the fight against climate change, mainly thanks to the considerable investments in renewable energy, although it still faces tough challenges with respect to water and mobility.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to basic drinking water services	41.1%	Stable	The ongoing projects are mostly for the Clean Hydro Energy (hydropower plants) area, with a positive contribution to achievement of the SDGs in terms of greater generation of electrical energy from renewable sources and lower GHG emissions.
7	Population with access to electricity	44.3	In line with objectives	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.1	N.A.	
11	Satisfaction with public transport	39.9%	Stable	
13	CO2 emissions per capita linked to energy (ton)	0.1	In line with objectives	

The Group operates in Ethiopia through its branch Webuild.

Main ongoing projects

The following table shows the amounts involved in the main contracts in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Koysha	1,864.8	28.5%	1,629.9	35.6%
Gerd	957.2	78.1%	751.2	82.4%
Total	**2,822.0**		**2,381.1**	

Koysha Hydroelectric Project

This project is on the Omo River, about 370 km south-west of the capital Addis Ababa. It was commissioned by Ethiopian Electric Power (EEP) and includes the construction of a dam with a 9 billion cubic metre capacity reservoir and annual energy generation of 6,460 Gwh. The project also includes access roads, a new bridge over the river and a 400 KW transmission line from GIBE III to Koysha. The contract is worth approximately €2.5 billion and Webuild's share is 100%. Work is currently being carried out on the project.

Production activity has slowed down, mainly due to payment delays by the customer. However, this situation has changed considerably in the last few months and this should facilitate operations at the work site.

In 2019, the customer requested the number of turbines be decreased from eight to six units and Webuild is evaluating this request's feasibility.

During 2020, work continued with the excavations for the dam, the pouring of the RCC and the laying of the structural concrete for the powerhouse.

Gerd

The GERD project, located approximately 500 km north west of the capital Addis Ababa, consists of the construction of a hydroelectric power plant, the Grand Ethiopian Renaissance Dam (GERD), and the largest dam in the African continent (1,800 metres long, 170 metres high). The project also includes the construction of two power stations on the banks of the Blue Nile, equipped with 16 turbines with total installed capacity of 6,350 MW. The customer notified a reduction of the turbines from 16 to 13 for which the issue of a variation order was requested for the change in the plant's configuration and additional design costs. The amended project is currently being repriced.

On 22 January 2020, EEP confirmed its intention of carrying out the reservoir's first stage to allow early impounding and, hence, the early generation of energy from June 2020.

On 19 March 2020, EEP requested that the reservoir embankment be raised to 560 metres ASL and the reservoir's first stage be started by implementing the necessary acceleration measures. On 2 July 2020, the raising of the embankment to 560 metres ASL was completed with the spillway at the same level on 19 July 2020. The acceleration measures were completed on 23 July 2020.

The Group's share in this project, which is at an advanced stage of completion, is 100%.

Tajikistan

Reference context and market scenario

Tajikistan is ranked 78th in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, water and mobility.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	2.3%	N.A.	The ongoing projects are mostly for the Clean Hydro Energy (hydropower plants) area, with a positive contribution to achievement of the SDGs in terms of greater generation of electrical energy from renewable sources and lower GHG emissions.
7	Population with access to electricity	99.3	In line with objectives	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.2	Deteriorating	
11	Satisfaction with public transport	84.7%	In line with objectives	
13	CO2 emissions per capita linked to energy (ton)	0.4	In line with objectives	

The Group operates on the territory through the branch Webuild.

Main ongoing projects

The following table shows the amounts involved in the main contract in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Rogun Hydropower Project	1,657.1	31.3%	1,346.3	40.7%
Total	**1,657.1**		**1,346.3**	

Rogun Hydropower Project

On 1 July 2016, Webuild signed a framework agreement with the Tajikistani government worth approximately USD 3.9 billion to build a hydroelectric power plant (split into four functional lots). The Group, with a 100% share, has been assigned the first executive lot (Lot 2) of approximately USD1.9 billion to build a 335 metre-high rockfill dam with a clay core, the tallest in the world, on the Vakhsh River in Pamir, one of Central Asia's main mountain ranges. The contract term is 11 years (plus two years warranty).

On 16 November 2018, the first of the six power house turbines (each with a full capacity of about 600 megawatt) successfully became operational. On 9 September 2019, the second turbine also became operative marking another important milestone in the completion of the early generation stage. On 13 October 2020, another milestone was reached during this stage with the filling of the reservoir up to 1,070 metres which meant the customer could significantly increase its electrical energy generation.

Americas

Canada

Reference context and market scenario

Canada is ranked 21st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility, water and the fight against climate change.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
6	Population with access to adequate wastewater treatment systems	82.3%	Deteriorating	The ongoing projects are mostly for the Sustainable Mobility (light rail) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
7	Renewable energy in final consumption	16.4%	Deteriorating	
9	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	3.8	In line with objectives	
11	Satisfaction with public transport	59.7%	Deteriorating	
13	CO2 emissions per capita linked to energy (ton)	14.4	Stable	

The Group operates in Canada through Salini Impregilo Canada Holding Inc., Salini Impregilo Mobilink Hurontario GP Inc., Salini Impregilo Civil Works, Mobilink Hurontario General Partnership, Mobilinx Hurontario Services L.t.d., Mobilinx Hurontario Contractor and Mobilinx Hurontario DBJV as well as the Astaldi Group entities which joined the Group in November 2020.

Main ongoing projects

The following table shows the amounts involved in the main contract in portfolio:

(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Hurontario Light Rail Project	381.0	1.1%	543.2	6.6%
Total	**381.0**		**543.2**	

Hurontario Light Rail Project

On 21 October 2019, Salini Impregilo (now Webuild) and Astaldi, together with Canadian and non-Canadian partners as members of the Mobilinx consortium, were awarded a civil construction contract worth €917 million (around CAD 1.3 billion) by Infrastructure Ontario and Metrolinx for the Hurontario LRT (HuLRT). The complete Mobilinx team, which also consists of John Laing, Hitachi, Amico, Bot and Transdev, will design, build, finance and operate the HuLRT for a 30-year term.

The HuLRT is an 18-kilometre, 19-stop light rail transit system, able to transport up to 14 million passengers a year, that runs along Hurontario Street from Port Credit in Mississauga to the Brampton Gateway Terminal. The HuLRT will operate in a separated guideway with traffic priority throughout most of the corridor.

The Group, (Webuild S.p.A. 42% and Astaldi S.p.A. 28%) will be responsible in the joint venture for the engineering, design, procurement and construction of the civil works for a value of approximately €642 million.

Peru

Reference context and market scenario

Peru is ranked 61st in the SDG Global Rank. It shows progress in the majority of the goals that are most pertinent to the Group's business areas in this country, although it still faces tough challenges with respect to, in particular, mobility.

SDG	AREAS FOR IMPROVEMENT RELATED TO THE GROUP'S BUSINESS AREAS	KPI	TREND	GROUP CONTRIBUTION
	Population with access to adequate wastewater treatment systems	74.3%	Stable	The ongoing projects are mostly for the Sustainable Mobility (metros) area, with a positive contribution to achievement of the SDGs in terms of improved transport and lower GHG emissions.
	Renewable energy in final consumption	96.4%	In line with objectives	
	Quality of transportation infrastructure (1= very unsatisfactory, 5=excellent)	2.3	Deteriorating	
	Satisfaction with public transport	55.3%	Stable	
	CO2 emissions per capita linked to energy (ton)	2.0	Deteriorating	

The Group operates in Peru through the branch Webuild and its investments in Metro de Lima Linea 2 S.A., Consorzio Constructor M2 Lima and Consorcio Amancae as well as the Astaldi Group entities which joined the Group in November 2020.

Main ongoing projects

The following table shows the amounts involved in the main contract in portfolio:
(*Share of in millions of Euro*)

Project	Residual order backlog at 31 December 2019	Percentage of completion	Residual order backlog at 31 December 2020	Percentage of completion
Lima Metro Line 2	540.7	22.2%	456.0	30.1%
Total	**540.7**		**456.0**	

Lima Metro Line 2 and Ramal Av. Fuacett - Av. Gambeta

On 28 March 2014, the international consortium comprising the Group and other international groups won the contract for the construction and operation of the extension to Lima's metro network under concession from *Agencia de Promociòn de la Inversiòn Privada*. The project includes the construction of the works and operation of the infrastructure over the 35-year concession. Line 2 will make a very important contribution to the capital's sustainability mobility, as it will be able to carry 665 thousand passengers a day.

The Group's share of the construction work is 25.5% of the civil works.

On 13 December 2018, the consortium and the Ministry of Transport and Telecommunications signed Addendum 2, which established the new delivery dates with a revised work schedule and billing programme. It also defined new concession areas in some cases.

On 21 October 2020, the regulator announced that the contractual obligations were suspended due to force majeure events as a result of the pandemic. This implies that the project completion dates have been moved forwards.

The contract consideration is approximately USD 3 billion.

Fisia Italimpianti

Main ongoing projects

Fisia Italimpianti S.p.A. is an international leader in the sustainable design and construction of water treatment and desalination plants. Thanks to over 90 years of experience, it is one of the most competitive global contractors in its sector and offers cutting edge solutions for water desalination and treatment, desalination using renewable sources of energy and the sustainable management of urban solid waste.

Its services include technological and engineering management, design, supply, construction, roll-out and maintenance of plants. The main ongoing projects are described below.

Ataköy project

The Ataköy project is one of the cornerstones of the heavily populated city of Istanbul's urban wastewater treatment programme. Its intention is to improve the environmental conditions of the Bosporus Strait and the Sea of Marmara. The Group's share of the contract is worth approximately €84 million and it is being carried out by Fisia Italimpianti as part of a joint venture with the Turkish company Alkataş. The project obtained the customer's provisional acceptance on 9 March 2020.

Yenikapi project

The Yenikapi project, worth €52 million, involves the construction of a new water depuration plant in Istanbul. Its acquisition strengthens Fisia Italimpiant's reputation as an operator that designs and builds plants that improve the ecosystem. The subsidiary is part of a joint venture with the Turkish companies Alkataş and Alke. The authorisations necessary to commence the works are still pending partly due to the Covid-19 emergency.

Shoaiba project

Fisia Italimpianti won a contract in April 2017 for the Shoaiba project. It consists of the design, supply and construction of a reverse osmosis desalination plant in the Shoaiba area. The plant will provide potable water to the cities of Jeddah, Medina and Taif.

The contract has been agreed on a project financing basis by a SPE owned by ACWA Power, a major Saudi developer of energy generation and seawater desalination projects.

The project is being carried out by Fisia Italimpianti as a 50:50 joint venture with the Spanish company Abengoa and the contract is worth approximately €215 million.

The plant started operating in April 2019, in advance of the original schedule. It was completed in just 21 months, qualifying as a fast track project. It was delivered to the customer with receipt of the taking over certificate within the contractually-established timeline. In 2020, the plant was awarded the prestigious Global Water Award as the best desalination plant of 2019.

Salalah project

The group company won a contract worth over €100 million as part of a joint venture in December 2017. The contract entails the construction of a reverse osmosis desalination plant to provide water to the city of Dhofar. This is the second project assigned by ACWA Power, strengthening the joint venture's relationship with one of the largest international investors in the water and energy sectors. During 2019, the project's performance was slowed down by local and international restrictions caused by the global pandemic. As a result, negotiations were commenced with the customer as the delays were due to force majeure events and change in law. The plant is currently at an advanced stage of commissioning.

Riachuelo Lot 2

In 2019, Fisia italimpianti acquired a contract worth approximately USD 215 million to build Lot 2 of the Riachuelo system in Buenos Aires, Argentina. This mega engineering and infrastructure project will reduce pollution in the catchment basin and Rio de la Plata, which Argentina's most polluted river Riachuelo River flows into.

The group company will build a wastewater pre-treatment plant and the related load and return shafts with a capacity of 27 m^3/second, making it one of the largest plants of its kind in the world upon its completion.

This project is the second of three lots for the Riachuelo system, which will improve the serious environmental issues of the Matanza Riachuelo catchment basin, providing flexibility and safety to the water purification system of Buenos Aires which will directly considerably improve the health and quality of life of the city's approximately 4.3 million residents considerably.

The executive designs were approved during the year and the works have started.

Barka 5 and Ghubrah 3

On 20 November 2020, Fisia Italimpianti was awarded two new engineering, procurement and construction contracts in Oman for two desalination plants worth approximately USD 330 million. Both plants will be built to the north of Muscat on the country's northern coast on the Gulf of Oman. They will serve residents living in the area around the capital.

The customer is Oman Power & Water Procurement (OPWP) and Fisia Italimpianti will build the reverse osmosis desalination plants as part of a 50:50 joint venture with GS Inima. The contracts will allow the group company to grow its footprint in Oman and contribute to the country's achievement of its sustainability development goals.

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Unforeseen costs have been incurred on the Forrestfield Airport Link (Australia), Line 16, Lot 2 (France), Line 14, Lot 4 (France), Koysha Hydroelectric Project (Ethiopia), Gerd (Ethiopia) and Rogun Hydropower Project (Tajikistan) contracts referred to above and the contractors have accordingly presented their requests for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Foreign concessions

The Group's foreign concessions comprise both investments in the operators, which are fully operational and, hence, provide services for a fee or at rates applied to the infrastructure's users, and operators that are still developing and constructing the related infrastructure and will only provide the related service in future years.

The current concessions are held in Latin America (Argentina, Colombia and Peru), Canada, the UK and Turkey. They refer to the transportation sector (motorways and metro systems), hospitals, renewable energy and water treatment sectors.

The two Argentine operators are currently in liquidation and their contracts have been terminated. During 2020, the Group sold its stake in Consorcio Agua Azul S.A. for approximately USD 13 million. The following tables show the main figures of the foreign concessions at the reporting date, broken down by business area:

MOTORWAYS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Argentina	Autopistas del Sol	19.8	120	Active	1993	2030
Argentina	Puentes del Litoral S.A.	26.0	59.6	In liquidation	1998	
Argentina	Mercovia S.A.	60.0	18	Active	1996	2021
Colombia	Yuma Concessionaria S.A. (Ruta del Sol)	48.3	465	Active	2011	2036

METROS

Country	Operator	% of investment	Total km	Stage	Start date	End date
Canada	Horuntario Mobilinx G.P.	30.4	20	Under construction	2019	2055
Peru	Metro de Lima Linea 2 S.A.	18.3	35	Not yet active	2014	2049

ENERGY FROM RENEWABLE SOURCES

Country	Operator	% of investment	power installed	Stage	Start date	End date
Argentina	Yacylec S.A.	18.7	T line	Active	1992	2091
Argentina	Enecor S.A.	30.0	T line	Active	1995	2094

INTEGRATED WATER CYCLE

Country	Operator	% of investment	Pop. served	Stage	Start date	End date
Argentina	Aguas del G. Buenos Aires S.A.	42.6	210 thousand	In liquidation	2000	

HOSPITALS

Country	Operator	% of investment	No. of beds	Stage	Start date	End date
Great Britain	Ochre Solutions Ltd (Oxford Hospital)	40.0	220	Active	2005	2038
Turkey	Gaziantep Hastane Sağlık Hizmetleri İşletme Yatırım A.Ş. (Gaziantep Hospital)	24.5	1875	Not yet active	2016	2044

Financial highlights

The "Adjusted reclassified statement of profit or loss" table presents the Salini Costruttori Group's adjusted key figures for 2020 compared to those for 2019.

Adjustments are not provided for by the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board and endorsed by the European Union. The Group deems that these adjusted figures and data provide information useful to management and investors to assess the Group's performance and compare it to other companies active in the same sector.

They also provide an additional picture of the results. As a result, the Group has adjusted its IFRS accounting figures to reflect the effects summarised below.

Joint ventures not controlled

The Group monitors the key figures of the Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by the Lane Group or through non- controlling investments in joint ventures.

Impairment - Venezuela

In the last three years, the Group has calculated the recoverable amount of its total exposure to Venezuelan government agencies to reflect the negative developments caused by the deterioration in the country's credit standing.

The tests performed, including with the assistance of independent experts, showed that the exposure's recoverable amount was approximately €128.7 million at 31 December 2019, net of cumulative impairment losses of €514.7 million recognised in previous years.

At 31 December 2020, due to the developments of the year, the Group wrote off the outstanding exposure and increased the loss allowance by €122.5 million.

More information is available in the "Main risk factors and uncertainties" section of this report.

Condotte out-of-court agreement

Definition of the out-of-court agreement with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte") led Webuild to recognise the cost of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at and compensation of €15.0 million recognised under other operating expenses.

Adjusted reclassified statement of profit or loss

	2019 adjusted				2020 adjusted				
(€m)	Salini Costruttori Group	JVs not controlled (*)	Impairment - Venezuela	Adjusted total	Salini Costruttori Group	JVs not controlled (*)	Impairment - Venezuela	Condotte out-of-court agreement	Adjusted total
Revenues	5,132.6	201.2	0.0	5,333.8	5,024.4	292.7	0.0	0.0	5,317.1
EBITDA	**526.7**	**(108.6)**	**0.0**	**418.1**	**759.1**	**4.1**	**0.0**	**15.0**	**778.2**
EBITDA %	*10.26%*			*7.84%*	*15.11%*	*1.40%*			*14.64%*
EBIT	**252.2**	**(108.6)**	**35.7**	**179.3**	**400.3**	**4.1**	**122.5**	**35.3**	**562.2**
R.o.S. %	*4.91%*			*3.36%*	*7.97%*	*1.40%*			*10.57%*
Net financing (costs) income	(82.5)	0.0	0.0	(82.5)	(135.4)	0.0	0.0	0.0	(135.4)
Net gains (losses) on equity investments	(127.9)	108.6	0.0	(19.3)	(110.2)	(4.1)	0.0	0.0	(114.3)
EBT	**41.8**	**0.0**	**35.7**	**77.5**	**154.7**	**0.0**	**122.5**	**35.3**	**312.5**
Tax	(68.2)	0.0	(8.6)	(76.8)	(27.1)	0.0	(29.4)	0.0	(56.5)
Profit (loss) from continuing operations	**(26.4)**	**0.0**	**27.2**	**0.8**	**127.6**	**0.0**	**93.1**	**35.3**	**256.0**
Profit (loss) from discontinued operations	(0.6)	0.0	0.0	(0.6)	(5.1)	0.0	0.0	0.0	(5.1)
Non-controlling interests	4.5	0.0	(15.0)	(10.5)	(75.5)	0.0	(51.2)	(19.4)	(146.1)
Profit (loss) for the year attributable to the owners of the parent	**(22.5)**	**0.0**	**12.2**	**(10.3)**	**47.1**	**0.0**	**41.9**	**15.9**	**104.8**

(*) The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by the Lane Group or through non- controlling investments in joint ventures.

On 5 November 2020, the subsidiary Webuild acquired 67.23% of Astaldi (66.28% held directly and 0.95% indirectly), thus completing the most important transaction envisaged by Progetto Italia. The consideration amounts to €225.0 million and the gain from the bargain purchase of €548.2 million was recognised after the purchase price allocation (PPA) procedure.

The Salini Costruttori Group's statement of profit or loss for 2020 includes the results of Astaldi Group for two months, from the acquisition date (5 November 2020) until the reporting date (31 December 2020). The statement of profit or loss for 2019 does not include Astaldi Group. More information is available in note 5 "Business combinations" to the consolidated financial statements.

The 2020 figures have been impacted by the restrictions introduced by customers and governments as a result of the Covid-19 pandemic, which held back production firstly in Italy and Europe and subsequently in Latin America and the Middle East. Some projects saw the shut-down of work site activities for a few weeks in line and the parent took advantage of this to align them with the new measures brought in by the government or local authorities.

At the date of preparation of this report, except in a few cases, the work sites have resumed activities although not all of them are operating at pre-Covid-19 levels.

During the year, the Group commenced negotiations with customers on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent inefficiencies and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.

Adjusted revenue for the year is €5,317.1 million compared to €5,333.8 million for the corresponding period of 2019. The main contributors to the adjusted revenue are some large projects and, specifically, Lane Group's projects, those of Astaldi Group, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project and the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

The adjusted gross operating profit amounts to €778.2 million (€418.1 million) while the adjusted operating profit comes to €562.2 million (€179.3 million). These figures reflect the gain from the bargain purchase of €548.2 million as a result of the PPA procedure referred to earlier.

The net financing costs approximate €135.4 million compared to €82.5 million for 2019. The item comprises:

- financial income of €171.6 million (€155.6 million);
- net exchange losses of €43.9 million (net gains of €4.3 million);
- partly offset by financial income of €80.1 million (€68.8 million).

The adjusted net losses on equity investments come to €114.3 million compared to adjusted net losses of €19.3 million for 2019, mostly due to the impairment test of the investment in Grupo Unidos por el Canal (GUPC). More information is available in the "Main risk factors and uncertainties" section of this report and note 9 to the consolidated financial statements.

The adjusted profit before tax amounts to €312.5 million, an improvement on the balance of €77.5 million for 2019.

The adjusted income taxes for the year are €56.5 million (€76.8 million).

The loss from discontinued operations of €5.1 million (€0.6 million) entirely reflects the loss made by the Zeis Group's Astaldi's divisions held for sale. The 2019 result included the costs of the USW Campania business unit, which was reclassified to continuing operations in 2020.

2020 profits attributable to non-controlling interests amount to €146.1 million.

Group and Parent performance

This section presents the Group's and Parent's reclassified statement of profit or loss and statement of financial position and a breakdown of its financial position at 31 December 2020. It also provides an overview of the main changes in the Group's and Parent's financial position and results of operations compared to the previous year.

Unless indicated otherwise, figures are provided in millions of Euros and those shown in brackets relate to the previous year.

The "Alternative performance indicators" section gives a definition of the financial statements indicators used to present the Group's financial position and results of operations for the period.

Group performance

Table 1 - Reclassified statement of profit or loss of the Salini Costruttori Group

(€'000)	Note (*)	FY 2019	FY 2020	Change
Revenue from contracts with customers		4,772,478	4,246,570	(525,907)
Other revenue		360,107	229,609	(130,498)
Badwill		0	548,177	548,177
Total revenue and other income	32	**5,132,584**	**5,024,356**	**(108,228)**
Operating costs	33	(4,605,888)	(4,265,240)	340,648
Gross operating margin (EBITDA)		**526,696**	**759,116**	**232,420**
EBITDA %		*10.3%*	*15.11%*	
Write-downs	33.6	(102,423)	(173,640)	(71,217)
Amortisation, depreciation and provisions	33.6	(172,084)	(185,185)	(13,101)
Operating result (EBIT)		**252,189**	**400,291**	**148,102**
Return on Sales %		*4.9%*	*7.97%*	
Financing income (costs) and gains (losses) on equity investments				
Net financing (costs) income	34	(82,501)	(135,359)	(52,858)
Net gains (losses) on equity investments	35	(127,859)	(110,231)	17,628
Total financing income (costs) and gains (losses) on equity investments		**(210,360)**	**(245,590)**	**(35,230)**
Earnings before tax (EBT)		**41,829**	**154,701**	**112,872**
Tax	36	(68,215)	(27,085)	41,130
Profit (loss) from continuing operations		**(26,386)**	**127,616**	**154,002**
Profit (loss) from discontinued operations	19	(631)	(5,053)	(4,423)
Net profit (loss) before minorities		**(27,017)**	**122,563**	**149,579**
Non-controlling interests		4,519	(75,482)	(80,001)
Profit (loss) for the year attributable to the owners of the parent		**(22,498)**	**47,081**	**69,579**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

Revenue

Revenue for the year amounts to €5,024.4 million (€5,132.6 million), including €2,506.4 million earned abroad (€3,208.9 million), €987.0 million (€1,038.8 million) in the US and €1,531.0 million (€884.9 million) abroad.

Other income mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €130.5 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium's financial statements) as a result of the reduction of Condotte's interest in the COCIV consortium to the minimum at the end of 2019 (as described in the 2019 Annual Report). The Group's activities involve its participation in

numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

"Badwill" includes the gain from the bargain purchase of €548.2 million resulting from the PPA procedure performed after Astaldi's acquisition as provided for by IFRS 3 with the assistance of external expert advisors, showing the value of this acquisition for the Group. More information is available in note 5 "Business combinations" to the consolidated financial statements.

Operating result

The operating profit amounts to €400.3 million for the year (€252.2 million), showing a significant improvement on the previous year.

The increase is mostly due to the recognition of the gain from the bargain purchase after completion of the PPA procedure for Astaldi, partly offset by the effects of the Covid-19 pandemic (described in more detail in the "Covid-19" section), the impairment of the exposure to the Venezuelan government agencies and the definition of the out-of-court agreement with Condotte, which had a negative effect of €35.3 million on the operating profit compared to a positive effect of €61.8 million in the previous period.

Definition of the out-of-court agreement led the Group to recognise the cost of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at and compensation of €15.0 million recognised under other operating expenses.

Impairment losses of €173.6 million (€102.4 million) include the €122.5 million loss on the Group's exposure to the Venezuelan government agencies after the significant deterioration of that country's credit standing. The additional impairment loss led to the write-off of the carrying amount of the net contract assets, trade receivables and loan assets. More information is available in the "Main risk factors and uncertainties" section of this report.

Amortisation, depreciation and provisions of €185.2 million (€172.1 million) comprise:

- depreciation of property, plant and equipment of €75.6 million (€93.1 million);
- depreciation of right-of-use assets of €52.3 million (€51.1 million);
- amortisation of contract costs and intangible assets of €33.3 million (€27.0 million);
- provisions of €24.0 million (€1.0 million) mostly related to the losses to complete some contracts after their budgets were refreshed and in accordance with paragraphs 66 to 69 of IAS 37 - Provisions, contingent liabilities and contingent assets.

Financing income (costs) and gains (losses) on equity investments

Net financing costs were recorded of €135.4 million (€82.5 million).

The item comprises:

- financial income of €171.6 million (€155.6 million);
- net exchange losses of €43.9 million (net gains of €4.3 million); partly offset by
- financial income of €80.1 million (€68.8 million).

The €16.0 million increase in net financing costs is mostly due to:

- higher financial expense of €17.3 million related to the issue of new bonds in 2020;
- higher financial expense of €13.3 million due to the loan taken out solely to purchase the bonds issued by Astaldi in 2020 and repaid at the reporting date, subscribed by the subsidiary Beyond S.r.l., and the Intesa-Natixis loan subscribed by the Parent Company; partly offset by
- lesser interest of €13.2 million on tax liabilities. The Ethiopian branch had recognised interest of €13.7 million in 2019 after a tax assessment.

The increase of €11.4 million in financial income is principally the result of:

- recognition of default interest of €13.0 million accrued on the Romanian branch's claims related to the Lugoj-Deva project awarded as per the related arbitration;
- interest income of €9.1 million accrued on the bonds held by the subsidiary Beyond S.r.l. as part of Progetto Italia;
- higher financial income from related parties and other unconsolidated group companies (mainly Yuma Concessionaria S.A.) of €4.8 million; partly offset by
- lesser interest income of €16.8 million for Constructora Ariguani which had recognised interest of €17.0 million accrued as compensation on the recovery of an advance paid after the dispute with its former partner/subcontractor Conalvias was settled in 2019.

Net exchange losses of €43.9 million chiefly relate to the Euro's performance against the US dollar, the Ethiopian BIRR and the Qatari Riyal as well as the currencies of the Latin American countries heavily impacted by the public health crisis.

Net losses on equity investments amount to €110.2 million (losses of €127.9 million). They comprise the Group's share of the losses of the equity-accounted investees for the year, including €97.9 million of Grupo Unidos por el Canal (GUPC) in Panama, partly due to the impairment test performed during the year. More information is available in the "Main risk factors and uncertainties" section of this report and note 9 to the consolidated financial statements.

Tax

The decrease in income taxes is mostly due to the results achieved by the group companies and the effect of non-taxable items (i.e. the bargain).

Profit (loss) from discontinued operations

The loss from discontinued operations of €5.1 million (€0.6 million) entirely reflects the loss made by Astaldi's divisions held for sale and the net loss from discontinued operations of the Zeis Group. The 2019 result included the costs of the USW Campania business unit, which was reclassified to continuing operations in 2020.

Non-controlling interests

The gain attributable to non-controlling interests amounts to €75.5 million (loss of €4.5 million), mainly due to the sub-consolidation of the subsidiary Webuild.

The Group's financial position

Table 2 - Reclassified statement of financial position of the Salini Costruttori Group

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Property, plant and equipment, intangible and financial fixed assets and right-of-use assets	6-7-9	1,318,348	1,880,400	562,052
Goodwill	8	76,062	70,020	(6,041)
Net non-current assets (liabilities) held for sale	19	13,598	(3,595)	(17,192)
Provisions for risks	26	(138,345)	(196,774)	(58,429)
Post-employment benefits and employee benefits	25	(62,461)	(63,988)	(1,528)
Tax assets (liabilities)	11-16-28	366,753	404,084	37,331
Inventories	*12*	*303,093*	*334,516*	*31,423*
Contract assets	*13*	*2,040,450*	*2,754,203*	*713,753*
Contract liabilities	*13*	*(1,187,717)*	*(2,132,775)*	*(945,059)*
Receivables (**)	*14*	*1,821,273*	*1,882,912*	*61,639*
Liabilities (**)	*27*	*(2,590,622)*	*(2,704,487)*	*(113,865)*
Other current assets	*17*	*673,627*	*997,269*	*323,642*
Other current liabilities	*29*	*(323,820)*	*(531,336)*	*(207,516)*
Working capital		736,283	600,300	(135,983)
Net invested capital		**2,310,238**	**2,690,448**	**380,210**
Group shareholders' equity		**507,509**	**519,174**	**11,665**
Non-controlling interests		887,337	1,448,186	560,849
Shareholders' equity	20	**1,394,846**	**1,967,360**	**572,514**
Net financial position		**915,392**	**723,088**	**(192,304)**
Total financial resources		**2,310,238**	**2,690,448**	**380,210**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows liabilities of €3.3 million and receivables of €1.8 million classified in net financial indebtedness and related to the Group's net amounts due from/to unconsolidated consortia and consortium companies (SPEs) operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs.
The Group's exposure to the SPEs was shown under "Liabilities" for €23.9 million and "Receivables" for €2.3 million at 31 December 2019.

Net invested capital

This item increased by €380.2 million on 31 December 2019 to €2,690.4 million at 31 December 2020. The main changes are due to the factors listed below.

Property, plant and equipment, intangible and financial fixed assets

Property, plant and equipment, intangible and financial fixed assets and right-of-use assets increase by a total of €562.1 million. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
Property, plant and equipment	337,629	481,507	143,878
Right-of-use assets	144,184	164,632	20,448
Investment property	1,037	1,100	63
Intangible Assets:	185,096	586,366	401,270
Equity Shareholdings	650,402	646,795	(3,607)
Total property, plant and equipment, intangible and financial fixed assets and right-of-use assets	**1,318,348**	**1,880,400**	**562,052**

Property, plant and equipment increased by €143.9 million. The main effects are:

- investments of €179.8 million, mostly for the Snowy 2.0 project in Australia and Lane Group's contracts;
- the change in consolidation scope for €80.6 million due to the acquisition of Astaldi;
- partly offset by depreciation of €75.5 million;
- disposals of €39.9 million.

The right-of-use assets mostly comprise plant and machinery and buildings. The increase is due to the change in the consolidation scope as a result of the acquisition of Astaldi.

Intangible assets show a net increase of €401.3 million, mainly as a result of the acquisition of Astaldi Group. More information is available in note 7.3 to the consolidated financial statements.

The €3.6 million change in equity investments is chiefly a result of the following factors:

- the reduction of €126.6 million in the carrying amount of the investment in Grupo Unidos por el Canal, mostly due to the impairment loss identified during the year;
- dividends of €12.7 million distributed by the joint ventures not consolidated by the Lane Group and the Argentine operators; partly offset by
- an increase of €85.7 million in equity investments due mainly to the change in the consolidation scope after the acquisition of Astaldi Group and of €29.0 million for Astaldi Group's participating financial instruments;
- the increase in Lane Industries' equity investments due to capital transactions of €22.5 million.

Net non-current assets (liabilities) held for sale

Net non-current assets held for sale include Astaldi's divisions under disposal and the net assets relative to the Zeis Group properties.

The change seen in 2020 is due to the reclassification of assets of the USW Campania projects to assets and the sale of the investment in Consorcio Agua Azul S.A. at the beginning of the year.

Provisions for risks

These provisions of €196.8 million increased by €58.4 million over the end of the previous year, mainly due to the change in the consolidation scope following the acquisition of Astaldi Group and the accruals made mostly for the losses to complete contracts of €24.0 million (€1.0 million) after their budgets were refreshed and in accordance with paragraphs 66 to 69 of IAS 37 - Provisions, contingent liabilities and contingent assets.

Tax assets (liabilities)

The following table analyses the item:

(€'000)	31 December 2019	31 December 2020	Change
Deferred tax assets	285,506	400,934	115,428
Deferred tax liabilities	(7,400)	(137,187)	(129,787)
Net deferred tax assets	**278,107**	**263,747**	**(14,359)**
Current income tax assets	91,113	114,669	23,556
Current income tax liabilities	(87,432)	(128,065)	(40,633)
Net current income tax assets	**3,681**	**(13,397)**	**(17,077)**
Other tax assets	133,177	229,746	96,569
Other tax payable	(48,212)	(76,013)	(27,801)
Other current tax assets (liabilities)	**84,965**	**153,733**	**68,768**
Total tax assets (liabilities)	**366,753**	**404,084**	**37,331**

The change is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group.

Working capital

Working capital decreased by €136.0 million from €736.3 million to €600.3 million.

The main changes in the individual items making up net working capital are summarised below:

- inventories increased by €31.4 million, mostly due to the change in the consolidation scope following the acquisition of Astaldi Group, partially offset by the impairment for €6.0 million of the real estate initiative of the subsidiary Cediv. At the reporting date, this Group's raw materials, consumables, supplies and goods amount to €37.7 million;
- loans and receivables increased by €61.6 million, principally as a result of the acquisition of Astaldi Group (€370.6 million) and greater amounts of €71.0 million arising mostly from the agreement (Otrosi 5) signed by Yuma Concessionaria S.A. and Constructora Ariguani S.A.S. in Colombia, which acknowledged the extra costs incurred and to be incurred leading to the reclassification of contract assets to loans and receivables.

  This increase was partly offset by the smaller amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €212.1 million during the year and the reduction of €54.0 million and €52.7 million in amounts due to PerGenova and the Ethiopian branch, respectively;
- liabilities increased by €113.9 million , mostly due to Astaldi Group's liabilities of €624.9 million, partly offset by the smaller amounts due to the COCIV consortium by Condotte following the offsetting of amounts receivable and payable for €227.3 million during the year and the settlement of amounts due for the contracts in Qatar (€107.0 million) and to PerGenova (€55.8 million) as part of normal business activities;
- contract assets and liabilities amount to €2,754.2 million (€2,040.5 million) and €2,132.8 million (€1,187.7 million) respectively. They include Astaldi Group's contract assets and liabilities of €742.3 million and €160.8 million, respectively. The increase is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group. Contract advances, recognised under contract liabilities, increased by €880.3 million (from €882.8 million to €1,763.2 million);
- other current assets and other current liabilities amount to €997.3 million (€673.6 million) and €531.3 million (€323.8 million), respectively The increase is mostly due to the change in the consolidation scope following the acquisition of Astaldi Group, whose other current assets and liabilities amount to €352.2 million and €183.7 million, respectively.

Net financial indebtedness

The following table shows the Group's net financial indebtedness at 31 December 2020 compared with the previous year:

Table 3 - Net financial indebtedness of the Salini Costruttori Group

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Non-current financial assets	13	378,336	322,016	(56,320)
Current financial assets	18	216,015	312,850	96,835
Cash and cash equivalents	21	1,024,782	2,458,123	1,433,341
Total cash and cash equivalents and other financial assets		**1,619,133**	**3,092,989**	**1,473,856**
Bank and other loans and borrowings	24	(990,539)	(1,001,438)	(10,900)
Bond issue	25	(1,091,890)	(1,288,620)	(196,730)
Lease liabilities	26	(98,699)	(98,876)	(178)
Total non-current indebtedness		**(2,181,127)**	**(2,388,934)**	**(207,807)**
Current portion of bank loans and borrowings and current account facilities	24	(255,113)	(1,101,500)	(846,387)
Current portion of bonds	25	(13,295)	(246,910)	(233,616)
Current portion of lease liabilities	26	(61,651)	(79,530)	(17,879)
Total current indebtedness		**(330,059)**	**(1,427,941)**	**(1,097,881)**
Derivative assets	13-18	268	2,259	1,991
Derivative liabilities	27	(2,012)	0	2,012
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	(1,461)	20,134
Total other financial assets (liabilities)		**(23,339)**	**798**	**24,137**
Net financial indebtedness - continuing operations		**(915,392)**	**(723,088)**	**192,304**
Net financial position - discontinued operations		0	116	116
Net financial indebtedness including discontinued operations		**(915,392)**	**(722,972)**	**192,420**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows the group's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the separate financial statements.

At 31 December 2020, the Group has net financial indebtedness from continuing operations of €723.0 million (€915.4 million at 31 December 2019).

The decrease on 31 December 2019 is partly due to the reduction in net working capital as well as the contribution of the companies fully consolidated at the reporting date due to the combination of Astaldi Group's interests therein with those of the company.

Gross indebtedness of €3,818.3 million shows an increase of approximately €1,285.6 million on the 31 December 2019 balance of €2,532.8 million, mostly as a result of the utilisation of the entire revolving credit facilities and the temporary overlapping of the new 2025 bonds, issued in December to refinance the bonds maturing in June 2021.

The debt/equity ratio (based on the net financial indebtedness from continuing operations) is 0.37 at group level at the reporting date (0.66).

The subsidiary Webuild S.p.A. has given guarantees of €120.9 million in favour of unconsolidated group companies securing bank loans.

Performance of the parent Salini Costruttori S.p.A.

Table 4 - Reclassified statement of profit or loss of the parent Salini Costruttori S.p.A.

(€'000)	Note (*)	FY 2019	FY 2020	Change
Revenue from contracts with customers		0	3,645	3,645
Other revenue		637	14,847	14,210
Total revenues	20	**637**	**18,492**	**17,855**
Operating costs	21	(3,418)	(2,470)	948
Gross operating margin (EBITDA)		**(2,781)**	**16,023**	**18,803**
EBITDA %		*n.s.*	*86.6%*	
Write-downs	21.3	0	0	0
Amortisation, depreciation and provisions	21.3	0	0	0
Operating result (EBIT)		**(2,781)**	**16,023**	**18,803**
Return on Sales		*n.s.*	*86.6%*	
Financing income (costs) and gains (losses) on equity investments				
Net financing (costs) income	22	(4,991)	(10,691)	(5,700)
Net gains (losses) on equity investments	23	(4,514)	(6,499)	(1,985)
Total financing income (costs) and gains (losses) on equity investments		**(9,505)**	**(17,190)**	**(7,685)**
Earnings before tax (EBT)		**(12,286)**	**(1,167)**	**11,118**
Tax	24	717	27	(691)
Net result		**(11,569)**	**(1,140)**	**10,428**

(*) The note numbers refer to the notes to the separate financial statements of Salini Costruttori S.p.A., where the items are analysed in detail.

Revenue

FY 2020 revenue totals €18.5 million (€0.6 million).

The increase in revenue volume is mainly due to:

- fees in respect of the subsidiary Webuild S.p.A. for guarantees given in its interests in the amount of €3.6 million;
- the collection of dividends by the subsidiary Webuild S.p.A. for €12.0 million;
- the transaction with Aprilia Council for the unlawful occupation of certain areas owned by the Company for €2.3 million.

Operating result (EBIT)

The operating profit amounts to €16.0 million (a loss of €2.8 million last year).

Financing income (costs) and gains (losses) on equity investments

Net losses were recorded of €10.7 million (losses for €5.0 million). Financial expense increases by €7.6 million, mainly for interest on the Intesa-Natixis loan.

Net losses were recorded on equity investments of €6.5 million (losses for €4.5 million). This is mainly due to the impairment testing of the subsidiary G.A.B.I. RE S.r.l..

Financial position of the parent Salini Costruttori S.p.A.

Table 5 - Reclassified statement of financial position of the parent Salini Costruttori S.p.A.

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Property, plant and equipment, intangible and financial fixed assets and right-of-use assets	4-5-6	403,671	403,671	0
Net non-current assets (liabilities) held for sale		0	0	0
Provisions for risks	15	(5,781)	(12,280)	(6,499)
Post-employment benefits and employee benefits		0	0	0
Tax assets (liabilities)	7-10-17	26,015	25,469	(547)
Inventories		*0*	*0*	*0*
Contract assets		*0*	*0*	*0*
Contract liabilities		*0*	*0*	*0*
Receivables	*8*	*403*	*980*	*578*
Payables	*16*	*(1,102)*	*(870)*	*233*
Other current assets	*11*	*1,047*	*3,386*	*2,338*
Other current liabilities	*18*	*(13,051)*	*(13,057)*	*(6)*
Working capital		(12,704)	(9,561)	3,143
Net invested capital		**411,201**	**407,298**	**(3,903)**
Shareholders' equity	**13**	**292,421**	**291,281**	**(1,141)**
Net financial indebtedness		**118,780**	**116,018**	**(2,762)**
Total financial resources		**411,201**	**407,298**	**(3,903)**

(*) The note numbers refer to the notes to the separate financial statements of Salini Costruttori S.p.A., where the items are analysed in detail.

Net invested capital

For the parent company, the item decreased by a total of €3.9 million on last year.

The main changes of the year, which regarded the group of values, are mainly due to the effects described below.

Property, plant and equipment, intangible and financial fixed assets

Property, plant and equipment, intangible and financial fixed assets and right-of-use assets are in line with last year. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
Property, plant and equipment	116	116	0
Right-of-use assets	0	0	0
Investment property	70	70	0
Intangible Assets:	0	0	0
Equity Shareholdings	403,485	403,485	0
Total property, plant and equipment, intangible and financial fixed assets	**403,671**	**403,671**	**0**

Provisions for risks

The provisions for risks total €12.3 million, up €6.5 million on last year, mainly due to the impairment testing carried out on the subsidiary G.A.B.I. RE S.r.l. booked as profit and loss.

Tax assets (liabilities)

At 31 December 2020, net tax assets amount to €25.5 million (€26.0 million last year) and may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
Deferred tax assets	25,734	25,729	(6)
Deferred tax liabilities	0	0	0
Total net deferred tax assets (liabilities)	**25,734**	**25,729**	**(6)**
Current income tax assets	470	315	(155)
Current income tax liabilities	(207)	(586)	(379)
Total net current income tax assets (liabilities)	**263**	**(271)**	**(534)**
Other tax assets	22	11	(11)
Other tax payable	(4)	0	4
Total other current tax assets (liabilities)	**18**	**11**	**(7)**
Total tax assets (liabilities)	**26,015**	**25,469**	**(547)**

Working capital

Working capital is negative and decreased by €3.1 million on the previous year to €9.6 million at 31 December 2020. The main changes in the individual items arose as a result of developments in the Company's operations.

Net financial indebtedness

The Parent's net financial indebtedness at 31 December 2020 is €116.0 million, a reduction on last year's positive position of €2.8 million.

The following table shows the net financial indebtedness of Salini Costruttori S.p.A. at 31 December 2020 compared with the previous year-end:

Table 6 - Net financial indebtedness of the parent Salini Costruttori S.p.A.

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Non-current financial assets		0	0	0
Current financial assets	9	108,274	113,189	4,914
Cash and cash equivalents	12	356	16	(340)
Total cash and cash equivalents and other financial assets		**108,630**	**113,205**	**4,575**
Bank and other loans and borrowings	14	(205,006)	(207,359)	(2,353)
Total non-current indebtedness		**(205,006)**	**(207,359)**	**(2,353)**
Current portion of bank loans and borrowings and current account facilities	14	(22,403)	(21,863)	541
Total current indebtedness		**(22,403)**	**(21,863)**	**541**
Derivative liabilities		0	0	0
Total other financial assets (liabilities)		**0**	**0**	**0**
Net financial indebtedness - continuing operations		**(118,780)**	**(116,018)**	**2,762**
Net financial indebtedness including discontinued operations		**(118,780)**	**(116,018)**	**2,762**

The note numbers refer to the notes to the separate financial statements where the items are analysed in detail.

Directors' report - Part II

Sustainability Strategy

The Group s Sustainability Strategy is embedded in the Group's business model and is underpinned by two key pillars.

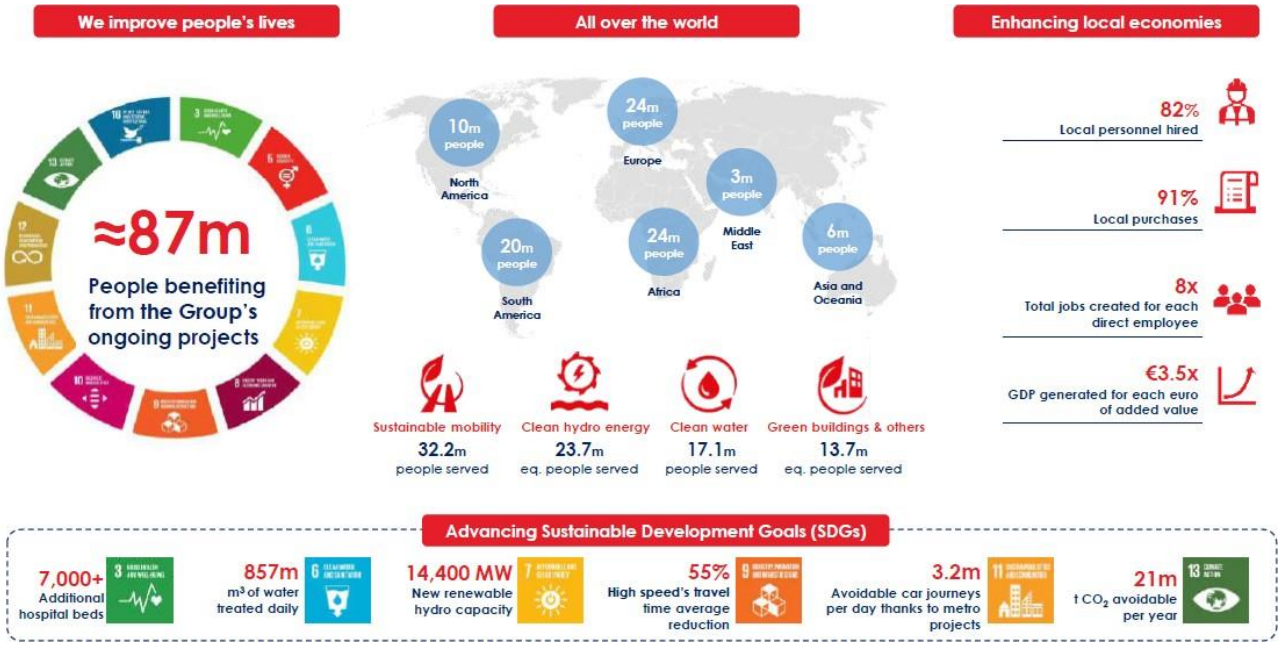
The first pillar relates to the core business, hinged on the Group's capacity to develop infrastructure projects in the areas of Sustainable Mobility, Clean Hydro Energy, Clean Water and Green Buildings and its contribution to the global challenges posed by urbanisation, climate change, resource scarcity and technological innovation.

The second pillar embodies the ethical, social and environmental responsibility policies and practices applied by the Group to protect and enhance people and the environment and to contribute to the social and economic development of the countries where it operates.

The Sustainability Strategy allows Webuild to pursue 11 of the key Sustainable Development Goals (SDGs) defined by the United Nations.



The Group's contribution to progress towards the SDGs is guaranteed by all its business areas in all geographical regions where it operates.



The Group has drawn up an ESG Plan for the 2020-2023 period focused on five priorities (5P) and three strategic areas– Green, Safety & Inclusion, and Innovation) in which it has invested resources for some time and for which it has already achieved important results.

The following sections describe the policies, practices and performances for each of the above strategic areas.

Company organisation

The corporate governance model is a traditional management-type model and complies with international best practices. It is an essential tool in ensuring the efficient management of the Group and effective controls over its activities, in line with the Group's goals of creating value for shareholders and protecting stakeholder interests.

The Group's governance system is based on integrity and transparency. It complies with the relevant legal requirements, Consob (the Italian commission for listed companies and the stock exchange) regulations and the recommendations of the Code of Corporate Governance/Conduct in force from time to time.

At the end of 2020, the subsidiary Webuild's Board of Directors had 15 members, including five women (33.3%) and nine who met the independence requirements (60%). The Board of Directors has four committees: the Strategic Committee, the Control, Risk and Sustainability Committee, the Compensation and Nominating Committee and the Committee for Related-Party Transactions.

The Group has an organisational and management model based on a system of principles (Code of Ethics and Policies) and management and control tools (risk management, models, procedures and controls) designed to supervise significant non-financial topics in line with the regulations applicable in the countries where it operates, standard principles and international guidelines.

The subsidiary Webuild is a signatory of the UN's Global Compact, the largest global sustainability initiative that requires companies to align their operations and strategies with ten universally-recognised principles on human rights, labour practices, the environment and anti-corruption.

Code of Ethics

The Group has a Code of Ethics, which sets out its principles and rules of conduct that people who work for or with the Group are required to adhere to during their everyday work.

The Code applies to the directors, statutory auditors, managers and employees of the Group as well as all those parties that directly or indirectly, temporarily or on an ongoing basis work with the Group, to the extent of their duties and responsibilities.

They are required to comply with the laws and regulations applicable in the various geographical areas in which the Group operates and to base their conduct on that set out in the Code.

The Code of Ethics has three sections:

Ethical principles: the reference principles to which Group employees are required to adhere: integrity, honest, reliability and sustainability.

Rules of conduct: the practical implementation of the ethical principles incumbent on all parties required to comply with the Code.

Application and compliance: the internal procedures used to monitor application of the Code and the communication systems available to the parties required to comply with the Code.

Company policies

The Group has issued a number of company policies, which alongside the Code of Ethics, represent the main points of reference for people working for the Group companies. They are summarised below:

Sustainability: the principles that the Group is committed to complying with during its operations in order to contribute to economic progress, social well-being and the environmental protection of the countries where it operates.

Health and safety: the principles that the Group is committed to complying with to protect the health and safety of its employees, suppliers and subcontractors during the entire life cycle of its contracts (design, construction and development) and in the workplace; its objective is "zero injuries".

Environment: the principles that the Group is committed to complying with in order to mitigate possible adverse effects on the environment, protect the ecosystem and increase the beneficial effects, contributing through its projects to resolving the main global environmental issues.

Quality: the principles that the Group is committed to complying with to ensure its client's full satisfaction, the active involvement of all stakeholders and ongoing improvement of the Quality System, based on its fundamental goal of "build to perfection".

Human rights: the principles that the Group is committed to complying with to ensure the protection of human dignity, just and favourable conditions of work and the protection of the human rights of stakeholders affected by its activities.

Equal opportunities, diversity and inclusion: the principles that the Group is committed to complying with to encourage inclusive work environments that value the individual, developing human capital.

Anti-corruption: the anti-corruption principles to be adhered to by employees, based on the fundamental tenet of "zero tolerance".

The subsidiary Webuild strengthened its commitment to the environment, health and safety and human rights and workers with the International Framework Agreement signed in 2014 with the Italian (Feneal-UIL, Filca-CISL and Fillea- CGIL) and international (BWI - Building and Wood Workers' International) trade unions of the construction sector.

The above principles are reiterated in the **Suppliers Code of Conduct**, introduced early in 2020, through which it extends its responsible operating practices to its supply chain. This Code is binding for the Group's suppliers and, together with the Code of Ethics, is an integral part of their contractual relationship.

Management and control system

The Group has an internal control and risk management system incorporating rules, procedures and organisational structures to ensure healthy, ethical business practices that are consistent with its objectives through appropriate procedures to identify, measure, manage and monitor the main risks.

This system is based on standards which require that:

- the Group's business activities be based on applicable internal and external rules, can be mapped and documented;
- the allocation and exercise of powers as part of a decision-making process be commensurate with the positions of responsibility and the size and/or significance of the underlying transaction;
- those parties that take or implement decisions, that record transactions and those that are required to perform the controls over such transactions provided for by law and procedures envisaged by the internal controls be different parties;
- confidentiality and compliance with the personal data protection legislation be ensured.

The Group has also voluntarily adopted an **Integrated QEHS (Quality, Environment, Health and Safety) Management System** in compliance with the international standards ISO 9001, ISO 14001 and ISO 45001, as well as an **Anti-Corruption Compliance System** pursuant to ISO 37001. These systems are certified by an independent expert.

The quality, environment, health and safety management system certifications cover:

- the definitive and executive designs, works management and performance to build large works, civil and industrial works and related technological systems;
- the design and management of integrated operation and maintenance services for infrastructure, civil and industrial buildings, related technological systems and electromedical devices.

The quality management system also applies to the coordination of the general contractor activities carried out in accordance with Title III of Legislative decree no. 50/2016 and Legislative decree no. 56/2017 as subsequently amended and integrated.

The scope of these systems includes all the work sites where the Group operates and all types of company in which it is involved.

The anti-corruption management system covers the design, construction, restructuring and maintenance, on its own behalf or for third parties, of civil engineering, industrial, infrastructure and plant engineering works. It applies to the Group's core and strategic processes managed by the Italian offices and the operations of the

subsidiary Salini Impregilo, including those of the foreign branches and directly-managed work sites. Centralisation of the main processes exposed to corruption risks (including business development and procurement) has meant that the related controls are carried out as part of the certification.

The Group has an ISO 31000 compliant **Risk Management System,** certified by an independent expert. It covers construction on its own behalf or for third parties of roads, ports, buildings, hydraulic, hydropower, railway and other civil engineering works in Italy and abroad.

The Group refers to the OECD Guidelines for multinational enterprises and ISO 26000 "Guidance on Social Responsibility" for its CSR issues. The Company has also adopted the UN's Guiding principles on business and human rights for the management of human rights.

Organisation, Management and Control Model

The Group has introduced an organisation, management and control model (the "231 model") to:

- prevent the commission of the predicate crimes as per Legislative decree no. 231/2001;
- define and implement an internal culture based on respect and transparency;
- increase awareness among employees and stakeholders.

The Model sets out specific controls implemented in internal procedures in order to monitor transactions exposed to the potential risk of crimes that would trigger the administrative liability of companies.

It includes measures to identify and reduce potential risks of non-compliance with the provisions of Legislative decree no. 231/01. With respect to the risk of bribery crimes, the Model's controls are aligned to the Anti-corruption Compliance System.

The Integrity Board, which is an independent control body, monitors the effective implementation of and compliance with the Model. The Group has informed its employees of an email and postal address for any communications to be made directly to the Integrity Board, guaranteeing their anonymity and protection from any form of reprisal. Notification of alleged violations of the Model can also be made using the whistleblowing system (see the "Anti-corruption" section) which forwards them to the Integrity Board.

This complies with Law no. 179/2017 and Confindustria's Explanatory Note dated January 2018.

Main organisational changes

In 2020, the subsidiary Webuild revised parts of its organisation during the year to ensure more effective controls over its internal processes.

Specifically, the main organisational projects, which also led to the recruitment of new resources from the market, involved:

- the Administration, Finance and Control Department, with the set up of a department headed up by the Chief Financial Officer and the creation of new internal units such as the Controlling and Accounting Department which combined the existing Operations Controlling Department and the Accounting Department to improve controls over operational risks and better coordinate administrative and tax activities;
- the Commercial/Business Development area, due to the additional streamlining of the geographical areas in line with the new direction of the Group's business;
- the Group Bidding and Engineering Department, which received the PPP Projects & Concessions Bids Unit to facilitate the coordinated preparation of bids, including for PPP projects and concessions;
- the Group HR, Organisation and Systems Department, with the extension of the Organisational Development, Talents and Knowledge Department which now includes the Talents and Corporate Academy and Knowledge Management units to better direct the organisation's development and contribute to the definition of a strategic design for HR processes that can support integration and change.

The changes in the organisational model were flanked by a review of internal processes and innovation for the purposes of ongoing improvement and operating effectiveness and efficiency.

The Group continued its digitalisation project as described in the relevant paragraph of the "Innovation, research and development" section.

Meanwhile, it continued to fine-tune its Knowledge Management Programme as part of its drive to improve process efficiency and create value by harnessing and re-deploying experience gained in the field. The programme is designed to optimise the knowledge-sharing tools and methods and access to specialist expertise, improving competitiveness in the production and related sectors, and bolstering the retention and expertise of employees.

The purpose of the new Knowledge Management Programme is to provide its employees with a service to capitalise their know-how as a 360°degree change management tool and provide the Group with a competitive edge, including through the deployment of digital technologies.

It also continued to encourage its subsidiaries to apply organisational and process best practices as part of its drive to steadily disseminate and standardise the organisational models and operating methods at group level. This approach allows for the optimisation of internal processes by promoting the parent's competence centres' role in communicating guidelines, recommendations and specialist assistance.

Specifically, during the year, it studied a Standard Project Organisational Model to be used to define a standard organisational structure for its projects in line with the corporate organisational model. In addition and in line with that set out above, a new matrix management structure has been defined, whereby the main headquarters units work together to assist the development of the local market in line with the Group's best practices.

In addition and in line with that set out above, the subsidiary Lane defined a new matrix management structure, whereby the main headquarters units work together to assist the development of the local market in line with the Group's best practices.

Finally, it tweaked and supplemented its procedures as part of its project for ongoing improvement of its organisation and to reflect changes in the legislative framework. It also revisited and introduced a new system to draft and approve the text of procedures so as to speed up and facilitate the issue of new documents. In addition, it continued to assist the peripheral units applying the procedures by setting up multi- functional work teams which provide support during the project start-up phases. Their objective is to ensure that the peripheral units' organisational charts, systems and procedures are in line with those of the Group.

Innovation, research and development

The Group considers innovation essential for its long-term sustainable growth in an era of technological and environmental challenges. Innovation is key to be competitive in terms of:

- core process efficiency for improved performance efficiencies (timing and costs);
- social and environmental performance thanks to less work-related incidents and a smaller impact on the environment and the communities affected by its operations;
- quality construction services that meet clients' needs.

The Group's sector is known for the highly customised processing, techniques and technologies deployed depending on the nature of the works to be performed. Each project is unique and requires the development of bespoke solutions designed thanks to highly specialist know-how. The Group's work sites are real hives of innovation and advanced research.

R&D activities are carried out at project and company level.

At project level, in addition to researching materials, ensuring worker safety, pursuing quality and protecting the environment, the most challenging activities are those for projects with technical characteristics that cannot be dealt with using conventional techniques and technologies.

At company level, the technical departments work unceasingly to develop state-of-the-art methods for projects and support processes. The technicians work alongside the best experts and professionals in the market, universities and research centres to develop tailored solutions able to meet clients' requirements while protecting the local environment and communities right from the initial tender stage.

During the 2018-2020 three-year period, the Group invested on average around €18 million in innovation, research and development projects for a grand total of approximately over €53.9 million. These projects have involved on average more than 247 Group specialised resources[25] each year.

Innovation	Unit	2018	2019	2020
Employees involved in innovation projects	N	249	366	127
Investments in Innovation	€m	16.0	20.2	17.6

Innovation projects mainly related to design, planning and development, construction techniques, materials, digitalisation of sites, safety, quality and the environment.



Design, planning, development

The Group places its services at the client's disposal for the project to be developed. Its aim is to deliver a high-quality service and play its part in the sector's technological evolution.

Its key initiatives in this area include the development of two types of robot with innovative applications used at the New Genoa Bridge work site in Italy. The inspection robot scans and monitors the steel surfaces of the external decking to ensure the highest levels of controls and safety. The wash robot is used to clean the glass panels and solar panels installed on the sides of the bridge for the highly efficient generation of renewable energy, used to meet most of the infrastructure's energy needs. Specifically, the inspection robot optimises the periodic control activities as it increases the frequency and reliability of the data collected, which means increased safety and smaller operating costs for the infrastructure.

It also carried out two interesting innovation initiatives in the tunnelling area. One was a study into the reuse of materials excavated by TBMs to fill embankments, which reduces the project's environmental footprint and costs as part of their circular economy initiative.

The second initiative involved the development of geophysical surveys to identify underground cavities and geological anomalies to reduce risks, and pre-empt delays and the risk of rising costs over the construction period.

[25] The personnel involved in long-term projects is considered for each year. The 2020 figures include Lane's figures based on the best estimates available at the date of preparation of this report.



Construction techniques

The Group best expresses its innovative potential in this area. One of the most interesting initiatives carried out in the 2018-2020 three-year period is the development of a new method to install vertical pipes underwater, called the riser concept, as part of the environmental restoration project of the Matanza-Riachuelo catchment basin in Argentina. This solution, for which the subsidiary Webuild has filed a patent application, involves installing vertical pipes from the bottom up, working inside a tunnel built on the bed of a water body when there are soft ground formations. Before this innovative equipment, only vertical bottom-up excavation methods in rocky material existed, which were not possible in underwater conditions. Significant offshore work and seaworks were necessary for these projects, working from the top down, which significantly lengthened the contract times and complexity due to the numerous external factors, especially weather and navigation conditions. The new riser concept technique almost completely eliminates the seaworks as it allows the pipes to be laid directly inside an undersea tunnel with substantial improvements in terms of simplifying construction and the reduction in the number of offshore processing activities and works, optimised costs during the construction and operating stages, strong construction planning and timelines, elimination of interference with shipping, reduction of the overall environmental impact and fewer construction risks.

Another noteworthy initiative is the study of the boring of a tunnel using pressure boring technology carried out to develop a bid for a section of the Naples - Bari high capacity railway line in Italy. The project required improved technical solutions to resolve interference with the water table inside the tunnel, especially as regards the temporary works to allow boring inside the tunnel without water. It opted for an innovative but efficient and safe solution, able to guarantee dry boring in simple, repetitive and expeditious executive stages, eliminating the risk of any disturbance to the existing structures and the water table.

Yet another interesting initiative is the study, design and development of new technologies to develop large inclined hydraulic tunnels using mechanised boring techniques and alternative lining solutions for the Snowy 2.0 hydropower station project, which is part of the Snowy Mountains Hydroelectric Scheme, a network of hydropower stations in Australia.

The project involves the excavation of an inclined pressure shaft at a 25° slope (46.73%), 1,600 m long, with a diameter of 9.9 m and subject to significant dynamic loads (+/- 25bar). This high pressure shaft's maximum incline is unique in the world and, given the size of the works and operating conditions, represent an absolute technological innovation in the sector, especially for a hydraulic tunnel bored by a TBM.

Customised technological solutions have been designed for this project. They include the single lining using interconnected segments, high performance sealing mortars and technological systems for mechanised

tunnelling using a TBM for the upwards inclined shaft. The TBM has a self-adaptive driving system and reconfigurable platforms and equipment to transition from horizontal tunnelling to inclined excavation. The TBM can operate both in an open mode and closed/slurry mode as well as if there is naturally occurring asbestos material.

This innovative and one-of-a-kind solution has been adopted to mitigate the risk of potential issues related to the site's geological conditions and will allow significant cost and time savings in boring the tunnel.

The Group has also decided to re-engineer its production processes making them more efficient, covering both its normal work site activities and the main support activities. This lean construction process is the construction sector's take on the lean production principles and includes various activities, including a focus on operating planning and an on-site analysis of the KPIs compared to the bid estimates.

Materials

The more important studies carried out in recent years are those for the mixes for the concrete used to build the dams in Ethiopia and Namibia and the metro projects in Australia.

Specifically, the R&D activities identified optimised mixes, with a low cement content, for the GERD project in Ethiopia. This enabled a saving of more than 200 thousand tonnes of cement and, in turn, a saving in transportation. As a result, the study will allow a reduction in the project's carbon footprint of over 290 thousand tonnes of CO_2.

An on-site production process was developed at the same work site and at that for Koysha (also in Ethiopia) for concrete admixtures which avoided their purchase and related transportation from abroad (i.e., Europe). This will lead to lower transport emissions of approximately 27 thousand tonnes of CO_2.

In Australia, in the Forrestfield-Airport Link project, the Group studied a concrete mix called Triple Blend Concrete, made of recycled materials from other industrial sectors (e.g., the iron and steel sector), to replace cement. It will be used to replace approximately 45% of the traditional concrete in the production of tunnel lining segments and 65% of that used for stations.

In Italy, the Group has studied methods to use permanent materials (steel, concrete) with a high recycled materials component to reduce the use of raw materials as part of the circular economy, like for the previous initiative.

Innovative studies involving mortars were also carried out. Specifically, in Italy, research into leak sealing mortars for tunnels bored with TBM was performed to reduce the external hydraulic loads, allow structural optimisation and extend the work's useful life. In Australia, the ultra-high performance sealing mortars for tunnels bored with TBM are used to increase the infrastructure's duration and reduce construction risks.

Digitalisation of sites

These initiatives apply to many areas. They entail the development of innovative tools that use machine learning, artificial intelligence (AI), the Internet of Things (IoT), big data & predictive analysis and BIM to facilitate the processing of big data with summarised and detailed outputs available in real time. Digital innovation is essential to Webuild's competitive edge in a world undergoing continual technological transformation. The main initiatives undertaken to support its business include:

- digital technology study to support management processes during the execution stage, from the work site's start-up to the project closing; its objective is to improve management efficiency, capitalise on the know-how generated and facilitate checks by the head office to create a real "digital work site";
- a study of intelligent devices with AI, positioned on the Group's main machines to collect data about various issues such as safety (e.g., the machine's speed), operation (e.g., production data), fleet management (e.g., fuel consumption, engine ignition hours); these data provide statistics, dashboards, KPI and alerts after being collated and analysed by software;
- the study and development of the Tunnel WeView system to collect, process and view in real time all the data collected by the TBM and the plants and equipment used at work sites, including the monitoring systems. This system collects information from various sources at the work site and transforms disaggregated data into integrated information available in a single control room;

- a project of Astaldi to introduce a BIM model for the Brenner Base Tunnel, called the Life Cycle BIM LCB; the BIM models will be refreshed at "as built" level with data and information generated during the construction stage for the tunnel's future operation, 4D simulations of its construction and integration of the BIM models into the GIS environment for consultation;
- collaboration between Webuild, Lane Construction and Colorado School of Mines (CSM) for a project to apply AI to the TBM used at the Northeast Boundary Tunnel Project (NEBT) in Washington D.C. to increase its operating efficiency. This system applies AI in real time to estimate parameters such as deformation of the ground and buildings caused by tunnelling, and wear and tear of the cutter head and other components, processing a large quantity of information to create solid performance predictive models;
- roll out of a HR process digitalisation project to introduce technological best practices for the day-to-day activities. Specifically, during 2020, an integrated system to manage every stage of the employment relationship with employees was introduced to become a single global solution for HR management of corporate, branch and work site employees. This digital system will interface with the performance management module to assign and assess goals and expertise for the Group employees;
- a feasibility study for the implementation of an internal knowledge management ecosystem to encourage a new approach to processes and activities, strongly focused on digital technologies; the end objective is to increase productivity, operating efficiency, sustainability, flexibility and traceability.



Safety, quality, environment

The design of a construction site layout that is sustainable, attentive to the safety of workers, the environment and the surrounding areas is becoming increasingly important. Once again, technology is the harbinger of efficient and improved performances in the safety and environment areas, leading the Group to invest in this type of initiative. The most significant initiatives recently undertaken include:

- a study of pilot projects to improve occupational safety using sensory systems to detect person-machine interaction, person-suspended load interaction, ring fencing of the areas at greatest risk, in-vehicle monitoring systems and the equipping of work site vehicles with cameras and white noise for alert & monitoring purposes;
- introduction of a real time work monitoring system to support process optimisation analyses and investigations of any irregularities/near misses/incidents using a video camera system;
- integrated solution system to protect the environment, right from the design stage of projects, while also considering the health and safety of workers and the community as part of a joint effort with the

competent authorities. An example of this is the asbestos protocol at the Giovi third railway crossing work site (Milan - Genoa high speed/capacity railway line) in Italy;

- a study to develop an environmentally-sustainable TBM with reduced energy and water consumption by optimising the on-board systems and devices to improve tunnelling efficiency and all the many related functions and equipment; this has led to a reduction in the machine's environmental impact, faster tunnelling and greater safety;
- a study to develop a sustainable work site model where the environmental components of all the industrial processes are assessed, made more efficient and optimised, with a special focus on water, energy and materials consumption;
- development of intelligent biodiversity monitoring systems to protect the areas where the work sites are located using innovative, smart solutions such as the monitoring valuable crops (through multi-spectral satellite analyses) or the wild life's interaction with the work site activities (using motion-based detection systems). These systems have been used for the Bicocca - Catenanuova railway section project in Italy;
- introduction of an innovative system to monitor and manage work sites' water resources using remote digital systems to maximise water recovery during construction activities. This system has been used at the Giovi third railway crossing work site (Milan - Genoa high speed/capacity railway line) in Italy;
- a study of an automated system to design, manufacture and position tunnel segments using highly efficient robotic technology integrating solutions for innovation, efficiency, circular economy, environmental footprint reduction, and development of a more resilient and better performing product. The robotised factory has been designed so that it can be dismantled and re-installed in other areas (design for deconstruction).



In addition to continuing its ongoing projects, the Group constantly scouts for new potential innovation, research and development projects to invest in.

In the 2021-2023 three-year period, the Company intends to invest additional resources of more than €30 million, as set out in its ESG plan. Its aim is to roll out high impact projects that it has already identified to drive technological and digital penetration of its business processes in order to ultimately improve efficiency and sustainability.

Human Resources

≈55 thousand people

direct and indirect workforce

43%

employees under 35[26]

36% women

at the head office

390 thousand hours

training provided to direct and indirect personnel

Internal policies

People, their skills and their dedication are fundamental to any organisation's competitive edge. Human capital is an increasingly critical success factor given the nature of the Group's business, consisting of the building of unique large, complex infrastructure projects, its need to understand and have a flexible organisation that can adapt to different cultures and the complex transformation it is currently undergoing.

The adoption of a HR strategy and policy is essential and they must underpin the Group's strategic objectives through the efficient management of human resources and the organisation.

Objectives:

- guarantee that employees act in accordance with common rules and practices in compliance with the Code of Ethics and the corporate values;
- foster an inclusive work environment that enhances individual skills and encourages employees to develop their potential;
- cultivate diversity and inclusion as levers to understand the various cultural contexts in which the Group operates, to encourage innovation and the ongoing improvement of decision-making processes key to achievement of the business objectives;
- attract, retain and motivate employees by guaranteeing their best placement within the Group to enhance their talents and growth;
- maintain the highest levels of protection for health and safety in the workplace for its employees, ensuring the necessary prevention and protection measures are in place to avoid or minimise occupational risks and instil a safety-based culture at all levels and proactive and ethical conduct;
- encourage the adoption of a single organisational model throughout the Group, based on structures and processes to create value and to concurrently comply with the legislation of all the countries where the Group operates;
- introduce digitalisation as an essential tool to bolster the efficiency and standardisation of processes and maximise knowledge and the sharing information between people across the Group.

Main risks and management methods

The Group's HR management complies with the principles set out in its Code of Ethics and the laws and regulations of the countries where it operates.

The risks and methods used to manage the key employee-related aspects and risks are described below.

Workforce

At 31 December 2020, the Salini Costruttori Group's workforce was as follows:

[26] Excluding Astaldi.

Direct workforce by category	Unit	2018	2019	2020
Executives	no.	358	360	545
White-collars	no.	6,745	6,199	8,325
Blue-collars	no.	19,471	17,977	20,302
Total	**no.**	**26,574**	**24,536**	**29,172**

Direct workforce by geographical segment	Unit	2018	2019	2020
Italy	no.	1,781	1,709	3,184
Africa	no.	8,923	8,724	10,055
Europe	no.	1,301	755	2,419
Americas	no.	4,288	4,248	6,789
Asia and Oceania	no.	10,281	9,100	6,725
Abroad	no.	24,793	22,827	25,988
Total	**no.**	**26,574**	**24,536**	**29,172**

At year end, technical and production employees made up 81% of the workforce with office employees accounting for the other 19%. The split between open-ended and fixed-term employment contracts is 87% and 13%, respectively[27].

If the indirect resources (employees of subcontractors, temporary work agencies and other service providers involved in the Group's projects) are included, the total workforce deployed by the Group in 2020 numbered 54,893.

Total workforce by geographical segment *	Unit	2018	2019	2020
Italy	no.	5,252	6,402	7,921
Africa	no.	11,620	9,992	11,463
Europe	no.	4,515	2,389	6,399
Americas	no.	7,806	8,733	13,256
Asia and Oceania	no.	35,904	21,869	15,854
Abroad	no.	59,845	42,983	46,972
Total	**no.**	**65,097**	**49,385**	**54,893**

* Figure for indirect resources do not include Lane or Astaldi.

The above figures relate to the Group's employees at 31 December of each year.

New hires and outgoing employee trends are affected by the unique nature of the infrastructure sector, where workers are taken on for specific projects with employment contracts that usually end when the works have been completed.

In 2020, the Group hired 14,088 resources, including 5,002 under 30 years old. Outgoing employees numbered 6,804 and this figure includes the transfers of resources among group sites. The greatest number of departures was seen in the Middle East as a result of the advanced stage of completion on the main ongoing projects[28].

[27] The employee category and type of employment contract percentages do not include Astaldi

[28] Excluding Astaldi

Attraction, selection and development

Employee attraction, selection and development activities are carried out in accordance with the principles contained in the Code of Ethics and company policies.

Employer branding

2020 saw the Group promptly introduce all the measures necessary to continue its multi-year Employee Branding strategy despite the limitations imposed by the Covid-19 emergency. It swiftly moved its on-campus activities on-line, confirming its commitment to attracting the best talents and providing career counselling to young people. Career days were converted into digital events, enabling the Group to continue its interaction with new graduates and young talents, including presenting the career paths it offers. It undertook many other on-line initiatives to assist young people at their first arms with the large infrastructure works sector, such as themed workshops in university faculties and assessment days. Thanks to around 40 Employer Branding events, involving Webuild managers and a strong communication campaign on the institutional channels, the Group ensured its visibility on the domestic and international markets, remaining front-of-mind for the target talents.

During the year, the Group confirmed and built on its strategic partnerships with universities. In Italy, the Group signed a master agreement with Genoa University to jointly provide training to students and new graduates through work experience and career guidance sessions. This led to the agreement of a research partnership whereby, from early 2021, the subsidiary Webuild and Genoa University will pool know-how and resources to develop sustainable mobility projects in a shared research laboratory to promote the interdisciplinary nature of research.

On the international stage, the Group expanded its collaboration with Australian universities. It continued to fund scholarships at the University of Technology (UTS) in Sydney to fund scholarships for engineering students and continued a programme to promote the academic and professional training of female engineers. This wide-ranging collaboration, established by an agreement signed in 2018, was extended to other projects in 2020 including the holding of a joint short-course in Tunnelling.

The subsidiary Webuild also finalised a new collaboration with University of Melbourne and will provide two scholarships for one male and one female engineering students ("Webuild Master of Civil Engineering" and "Webuild Women into Engineering"), as confirmation of its intention to build solid and long-lasting relationships in Victoria and contribute to the training of local young talents. It also commenced talks with University of Queensland to identify future possibilities where the Group's involvement in Australia can be extended and enhanced. To this end, it participated in the on-line "STEM Internship" career fair organised by RMIT University for the second consecutive year.

It was also directly involved in the prompt migration of all its Employer Branding initiatives on-line. During the year, it provided career guidance to young people by participating in no less than 16 virtual career fairs. These recruitment events took place at universities with which Lane has long-standing relationships as well as those of a more recent date in order to consolidate and develop links with the main universities of the states in which the Group operates. Digital content was essential in this new approach dictated by the Covid-19 pandemic and the entire Employer Branding plan was developed with the valuable assistance of the Communications Department to ensure the Group's content was incorporated into Lane's plan providing continuity to its approach to future generations.

In Europe, the Group started talks with Oslo Metropolitan University (OsloMet) as part of its mission to foster and encourage collaboration with top class universities in geographical areas of strategic interest to the Group. It also intends to contribute to training a new generation of professionals in a multi-cultural work environment.

The subsidiary Webuild made the "Best Employer of Choice 2020" ranking for the fifth consecutive year, at tenth place in the general classification and continuing to be one of the most attractive employers for technical and scientific Italian graduates in 2020. The Group obtained the Universum award as the "Most Attractive Employer", ranking twelfth in the "STEM Professionals" category out of a total of 145 companies included in the survey. It is the favourite employer of the construction sector for STEM students and professionals in Italy. These prestigious accolades bolster its reputation on the labour market and its appeal as an employer of choice, assisted by its regular notification of job vacancies and intense employer branding activities at the main universities.

Selection and acquisition

The employee selection and acquisition activities are regulated by a defined, standardised procedure at corporate level and for its projects that require the structured scheduling of requirements, followed by an internal scouting stage to verify any potential internal candidates for the vacant position or recruitment on the market (if necessary).

A dedicated system is used that ensures the traceability and transparency of the scouting and selection process by constantly updating the pipeline of candidates.

Alongside the recruiting activities to fill vacant positions, in 2020, it continued to use its advanced search tool to create an international pool of talents for future staffing needs and to complete its succession plan as an additional lever to guarantee and ensure business continuity. It will continue this project into 2021 by extending the analyses performed to date.

In 2020, the first edition of Forum Recruiters Worldwide was held, a virtual meeting involving the HR resources from around the world who select personnel for the Group's projects, branches and subsidiaries. The event was designed to share guidelines and best practices throughout the Group, to foster a shared scouting and selection approach and to encourage the sense of belonging to a single team, despite the physical distances and limitations imposed by Covid-19.

In 2020, the Group developed and refreshed its onboarding process introduced the previous year to smooth the entry of new resources, facilitate their integration with the managers and colleagues, promote a faster transfer of internal know-how and competences and transmit the internal values and culture.

Training programmes were continued in 2020 and the Company defined specific tools to support and promote career paths, organisational growth and the continuity of its succession plans. The new leadership model, defined in the second half of 2019 for the clear identification of managerial skills and conduct necessary to achieve its strategic objectives, was disseminated throughout the Group with a dedicated communication strategy. It defined specific tools such as the dedicated training courses through E-Learning Academy, mentorships (reference should be made to the "Training and development" section) and the preparation and gifting of a welcome kit and dedicated sections on the intranet.

Training and development

Training programmes were continued in 2020 and the Group defined specific tools to support and promote career paths, organisational growth and the continuity of its succession plans.

The new leadership model, defined in the second half of 2019 for the clear identification of managerial skills and conduct necessary to achieve its strategic objectives, was disseminated throughout the Group with a dedicated communication strategy. It also introduced a special role model training programme for all the managers who shall inspire their teams and resources for the deployment of the skills identified by the model.

The model is the basis for HR management processes (selection, training and performance management) as well as a reference point for group resources in their daily working lives.

The new model is also used for certain assessment procedures to support personnel development.

- an assessment programme for "Early career profiles";
- assessment programmes to support the promotion and development policies for more senior resources;
- a structured succession planning process to ensure a pipeline of successors for the Group's key strategic roles.

The succession planning commenced in previous years has been extended to key operations roles in order to guarantee a leadership pipeline and business continuity.

The key management development levers include the Global Managerial Academy, conceived in 2019 and officially opened by the Group in 2020.

It has been designed to encourage the development of managerial skills, using the leadership model, of those resources who already hold key positions or are rising through the Group's ranks and is structured differently depending on the resource's seniority.

Training activities entail the participants' involvement in a digital business game to gain experience in a wide range of skills through training in the form of simulations and experiential learning. They cover technical and financial aspects, processes and leadership qualities with a special focus on leading, change, complexity management, development of team skills in an inclusive approach and the enhancement of diversity and customer orientation.

The programme was initially conceived as a classroom learning experience but due to the Covid-19 emergencyand the subsequent move to working from home (WFH) as well as the limitations on movement of the affectedresources, it has been entirely revisited to become an on-line course. The lessons were redesigned with a view to maintaining key content, training effectiveness and at the same time ensuring some form of interaction amongthe participants and between the latter and the trainers.

In 2020, the Group also developed the mentoring programme Inspire as an additional tool to foster individual growth and reinforce the creation of a shared and cross-departmental corporate culture. The first project of this programme was the onboarding of new hires.

A team of trained mentors was carefully selected from within the Company to guide the resources hired over the last year (the mentees) at headquarters and for the Group's projects. Their mission was to speed up the mentees' integration into the Group, their familiarity with the organisation and procedures and their acquisition of the professional maturity necessary to work more effectively.

The Inspire programme will be extended to other positions and groups of colleagues, mentors and mentees, starting from 2021 for a wider participant base and a greater range of subjects and development areas.

In 2020, business coaching programmes were continued for some key managers and/or rising talents inside the organisation to support their professional growth.

In other training and development activities, it expanded the e-learning courses available on the E- Learning Academy platform, using digital technologies to provide a range of on-line courses to share the technical and specialist knowledge. In 2020, these courses were extended to include:

- new training programmes designed in 2019 on compliance, the anti-corruption system and the Code of Ethics;
- a course on human rights to assist an understanding of the Company's policy;
- a course entirely dedicated to remote working consisting of videos, learning pills and manuals to help employees organise their work from home.

In the second half of the year, preparation began on other important training programmes to be launched in 2021 which will become a stable part of the Learning Academy. In line with the measures taken to assist employees working from home, there will be a programme on leading and working in virtual teams as well as an upskilling course about digital collaboration tools used by the Company.

It continues to focus on the local professional development programmes for its employees around the world in order to ensure their performance meets the Group's technical, qualitative, environmental and health and safety standards and so that it has qualified personnel for its ongoing and future projects.

Accordingly, projects include professional training courses for the local workforce, defined using parameters that identify the training requirements and needs for each position. Employees must attend the specific training course identified for their roles and requirements (both classroom and on-the-job).

These courses avoid the risk that employees' technical, professional and managerial skills become obsolete as this could affect the productivity, efficiency and safety of their jobs.

Training hours (classroom and on-site) provided in 2020 covered many aspects (health and safety, the environment, quality, technical/specialist, compliance, management, etc.) for a total of 273,665 hours (252,357 hours in 2019). These courses were supplemented by health and safety courses provided directly in the work sites, even more important this year with the Covid-19 pandemic. During 2020, it carried out more than 188 thousand Tool Box Talks (short meetings on health and safety-related aspects and the environment held at the start of work shifts) (105 thousand in 2019) at its work sites. All the relevant activities to inform employees and raise awareness about the prevention and containment measures to be adopted to deal with the Covid-19 emergency were stepped up during the year. Overall, Tool Box Talks on health and safety-related aspects numbered approximately 180 thousand (88 thousand in 2019) at Group sites, which, including those on the

environment, brought the average to more than 510 a day (290 in 2019).

Average per capita training hours	Unit	2018	2019	2020
Managers and white collars	hours	16	11	8
Blue collars	hours	11	10	10
Total	**hours**	**12**	**10**	**9**

In addition to training given to group personnel, the staff of the Group's subcontractors attended courses on QEHS subjects totalling 116,506 hours[29] in 2020.

The attraction, selection and development activities, described above, help the Company mitigate risks such as not being able to fill positions due to a lack of qualified personnel available on the market, or a time lapse between the assignment of the project and the starting of works, or an inability to retain and motivate key professionals, including for the broader business continuity purposes.

Total reward

The Group has operating procedures and practices designed to ensure that its remuneration policies comply with the regulations applicable in the countries where the Group operates and especially the minimum wage requirements, where these exist. At both corporate and operating level, the Group regularly meets with the trade union representatives (when appointed) to discuss remuneration.

A well-thought out remuneration policy is essential to retain key resources, mitigating the risks it is exposed to, which are mainly the possible more aggressive remuneration and career policies of competitors. To this end, the Group's remuneration policy has the following objectives: guarantee fair treatment in terms of the enhancement of know-how and professional skills of individuals and their roles and responsibilities, check that remuneration matches the related positions, ensure fair and consistent remuneration in line with the reference market and award bonuses in line with results and actions.

The remuneration policy has the following objectives in line with the above principles: retain and motivate qualified professional resources to pursue the Company's and Group's objectives; encourage these resources to stay with the Company and the Group; align, as far as possible, management's interests with the medium to long-term interests of shareholders and stakeholders; ensure financial balance and the sustainability of its policies over time.

In 2020, it continued its performance management programme, designed to strengthen the result- oriented culture, for its key resources. This sets their objectives (of which there are two categories) and assesses their performances. The first category is that of the Group's performance in line with that of senior management (30%). The second is individual performance. At the end of the year, the results are assessed in qualitative and quantitative terms to determine the overall performance achieved.

The safety objectives related to the development and implementation of the quality, environment and safety management system and a reduction in the injury rate continue to be included for resources in the business departments. These objectives reflect the Company's commitment to improving the protection of its workers' health and safety and ensuring high quality standards and protection of shared environmental assets. An assessment of expertise has also been included among the objectives of all participants in line with the recently-introduced leadership model. The aim is to encourage the assessors and the participants to prioritise expertise in the assessments, deemed an important factor in the new performance management system slated for roll-out in 2021.

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[29] Excluding Astaldi.

In addition, during 2020, the Company defined a new long-term incentive plan, the LTI 2020-2022 plan, to align the performance of the Group's key personnel with shareholders' interests as well as to retain and engage with management to ensure the stability required to meet the business plan objectives and remunerate them in line with market practices. The three-year plan has an equity and cash component and as well as being tied to economic and financial indicators also includes achievement of specific sustainability objectives. The two non-financial objectives (equal to 20% of the total) reflect the Company's commitment to ESG issues, which are an increasingly integrated part of the Group's business strategies. They include an injury rate reduction goal (it should be noted that the injury frequency rate is much lower than its peers) and involvement in the shared fight against climate change by reducing the Group's GHG emissions (scope 1 and 2).

At the end of the three-year period, part of the benefits earned will be deferred to extend the plan by another two years and reinforce the Company's ongoing relationship with its key personnel over the long term as well as the sustainability of the results achieved.

The Group is aware of the importance that employee satisfaction plays in terms of the quality and productivity of their output and that work/life balance also contributes to this satisfaction.

Accordingly, it extended the benefits included in the 2019 Welfare Plan to assist employees manage their remaining benefits during the emergency period. It also commenced a study to define a new plan that will continue from the existing welfare plan ("*LIFE@salini-impregilo*") introduced on 19 July 2018 which supplements the traditional monetary incentives and benefits already provided to an increasing number of employees.

The plan's key priority continues to be the offer of a flexible supplement to the employees' remuneration packages giving them the option to purchase social utility services using their personalised budget, which can be put towards the cost of education, assistance for elderly family members, public transport passes, private healthcare, voluntary transfers to pension plans and goods and services in kind.

In addition and to assist employees achieve a good work-life balance, the in-house services (e.g., launderette, pharmacy and shuttle service) were continued until the pandemic forced all employees to work from home.

Another issue the Company has focused on is the journey from home to work, which can be very stressful, especially in large cities. The Group is convinced that mobility is one of the main issues that a company dedicated to the welfare of its employees and protection of the environment should manage as best it can. The pandemic made working from home mandatory for all the headquarters' office staff, limiting travel from home to the office and speeding up the roll-out of remote working. The Covid-19 emergency meant that the roll-out of the new sustainable mobility plan originally scheduled for 2020 had to be postponed. As part of its focus on the needs of individuals and environmental issues, once the pandemic is over, the Group will assess all possible initiatives and solutions, analysing the needs of individuals, for example, through a new survey to identify the optimum solutions to facilitate the journey from home to work and ensure the best possible work-life balance.

Equal opportunities, diversity and inclusion

The Group continues to be strongly committed to creating a work environment that fosters inclusion, recognition and enhancement of diversity in all its forms (gender, age, nationality, ethnicity, social or civil status and religion). It believes that this gives it a competitive edge in terms of growth, the creation of synergies and in understanding and capitalising on the challenges of a multi-cultural business environment.

In line with its Policy on Equal Opportunities, Diversity and Inclusion, the proactive encouragement of an inclusive culture which supports diversity took the form of an awareness and communication campaign about these issues in 2020. This included the development of a dedicated section on the Company's intranet.

As part of the mentoring project for onboarding, the development initiatives included promoting dialogue and exchange for mutual growth between the more senior generations (the mentors) and young new hires.

The recruitment and selection process is also based on respect for, and the promotion of the principles of diversity within all internal departments as fundamental cornerstones of the entire process.

The Group's commitment to these two issues is reflected in all areas.

The Group has employees of more than 100 nationalities, 82% of the workforce is local, increasing to 98% in Italy and the Americas. Local managers make up 82% of the total (more information is available in the "Social" section of this Statement).

With respect to diversity, the Group's leadership status is enriched by the ideas and outlook of international

managers from non-construction sectors. International resources cover 26% of the Group's key positions.

Another important contributor to diversity is the young age of the Group's resources. The following tables provide a breakdown of its employees by age bracket:

Employees by age bracket *	Unit	2018	2019	2020
< 30 years	%	27%	26%	26%
30-50 years	%	59%	59%	58%
> 50 years	%	14%	15%	16%

* Excluding Astaldi

Considering employees under 35 years old, the percentage of this age bracket increases to 43%[30].

With respect to gender diversity, the Group proactively promotes equal opportunities for men and women in a sector that has traditionally been a male domain.

Employees by gender	Unit	2018	2019	2020
Men	%	91%	90%	88%
Women	%	9%	10%	12%

At group level, women make up 6% of the management team, 22% of white collars and 7% of the blue collars, while at functional level, they represent 6% of the technical and production staff and 31% of the office employees[31].

The presence of female employees is higher at the central Milan and Rome offices, where they make up 36% of the total workforce.

In 2020, the Group introduced a gender pay gap analysis method for the corporate staff at the two Italian central offices. Its purpose was to analyse any remuneration differences and assess the percentage of female employees holding senior positions in the Group by comparing roles using the job evaluation system,

No significant remuneration differences were identified.

Areas for improvement refer to the female employees holding senior positions. At present, the figures show that, compared to the percentage of female employees at the central offices (36% as shown above), the percentage of female manager positions is lower (21%). Accordingly and in line with the Group's Diversity & Inclusion initiatives, it has planned specific initiatives to more carefully analyse this trend and take the necessary steps to steadily improve these percentages.

This includes an increase in the number of female employees in the succession pipeline for key roles, with the inclusion of 20% by 2023.

The diversity and inclusion initiatives will continue in 2021 with specific projects that are already being prepared. They include training on intercultural dialogue, mentoring and reverse mentoring, specific training courses on female leadership and projects to increase awareness about gender diversity at leadership level for both men and women.

Health and safety in the workplace

Focus on health and safety in the workplace is one of the Group's fundamental values. It has an ISO 45001 certified occupational health and safety management system, which defines the main processes, roles and specific responsibilities to achieve its objectives and implement its safety policies.

The Corporate Safety, Environment and Systems Unit is organised to better meet management's objectives:

- ensuring coordination of the HSE management system activities to be of use to HSE teams at work sites;

[30] Excluding Astaldi.

[31] Excluding Astaldi.

- encouraging a change in the HSE culture through a competence centre to develop innovative policies and programmes;
- setting up a technical safety unit to further integrate health and safety aspects within engineering processes;
- setting up a corporate health unit to monitor contracts;
- ensuring continued health and safety operating support to the contract work sites.

The main risk the Group is exposed to in this respect is the incomplete implementation of the relevant regulations with the resulting potential impact on its workers, in terms of professional illnesses and injuries, and on itself in terms of potential sanctions. Changes in regulations and external factors tied to the operating context (e.g., climate, social, cultural factors) may be sources of risk.

Specifically, workers are exposed to various types of risks that could affect their health and safety based on the geographical location of each operating unit and their specific activities. Each office and work site that applies the Group's health and safety management system has, *inter alia*, the following measures to manage these risks:

- identification and assessment of the exposure to the risk;
- identification of the persons at risk;
- assessment of each job's risk;
- identification of control measures to reduce the risk;
- definition and introduction of training courses;
- monitoring work areas to check that control measures are in place and effective;
- making employees aware of these risks, including via unconventional and innovative information, training and communication campaigns.

These measures are regulated by internal guidelines and procedures, which include, *inter alia*, the documentation each operating unit is required to have, comprising the risk assessment document, operating safety plans, emergency and evacuation plans, fire prevention and control plans and first aid plans.

The Employer and downstream (in line with the proxy system) the managers, officers and workers shall ensure that health and safety management measures are in place. Specialist teams oversee the implementation of the measures in each operating unit. Specific attention is given to training employees about specific duties and the operating controls over work processes, performed either directly by the employees or subcontractors' staff.

Training programmes are defined at operating unit level by the health and safety management system manager and approved by the Employer, based on a risk assessment and the applicable legislative requirements. The training courses provided to each worker cover at least the following issues:

- the health and safety organisation (Employer, health and safety manager, prevention and protection officers, company doctor and the workers' safety representative), the legislative framework and an overview of the management system;
- health and safety risks arising from the Organisation's activities in general and the specific risks faced by the workers depending on their job;
- first aid and emergency management procedures (in particular, the fire fighting and evacuation plans).

The health and safety managers receive special information and training courses. The key topics are the legal-regulatory framework, safety management and organisation, risk identification and measurement, communication, training and discussions with workers.

The health and safety officers and supervisors undergo additional training to that provided to the workers on the definition and identification of risk factors, incidents and near misses, techniques to communicate with and raise the awareness of employees, checking that workers comply with the legal and internal rules and the use of collective and personal protection equipment.

Workers, health and safety officers and supervisors and managers attend regular refresher courses. The courses for health and safety specialists meet the minimum requirements of the relevant legislation.

Training and information activities are documented in terms of participation numbers and the content presented and materials used.

The work site workers (employees of the Group and its subcontractors) receive special training on the related risks, specific activities and the possible risks of interference (Induction, Tool Box Talk, Job Safety Analysis/Pre-Job Meetings, etc.).

In order to ensure the collaboration of all the Group's employees, they have the right to appoint safety representatives in accordance with the applicable legislation.

These representatives are given the relevant training and information about HSE issues to encourage risk mitigation measures. They are also consulted about the implementation of key mitigation measures, including as a minimum:

- the introduction of a new process or equipment or its adaptation;
- the appointment of the risk assessment manager;
- injuries.

The Health and Safety Policy provides for, *inter alia*, the "right to intervene" for all employees when there is a doubt that health or safety could be compromised.

Employees may also use the whistleblowing system described in the section on "Anti-corruption" to make notifications about health and safety issues or they may use the other available channels at group level (e.g., reporting to their superior) or work site level (e.g., the workers' representatives, post boxes, grievance mechanisms).

The Corporate Safety, Environment and Systems Unit regularly performs specific audits of the effective application of the ISO 45001 management system at the Group's work sites and assesses application of the internal health and safety in the workplace regulations. During 2020, these audits and assessments could not be performed in situ because of the Covid-19 restrictions.However, the Unit continued to carry them out remotely. As described in the section on "Total reward", the Group has a system to assess performance in terms of health and safety for its managers which rewards dedication and the results obtained by the relevant units and units over which they have influence.

The emergency situation caused by Covid-19 meant that the Group could not continue with the full implementation of the scheduled activities for its Safety Builders Program in 2020. This program's objective is to encourage a strong corporate safety culture, based on strengthening leadership abilities at all management levels. It is part of Webuild's more wide-reaching communication strategy, Valyou - Our Health and Safety Way project.

Nonetheless and thanks in part to the careful planning of missions in less dangerous periods and distance training, in 2020, 20 workshops and eight safety intervention (s.a.f.e.r.) training courses were held with the participation of 423 managers and supervisors for a total of approximately 1,753 hours of training.

As an integral part of the Valyou - Our Health and Safety Way, it continued to roll out and introduce its "Your Lifesaving Rules". Launched in 2019, this set of operating and management rules is devised to:

- integrate the culture change process commenced with the Safety Builders Program;
- foster workers' active involvement;
- strengthen the sense of belonging to the Group;
- systematise conduct;
- promote the purposive adoption of the Group's Health & Safety Vision.

Specific information, training and communication content was defined for each rule and is available to all the work sites as support for training and awareness raising purposes.

The main workplaces celebrated the World Day for Safety and Health at Work in April 2020. In line with the theme promoted by the International Labour Organisation (ILO) "Stop the pandemic: Safety and health at work can save lives", the Group focused on the concept of people playing an active role in safeguarding their own safety and that of others: "PRENDITI CURA di te stesso e degli altri" ("Take care of yourself and others") to be applied in the workplace in line with the Group's Your Lifesaving Rules and in their personal lives with family

and friends. Although the Covid-19 emergency meant it was not possible to celebrate with the usual events and involvement of the workers, participation in the event was very satisfactory with stories from more than 15 Italian and foreign work sites about the enormous efforts made to continue working with the highest safety standards in the midst of the emergency.

In addition, it introduced the Safety Trophy on the World Day for Safety and Health at Work to be awarded to the outstanding work site of the year. The award ceremony took place during the Christmas 2020 celebrations with the "virtual" awarding of the trophy by the CEO Pietro Salini to the two work sites that stood out during the year: Ruta del Sol - Lot 3 in Colombia and the New Genoa San Giorgio Bridge in Italy.

After winning the Silver Award last year, the entire Valyou - Our Health and Safety Way won the prestigious Gold Award at the RoSPA Awards 2020, confirming it as one of the international programmes with the best practices in its sector. "The RoSPA Gold Award winners have achieved a very high level of performance, demonstrating well developed occupational health and safety management systems and culture, outstanding control of risk and very low levels of error, harm and loss".

The award was conferred during an on-line ceremony organised by RoSPA - Royal Society for the Prevention of Accidents given that it could not actually take place due to Covid-19. This UK institution is one of the most important in its sector and its patron is Queen Elisabeth II. It rewards organisations from around the world each year that stand out for their commitment to accident prevention and the protection of occupational health.

The objective of the activities carried out in the work sites in 2020 as part of the ValYou project, the Safety Builders Program, the Your Life Saving Rules, dedicated training courses in addition to the mandatory courses, the celebration of the World Day for Safety and Health at Work is to heighten all Group personnel's awareness of the importance of health and safety in the workplace as well as emphasising management's significant involvement in promoting culture change programmes.

There has been a generalised improvement in the safety performances of the geographical areas of interest to the Group with a reduction in operations performed in areas with historically very low injury rates and a concurrent increase in the number of hours worked in some countries with more structured national welfare systems and higher average sector injury rates.

In addition, the Group's indicators include those of Astaldi for November and December 2020, which entailed a change in the scope for the calculation of 2020's performance.

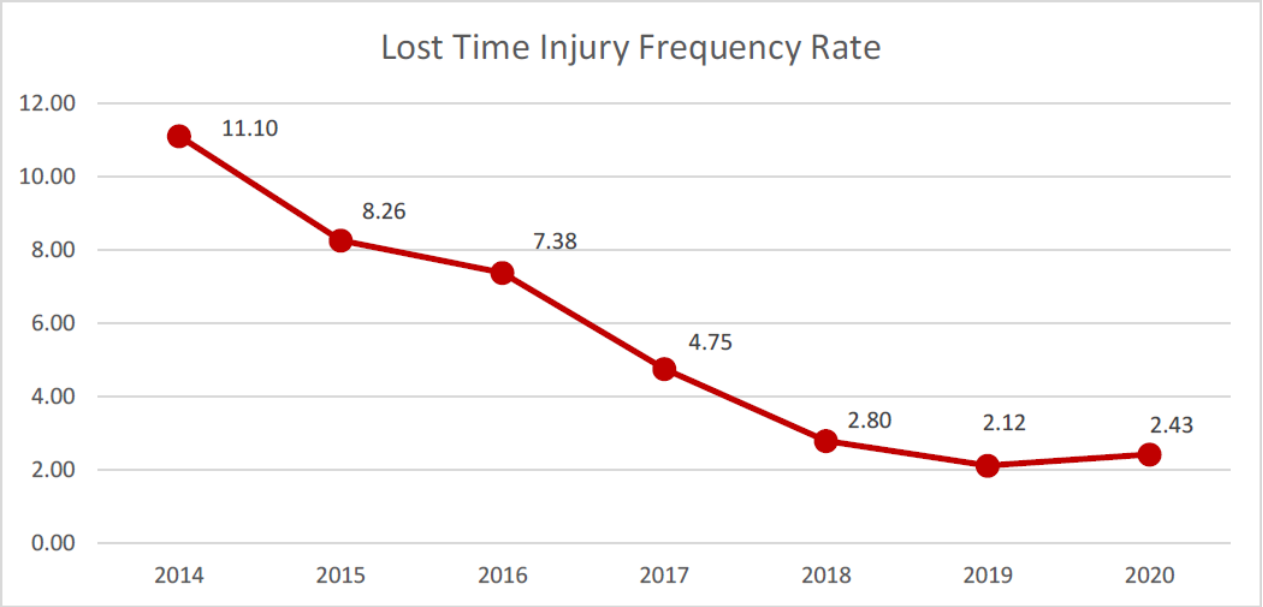
The injury rates are set out below, expressed as the number of events for every million hours worked.

Injury rates - Direct workforce	**Unit**	**2018**	**2019**	**2020**
Hours worked	hours	98,894,201	77,409,119	79,594,548
Lost Time Injury Frequency Rate	LTIFR	3.49	2.18	1.95
Total Recordable Frequency rate	TRFR	8.37	6.45	5.63

Injury rates - Subcontractors' workforce	**Unit**	**2018**	**2019**	**2020**
Hours worked	hours	89,579,720	78,270,780	59,693,022
Lost Time Injury Frequency Rate	LTIFR	2.03	2.06	3.07
Total Recordable Frequency rate	TRFR	6.18	5.01	3.52

Total injury rates	**Unit**	**2018**	**2019**	**2020**
Hours worked	hours	188,473,922	155,679,899	139,287,570
Lost Time Injury Frequency Rate	LTIFR	2.80	2.12	2.43
Total Recordable Frequency rate	TRFR	7.33	5.72	4.72

The following graph presents the LTIFR (the ratio of the total number of injuries leading to absence from work in the period to the total number of hours worked, multiplied by 1,000,000) and its improvement in the last seven years.



At the beginning of 2021, the Group assessed the impact of Astaldi's inclusion in the Group on the injury rate and defined the actions necessary to achieve additional milestones in its safety performance in the coming years. Compared to the period before the roll-out of the ValYou programme and the LTIFR at end 2017, the Group's objective is to decrease the rate by 40% by 2022, considering the new scope which includes Astaldi.

A local investigation and/or investigation with the support of corporate units takes place for each injury, depending on its severity.

The objective is to identify the cause of the injury (root cause analysis) to prevent similar events occurring.

The Integrity Board is informed of the results of investigations into important injuries pursuant to the provisions of the Organisational Model (Legislative decree no. 231/2001 as subsequently amended).

The Company will continue to make occupational health and safety improvements over the coming years to achieve a further reduction in its injury rates (LTIFR and TRFR), an increase in the per capita safety training provided for direct employees and as part of the Safety Builders programme and to step up its operating monitoring activities, with on-site safety assessments and audits.

The Group guarantees protection of its workers' health in the workplace with a special Internal Healthcare Unit, which schedules prevention procedures, health checks and healthcare monitoring programmes. It also performs regular checks of the work sites and makes sure they are provided with the relevant information to check the work sites' safety conditions and their compliance with the applicable legislative requirements.

When adequate local healthcare units are not available, the Group sets up work site medical clinics which offer 24-hour healthcare and ambulance services to direct and indirect employees as well as their family members residing in the work site accommodation. It also performs regular checks of the work sites and makes sure they are provided with the relevant information to check the work sites' safety conditions and their compliance with the applicable legislative requirements.

Employees of the Italian head offices and their families also have private health insurance which covers healthcare services for non-work related issues. These insurance policies were extended to cover the potential impact of Covid-19 related infections. The Group runs numerous initiatives at its offices and work sites promoting the importance of good health, flu vaccine programmes (guaranteed through to the end of 2020), campaigns about the prevention of sexually transmitted diseases (e.g. HIV) and campaigns to promote healthy life styles, including the organisation of sporting events for workers. Many of the above initiatives were affected by the outbreak of Covid-19 in February 2020 which led all the Group's health units (as well as others) to focus on containing its effects in all the Group's workplaces.

As it is aware of the added value achieved through mutually beneficial relationships between all the relevant parties, the Group works with its commercial and financial partners and its vetted suppliers to guarantee high health and safety standards and to protect the environment. In line with the role it takes on during contracts, the Group promotes and/or ensures a Safety in Design approach so that the decisions taken right from the design stage are designed to eliminate/mitigate health and safety risks throughout the contract's life cycle.

During the year, construction was completed of the new San Giorgio Bridge over the Polcevera River in Genoa. Group personnel operated day and night in the work site in compliance with the stringent safety protocols put in place to deal with Covid-19. Thanks to the commitment to and focus on safety, no direct workers or subcontractors' workers incurred serious injuries. The intensive training course to reduce risks when working at height and other initiatives introduced to reduce the risk of person-machine interaction all contributed to heightening worker awareness of potentially dangerous situations.

The Group has defined a series of measures to safeguard the health and safety of its employees due to the Coronavirus (Covid-19) emergency. These measures are designed to ensure, as far as possible, business continuity in the offices and at the work sites and are coordinated by a special multi-departmental task force based at the parent's headquarters. They are revised as necessary to comply with any new instructions issued by the competent authorities.

The Italian group companies have introduced remote work for their office staff and have reviewed their travel policies to limit travel. In line with the specific risks at the Italian and foreign work sites, preventative measures have been introduced to reduce the risk of spreading the virus in the work place, the residences and canteens. This has involved the reorganisation of work spaces and shifts to ensure the safety distance can be maintained, the supply of additional personal protective equipment (e.g., masks, gloves, etc.), intensified sanitation and disinfection activities, special information and training courses, more healthcare services at the work sites and the preparation of special areas for the isolation of workers with flu-like symptoms who have returned from areas at risk or who have been in contact with people who may have the virus. The Group has also prepared dedicated methods to liaise with the local authorities to treat any suspected cases.

The anti-contagion safety protocols adopted for the Group's contracts since the pandemic broke out include the following measures:

a. Set up of work teams and emergency management units/committees comprising the Employer, the Safety Manager (or the Protection and Prevention Officer), HR and company doctors as well as, where provided for, social partners.

b. Adoption of an anti-contagion safety protocol, often aimed at personnel of other companies present in the work sites.

c. Mandatory controls for access to work sites and offices.

d. Systematic body temperature checks before access is granted to the work sites and offices.

e. No access to work sites and offices if body temperatures are above 37.5° C.

f. Communication of recommendations to all personnel on the proper approach.

g. Distribution of FFP2 and surgical masks.

h. Greater availability of accommodation availability for camp staff, toilets and changing rooms.

i. More intensive daily cleaning of all environments used by workers.

j. Extraordinary sanitation cycles of the common areas at work sites and base camps.

k. Installation of hand sanitizer dispensers in various areas of work sites and offices.

l. Introduction of WFH for office staff.

m. Suspension or limitation of all activities that involve gatherings of people (courses, meetings). Some safety training activities recommenced in the second half of the year both in the classroom and on-line after the related Decrees had been amended.

n. Suspension and severe limitation of visitor access

o. Greater availability of personnel transportation in order to reduce the number of people present inside the same vehicle and with the obligation to wear face masks.

p. Obligation to wear face masks during all activities.

q. Introduction of a special procedure to treat personnel with flu-like symptoms by a work site nurse (when present).

r. Allocation of emergency accommodation at base camps for the isolation of suspect cases until the health authorities' intervention.

s. Information campaigns with ad hoc meetings and posters in the workplace

t. * Differentiated management of waste from offices (both work sites and offices), quarantined staff accommodation and Covid-19-positive staff accommodation. This waste is incinerated or eliminated in line with the ruling legislation and external organisational context.

u. Review of the methods to clean accommodation (e.g., use of disposable tableware for quarantined or positive personnel) and wash flat linen.

Moreover, all the work sites have updated their emergency procedures to include the management of suspect cases, either with the dedicated local health units or by setting up quarantine areas in the dormitories of work sites in remote areas.

As the rapid tests (including antigen tests) became more readily available, the work sites have introduced screening activities to identify potential cases of Covid-19 and take the necessary action in line with the processes defined by the competent authorities.

Human rights

Human Rights Policy

issued in 2019

100% of the operating entities

included in the risk assessment of human rights[32]

Agreement with the international trade union BWI

in place since 2014

Monitoring principles

extended to the supply chain

Internal policies

The Group is committed to ensuring respect for the human rights enshrined in the International Charter of Human Rights, the fundamental conventions of the International Labour Organisation, the UN Global Compact, the UN Guiding principles on business and human rights and the OECD guidelines for multinational enterprises.

The Group reaffirmed its commitment, already provided for in the Code of Ethics and the Sustainability Policy, with the ten principles set out in its Human Rights Policy.

These principles, that everyone who works with the Group around the world is required to comply with, cover health and safety, child labour, forced labour, freedom of association and collective bargaining, non-discrimination, diversity and inclusion, working conditions, local communities and the rights of indigenous people, the value chain and whistleblowing systems.

The Group does not tolerate any form of illegal, child labour or forced or compulsory labour. It protects the integrity of its employees, ensuring work conditions that respect the dignity of individuals and are fair and favourable.

It offers equal opportunities based on fair and objective criteria. It does not accept any form of discrimination or damaging behaviour.

The Group respects its employees' right to freedom of association and collective bargaining in accordance with the legislation applicable in the countries where they work. It does not discriminate against employees who join trade unions or workers' representatives.

The Group also respects the rights and culture of the communities and indigenous peoples affected by its work and operates in accordance with the applicable requirements.

The Group encourages respect for human rights in its values chain through specific measures, such as the screening systems, application of the Suppliers Code of Conduct and monitoring systems.

The Group makes whistleblowing systems available to workers and third parties, safeguarding whistleblowers from any retaliatory action.

In this respect, in 2014, the subsidiary Webuild signed a framework agreement with the national trade unions (Feneal- UIL, Filca-CISL and Fillea-CGIL) and the international trade union for the construction sector (BWI - Building and Wood Workers' International) to jointly affirm and encourage respect for compliance with the basic principles and rights in employment relationships, encourage social justice and sustainable development by both itself and the consortia of which it is a member and vis-à-vis its contractors, subcontractors and suppliers.

The framework agreement covers child labour, forced or compulsory labour, the freedom of association and collective bargaining, non-discrimination, work hours, economic treatment, work conditions, specialised training, the environment, welfare and employment relationships.

[32] Excluding Astaldi.

Main risks and management methods

The Group has implemented a due diligence process in line with the UN Guiding principles for business and human rights, which entailed mapping the potential impact on human rights of its operations. Accordingly, it analysed:

- human rights enshrined in the international law instruments applicable to the organisation;
- parties potentially at risk;
- internal processes.

The key takeaway of this analysis was the drafting of a Human Rights Impact Matrix, which the Group then used to measure the risks and prioritise the human rights relevant to it.

The Group's Human Rights Policy draws on the results of the analysis and a thorough review and evaluation of the applicable standards and market best practices.

The principles embedded in this Policy are also referred to in the Suppliers Code of Conduct issued at the start of 2020 to elucidate the commitment and the mandatory conduct expected of its suppliers.

The Policy encompasses the Group's commitments and the utmost integrity, correctness, reliability and sustainability standards and is a handy reference tool and guide for the Group's suppliers.

As a direct consequence of its introduction of the Suppliers Code of Conduct, during the year, the Group amended the compliance clause in the general conditions of its contracts to include compliance with the principles set out in the Code.

In 2020, all operating entities in the scope of this Statement underwent the routine human rights risk assessment. Each entity's specific indicators are considered in defining the country risk[33] and where country risk is other than "low", it analyses the risks specific to each entity and the mitigation measures adopted.

The risk measurement method has been adapted to accommodate the Group's existing project risk assessment tools and is used to determine the risks arising from its direct and subcontracted activities

The Group has issued internal guidelines for its operating units for the correct management of the activities at risk. These guidelines provide for management and monitoring of human rights and specific reports to be sent to Corporate.

At organisational level, the Corporate Social Responsibility Department coordinates the human rights due diligence, defines the internal standards and guidelines, the reporting, disclosure and training methods and provides specialist assistance to the other internal units.

The main risks identified and related management methods are summarised below.

The main risks with respect to forced or compulsory labour are tied to the hiring of migrant workers, mainly in the certain states of the Persian Gulf (Saudi Arabia, Qatar, the United Arab Emirates and Kuwait) where the local labour force is insufficient and/or inadequate for the Group's needs. Specifically, there are two risk factors:

- use of recruitment agencies that may adopt incorrect practices, such as obliging the workers to pay recruitment fees (when hired), employment fees (throughout their employment) and cash deposits which are forms of debt (debt bondage);
- labour conditions that may limit the migrant workers' freedom of movement which are in some cases allowed or facilitated by local regulations, such as the ban on leaving their accommodation outside work hours, limitations on holiday arrangements, resignations and changes of employer.

The Group ensures that candidates for work in these countries are provided with exhaustive information about the contractual terms and work conditions in a language that they understand before they leave their country of origin. In addition, the Group fully bears the costs of recruitment, travel, visas, medical visits, etc. Migrant workers are guaranteed the possibility to change jobs and to leave their destination country without prejudice to the possible notice obligation imposed by the applicable legislation, visa requirements and employment

[33] Specifically, as recommended by the principal regulations on human rights (e.g., Australia Modern Slavery Act), the Company referred to the most recent Vulnerability measures and the Government Responses supplied by Global Slavery Index (www.globalslaveryindex.org).

contracts. No workers are deprived of their identity documents unless this has been authorised by them and solely for their safekeeping. The Group requires the recruitment agencies to comply with these principles through specific contractual clauses and non-compliance entails termination of the contracts.

With respect to the freedom of association and collective bargaining, the Group ensures its employees have access to "alternative systems" for dialogue in the states of the Persian Gulf where the right to the freedom of association is restricted by law. These systems include worker committees, committees set up in the camps and complaint management procedures (grievance mechanisms). The Group ensures open communications with the workers and management's availability to discuss any issues that may arise with individual employees.

With respect to child labour, the potential risk of hiring people under the minimum working age established by the applicable local regulations is minimal as is the risk that workers who are above the legal minimum but are less than 18 years old may be hired. In this respect and irrespective of the local regulations, the Group only agrees employment contracts with people who are 18 years old. In countries where the presence of false identity documents is rife, the Group has special procedures in place to check the authenticity of the documents, especially driving licences, assisted by the local authorities.

The Group enters into employment contracts with its employees that comply with the applicable local regulations, the principles of the framework agreement signed with BWI and those in any agreements signed with the local trade unions with respect to work conditions, work hours, economic treatment and employment relationships. The Group's intention is to ensure scrupulous compliance with the applicable regulations in each country to mitigate the risk of non-compliance and, where possible, provide conditions that are better than those envisaged by the local regulations.

The Group may potentially be exposed to the risk that discrimination against an individual employee or specific categories of employees may take place in the workplace. In this respect, the HR management procedures do not allow the different treatment of employees based on their gender, origin, religion, age, political beliefs, sexual orientation, disability or other characteristics protected by the regulations ruling in the countries where the Group operates during the entire HR management procedure (recruitment, training, assessments and termination of employment).

To reaffirm and strengthen its commitment to these issues, the Group has set out key requirements in a dedicated Policy on Equal Opportunities, Diversity and Inclusion issued in late 2019:

- advancement of a safe, rewarding and respectful work environment, an inclusive culture with an appreciation of the value of diversity and equal opportunities in HR management processes;
- combating harassment and discrimination, including by instituting dedicated whistleblowing tools available.

This Policy also applies to the Group's suppliers that are required to comply with its principles (as specified in the Suppliers Code of Conduct). It requires systems be put in place to monitor and report on diversity and inclusion commitments and results.

More information on the relevant projects undertaken in 2020 is available in the "Equal opportunities, diversity and inclusion" paragraph of the "Main risks and management methods" section under "Human resources".

With respect to its local communities, the Group's activities may generate risks related to its core construction business, such as noise pollution, dust, vibrations, work site vehicles and damage to private property. Risks related to the acquisition of land are immaterial as the client usually acquires the land directly. However, the Group scrupulously adheres to the legal and contractual requirements and those set out in the project impact assessments to ensure it complies with them during its work and the activities contracted to third parties (subcontractors).

Work sites may be assigned a security unit in specific geographical areas due to the risks identified. The security personnel may be employees and/or personnel provided by third parties, who are usually unarmed and/or by personnel supplied by the army or local police departments through specific contracts, formal agreements or service orders.

The security personnel at the operating units receive initial training and periodic refresher courses from the local managers based on training programmes that reflect the applicable standards and regulations and include information on respect for the individual, human rights and the Code of Ethics. When employees or personnel

of private companies are used, the related contract includes service clauses for specific training about respect for human rights and the Code of Ethics. They are provided with appropriate training about their tasks. The training of personnel supplied by public safety forces complies with local regulations and standards and is mainly provided by the relevant bodies.

Depending on the nature of the project, the security unit and local management define the best way of involving the local stakeholders, mostly through formal meetings, informal meetings and discussions, training and official events.

The Corporate Security Department performs specific assessments of security risks, coordinates the local security units, defines internal standards and guidelines, prepares reports on significant events and carries out regular audits of the operating units.

In 2020, it measured the human rights risks of the supply chain by evaluating the contracts[34] agreed by the Group[35] in the period from 1 November 2019 to 31 October 2020 worth approximately €1.3 billion, to check the existence of suppliers based in countries and/or that supply goods considered at risk (based on the source country)[36].

The evaluation showed that:

- none of the suppliers evaluated are based in countries classified as very high risk and only 0.06% are based in countries classified as high risk;
- a very satisfactory 73% of the suppliers are based in countries with risks that are either "very low" or "low";
- no commodities at risk were purchased from significant suppliers during the year[37].

In addition to requesting its suppliers accept the Code of Ethics and the Suppliers Code of Conduct, the Group recently revised its qualification system, tightening up the vetting process for potential suppliers with respect to human rights. It also asks its suppliers to collaborate in a loyal and transparent manner with the Group for the purposes of the checks and audits of the correct compliance of its standards when they sign the related contracts.

All relevant persons (direct employees, supplier employees, local communities, etc.) may use the whistleblowing system described in the section on "Anti-corruption" for human right notifications. In addition, when IT channels are difficult to access, the Company has introduced alternative systems such as dedicated telephone numbers and/or personnel (grievance officers), post boxes for the receipt of reports, etc.

During the year, the Group continued to engage transparently with non-governmental organisations about human rights. In line with its practice of previous years, the Group provided Business and Human Rights Resource Centre (BHRRC) with detailed information on its protection measures for migrant workers in the Middle East, which in 2020, mostly focused on how to manage the Covid-19 emergency.

Finally, as part of its push to inform and raise employee awareness of the human rights issues most relevant to the Group, the Company has developed an e-learning programme for its entire workforce available through the E-learning Academy. The course is mandatory for new hires and has been available on the internal E-learning platform since April 2020. approximately 70% of corporate employees have completed it as well as other personnel working at the Group's work sites[38].

[34] Subcontracts were excluded from the evaluation as the related risks had been measured with the direct activities, as described earlier.

[35] Excluding Astaldi.

[36] Once again, the Company referred to the Global Slavery Index to measure country risk and the lists of the U.S. Department of Labor's Bureau of International Labor Affairs to evaluate commodity risk.

[37] A significant supplier is a supplier with contracts over €250 thousand. Below this threshold, the only purchases of commodities that could be considered risky were the purchases of work clothes, foodstuffs and raw materials (such as crushed stone and sand), equal to 0.06% of total purchases.

[38] Excluding Astaldi.

Climate change

-35%

GHG emissions intensity reduction target (t CO_{2e} Scope 1&2/€M - 2022 vs 2017)[39]

- 79 thousand t CO_2

less emissions thanks to dedicated projects

-21 Mt CO_2

annual emissions avoidable by ongoing railway, metro and hydropower projects

-8%

total GHG emissions (t CO_{2e} Scope 1&2 - 2020 vs 2019)

Internal policies

The Group promotes the global fight against climate change and the transition to a low-carbon economy.

The Group is strongly committed to the following objectives:

- supporting clients and the areas in which it operates by building infrastructure that contributes to the mitigation of and adaptation to climate change;
- reducing its energy and carbon footprint; and
- contributing to reducing its projects' GHG emissions by developing and deploying innovative solutions for its clients.

In 2020, these commitments led to the following solid achievements:

- 63% of the order backlog and 55% of revenue from low-carbon projects (hydropower, railways, metros, green buildings);
- -8% reduction in total GHG emissions (t 2e scope 1&2)[40] compared to 2019;
- 67% of the civil construction projects in place have systems and solutions to reduce their life cycle environmental impact.

The board of directors of the subsidiary Webuild and its committees monitors the Company's climate change policies and achievements and, in 2020, it included a specific GHG emissions intensity reduction target (scope 1&2) in its long-term variable incentive plan (LTI 2020-2022 plan).

This new target will be pursued as part of the ongoing reduction of GHG emissions as the Group's objective is to decrease its 2017 carbon intensity (t CO2e scope 1&2/€M) by 35% by 2022.

Since 2018, the Group has been one of the Top Ten global construction companies with the highest revenue generated from environmental infrastructure works according to the annual ranking prepared by Engineering News-Record (ENR).

The Group participates in the CDP (former Carbon Disclosure Project), the global platform that measures, compares and shares information about the environmental performance of approximately 8,400 companies around the world. In 2020, the Group obtained the B rating for the Climate Change questionnaire, above the construction sector average of D.

[39] Scope 1&2 indicate the emissions for consumption of fossil fuels (scope 1) and electrical energy (scope 2).

[40] Scope 1&2 indicate the emissions for consumption of fossil fuels (scope 1) and electrical energy (scope 2).

Main risks and management methods

As set out in the recommendations of the Task Force on Climate-related Financial Disclosure (TCFD), the Group assesses the risks and opportunities of climate change in two ways: the climate change's impact on it and its impact on the climate.

During the year, the Group analysed the risks and opportunities of climate change, based on four physical scenarios developed by the Intergovernmental Panel on Climate Change (IPCC), the key features of which are:

IPCC scenario	High level of emissions (*business as usual*)	Limited reduction in emissions	Large reduction in emissions	Reduction in line with the Paris Agreement objectives
	RCP 8.5	RCP 6.0	RCP 4.5	RCP 2.6
Peak year for global emissions	After 2100	around 2080	around 2040	2020
Increase in global average temperature in 2100	2.6 / 4.8° C	2.4 / 3.1° C	1.1 / 2.6° C	0.3 / 1.7° C
Increase in global mean sea levels by 2100	0.45 / 0.82 m	0.33 / 0.63 m	0.32 / 0.63 m	0.26 / 0.55 m

The above four scenarios have significantly different impacts on both existing infrastructure (in terms of its resilience and ability to satisfy the requirements for which it was developed) and the market's perception of the new works to be built.

The scope of the analysis was thus to identify and assess the effects of the main risks and opportunities for each scenario in the short term (less than two years), medium term (two to five years) and long term (more than five years).

The main physical and transition risks and opportunities are described in the following sections.

Advanced scenario analysis

The US group company Lane (USA) is involved in the Future World Vision: Infrastructure Reimagined project promoted by ASCE (American Society of Civil Engineers) to develop a software system using AI to simulate future trends of the construction sector over different timelines (10, 25 and 50 years). The project considers scenario analyses and six key mega trends for the sector: alternative energy, autonomous vehicles, climate change, smart cities, high tech construction/advanced materials, and policies and funding.

The project is currently being trialled by major US universities and technical colleges and will allow civil engineers and sector professionals to be better prepared to deal with future change. Once completed, Lane will be able to use the project to support its strategic processes (business plan and commercial development) and technical operations (training of engineers and project teams).

Physical risks and opportunities

The Group identified two main physical risk/opportunity factors: acute climate change (extreme weather events) and chronic climate change (e.g., less/greater water availability).

With respect to the first factor, the Group is mostly exposed to the risk of an increase in adverse weather events that can affect the normal scheduling and performance of its works leading to delays. This risk is not currently deemed high and is managed using the normal contract scheduling procedures, where the work programme (number of hours that can be worked per day and annual work days) is defined and updated considering weather forecasts, based on historical data available. Exceptional weather events that affect compliance with the timeline agreed with clients can be handled through the contract or by negotiation and usually lead to acceptance of a time extension and/or compensation for the higher costs incurred.

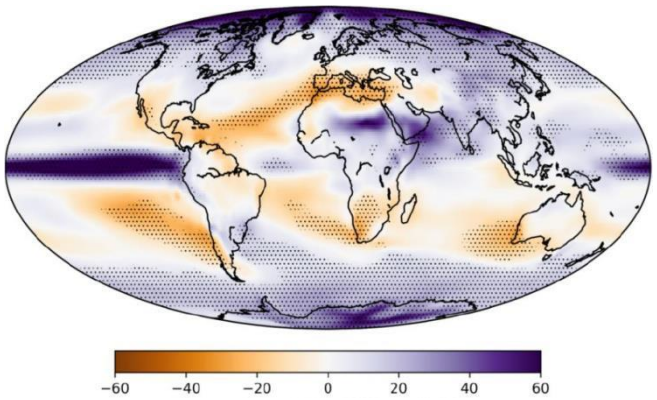
The risk of damage to assets by adverse weather conditions is also considered to be low, thanks to the related insurance contracts.

With respect to the second factor, in the medium to long term, changes in the annual average precipitation levels are expected in many areas around the world, which could potentially affect the outlook for the Clean Hydro Energy and Clean Water business areas. The scenario analysis included an in-depth look at this aspect (see the next box) finding that there may be potential reductions in precipitation in certain areas and a concurrent increase in other areas.

Scenario analysis: expected precipitation trends

The available climate models for the most pessimistic scenario (RCP 8.5)[41] agree that future precipitation trends will vary around the world with regional changes of up to a maximum of ±60% on the figures for the start of the century.

The Mediterranean region, southern Africa, south west Australia, central-south America and the west coast of the US are expected to see the largest reduction in precipitation, which will presumably boost demand for infrastructure to manage water resources (e.g. reservoirs, desalination plants) while Sub-Saharan Africa and south east Asia are forecast to become much wetter with a follow-on effect in the form of the greater need for infrastructure to enhance water resources (e.g., aqueducts, hydroelectric plants).



It is expected that these changes will be gradual and that, thanks to the Group's international footprint and the diverse markets in which it operates, it will be able to monitor developments in precipitation levels and take the relevant mitigation actions using its current strategic planning and commercial tools.

The above physical factors are also sources of opportunities for the Group given the larger investments expected to be necessary to develop infrastructure that can deal with:

- chronic climate change, such as desalination, drinking water and water treatment plants, aqueducts and water storage for drinking water and irrigation;
- acute climate change, such as retrofitting and upgrading transport infrastructure (e.g., bridges, roads and railways) and civil buildings to improve their resilience or hydraulic projects in urban areas to reduce flooding and the related water pollution.

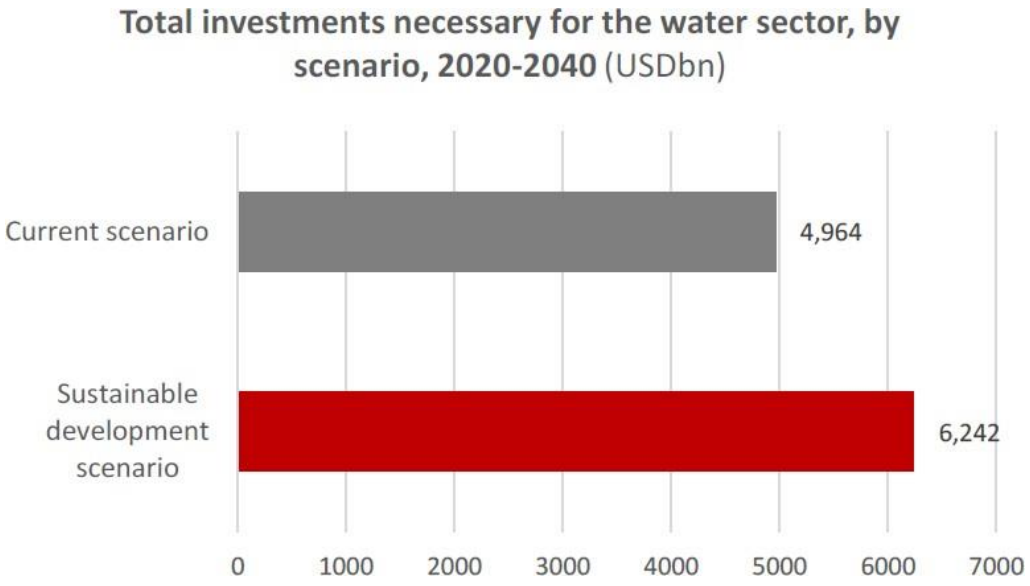
The Group is well-placed to seize these business opportunities. The ongoing clean water projects are an example of this as they respond to the specific requirements of areas affected by increasing water scarcity (such as the desalination plants built in the Middle East and irrigation water storage in Africa), the more frequent extreme weather events (the hydraulic projects carried out in the main urban centres in the US) and the pollution of

[41] Source: https://www.carbonbrief.org/explainer-what-climate-models-tell-us-about-future-rainfall

rivers and water basins (the Riachuelo River in Argentina and the Caloosahatchee West Basin Storage Reservoir in the US). The benefits to the populations affected by the Group's projects are summarised below:



Investments in water sector infrastructure, as shown in the following graph[42], will by necessity continue to be substantial in the next 20 years, driven by two main factors: the growing global population and climate change.



It has been estimated that, in the Middle East alone, the production of desalinated water will increase by 14 times before 2040[43] and new demand will mostly be met through plants that use the reverse osmosis technology, extensively used by Fisia Italimpianti in its ongoing projects. It allows a reduction in GHG emissions of around six times that of thermal desalination plants.

With respect to transport infrastructure, there is a growing focus on new infrastructure's resilience to climate change. Alongside the usual studies of the durability and safety of infrastructure, specific studies are increasingly commissioned on the expected climatic situation in the areas where the projects are taking place. They are designed to understand the potential future effects of these climatic factors on the works (e.g., the volume of rainfalls, wind strengths, temperatures and fire) to improve their resilience.

This issue is of great importance for works that are heavily exposed to the effects of atmospheric agents, such as roads, bridges and viaducts, as their resilience over time is essential to their users' safety. The Group is well-

[42] Processing of Global Infrastructure Hub data, 2019. https://outlook.gihub.org/sectors/water

[43] Source: IEA, Desalinated water affects the energy equation in the Middle East, Molly Walton, 2019. https://www.iea.org/commentaries/desalinated-water-affects-the-energy-equation-in-the-middle-east

positioned in this market as it has accumulated significant experience in the use of design techniques and studies of materials that reflect future climate projections. Example of this are the award-winning Skytrain Bridge, built as part of the Sydney Metro Northwest project and designed to stand up to rain, flooding and winds forecast after 2100 or the New Genoa San Giorgio Bridge, designed to deal with the expected increase in rainfall over the next 80 years. It is assumed that use of these design techniques will become widespread and common over the coming years, also given the new regulations that will be brought in from time to time.

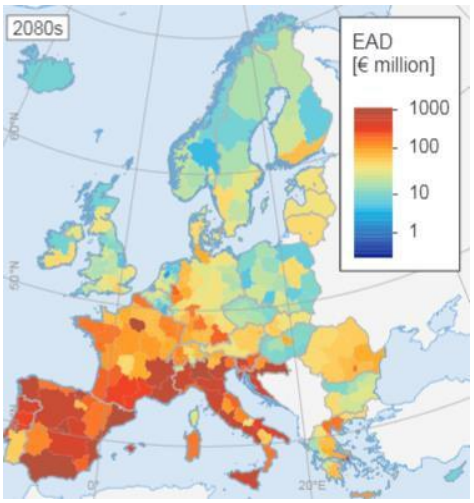
Scenario analysis: potential impacts on critical infrastructure in Europe

The extreme climate events of the coming decades may have a particularly hard impact on European infrastructure, placing a sector that already suffers from insufficient investments for modernisation and maintenance.

According to a study carried out by the European Commission[44], damage to infrastructure under the influence of climate change may multiple six-fold by mid-century and could amount to more than 10 times by the end of the century. The southern European countries will be most affected and, as a result, will probably require higher costs of adaptation.

Road and railway infrastructures are likely to be the most affected by heat and cold waves, flooding and wildfires; the ports by coastal flooding and storms, the hydraulic infrastructures by drought and heatwaves and social infrastructures (schools and hospitals) by flooding, wildfires and drought.

The overall damage could be in the region of €20 billion per year by 2050 and over €37 billion by the end of the century, approximately half of which would be incurred by Italy and Spain.



Transition risks and opportunities

The Group has identified two main risk/opportunity factors in this area: the enactment of new regulations designed to foster and accelerate the climate transition and the greater preference of clients and investors towards companies that are actively committed to the fight against climate change.

Both factors mostly represent a source of opportunity for the Group as tougher regulations about emission levels and greater demand for low-carbon solutions can generate new business opportunities.

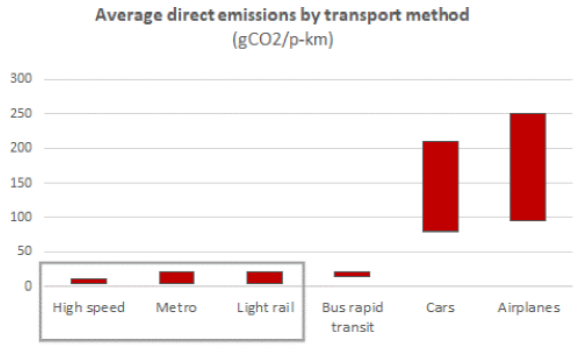
The Group is very well positioned in this sense as two of its business areas, Sustainable Mobility and Clean Hydro Energy, can make a significant contribution to reducing the GHG emissions of the transport and energy sectors, the biggest culprits.

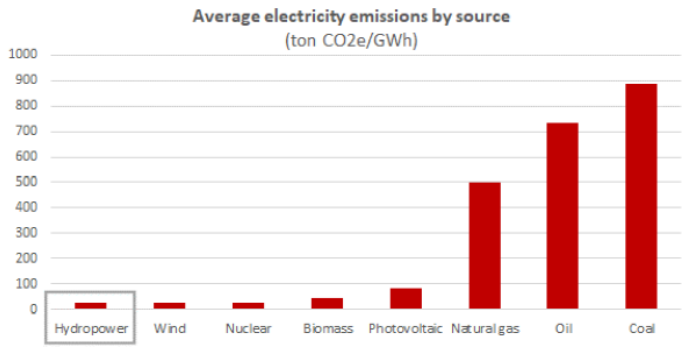
The following charts compare the emission levels of the main sources of electricity generation[45] and transport methods[46]. They show the Group's business areas in the energy (hydropower) and Sustainable Mobility (metros and railways) sectors.

[44] Source: Escalating impacts of climate extremes on critical infrastructures in Europe, 2017, https://www.sciencedirect.com/science/article/pii/S0959378017304077

[45] Climate Change 2014: Mitigation of Climate Change. Contribution of Working Group III to the Fifth Assessment Report of the Intergovernmental Panel on Climate Change

[46] Comparison of Lifecycle Greenhouse Gas Emissions of Various Electricity Generation Sources, World Nuclear Association

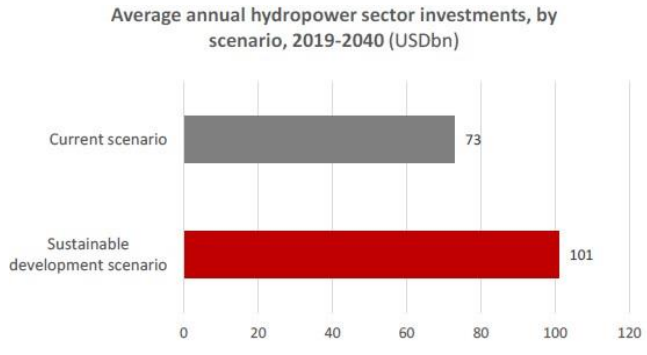


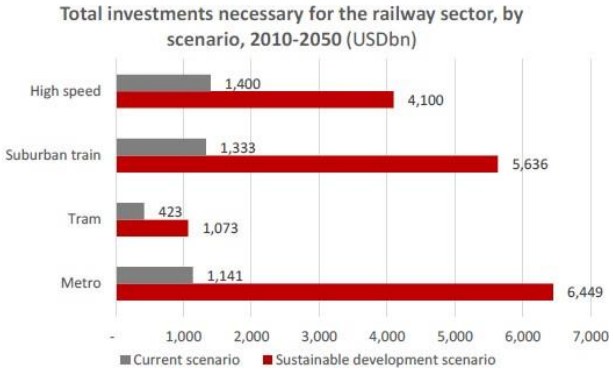


As already described, a large portion of the Group's 2020 revenue (49%) and its order backlog (61%) at year end came from projects in these areas, which include hydropower plants, metros and light rail, and high speed railway lines, which are expected to provide very significant benefits in terms of lower emissions and number of people served, as summarised below.



The hydropower and railway sustainable mobility business areas should continue to have huge development potential, as confirmed by the main projections and estimates available, given their ability to contribute to achievement of the Paris Climate Agreement objectives and the SDGs. The next graphs show the planned investments for the hydropower[47] and railway[48] business areas based on the current scenario (and policies) and a scenario where the objective of maintaining the increase in the earth's temperature below 2° C compared to the pre-industrial levels is achieved.





[47] Source: IEA (2019), "World Energy Outlook 2019", IEA, Paris https://www.iea.org/reports/world-energy-outlook-2019

[48] Lefevre, Benoit, Ahmad Iqbal Chaudhary, Deeba Yavrom, and Aman Srivastava. 2016. "The Trillion Dollar Question II: Tracking Investment Needs in Transport." Working Paper. Washington, DC: World Resources Institute.

The road infrastructure sector, where the Group is very active, will continue to be pivotal in the future, given the steady replacement of the current vehicles on the road by low-emission models (hybrid, electric, hydrogen, etc.).

Another area where the Group is active in the mitigation of climate change is that of green buildings. Most of the civil building works now underway use eco-design and construction systems (e.g., LEEDS and GSAS) to improve the life cycle environmental performances of buildings compared to similar projects built using standard criteria. The Group applies these systems to metropolitan infrastructure projects as well, like those in Qatar and Australia. For example, the Sydney Metro Northwest project, which has been completed, was built with a product environmental footprint of 33% less than the original project envisaged.

The Group manages the potential risks of new tougher climate regulations by closely monitoring the law and regulation-making activities in the countries where it operates, starting from the commercial and bidding phases. During each project's performance, the work site carefully keeps track of the applicable environmental regulations and requirements using its integrated management system.

It approaches the issue of clients' and investors' greater inclination to work with companies that have positive climate change track records with dedicated action plans. In 2020, the Group defined a Climate Road Map based on an analysis of the expectations of clients, investors and other stakeholders and the market situation. This map sets out a number of areas where action can be taken in the next few years:

- Assessment and development of medium to long-term targets using the methodology developed by Science Based Target initiative (SBTi);
- Systematic organisation of technical scouting processes and development, prototyping and testing of innovative solutions and systems to monitor and decrease GHG emitted by the business (process decarbonisation);
- Development of systems with universities and specialised research centres to assess the energy and carbon life cycles of infrastructure, to be used during the bidding, design and construction processes;
- Promotion of a low-carbon internal culture with employees through information, awareness raising and training programmes.

The Group's carbon footprint

The direct risk to the climate generated by the Group's activities mostly relates to the use of fossil fuels in operations and materials which involve carbon intensive processes (e.g., cement and steel).

Considering the entire life cycle of the Group's projects, the emissions generated by its activities are temporary, as they only take place during the construction period, and should be considered in light of the benefits of using the infrastructure, which usually has a useful life at least a couple of decades. In fact, many works are designed to be operated over 80 to 100 years if not longer.

While the Group's business is characterised by highly customised processing, techniques and technologies depending on the specific requirements of the works to be built and the characteristics of the areas where they will be located, the Group has actively developed production processes and technical-organisational solutions for some years to decrease its environmental footprint.

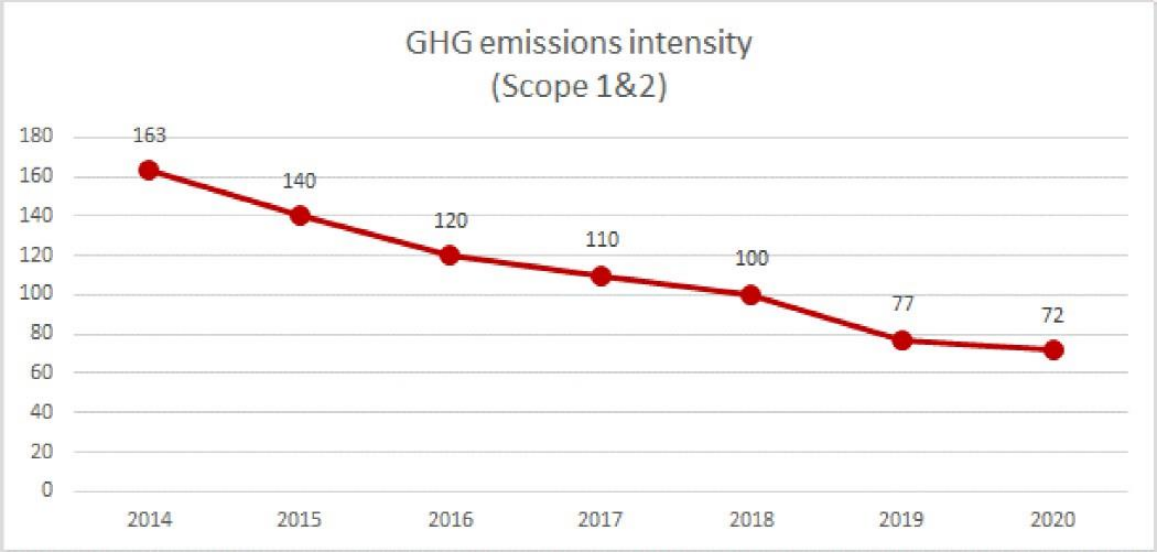
Accordingly, when designing and setting up its work sites, the Group checks all the environmental components of its industrial processes to optimise them and make them more efficient. It focuses on energy, water and materials consumption to reduce, *inter alia*, its carbon footprint.

The following tables show its energy consumption and the related GHG emissions:

Energy consumption	Unit	2018	2019	2020
Non-renewable energy sources				
Diesel	GJ	5,455,604	4,788,252	4,499,507
Petrol	GJ	348,456	234,462	230,167
Kerosene	GJ	10,405	2,875	962
Natural gas and LPG	GJ	1,200,705	3,905	15,381
Electricity	GJ	393,766	308,263	259,381
Total consumption from non-renewable energy sources	**GJ**	**7,408,937**	**5,337,758**	**5,005,398**
Renewable energy sources				
Electricity from renewable sources	GJ	200,415	148,619	206,656
Total internal energy consumption	**GJ**	**7,609,352**	**5,486,377**	**5,212,054**
Energy consumption - subcontractors	GJ	1,667,939	770,806	1,004,413
Total energy consumption	**GJ**	**9,277,292**	**6,257,183**	**6,216,467**
Energy intensity	**GJ/€M**	**1,785**	**1,220**	**1,238**

Direct and indirect GHG emissions	Unit	2018	2019	2020
Direct emissions (Scope 1)	t CO_{2e}	467,234	350,593	330,596
Indirect emissions (Scope 2)	t CO_{2e}	54,637	43,371	30,910
Other indirect emissions (Scope 3)	t CO_{2e}	117,528	61,573	78,834
Total GHG emissions	**t CO_{2e}**	**639,399**	**455,537**	**440,340**
GHG emissions intensity (Scope 1 and 2)	**t CO_{2e}/€M**	**100**	**77**	**72**

The following graph provides a comparison of the GHG emissions intensity (t CO_{2e} Scope 1&2/€M), showing its improvement in the last seven years.



The Group's energy requirements decreased on 2019. Consumption of the main energy sources (diesel, petrol and electrical energy) was affected by the smaller volume of work carried out at the projects nearing completion (Qatar and Kuwait) offset by the upturn in volumes at projects in Saudi Arabia, Ethiopia and the US. The increase in subcontractors' consumption, and related Scope 3 GHG emissions, is mostly a result of the work performed in Italy (COCIV), Tajikistan and Astaldi's European contracts.

The Group's main energy rationalisation systems include the use of highly efficient vehicles and equipment, connecting its building site plants to electricity networks rather than diesel generators, carrying out regular maintenance programmes for its vehicles, applying the power quality improvement systems and informing its employees about the importance of energy saving.

Significant contributors to the reduction in GHG emissions are the projects to connect to the electricity grid systems, especially when the host country's energy mix is mostly made up of renewable energy. This is the case in Ethiopia, where the GERD hydropower project work site uses renewable energy generated by other hydropower plants already active in this country, shortly to be joined by the Koysha work site, where a power line to the national grid is currently being laid.

The following table shows the Group's initiatives to reduce its GHG emissions.

GHG emission reduction initiatives	Unit	2018	2019	2020
Active initiatives	no.	16	15	13
Reduction in GHG emissions	t CO_{2e}	42,440	52,253	78,979

In addition to that shown in the table, the Group has another three planned initiatives which will lead to an additional annual reduction in emissions of 16,464 tonnes CO_{2e}.

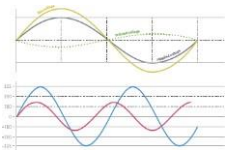
Over the last three years, initiatives have been rolled out to improve the energy efficiency of industrial processes, to adapt current production processes, to adopt less polluting logistics options and to introduce awareness campaigns for employees. In addition, many of the Group's innovation, research and development projects (see the relevant section) have a strong environmental factor in terms of their energy efficiency and reduction in GHG emissions.

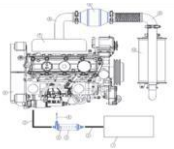
Innovation to reduce GHG emissions

Over the past few years, the Group has focused on the development of process innovation to reduce its operations' energy consumption and GHG emissions.

Its aim is to eliminate unnecessary consumption and minimise essential consumption. This includes the following initiatives introduced at certain work sites:

- replacement of lorries with conveyor belts to transport materials;
- making tunnel ventilation systems more efficient, so as to be able to adjust the systems' power to the air quality levels;
- making electrical loads in logistics sites more efficient with specially developed diagnosis and monitoring tools (Power Quality);
- making work tools more efficient to the benefit of the environment and employee health;
- using high efficiency, low consumption lighting systems (LED).





In addition to consumption and direct emissions, which the Group intends to contain over the next few years, it works to reduce the indirect emissions from its related activities (transportation and travel of its employees) as much as possible. As well as the specific projects described in the section on "Innovation, research and development", the procurement policy designed to mostly use local suppliers (91% in 2020) eliminates the need for long transport journeys, reducing the related emissions. When the goods are not available on the local market, the Group prefers to ship materials and machinery by sea as this is the means of transport with the lowest carbon footprint.

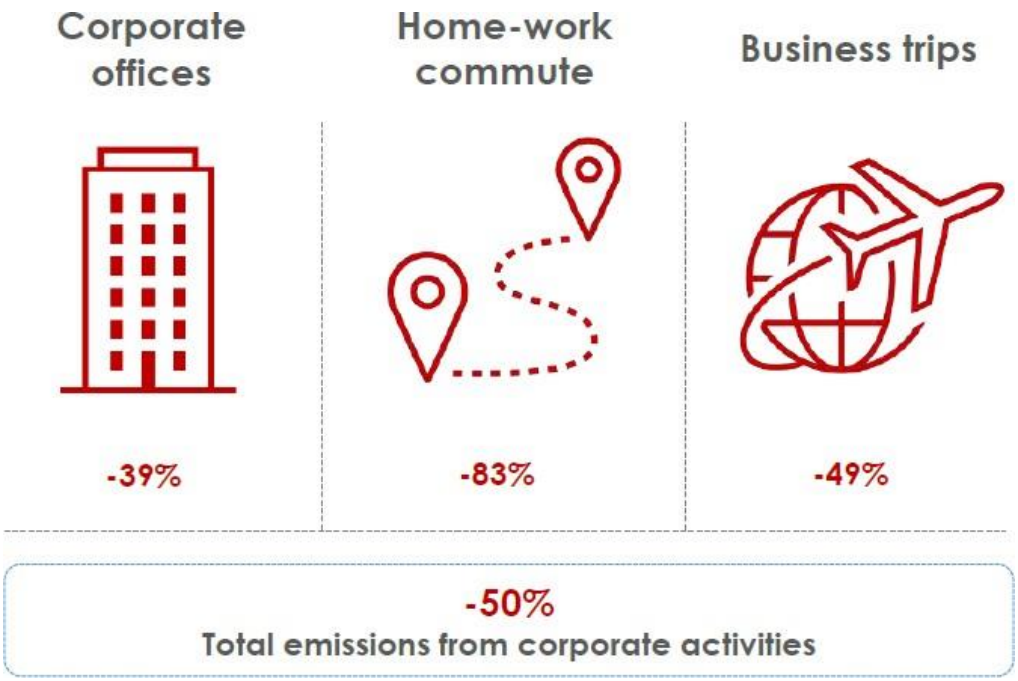
Over the last few years, the Group has equipped its offices and work sites with video conference systems which have reduced the number of business trips to those essential for operating reasons. Its travel policy favours travelling by train rather than by plane and the use of public transport rather than taxis.

When possible, contracts have personnel mobility management programmes designed to optimise transfers between work areas, the canteens and employee accommodation. They include the use of collective transport methods (buses) for blue collars and car-pooling for white collars at the work site offices.

The effects of Covid-19 on corporate emissions

As already described, the Group promptly adopted a number of measures in 2020 to protect its employees' health and contain the diffusion of Covid-19. It introduced WFH for all corporate staff and, when possible, those at the work sites, limiting business trips to essential travel only and upgrading digital work tools to support its business.

These measures had a significant impact on the corporate activities' GHG emissions, which decreased by 50% on the previous year.



Environment

Circular economy

focus on reuse, recycling and reduction of waste

69%

waste sent for recovery

100%

reused excavated materials

67%

materials purchased within a 160 km radius of the work sites

Internal policies

Protection of the environment is a priority for the Group, which formalised a specific Environmental Policy in 2002, one of the first European construction companies to do so. In 2007, it introduced an environmental management system which is ISO 14001 certified.

The Group's Environmental Policy defines ten principles to guarantee:

- compliance with applicable legal and contractual requirements related to the environment;
- identification and assessment of environmental aspects tied to the Company's direct and indirect, present and future operations, evaluation of the related significant effects and management of the mitigation and control measures, integrating the life cycle perspective and sustainable supply chain logics;
- identification of all the technical and organisational measures designed for the rational use of natural resources and the mitigation of pollution, GHG emissions, waste generation and inconvenience to the local communities as well as the maximisation of the positive effects for the environment;
- involvement and participation of all employees or people who work for the Company through actions to make them aware of the issue, the dissemination of information and training courses, dialogue and transparency in action.

The Policy also provides that each worker has the right and is obliged to intervene and stop work if the environment could potentially be compromised.

During the realisation of awarded projects, the Group ensures compliance with the above-mentioned principles in accordance with the commitments taken on with its clients.

Main risks and management methods

The main environmental risks arising from the organisation's activities relate to non-compliance with applicable environmental legislation, compromising one or more environmental components (e.g., the soil, water or air) due to a mistaken assessment of the risk or ineffective management/mitigation activities, inefficient use of natural resources and the failure to obtain/maintain environmental certifications and ratings.

The main environmental risks facing the organisation (generated by external factors) arise from changes in the applicable environmental legislation, the inconsistent interpretation of applicable legislation by the competent local authorities, incomplete and/or insufficient environmental impact assessments for projects (which should be performed by the client) or adverse environmental or geological conditions (e.g., extreme weather events, actual conditions differing from those anticipated during the tender procedure).

To monitor these risks, the Group has an environmental management system, which complies with the ISO 14001 standard and has been certified by an independent certification body.

To ensure that the significant environmental impacts are properly identified, managed and mitigated, the system incorporates a number of environmental management procedures that have to be implemented by the Group's production companies, after being revised to comply with the applicable regulations or contracts.

When contractually provided for, the Group's contracts may include additional environmental management standards that could require special certifications or ratings. They may be:

- system standards, which involve reaching specific environmental performance targets during construction activities (e.g., lower emissions, waste recycling);
- product standards, which require the completed works to meet specific environmental performance targets (e.g., use of low-carbon construction materials, energy-efficient buildings).

In 2020, 67% of the ongoing civil building projects (e.g., hospitals, airport terminals, stadiums, buildings and urbanisation works) adopted dedicated systems to reduce their life cycle environmental impacts. Some sustainable mobility projects (e.g., metro stations) have followed suit. The certified systems most frequently used by the Group are: LEED (Leadership in Energy and Environmental Design) on a global basis, GSAS (Global Sustainability Assessment System) in the Middle East, and IS (Infrastructure Sustainability) in Australia.

During the start-up of a new contract and based on the planned work, the plant to be built and the areas to be used for logistics and building work, an environmental risk assessment is performed to identify significant environmental aspects, i.e., those aspects that could have a significant impact on the environment. Their identification and assessment of the significance of their impact as well as the subsequent definition of impact management and mitigation measures take place in line with specific procedures.

The significance of environmental impacts is assessed using a method based on an analysis of well-defined criteria, such as the existence of special regulatory or contractual requirements, assessment of the related risk, management of the impact and the area's sensitivity to the specific environmental aspect.

The assessment considers various scenarios: standard operating conditions, irregular conditions (e.g., plant start-up, maintenance), emergencies (e.g., fire, spills). Once the significant environmental aspects have been identified, the main effects of the contract work and other activities on the different environmental components are analysed:

- natural and energy resources;
- atmosphere and climate (emissions);
- soil, subsoil and water environment;
- waste and use of hazardous substances/preparations;
- traffic, atmospheric, light and electromagnetic pollution;
- noise and vibrations;
- ecosystem, cultural heritage and environmental restoration.

After the environmental risk assessment, analysis of the contractual obligations and related environmental regulations, the following is prepared for each contract:

- environmental plans/procedures setting out guidelines for the management/protection of each specific environmental component;
- environmental protection plans defining the specific mitigation and monitoring activities to be adopted in the specific area;
- environmental monitoring and control plans defining the specific management and monitoring activities for the environmental components identified in the various areas;
- specific instructions for the different method statements applied.

In addition and to comply with the client's instructions, the project's social-environmental impact assessment and ruling legislation, the contract undergoes environmental monitoring to check any unforeseen variations and/or critical environmental issues affecting the areas outside the work site during the development or roll out of the work. This includes investigating the causes to determine whether they are due to the project and, if so, together with the client, to define mitigation/prevention measures with the client and check their

effectiveness.

To ensure the correct implementation of the environmental plans, the work sites schedule and provide for information/training to be given to the employees involved in contracts with potential impacts on the environment, including the subcontractors' employees. They regularly run campaigns to raise employees' awareness of specific issues (e.g., energy savings, waste, spills, use of hazardous substances/preparations, etc.).

The work site environmental departments carry out the monitoring/supervision procedures provided for in the environmental plan with regular checks and audits of the activities performed directly and indirectly by subcontractors. If any instances of non-compliance are identified, special remedial actions are defined as well as plans to improve the processes and/or performance when deemed appropriate.

Contract management regularly reviews environmental performances and the management system's strengths and weaknesses. It sets objectives for the subsequent period to ensure ongoing improvement.

The Group is committed to the optimal use of resources and reduction of its environmental footprint. It will continue to protect the areas where it works to ensure that serious environmental accidents do not take place, that production processes become more efficient, the use of local raw materials is more efficient and effective and that water resources, materials and waste not sent to landfills will be reused including for energy generation (in line with the applicable legislation). It will assess its water management cycle and machinery to define additional measures to reduce its impact on the environment. Finally, it will continue to provide training courses about the environment to its employees to increase the per capita hours provided to direct employees.

At corporate level, the Group HR, Organisation and Systems Department defines methodologies, tools and operating methods to manage quality, health, safety and the environment issues. Its Safety, Environment and Systems Unit is in charge of the environmental management system. It provides technical assistance with environmental issues, analyses the Group's environmental performance and defines the objectives/guidelines for continuous improvement to pursue steadily improved performances.

Communications about environmental aspects are made on a hierarchical basis within the organisation through the QEHS coordinators (who liaise with the Corporate and contract managers), the company intranet, the website and this Statement. Other internal communication channels (e.g., employees, subcontractors) and external channels (e.g., local communities) are set up at individual production unit level in line with the ruling legislation, contractual requirements and any recommendations in the social and environmental impact assessments approved by the authorities.

Employees may use the whistleblowing system described in the section on "Anti-corruption" for environmental notifications. In addition, some work sites have additional notification systems (grievance mechanisms), which can also be used by third parties (e.g., local communities). Typical communications received locally relate to inconveniences caused by the work site equipment (traffic, dust) and construction activities (noise, vibrations) or damage to private property.

Reference should be made to the section on "Main risk factors and uncertainties" ("Criminal litigation" paragraph) of the Directors' report for ongoing environment-related disputes.

The methods to manage the main environmental issues are described below. The environmental data are heavily affected by the number and type of works under construction, the client's design decisions and the stage of completion of the individual projects. Accordingly, a comparison with previous periods may not always be significant, especially in terms of the absolute values, and even more so this year which has been affected by Covid-19 that disrupted business operations.

The local area and the circular economy

At the end of 2020, the Group's work sites included 497 operational sites, of which 158 underground, for a total surface area of 219,971,657 m^2. The following table shows the main data by geographical area.

Geographical area	Unit	Total surface area	Surface area in protected areas	Surface area of areas adjacent to protected
Africa	m² / %	22,650,000	0%	0%
Europe	m² / %	10,137,519	23%	1%
Americas	m² / %	62,338,249	75%	5%
Asia and Oceania	m² / %	124,845,889	5%	0%
Total	**m²/%**	**219,971,657**	**25%**	**2%**

The American continent is the geographical area where the Group has the largest surface areas inside protected areas. This is due to the Caloosahatchee (C43) West Basin Storage Reservoir contract in Florida (US) acquired in 2019. The project is part of a larger plan, The Comprehensive Everglades Restoration Plan, a long-term plan approved by the US Congress to restore, protect and preserve the environment of a protected area of great importance to the community, the economy and ecosystem of Florida. The Everglades provides drinking water to more than eight million people, supports the flourishing agricultural and tourist sectors of Florida, has unique natural habitats and is home to two native American tribes. Lane's share of the project is to build a reservoir on over 4 thousand hectares as part of the plan to contain wastewater discharges, improve water quality, restore natural habitats and preserve the protected species.

In Europe, the largest surface areas inside protected areas are two Italian projects being carried out by Astaldi to upgrade the logistics terminal at Taranto Port and the Marche-Umbria quadrilateral road system.

The projects in protected areas (or partly within them) in Asia and Oceania are Umm Lafina in the United Arab Emirates and Snowy 2.0 in Australia.

Information about biodiversity management is available in the "Biodiversity, cultural heritage and environmental restorations" section.

The Group adopts practices that are in line with the principles of the circular and green economy, designed to minimise (when possible) the use of natural resources, including through their reuse, as part of its activities. Similarly, it encourages the recovery of waste materials in the same project or surrounding areas.

The Group's resources for the year are presented in the next chart, showing the "circularity" of its practices.

INPUT

OUTPUT

10.6 Mt of materials used

18.9 Mm³ of excavated materials

9.0 Mm³ of water withdrawals

3.2 Mt of waste products

of which 81 % excavation waste

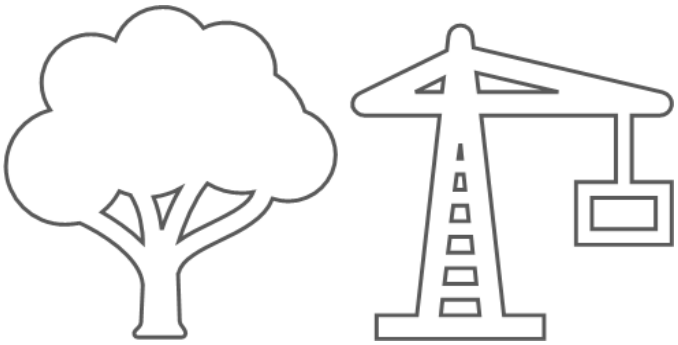
of which 19% other waste

67%

of materials purchased within a 160 km radius of the work sites

-46%

of waste generated compared to the previous year



100%

of reused excavated materials[49]

99.2 %

of non-hazardous waste

-10%

of water withdrawals compared to the previous year

69%

of recycled or reused waste

PROTECTION AND RESTORATION

97.6 Mm² of soil protected from erosion

8,626 thousand m² of areas where topsoil was replaced

160 thousand m² of reforested areas

The following paragraphs describe the elements presented in the above chart.

[49] The materials reused during the year may include excavated materials from previous years.

Raw materials

Construction of motorways, bridges, dams, railway and metro lines and civil and industrial buildings requires the use of large quantities of water, aggregates, iron, cement and backfill: all raw materials which are mostly not renewable.

The environmental assessments made at the start of a new contract consider these aspects and the related mitigation measures are designed to ensure the efficient management of these resources.

With respect to raw materials, the Group is committed to, where possible:

- reusing excavated earth and rocks in other industrial processes such as, for example, the production of aggregates for concrete or the construction of embankments and other earth fills as required by the projects for cost efficiency purposes and in line with circular economy principles;
- using alternative or innovative materials, such as materials that have been recycled, obtained using low-carbon methods or that improve the quality, durability, safety and functionality of the finished works.

With respect to water resources, the Group is mainly involved in the development of storm water, industrial and drainage recovery systems to reduce the quantities of raw water and/or drinking water required at the work sites.

Innovative solutions to reduce materials and water footprints

Certain of the Group's work sites have recently developed special optimised concrete mixes with a low cement content or that include recycled materials from other industrial sectors (e.g., the iron and steel sector). This allows a 15% reduction in the use of cement down to 65%. These mixes are mostly used in hydropower and metro construction projects.







The Group has also increased its use of steel materials with a high recycled component and plans to deploy them for more than 90% in its latest commercial initiatives.





Alongside the Group's traditional process water recovery systems and closed-circuit systems in place at its work sites for years, it is also developing an innovative remote control system for the fully digitalised tracing of the work sites' water resources. This will assist detection of water losses and waste and the reduction of water consumption.

The main raw materials used by the Group are shown in the tables below:

Materials used	Unit	2018	2019	2020
Aggregates	t	15,399,193	4,063,905	5,754,137
Bitumen	t	257,541	77,705	43,357
Cement	t	662,052	357,757	408,631
Concrete-reinforcing bars	t	1,065,914	488,085	759,573
Ready-mixed and pre-cast concrete	t	4,608,609	2,808,654	2,999,374
Ready-mixed asphalt	t	790,547	560,039	675,581
Total non-renewable materials	**t**	**22,783,854**	**8,356,146**	**10,640,655**

Water use	Unit	2018	2019	2020
Wells	m^3	2,880,660	3,739,539	2,226,930
Rivers	m^3	6,793,150	3,810,030	4,705,652
Lakes	m^3	291,623	0	29,790
Aqueducts	m^3	2,259,390	2,417,294	1,980,192
Rainwater and wastewater from other organisations	m^3	116,795	158	27,455
Total	**m^3**	**12,341,619**	**9,967,021**	**8,970,019**

The main variations on 2019 relate to the progress made on the Group's projects. Specifically, the increase in aggregates is mostly due to the higher volume of activities for the subsidiary Lane's projects (in the USA) and those in Ethiopia. The increase in ready-mixed and pre-cast concrete was affected by the stage of completion of COCIV's projects in Italy and Line 16 of the Paris Metro (France). The greater use of concrete-reinforcing bars, ready-mixed asphalt and cement is due to Lane's projects in the US and progress on the Ruta del Sol project in Colombia (asphalt) and Line 16 of the Paris Metro (cement). The reduction in bitumen is mostly attributable to the South Al Mutlaa project in Kuwait, which is nearly completion.

There was a 10% decrease in water resources utilisation in 2020, mostly due to the above-mentioned South Al Mutlaa project. The Group concurrently saw an increase in withdrawals from rivers related to the greater consumption for COCIV's projects in Italy, the Rogun Dam (Tajikistan), and GERD and Koysha projects (Ethiopia). Withdrawals from lakes entirely related to the Snowy 2.0 project in Australia.

With respect to the circular and green economy, during the year, 67% of the materials purchased complied with the region-based criterion, as they were purchased within a radius of less than 160 km from the work sites, thus reducing the impact of their transport. During 2020, the Group also used 14.5 thousand tonnes of fly ash (2019: 15.1 thousand tonnes) and water recycled and reused in production processes of 1.4 million cubic metres (2019: 2.0 million cubic metres).

Energy consumption, both in the form of fossil fuels and electric energy, has a strong impact during construction of infrastructure. Reduction of energy consumption and greater energy efficiency allow a decrease in GHG emissions and mitigation of the effects of climate change. The "Climate change" section describes the Group's actions in this area.

Soil, subsoil and water environment

The Group's construction activities may affect the soil and water environment at different levels depending on the works in question and the surrounding environment (e.g., urban or rural environment).

Contracts are managed to avoid damaging these environmental components. Specifically, containment tanks, wastewater conveying networks and waterproofing systems for risky logistic areas (e.g., workshops, fuel and chemical depots) are built during the work site start-up phase to prevent contamination of the soil, subsoil and surrounding water bodies.

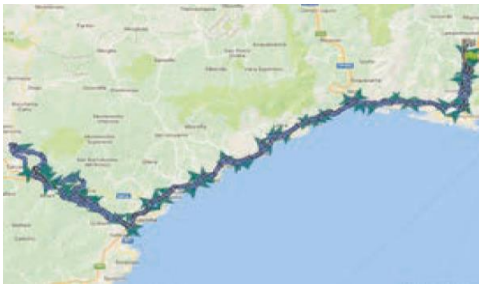
Industrial wastewater is channelled and collected in sedimentation tanks and treatment plants designed to comply with the applicable legal and contractual provisions, using the best technologies available, given the wastewater's specific characteristics.

Construction work also involves movement of large earth quantities to construct embankments, cuttings, tunnels or certain types of dams. In accordance with the policy to reduce waste production, the excavated earth and rocks are classified and stored on the sites for reuse within them, where possible and in compliance with the regulations, or transferred to third parties to be reused externally. In 2020, reused excavated materials[50] amounted to 23.5 million cubic metres (2019: 12.1 million cubic metres), which is a very significant amount showing the effectiveness of the Group's circular economy policies.

[50] These materials may include materials excavated in previous years.

Traceability of excavated earth and rocks

The Group has introduced an automated system to trace the excavated earth and rocks at the COCIV work site in Italy. This involves the GPS monitoring of the transported materials and the digitalisation of the transport documents leading to a more efficient process, a more reliable end result and a drastic reduction in the production of paper documents.



In order to mitigate the risk of soil erosion due to excavations and aggravated by weather events (rain, wind), the Group takes specific soil protection measures consisting of systems to consolidate excavation fronts and to channel rainwater, as well as covering more exposed areas (e.g., escarpments) and planting trees that mitigate erosion. The mitigation measures are defined considering the natural elements, the environment and features of the local area. In 2020, areas where measures to protect against erosion have been implemented covered 97.6 million square metres (2019: 52.5 million square metres).

Waste

Waste generated during construction of large-scale infrastructure can be grouped into two separate categories: municipal waste and special waste. Municipal waste is generated by logistics sites where the support activities for the industrial production are carried out such as offices, accommodation for non-resident workers and canteens. Special waste is generated by the actual industrial activities, such as construction, plant operation and the workshops.

In line with the circular economy principles, the Group limits its waste production by maximising its reuse and recycling and minimising the use of landfills. Accordingly, its waste is collected, sorted and stored in specific enclosed areas from which they are then taken to be transferred to third parties authorised to recycle/dispose of the waste.

Hazardous waste is a marginal part of the waste generated in the Group's contracts. Normally it involves paint, additives and solvents, used oil and oil filters from vehicle maintenance, batteries, rechargeable batteries and, in some cases, earth, sludge and other materials containing hazardous substances.

Waste produced by activity, type and destination, dealt with in accordance with local regulations, is shown in the following table:

Total waste by activity	**Unit**	**2018**	**2019**	**2020**
Construction and demolition waste	t	517,732	291,491	522,685
Excavation waste	t	6,345,575	5,593,636	2,596,281
Waste from support activities	t	97,558	66,829	96,034
Total non-hazardous and hazardous waste	**t**	**6,960,865**	**5,951,955**	**3,215,000**

Total waste by type and destination	**Unit**	**2018**	**2019**	**2020**
Non-hazardous waste				
Recovery, reuse and recycling	t	3,712,507	4,341,435	2,195,581
Incineration	t	3,398	930	6,305
Landfill	t	3,230,657	1,598,681	988,993
Total non-hazardous waste	**t**	**6,946,563**	**5,941,047**	**3,190,880**
Hazardous waste				
Recovery, reuse and recycling	t	5,283	712	13,721
Incineration	t	324	27	13
Landfill	t	8,695	10,169	10,387
Total hazardous waste	**t**	**14,302**	**10,908**	**24,120**
Total non-hazardous and hazardous waste	**t**	**6,960,865**	**5,951,955**	**3,215,000**

81% of the waste produced is from excavations, which thus affects the Group's global waste treatment performance. It is classified as waste in line with the applicable regulations and its possible internal and/or external reuse, which varies depending on the projects' characteristics and the material's geotechnical characteristics which the Group cannot influence.

The significant decrease in total waste in 2020 compared to the previous year is mostly due to the completion of the excavation phase of the Rogun Dam project (Tajikistan), which had been underway in previous years, affecting their figures.

The percentage of waste recovered, reused and recycled is 69% for the year.

The Group encourages all work sites to reduce their waste production and to maximise its recovery in line with their local context and economy and the ruling legislation.

Atmosphere

Unlike other industrial sectors, the construction sector does not generate significant atmospheric pollution. The main sources of atmospheric emissions are linked to dust created by the construction activities: excavations, earthwork, movement of heavy vehicles on unpaved roads and crushing excavated stone.

Other sources of air pollution are the unloading of site equipment and plant. The methods adopted by the Group to mitigate these impacts are described below:

- regular dampening of unpaved roads accessing work sites, aggregates wetting systems at the crushing plants, the use of filters on the cement storage silos and asphalt production plants, covering lorries transporting powdery materials, tyre washing systems at site entrance points and the replacement of road transport with conveyor belt transport;
- preventative and regular maintenance schedules for site plant and vehicles, ongoing replacement of the fleet with more efficient models.

Noise and vibrations

The aspects relating to noise and vibration are of double significance for the Group: internally, in terms of the health of workers, and externally, in terms of impacts on the environment and local communities.

The Group's QEHS management system includes specific procedures to assess and monitor these aspects, so that each site can adopt the most appropriate measures to ensure protection of the health and safety of workers (soundproofing, use of personal protection equipment, etc.) and of the surrounding environment.

With regard to the effects on the environment surrounding the sites, the areas most affected by noise interference are protected by noise barriers, which can be artificial dunes made of backfill material, support structures and absorption panels made of various materials. The noise barriers can also be one or more rows of trees or shrubs which both absorb the noise and reduce the visual impact. The choice of the barrier depends on its effectiveness, the area in which it will be placed and its landscaping effect.

Vibration is also a feature of work at civil engineering sites. The effects of pressure waves that propagate in the soil can cause damage to buildings or other structures located in the vicinity of the works. During the works, periodic monitoring of both noise and vibration is carried out, particularly in the presence of sensitive receptors.

Biodiversity, cultural heritage and environmental restorations

The loss of biodiversity is a global issue affecting a growing number of natural habitats, accelerated by climate change and pollution. Examples of infrastructure works that can mitigate human activities' impact on biodiversity are the Group's hydraulic engineering projects designed to reduce the pollution of water bodies (rivers, lakes, wetlands and oceans) being carried out in various parts of the world.

The Group also adopts special protection measures, especially when the work sites are within sites of special natural, cultural or archaeological interest. These measures, which are implemented in accordance with the competent authorities' provisions and the relevant applicable legislation, are designed to protect and preserve the ecosystem, flora and fauna, biodiversity and cultural/landscape and archaeological heritage of the areas around the work sites.

Depending on the type of project and activities, the works schedule is defined considering the biological rhythms of the local wildlife (e.g., their behaviour, reproduction periods, seasonal migration). This involves

drawing up special plans to protect the fauna, including the procedures to be followed in the case of their rescue. In the last three years, the Group has rescued more than 1,300 wild animals. The use of pesticides and herbicides is usually banned in the Group's work sites.

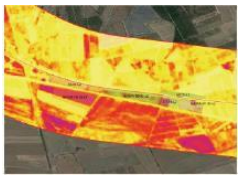
The linear work sites (for roads, railways) prepare flora and fauna continuity solutions, which can include making wildlife corridors, so that the works (including during the construction phase) do not become a physical barrier between previously adjacent areas.

The Group also involves external professionals, researchers and local authorities in its procedures to manage operations in protected areas and/or when archaeological artefacts are discovered. For example, the Group implemented an intensive system to monitor and protect the local flora and fauna at the Umm Lafina project in the United Arab Emirates, which is located in a coastal protected area with mangroves and very diversified avian fauna. This system includes regular surveys by an independent specialist to monitor migratory birds.

It ensures the direct and indirect work site employees are provided with tailored training courses on biodiversity, especially when this is pertinent to the project.

Smart biodiversity monitoring

The Group has recently started to use innovative biodiversity monitoring systems in areas where it operates. These include satellite technologies and distance monitoring, deployed at several linear work sites (for railway projects for example) where construction activities cover areas with different habitats and it is very important to trace and monitor it in all the project stages.



The systems can efficiently monitor and trace the potential impact of the Group's projects on biodiversity, for example, on valuable crops (through multi- spectral satellite analyses) or the wild life's interaction with the work site activities (using motion-based detection systems).



As disclosed in the "The local area and the circular economy" section, at the end of 2020, 25% (2019: 21%) of the areas managed by the Group was located in protected areas and 2% (2019: 2%) in areas adjacent to protected areas[51].

Specifically, 38 work sites (the equivalent of 56.1 sq km) were located in protected areas (mostly in the US, followed by Italy, Australia, Chile and Poland) and 26 (the equivalent of 3.6 sq km) in areas adjacent to protected areas (mostly in the US, followed by Australia and the United Arab Emirates). Of these sites, 38 are in areas protected by local regulations, 16 in areas protected by national regulations, six in "Natura 2000" areas and two in sites included in the UNESCO World Heritage Sites with another two in sites different to those above. There are 20 work sites located in ecosystems that contain water (e.g., lakes, rivers, swamps, etc.), 10 in urban ecosystems, nine in agricultural ecosystems, 12 in wood ecosystems, ten in mountain ecosystems, two in coastal ecosystems and one in insular ecosystems. In these areas, construction and plant operation activities are mainly carried out.

Once construction has been completed, the areas affected by the work, access roads, plants, installations, quarries and deposits are cleaned up to return the areas to their original conditions in line with the contractual terms and current regulations. These restoration activities facilitate natural revegetation, prevent soil erosion and improve soil stability.

Any land reclamation activities, if provided for in the contract and necessary due to previous contamination, are agreed with the clients and performed in line with the competent authorities' instructions.

Environmental restoration activities may include reforestation for carbon capture purposes, and indigenous species are usually used. The main restoration activities performed by the Group are shown below:

[51] The sites (not located within protected areas) in which activities with potential impacts on surrounding protected areas are carried out are considered "adjacent to protected areas".

Protection and restoration activities	Unit	2018	2019	2020
Reforested area	m²	391,144	188,140	159,506
Areas where the topsoil was replaced	m²	3,674,094	710,295	8,625,836

The increase in topsoil replacing activities compared to 2019 is mostly due to the performance of Lane's projects, while the reduction in reforestation activities relates to the specific stages of work of the projects in Ethiopia, which continues to be the country where the most trees were planted followed by the US and Colombia. In 2020, the Group planted 5,950 trees.

Anti-corruption

Zero tolerance

for corruption

Anti-corruption system

ISO 37001 certified

Continuous training

on anti-corruption

Whistleblowing

a dedicated platform

Internal policies

The Group has a zero tolerance policy for all types of corruption and is committed to complying with the anti-corruption laws ruling in the countries where it operates. It requires its stakeholders to act with honesty and integrity at all times. It never condones behaviour designed to improperly influence the decisions taken by representatives of public or private bodies.

The Group is committed to adopting preventive protocols to minimise the risk of corruption and to ensure compliance with the principles introduced by anti-corruption laws and international best practices.

These principles are enshrined in its Code of Ethics and reiterated in its Anti-corruption Policy, adopted voluntarily and in compliance with international best practices.

Main risks and management methods

The Group has an Anti-corruption System which meets the ISO 37001 requirements and is certified by an independent certification body. In addition to its Anti-corruption Policy described earlier, the system has the following additional elements:

- preparation, updating and application of the Anti-corruption Model approved by the Board of Directors of the subsidiary Webuild on 16 June 2014 and updated on 28 September 2018 and 15 December 2020;
- issue of Guidelines and internal procedures and integration of existing ones to define the roles and responsibilities of the parties involved and the operating methods for the processes and controls defined in the above documents.

As part of its zero tolerance policy, it seeks to align its strategy with the Anti-corruption System, instilling a compliance culture and mitigating the potential risks of non-compliance.

The Board of Directors of the subsidiary Webuild adopts the Anti-corruption System while the Compliance Unit monitors the Anti-corruption System and its correct application. It draws up an annual Compliance Plan, which sets out the Company's goals to ensure achievement of the general objectives and ISO 37001 recertification. The Control, Risk and Sustainability Committee, the Board of Statutory Auditors and the Director in charge of the Internal Control System all check the Compliance Plan as does the Integrity Board for the aspects related to Legislative decree no. 231/2001.

The Anti-corruption System is designed to cover the risks to which the organisation could be exposed. With respect to active corruption, the main risks identified relate to interaction with representatives of the Public administration as part of specific activities, such as, for example, those to comply with defined obligations vis-à-vis the public administration or the obtaining of authorisations from it (licences and permits, payment authorisations from works management or approval of design extensions/variations). Other risks may arise from participation in calls to tender by public bodies, inspections and/or checks or disputes.

With respect to active corruption in the private sector, this risk is less material and mostly relates to the Group's participation in tenders called by private bodies or management of partnerships.

The main risks facing the organisation arise from procurement and subcontracting activities. During the assignment stage, potential suppliers/subcontractors could attempt to corrupt an employee to obtain the contract (passive corruption). In addition, once the contract has been signed, the suppliers/subcontractors could

act unlawfully to obtain approval and, hence, payment for activities they did not actually perform or the non-reporting of non-compliance of their services.

The Compliance Unit performs an anti-corruption risk assessment by specific process for the subsidiary Webuild as part of the risk assessments necessary to regularly update the 231 model. The assessment is performed for the other group companies (subsidiaries, consortia, joint ventures, etc.) using a scope defined on the basis of the CPI (corruption perception index) assigned to the country where the Group's companies operate and depending on how long their compliance system has been in place. approximately 90% of the active legal entities making up Group (excluding Astaldi S.p.A. and its subsidiaries) were included in the Anti-corruption risk assessment scope in 2020. The risk assessment findings are used to draft the Compliance Plan and the annual scheduling of the audits and inspections to check the Group's operating companies correctly apply its ethical and anti-corruption procedures and standards.

The procedures specifically designed to monitor the above risks include the Guidelines for the Assessment of Relevant Third Parties, which define valuation procedures applicable to potential counterparties before a contract is signed. The procedures aim to identify the ethics and professional integrity of the partners and their compliance with its anti-corruption policies. To complete the due diligence of third parties, the Group has specific procedures to monitor conflicts of interest with its employees during the recruiting stage and when they are hired. During 2020, it updated its third party assessment procedures to fine-tune its assessment procedures, especially in the case of entities debarred by multilateral development banks.

With respect to ethical procedures, the Group has introduced new rules to manage its advocacy and PR programmes[52].

Contracts agreed by the Group with Third Parties must include specific measures to ensure their compliance with Anti-corruption laws, the Company's Code of Ethics and Anti-corruption Model.

The Group also has a whistleblowing system that can be accessed through an external web portal. This allows employees to make anonymous or confidential (at their own discretion) notifications about potential violations while being protected against any form of reprisal, discrimination or unfair treatment. The Anti-corruption Model provides that employees are obliged to report any violations of the Model and/or internal or external regulations, the ethical principles and all anti-corruption laws by the company, a colleague, a consultant or third party. As of 2018, third parties (e.g., suppliers, subcontractors) can also use the whistleblowing system and, starting from 2020, access to the system has been extended with the creation of sections dedicated to companies and joint ventures led by the Group. Alternatively, notifications can be made by post or email. The Group guarantees the protection of the notifying person in accordance with the provisions of Law no. 179/2017 and Regulation (EU) no. 2016/679 on personal data protection.

Violations of the Anti-corruption Model's principles and measures are a serious breach of their contracts by employees and consultants. The Group takes all the steps provided for by the existing laws and contracts in the case of these violations, including conservative disciplinary measures, dismissal, termination of the contractual relationship, claims for compensation, etc.

In 2020, the Company received 11 notifications through its whistleblowing channels, of which only one for the potential violations of its anti-corruption procedures involving a group company. In all cases, the Compliance Unit commenced an investigation assisted by either the Internal Audit Unit or the Legal Unit based on the internal procedures. During 2020, corrective actions were taken involving employees and suppliers, which included the termination of relationships with the Group.

The Group requires that all new employees receive the mandatory Anti-corruption training as part of a wider programme about Compliance. During 2020, the Group launched a new training programme to present virtuous conduct that fosters an ethical culture and especially to encourage reporting possible violations. It also commenced an annual certification process whereby all employees are asked to formally renew their commitment to the Code of Ethics and Anti-compliance Model and to confirm that they have never been involved in conflict of interest situations.

The Compliance Unit also prepares internal reports for the Board of Directors (every six months), which it addresses to the Control, Risk and Sustainability Committee, as well as *ad hoc* communications and reports to

[52] More information is available in the "Stakeholder engagement" paragraph of the "Social" section.

management, either together with or through the Internal Audit and Compliance Manager, on any critical issues it identifies during its work.

Reference should be made to the "Main risk factors and uncertainties" (sub-paragraph "COCIV consortium" in the "Criminal litigation" paragraph) section of the Directors' report for ongoing disputes about corruption.

Supply chain

>15 thousand suppliers

that worked in the period in around 70 countries

>115 thousand hours

HSE training provided to subcontractors' employees

Innovation Days

to encourage collaboration with innovative suppliers and partners

Average vendor rating index > 80/100

confirming the high quality of the supply base

Internal policies

Each year, the Group works with thousands of suppliers both for its contracts and internal requirements. As defined in its Code of Ethics, its conduct is hinged on principles of correctness and transparency, and it is committed to not exploiting any conditions of dependence or weakness of its suppliers.

It selects its suppliers using principles of fairness and impartiality and selection criteria which involve checking their quality, technical/professional qualifications, compliance with standards about human rights, labour regulations, including equal opportunities, health, safety and the environment as well as prices.

Suppliers are required to formally accept the Code of Ethics, the Anti-corruption Model and, starting from 2020, the Suppliers Code of Conduct, which are integral parts of the contract. The Group encourages its suppliers to apply the same criteria when selecting their subcontractors and also to pass on the Group's principles of integrity, honesty, reliability and sustainability in order to encourage and promote compliance with its principles along the entire supply chain.

The Group is committed to protecting the confidentiality of the corporate information and professional know-how and asks its counterparties to do likewise.

When the Group manages contracts directly or as the project leader, or there are specific agreements in place, the suppliers are required, to the extent of their involvement, to comply with/adopt the Company's Quality, Environment, Health and Safety Management Systems.

Main risks and management methods

In 2020, the Group worked with over 15 thousand suppliers[53] from around 70 countries. The main supply categories related to subcontracts, materials, machinery and equipment and services.

An inadequate functioning of the qualification process and/or assessment of the suppliers' performance or the possible abuse of a strong position vis-à-vis smaller suppliers could possibly expose the Group to various risks as part of its procurement process, such as compliance, reputation and commercial.

The main risks arising from external factors include potential risks of non-compliance related to regulation updates that make it necessary to adopt new measures with suppliers, commercial and reputation risks due to possible issues with suppliers (e.g., inadequate performance in technical, qualitative, human rights, safety, environmental areas, etc.) after the contract has been signed.

The Group has established a number of procedures to manage the procurement of goods and services and monitor these risks. They include definition of the roles, responsibilities and checks to be performed to ensure that the operating activities are performed in accordance with the applicable laws and regulations, the Company's Code of Ethics, the 231 Model and the Anti-corruption Model.

The supplier qualification procedure is an important part of the procurement process. Its aim is to assess whether the potential supplier meets the Company's criteria so that it can be included in the Vendor List. This

[53] This figure and the information in this section do not include Astaldi.

qualification procedure also ensures that the Group's requirements are met for all goods categories and in all relevant geographical areas.

The Procurement Department manages the supplier qualification process, which involves a number of preliminary checks of the potential supplier's reputation, its expertise and that it is not already included in the Reference Lists.

Potential suppliers are required to fill in a questionnaire to provide information about various aspects such as: business and production category, organisation and shareholder structure, financial reporting, registration and certifications, quality, the environment and safety, social responsibility (including human rights), specific information about their goods categories (when available).

Based on these questionnaires, the Procurement Department may proceed with specific analyses and detailed checks, which can include assessment visits to the supplier's production units and offices. Other company departments, such as the Technical Services and Safety, Environment and Systems Departments, may also participate in the visits which are designed to assess the supplier's technical and operating capabilities with special regard to the products and services of interest to the Group. They also investigate those aspects that could affect the potential partner's ability to comply with its contractual commitments.

Additional risk analyses are performed for certain suppliers that fall into the counterparty risk category using the methods and tools defined by the Risk Management Unit.

Upon completion of the checks, suppliers found to be suitable for qualification are included in the suppliers register and the reference Vendor List.

Certain contracts require adoption of a specific additional qualification system depending on the applicable regulatory and contractual requirements. For example, suppliers working on projects subject to LEED environmental certification are subjected to additional checks to verify their compliance with specific environmental parameters, while other specific requirements, such as social criteria, are checked for projects acquired in some countries. These may include checking potential suppliers whose workforce mainly consists of employees from special categories (e.g., ethnic minorities).

In 2020, the Corporate Procurement Department vetted all the new 4,726 suppliers to verify their integrity, classification of their know-how and reference lists.
Contracts with suppliers include provisions requiring them to comply with the applicable regulations, the Code of Ethics, the Suppliers Code of Conduct, the 231 Model and the Anti-corruption Model as well as quality, health and safety and environment requirements. Specifically, the Suppliers Code of Conduct defines the principles the Group's suppliers and subcontractors must comply with in 11 well-defined areas (quality and performance excellence, occupational health and safety, the environment, fair and non-discriminatory employment conditions, equal opportunities and non-discrimination, local communities, anti-corruption and combating fraud, the correct management of cash flows, unfair competition, conflicts of interest and privacy) as well as the procedures for the oversight of these principles and management of any notifications of non-compliance. The contracts have specific termination clauses if the suppliers do not comply therewith.

Once the contract has been signed and is effective, the Group monitors the performance of its key suppliers using a special assessment process, involving the head office's Procurement Department and the contract managers. It assesses suppliers once a year. In 2020, these assessments involved more than 19 contracts selected for their financial relevance. They covered nearly all the suppliers of the analysed contracts (response rate of above 95%) included in the assessment scope, showing average performances (measured using the IVR vendor rating index) of above 80/100, confirming the high quality of the Group's supply base.

The assessment process is flanked by the on-site monitoring of projects by the local QEHS Departments, which mainly cover subcontractors and is designed to check that their activities comply with the Company's quality standards and applicable requirements for the environment, health and safety. Specifically, the local QEHS Departments regularly audit the subcontractors. Any non-compliance is managed in accordance with the management system procedures and includes the agreement of improvement plans and follow-up checks to ensure that they are implemented.

Involvement of the subcontractors in these issues also takes the form of regular coordination meetings and the participation of their employees in classroom and on-site QEHS training courses (116,506 hours in 2020).

In addition to involving and monitoring suppliers at the work sites, it also interacted with them at central level in 2020.

This includes the annual supplier meeting attended by the Group's Italian and international employees and suppliers when the main procurement practices are presented. The 2020 meeting, "Together, for Sustainable Growth" entirely focused on sustainability issues and their growing importance to develop strong relationships between the Group and its suppliers. During the event, the results were presented of the assessment of suppliers' performances as a tool to foster ongoing growth and improvement. Those suppliers that made the greatest contribution in 2020 to the Group's achievement of its business and sustainability objectives were rewarded.

The Company continued its innovation days in 2020, which are appointments with individual suppliers attended by company employees (including on virtual platforms). They are an opportunity for the supplier and the Company to discuss their experiences about new technologies, products, innovative processes and other matters of mutual interest. Once again, the focus was increasingly on sustainability issues and this trend will continue in 2021.

Social

82%	**91%**
direct employees hired locally	local procurement
8	**>7,000**
jobs created for each direct group employee	free healthcare check-ups at work site clinics

Internal policies

It is a well-known fact that the direct relationship between investments in infrastructure and greater domestic demand leverages economic growth. Construction companies engaged in building infrastructure may contribute to this factor by adopting suitable internal policies designed to maximise the utilisation and enhancement of local production factors.

The Group is committed to contributing to the social and economic development of the areas where it operates in line with its Code of Ethics and Sustainability Policy, through:

- employment of workers from the area in which the projects are taking place, when available in the numbers required and that have the necessary skills;
- professional training of local personnel;
- procurement strategies designed to meet requirements using local supplies as far as possible, depending on the availability of the required goods and services;
- initiatives to assist the local communities, after checking the integrity and respectability of the recipients and the projects' consistency with the Code of Ethics.

The Group is also committed to respecting the rights and culture of the local communities which it does by also using appropriate communication channels in line with the relevant regulatory and contractual provisions.

Main risks and management methods

The Group identifies the risks and defines methods to manage the aspects related to the hiring of local labour and procurement and relations with the local stakeholders during the start-up stage of its projects.

The project start-up process complies with the Project Management principles (ISO 21500) and entails the proactive involvement of the project team and the corporate departments to ensure the integrated management of internal and external factors.

Specifically, regulatory and contractual elements applicable to the project are analysed during this process and it defines the Mobilisation programme which includes the main activities needed to start the project. They include definition of the work schedule, which comprises, *inter alia*:

- the requirement plan for machinery, plant, subcontractors, third parties, materials and services;
- the mobilisation plan for managers, staff and blue collars.

The methods of managing relations with local stakeholders are defined in the contracts and the Group is obliged to scrupulously abide by their provisions, as described in more detail in the following pages.

Employment created by the Group's projects

The creation of jobs by the Group in the countries where it operates is important as it enables local personnel to improve their skills and expertise and to generate additional wealth for the economy. As noted, the Group tends to employ workers from the areas near the work site when possible and they have the right qualifications. This approach also creates the opportunity for the Group to create a pool of qualified workers who can be used for future projects.

Some projects have special local personnel recruitment plans as provided for contractually, which may include employment targets.

In 2020, 82% of the 29,162 direct employees were hired locally.

Direct employees hired locally	Unit	2018	2019	2020
Africa	%	95%	96%	96%
Europe	%	86%	84%	90%
Americas	%	96%	96%	98%
Asia and Oceania	%	21%	26%	38%
Average	**%**	**65%**	**69%**	**82%**

The Asia and Oceania area increased its average numbers but has the smallest percentage of local workers. This is affected by the projects in the Middle East (Saudi Arabia, Qatar and the United Arab Emirates), where insufficient resources are available to perform the contracts making it necessary to bring in labour from other countries. Reference should be made to the section on "Human rights" for information about the management of migrant workers.

In 2020, local managers made up 82% of the total, reaching 93% in Europe (99% in Italy) and 86% in the Americas. In addition to the direct workforce, the involvement of indirect personnel (mainly employees of subcontractors and service providers) contributes significantly to the employment generated locally. Indirect workers involved in group projects numbered 25,721 at 31 December 2020[54].

Local procurement

Purchases from suppliers resident in the countries where the Group operates are the main trigger to developing ancillary industries (which is a direct contributor to GDP, public revenue and disposable income).

In 2020, the Group maintained a strong relationship with its local supplier chain, working with more than 15,000 suppliers[55] for approximately 91% of its expenditure made with local suppliers68.

Local procurement	Unit	2018	2019	2020
Africa	%	36%	43%	47%
Europe	%	86%	97%	99%
Americas	%	99%	99%	99%
Asia and Oceania	%	97%	93%	84%
Average	**%**	**93%**	**94%**	**91%**

As already noted, the use of local suppliers allows the Group to minimise long-distance transport and, hence, mitigate the related environmental effect.

Tax

Taxes are one of the main sources of the Group's contribution to the countries where it operates as they can be used by the public administration to finance the economic and social development of their areas.

the Group scrupulously meets all its tax requirements arising from its business in line with its Code of Ethics and the Sustainability Policy.

Its approach to tax is based on its business given that its foreign interests are mostly tied to commercial opportunities (participation in calls for tenders) and/or operating possibilities (contract management, concessions, equity investments, etc.).

The Group fully complies with the applicable tax regulations in all the countries where it operates and has a collaborative and transparent relationship with the tax authorities.

[54] Excluding Lane and Astaldi.

[55] Excluding Astaldi.

The tax department, which reports to the chief financial officer, analyses, directs and monitors the management of tax issues in line with Webuild's values and principles. It also assists the Group's other departments and companies.

The 231 model defines its rules of conduct, prevention protocols and controls to ensure compliance with tax requirements and minimise the risk that tax crimes could be committed. It also serves to guarantee that the Group respects all the rules, procedures and processes to calculate taxes, keep tax records and prepare tax returns for approval.

All stakeholders (direct employees, supplier employees, local communities, etc.) may use the whistleblowing system described in the "Anti-corruption" section to report any suspect instances of tax non-compliance.

The Group's tax contribution for 2019 in the main geographical areas where it operates is provided below.

Area	Tax jurisdiction	Revenue from third parties sales	Intragroup revenue	Average nominal tax rate	Income taxes paid	Income taxes accrued	Employees (no.)	Tangible assets
Africa	LY, MA, SL, ZW, ZA, TN, DZ, LS, ET, UG, NG, NA	493	6	26%	56	30	8,724	36
America	BR, CL, EC, DO, PA, US, AR, CA, CO, PE, VE	1,260	131	28%	60	10	4,248	121
Asia and Oceania	AE, KW, QA, OM, JO, KZ, SA, TJ, MY, AU, IN	1,853	495	19%	11	13	9,091	118
Europe	AL, CH, RO, PL, GE, GB, CZ, UA, IT, TR, SK, AT, GR, FR, DK, ES, NO, NL	1,596	515	20%	15	23	2,471	63

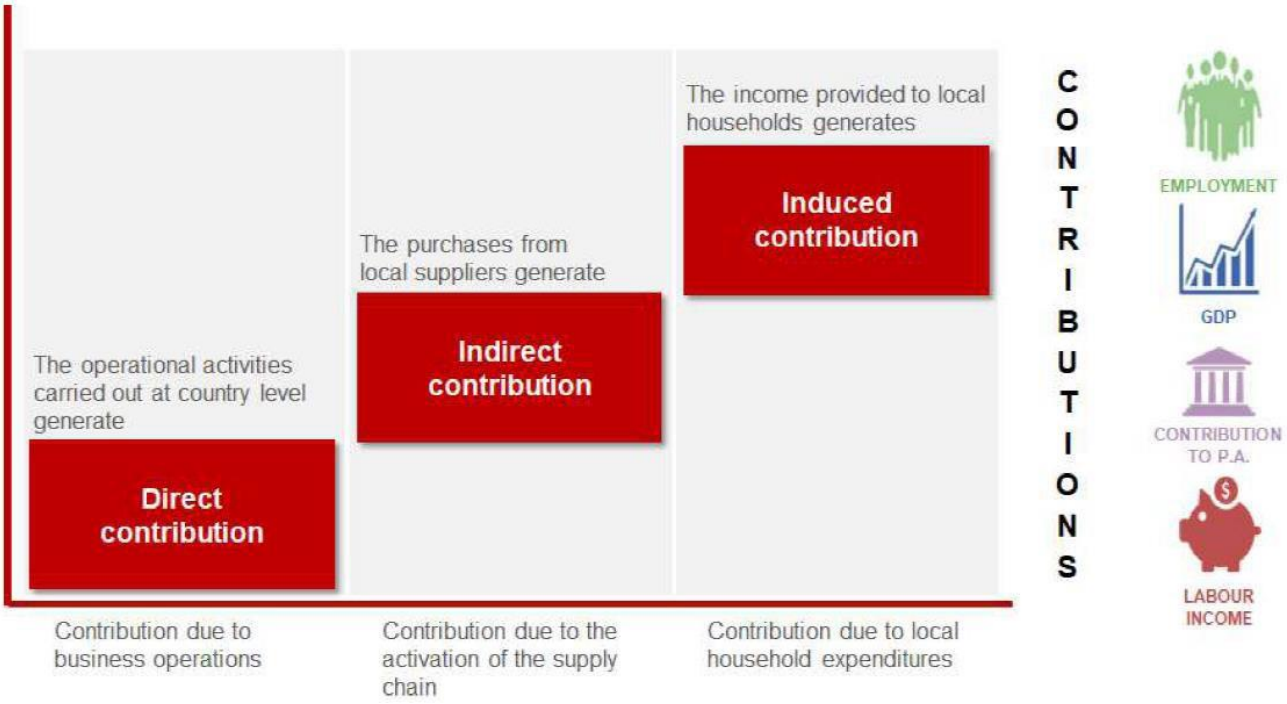
€m

Contributions to local economies

Direct contributions made by projects to local economies include employment, the use of local suppliers and taxes paid to the public administrations. They are only part of the benefits as they do not include the additional indirect and induced effect of the Group's activities in the countries where it operates.

The Group has developed a proprietary calculation model, SEED (Socio-Economic Effects Determination) model, to calculate its total contribution (direct, indirect and induced) to a country's economic and social growth in terms of employment, GDP, tax revenues and work income distributed to families[56].

The following graph presents the SEED model.



If just the Group's main markets[57] are considered, its average contribution to their economies, expressed as a multiple, is as follows:

- eight jobs created for each direct group employee
- €2.9 of work income distributed for each Euro paid by the Group;
- €3.5 of GDP for each Euro of added value generated by the Group;
- €7.8 of tax revenues for each Euro paid by the Group to the public administration.

These figures confirm that the Group's local investment policies have a significant knock-on effect on the economies of the countries where it operates.

In addition to the economic benefits to the countries, each person involved in a group project benefits in terms of the work income received and the opportunity to advance professionally thanks to the training received.

Many studies[58] have shown that professional training courses provided by companies generate significant benefits for the participating employees who thus potentially have better employment and career prospects, higher salaries, greater professional satisfaction, more flexibility and interest in receiving additional training.

In this respect, the Group provided 390,171 hours of training to its direct employees and those of its subcontractors in 2020.

Initiatives to assist local areas

The Group contributes to developing the areas in which it works through initiatives to assist the local communities, which may include sponsorships, social and philanthropic initiatives. Sponsorships and donations are managed in line with the specific guidelines and internal procedures that are part of the Anti-corruption System, which is ISO 37001 certified. This ensures that any assistance is in line with the approved budgets and is only given after the positive outcome of checks of the potential recipients. The Group Guidelines require that assistance is given locally in five strategic macro-sectors: social, art and culture, education and research, environment, sport and entertainment.

[56] The SEED model uses an analysis of the investments made by the Group in the local economy and applies specific multipliers taken from the Social Accounting Matrix published by leading international research bodies.

[57] Australia, Ethiopia, Italy, Qatar, Saudi Arabia, USA

[58] For example, Vocational education and training is good for you. The social benefits of VET for individuals. European centre for the Development of Vocational Training, 2011.

The main initiatives carried out can be classified as follows:

- direct assistance to design and build infrastructure benefiting the local community such as, for example, schools, healthcare facilities, roads, etc.;
- assistance with social programmes, carried out directly or through other organisations in the above macro-sectors;
- free access to certain work site facilities such as clinics, water and electricity supply networks for local communities living in rural areas not connected to basic services.

The Group carried out 81 initiatives in 2020 for €1.1 million (2019: approximately €0.8 million).

The uptick in investments is mainly due to the greater number of initiatives undertaken by Lane in the US, mostly in the social area. Ethiopia was the Group's second largest investor of the year, again mostly making investments in social projects while Italy, at third place, principally engaged in cultural and educational initiatives.

Other initiatives include the customary free healthcare provided to local communities by work site clinics in Ethiopia, Tajikistan and Kuwait. Specifically, 5,922 medical check-ups (2019: 10,935) were given and 7,413 health interventions (2019: 16,049). This year's figures were affected by the need to roll out measures to curb the spread of Covid-19 which, on the one hand, led to a generalised reduction in the number of people helped, but also entailed an increase in initiatives in the more remote areas that are less well served by the local healthcare systems, such as Koysha in Ethiopia (+1,078 medical check-ups and health interventions compared to 2019).

Stakeholder engagement

The Group has operations and projects all around the world and handles thousands of contacts with its stakeholders every day. It regularly maps its stakeholders based on engagement with the main stakeholders in the areas where it operates. The following chart lists the stakeholders relevant to the organisation, the areas of interest and the key characteristics of the engagement with the Group.

	Level of engagement		Area of interest					Relationship length			
Interest / Stakeholder	International	Local	Anti-corruption	Environment	Employees and human rights	Supply chain	Social	Long term	Short-medium term	Project life	Ad-hoc
Employees & Trade unions	•	•	•		•		•	•		•	•
Shareholders & Investors	•		•	•	•	•	•	•	•		•
Clients & Potential clients	•	•	•	•	•	•	•	•	•	•	•
Suppliers, contractors, subcontractors & partners	•	•	•	•	•	•	•	•	•	•	•
Local communities & NGO	•	•	•	•	•	•	•	•		•	•
Governments & public administrations		•	•	•	•	•	•	•		•	
Sector associations & media	•	•	•	•	•	•	•	•		•	•

The Group adopts diversified and flexible dialogue and involvement practices depending on the stakeholders' characteristics and needs.

At corporate level, key stakeholders include investors, clients, current and potential employees, national and international trade unions, partners, public administrations, the media and the general public. Dialogue with them mainly relates to development objectives and strategies, results, the acquisition of new contracts, the shareholder structure, career paths and professional development.

Institutional relations and advocacy activities

Stakeholder engagement activities include institutional relations and advocacy activities that the Group engages in with public institutions, regulators and other stakeholders to ensure the legitimate representation and sharing of issues of interest to it. These issues include development plans for infrastructure, sustainable mobility, water and hydropower resource management, innovation for the development of efficient, resilient and low environmental impact works and the creation of jobs and value for the areas where the Group operates.

The corporate identity and communication department carries out these activities in compliance with the relevant guidelines. This involves participation in events promoted by the sector associations and/or Italian embassies in the various countries where the Group operates, engagement with members of public institutions and monitoring of proposed legislation related to the sectors in which the Group operates in Italy and abroad.

Institutional relations take place in full compliance with the principles of legitimacy, transparency and accountability by qualified employees with special proxies and in compliance with corporate guidelines for the management of potential conflicts of interest. In order to contain the revolving doors risk, the Group's policy is not to hire people who state during the recruitment stage that they have held public offices that involved authorising its works or negotiating with it in the previous three years.

Moreover, pursuant to the principles of its Code of Ethics, the Group does not make contributions to political and trade organisations of any kind (parties, movements, committees, etc.) nor their representatives.

At operating level, the main engagement activities depend on the individual project's characteristics. The key stakeholders are partners, employees, local communities, suppliers, contractors and subcontractors, clients, local authorities and organisations like local trade unions and NGOs (non-governmental organisations).

Like in previous years, the Group has engaged regularly in engagement with its stakeholders. Its main initiatives are summarised below:

Channel	*Activity*
Face to face communication	
Meetings, presentations, focus groups, workshops, interviews, consultations, career days, public events	10,000 people involved in about 700 meetings with the local communities and their representatives >1,500 people visited the Group's projects during more than 100 open door events >1.6 million people were involved in around 6,200 information campaigns about the Group's projects
Digital communication	
Company websites, intranet, magazines, webinars, surveys, social media	2 million visits to the Group's website 1.3 million interactions on the Group's social channels

Given that it mainly operates as a contractor on behalf of public and private clients, the Group is required to scrupulously adhere to the contractual provisions about engagement with local stakeholders. These provisions establish the roles and responsibilities each party is obliged to comply with.

In line with these provisions, the Group defines procedures to handle engagement with local stakeholders (such as, for example, the grievance mechanisms) and the communication channels to be used at work sites either physical (e.g., public relations offices) or technological (dedicated phone numbers, websites, email addresses, etc.).

The clients are responsible for engagement with the local communities in most of the ongoing contracts while the Group provides technical and operating assistance to manage any issues that arise. Matters discussed by contract personnel and the local communities mostly relate to:

- employment and interaction between the work site and surrounding areas;
- the characteristics of the work under construction and its possible social and environmental implications.

The Group's clients are responsible for planning and developing projects. When required by the applicable regulations, this includes an assessment of the social and environmental impacts, the prior consultation of the stakeholders, definition of the mitigation and compensation actions and receipt of the authorisations. Therefore, the clients have sole responsibility for handling relations with the stakeholders for the second category of topics mentioned earlier, while the Group provides assistance with management of the relationships covering the first category of topics. This is a potential source of risks for the organisation as, if the client does not properly and efficiently manage its responsibilities, the local community could oppose the project leading to delays in the works, an increase in costs and damage to the Group's reputation as well. The Group considers this risk as residual, however, also in view of the absence of any recent cases. The Group constantly monitors stakeholder expectations about the projects it is involved in so that it can take the actions necessary to mitigate any risks.

Should the Group receive requests for information or other communications from stakeholders, such as international non-profit organisations and SRI analysts, it provides the requested information to guarantee complete transparency about its role, responsibilities and work as a contractor engaged to build the works provided for by the relevant contract.

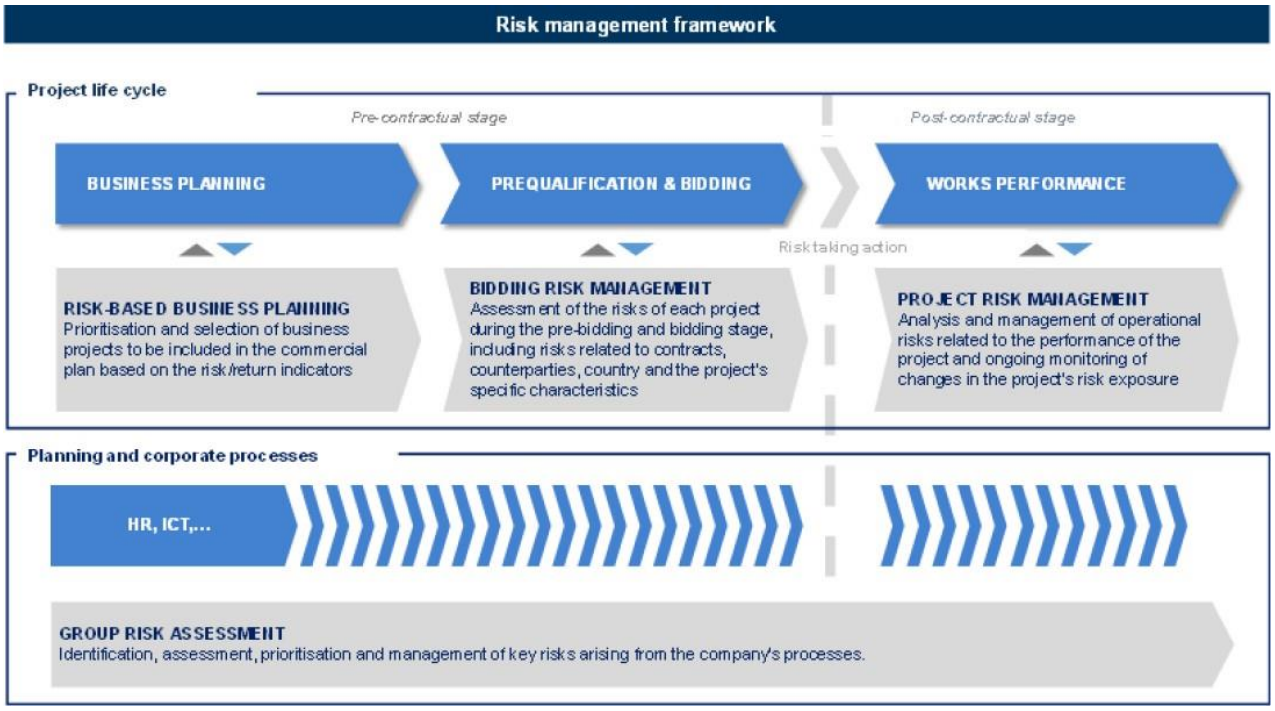
Directors' report - Part III

Risk management system

The context in which the Group currently operates, characterised by rapid macroeconomic changes, financial markets' instability and progressive developments of legal and regulatory compliance regulations, especially as a result of the spread and continuation of Covid-19, and affected by megatrends such as climate change, resource scarcity and increasing urbanisation in the medium to long-term, requires clear strategies and effective management processes aimed at preserving and maximising value.

As part of its internal controls and risk management system, the Group has a risk management framework, which it keeps up-to-date, is an integral part of internal procedures and is extended to all operating companies to identify, assess, manage and monitor risks in accordance with industry best practices.

Development, implementation and circulation of the risk management framework (presented in the following chart) is designed to assist senior management with strategic and commercial planning and operations through the comprehensive, in-depth analysis of relevant factors for the Group's business, the local contexts in which it operates and the particular operating requirements of its individual contracts, facilitating the identification and monitoring of related risks, be they economic, financial or non-financial (sustainability or ESG risks).



During the year, due to the development of the Coronavirus emergency and the Group's timely introduction of all the necessary measures to manage the fallout, risk management activities focused on the identification and handling of the repercussions of Covid-19 on the Group's ongoing projects and its general operations.

With the outbreak of the novel coronavirus, the Group promptly set up a crisis management unit to respond to the emergency and implement the measures set out in the decrees approved by the government during the various stages of the pandemic. It also created a special crisis team, whose duties include proposing suitable measures to manage and monitor changes in the situation at group and individual contract level. It reports regularly to the top management crisis team, which includes the group risk officer. The team defined and introduced an operating model to be adopted during the crisis period, which includes a dedicated reporting system to be used by the work sites to communicate with headquarters, which it coordinates. Via this system, top management is kept up-to-date on developments in the pandemic and its effects on the Group's contracts around the world. During the year, the Group was able to monitor each contract constantly and efficiently thanks to the procedures rolled out by the crisis team. Management of the work sites and the entire order backlog now includes specific measures to contain and manage the emergency situation.

The Group also carried out a risk assessment to analyse the group's exposure to process risk, given the changes in risks which have also been impacted by the spread of Covid-19 and its effects on business management. Its results have been used to introduce a mitigation plan to monitor the actions taken over time as well as changes in the Group's risk exposure.

As a result of Astaldi's entry into the Group in November 2020, planning activities for the integration and alignment of its risk management model with that of the Group have been started to ensure a standardised and consistent risk management model in line with best practices and the Group's standards in the short term.

During 2020, the Group focused on strengthening its methods and tools to analyse contract risk during the bidding stage and to continuously include procedures for the efficient management of the most significant risks, such as country and counterparty risks (involving, therefore, customers, partners, subcontractors and significant suppliers). It is also in the process of implementing procedures to analyse and manage economic, financial and non-financial risks in more depth, both at contract and corporate level.

These procedures and the Group's ongoing development of the frameworks allow it to promptly and carefully analyse its risk profile and identify how to manage those more relevant risk events with tailored measures.

Business risks

External risks are those that may compromise the Group's achievement of its objectives, i.e. all events whose occurrence is not influenced by corporate decisions. This category includes all risks arising from a country's macroeconomic and socio-political dynamics, global megatrends (climate change, resource scarcity and urbanisation), sector trends and competitive scenario, as well as from industry-specific technological innovation and regulatory developments and the projects' long-term nature.

Given the nature of such risks, the Group must rely on its forecasting and managing abilities. Specifically, the Group integrates risk vision in its strategic and business planning processes through the definition of commercial and risk guidelines and the development of a process for the prioritisation and selection of initiatives to be pursued, also and above all based on the assessment of relevant risks linked to the country and/or sector in which operations are planned, rather than to the counterparty. Risk control is also ensured by monitoring the progress of strategic objectives, including in terms of composition and diversification of the portfolio and its development over time in terms of risk profile.

Strategic risks

These risks arise from strategic, business and organisational decisions that may adversely impact the Group's performance and ultimately result in the non-achievement of strategic objectives. They include risks resulting from the choice of business or organisational models through which the Group intends to operate, those arising from M&A transactions, or the ineffective management of the order portfolio or the relationships with key counterparties (customers, partners, suppliers, sub-contractors, etc.).

The Group considers risk a key element for the preliminary assessment of decisions and strategic choices, so much so that it provided for integration of the strategy definition and development process with that for the identification, measurement and management of risks. The choices pertaining to the adoption of a business or organisational model, the assessment about the opportunity of proceeding with an extraordinary transaction or establishing a partnership are subject to preliminary analysis and evaluation of the related risks and opportunities, with the concurrent identification of risk management methods and strategies to be promptly activated should such risks arise.

Financial risks

Risks linked to the availability of Group resources, depending on the management of receivables and cash and cash equivalents and/or the volatility of market variables such as interest and exchange rates, are included in this category.

Specifically, liquidity management has the objective of ensuring the financial autonomy of contracts in progress, taking into account the structure of consortia and special purpose entities, which can tie the availability of financial resources to the execution of the relevant projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries.

The Group also considers specific risk areas such as the counterparty's credit rating, raw materials price volatility and management of assurance issues, equipping itself with effective financial planning tools.

Legal and compliance risk

This risk class includes risks for the management of legal issues and/or risks related to compliance with laws and regulations (e.g., taxation, local legislation, etc.) required in order to operate in the sector and/or specific countries and the risks arising from the management of contracts with business partners. the Group deems that monitoring contractual issues linked to contract management and, particularly, the relationship with relevant counterparties, is fundamental. This also includes any internal and external fraud risks, and, more generally, the compliance with procedures and policies established by the Group to govern its operations.

With respect to the aforementioned factors, the Group implements a regulatory risk monitoring and management policy in order to minimise the impact of such risk, through a multi-level control system that entails collaborative and ongoing liaison with relevant counterparties and business units affected by regulatory developments and the comprehensive assessment of any potential impacts.

Operational risks

These are risks that could jeopardize value creation and are due to an inefficient and/or ineffective management of the core business, particularly those linked to bid management and actual execution of contracts. The various risk areas that fall into this class include bid design and planning, logistics and inventory management, as well as those linked to the management of IT systems, planning and reporting, effective supply chain and personnel management, including with respect to health and safety, the environment, human rights and local communities.

These risks arise during the bidding stage and/or performance of contracts, should group policies and procedures not be sufficiently adequate for the management of risk factors linked to the level of complexity of the project or unforeseeable events.

To this end, the Group intends to monitor such risks starting at the bidding stage of each contract with a risk/benefit analysis of the project in the event of its award and its impact on the portfolio structure, both in terms of risk concentration and overall risk profile. At this time, the Group, as part of a wider process, prepares a pre- bid risk assessment aimed at identifying potential risks and impacts linked to the project, as well as the necessary mitigation and/or contingency measures to counter them. The risk surveillance activity is then performed again at tender stage and monitored and updated during contract execution in order to promptly detect the risk exposure development and swiftly implement adequate remediation measures.

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As part of the aforementioned framework for the identification and classification of risks applicable to group operations, the Group has adopted a cross-functional approach for the analysis of risk dimensions that are considered more relevant due to the specific features of its business. These dimensions include various risk areas identified and belonging to the Group's risk universe.

Country risk

The Group pursues its objectives by operating almost everywhere in the world, leveraging business opportunities in different countries and hence exposing itself to the risks resulting from the characteristics and conditions dictated by them, such as the political, economic and social scenario, local regulations, taxation and operational complexity and, last but not least, work and safety conditions.

Being aware of and constantly monitoring country risk through specific indicators enables the Group first and foremost to define informed commercial strategies, as well as to gain an optimal understanding of the operating scenario and, therefore, adopt precautions and/or implement actions aimed at removing barriers and mitigate potential threats.

Counterparty risk

Management of counterparty risk requires identification of potential criticalities linked to relationships with the Group's customers, shareholders, subcontractors and suppliers, so as to create a comprehensive overview of the features of the partners with which it may start or continue to collaborate. For each of the above counterparty types, risk factors linked to financial and operational reliability apply to a different extent, as does the potential strategic role of a partnership for a specific business initiative, as well as all legal and compliance aspects and those related to the applicable standards (ethics, quality, health and safety, environment, human rights) that safeguard the lawfulness of the relationship. The Group Risk Officer coordinates and supervises a counterparty

analysis for each new project, involving all the competent departments, which is updated during the contract's performance. This analysis allows the more precise identification and management of the critical issues that could arise during the contract's operational stages and more accurate planning of the possible mitigation actions.

Contract risk

The contract dimension is key for an effective analysis of all risks linked to the Group's core business, since it is considered to define tools capable of identifying and monitoring so-called contract risks starting from the bidding stage in a risk prevention perspective, as part of an in-depth analysis of the risks and opportunities linked to the pursuit of a specific activity. Another fundamental aspect is the ongoing tracking of risks once they have been consciously taken on by management, managing the resulting risk exposure in a proactive, dynamic way, as well as its ongoing development over time.

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The analysis of key risk dimensions and the related risk areas has the aim of providing management with a two-sided overview: a detailed one (i.e. at individual country, counterparty and contract level) and a portfolio one (for assessment of the overall exposure to such dimension), in order to assess the Group's risk profile as well as its compliance with the exposure limits imposed by its risk management capacity. Moreover, the portfolio overview enables the performance of systematic assessments about the potential development of the risk profile upon occurrence of certain events and/or specific choices that may result in any changes to it, through the use of dedicated risk management tools.

The risk management framework, as outlined above and subject to further and future developments, has been designed to support decision-making and operational processes at every stage of the management of projects, in order to reduce the possibility that certain events may compromise the Group's normal business operations or attainment of its defined strategic objectives: to this end, it is integrated in strategic and business planning processes, which, therefore, cannot be separated from the Group's risk profile, as well as from its choices in terms of risk appetite.

Main risk factors and uncertainties

In addition to that set out in the "Astaldi" section and the areas outlined in the "Business risk management" section above, the following specific situations linked to major outstanding disputes, country risk exposure and situations characterised by risk and/or uncertainty profiles at 31 December 2020 should be added to the universe of risk events that may potentially impact on operations.

Civil litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990's through its subsidiaries Fibe S.p.A. and Fibe Campania S.p.A.

The major issues that have characterised the Group's activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since Fibe Campania S.p.A. was merged into Fibe S.p.A. in 2009, unless otherwise stated, reference is made exclusively to Fibe S.p.A. in the rest of this section, even with regard to positions and events that affected the merged company.

The USW Campania issue comprises various proceedings in different jurisdictions and pending at different court levels. The main aspects of the key civil, administrative and criminal proceedings are described below.

Civil proceedings

1. In May 2005, the government commissioner filed a motion requesting compensation from Fibe S.p.A. ("Fibe") and FISIA Italimpianti S.p.A. (now FISIA Ambiente S.p.A., "Fisia Ambiente") for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to approximately €700 million, further to the additional claim for damage to its reputation, calculated to be €1,000 million. The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage due to contract default and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceedings, the banks that issued Fibe and Fibe Campania S.p.A.'s ("Fibe Campania") performance bonds to the government commissioner also requested the commissioner's claim be dismissed and, in any case, to be held harmless by Webuild, which appeared before the court and disputed the banks' requests. In ruling no. 4253/2011, the judge declared their lack of jurisdiction referring the case to the administrative judge. The attorney general filed an appeal which was rejected on 14 February 2019 and the first level ruling was upheld. The attorney general has appealed to the Supreme Court.
2. On 30 November 2015, the Office of the Prime Minister received a new claim form served by both Fibe and other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the contracts in 2005.
   The total amount claimed is €2,429 million. Considering that some requests are already included in other proceedings, the net amount is €2,258 million. The Office of the Prime Minister filed a counterclaim for €845 million for reasons already included in other proceedings. The court appointed an expert to appraise the subordinated claim filed by Fibe that prepared two alternative appraisals of the amount due to Fibe of approximately €56 million or approximately €114 million. The competent judge handed down the ruling on 25 October 2019, finding that Fibe was due approximately €114 million and the Office of the Prime Minister approximately €80 million. After offsetting the two amounts, the Office of the Prime Minister was ordered to pay Fibe approximately €34 million plus interest accruing from 4 December 2015. Both Fibe and the Office of the Prime Minister have filed separate appeals.
3. There is another proceeding commenced by the Office of the Prime Minister for the return of the advance of approximately €52 million paid for the construction of the waste-to-energy plants ("WtE plants"). Fibe has claimed that the receivables due from the Office of the Prime Minister, mostly for work performed on its behalf and for the fees due to Fibe, would offset this advance. The first level hearing ended with ruling

no. 4658/2019 in which the Naples Court only allowed part of Fibe's receivables (the fees already collected by the Office of the Prime Minister) for offsetting purposes, ordering the company to return the difference between the advance collected and the receivables allowed for offsetting, with the result that Fibe owed approximately €10 million, plus interest, to the Office of the Prime Minister. This ruling is contrary to the report prepared by the court-appointed expert which found that Fibe was due the entire amount of its receivables. Fibe has filed its appeal. The above amount (approximately €10 million) could be offset against Fibe's larger receivable as per the ruling described in the section on the administrative litigation - the USW Campania projects below.

Given the complexity and range of the different disputes, the Group cannot exclude that events may arise in the future that cannot currently be foreseen which might require changes to these assessments.

Panama Canal extension project

Certain critical issues arose during the first stage of full-scale production on the project to expand the Panama Canal which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates made during the early phases of the project. The most critical issues related, *inter alia*, to the geological characteristics of the excavation areas, specifically with respect to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contracting partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about €1.3 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contract advances totalling about €729 million and disbursing additional advances amounting to approximately €91 million. The group of contracting companies met their obligation by directly disbursing approximately €91 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling around €360 million.

While the 13 March 2014 agreement provided for financial support to complete the Canal, claims were made by the contractor Grupo Unidos Por el Canal ("GUPC") to the customer during the contract's execution.

After the pre-litigation stage before the Dispute Adjudication Board ("DAB") to discuss the claims as provided for contractually, there are a number of separate arbitration hearings ongoing before the International Chamber of Commerce in Miami, Florida between GUPC (with its European partners Sacyr, Webuild (previously Salini Impregilo) and Jan De Nul) and the Panama Canal Authority ("PCA") as described below:

1. the arbitration about the DAB's decisions on the claims presented by GUPC about the inadequate quality of the basalt compared to the quality guaranteed by PCA and the lengthy delays caused by PCA to approve the design formula for the concrete mix. The DAB had found that GUPC was due USD 265.3 million, which it collected in full. After the proceeding confirming the arbitration tribunal's competence to rule on the damages incurred by the individual consortium members, the tribunal issued a partial award at the end of September 2020, accepting some of GUPC's claims for USD 20.7 million as well as some claims for which the parties have agreed the amounts. ACP also paid GUPC an additional approximate USD 6.1 million. The arbitration tribunal defined the arbitration costs with a final award as USD 33.4 million (€13.5 million for Webuild). At the end of November, GUPC's legal advisors filed a petition for the cancellation of the partial award with the Miami Court (Florida, USA);

2. the arbitration about the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs;

3. the arbitration commenced in 2016 involving the sundry claims mentioned in the completion certification; the arbitration tribunal has already been set up and the first hearing will take place shortly to define the arbitration calendar.

On 11 March 2020, Webuild filed its arbitration application with the International Centre for Settlement of Investment Disputes (ICSID) against Panama. The subsidiary Webuild has claimed damage for the Central American country's repeated violations of the bilateral investment treaty agreed by its government with the Italian government in 2009 to promote and protect investments. The arbitration tribunal was set up on 4 December 2020.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be reasonably deemed to be highly probable based on the opinions expressed by its legal experts and in light of the damages awarded by the DAB.

In 2020, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's experts). The Group has reflected this situation in its consolidated financial statements.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

CAVTOMI Consortium (high speed/capacity Turin-Milan line)

With respect to the contract for the high speed/capacity Turin - Milan railway line - Novara - Milan sub-section, the general contractor Fiat S.p.A. (now FCA N.V., "FCA") is required to follow the registered claims of the general subcontractor CAVTOMI Consortium ("CAVTOMI" or the "consortium"), in which the subsidiary Salini Impregilo (now Webuild) has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("RFI").

Accordingly, in 2008, FCA initiated contractual arbitration proceedings against RFI for the award of damages suffered for delays in the works ascribable to the customer, non-achievement of the early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration tribunal handed down an award in favour of FCA, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to CAVTOMI).

RFI appealed against the award before the Rome Appeal Court in 2013 and paid the amount due to FCA, which in turn forwarded the relevant share to the Consortium. The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court.

Following the Appeal Court's ruling, RFI notified FCA of a writ of enforcement of approximately €175 million and subsequently the two parties reached an agreement whereby FCA provided RFI with the following in order to prevent enforcement of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million, and (ii) issue to RFI of a bank surety of €100 million (€75 million by Webuild).

The consortium is confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

A date for the merits hearing has yet to be set.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

In addition, FCA and the consortium have commenced the following actions:

- filing of an appeal by FCA with the Lazio Regional Administrative Court on 11 November 2016 for the claims of approximately €18 million presented during the contract's term and not covered by the previous award of 2013. This proceeding was firstly suspended from the register and then resumed. It is currently pending before the competent administrative judge;

- on 12 October 2017, presentation of a claim form to the Rome Court by FCA for claims made during the contract term and not covered by the previous award for €109 million. The court-appointed expert is currently carrying out their appraisal.

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into the SPE Eurolink S.C.p.A., "Eurolink"), Impregilo (now Webuild) signed a contract with Stretto di Messina S.p.A. ("SDM") for its engagement as general contractor for the final and executive designs and construction of the Strait of Messina Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of €250 million earmarked for this project (subsequently decreased to €20 million in 2010). The customer was also given performance bonds of €239 million, as provided for in the contract.

SDM and Eurolink signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for "Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport". Following enactment of this decree and given the potential implications for its position, Eurolink, led by Webuild, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, Eurolink also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU treaties and that they damage Eurolink's legally acquired rights under the contract. It has also requested that SDM be ordered to pay the amounts requested due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, the subsidiary Webuild and all the members of Eurolink have jointly and separately asked that SDM be ordered to pay the amounts due, for various reasons, as a result of the termination of the contract for reasons not attributable to them (€657 million).

With its ruling no. 22386/2018 issued on 16 October 2018, the Rome Court rejected the applications filed by the claimants and the counterclaims filed by SDM. Conversely, the Rome Court declared that the customer's termination of the contract with Parsons Transportation Group Inc. ("Parsons"), engaged by SDM for the project management services, was legitimate (referring calculation of the compensation for damage to Parsons to the judgement of the Constitutional Court). As the process is joined to that of Eurolink, Webuild deems that the legal approach which led to the ruling in the latter case is, *mutatis mutandis*, also applicable to Eurolink.

Eurolink and the subsidiary Webuild filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018. The appeal hearing is at an initial stage.

In accordance with the envisaged methods, the parties involved in appeal hearing no. 29/2019 presented themselves in court: (i) the Ministry of Infrastructure and the Office of the Prime Minister, without presenting a counter appeal; (ii) Stretto di Messina S.p.A. in liquidation presenting a counter appeal; and (iii) Parsons presenting a counter appeal for its part of the proceedings.

At the first hearing held after various postponements on 3 November 2020, due to formal issues, the Appeal Court deferred the hearing to 12 January 2021 and subsequently with a special measure of 3 December 2020 to 8 March 2022 for the conclusions.

Eurolink sent formal letters (letters before action) dated 24 December 2020 requesting payment of approximately €60 million as compensation for the costs incurred, the legally-due compensation and to free the bank surety of €239 million.

In the meantime, the Constitutional Court found the issue of legitimacy of the Decree law for Parson's position to be inadmissible as the order for its re-examination by the court was insufficiently documented and not

because it found that the amount of the compensation to be irrelevant or unfounded. The Rome Court will now have to review the application and possibly defer it again to the Constitutional Court.

The Constitutional Court's ruling does not affect the Appeal Court's hearing about constitutionality refiled by Eurolink.

Given the complexity of the pending proceedings, while the experts assisting the subsidiary Webuild and the general contractor are confident about the positive outcome of the legal actions and recovery of the outstanding assets (mainly contract assets recognised for this project), they cannot exclude that currently unforeseeable events may arise which would require changes to the assessments made to date.

Orastie-Sibiu motorway

In July 2011, the subsidiary Salini Impregilo (now Webuild) commenced work on the highway contract to build the Orastie - Sibiu section (Lot 3), which included 22.1 km of two lane highway in each direction (in addition to the emergency lanes).

The contract was entered into with the Romanian National Road & Highways Company ("CNAIR") and 85% financed with EU structural funds and 15% by the Romanian government.

Progress on the contract has been adversely affected by a number of events outside the subsidiary Webuild's control such as unpredictable vast landslides on approximately 6.6 km of the route.

Despite this, the lot was delivered to the customer and opened to the traffic on 14 November 2014 while additional work made necessary by the landslides was still under completion.

Notwithstanding the first favourable ruling by the DAB and the award of approximately €6 million to the subsidiary Webuild, the customer refused to acknowledge the unpredictable nature of the landslides and to pay the amounts due.

In June 2015, the subsidiary Webuild stopped work due to non-payment of the amounts awarded to it by the DAB.

In September 2015, the subsidiary Webuild presented an application for arbitration and the first partial award of RON 83.8 million (approximately €18.2 million) was issued in March 2017 which it subsequently collected.

In January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of RON60.5 million (approximately €13.5 million) on 20 April 2016, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The subsidiary promptly formally contested the contract termination.

With respect to the arbitration proceedings commenced by the subsidiary before the Paris International Chamber of Commerce for the delays and additional costs of €57 million, on 17 October 2019, the final award was handed down rejecting the Group's requests and awarding damages for delays to the customer of approximately €19 million. The subsidiary has also presented an application for the cancellation of the final award to the Romanian courts. On 2 July 2020, the Bucharest Appeal Court cancelled this award and the related suspended enforcement. On 12 September 2020, CNAIR challenged the Appeal Court's decision before the Supreme Court and the related hearing date is 21 September 2022. On 19 October 2020, the Bucharest Appeal Court has confirmed the suspension of the attempted enforcement of the final award by CNAIR until the Romanian courts hand down their final ruling on this award's validity. Should cancellation of the final award be confirmed, the Group could recommence arbitration proceedings before the CCIR.

In the meantime, on 17 February 2021, the Bucharest Court confirmed the subsidiary Webuild's obligation to return RON 83.8 million collected on the basis of the partial award, seeing that it has been cancelled.

On 17 February 2020, the subsidiary filed a new different application for arbitration to the CCIR challenging the validity of CNAIR's enforcement of the performance bond and requesting the return of the related amounts plus damages and interest. The CCIR notified the parties of its final award on 25 February 2021, ordering CNAIR to repay RON 60.5 million of the performance bond which was unfairly enforced and to reimburse the legal costs and interest as well as the arbitration costs (approximately €0.2 million in total).

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Contorno Rodoviario Florianópolis (Brazil)

On 21 September 2016, the subsidiary Salini Impregilo (now Webuild) and Cigla Constructora Impregilo e Associados S.A. ("CCSIC") joint venture signed a contract with Autopista Litoral Sul S.A. worth approximately €75 million for the construction of a new dual carriageway to reduce the large volume of traffic in the Florianópolis metropolitan region.

The project immediately ran into critical engineering problems due to the damp soil and the area's weather conditions, which CCSIC attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

In June 2018, CCSIC presented claims to the customer for higher costs and extension of the contract term. Despite the fact that the negotiations were still ongoing and the related memorandum of understanding was supposed to be signed in the near future, in January 2019, the customer informed CCSIC of its intention to terminate the contract. CCSIC deems that this termination is illegal and contrary to the principle of good faith. Therefore, in 2019, it filed an appeal with the competent local judicial authorities requesting payment of the higher dismantlement costs of approximately €2 million. The proceedings are at an initial stage and the judge has guaranteed the judicial blocking of enforcement of the bank guarantee for the advance (approximately €2.3 million) and the insurance performance bond (around €7 million) by the customer. On 4 October 2019, CCSIC commenced an arbitration proceeding for claims of approximately €20 million notified before the contract had been terminated. The customer has recently obtained the suspension of the arbitration proceedings from the Brazilian judge, which CCSIC immediately appealed. The Appeal Court has ruled i) to maintain suspension of the enforcement of CCSIC's guarantees and ii) to continue to suspend the arbitration proceedings. CCSIC intends to appeal this ruling before the Supreme Court and apply for resumption of the arbitration.

The joint venture is confident that its arguments will be accepted supported by the opinion of its legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, the subsidiary Webuild (formerly Salini Impregilo) commenced three legal proceedings in its name and as lead contractor of the joint venture against Roma Metropolitane S.r.l. ("Roma Metropolitane") and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court- appointed expert was provided.

1. **Supreme Court - claims for the final billing for the Bologna - Conca d'Oro section**

The Rome Court's ruling of August 2016 settled the first level proceedings involving the claims made for the Bologna - Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitane to pay approximately €11 million, plus VAT and related costs.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling, which allowed it to collect the accepted amounts. It also presented an appeal for the award of a greater amount.

The Rome Appeal Court handed down its ruling of July 2018 rejecting the grounds for the joint venture's appeal and concurrently partly accepted the counter appeal presented by Roma Metropolitane, finding claim no. 38 to be ungrounded, although it had been partly accepted by the first level court for €4 million (already collected by the joint venture after the court's ruling).

The joint venture has appealed to the Supreme Court against the Appeal Court's ruling and a hearing date is yet to be set.

2. Rome Court - first set of claims for the Conca d'Oro - Jonio section

The second proceeding relates to the first set of claims for the Conca d'Oro - Jonio section. The initial stage has been deferred with the interim ruling of 2018 issued after the hearing for the conclusions. The judge accepted some claims made by the joint venture and ordered the court-appointed expert to recalculate the amounts due to the joint venture for just the claims rejected.

This ruling partly contradicted the findings of the first court-appointed expert which had confirmed the joint venture's claims for approximately €27.5 million.

The subsidiary Webuild challenged the interim ruling of January 2018 solely for the part that rejected some claims already examined by the court-appointed expert earlier and Roma Metropolitane.

The experts completed their appraisal in December 2018 and filed their additional report which included four possible amounts ranging from approximately €12 million to €23 million in favour of the joint venturers. Roma Metropolitane has requested the appraisal be reperformed by a new expert.

The Rome Court handed down its final ruling no. 6142/2020 of 15 April 2020 defining the second judgement on the extension of the B1 line and ordering Roma Metropolitane to pay the entire amount of €23.3 million, increased by the monetary revalution and interest since 31 August 2018, and the court-appointed expert's cost.

Finally, with its ruling of 15 July 2020 on the partial ruling of January 2018, the Rome Appeal Court rejected the subsidiary Webuild's applications and partly accepted Rome Metropolitane's counter appeal, stating that two of the claims, accepted by the first level judge, were ungrounded.

Specifically, one of the two claims found to be ungrounded related to the irregular performance of the works which had been quantified by the court as part of the total compensation to be paid to the contractor for all the claims related to this issue (the irregular performance of the works), without specifying an individual amount for each claim. The appeal ruling reformulated the first level ruling finding the claim to be ungrounded but did not determine the amount of the related compensation. Therefore, it did not directly intervene with respect to the amount paid as per the first level ruling as compensation for the irregular performance of the works.

The subsidiary Webuild has appealed against the Rome Appeal Court's ruling before the Supreme Court and Roma Metropolitane has, in turn, presented its counter appeal.

Roma Metropolitane has also appealed against the Rome Court's ruling no. 6142/2020.

3. Rome Court - second set of claims for the Conca d'Oro - Jonio section

The third proceeding refers to the second and last set of claims for the Conca d'Oro - Jonio section, was commenced in September 2016 and the court-appointed expert completed their work in November 2018 and filed their definitive report. The expert found that the joint venture's claims of approximately €3 million were admissible. The Rome Court ordered Roma Metropolitane and Roma Capitale to severally and jointly pay the total amount of €2.9 million increased by the accrued legal interest in its ruling no. 5861/2020 of 7 April 2020. The subsidiary Webuild appealed against the ruling on 18 September 2020.

The Company's directors are confident that joint venture's arguments will be accepted supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Colombia – Yuma and Ariguani

Yuma Concesionaria S.A. (in which the Group has a 48.3% investment) ("Yuma") holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

The construction works were delivered to the EPC contractor Constructora Ariguani S.A.S. en Reorganización

("Ariguani"), wholly owned by Salini Impregilo (now Webuild), on 22 December 2011.

In November 2017, the customer ANI commenced administrative procedures against Yuma to have the contract terminated.

Yuma deems that the contract was significantly affected by a series of unexpected events outside its control which led to a significant imbalance in the contract that the customer is obliged to rectify.

After more than one year of negotiations, on 20 February 2020, the parties signed a rider to the concession agreement that provided for, *inter alia*, the interruption of the procedure commenced by ANI for the alleged serious breaches of the concession contract by Yuma and extended the contract term to complete the project by 56 months while not changing the concession term.

The rider partly settled some claims made as part of the arbitration proceedings in place for the contract variations as part of the national arbitration at the Bogotà Chamber of Commerce and the claims before the International Chamber of Commerce as part of the international arbitration.

The subsidiary Webuild concurrently withdrew its application for arbitration to the International Chamber of Commerce, presented in November 2017. As a result and with the acceptance by ANI, this international arbitration proceeding has been discontinued and the only international arbitration still in place is that before the International Chamber of Commerce commenced by Yuma.

At the same time, two other riders to the EPC contract were signed by Yuma and the EPC contractor Ariguani, covering the new financial terms and timeline agreed by them.

On 8 May 2020, the arbitration tribunal with the Bogotà Chamber of Commerce issued an award in Yuma's favour for six variations as part of the proceedings for the definition of 14 variations to the original contract. The tribunal has not defined the amounts to be paid by ANI to Yuma but ordered the parties to come to an agreement based on the calculation method established by the arbitrators. On 13 October 2020, the parties signed an agreement providing that the amount due to Yuma is COP 247,514.9 million (around €52 million).

Due to the dispute and the difficulties encountered during the project, in 2018, both Yuma and Ariguani commenced their reorganisation ("Reorganización") pursuant to the local laws (Law no. 1116 of 2006) and this process is still ongoing.

Project S8 (Poland)

The Group has a 95% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

Although the main road section was opened to traffic on 22 December 2017, in May 2018, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and requested payment of fines of €4.1 million.

On 22 May 2018 and 7 June 2018, the joint venture informed the customer that it considered termination of the contract to be null and void and also asked for payment of the outstanding amount of €1.7 million and the contractually provided-for fines. Finally, it noted that the contract terminated due to the customer's default. The customer has attempted to enforce the performance bonds of approximately €8 million, which the joint venture had provided. The joint venture obtained a court order from the Parma Court preventing this on a precautionary basis.

The Group has already commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the recovery of the costs not paid before termination of the contract, claims and compensation for the irregular termination. In February 2020, the customer filed a counterclaim for approximately €2.9 million against the Group as contractual fines due to the termination of the contract for reasons allegedly attributable to the joint venture.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project A1F (Poland)

The Group has a 100% interest in a joint venture in Poland set up in October 2015 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and requested payment of fines of approximately €18 million.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contract to be null and void. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The customer obtained enforcement of the performance bonds, retentions and fines of approximately €37 million, which the joint venture had provided.

The contractor has commenced proceedings against the customer before the Warsaw Court to receive payment for the works performed and claims of approximately €54 million.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S3 (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in December 2014 for the design and construction of roads.

On 29 April 2019, the customer informed the contractor that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of approximately €25 million.

The customer has attempted to enforce the performance bonds of approximately €13 million, which the contractor had provided. After the filing of an appeal against this enforcement, the subsidiary Salini Impregilo (now Webuild) made payment.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contracts to be null and void and legally ineffective. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the return of the amounts related to the undue enforcement of the bank guarantees and payment of the fines.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S7 Kielce (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

The subsidiary Webuild has paid approximately €15 million so that the customer would not enforce the bank guarantees.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed the first claim form with the Warsaw first level court for the return of the amounts related to the undue enforcement of the bank guarantees.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S7 Wydoma (Poland)

The subsidiary Webuild was awarded this contract in October 2017.

On 7 December 2020, the customer informed the Group that the contract was considered to be terminated due to the latter's alleged breach of contract.

On 16 December 2020, Webuild informed the customer that it considered termination of the contracts to be null and void and legally ineffective. It requested payment of the contractual fine of approximately €35 million (not yet received) and the return of the performance bond. It also noted that the contract terminated for reasons attributable to the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed an update of its first claim form (filed on 4 November 2020) with the Warsaw first level court on 21 December 2020. It has asked that the judge find the contract to be terminated unjustly and that it be due the additional consideration of approximately €55 million.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group had to significantly revise the cost estimates for the early stages of this project. They mainly related to the construction of the concrete works, the electromechanical works and the architectural finishings.

The negotiations with the customer, assisted by their consultants and technical/legal advisors, led to the signing of an interim agreement on 30 December 2016 (which allowed the Group to collect €145 million) and other agreements which enabled it to collect additional amounts (for a total of €260 million). This settled some claims with the outstanding claims related to the pending arbitration proceeding before the Building and Construction Arbitration Board.

On 12 July 2019, the Group delivered the project and the metro was officially opened to the public on 29 September 2019.

In 2020, a year after the handover, when the performance bonds were to be reduced from 3% to 1%, the Customer presented counterclaims for approximately €43 million against the Group, blocking this reduction. The Group deems that these counterclaims are completely groundless and lacking the minimum requirements to be considered as such, by virtue of their failure to provide even the most basic information, such as a description of the events, timing, place of the facts, the cause effect link, contractual justification and support for quantification. On the basis of the above, CMT entirely rejected the counterclaims, judging them without any foundation.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

North West Rail Link (Australia)

This project included the design and building of a 36 km metro line north west of Sydney, of which 4.6 km as a viaduct (the Skytrain bridge). The metro opened in May 2019.

The Group participated in the project through a joint venture of Salini Impregilo S.p.A. (now Webuild) and Salini Impregilo PTY Limited.

After the joint venture presented claims, the DAB issued a decision acknowledging its right to AUD 34.5 million (approximately €21.4 million) on 9 December 2019.

The contract with Sydney Metro provides for resort to the Australian Centre for International Commercial Arbitration should one or both of the parties be unsatisfied with the DAB's decision.

In fact, on 31 January 2020, both the joint venture and the customer presented the DAB with a notice of dissatisfaction.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Al Bayt Stadium (Qatar)

On 25 October 2019, the joint venture comprising Leonardo S.p.A. and PSC S.p.A. ("Leonardo/PSC JV") commenced an arbitration proceeding before the International Chamber of Commerce against the joint venture consisting of Galfar Al Misnad Engineering and Contracting, Salini Impregilo S.p.A. (now Webuild) and Cimolai S.p.A. ("GSIC JV" in which the Group has a 40% interest) with respect to the contract to build the Al Bayt Stadium in Doha, Qatar.

As subcontractor of the contract to supply mechanical and electrical works, the Leonardo/PSC joint venture claimed damages for delays, the acceptance of variations and other compensation from the contractor GSIC JV for QAR 1,289 million (approximately €300 million). As part of the same arbitration proceedings, GSIC JV presented its counterclaim, which includes, *inter alia*, acknowledgement of the costs incurred on the subcontractor's behalf and compensation for the higher costs incurred due to the latter's delays and negligence.

The arbitration proceedings are at an initial stage.

With respect to the arbitration proceedings commenced by the Leonardo/PSC JV, the directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

During preparation of the contract budget and the consolidated financial statements, they considered the above costs and compensation for the subcontractor's delays and negligence to the extent they deem it is highly probable that its counterclaim will be successful, also based on the opinion of the Group's legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Saudi Arabia

With respect to the contract to build Line 3 of the Riyadh Metro, on 25 January 2021, the Arab company United Code Contracting Corporation commenced an ICC arbitration proceeding against the joint venture comprising Webuild S.p.A., Larsen & Toubro, Salini Saudi Arabia and Nesma.

As subcontractor for the works supply contract, United Code Contracting Corporation has claimed damages of USD 162.5 million from the joint venture for the undue termination of the subcontracting contract, non-payment of interim payment certificates, failure to pay the final bill and the undue allocation of works to third parties.

The arbitration proceedings are at an initial stage. The Group has a 59.14% interest in the joint venture.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Slovakia

On 6 March 2019, the joint venture comprising Salini Impregilo (now Webuild) and the Slovakian company Duha and the customer signed an agreement to terminate the contract for the design and construction of a major motorway section. This agreement provides for the recognition of the works awaiting certification and also establishes that:

- the customer will certify most of the works performed and awaiting approval for bureaucratic reasons in the short term;
- a dispute adjudication board (DAB) will be appointed, consisting of international members rather

than the Slovakian members provided for in the original contract, to decide on the additional consideration requested from the customer;

- should the DAB's ruling not be agreeable to the parties, they may apply to an international arbitration tribunal (ICC Vienna) rather than a Slovakian tribunal as provided for in the original contract.

After the joint venture's presentation of its claims, on 18 November 2019, the DAB issued its report, finding that the joint venture was due approximately €8 million. In December 2019, both the joint venture and the customer sent the DAB a notice of dissatisfaction. As the parties were unable to come to an agreement, Webuild applied to ICC for arbitration on 14 February 2021. The proceedings are at an initial stage.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Administrative litigation

This section describes the main administrative proceedings involving the group companies.

USW Campania projects

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final report in November 2014, in which they stated that the competent public administration had already collected directly €46.4 million of the fee due to Fibe for its services rendered until 15 December 2015 (when the contracts were terminated *ope legis*), without forwarding it to Fibe, and that total outstanding receivables totalled €74.3 million.

In its ruling no. 7323/2016, the Regional Administrative Court decided that the special commissioner should pay the amounts claimed by Fibe only after the assessment is completed and, hence, including amounts already collected by the administration. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/2018. A petition for the conclusion of the proceedings was then filed. After the resignation of the special commissioner, the Regional Administrative Court appointed a new commissioner on 16 April 2018. As this commissioner did not accept the position, on 10 January 2019, another commissioner was appointed that filed a report on 13 January 2020 confirming the findings reported by the previous commissioner in November 2014. Due to the interim payments made which reduced the total amounts due, the commissioner calculated the amounts outstanding as fees to be €54.8 million and deferred the definitive calculation of the amounts of €3.1 million in addition to that already ascertained and the total amount of interest and fines due to Fibe to a second stage. On 29 January 2021, the commissioner filed another report setting out the definitive calculation of the fees due to be €57.3 million and the interest and fines due to Fibe as €62.7 million. The Regional Administrative Court ruled on 4 March 2021 that the mandate given to the special commissioner had ended and confirmed the amounts ascertained by them.

In 2009, Fibe filed a complaint with the Lazio Regional Administrative Court about the slackness of the competent authorities in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the administration and performed by the companies during the years from 2006 to 2008 (i.e., after the contracts had been terminated).

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 21 December 2017, submitted a final report finding that, in short, the amounts stated by Fibe in its appeal and the supporting documentation were substantially consistent. The company requested a more in-depth review of certain items and the correction of some errors. The Regional Administrative Court ordered an additional inspection. On 28 September 2018, the inspector filed their final report, which addressed the requests made by Fibe for a more in-depth review and corrections. The Lazio Regional Administrative Court with its ruling of 21 March 2019 ordered the Office of the Prime Minister to pay €53 million, including VAT and interest, as the fee for services carried out after the contracts were terminated. he Office of the Prime Minister challenged this ruling before the Council of State. In its ruling no. 974 of 7 February 2020, the Council of State identified a logical legal error in the Regional Administrative Court's ruling where it ordered the Office of the Prime Minister to pay the amounts requested and documented by Fibe (private part) not yet checked by it. The Council of State amended

in part the first level ruling finding that Fibe is due the smaller amount of €21 million, increased by legal interest (instead of the amount of €53 million ordered by the Regional Administrative Court).

In May 2020, Fibe filed: (i) an appeal before the Council of State challenging the rulings and the error identified by the Appeal Judge; (ii) an appeal before the Supreme Count. On 26 February 2021, the Council of State accepted the appeal challenging the rulings and recognised Fibe's subjective right to the amounts due to it. It ordered the administration to complete the initial investigation while immediately appointing a special commissioner (the state general accounting office or its delegate) to step in should the administration fail to comply.

With ruling no. 3886/2011, the Lazio Regional Administrative Court upheld Fibe's appeal and ordered the administration to pay the undepreciated costs at the termination date for the RDF plants to Fibe, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement order filed by Fibe and opposed by the Office of the Prime Minister, Fibe obtained the allocation of €241 million (collected in previous years) as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed. Both parties initiated proceedings about the merits of the case. The judge rejected the request for default interest submitted by Fibe in the ruling of 12 February 2016, which Fibe challenged.

As part of the USW Campania projects, the Group was notified of a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033/2012. An appeal against this ruling, based on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied Fibe's precautionary motion to stay the enforcement of the decision. The Council of State subsequently accepted Fibe's appeal in its ruling no. 5076/2018, reversing the first level ruling and cancelling the measures challenged by Fibe. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up and this court rejected the appeal with its ruling no. 119/2020 filed on 28 December 2020. Fibe is evaluating whether to take action. Before the judges' rulings, Fibe had completed the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

S.a.Bro.M. S.p.A.

S.a.Bro.M. S.p.A. ("SABROM") is the operator for the design, construction and operation of the new regional Broni-Mortara motorway under the terms of the concession contract signed with the customer Infrastrutture Lombarde S.p.A. ("ILSpA") on 16 September 2010.

In July 2016, the Ministry for the Environment, Land and Sea Protection ("MATTM") issued a measure containing a negative opinion on the project's environmental compatibility.

SABROM asked the customer ILSpA to protect the project by appealing against the Ministry's measure and also communicated its willingness to work with the customer to modify the designs so that the project could be re-assessed by the Ministry and other competent bodies.

As requested by SABROM, the customer ILSpA appealed against the Ministry's measure before the Lombardy Regional Administrative Court which rejected the appeal with its ruling published on 30 July 2018.

On 14 February 2019, ILSpA filed an appeal with the Council of State and the date of the hearing has not yet been set.

The directors deem the risk of an unfavourable ruling is remote and that the assets recognised under intangible assets at 31 December 2020 are recoverable, supported by their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Criminal litigation

This section describes the main criminal proceedings involving the group companies.

USW Campania projects

In 2008, as part of an investigation into waste disposal in the Campania region carried out after the ope legis termination of the relevant contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and employees of Fibe, Fibe Campania (subsequently merged into Fibe) and Fisia Ambiente and managers of the commissioner's office. As part of this investigation, the former service providers and Fisia Ambiente are also charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01 without claims for compensation being made against these companies.
In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and companies involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as under investigation.

On 16 June 2016, the Court accepted the public prosecutor's request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved and the public prosecutor is currently examining the motions.

COCIV consortium

On 26 October 2016, some managers and employees of COCIV were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., who promptly resigned) with warrants issued on 7 October 2016 by the Genoa Court and 10 October 2016 by the Rome Court. The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation.

Specifically, the proceeding before the Genoa Court (involving COCIV managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots (for which the public prosecutor also intends to investigate Webuild's chief executive officer) as well as two cases of corruption. The proceeding originally before the Rome Court (consisting of two separate investigations now joined and transferred to the Alessandria public prosecutor) relates to the alleged bribery of works management by senior management of the contractors (COCIV, Reggio Calabria – Scilla S.C.p.A. and Salerno-Reggio Calabria S.c.p.a.) in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Rome Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90 of 24 June 2014 against COCIV. On 3 March 2017, the Rome Prefecture appointed a special commissioner for the extraordinary and temporary administration of COCIV in accordance with article 32.1.b) of the above Decree law for a six-month period, which was then extended to 15 January 2019.

The Rome Prefecture acknowledged termination of the extraordinary and temporary administration of COCIV on 31 October 2018 with its decree of 14 November 2018, given that the set objectives had been met.

Specifically, in 2018, the Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings to the parties under investigation, which did not include COCIV. During 2019, the public prosecutor requested and obtained a hearing of an excerpt of the relevant interceptions, which was followed, on 21 February 2020, by a further notification of the notice of conclusion of the investigations pursuant to article 415-*bis* of the Italian Criminal Code. The public prosecutor subsequently filed a substantial application for commitment for trial, which was followed by the commencement of the preliminary hearings, completed on 15 March 2021 with a double ruling by the Judge for the Preliminary Hearing: a ruling not to proceed with the first allegation as it had become time-barred, except for the chief executive officer of Webuild who was found not guilty of committing the alleged crime, even though that part of the case was now time-barred. The Judge also ordered that criminal proceedings be commenced for the other alleged crimes.

On 27 February 2020, the public prosecutor requested that the proceeding be filed with respect to COCIV's position, under investigation for the alleged administrative crime as per article 25 of Legislative decree no. 231/2001 given that the consortium had put in place a suitable and appropriate organisation model as per Legislative decree no. 231/2001 before the alleged crimes took place and, moreover, the alleged crimes were not performed to the advantage or in the interests of COCIV.

The filing request also covered some parties under investigation in the main proceeding in relation to numerous additional alleged crimes charged to them during the investigation stage and found to be ungrounded (articles

416, 353, 353-*bis*, 319, 321 and 346-*bis* of the Italian Procedural Code and article 2635 of the Italian Civil Code).

Following the most recent notice as per article 415-*bis* of the Italian Criminal Code and the application for commitment for trial, it has been confirmed that the investigation focuses on assumed collusive bidding and bribery, all of which took place quite some time ago (2012 to 2016).

The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman of the consortium) and the parent's chief executive officer, would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

With respect to the criminal proceedings commenced by the Rome public prosecutor for the alleged crime of association for criminal purposes, the dismissal of the related criminal proceedings was applied for and obtained on 5 September 2018 as the related charge cannot be sustained. With respect to all the alleged corruption practices, involving the alleged administrative liability of COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/2001, the Rome Court declared its lack of jurisdiction and referred all the cases to the Bolzano public prosecutor which joined them in a single case and requested that it be heard. During the preliminary hearing of 26 June 2019, the judge declared its lack of jurisdiction and ordered the case be referred to the Alessandria Court, where it has been again included in the investigation phase.

The Alessandria Court has yet to set the date for the preliminary hearing before the Preliminary Hearing Judge.

With respect to the alleged bribery, COCIV deems that, as already found by the Genoa public prosecutor, the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI to pay a larger or undue amount or create economic benefits for COCIV but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings. The consortium has carefully checked the quality of the materials used in the works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court, which both found the full compliance of the materials used by COCIV with the quality levels specified in the contracts and relevant legislation.

Cossi Costruzioni S.p.A.

Cossi Costruzioni S.p.A. was notified of the commencement of proceedings before the Rimini Court for an alleged administrative offence as per article 25-septies.3 of Legislative decree no. 231/2001. The preliminary investigation is still ongoing.

Ministry of the Environment / Autostrade per l'Italia S.p.A. – Todini Construction Generali (now HCE Construction + others)

In June 2011, upon conclusion of the investigations commenced in 2005, the Florence public prosecutor charged the CEOs and former employees of Todini C.G. S.p.A. with environmental crimes with respect to the management of excavated soil and rocks, water regulation, waste management and damage to environment assets as part of the Tuscan lots of the "Valico variation".

The Ministry of the Environment joined the criminal proceedings as a civil party, suing Autostrade per l'Italia S.p.A., Todini C.G. S.p.A., Impresa S.p.A. and Toto S.p.A. for their civil liability and quantifying the alleged environmental damage to be compensated as "*not less than €810,000,000.00 or any amount that may be established during the proceedings and/or established in an equitable manner*". As evidence of the damage, the Ministry presented a preliminary report prepared by I.S.P.R.A. (a body which is part of the Ministry).

The judge held that the I.S.P.R.A. report was not a document that could be used in the proceedings as it had not been prepared inter partes and, moreover, did not include the name of the individual that had physically prepared it. At the date of preparation of this report, the claim for compensation is not supported by proof about its size.

On 30 October 2017, the Florence Court found all the defendants not guilty and the public prosecutor appealed the ruling on 20 June 2019. The Supreme Court accepted the public prosecutor's appeal on 19 January 2021 and overturned the Florence Court's ruling, remitting continuation of the case to the Appeal Court. The Group is

waiting for the reasons of the ruling to be filed to understand what grounds of appeal were accepted and the scope of the remittal procedure.

For completeness purposes, after the claim for compensation presented by the Ministry of the Environment, the Group commissioned a report on the possible effect of the criminal proceeding on the consolidated financial statements. The opinion was that the Ministry's joining the proceedings as a civil party did not require any provision to be made in the separate or consolidated financial statements or the condensed interim consolidated financial statements.

The Company is confident that the claim for compensation will not be accepted.

Other situations characterised by risk and/or uncertainty profiles

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte"), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law after which, on 17 July 2018, it applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/2003 to the Ministry of Economic Development.

The Ministry issued its decree on 6 August 2018 authorising Condotte to enter extraordinary administration as per Decree law no. 347/2003 converted by Law no. 39 of 18 February 2004 (the "Marzano Law").

The Rome Court declared Condotte insolvent in its ruling of 14 August 2018.

On 22 October 2018, the special commissioners invited Condotte's creditors to file their claims for inclusion in the insolvency proceedings for their receivables originated up to 6 August 2018 (the date on which it entered extraordinary administration) before 12 December 2018.

The following consortia or consortium companies, in which the Group has investments, filed their claims by the due date:

- Consorzio Alta Velocità Torino Milano (CAVTOMI);
- Consorzio Collegamenti Integrati Veloci (COCIV);
- Consorzio Lybian Expressway Contractors;
- Eurolink S.C.p.A.;
- Reggio Calabria Scilla S.C.p.A.;
- Salerno Reggio Calabria S.C.p.A.;
- Consorzio Iricav Due.

Their claims were based on the following:

a) offsetting their receivables from Condotte that were due before 6 August 2018 against their payables due to Condotte which were also due before 6 August 2018;

b) filing of the outstanding balances after the offsetting in the insolvency proceeding:
   - as a pre-preferential claim as provided for by article 51.3 of Law no. 270/1999 (the "Prodi Law") and article 74 of the Bankruptcy Law;
   - alternatively and subject to appeal, as a preferential claim in accordance with article 2761.2 of the Italian Civil Code for the principle and article 2758 of the Italian Civil Code for the VAT collected at source;
   - as a secured claim as a further alternative and subject to appeal.

On 14 February 2019, Condotte's special commissioners filed the claims with the court office.

On 22 February 2019, the consortia/consortium companies filed their comments on the claims for the purposes of the related hearing.

The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria S.C.p.A. and Reggio Calabria Scilla S.C.p.A. as secured claims, as well as

the interest calculated in the comments, on 11 June 2020.

CAVTOMI's legal counsel noted that the special commissioners had not provided proof of the existence of these claims and requested they be given additional time to better analyse the accounting documentation presented in court. The judge has not accepted the request given the need to finalise the claims during the hearing and given that appeals can be made by challenging the accepted claims.

As the COCIV consortium and Iricav Due consortium had entered into agreements with Condotte's special commissioners in the meantime, with the result that they transferred their interests, rights and obligations, and amounts due to and from Condotte to Webuild, they waived their right to have their claims included in the insolvency proceedings.

The Group has rolled out a long-term industrial transaction ("Progetto Italia") to create a new national construction group to include some of the major Italian construction companies. As a result, Webuild made an offer to invest in Astaldi (whose composition with creditors proposal has been authorised by the Rome Court) and is assessing whether to engage in similar transactions with other infrastructure operators such as Condotte.

The companies in which the Group has investments are carefully monitoring developments in the Condotte situation.

Supported by its legal advisors, the directors are confident that the receivables and payables will be offset and that the receivables should be recovered (net of offsetting) by the SPEs in which Condotte had an investment also because the ongoing strategic works are expected to be continued.

Moreover, it cannot be excluded that events related to the above-mentioned extraordinary administration procedure may take place in the future.

Country risk

Libya

The Group operates in Libya through a permanent establishment and a subsidiary, Impregilo Lidco Libya General Contracting Company (Impregilo Lidco), which has been active in Libya since 2009 and is 60% owned by the subsidiary Webuild with the other 40% held by a local partner.

The directors do not deem that significant risks exist with respect to the permanent establishment's contracts as work thereon has not started, except for the Koufra Airport project. Moreover, the Group's exposure for that project is not material. The Group is also involved in the Libyan Coastal Highway project which leads to the Egyptian border for the stretch through Cyrenaica, which had not yet been started at the reporting date.

Impregilo Lidco won important contracts for the construction of:

- infrastructural works in Tripoli and Misuratah;
- university campuses in Misuratah, Tarhunah and Zliten;
- a new Conference Hall in Tripoli.

Despite the dramatic political and social events in Libya from 2011, the Group has always acted in accordance with the contractual terms.

This political upheaval has not yet subsided, impeding the subsidiary from developing its business. At present, the Group does not expect activities to be resumed in the near future as there are serious security problems.

Impregilo Lidco continues to be present in Libya and to maintain contacts with its customers, complying promptly with legal and corporate requirements. It informed its customers immediately of the activation of the force majeure clause (provided for contractually).

Despite the situation in the country, the projects covered by the contracts should continue to be a priority for the country.

The customers have acknowledged the contractual rights and the validity of the claims presented for the costs, losses and damages incurred as a result of the above-mentioned unrest. Once the local situation has normalised and the country's institutions are working again, these claims will be discussed with the customers.

The impairment losses on net assets and costs incurred starting from the 2012 financial statements are fully included in contract liabilities. The subsidiary has presented claims to the customers for these amounts, which

it deems are fully recoverable as they are due to force majeure.

In addition, the investments made to date are covered by the contractual advances received from the customers.

The subsidiary's legal advisors agree with this approach as can be seen in their reports.

No significant risks are deemed to exist for the recovery of the net assets attributable to the subsidiary, thanks in part to actions and claims filed against the customers.

As this country's situation continues to be complex and critical, the Group does not expect that operations can be resumed in the short term.

On 5 February 2021, Abdul Hamid Dbeibah was elected as the prime minister of the interim government of national accord. He will be inaugurated shortly and his appointment represents great progress towards political and economic stability.

The Group will continue to guarantee the subsidiary Impregilo Lidco's business continuity. However, it cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Argentina

In recession since 2018, this country's challenging macroeconomic situation has been worsened by the global health emergency caused by Covid-19.

The economic slump, the containment measures put in place to deal with the pandemic and the drop in global demand have not helped the country's ongoing recession. According to the World Bank, this Latin American country has lost the most wealth.

The additional hike in the inflation rate is partly due to the government's decision to contain the peso's devaluation through restrictive measures on the currency market.

With respect to the public debt, although rumours were rife about another default, in August 2020, a debt restructuring agreement was officially finalised. The deal covers the USD66 billion debt with foreign creditors and defers repayment of principal for at least five years, slightly reduces the cost of capital (-1.9%) and decreases the annual interest rate from 7% to 3%. As a result, the cost of this debt will be €4.5 billion (1% of GDP) between 2020 and 2024.

The Group is carrying out two projects in Argentina partly funded by the World Bank: a hydraulic tunnel (lot 3) and a wastewater pre-treatment plant (lot 2), both of which are part of a mega project for the environmental restoration project of the Riachuelo River in Buenos Aires.

Given the above, the Group tested its exposure for impairment at 31 December 2020 without identifying any impairment triggers. More information is available in note 17 to the consolidated financial statements.

Venezuela

The Group has operated in Venezuela for over thirty years and has a stable presence there through its permanent organisation. It carries out important projects to develop the South American country directly or in partnerships with international partners.

The work in progress, mainly in the railway and hydroelectric sectors, relates to the following contracts:

- Railway sector:
  i. Puerto Cabello - La Encrucijada section project;
  ii. Guarico project, for the San Juan de Los Morros - San Fernando de Apure and Chaguaramas - Cabruta sections;
- Hydroelectric sector:
  i. the Tocoma dam project.

The customers for the above projects are all government agencies (the Venezuelan government or related bodies).

In the past, the Venezuelan government reconfirmed its intention to complete the railway and hydroelectrical projects, deemed to be of strategic interest for the country's development. However, these contracts have seen

non-payment, temporary suspensions and minimum maintenance activities in the last four years.

Given the country's situation, the Group monitored the local social, economic and political situation during the year applying assessments and methodical decisions in line with the analyses performed during preparation of the consolidated financial statements at 31 December 2019.

Parliamentary elections were held in December 2020 confirming a parliament fully controlled by the political forces that backed the previous government. The currency's additional depreciation, which has continued into 2021, has meant that the prices of food and services continue to increase.

Tross exposure amounted to €637.2 million at 31 December 2020, including €110.7 million of loans and approximately €526.5 million of receivables for consideration accrued on work performed (this latter figure comprises €317.8 million already invoiced and recognised as trade receivables and €208.7 million recognised as contract assets net of contract liabilities). Impairment losses have been estimated on these assets equal to the total exposure. In 2020, it recognised an impairment loss of €122.5 million.

Nigeria

Despite tentative signs of an uptick after the last presidential elections, the economic crisis affecting Nigeria, which is one of Africa's major economies, in recent years, has temporarily worsened as a result of the current pandemic.

The price of oil, which is the country's main resource, is still below USD 65/barrel, the target used by the government to plan its budget for 2020 and subsequent years.

The falling oil prices weakened the country's currency leading to its additional devaluation by the central bank (CBN), affecting its exchange rate with the Euro.

The lockdown and related restrictions that Nigeria has had to resort to have clearly amplified the effect of the drop in oil prices while also sparking public order problems.

In the second half of the year, the government removed the restrictive measures introduced in the first six months, easing the situation with regards to supply delays and logistics constraints that had significantly affected production.

The country's economy will not allow the rapid recovery of the construction sector, which is currently on standby, except for some limited progress on certain strategically important projects.

The Group is present in Nigeria via its subsidiaries Salini Nigeria Limited (eight contracts), PGH and Rivigo JV (a joint venture with Rivers State for the Ogoni contract in which the Group has a 70% stake). The projects are affected by the customers' limited financial resources, which has led to delays.

Some work was recommenced on the Suleja-Minna Road project as it is the main artery through Niger State and the strategic Adiyan-Lagos State water treatment project.

The ongoing negotiation of the variations of price and/or currency fluctuations for some of the projects has a positive effect on their recommencement.

Nigeria continues to be a major African country and has great potential to transform its economy and lead the way in the continent's future economic recovery

It cannot be excluded that events which cannot currently be foreseen may take place after the date of preparation of this report that require changes to the assessments made to date.

Given the above, the Group tested its exposure with the Nigerian government at 31 December 2020 for impairment without identifying any impairment triggers. without identifying any impairment triggers.

Ukraine

This country's political and economic situation is still extremely difficult, even after the recent presidential elections, although great change is expected after the forthcoming parliamentary elections.

Although there has been a gradual improvement in the local economic situation, the public accounts continue to suffer, mostly as a result of the lack of internal and external investments and reforms that would boost the country's economy.

During the performance of the contract to upgrade the Kiyv - Kharkiv - Dovzhanskiy section of the M03 motorway from 2013 to 2016, there were no significant threats to its activities. The work site, located near

Poltava, was far from the areas most affected by the armed conflict between Ukraine and Russia (the Donbass war).

From a financial viewpoint, the Company is not exposed to currency depreciation risk since the contractual amounts are paid in Euros and US dollars at rates agreed with the contract was signed.

Main contract events and effect of the sale of Todini

The parent's sale in April 2016 of Todini Costruzioni Generali (which had been awarded the M03 contract) was one of the factors that led to the customer's termination of the contract in August 2016.

The Group defended its position and obtained positive rulings from the Dispute Board (DB) with respect to both its financial requests and the principal of the issue, including the illegality of the termination.

The customer's continued refusal to comply with the DB's rulings, including after the Group has made significant concessions, led to the effective termination of the contract in March 2017, the dismantlement of the work site and commencement of arbitration proceedings before the International Chamber of Commerce (ICC) in Paris.

Arbitration proceedings before the Paris International Chamber of Commerce

As part of the pending arbitration proceedings, the ICC issued two partial awards substantially confirming the amounts awarded by the DB on a provisional basis and without prejudice to the assessment of the merits of the claims presented.

On 26 June 2018, it issued its first partial award for an amount equivalent to approximately €54 million. On 30 January 2019, it issued the second partial award for the interest accrued on the amounts awarded with the first award of approximately €7 million.

The ICC also established that additional interest is to be charged on the amounts due to the Group up until the date of effective payment of the contractual consideration.

The claims presented by the Group to the ICC total UAH 1,389 million (the equivalent of approximately €134 million at 31 December 2020), as per the amounts claimed via the Dispute Board plus the additional claims and related financial expense made directly to the ICC. The final award is expected to be issued in the first half of 2021.

In October 2019, the Kiev Court of Appeal acknowledged the applicability of the ICC's first partial award and issued a writ of execution for payment by Ukravtodor to Todini Costruzioni Generali S.p.A. of UAH 34 million, €20 million and USD 39 million.

The customer has appealed this decision before the Supreme Court.

In February 2020, the Supreme Court rejected the customer's appeal and confirmed the Kiev Court of Appeal's ruling of October 2019.

In April 2020, the Group presented the writ of execution to the local authorities to formalise the payment request for the amounts covered by the first partial award.

The customer has confirmed it is willing to pay the amounts due under the first partial award in local currency. We are currently waiting for additional clarifications from the central bank to obtain authorisation to transfer the amounts in hard currency to Italy.

In view of the present critical situation, it cannot be excluded that events not foreseeable at the date of preparation of this report may arise in the future requiring changes to the assessments made to date.

Alternative performance indicators

As required by Consob communication no. 0092543 of 3 December 2015, details of the performance indicators used in this Report and in the Salini Costruttori Group's institutional communications are given below.

Financial ratios:

Debt/equity ratio: this ratio shows net financial position as the numerator and equity as the denominator. The items making up the financial position are presented in a specific table in the notes to the consolidated financial statements. The equity items are those included in the relevant section of the statement of financial position. For consolidation purposes, equity used for this ratio also includes that attributable to non-controlling interests.

Debt indicators:

Liquidity and other financial assets is the sum of the following items:

a. Current and non-current financial assets;

b. Cash and cash equivalents.

Short and medium to long-term debt is the sum of the following items:

a. Current account facilities and other loans;

b. Bonds;

c. Lease liabilities.

Other financial assets and liabilities is the sum of the following items:

a. Derivatives;

b. The Group's net amounts due from/to consortia and consortium companies operating under a cost recharging system and not included in the consolidation scope.

Economic indicators:

1. **EBITDA or Gross operating profit:** this indicator shows the sum of the following items included in the statement of profit or loss:
   a. Total revenue;
   b. Total costs, less amortisation, depreciation, impairment losses and provisions.
   This can also be shown as the ratio of EBITDA to total revenue.
2. **EBIT or Operating profit:** the operating profit given in the statement of profit or loss, being the sum of total revenue and total costs.
3. **Return on sales or R.o.S.:** given as a percentage, shows the ratio of operating profit (as calculated above) to total revenue.

Disclosure on the adjusted figures

The Group monitors the key figures of Lane Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures ("JV not controlled by Lane") show the status of contracts managed directly by Lane Group or through non-controlling investments in joint ventures.

For management account purposes, the Group adjusted the IFRS figures for 2019 and 2020 to sterilise the effect of the impairment losses recognised on assets related to the construction of infrastructure works in Venezuela.

Again for management account purposes, it adjusted the IFRS figures for 2020 to sterilise the effect of the out-of-court settlement with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte"). This led to Webuild's recognition of the costs of the compensation (€35.3 million) paid to Condotte for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of Condotte's 31% interest in the COCIV consortium by recognising an impairment loss of €20.3 million on its receivables due from Condotte at and compensation of €15.0 million recognised under other operating expenses.

Events after the reporting date

Successful placement of additional unsecured notes reserved to institutional investors

On 21 January 2021, the subsidiary Webuild S.p.A. successfully placed additional notes with an aggregate nominal amount of €200 million (the "additional notes") reserved to institutional investors at an issue price of €102, increased by the interest accrued on the nominal amount of the additional notes in the period from 15 December 2020 and the issuance date of the additional notes. They were consolidated and form a single series with the €550 million notes issued on 15 December 2020 with maturity date of 15 December 2025, bringing the total size of such notes to €750 million. The additional notes have been listed on the Global Exchange Market of the Dublin Stock Exchange (Euronext Dublin) and settled on 28 January 2021.

The proceeds from the issuance of the additional notes will be used by the subsidiary Webuild to repay the Group's existing indebtedness.

GUPC arbitration final award (Panama)

In February 2021, Webuild paid approximately USD 110 million to settle its liability with the customer after the arbitration tribunal issued its final award (more information is available in the "Main risk factors and uncertainties" section).

Exchange ratio, timing and methods for the integration of Webuild and Astaldi defined

The boards of directors of Webuild and Astaldi have evaluated the partial proportionate demerger of Astaldi to Webuild, after which Astaldi's core assets scope and the separate unit (set up by Astaldi on 24 May 2020 as part of the composition with creditors procedure) will definitely be separated, including legally. This transaction would entail the transfer of Astaldi's core assets to Webuild while Astaldi would retain title to the activities and judicial relationships (active and passive) transferred to the separate unit.

The transaction provides for the allocation of 203 ordinary Webuild shares for each 1,000 ordinary Astaldi shares held to Astaldi's shareholders. This exchange ratio was agreed by the two companies' boards of directors after consulting their related party committees and financial advisors. It is based on the two group's financial position, performance and cash flows for 2020 and was calculated using generally-accepted valuation methods and, in particular, the main methods, using the two Group's business plans.

Webuild and Astaldi are confident that this integration of their businesses will generate significant operating, economic and financial benefits for the combined group as a result of, inter alia, the integrated management of the work sites they have in common, introduction of a single commercial strategy, optimisation of the central structures for the integrated management of purchases, assets and working capital. It will also give Astaldi's shareholders access to shares with greater liquidity and the possibility to directly benefit from the growth of Webuild Group's integrated business.

The proposed demerger will take place as follows:

- Webuild will receive all the assets, liabilities and judicial relationships of Astaldi after it has discharged its debts that are not part of the separate unit, as defined in the composition with creditors plan;
- the separate unit's assets, rights and obligations will remain with Astaldi, without altering their transfer to the separate unit as provided for in the composition with creditors' procedure;
- at the demerger effective date, Astaldi's shareholders will receive newly issued ordinary Webuild shares while all the ordinary Astaldi shares will be cancelled (including those held by Webuild) and Astaldi will be delisted;
- any unsecured creditors of Astaldi that present claims after the demerger effective date will have the right to receive ordinary Webuild shares and will maintain their right to receive participating financial instruments issued by the separate unit from Astaldi, as provided for in Astaldi's composition with creditors plan;
- on the date immediately before the demerger effective date, Webuild's shareholders will receive Webuild warrants giving them the right to receive new Webuild shares so that their investment percentage is not changed should Webuild issue new shares for Astaldi's unsecured creditors (as described above). Webuild will also issue warrants to banks to replace those issued by Astaldi in accordance with the composition with creditors proposal;

- the demerged company's share capital will be zeroed and concurrently reconstituted through the subscription of new shares by a foundation (to be set up), which will assist with the management and orderly sale of the separate unit in line with the composition with creditors proposal as Astaldi's sole shareholder.

Webuild and Astaldi have agreed that extraordinary shareholders' meetings will be called after the transaction is approved by the two boards of directors to resolve on the proposed demerger. These meetings will be held on 29 April 2021 for Astaldi and 30 April 2021 for Webuild while the proposed transaction will be completed by July 2021.

Webuild and its subsidiary Astaldi have applied their internal procedures for major related party transactions. The two companies' boards of directors will approve the proposed demerger after receiving a reasoned opinion from their related party committees about the transaction being in the two companies' interests and the convenience and substantial correctness of the related terms and conditions. Both companies will also publish the information memorandum as per Annex 4 to Consob Regulation no. 17221/2010 within seven days of approval of the demerger proposal.

Webuild has been assisted by BofA Securities as its financial advisor and Giliberti Triscornia e Bonelli Erede as its legal advisor. Partners and EY acted as the financial advisors of the boards of directors of Webuild and Astaldi, respectively, while Lazard and Equita, advised the two related party committees, respectively.

Awarded new contract to double the high capacity railway worth approximately €1 billion along the Messina-Catania section in Sicily

On 19 March 2021, the Group won the contract worth approximately €1 billion for the executive design and performance of the works to double the high capacity Messina - Catania railway line along the Giampilieri - Fiumefreddo section, known as the Second Functional Taormina - Giampilieri Lot. This is a new project for the Webuild Group in Sicily to support the infrastructure and sustainability mobility development on the island and provide work for the local supply chain.

The project, commissioned by Rete Ferroviaria Italiana - RFI (FS Italiane Group), will be led by the Group in a consortium in which it will have a 70% stake. Its partner Pizzarotti will have the other 30%.

Work on the lot entails the construction of a new railway for 28.3 km that will include the civil and related works such as electrification, signalling and communications. It will also comprise the excavation of two natural single tunnels, six parallel tunnels and seven viaducts.

Outlook

The Group intends to:

- **pursue sustainability objectives**, both during the construction phases and operation of the infrastructure;
- **continue its ongoing order derisking**, availing of the opportunities created by larger investments in infrastructure in low risk geographical areas;
- **consolidate its home base in Italy**, to benefit from the possibilities created by the new infrastructure plan, which includes, inter alia, a new advances payment system and a streamlined call for tenders procedure;
- **expand into related sectors**, to diversify the order backlog and stabilise cash flows, such as the non-recurring maintenance of infrastructure in Italy;
- **continue the planned operating efficiency actions, for which €120 million has been earmarked**, before 2023;
- **strengthen its innovative leader status**, including by investing in digitalising its core processes, construction techniques, quality, safety and environment initiatives.

Assuming that the situation will normalise and considering the Group's current consolidation scope, its 2021 financial forecasts include:

- **growing revenue**: between €6.5 billion and €7.2 billion, entirely covered by the existing order backlog;
- **returning the EBITDA margin** to around 8%, assisting by the ongoing cost streamlining process;
- **reducing net indebtedness**: between €0.8 and €0.6 billion.

These objectives may be revisited given the uncertainty about how the Covid-19 pandemic will evolve.

Other disclosures

Research and development

The Group carried out industrial research and experimental development activities during the year. These activities enabled the acquisition of new know-how and improvement of production efficiency, which will improve the parent's competitive edge.

The main R&D activities carried out during the year are described below:

- ideation, feasibility study, prototyping and experimental development of advanced virtual multi-dimensional models and tools to optimise the planning, design, construction and operation of complex building and civil works;
- study and experimental development of innovative electrical systems for the 4.0 work sites;
- feasibility study, design, prototyping, development and experimental validation of a new methodology/equipment for the installation of vertical pipes in underwater environments, called the riser concept;
- ideation, study, design, development and experimental validation of new technologies to build large complex civil works.

These macro projects related to the following areas:

a) **experimental or theoretical work**, with the main aim being the acquisition of new knowledge on the foundations of phenomena and observable facts;

b) **planned research** or critical investigations to acquire knowledge to be used to fine-tune new products, processes or services or allow the upgrading of existing products, processes or services or create parts of complex systems;

c) **acquisition, blending, structuring and utilisation of knowledge** and existing scientific, technological and commercial capabilities to prepare plans, projects or designs for new products, processes or services, or to modify or improve them, including feasibility studies;

d) **development of prototypes** to be used for commercial purposes and pilot projects for technological or commercial testing;

e) **production and testing of innovative products, processes and services.**

Treasury shares

At the date of preparation of this report, the portfolio held 11,708,900 shares for a total value of €3,120,325.37.

Related parties

Reference should be made to note 37 to the consolidated financial statements for a description of related party transactions.

Non-financial statement

Salini Costruttori S.p.A. is exempt from preparation of the Non-financial Statement as per article 3 of Legislative decree no. 254/2016. Its main subsidiary, Webuild S.p.A. prepares a Consolidated Non-financial Statement in accordance with article 4 of the same decree, available on its website www.webuildgroup.com.

for the Board of Directors

The Chief Executive Officer

(signed on the original)

Consolidated financial statements as at and for the year ended 31 December 2020

Financial statements
Consolidated statement of financial position

ASSETS *(€'000)*	Notes	31 December 2019	31 December 2020
Non-current assets			
Property, plant and equipment	7.1	337,629	481,507
Right-of-use assets	7.2	144,184	164,632
Investment property	7.3	1,037	1,100
Intangible Assets:	7.4	185,096	586,366
Goodwill	8	76,062	70,020
Equity Shareholdings	9	650,402	646,795
Derivatives and non-current financial assets	10	378,336	322,681
Deferred tax assets	11	285,506	400,934
Total non-current assets		**2,058,252**	**2,674,036**
Current assets			
Inventories	12	303,093	334,516
Contract assets	13	2,040,450	2,754,203
Trade receivables	14	1,823,571	1,884,791
Derivatives and other current financial assets	15	216,283	314,444
Current income tax assets	16	91,113	114,669
Other tax assets	16	133,177	229,746
Other current assets	17	673,627	997,269
Cash and cash equivalents	18	1,024,782	2,458,123
Total current assets		**6,306,096**	**9,087,760**
Non-current assets held for sale and discontinued operations	19	13,598	11,516
Total assets		**8,377,946**	**11,773,312**

EQUITY AND LIABILITIES *(€'000)*	Notes	31 December 2019	31 December 2020
Shareholders' equity			
Share capital		62,400	62,400
Share premium reserve		0	0
Other reserves		54,418	60,842
Other comprehensive income and expense		(63,296)	(110,503)
Retained earnings (losses carried forward		476,485	459,354
Net result		(22,498)	47,081
Total Group's shareholders' equity		**507,509**	**519,174**
Non-controlling interests		887,337	1,448,186
Total shareholders' equity	20	**1,394,846**	**1,967,360**
Non-current liabilities			
Bank and other loans and borrowings	21	990,539	1,001,438
Bond issue	22	1,091,890	1,288,620
Lease liabilities	23	98,699	98,876
Post-employment benefits and employee benefits	25	62,461	63,988
Deferred tax liabilities	11	7,400	137,187
Provisions for risks	26	138,345	196,774
Total non-current liabilities		**2,389,332**	**2,786,883**
Current liabilities			
Current portion of bank loans and borrowings and current account facilities	21	255,113	1,101,500
Current portion of bonds	22	13,295	246,910
Current portion of lease liabilities	23	61,651	79,530
Derivatives and other current financial liabilities	24	2,012	0
Contract liabilities	13	1,187,717	2,132,775
Trade payables	27	2,614,515	2,707,827
Current income tax liabilities	28	87,432	128,065
Other tax payable	28	48,212	76,013
Other current liabilities	29	323,820	531,336
Total current liabilities		**4,593,767**	**7,003,958**
Liabilities directly associated with non-current assets held for sale	19	0	15,111
Total equity and liabilities		**8,377,946**	**11,773,312**

Consolidated statement of profit or loss

(€'000)	Notes	FY 2019	FY 2020
Revenue			
Revenue from contracts with customers		4,772,478	4,246,570
Other revenue		360,107	229,609
Badwill		0	548,177
Total revenue and other income	**32**	**5,132,584**	**5,024,356**
Costs			
Purchases	33.1	(571,297)	(573,187)
Subcontracts	33.2	(1,773,984)	(1,498,293)
Costs for services	33.3	(1,286,691)	(1,186,013)
Personnel costs	33.4	(792,176)	(845,985)
Other operating expenses	33.5	(181,742)	(161,761)
Impairment (**)	33.6	(102,423)	(173,640)
Amortisation, depreciation and provisions	33.6	(172,084)	(185,185)
Total costs		**(4,880,395)**	**(4,624,064)**
Operating result		**252,189**	**400,291**
Financing income (costs) and gains (losses) on equity investments			
Financial income	*34.1*	*68,765*	*80,124*
Financial expense	*34.2*	*(155,555)*	*(171,575)*
Gains (losses) on foreign currencies	*34.3*	*4,288*	*(43,907)*
Net financing (costs) income		(82,501)	(135,359)
Net gains (losses) on equity investments	35	(127,859)	(110,231)
Total financing income (costs) and gains (losses) on equity investments		**(210,360)**	**(245,590)**
Result before taxes		**41,829**	**154,701**
Tax	36	(68,215)	(27,085)
Profit (loss) from continuing operations		**(26,386)**	**127,616**
Profit (loss) from discontinued operations	19	(631)	(5,053)
Net result		**(27,017)**	**122,563**
Profit (loss) for the year attributable to:			
Shareholders of the parent company		(22,498)	47,081
Minority interests		(4,519)	75,482

Consolidated statement of comprehensive income

(€'000)	Notes	FY 2019	FY 2020
Profit (loss) for the year (a)		**(27,017)**	**122,563**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Net exchange gains (losses) on the translation of foreign companies' financial statements	20	(30,100)	(100,976)
Net exchange gains (losses) on the translation of foreign companies' financial statements reclassified from the statement of comprehensive income to profit and loss	20	(5,091)	0
Net gains (losses) on cash flow hedges, net of the tax effect	20	0	217
Fair value gains (losses) recognised in OCI	20	0	14
Other comprehensive income (expense) related to equity-accounted investees	20	1,813	(13,687)
Items that may be subsequently reclassified to profit or loss, net of the tax effect:			
Actuarial gains/(losses) on defined benefits pension plans	20	(5,188)	3,518
Other comprehensive income (expense) (b)		**(38,566)**	**(110,913)**
Comprehensive income (expense) (a) + (b)		**(65,583)**	**11,649**
Comprehensive income (expense) attributable to:			
Shareholders of the parent company		(12,943)	(126)
Minority interests		(52,639)	11,775

Consolidated statement of cash flows

(€'000)	Notes	FY 2019	FY 2020
Operating activities			
Profit (loss) from continuing operations		(26,467)	127,616
Amortisation of intangible assets	33	26,960	33,310
Depreciation of property, plant and equipment	33	144,123	127,877
Net impairment losses and provisions	33	113,054	197,637
Accrual for post-employment benefits and employee benefits	25	13,647	14,663
Net gains (losses)		(18,121)	(1,348)
Deferred taxes	36	(40,512)	(23,671)
Share of losses of equity-accounted investees	35	128,514	117,306
Income tax	36	108,727	50,756
Foreign exchange gains and losses	34	(4,288)	43,908
Net financial expense	34	86,790	91,452
Bargain purchase		0	(548,177)
Other non-monetary items		491,624	(34,442)
Cash flows generated by operating activities		**1,024,051**	**196,887**
Decrease (increase) in inventories and contract assets		(502,943)	(51,145)
Decrease (increase) in trade receivables		84,209	112,722
(Decrease) increase in contract liabilities		24,848	(114,959)
(Decrease) increase in trade payables		177,955	(49,798)
Decrease (increase) in other assets/liabilities		(65,217)	263,449
Total changes in working capital		**(281,149)**	**160,268**
Decrease (increase) in other items not included in capital		(26,481)	(34,408)
Financial income collected		42,633	22,997
Interest expense paid		(97,079)	(94,354)
Income tax paid		(81,114)	(48,689)
Cash flows generated by (used in) operating activities		**580,862**	**202,700**
Investments			
Net investments in intangible assets	7	(13,588)	(18,240)
Investments in property, plant and equipment	7	(85,312)	(165,527)
Proceeds from the sale or reimbursement value of property, plant and equipment		43,515	41,254
Investments in non-current financial assets and capital transactions	9	(195,951)	(54,674)
Dividends and capital repayments from equity-accounted investees	9	13,876	12,700
Proceeds from the sale or reimbursement value of non-current financial assets		8,508	(8)
Taxes paid during the year on the sale of Lane's Plants & Paving division		(57,209)	0
Cash and cash equivalents from change in consolidation scope		0	199,956
Sales of subsidiaries and business units net of cash and cash equivalents		0	11,021
Purchases of subsidiaries and business units net of cash and cash equivalents		(3,897)	194,928
Liquid funds generated by (used in) investing activities		**(290,057)**	**221,409**
Financing			
Dividends distributed	20	(23,446)	(29,704)
Capital injection by non-controlling interests in subsidiaries		436	121,636
Increase in bank and other loans	21	1,614,776	2,177,753
Decrease in bank and other loans	21	(1,532,520)	(1,127,869)
Decrease in lease liabilities	23	(75,513)	(75,187)
Change in other financial assets/liabilities		(270,269)	(24,758)
Cash flows generated by (used in) financing activities		**(286,535)**	**1,041,873**
Net period cash flow from discontinued operations		**479**	**190**
Net exchange gains (losses) on cash and cash equivalents		**10,279**	**(40,746)**
Increase (decrease) in cash and cash equivalents		**15,027**	**1,425,427**

Cash and cash equivalents	18	1,109,805	1,024,782
Current account liabilities	21	(179,864)	(79,814)
Total opening cash and cash equivalents		**929,941**	**944,968**
Cash and cash equivalents	18	1,024,782	2,458,123
Current account liabilities	21	(79,814)	(87,728)
Total closing cash and cash equivalents		**944,968**	**2,370,395**

Consolidated statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves						Other comprehensive income and expense					Retained earning (losses carried forward)	Profit (loss) for the year	Group shareholders' equity	Non-controlling interests	Total shareholders' equity
				Legal reserve	Share capital increase related	Extraordinary and other reserves	Reserve for treasury shares	Inflation reserve	Total other reserves	Translation reserve	Cash flow hedge reserve	Actuarial reserve	Fair value reserve through OCI and tax effect	Tot. other comprehensive income and expense					
At 1 January 2019	**20**	**62,400**	**0**	**12,480**	**0**	**25,946**	**(3,120)**	**16,998**	**52,303**	**(69,165)**	**(2,770)**	**(916)**	**0**	**(72,850)**	**511,920**	**31,260**	**585,032**	**364,836**	**949,868**
IFRS 16 and IFRIC 23 FTA		0	0	0	0	0	0	0	0	0	0	0	0	0	(5,117)	0	(5,117)	(2,403)	(7,520)
At 1 January 2019 (post IFRS FTA)	**20**	**62,400**	**0**	**12,480**	**0**	**25,946**	**(3,120)**	**16,998**	**52,303**	**(69,165)**	**(2,770)**	**(916)**	**0**	**(72,850)**	**506,803**	**31,260**	**579,915**	**362,433**	**942,348**
Allocation of profit and reserves	20	0	0	0	0	0	0	0	0	0	0	0	0	0	31,260	(31,260)	0	0	0
Dividend distribution	20	0	0	0	0	0	0	0	0	0	0	0	0	0	(18,193)	0	(18,193)	0	(18,193)
Change in scope of consolidation	20	0	0	0	0	0	0	0	0	0	0	0	0	0	(43,385)	0	(43,385)	576,225	532,840
Other changes and reclassifications	20	0	0	0	0	0	0	2,115	2,115	0	0	0	0	0	0	0	2,115	1,319	3,434
Profit (loss) for the year	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(22,498)*	*(22,498)*	*(4,519)*	*(27,017)*
Other comprehensive income and expense	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*12,802*	*(1,193)*	*(2,054)*	*0*	*9,554*	*0*	*0*	*9,554*	*(48,120)*	*(38,566)*
Total comprehensive income and expense	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*12,802*	*(1,193)*	*(2,054)*	*0*	*9,554*	*0*	*(22,498)*	*(12,943)*	*(52,639)*	*(65,582)*
As at 31 December 2019	**20**	**62,400**	**0**	**12,480**	**0**	**25,946**	**(3,120)**	**19,113**	**54,418**	**(56,363)**	**(3,963)**	**(2,970)**	**0**	**(63,296)**	**476,485**	**(22,498)**	**507,509**	**887,337**	**1,394,846**
At 1 January 2020	**20**	**62,400**	**0**	**12,480**	**0**	**25,946**	**(3,120)**	**19,113**	**54,418**	**(56,363)**	**(3,963)**	**(2,970)**	**0**	**(63,296)**	**476,485**	**(22,498)**	**507,509**	**887,337**	**1,394,846**
Allocation of profit and reserves	20	0	0	0	0	0	0	0	0	0	0	0	0	0	(22,498)	22,498	0	0	0
Dividend distribution	20	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	20	0	0	0	0	0	0	0	0	0	0	0	0	0	5,367	0	5,367	413,653	419,020
Other changes and reclassifications	20	0	0	0	0	0	0	6,424	6,424	0	0	0	0	0	0	0	6,424	135,421	141,845
Profit (loss) for the year	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*47,081*	*47,081*	*75,482*	*122,563*
Other comprehensive income and expense	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(51,975)*	*3,183*	*1,571*	*14*	*(47,207)*	*0*	*0*	*(47,207)*	*(63,707)*	*(110,914)*
Total comprehensive income and expense	*20*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(51,975)*	*3,183*	*1,571*	*14*	*(47,207)*	*0*	*47,081*	*(126)*	*11,775*	*11,649*
As at 31 December 2020	**20**	**62,400**	**0**	**12,480**	**0**	**25,946**	**(3,120)**	**25,537**	**60,842**	**(108,338)**	**(780)**	**(1,399)**	**14**	**(110,503)**	**459,354**	**47,081**	**519,174**	**1,448,186**	**1,967,360**

Notes to the consolidated financial statements

1. Basis of preparation

Salini Costruttori S.p.A. (the "Company") has its registered office in Italy. These consolidated financial statements at 31 December 2020 include the financial statements of the parent and its subsidiaries (the "Group"). The Group, created by the reverse merger of the Salini and Impregilo Groups, is a global player in the large-scale infrastructure sector.

The Board of Directors of Salini Costruttori S.p.A. approved the condensed interim consolidated financial statements on 14 May 2021.

The Salini Costruttori Group has prepared its consolidated financial statements at 31 December 2020 on a going concern basis. The directors have checked that events that could affect the Group's ability to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of consolidated financial statements requires management to make judgements and complex estimates about the Group's future profitability and financial position, based also on its sector. These complex estimates underpin assumptions about going concern and the carrying amounts of assets, liabilities, revenue and costs. They do not consider non-recurring events that management cannot foresee at the date of preparation of the separate financial statements. Reference should be made to the "Complex accounting estimates and the effects of Covid-19" section for details of the assumptions made in the specific context of the pandemic.

The Group has prepared its consolidated financial statements at 31 December 2020 in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB), endorsed by the European Union as required by Regulation 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005.

The accounting policies adopted to draw up these consolidated financial statements at 31 December 2020 are consistent with those used to prepare the 2019 annual consolidated financial statements, to which reference should be made, except for the changes summarised in note 2.

Complex accounting estimates and the effects of Covid-19

As disclosed in the section of the Directors' report on the effects of Covid-19 on the Group's performance, the epidemic has introduced significant uncertainties, especially about external factors.

The preparation of consolidated financial statements in accordance with the IFRS requires management to make judgements and accounting estimates that affect the carrying amounts of assets and liabilities and financial statements disclosures. Given the crisis situation engendered by Covid-19, these judgements and estimates consider the related uncertainties.

The utilisation of an up-to-date group 2021 budget that reflects the uncertainties as a basis for the judgements is essential. The Group's procedures include a planning process split into two parts that take place before the preparation of the annual and interim financial statements. In this case, the group 2021 budget was prepared considering the critical issues caused by Covid-19.

Firstly, the consolidated financial statements at 31 December 2020 have been prepared assuming the Group can continue as a going concern as described earlier. This assumption was made using all the information available over 12 months, including the projected profitability and the availability of financial resources. Specifically, the directors considered the following aspects, which have already been referred to in the relevant section of the Directors' report:

- No contracts were cancelled as a result of the pandemic. While 2020 saw the temporary closure of work sites and slowdowns in production, all the Group's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second quarter of 2021. The revenue not earned in the first six months of the year as a result of the inefficiencies described has not been lost but simply deferred to the future and should already start to be recouped in the second half of this year.
- During the period, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. Negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent impacts and included

discussions about the additional costs incurred due to the crisis situation which the Webuild Group has so far borne almost in full.

- With respect to available financial resources, article 207 of Decree law no. 34/2020 (the Relaunch decree), converted with amendments by Law no. 77 of 17 July 2020, approved by the Italian government, provided for the receipt of contract advances of up to 30% within the limitations and in line with the annual resources earmarked for each project. This also applies to contractors that have already used the contractually-provided for advances or have already started work on the contract without receiving an advance.

  At the date of preparation of this report, there is no exposure to potential financial stress scenarios. The Group has cash and cash equivalents and a revolving credit facility sufficient to meet its short-term requirements. In 2020 and early 2021, it has issued bonds of €1 billion to cover most of its 2021 repayments, including the bonds redeemable in June 2021, which is the most important short-term commitment.

  The parent also analysed its credit risk deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations. More information about this is available in the section on the impairment of financial assets.

In addition to that set out above, the complex accounting estimates related to:

- Impairment of non-financial assets (IAS 36). When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses. This impairment test is usually carried out once a year for goodwill.

  Checking for impairment indicators using information obtained during the planning process is particularly important in the current situation. In addition, given that the impairment indicators listed in IAS 36 include a check that the carrying amount of the Group's net assets is more than its market capitalisation and also that the subsidiary Webuild's market value decreased as a result of Covid-19, the directors checked this difference for impairment testing purposes. Although share prices showed that the carrying amount of net assets was more than the market capitalisation throughout the year, the difference shrank steadily around the reporting date and up until the date of preparation of this report. Moreover, it should be noted that:

  - the assets subject to impairment testing as per IAS 36 were carefully checked in line with the reference procedures, the reporting standards and the supervisory authorities' guidelines;
  - the expected credit losses on financial assets were measured in accordance with IFRS 9, considering also the uncertainties generated by Covid-19.

  As a result, the directors deemed that this indicator is not an impairment indicator.

- Impairment of financial assets (IFRS 9). The Group tests the recoverable amount of financial assets not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

  The Group found that, given the characteristics of its business sector, credit risk is that deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

  Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

  Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole.

  Given the Covid-19 situation, the Group estimated the effect of the uncertainties and short-term outlook for the economies of the countries in which it operates on the measurement of expected credit losses over the entire expected life of financial instruments.

  As described earlier, the Group also performed a credit risk analysis in accordance with the provisions of IFRS 7. More information is available in the notes to the consolidated financial statements.

- Measurement of contract assets and liabilities and revenue from customers in accordance with IFRS 15. Application of this standard requires management to make judgements and estimates to determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion. A significant part of the Group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during the performance of such contracts. Recognition of additional consideration by associates may entail adjustment of their equity due to standardisation with the Group's accounting policies. Application of IFRS 15 requires the Group to check the existence of the right to additional consideration and the degree of probability of collecting such consideration. Moreover, the Group is required to estimate possible contract fines such as fines for the late delivery of the works compared to the agreed deadlines.

  The Group carefully analysed these elements, especially as part of its planning process which led it to update the group budget before preparation of the consolidated financial statements. It also considered all available information, including that obtained during discussions with customers (as described earlier) to confirm the judgements used in making accounting estimates.

- Assessment of the recoverability of deferred tax assets. Deferred tax assets (like deferred tax liabilities) are calculated on the basis of temporary differences between the carrying amounts of assets and liabilities and their tax bases. The Group recognises deferred tax assets when their recovery is probable. The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose profits on its order backlog as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

- Valuation of the real estate projects The value of the real estate projects is reviewed at each period end and reduced to the lesser of the cost and net realisation value. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose total value on its assets as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

Given the uncertain climate generated by Covid-19, actual results may differ from those estimated.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the main risk factors and uncertainties.

With respect to the economic effects, as described in the section on Covid-19 in the Directors' report, as a global provider of engineering solutions and general contractor for infrastructure works, deemed a strategic sector essential for the economic recovery of many countries (as described earlier), the Group was able to guarantee substantial continuity in many work sites and the protection of the health and safety of its employees and consultants. Some projects saw the shut-down of work site activities for a few weeks as per the lockdown measures and work was performed to align them with the new measures. As described earlier, all the Group's activities have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. The restrictions imposed by customers and governments led to a reduction in production volumes and profit margins. The decrease in revenue and profitability, net of the gain from the bargain purchase, compared to 2019 are both essentially due to the above reasons. However, these decreases are of a temporary nature due to the postponement of works and should be resolved starting from 2021.

IAS 29 - Financial reporting in hyperinflationary economies

After a lengthy observation period of inflation rates, which have exceeded 100% in the last three years, Argentina has been considered a hyperinflationary economy pursuant to the IFRS since 2018. As a result, all the companies operating in Argentina have applied IAS 29 - Financial reporting in hyperinflationary economies in their financial reports starting from 1 July 2018.

These conditions were applicable in 2020 as well.

2. Changes in applicable accounting standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2020:

Standard/Interpretation	IASB application date
Amendments to references to the *conceptual framework in IFRS standards*	1 January 2020
Amendments to IFRS 3 (*Business combinations*) *Definition of a business* (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (*Financial instruments*), IAS 39 (*Financial instruments: recognition and measurement*) and IFRS 7 (*Financial instruments: disclosures*): *Interest rate benchmark reform* (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (*Presentation of financial statements*) and IAS 8: *(Accounting policies, changes in accounting estimates and errors) Definition of material*	1 January 2020
Amendments to IFRS 16 (*Leases*) Covid-19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020

The standards published by the IASB and endorsed by the European Union that will be applicable after 31 December 2020 are set out below:

Standard/Interpretation	IASB application date
Amendments to IFRS 4 (*Insurance contracts*) - *Deferral of effective date of IFRS 9* (issued on 25 June 2020)	1 January 2021
Interest rates benchmark reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued on 27 August 2020	1 January 2021

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard/Interpretation	IASB application date
IFRS 17 (*Insurance contracts*) issued on 18 May 2017 and included in the amendments to IFRS 17 issued on 25 June 2020	1 January 2023
Amendments to IAS 1 (*Presentation of financial statements*): *Classification of liabilities as current or non-current* (issued on 23 January 2020, and subsequent amendment issued on 15 July 2020)	1 January 2023
Amendments to: • IFRS 3 *Business combinations*; • IAS 16 *Property, plant and equipment*; • IAS 37 *Provisions, contingent assets and contingent liabilities* • Annual Improvements 2018-2020 issued on 14 May 2020	1 January 2022

The above standards and amendments applicable since 1 January 2020 have not had a significant effect on the consolidated financial statements.

3. Non-current assets held for sale and discontinued operations

Honduras branch (Astaldi)

At 31 December 2020, the Group assessed whether the conditions existed to apply IFRS 5 - Non-current assets held for sale and discontinued operations to the Honduras branch of Astaldi Group. Therefore, it has presented its net assets and its operating results separately.

USW Campania

In 2020 and given the new delay in the disposal transactions, the Group decided that the conditions for application of IFRS 5 - Non-current assets held for sale and discontinued operations no longer existed for the USW Campania projects. Therefore, it has reclassified the USW Campania project net assets and operations in the statement of financial position and statement of profit or loss.

Reference should be made to the section on the "Main risk factors and uncertainties" in the Directors' report for more information.

Zeis

At 31 December 2010, as seen in previous years, conditions were met to apply IFRS 5 "Non-current assets held for sale and discontinued operations" to some of the real estate units held by Zeis. Therefore, it has presented its net assets and its operating results separately.

Due to events beyond the Group's control, the period for completing the sale has been extended beyond the time frame of one year envisaged by IFRS 5. Despite the postponement, the Group's commitment remains unchanged to complete the disposal. Directors have therefore chosen not to alter how the assets are booked, also in accordance with paragraph 9 of said standard.

Consorcio Agua Azul S.A.

On 7 January 2020, the Group completed the sale of the investment in Consorcio Agua Azul S.A., held by Impregilo International Infrastructures N.V., recognising a gain of approximately €5 million. At 31 December 2019, the investment was classified in "Non-current assets held for sale and discontinued operations" in accordance with IFRS 5.

4. Basis of presentation

The Salini Costruttori Group's consolidated financial statements include the financial statements of the parent, Salini Costruttori S.p.A., and the Italian and foreign operating companies controlled directly or indirectly by Salini Costruttori S.p.A.

The financial statements at 31 December 2020 approved by the internal bodies of the consolidated companies, where applicable, have been used for consolidation purposes.

The financial statements are prepared by adopting the parent's accounting policies. Where necessary, consolidation adjustments are made to make the items affected by different accounting policies consistent.

A list of the companies and other Salini Costruttori Group entities included in the consolidation scope is set out in the annexes with the schedules showing changes therein during the year.

Financial statements

The Group opted to present its consolidated financial statements at 31 December 2020 in line with previous years as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the Group's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the Group's normal operating cycle, i.e., more than twelve months after the reporting date.
- The statement of profit or loss gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on equity investments" and income taxes. The profit or loss from continuing operations, the profit or loss from discontinued operations and the profit or loss attributable to non-controlling interests and that attributable to the owners of the parent are also

presented.

- The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Basis of consolidation

The consolidated financial statements have been prepared by consolidating the financial statements at 31 December 2020 of Salini Costruttori S.p.A., the parent, and the Italian and foreign companies which the parent directly or indirectly controls.

Control exists when the Group has the power to govern, directly or indirectly, the financial and operating policies of an entity so as to obtain benefits from its activities. Generally speaking, control is presumed to exist when the Group holds more than half of the voting rights either directly or indirectly.

Entities or companies over which the Group has joint control, by virtue of an investment therein or specific contractual arrangements, are consolidated as follows pursuant to IFRS 11:

- on a line-by-line basis according to the investment percentage, if they are joint operations;
- at equity, if they are joint ventures.

In the case of some joint ventures, the financial reporting packages of consortia and/or consortium companies prepared for their inclusion in the consolidated financial statements have not yet been approved by the competent consortium bodies as they are waiting for the court-approved procedures of the consortium members to be defined. When this is the case, the financial reporting packages are prepared using the best information available.

Investments in associated companies are measured using the equity method.

The financial statements used for consolidation are modified (made consistent) and reclassified to comply with the Group's accounting policies in line with the currently applicable IAS/IFRS.

The financial statements used are expressed in the functional currency, being the local currency or another currency in which most of the economic transactions and assets and liabilities are denominated.

Financial statements expressed in currencies other than the Euro are translated into Euros by applying the closing rates to the statement of financial position items and the average annual rates to the statement of profit or loss items, as these approximate the spot rates.

Differences arising from the translation of the opening equity using the closing rates and from the translation of assets and liabilities at the spot rate and the statement of profit or loss items at the average annual rate are taken to the translation reserve.

The exchange rates used to translate the foreign currency financial statements into Euros are as follows:

Currency	Closing rate December 2019	Average rate 2019	Closing rate December 2020	Average rate 2020
ZAR South African Rand	15.7773	16.1757	18.0219	18.7655
BRL Brazilian Real	4.5157	4.4134	6.3735	5.8943
COP Colombian Peso	3,688.66	3,674.52	4,202.34	4,217.06
PEN Nuevo Sol	3.7255	3.7364	4.4426	3.9962
AED United Arab Emirates Dirham	4.1257	4.1113	4.5065	4.1947
ARS Argentine Peso	67.2749	67.2749	103.2494	103.2494
AUD Australian Dollar	1.5995	1.6109	1.5896	1.6549
BGN Bulgarian New Lev	1.9558	1.9558	1.9558	1.9558
DZD Algerian Dinar	133.8916	133.6757	162.1071	144.8473

INR Indian Rupee	80.187	78.8361	89.6605	84.6392
IDR Indonesian Rupiah	15,595.6	15,835.27	17,240.76	16,627.37
MAD Moroccan Dirham	10.781	10.766	10.919	10.8235
NIO Nicaraguan Cordoba oro	38.0375	37.1597	42.7609	39.2779
RON Romanian New Leu	4.783	4.7453	4.8683	4.8383
LYD Libyan Dinar	1.5709	1.5653	1.6419	1.5827
MYR Malaysian Ringgit	4.5953	4.6374	4.934	4.7959
NGN Nigerian Naira	344.3221	343.0512	465.6845	407.4454
PES Chilean Peso	844.86	786.89	872.52	903.14
PLN Polish Zloty	4.2568	4.2976	4.5597	4.443
RUB Russian Ruble	69.9563	72.4553	91.4671	82.7248
SAR Saudi Riyal	4.2128	4.198	4.6016	4.2832
SGD Singapore Dollar	1.5111	1.5273	1.6218	1.5742
TRY Turkish Lira (new)	6.6843	6.3578	9.1131	8.0547
USD US Dollar	1.1234	1.1195	1.2271	1.1422
NAM Namibian Dollar	15.7773	16.1753	18.0219	18.7655
CHF Swiss Franc	1.0854	1.1124	1.0802	1.0705
GBP British Pound	0.8508	0.87777	0.89903	0.8897
DOP Dominican Peso	59.4629	57.3487	71.4411	64.6052
PKR Pakistani Rupee	173.9591	168.318	196.8241	184.9387
QAR Qatari Riyal	4.0892	4.0749	4.4666	4.1576
DKK Danish Krone	7.4715	7.4661	7.4409	7.4542
OMR Omani Real	0.4319	0.4304	0.4718	0.4392
BsS Bolivar S. (VEF 2017)	52,308.3738	14,692.8696	1,356,945.0779	375,274.0479

When an investment in a consolidated entity is sold, the accumulated gain or loss recognised in equity is released to profit or loss.

The consolidation criteria used to prepare these consolidated financial statements may be summarised as follows:

- subsidiaries are consolidated on a line-by-line basis, whereby:
  - assets and liabilities, costs and revenue shown in the subsidiaries' financial statements are fully recognised, regardless of the size of the investment therein;
  - the carrying amount of the investment is eliminated against the relative share of its equity;
  - the main transactions between consolidated entities, including dividends distributed among Group companies, are eliminated;
  - non-controlling interests are shown separately under equity and their share of the profit or loss for the year is similarly shown separately in the statement of profit or loss.
- investments in associates and joint ventures are measured using the equity method whereby the carrying amount of the investment is adjusted to consider:
  - standardisation to comply with the group accounting policies, where necessary;
  - the parent's share of the profits or losses of the investee realised after the acquisition date;
  - modifications arising from changes in equity of the investee that are not taken to profit or loss as per the relevant reference standards;
  - dividends distributed by the investees;
  - any greater value paid at acquisition (measured using the same criteria set out in the section on

"Business combinations") and managed pursuant to the relevant standard;

- the share of the profit or loss deriving from application of the equity method, which is taken to profit or loss;
- the results of any impairment testing;

- interests in joint ventures that qualify as joint operations are recognised by the investor to the extent of its share of the rights and obligations held.

Dividends, reversals of impairment losses and impairment losses on investments in consolidated companies, gains and losses on the intragroup exchange of investments in consolidated entities and the related tax effects are eliminated.

Gains and losses arising from transactions between consolidated companies, which are not realised directly or indirectly through transactions with third parties, are eliminated. Unrealised intragroup losses are recognised when the transaction shows an impairment of the transferred asset.

Business combinations

Business combinations are recognised using the acquisition method set out in IFRS 3 (revised in 2008). Accordingly, the consideration for a business combination is measured at fair value, being the sum of the fair value of the assets acquired and liabilities assumed or incurred by the Group at the acquisition date and the equity instruments issued in exchange for control of the acquired entity. Transaction costs are recognised in profit or loss when incurred.

The contingent consideration, included as part of the transfer price, is measured at acquisition-date fair value. Any subsequent changes in fair value are recognised in profit or loss.

The identifiable assets acquired and the liabilities assumed are recognised at their acquisition-date fair value.

Goodwill is measured as the difference between the aggregate of the consideration transferred, the amount of any non-controlling interests (NCI) and the acquisition-date fair value of the acquirer's previously held equity interest in the acquiree and the net fair value of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If the difference is negative, the resulting gain is recognised as a bargain purchase in profit or loss.

NCI can be measured at fair value or at its proportionate share of the fair value of the net assets of the acquiree at the acquisition date. The measurement method is decided on a transaction by transaction basis.

Business combination achieved in stages (step acquisition)

In the case of step acquisitions, the Group's existing investment in the acquiree is measured at fair value on the date that control is obtained. Any resulting adjustments to previously recognised assets and liabilities are recognised in profit or loss. Therefore, the previously held investment is treated as if it had been sold and reacquired on the date that control is obtained.

Transactions involving NCI

Changes to the investment percentage of a subsidiary that does not entail loss of control are treated as equity transactions. Therefore, any differences between the acquisition price and the related share of equity in subsequent acquisitions of investments in entities already controlled by the Group are recognised directly in equity. With respect to partial disposals of an investment in a subsidiary while control is retained, any gain or loss is recognised in equity.

Accounting policies

The accounting policies adopted to draw up the Salini Costruttori Group's consolidated financial statements at 31 December 2020 comply with the IFRS and are consistent with those used to prepare the 2019 consolidated financial statements, except for the amendments enacted after 1 January 2020, summarised in the section on the "Changes in standards".

Measurement criteria

Property, plant and equipment

The Salini Costruttori Group has opted to recognise property, plant and equipment at purchase or production cost net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	Depreciation rate
Land	0%
Buildings	3%
Plant and machinery	from 10% to 20%
Industrial and commercial equipment	from 25% to 40%
Other assets	from 12% to 25%

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

Assets acquired as a result of business combinations are recognised at fair value at the acquisition date and remeasured within a year. Such amount reflects their purchase cost.

After their initial recognition, they are measured at cost, depreciated over their estimated useful lives and shown net of any impairment losses.

When an asset consists of different significant components with different useful lives, the significant components are recognised and subsequently measured separately.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered. Reference should be made to the section on "Impairment of non-financial assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the Group has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Moreover, capitalisation of borrowing costs ceases when substantially all the activities necessary to prepare the qualifying asset for its intended use or sale are complete.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All the other costs are recorded in the income statement when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Right-of-use assets and lease liabilities

Right-of-use assets and lease liabilities are recognised in accordance with IFRS 16.

Rights to infrastructure under concession

These rights are covered by IFRIC 12 - Service concession arrangements, issued by the International Financial Reporting Interpretations Committee (IFRIC), which regulates the recognition and measurement of concession arrangements between public sector entities and private sector operators. It was endorsed by the European Commission with EC regulation 254/2009 dated 25 March 2009 and its application is mandatory for financial statements drawn up under IFRS beginning from the year after which it was endorsed. Therefore, the Group has applied IFRIC 12 since 2010.

The criteria adopted by the Group to apply the interpretation to its concessions are set out below.

Scope and measurement

Scope of application of the interpretation: IFRIC 12 is applicable to service concession arrangements when the granter is a public body and the operator is a private entity, when the following conditions are met:

a) the granter controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price, and

b) the granter controls - through ownership, beneficial entitlement or otherwise - any significant residual interest in the infrastructure at the end of the term of the arrangement.

Measurement of the revenue arising from the concession arrangement: the operator acts as the service provider (construction and management of the work) and recognises the revenue for the construction and upgrade services in accordance with IFRS 15 - Revenue from contracts with customers.

The granter pays the operator a consideration for the construction/upgrade services, to be recognised at fair value, which may consist of rights to:

(a) a financial asset (financial asset model);

(b) an intangible asset (intangible asset model);

(c) both ("mixed" model).

The first model is applicable when the operator has an unconditional contractual right to receive a specified or determinable amount of cash. The second is applicable when the operator acquires the right to charge for use of a public sector asset that it constructs or upgrades. The amounts are contingent on the extent to which the public uses the service (demand risk). Finally, the third model is applicable when both of the above situations are present. In this case, the intangible asset is determined as the difference between the fair value of the investment made and the present value of the financial asset obtained by discounting the cash flows from the minimum specified amount.

The Group's concession arrangements (via the operators consolidated on a line-by-line or proportionate basis) fall under the intangible asset model except for two immaterial concessions held by the subsidiaries of HCE Costruzioni Generali S.p.A., wholly owned by the parent, which fall under the "mixed model". The financial asset model is applicable to certain equity-accounted associates.

Recognition of the intangible asset: the intangible asset is recognised during construction of the infrastructure. The main identified cases are as follows:

a. *Arrangements that cover the construction of a new infrastructure*: the operator recognises the intangible asset in line with the stage of completion of the construction project. During construction, the operator recognises revenue and costs in line with IFRS 15 - Revenue from contracts with customers.

b. *Arrangements that cover management of an existing infrastructure and its extension or upgrading against which the operator acquires specific additional financial benefits*: the operator recognises these construction and/or upgrade services in line with IFRS 15 - Revenue from contracts with customers. *Arrangements that cover management of an existing infrastructure and specific obligations to extend or upgrade it against which the operator does not acquire additional specific financial benefits*: at initial recognition, the operator recognises a liability equal to the present value of the forecast outlay for the construction services to be provided in the future with, as a balancing item, an additional component of the intangible asset for the contract consideration, which begins to be amortised.

Contractual obligations for the infrastructure's efficiency levels: given that the operator does not meet the requirements for recognition of the infrastructure as "Property, plant and equipment", the accounting treatment differs depending on the nature of the work carried out and can be spit into two categories: (i) work related to normal maintenance of the infrastructure; (ii) replacement and scheduled maintenance at a future date.

The first category relates to normal ordinary maintenance of the infrastructure, the cost of which is recognised in profit or loss when incurred, also under IFRIC 12. Given that the interpretation does not provide for the recognition of the physical asset but of a right, the second category is recognised in line with IAS 37 - Provisions, contingent liabilities and contingent assets, which requires: (i) recognition of an accrual to a provision in profit or loss; and (ii) recognition of a provision for charges in the statement of financial position.

Amortisation of the intangible asset: amortisation of the intangible asset recognised for the rights acquired under the concession arrangement is calculated in line with paragraph 97 of IAS 38 - Intangible assets: "The amortisation method used shall reflect the pattern in which the asset's future economic benefits are expected to be consumed by the entity. If that pattern cannot be determined reliably, the straight-line method shall be used".

Goodwill and intangible assets with indefinite lives

Goodwill and other intangible assets with indefinite lives are recognised at cost net of impairment losses.

Goodwill acquired as part of a business combination is measured as the difference between the aggregate of the acquisition-date fair value of the consideration considered, the amount of any NCI and the acquisition-date fair value of the acquirer's previously-held equity interest in the acquiree, and the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

Goodwill deriving from acquisitions is not amortised. It is tested annually for impairment or whenever conditions arise that presume impairment as per IAS 36 - Impairment of assets.

For impairment testing purposes, goodwill acquired as part of a business combination is allocated at the acquisition date to each of the cash-generating units (or groups of cash-generating units - CGU) that will benefit from the acquisition. The carrying amount of goodwill is monitored at cash-generating unit level for internal management purposes.

Impairment is determined by defining the recoverable amount of the cash-generating unit (or group of units) to which the goodwill is allocated. When the recoverable amount of the CGU (or group of CGUs) is lower than the carrying amount, an impairment loss is recognised. When goodwill is allocated to a CGU (or group of CGUs), the asset of which has been partly disposed of, the goodwill allocated to the disposed of asset is considered to determine any gain or loss deriving from the transaction. In this case, the transferred goodwill is measured using the amounts related to the disposed of asset compared to the asset still held by the unit.

Other intangible assets

Other intangible assets purchased or produced internally are recognised as assets in accordance with IAS 38 - Intangible Assets, when it is likely that their use will generate future economic benefits and when their cost can be reliably determined. Those assets with finite useful lives are measured at acquisition or development cost and amortised on a straight-line basis over their estimated useful lives. Recoverability of their carrying amount is checked by using the criteria set out in the section on "Impairment of non-financial assets".

Other non-current assets (recognised in Other assets)

Other non-current assets mainly consist of loans and receivables and claims related to completed or nearly completed contracts and companies in liquidation when their liquidation plan provides for the realisation of the assets after twelve months from the reporting date.

These assets are measured at their estimated realisable value, by recognising allowances to adjust their carrying amount accordingly. Claims are only recognised for the amounts matured and that part which is held to be reasonably recoverable. The estimated realisable value is discounted if the time value of money is material depending on when settlement is expected to take place.

Impairment of non-financial assets

When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses. This impairment test is usually carried out once a year for goodwill.

The "recoverable value" of an asset is the greater out of its fair value, net of the costs of sale, and its value in

use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Inventories of goods

Inventories of goods are measured at the lower of average purchase cost and net realisable value.

Cost includes the directly related costs and estimated realisable value is determined using the replacement cost of the asset or similar assets.

Any write-downs are eliminated in subsequent years when the reasons therefor are no longer valid.

Contract assets and liabilities

Contract assets and liabilities are recognised and measured in accordance with the guidelines of IFRS 15 - Revenue from contracts with customers. Revenue is recognised using the five-step model as set out below:

1. Identify the contract with a customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations in the contract;
5. Recognise revenue when (or as) the entity satisfies a performance obligation.

IFRS 15 also covers contract costs, contract modifications and financial statements disclosures.

The methods used by the Group to apply IFRS 15 are summarised below.

1. Identify the contract with a customer

The Salini Costruttori Group identifies and measures contracts with customers in line with IFRS 15 after they have been signed and are binding, creating enforceable rights and obligations for the Group and the customer. The Group considers the criteria of IFRS 15.9 set out below to identify the contract:

a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations;

b) the entity can identify each party's rights regarding the goods or services to be transferred;

c) the entity can identify the payment terms for the goods or services to be transferred;

d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and

e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

2. Identifying performance obligations and allocating the transaction price

IFRS 15 identifies a performance obligation as a promise included in the contract with a customer to transfer: a)

a good or service (or a bundle of goods or services) that is distinct; or b) a series of distinct goods or services that are substantially the same and that have the same pattern of transfer to the customer.

In the Group's case, its performance obligation is usually the entire project. In fact, although the individual performance obligations provided for in the contract are distinct, they are highly interdependent and integrated as the contract provides for the transfer of the entire infrastructure to the customer.

However, certain contractual items include additional services that should be considered as distinct performance obligations. For example, these may be post-completion maintenance services after final inspection and additional or different contract warranties compared to those provided for by law or normal sector practices.

When a contract has more than one performance obligation, the appropriate portion of the contract consideration should be allocated to each separate performance obligation pursuant to IFRS 15. The Group's contracts with customers usually specify the price of each contractual item (detailed in the contract).

3. Determining the criteria for satisfaction of the performance obligations and recognition of the revenue

IFRS 15 provides that revenue shall be recognised when (or as) the performance obligation is satisfied transferring the promised good or service (or asset) to the customer. An asset is transferred when (or as) the customer obtains control.

The Salini Costruttori Group's contracts with customers are usually long-term contracts that include obligations to be satisfied over time based on the progress towards completion and transfer of control of the asset to the customer over time.

The reasons why recognition of revenue over time is considered the correct approach are:

- the customer controls the asset as it is constructed (the asset is built directly in the area made available by the customer);
- the asset under construction does not have an alternative use and the Group has an enforceable right to payment for its performance completed to date over the contract term.

IFRS 15 requires that progress towards satisfaction of a performance obligation be measured using the method that best represents the transfer of control of the asset under construction to the customer. The objective when measuring progress is to depict an entity's performance in transferring control of goods or services promised to a customer. The Group considers its market sector and the complex mix of goods and services it provides when it selects the appropriate revenue recognition method. IFRS 15 provides for two alternative methods to recognise revenue over time:

a) output method;

b) input method.

Output methods recognise revenue on the basis of direct measurements of the value to the customer of the goods or services transferred to the date relative to the remaining goods or services promised under the contract (e.g., surveys of performance completed to date, milestones reached, units delivered, etc.). Input methods recognise revenue on the basis of the entity's efforts or inputs to the satisfaction of a performance obligation (e.g., resources consumed, labour hours expended, costs incurred, time elapsed or machine hours used) relative to the total expected inputs to the satisfaction of that performance obligation (cost to cost method).

The most appropriate method for measuring revenue is the cost to cost method calculated by applying the percentage of completion (the ratio of costs incurred to total estimated costs) to contract revenue. The calculation of the ratio of costs incurred to estimated costs only considers costs that contribute to the actual transfer of control of the goods and/or services. This method allows the objective measurement of the transfer of control to the customer as it considers quantitative variables related to the contract as a whole.

When choosing the appropriate method for measuring the transfer of control to the customer, the Group did not adopt the output method (e.g., surveys of performance completed to date) for its ongoing contracts as it considered that although this output method would allow a direct measurement of progress, it would also lead to operating difficulties in managing and monitoring progress considering all the resources necessary to satisfy the obligation.

In addition, an output method would entail the application of criteria and measurement inputs that are not

directly observable and the incurring of excessive costs to obtain useful information.

Finally, in the Group's reference sector, the objective of contractual outputs (milestones) refers to, inter alia, modulation of cash flows to obtain financial resources useful to perform the contract and the definition of technical specifications of the works and related performance timing.

4. Determining the transaction price

Given the engineering and operating complexities, the size and length of time involved in completing the contracts, in addition to the fixed consideration agreed in the contract, the transaction price also includes additional consideration, whose conditions need to be assessed. A claim is an amount that the contract seeks to collect as reimbursement for costs incurred (and/or to be incurred) due to reasons or events that could not be foreseen and are not attributable to the contractor, for more work performed (and/or to be performed) or variations that were not formalised in riders.

The measurement of the additional consideration arising from claims is subject to a high level of uncertainty, given its nature, both in terms of the amounts that the customer will pay and the collection times, which usually depend on the outcome of negotiations between the parties or decisions taken by judicial/arbitration bodies.

This type of consideration is regulated by IFRS 15 as "contract modifications". The standard provides that a contract modification exists if it is approved by the parties to the contract. IFRS 15 provides that a contract modification could be approved in writing, by oral agreement or implied by customary business practices. A contract modification may exist even though the parties to the contract have a dispute about the scope or price (or both) of the modification. The rights to the consideration shall be provided for contractually generating an enforceable right. Once the enforceable right has been identified, in order to recognise the claims and amount of the additional consideration requested, the Group applies the guidance about the variable consideration given in IFRS 15 Therefore, in order to adjust the transaction price to include the additional consideration arising from the claims, the Group decides whether it is highly probable that the revenue will not be reversed in the future.

The Group considers all the relevant aspects and circumstances such as the contract terms, business and negotiating practices of the sector or other supporting evidence when taking the above decision.

4.a Optional works

The consideration for optional works is additional consideration for future works that have not yet been agreed and/or ordered by the customer when it signs the contract.

The consideration for optional works is provided for in the contracts with the customer as it represents potential future work interrelated with the main contract object. However, most of the contracts provide that the additional works shall be specifically defined and approved by the customer before they start. Otherwise, the contractor does not have an enforceable right to payment for this performance.

Accordingly and based on sector practices, this type of consideration is a contract modification and, under IFRS 15, shall be considered when measuring the transaction price if approved by both parties to the contract. In this case, the enforceable right can only be identified after specific approval or instructions from the customer in line with its customary business practices or operating methods.

4.b Penalties

Contracts with customers may include penalties due to non-compliance with certain contract terms (such as, for example, non-compliance with delivery times).

When the contract penalties are "reasonably expected", the transaction price is reduced accordingly. The Group analyses all the indicators available at the reporting date to assess the probability of a contract default that would lead to the application of penalties.

4.c Significant financing component

It is normal practice in the construction and large-scale infrastructure sector that the transaction price for the project (which is usually completed over more than one year) is paid in the form of an advance and subsequent progress billing (based on progress reports).

This method of allocating cash flows is often defined in the calls for tenders. The customer's payment flows (advances and subsequent progress billing) are usually organised to make construction of the project by the contractor feasible, limiting its financial exposure. Constructors in the large-scale infrastructure sector build

projects for large amounts of money and the initial outlay is usually high.

The contract advance is used for the following reasons:

- to finance the initial contract investments and pay the related advances to subcontractors;
- as a form of guarantee to cover any risks of contractual breach by the customer.

The advance is reabsorbed by the subsequent progress billing in line with the stage of completion of the contract.

Furthermore, the Group's operating cycle is generally several years. Therefore, it considers the correct time-scale of its works to determine whether its contracts include a significant financing component.

Based on the above, it has not identified significant financing components in the transaction price for the contracts that include changes in the advances or progress billings in line with sector practices and/or of amounts that are suitable as guarantees and have a time-frame in line with the cash flows required to complete the contract.

5. Losses to complete

IFRS 15 does not specifically cover the accounting treatment of loss-making contracts but refers to IAS 37, which regulates the measurement and classification (previously covered by IAS 11) of onerous contracts. IAS 37 provides that an onerous contract is one in which the unavoidable costs of meeting the obligations under the contract exceed the economic benefits expected to be received under it. The present obligation under the contract shall be recognised and measured as a provision when the loss is probable based on the most recent forecasts prepared by management.

The unavoidable costs are all those costs that:

- are directly proportionate to the contract and increase the performance obligation transferred to the customer;
- do not include those costs that will be incurred regardless of satisfaction of the performance obligation;
- cannot be avoided by the company through future actions.

Measurement of any loss-making contracts (the onerous test) is performed at individual performance obligation level. This approach best represents the different contract profits or losses depending on the nature of the goods and services transferred to the customer.

6. Contract costs

6.a Incremental costs of obtaining a contract

IFRS 15 allows an entity to recognise the incremental costs of obtaining a contract as an asset if it expects to recover those costs through the future economic benefits of the contract. The incremental costs of obtaining a contract are those costs that an entity incurs to obtain a contract with a customer. Costs to obtain a contract that would have been incurred regardless of whether the contract was obtained shall be recognised as an expense when incurred (costs not explicitly chargeable to the customer). The incremental costs are recognised as an asset (contract costs) and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods or services to the customer.

6.b Costs to fulfil a contract

Under IFRS 15, an entity shall recognise an asset from the costs incurred to fulfil a contract only if those costs meet all of the following criteria:

- the costs relate directly to a contract;
- the costs generate or enhance resources of the entity that will be used in satisfying (or in continuing to satisfy) performance obligations in the future; and
- the costs are expected to be recovered.

It is the practice of the Salini Costruttori Group's sector that these costs usually consist of pre-operating costs that are recognised by customers and included in precise contract items or are not explicitly recognised and are covered by the contract profit. Formal recognition of these costs implies that, when they are incurred, control of the asset provided for in the contract is transferred. Therefore, they cannot be recognised as assets and contribute

to the stage of completion.

When the contract provides for their explicit recognition and the above three criteria are met, the pre-operating costs are recognised as assets and amortised on a systematic basis that is consistent with the pattern of transfer of control of the goods and/or services to the customer.

In addition, IFRS 15 defines all those costs that, by their nature, do not contribute to the stage of completion as, although they are referred to in the contract and can be recovered, they do not contribute to generating or enhancing the resources that will be used to satisfy the performance obligations or to transfer of control of the good and/or service to the customer.

7. Presentation in the financial statements

The statement of financial position includes "Contract costs" under intangible assets which includes the costs capitalised under the criteria described in point 6 of this section. Amortisation of these costs is included in the statement of profit or loss item "Amortisation, depreciation and provisions".

Contract assets and liabilities are presented in the statement of financial position items "Contract assets" and "Contract liabilities", respectively under assets and liabilities. The classification in line with IFRS 15 depends on the relationship between the Salini Costruttori Group's performance obligation and payment by the customer. These items show the sum of the following components analysed individually for each customer:

(+) Amount of work performed calculated using the cost-to-cost method pursuant to IFRS 15

(-) Progress payments and advances received

(-) Contractual advances.

When the total is positive, the net balance is recognised as a "Contract asset". If it is negative, it is recognised as a "Contract liability". When the amounts represent an unconditional right to payment of the consideration, they are recognised as financial assets.

The Salini Costruttori Group's statement of profit or loss includes a revenue item "Revenue from contracts with customers" to comply with IFRS 15. The item "Other income" includes income from transactions other than contracts with customers and is measured in line with other standards or the Group's specific accounting policy elections. It includes income related to gains on the sale of non-current assets, income on cost recharges, prior year income and income from the recharging of costs of Italian consortia and consortium companies.

With respect to the last item, the Salini Costruttori Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. Under IFRS 10 and IFRS 11, these entities have been classified as subsidiaries, associates and joint ventures. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and other short-term, highly liquid investments with a term of less than three months. This item is shown in the statement of cash flows net of bank borrowings at the reporting date.

Equity investments

Investments in entities other than subsidiaries, associates, joint operations and joint ventures (reference for which should be made to the section on "Consolidation scope") are classified as "Equity investments" at the time of their acquisition and are included in the financial assets at fair value through profit or loss category required by IFRS 9.

Since they mainly relate to consortia and consortium companies of which the Group holds less than 20%, in accordance with IFRS 9, such investments are stated as non-current assets.

Dividend income from such financial instruments is recognised in profit or loss under financial income when the group companies holding the investments are given the right to such dividend.

Financial instruments

Financial assets and liabilities

Financial assets, which are debt instruments, are classified in the following three categories depending on the instruments' contractual cash flow characteristics and the business model for managing them:

(i) financial assets at amortised cost;

(ii) financial assets at fair value through other comprehensive income (FVTOCI);

(iii) financial assets at fair value through profit or loss (FVTPL).

Financial assets are initially recognised at fair value. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, financial assets that generate contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost if they are held within a business model whose objective is to hold them in order to collect contractual cash flows (hold to collect business model). Under the amortised cost method, the financial assets' amount at initial recognition is decreased by principal repayments, any loss allowance and cumulated amortisation of the difference between that initial amount and the maturity amount.

Amortisation is calculated using the effective interest rate that exactly discounts the expected future cash flows to their initial carrying amount.

Loans and receivables and other financial assets at amortised cost are recognised net of the related loss allowance.

Debt instruments held within a business model whose objective is to collect contractual cash flows and sell financial assets (hold to collect and sell model) are measured at fair value through other comprehensive income. Fair value gains and losses on these financial assets are recognised in other comprehensive income (OCI). The cumulative fair value gains and losses previously recognised in OCI are reclassified to profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method, exchange differences and impairment losses are recognised in profit or loss.

Debt instruments that are not measured at amortised cost or FVTOCI are measured at fair value through profit or loss.

Financial assets that are transferred are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred to third parties.

Impairment losses on financial assets

Tests are performed on the recoverable amount of debt instruments not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

The Group found that, given the characteristics of its business sector, credit risk is that deriving from its exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers in relation to contract work in progress as a whole.

Loans and borrowings and bonds

Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

(i) the contractual rights to the cash flows from the financial asset expire;

(ii) the Group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

(iii) the Group transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When the Group has transferred the contractual rights to receive the cash flows of the financial asset and has neither transferred nor retained substantially all the risks and rewards or has retained control, it continues to recognise the asset to the extent of its continuing involvement in the asset. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Group could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Derivatives and hedging transactions

The Group has derivatives recognised at fair value when the related agreement is signed and for subsequent fair value changes. The treatment of the related fair value gains or losses changes depending on whether the conditions for hedge accounting under IFRS 9 are met, as described below.

The Group has derivatives to hedge currency and financial risks. At the inception of the transaction, it documents the hedging relationship, its risk management and strategy objectives in entering into the transaction, the hedging instrument and hedged item or transaction and the nature of the hedged risk. Moreover, at the inception of the transaction and thereafter on an ongoing basis, the Group documents whether or not the hedge meets the effectiveness requirements to offset its exposure to changes in the fair value of the hedged item or cash flows attributable to the hedged risk.

"Hedging purposes" are assessed considering risk management objectives. When they do not meet the requirements of IFRS 9 for hedge accounting, the derivatives are classified as "Financial assets or financial liabilities at fair value through profit or loss".

Employee benefits

- **Defined benefit plans and defined contribution plans**

The Group has pension plans for its employees that are classified either as defined benefit plans or defined contribution plans depending on their characteristics. Defined benefit plans include the benefits the employees will receive when they retire and which are usually dependent on one or more factors such as age, years of service and remuneration. The Group recognises a liability for these defined benefits equal to the present value of its obligation at year end, including any adjustments for unrecognised costs related to past service less the fair value of the plan assets. The Group calculates its liability once a year using the projected unit credit method. Present value is calculated by discounting the future outlays using the interest rate applied to high quality

corporate bonds with a currency and term consistent with the currency and estimated term of the post-employment benefit obligations. Actuarial gains and losses on defined benefit plans arising from changes in the underlying assumptions or in the plan conditions are recognised in other comprehensive income in the period in which they arise. Past service cost is expensed immediately. The Group pays benefits to public and private pension funds on a mandatory, contractual or voluntary basis for the defined contribution plans. The contributions are recognised as personnel expense.

The Group contributes to multi-employer pension plans via its US subsidiaries. These plans pool the assets contributed by the various entities to provide benefits to the employees of more than one entity determining the contribution and benefit levels without regard to the identity of the entity that employs the employees concerned. The Group recognises these plans as defined contribution plans.

- **Short-term and long-term benefits**

Short-term employee benefits, that is, payable within twelve months of the end of the year in which the employees rendered the service, are recognised as a cost and as a liability for the undiscounted amount of benefits expected to be paid in exchange for that service. Long-term benefits, such as remuneration to be paid after twelve months of the end of the year in which the employees rendered the service, are recognised as liabilities for an amount equal to the present value of the benefits at the reporting date.

- **Severance pay (TFR)**

Post-employment benefits are recognised at the present value of the Group's liability determined in line with ruling legislation and national and in-house labour agreements. The valuation, based on demographic, financial and turnover assumptions, is carried out by independent actuaries. The gains and losses resulting from the actuarial calculation are recognised in profit or loss if related to service costs and interest expense or in comprehensive income if relating to assets and liabilities.

The 2007 Finance Act and related implementing decrees introduced significant changes to legislation governing Italian post-employment benefits, effective as from 1 January 2007. These include the option given to employees, to be exercised before 30 June 2007, of where to allocate their future benefits. Specifically, employees can opt to allocate them to selected pension funds or maintain them with the company, in which case, the latter shall pay the contributions to the treasury fund of INPS (the Italian social security institution).

Following these changes, the Italian post-employment benefits accruing after the date of the employees' decision and, in any case, after 30 June 2007, are considered part of a defined contribution plan and treated like all other social security contributions.

- **Share-based payments**

Share-based payments are measured at fair value of the option at the grant date. This treatment is based on an assessment of the stock options that will effectively vest in favour of the qualifying employees. Fair value is determined using the share price at the grant date.

Income taxes

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the Group operates, based on the best estimate of the taxable profit for the year.

Group companies net tax assets and liabilities when this is legally allowed.

The parent set up the national tax consolidation system pursuant to article 117 and subsequent articles of Presidential decree no. 917/86 on 1 January 2004. In 2019, seven of the parent's Italian subsidiaries joined the system, which is regulated by the specific consolidation mechanisms.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. The Group recognises deferred tax assets when their recovery is probable.

The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Prepaid tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively, and are netted at company level if related to taxes that may be offset. If the balance is positive, it is recognised as "Deferred tax assets", if not, as "Deferred tax liabilities".

Taxes that could arise from the transfer of undistributed profits by subsidiaries are only calculated when the subsidiary has the positive intention to transfer such profits.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for contingencies and other charges

In accordance with IAS 37, the Group makes accruals to provisions for risks and charges when the following conditions exist:

- the Group or a group company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the parent or relevant group company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items and translation of financial statements of consolidated companies or companies measured using the equity method expressed in currencies other than the Euro

The translation criteria for foreign currency items adopted by the Group are as follows:

- foreign currency monetary assets and liabilities are translated at the closing spot rate with any exchange rate gains or losses taken to the statement of profit or loss;
- non-monetary assets are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

With respect to the translation of financial statements of consolidated companies or companies measured using the equity method and expressed in currencies other than the presentation currency (functional currency), reference should be made to the section on the "Basis of consolidation".

The Group has applied IAS 29– Financial reporting in hyperinflationary economies for its subsidiaries and associates that prepare their financial statements in a functional currency of a hyperinflationary economy. This standard requires that the financial statements of an entity, whose functional currency is that of a hyperinflationary economy, be translated at the closing spot rate. The statement of financial position items not yet translated into Euros at the reporting date are redetermined using a general price index. All the statement of profit or loss items are translated into Euros at the exchange rate ruling on the date the revenue and costs were initially recognised.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition,
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the statement of profit or loss. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue from contracts with customers

Revenue from contracts with customers is recognised using the five-step model: (i) identify the contract with a customer; (ii) identify the performance obligations in the contract; (iii) determine the transaction price; (iv) allocate the transaction price to the performance obligations in the contract; (v) recognise revenue when (or as) the company satisfies a performance obligation.

More information is available in the "Contract assets and liabilities" paragraph of these notes.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Dividends

Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.

Operating segments

The operating segments comply with the reporting system provided to group management which is in charge of allocating the resources and assessing the results obtained by the segments. The Group's management and organisational structure presents the segments according to a geographical breakdown in macro-areas, on the basis of the Italy, Abroad and Lane Group segments.

The intrasegment transfer prices related to the exchange of goods and services are agreed at normal market conditions.

Complex accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires Directors to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- recognise goodwill. See the section below entitled "Business combinations";
- determine amortisation and depreciation. See the "Property, plant and machinery", "Right-of-use assets", "Rights to infrastructure under concession" and "Other intangible assets" paragraphs of the "Accounting policies" section;
- recognise impairment losses. See the "Impairment of non-financial assets" paragraph of the" Accounting policies" section;

- recognise employee benefits. See the "Employee benefits" paragraph of the "Accounting policies" section;
- recognise taxes. See the "Income taxes" paragraph of the "Accounting policies" section;
- recognise provisions for risks and charges. See the "Provisions for risks and charges" paragraph of the "Accounting policies" section;
- determine contract revenue, including claims for additional consideration, total contract costs and the related stage of completion (see the "Contract assets and liabilities" paragraph of the "Accounting policies" section). A significant part of the Group's activities is typically performed on the basis of contracts which provide that a specific consideration is agreed when the contract is awarded. This implies that the profits on these contracts may undergo change compared to the original estimates depending on the recoverability of greater expenses and/or costs the Group may incur during performance of such contracts. Recognition of additional consideration by associates may entail adjustment of their equity due to standardisation with the Group's accounting policies.

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the main risk factors and uncertainties.

5. Business combinations

On 5 November 2020, the subsidiary Webuild completed its acquisition of a controlling investment in Astaldi S.p.A. ("Astaldi") by subscribing a capital increase giving it a 67.23% stake and voting rights of approximately 64.02%. Following the exercise of warrants at the end of the year, the direct investment was 66.101%, increased by its indirect investment, giving it a total stake of 66.966% at year end.

Astaldi is an Italian company limited by shares with its registered office in Rome. Its business object includes construction in general, public and private works, the taking over and operation of works, including under concession, the taking over, performance and operation of plant and engineering activities, study, design and consultancy activities as well as all other activities in Italy and abroad.

Completion of the acquisition ended a process commenced in 2019 when it made a financial and industrial offer as part of Astaldi's composition with creditors procedure. On 28 September 2018, Astaldi had presented its application for a composition with creditors on a going concern basis procedure as per article 161 and following articles of the Bankruptcy Law to the bankruptcy section of the Rome Court.

On 19 June 2019, Astaldi filed the definitive composition with creditors plan together with the proposal and additional documentation requested (subsequently updated on 16 July 2019, 20 July 2019 and 2 August 2020 - the "composition with creditors proposal").

On 31 July 2020, to comply with the requirements of the Astaldi composition with creditors procedure, the parent's shareholders resolved, inter alia, in an extraordinary meeting:

(i) (a) an indivisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, of €225,000,000.00, including a premium, by issuing 978,260,870 ordinary shares, without a nominal amount, at a unit price of €0.23 to be reserved to Webuild, to be paid in cash (the "Webuild capital increase"); (b) the issue and assigning of 80,738,448 anti-dilutive warrants to Webuild, which gives Webuild the right to a maximum of 80,738,448 ordinary Astaldi shares without a nominal value ("bonus shares") in the ratio of one new ordinary Astaldi share to each anti-dilutive warrant exercised; (c) the issue of a maximum of 80,738,448 ordinary Astaldi shares without a nominal amount ("bonus shares") to be used for the exercise of the anti-dilutive warrants, without changing the share capital;

(ii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €98,653,846.00, including a premium, by issuing a maximum of 428,929,765 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the filed and potential creditors to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for conversion purposes");

(iii) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code for a maximum amount of up to €10,000,000.00, including a premium, by issuing a maximum of 43,478,261 Astaldi shares without a nominal amount at a unit price of €0.23 to be reserved to the creditors not provided for or included in the composition with creditors procedure to be assigned as payment of their claims in the ratio of 12.493 new shares to each €100.00 of unsecured claims with Astaldi (the "capital increase for the creditors not provided for");

On the same date, in their extraordinary meeting, Astaldi's shareholders also resolved on: (a) the issue and assignment of 79,213,774 lending bank warrants to Astaldi's banks, which give them the right to subscribe ordinary Astaldi shares in the ratio of one share to each lending bank warrant to be exercised within three years from the date of registration of the resolutions with the company registrar; (b) a divisible capital increase against payment, excluding a rights offering, as per article 2441.5/6 of the Italian Civil Code, for a maximum of €18,219,168.00, including a premium (the "capital increase for the lending banks") by issuing a maximum of 79,213,774 Astaldi shares without a nominal amount at a unit price of €0.23, reserved exclusively and irrevocably to service the lending bank warrants and, therefore, the exercise of the subscription rights given to the holders of the lending bank warrants.

The acquisition is the most significant acquisition transaction envisaged for Progetto Italia, set up for the domestic large works and construction sector by the Group to become the industrial partner of the main sector operators, both those operating as going and gone concerns. Its objective is to shore up the sector and create a global player with a strong domestic base, that is competitive on the international playing field and has a financial structure able to foster growth and stability, as well as the appropriate management processes and expertise to select projects and manage risks. Therefore, Progetto Italia is designed to consolidate in the subsidiary Webuild other Italian companies active in the complex infrastructure construction sector through the acquisition and subsequent integration of companies, business units, 100% investments, controlling investments or by working together on individual contracts.

The aim is to lever Progetto Italia to create a group of a size, technical expertise, professional know-how and financial, capital and economic solidity to compete more aggressively with the large international players on the global stage. The Project will bolster the construction sector's relaunch in Italy and enable Italian companies to be more competitive on international markets.

The acquisition is a unique opportunity to create a market leader in the European infrastructure construction sector with a large EPC order backlog. The new group will have the necessary strong critical mass, allowing a growth in turnover and its global footprint, especially in countries with interesting development potential for infrastructure works. The synergies between their geographical bases and infrastructure sectors served by Astaldi will foster risk diversification and efficient financial management.

Another reason underpinning the acquisition was the intention to restore operating stability to Astaldi's contracts, reduce the risk of discontinuity and create significant benefits for all the Group's stakeholders, including the plethora of companies involved as suppliers and subcontractors in Italy and abroad.

As set out in more detail above, the acquisition took the form of a cash capital increase of €225 million reserved to Webuild, the proceeds of which were partly used to settle the secured and pre-deductible claims and partly to support Astaldi's continuity plan. Webuild financed the transaction using the liquidity obtained with the capital increase that was fully subscribed and paid up by Salini Costruttori, CDP Equity, Banco BPM, Intesa Sanpaolo, UniCredit and other institutional investors in November 2019.

Webuild S.p.A.'s direct investment of 66.282% is supplemented by its indirect stake held through its investees which are Astaldi's unsecured creditors gives it a total interest of 67.23% at the acquisition date.

The following table presents the key figures from Astaldi Group's statement of financial position at the acquisition date and their fair values determined as part of the purchase price allocation (PPA) procedure in line with IFRS 3.

(€'000)	Carrying amount	Adjustments	Fair value
Assets	121,000	383,231	504,231
- of which intangible assets	37,053	*383,231*	*420,284*
Equity Shareholdings	92,824	28,711	121,535
Non-current financial assets	46,894		46,894
Deferred tax assets	89,405	45,900	135,305
Total non-current assets	350,123	457,842	807,965
Inventories	40,421		40,421
Contract assets	1,012,296	(180,000)	832,296
Trade receivables	648,542		648,542
Other current assets and non-current assets held for sale	550,171		550,171
Cash and cash equivalents	421,927		421,927
Total current assets	2,673,357	(180,000)	2,493,357
Total assets	**3,023,480**	**277,841**	**3,301,321**
Non-current financial liabilities	62,221		62,221
Post-employment benefits and employee benefits	6,164		6,164
Deferred tax liabilities	57,938	112,708	170,646
Provisions for risks and charges	36,070	11,200	47,270
Total non-current liabilities	162,393	123,908	286,301
Current financial liabilities	335,798		335,798
Contract liabilities	512,740	(80,000)	432,740
Other liabilities and liabilities associated with assets held for sale	1,047,757		1,047,757
Total current liabilities	1,896,295	(80,000)	1,816,295
Total liabilities	**2,058,688**	**43,908**	**2,102,596**
Non-controlling interests - shareholders' equity	(2,190)		(2,190)
Net assets acquired	**966,982**	**233,933**	**1,200,915**

The fair value of the financial assets and liabilities was determined in line with the methods set out in the "Fair value of financial instruments" section at the start of these notes, while the fair value of the other assets and liabilities was determined by discounting the future cash flows of Astaldi's contracts using the unlevered discounted cash flow method (UDCF). The discount rates reflect the country risk of the country where the project is based and Astaldi's size risk. The fair value adjustments to the intangible assets, equity investments and contract assets and liabilities mostly relate to the measurement of Astaldi's order backlog and the cash flows of its contract assets and liabilities.

The fair value of the provisions for risks was determined considering possible risks as allowed by IFRS 3 as a departure from the provisions of IAS 37.

All the above assets and liabilities are categorised in level 3 as they are based on unobservable inputs.

The difference between the consideration transferred and the net assets acquired is recognised as a gain from a bargain purchase as shown below:

(€'000)	
Consideration transferred to acquire a controlling interest	225,000
Value of the Webuild shares	2,000
Value of the non-controlling interests	425,738
Net assets acquired	(1,200,915)
Gain from a bargain purchase	**(548,177)**

Given the existence of a gain from a bargain purchase, the Group applied the provisions of IFRS 3.34-36 and adopted a prudent approach to measure the identifiable assets acquired, liabilities assumed and the non-

controlling interest in the investee, assisted by external advisors. It adopted the partial goodwill approach under which the fair value of the non-controlling interest was determined considering the fair value of the net assets acquired and the fair value of the bonus warrants calculated for the purposes of Astaldi's consolidated financial statements.

The gain from the bargain purchase of €548.2 million has been recognised under Other income as "Gain from a bargain purchase" in the statement of profit or loss for the year ended 31 December 2020.

The acquisition generated net cash and cash equivalents of €194.9 million as follows:

(€'000)	
Total net assets acquired	**1,200,915**
Gain from a bargain purchase	(548,177)
Less non-controlling interests	(425,738)
Less cash acquired	(421,927)
Cash and cash equivalents net of cash acquired and used for the acquisition	**(194,927)**

Given the complexity of the transaction, these amounts have been determined on a provisional basis.

The following table shows the key statement of profit or loss figures of Astaldi Group. The "5/11/2020 - 31/12/2020" column presents its contribution to the consolidated statement of profit or loss. The "1/1/2020 - 31/12/2020" column presents Astaldi's contribution as if it had been consolidated from 1 January 2020, less the proceeds from the discharging of its debts.

(€'000)	**from 5/11/2020 to 31/12/2020**	**from 1/1/2020 to 31/12/2020**
Revenue	304,160	1,422,791
Operating costs	(299,304)	(1,520,113)
Net financing costs and gains (losses) on equity investments	10,630	(73,026)
Result before taxes	**15,486**	**(170,348)**

Other changes in the consolidation scope

The "List of Salini Costruttori Group companies" annex provides information about changes in the consolidation scope due to the acquisition of Astaldi Group. As a result of the combination of this group's investments with those of: Sirjo S.c.p.A., Consorzio Iricav Due, Metro Blu S.c.r.l., Napoli Cancello Alta Velocità S.c.r.l., S. Agata FS S.c.r.l., Consorzio Hirpinia AV and Passante Dorico S.p.A..

Astaldi Group's separate unit is not consolidated as it is an accounting silo not controlled by Astaldi in accordance with IFRS 10.

The number of consolidated companies varies due to the set up and the winding up of companies to manage ongoing contracts.

6. Segment reporting

Segment reporting is presented according to macro geographical regions, based on the management review approach adopted by senior management, for the `"Italy", "Abroad" and "Lane Group" operating segments.

Costs relating to activities which are carried out by the subsidiary, Webuild S.p.A., called "Corporate" costs, are attributed to the Italy segment and relate to:

- planning of the Group's human and financial resources;

- coordination and assistance with the Group companies' administrative, tax, legal/corporate and institutional and business communications requirements.

These costs amounted to €163.7 million for 2020 compared to €155.6 million for the previous year.

Management measures the segments' results by considering their operating profit.

It measures their equity structure using their net invested capital.

Disclosures on performance by business segment are set out in the Directors' report. The consolidated financial statements figures are summarised below by operating segment with comparative figures (statement of profit or loss) and at 31 December 2020 (statement of financial position).

Consolidated statement of profit or loss by operating segment
FY 2019

(€'000)	**Italy (*)**	**Abroad**	**Lane Group (**)**	**Group total**
Revenue	713,396	3,028,296	1,030,785	4,772,477
Other revenue	171,509	180,604	7,993	360,106
Total revenues	**884,906**	**3,208,900**	**1,038,778**	**5,132,584**
Costs				
Operating costs	(638,951)	(2,260,659)	(732,361)	(3,631,971)
Personnel costs	(153,294)	(381,806)	(257,075)	(792,175)
Other operating expenses	(66,149)	(95,860)	(19,734)	(181,743)
Total costs	**(858,394)**	**(2,738,325)**	**(1,009,170)**	**(4,605,889)**
Gross operating margin (EBITDA)	**26,512**	**470,575**	**29,608**	**526,695**
EBITDA %	*3.0%*	*14.7%*	*2.9%*	*10.3%*
Write-downs	(17,383)	(85,000)	(40)	(102,423)
Amortisation, depreciation and provisions	(58,884)	(77,032)	(36,167)	(172,083)
Operating result (EBIT)	**(49,755)**	**308,543**	**(6,599)**	**252,189**
Return on Sales				*4.9%*
Financing income (costs) and gains (losses) on equity investments				(210,360)
Result before taxes				**41,829**
Tax				(68,215)
Profit (loss) from continuing operations				**(26,386)**
Profit (loss) from discontinued operations				(631)
Profit (loss) for the year				**(27,017)**

(*) The operating profit includes the costs of the central units and other general costs of €155.6 million.
(**) The Lane Group includes the figures for the fully-consolidated companies in Argentina (Iglys S.A. and Mercovia S.A.), the Middle East (Lane Mideast Contracting and Lane Mideast Qatar) and Europe (Seli Tunneling and Impregilo New Cross).

Consolidated statement of profit or loss by operating segment
FY 2020

(€'000)	Italy (*)	Abroad	Lane Group (**)	Group total
Revenue	886,663	2,376,148	983,759	4,246,570
Other revenue	96,127	130,211	3,269	229,607
Badwill	548,177	0	0	548,177
Total revenues	**1,530,967**	**2,506,359**	**987,028**	**5,024,354**
Costs				
Operating costs	(871,839)	(1,687,610)	(698,045)	(3,257,494)
Personnel costs	(166,086)	(382,758)	(297,141)	(845,985)
Other operating expenses	(91,471)	(66,761)	(3,529)	(161,761)
Total costs	**(1,129,396)**	**(2,137,129)**	**(998,715)**	**(4,265,240)**
Gross operating margin (EBITDA)	**401,571**	**369,230**	**(11,687)**	**759,114**
EBITDA %	*26.2%*	*14.7%*	*-1.2%*	*15.1%*
Write-downs	(32,130)	(131,432)	(10,077)	(173,639)
Amortisation, depreciation and provisions	(58,717)	(83,900)	(42,568)	(185,185)
Operating result (EBIT)	**310,724**	**153,898**	**(64,332)**	**400,290**
Return on Sales				*8.0%*
Financing income (costs) and gains (losses) on equity investments				(245,590)
Result before taxes				**154,700**
Tax				(27,085)
Profit (loss) from continuing operations				**127,615**
Profit (loss) from discontinued operations				(5,053)
Profit (loss) for the year				**122,562**

(*) The operating profit includes the costs of the central units and other general costs of €163.7 million.
(**) The Lane Group includes the figures for the fully-consolidated companies in Argentina (Iglys S.A. and Mercovia S.A.), the Middle East (Lane Mideast Contracting and Lane Mideast Qatar) and Europe (Impregilo New Cross).

The figures for Lane Group in the above tables are its IFRS-compliant figures. They do not include the non-controlling investments in joint ventures included under "Joint ventures not controlled by Lane" as presented in the Directors' report.

The Group monitors the key figures of the Group for management purposes adjusting the IFRS figures prepared for consolidation purposes to present the results of the non-subsidiary joint ventures consolidated on a proportionate basis. These figures show the status of contracts managed directly by Lane or through non-controlling investments in joint ventures. Reference should be made to the section on "Financial highlights" of the Directors' report for more information.

Consolidated statement of financial position at 31 December 2019 by operating segment

(€'000)	Italy	Abroad	Lane Group	Group total
Assets	764,478	390,772	239,160	**1,394,410**
Assets held for sale, net	7,305	0	6,293	**13,598**
Provisions for risks	(30,002)	(39,607)	(68,736)	**(138,345)**
Post-employment benefits and employee benefits	(13,606)	(13,137)	(35,718)	**(62,461)**
Tax assets (liabilities)	365,423	(21,821)	23,151	**366,753**
Working capital	(63,944)	949,040	(148,814)	**736,282**
Net invested capital	**1,029,655**	**1,265,247**	**15,336**	**2,310,238**
Shareholders' equity				**1,394,846**
Net financial indebtedness				**915,392**
Total financial resources				**2,310,238**

Consolidated statement of financial position at 31 December 2020 by operating segment

(€'000)	Italy	Abroad	Lane Group	Group total
Assets	1,195,938	522,051	232,431	**1,950,420**
Assets held for sale, net	1,490	(5,086)	0	**(3,596)**
Provisions for risks	(71,051)	(66,584)	(59,139)	**(196,774)**
Post-employment benefits and employee benefits	(21,810)	(12,583)	(29,595)	**(63,988)**
Tax assets (liabilities)	464,751	(82,968)	22,300	**404,083**
Working capital	(142,314)	820,691	(78,189)	**600,188**
Net invested capital	**1,427,003**	**1,175,521**	**87,808**	**2,690,332**
Shareholders' equity				**1,967,360**
Net financial indebtedness				**722,972**
Total financial resources				**2,690,332**

The figures in the above tables at 31 December 2020 include the effects of the PPA procedure performed after the acquisition of Astaldi Group.

Statement of financial position

7. Property, plant and equipment, intangible assets and right-of-use assets

Property, plant and equipment, intangible assets and right-of-use assets are analysed in the table below:

(€'000)	31 December 2019	31 December 2020	Change
Property, plant and equipment	337,629	481,507	143,878
Right-of-use assets	144,184	164,632	20,448
Investment property	1,037	1,100	63
Intangible Assets:	185,096	586,366	401,270
Total property, plant and equipment, intangible assets and right-of-use assets	**667,946**	**1,233,605**	**565,659**

7.1 Property, plant and equipment

Property, plant and equipment amount to €481.5 million, up from the 31 December 2019 figure by €143.9 million. The historical cost and carrying amounts are given in the following table:

		31 December 2019			31 December 2020	
(€'000)	Cost	Allowance	Net	Cost	Allowance	Net
Land	11,381	0	11,381	15,580	0	15,580
Buildings	136,772	(84,854)	51,917	146,029	(84,136)	61,893
Plant and machinery	919,407	(716,350)	203,057	951,165	(715,204)	235,961
Industrial and commercial equipment	112,721	(101,140)	11,581	110,646	(100,131)	10,515
Other assets	58,929	(51,943)	6,986	64,412	(51,430)	12,982
Intangible assets in progress and advances	52,707	0	52,707	144,577	0	144,577
Total property, plant and equipment	**1,291,917**	**(954,287)**	**337,629**	**1,432,409**	**(950,902)**	**481,507**

Prior year changes are summarised below:

(€'000)	31-dec-18	Reclass. IFRS 16 al 01-gen-19	Increases	Amortisation Depreciation	(Impairment losses)/Reversals of impairment losses.	Reclass.	Disposals	Diff. Exchanges and other changes	Change Area	31-dec-19
Land	11,789	0	147	0	0	0	(790)	156	78	11,381
Buildings	60,177	(415)	3,148	(9,099)	739	(2,181)	(761)	(25)	334	51,918
Plant and machinery	295,037	(78,780)	40,870	(75,883)	(2,914)	25,967	(15,964)	2,694	12,030	203,057
Industrial and commercial equipment	13,993	(409)	3,052	(5,050)	496	1,751	(2,323)	(122)	193	11,581
Other assets	7,956	(61)	1,179	(3,001)	0	616	(637)	786	148	6,986
Intangible assets in progress and advances	31,216	0	36,988	0	0	(16,085)	(181)	769	0	52,707
Total property, plant and equipment	**420,168**	**(79,665)**	**85,384**	**(93,033)**	**(1,679)**	**10,068**	**(20,656)**	**4.258**	**12,783**	**337,629**

Period changes are summarised below:

(€'000)	31-dec-19	Increases	Amortisation Depreciation	(Impairment losses)/Reversals of impairment losses.	Reclass.	Disposals	Change Area	Diff. Exchanges and other changes	31-dec-20
Land	11,381	0	0	0	3,428	(325)	1,631	(536)	15,579
Buildings	51,918	3,643	(7,887)	0	655	(5,872)	20,826	(1,390)	61,893
Plant and machinery	203,057	80,038	(61,329)	(28)	3,743	(21,594)	42,053	(9,979)	235,961
Industrial and commercial equipment	11,581	7,486	(3,573)	(229)	6,115	(11,202)	686	(348)	10,516
Other assets	6,986	2,676	(2,709)	0	34	(906)	6,585	316	12,982
Intangible assets in progress and advances	52,707	85,936	0	0	(4,328)	0	8,792	1,470	144,577
Total property, plant and equipment	**337,629**	**179,779**	**(75,498)**	**(257)**	**9,647**	**(39,899)**	**80,573**	**(10,467)**	**481,507**

The most significant changes include:

- increases of €179.8 million, mainly related to the Australian joint venture Snowy Hydro (€118.6 million), now fully operational, and Lane Group (€9.1 million);
- disposals of €39.9 million, principally related to plant and machinery. These disposals mostly refer to the Forrestfield Airport Link (Australia) (€10.4 million), the French branch (€7.6 million) and the Red Line North Underground project in Doha (Qatar) (€4.7 million);
- an increase in assets under construction and payments on account, mostly related to the Australian joint venture for the Snowy 2.0 hydropower plant;
- the reclassifications refer to right-of-use assets showing the effect of the purchase of leased assets (€4.0 million) and the USW Campania assets held for sale (€5.6 million). More information is provided in note 19.
- The change in the consolidation scope mostly refers to the acquisition of Astaldi Group (€58.7 million).

7.2 Right-of-use assets

Right-of-use assets amount to €164.6 million, an increase on the 31 December 2019 balance of €20.4 million.

The historical cost and carrying amounts of the right-of-use assets are shown in the following table:

	31 December 2019			31 December 2020		
(€'000)	Cost	Allowance	Net	Cost	Allowance	Net
Rights of use - Land	4,406	(946)	3,460	4,230	(1,692)	2,538
Rights of use - Buildings	64,391	(13,630)	50,761	72,255	(30,881)	41,374
Rights of use - Plant and machinery	157,235	(69,981)	87,254	251,078	(133,474)	117,604
Rights of use - Industrial and commercial equipment	1,667	(1,244)	423	3,056	(2,563)	493
Rights of use - Other assets	3,840	(1,554)	2,286	5,508	(2,885)	2,623
Total right-of-use assets	**231,539**	**(87,355)**	**144,184**	**336,127**	**(171,495)**	**164,632**

Prior year changes are summarised below:

(€'000)	FTA IFRS 16 at 01-Jan-19	Increases	Amortisation/ Depreciation	Reversals of impairment losses (Impairment losses)/Reversals ofimpairment losses	Reclassifications	Decreases	Diff. Exchanges and other changes	Change Consolidation area	31 December 2019
Rights of use - Land	5,228	66	(946)	0	0	(894)	6	0	3,460
Rights of use - Buildings	44,734	17,637	(13,836)	0	2,181	(1,629)	1,287	387	50,761
Rights of use - Plant and machinery	106,302	34,583	(34,423)	(377)	(12,516)	(8,896)	492	2,089	87,254
Rights of use - Industrial and commercial equipment	408	275	(257)	0	296	(299)	0	0	423
Rights of use - Other assets	2,839	1,093	(1,590)	0	(31)	(43)	18	0	2,286
Total right-of-use assets	**159,511**	**53,654**	**(51,052)**	**(377)**	**(10,070)**	**(11,761)**	**1,803**	**2,476**	**144,184**

Period changes are summarised below:

(€'000)	31 December 2019	Increases	Amortisation/Depreciation	Reversals of impairment losses (Impairment losses)/Reversals of impairment losses	Reclassifications	Decreases	Exchange and other changes	Change in Consolidation area	31 December 2020
Rights of use - Land	3,460	36	(839)	0	(121)	0	3	0	2,538
Rights of use - Buildings	50,761	8,046	(14,415)	0	(497)	(11,114)	(1,067)	9,660	41,374
Rights of use - Plant and machinery	87,254	57,159	(35,613)	0	(1,029)	(4,809)	(3,939)	18,579	117,604
Rights of use - Industrial and commercial equipment	423	3,366	(352)	0	(3,337)	(10)	(7)	410	493
Rights of use - Other assets	2,286	409	(1,104)	0	1,020	(207)	(68)	286	2,623
Total right-of-use assets	**144,184**	**69,016**	**(52,323)**	**0**	**(3,964)**	**(16,140)**	**(5,078)**	**28,935**	**164,632**

The most significant changes are:

- increases of €69 million, chiefly related to Lane Group (€34 million) and the French branch (€20 million);
- decreases of €16.1 million, mostly due to the remeasurement of the right-of-use assets in accordance with IFRS 16 following the non-renewal of leases for the Via dei Missaglia building by the head office;
- reclassifications arising from purchases of leased assets by the head office and the Ethiopian branch;
- the change in the consolidation scope mostly refers to the acquisition of Astaldi Group (€25.1 million).

7.3 Investment property

The item's total value is €1.1 million Below are the figures:

(€'000)	31 December 2019	31 December 2020	Change
Investment property	**1,037**	**1,100**	**63**

Investment property includes the value of land and buildings that are not instrumental to the business and increases by €120 thousand following the acquisition of the Astaldi Group, partially offset by period amortisation/depreciation.

7.4 Intangible assets

This item amounts to €586.4 million, up from the 31 December 2019 figure by €401.3 million. The historical cost and carrying amount are given in the following table:

(€'000)	Cost	31 December 2019 Allowance	Net	Cost	31 December 2020 Allowance	Net
Rights to infrastructure under concession	64,759	(9,097)	55,662	63,593	(9,393)	54,200
Contract costs	279,895	(152,488)	127,407	751,187	(220,955)	530,232
Other intangible assets	7,063	(5,036)	2,027	13,855	(11,920)	1,935
Intangible fixed assets	**351,717**	**(166,621)**	**185,096**	**828,635**	**(242,268)**	**586,367**

Rights to infrastructure under concession of €54.2 million decreased by €1.5 million compared to the close of the previous year:

(€'000)	31 December 2018	Increases	Amortisation/ depreciation	(Impairment losses) and Reversal of impairment losses	Net exchange gains (losses)	Reclassifications	31 December 2019
SA.BRO.M. S.p.A.	43,967	158	0	0	0	0	44,125
Corso del Popolo S.p.A.	9,853	0	(376)	0	0	0	9,477
Mercovia S.A.	2,535	1,193	(759)	0	(909)	0	2,060
Total rights to infrastructure under concession	**56,355**	**1,351**	**(1,135)**	**0**	**(909)**	**0**	**55,662**

2020 changes are detailed in the following table:

(€'000)	31 December 2019	Increases	Amortisation/depreciation	(Impairment losses) and Reversal of impairment losses	Net exchange gains (losses)	Reclassifications	31 December 2020
SA.BRO.M. S.p.A.	44,125	158	0	0	0	0	44,283
Corso del Popolo S.p.A.	9,477	0	(376)	0	0	0	9,101
Mercovia S.A.	2,060	567	(1,093)	0	(718)	0	816
Total rights to infrastructure under concession	**55,662**	**725**	**(1,469)**	**0**	**(718)**	**0**	**54,200**

The main contributor to this item is SA.BRO.M. for design costs for the new Broni - Mortara regional motorway, including the borrowing costs capitalised in accordance with IAS 23, which the Group expects to recover based on the outcome of the contract. The item is not amortised as the concession is currently inoperative. More information is available in the "Main risk factors and uncertainties" section in the Directors' report.

On 3 December 2018, the Terni Court ruled that the subconcession for the car park in Terni held by Corso del Popolo S.p.A. was terminated. The operator appealed against this ruling and concurrently formally invited the Terni municipal authorities to rebalance the economic and financial plan commencing arbitration procedures on 15 March 2019. The Terni municipal authorities notified its intention of analysing the identified issues through an expert panel, which completed its work on 24 June 2020 with report no. 8 acknowledging the proposals of both parties for the rebalancing of the economic and financial plan on which the Terni municipal council shall express an opinion. Should the Terni municipal authorities not agree with the rebalancing proposals made by the expert panel, the group company will take the appropriate legal action to recover its assets. Its legal advisors are confident that the outcome should be in its favour.

No indications of impairment were identified during the year and, therefore, the Group did not perform the impairment test.

Contract costs of €530.2 million increased by €402.8 million on 31 December 2019. They comprise contract acquisition costs, the incremental costs of obtaining the contract and costs to fulfil the contract.

These costs are amortised in line with the percentage of completion of the related contracts.

A breakdown of the item and changes of the previous period and that under review are shown below:

(€'000)	**31 December 2018**	**Increases**	**Amortisation/Depreciation**	**Diff. Exchange**	**Reclassifications**	**31 December 2019**
COCIV (Milan-Genoa railway line)	33,309	0	(8,353)	0	0	24,956
Riyadh Metro (Saudi Arabia)	17,055	0	(4,220)	0	0	12,835
Iricav Due (Verona - Padua railway line)	12,510	0	0	0	0	12,510
Other	1,672	0	(970)	0	0	702
Total contract acquisition costs	**64,546**	**0**	**(13,543)**	**0**	**0**	**51,003**
Riachuelo (Argentina)	331	0	(214)	(2)	0	115
Fisia It. Acciona Agua Ute (Argentina)	0	8,865	0	0	0	8,865
Mobilinx Hurontario (Canada)	0	1,531	(16)	0	0	1,515
Sa.Pi. Nor. (Norway)	0	1,109	0	0	0	1,109
Forrestfield Airport Link (Australia)	600	0	(225)	6	0	381
Total costs of obtaining a contract	**931**	**11,505**	**(455)**	**4**	**0**	**11,985**
COCIV (Milan-Genoa railway line)	75,442	0	(11,143)	0	0	64,299
Riyadh Metro (Saudi Arabia)	157	0	(72)	3	0	88
SANG (Riyadh, Saudi Arabia)	41	0	(19)	2	0	24
Other	0	8	0	0	0	8
Total costs to fulfil a contract	**75,640**	**8**	**(11,234)**	**5**	**0**	**64,419**
Total contract costs	**141,117**	**11,513**	**(25,232)**	**9**	**0**	**127,407**

(€'000)	31 December 2019	Increases	Amortisation/Depreciation	Impairment losses/ Reversal of impairment losses	Diff. Exchange	Reclassifications and Change Area	31 December 2020
COCIV (Milan-Genoa railway line)	24,956	0	(3,017)	0	0	0	21,939
Riyadh Metro (Saudi Arabia)	12,835	0	(4,132)	0	0	0	8,703
Iricav Due (Verona - Padua railway line)	12,510	12,910	(687)	0	0	0	24,733
Astaldi Group	0	0	(14,462)	0	0	383,231	368,769
Other	702	0	(559)	0	0	0	143
Total contract acquisition costs	**51,003**	**12,910**	**(22,857)**	**0**	**0**	**383,231**	**424,287**
Fisia It. Acciona Agua Ute (Argentina)	8,865	2,057	(845)	0	(3,088)	(88)	6,901
Astaldi Group	0	0	(121)	934	0	33,616	34,429
Mobilinx Hurontario (Canada)	1,515	0	(121)	0	(99)	0	1,295
Sa.Pi. Nor. (Norway)	1,109	0	(173)	0	(68)	0	868
Other	497	177	(308)	0	(198)	0	168
Total costs of obtaining a contract	**11,985**	**2,234**	**(1,568)**	**934**	**(3,453)**	**33,528**	**43,661**
COCIV (Milan-Genoa railway line)	64,299	0	(6,727)	0	0	0	57,572
Riyadh Metro (Saudi Arabia)	88	0	(52)	0	9	0	45
SANG (Riyadh, Saudi Arabia)	24	0	(13)	0	1	0	12
Astaldi Group	0	1,959	0	0	0	2,696	4,655
Other	8	0	0	0	(8)	0	0
Total costs to fulfil a contract	**64,419**	**1,959**	**(6,792)**	**0**	**2**	**2,696**	**62,284**
Total contract costs	**127,407**	**17,103**	**(31,217)**	**934**	**(3,451)**	**419,455**	**530,232**

Contract acquisition costs include considerations paid to acquire stakes in projects/contracts representing intangible assets with a finite useful life, which are amortised in line with the stage of completion of the related contracts.

With respect to the item "Iricav Due (Verona - Padua railway line section)", the increase of €12.9 million is due to the Group's acquisition of Condotte's rights and contractual obligations for Iricav Due. Amortisation of the acquisition cost commenced when work started.

The costs to fulfil the contract mostly refer to the purchase price allocation procedure performed after the acquisition of Astaldi Group for €383.2 million, including foreign contracts (€206.3 million) and amortisation (€14.5 million) charged for two months. More information is available in the "Business combinations" section.

The incremental costs of obtaining a contract mainly relate to Lot 2 of the Riachuelo project in Argentina awarded to Fisia Italimpianti and Astaldi Group.

The costs to fulfil the contract mostly comprise COCIV's pre-operating costs.

The €33.6 million increase in the incremental costs to obtain a contract mostly refer to the inclusion of Astaldi Group in the consolidation scope after its acquisition on 5 November 2020.

There are no indicators of impairment for the contracts to which the costs refer.

Other intangible assets amount to €1.9 million, substantially unchanged from the 31 December 2019 figure. The historical cost and carrying amount are given in the following table:

(€'000)	Cost	31 December 2019 Allowance	Net	Cost	31 December 2020 Allowance	Net
Industrial patent rights	192	(127)	65	3,748	(3,347)	401
Concessions	64	(64)	0	64	(64)	0
Software	5,226	(3,903)	1,323	4,877	(4,163)	714
Assets under construction and payments on account	0	0	0	4	0	4
Other intangible assets	1,580	(941)	639	5,158	(4,342)	816
Total other intangible assets	**7,062**	**(5,035)**	**2,027**	**13,851**	**(11,916)**	**1,935**

Changes for FY 2019 are shown below:

(€'000)	31 December 2018	Increases	Amortisation/Depreciation	Other changes	Disposals	Exchange differences	Change in area	31 December 2019
Industrial patent rights	68	23	(28)	0	0	2	0	65
Software	1,081	683	(508)	0	(23)	90	0	1,323
Other intangible assets	734	18	(57)	0	0	(56)	0	639
Total	**1,883**	**724**	**(593)**	**0**	**(23)**	**36**	**0**	**2,027**

Changes during the year are set out below:

(€'000)	31 December 2019	Increases	Amortisation/Depreciation	Other changes	Disposals	Exchange differences	Change in area	31 December 2020
Industrial patent rights	65	45	(51)	0	0	(36)	378	401
Software	1,323	136	(300)	(408)	0	(41)	4	714
Other intangible assets	639	231	(273)	0	0	(143)	366	820
Total	**2,027**	**412**	**(624)**	**(408)**	**0**	**(220)**	**748**	**1,935**

8. Goodwill

Goodwill of €70.0 million at the reporting date entirely relates to the acquisition of Lane Group finalised in 2016 net of the decrease due to Lane's sale of the Plants & Paving division on 12 December 2018.

Prior year changes are as follows:

(€'000)	31 December 2018	Increases	Write-downs	Net exchange gains (losses)	31 December 2019
Lane Group	74,713	0	0	1,348	76,061
Total	**74,713**	**0**	**0**	**1,348**	**76,061**

Changes during the year are set out below:

(€'000)	31 December 2019	Increases	Write-downs	Net exchange gains (losses)	31 December 2020
Lane Group	76,061	0	0	(6,041)	70,020
Total	**76,061**	**0**	**0**	**(6,041)**	**70,020**

At 31 December 2020, the recoverability of the carrying amounts related to the subsidiary Lane was checked by comparing the net invested capital of Lane Group, which is a separate CGU, with the related recoverable amounts, which are the estimated future cash flows arising from the assets' continuing use discounted to their net present value ("value in use").

The main assumptions adopted to calculate value in use are as follows:

- long-term growth rate: 2%;
- discount rate: 8.89% post tax.

The Group has adopted the discount rate calculated based on the market cost of money and the asset sector's specific risk (Weighted Average Cost of Capital, WACC). Specifically, the Group considered the return rate on long-term government bonds and the average capital structure of a basket of comparable companies.

The recoverable amount of the equity investments was determined using cash flow projections based on the five-year plan for the period 2021-2025 prepared and approved by management. The terminal value is based on a sustainable profit assumption, from which stable long-term operating cash flows have been estimated, on a going concern basis.

It also performed sensitivity analyses of the recoverable amount, considering the potential effect of changes in the reference parameters of the discount rate (+/-1%) and terminal value.

It tested goodwill for impairment at the reporting date, supported by independent experts who carried out an independent business review, which showed that the CGU's recoverable amount exceeds its carrying amount (net invested capital).

9. Equity investments

Equity investments decreased by €3.6 million on 31 December 2019, coming in at €646.8 million.

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Investments in equity-accounted investees	649,174	590,165	(59,009)
Other equity investments	1,228	27,679	26,451
Participating financial instruments	0	28,952	28,952
Total equity investments	**650,402**	**646,796**	**(3,606)**

The participating financial instruments were assigned by Astaldi S.p.A. to the group companies as partial settlement of their unsecured claims and qualify as equity instruments pursuant to IAS 32, as they do not include any contractual obligation (more information is available in the "Astaldi" section in the Directors' report).

The main changes that led to differences in the carrying amounts of the equity investments are summarised below:

(€'000)	**31 December 2019**	**31 December 2020**
Change in consolidation scope	0	114,905
Capital transactions	167,362	39,845
Acquisitions, capital injections and disinvestments	(83)	117
Share of loss of equity-accounted investees	(34,543)	(105,938)
Dividends from equity-accounted investees	(13,876)	(12,700)
IFRS 5 reclassifications	(6,292)	3,311
Other changes including change in the translation reserve	(8,184)	(43,146)
Total changes in equity investments	**104,384**	**(3,606)**

The increase in this item is due to the change in the consolidation scope following the acquisition of Astaldi Group. The balance shows the carrying amount of all the unconsolidated investees (associates and other companies) and the amount (€28.7 million) resulting from the purchase price allocation.

The item also increased due to the capital transactions of €39.8 million, mainly due to the following factors:

- the increase in Lane Group's equity investments due to capital transactions of €22.5 million;
- the increase in the Grupo Unidos por el Canal investment, mainly due to injections and payments made on its behalf of €12.6 million.

The €104.5 million decrease includes €97.9 million for the impairment of the investment in the associate Grupo Unidos por el Canal recognised in profit and loss and described below. The overall effect on profit or loss is analysed in note 35 and includes the changes in the provision for risks on equity investments set out in note 26.

As already described in previous annual reports, the financial statements utilised to measure some of the investments using the equity method include requests for additional consideration as its payment is highly probable, based also on the technical and legal opinions of the Group's advisors. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

Dividends from equity-accounted investees mainly refer to the Argentine operators and the non-consolidated joint ventures of Lane Group.

Impairment of equity investments

The Group performed the assessments underlying the impairment test at year end in line with the methods applied for the year end tests. Therefore, it considered:

- internal procedures;
- the IFRS (principally IAS 36 and IFRS 9);
- the guidance and recommendations of the main market regulators, and specifically the documents dealing with Covid-19.

The actual and forward-looking (2021 forecasts) financial data were used, prepared by the investees' management to:

- **identify the CGUs**, considering the main assessment parameters are the contracts, given the nature of the Group's business;
- identify the trigger events (as per IAS 36), such as the distribution of dividends, the actual and expected contract outcome on a "whole life cycle" basis and any negative difference between the carrying amount of the equity investment and the Group's share of the investee's equity;
- **assess any uncertainties** related to the general situation as a result of the outbreak of Covid-19 when preparing the forward-looking data (IAS 36 and IFRS 9).

Reference should be made to the "Complex accounting estimates and the effects of Covid-19" section for more information about the Group's assessments underlying the complex accounting estimates related to the Covid-19 pandemic.

The investment in GUPC subjected to impairment testing after identification of trigger events is described below.

Grupo Unidos Por el Canal S.A.

At 31 December 2020, the Group tested the investment in this Panama-based SPE.

The impairment test was performed by discounting the expected cash flows using the assumed settlement of the claims and other assets held in the SPE as the drivers. Specifically, the cash flows comprised the operating expenses (mainly legal fees) and collections expected in line with the estimated payment timeline of the claims.

The discount rates (3.8% and 4.1%) were defined considering:

- a risk-free component based on the five-year US bonds adjusted to reflect inflation;
- a country risk component;
- a spread that reflects the typical business risk.

An impairment loss of €76.4 million was recognised as a result of the test.

Investments in equity-accounted investees and other equity investments

Investments in equity-accounted investees and other equity investments decreased to €611.2 million by €31.3 million compared to 31 December 2019:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Equity investments in associated companies	123,256	169,174	45,918
Investments in jointly controlled entities	525,918	420,991	(104,927)
Investments in other companies	1,228	27,679	26,451
Total	**650,402**	**617,844**	**(32,558)**

Investments in associates, jointly controlled entities and other companies with a negative carrying amount, which are recognised in the provision for risks on equity investments (see note 26), decreased to €66.8 million by €2.5 million compared to 31 December 2019:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Equity investments in associated companies	(2,185)	(5,149)	(2,964)
Investments in jointly controlled entities	(63,008)	(50,622)	12,386
Investments in other companies	(4,126)	(11,018)	(6,892)
Total	**(69,319)**	**(66,789)**	**2,530**

The "Investments in jointly controlled entities" mostly refer to the Lane Group joint ventures and, in particular, the joint venture working on the I-4 Ultimate project.

The amount recognised in profit or loss is as follows:

(€'000)	**2019**	**2020**	**Change**
Equity investments in associated companies	(6,002)	(20,499)	(14,497)
Investments in jointly controlled entities	(118,312)	(93,812)	24,500
Investments in other companies	(4,078)	(2,740)	1,338
Total	**(128,392)**	**(117,051)**	**11,341**

The classification of Group companies in line with the IFRS referred to earlier was based on the following guidelines:

(i) paragraphs 5 and 6 of IFRS 10 were adhered to for assessing the existence of control. Group entities were only classified as subsidiaries when the Group has substantial rights over the investee's relevant activities, in exchange for the Group's exposure to variable returns from its involvement with the investee and the Group can use its power over the investee to affect the amount of the variable returns. These requirements are met when the Group holds sufficient voting rights to obtain the majority required in decisions for the governance bodies of the group entities in question;

(ii) reference was made to paragraphs 4 and 5 of IFRS 11 to assess the existence of joint control. Joint control exists if the majorities required for decision-taking by the governance bodies of the group entities in question require the unanimous vote or qualified majorities that can only be reached with the consent of a specific group of investors;

(iii) with reference to the type of joint arrangements, in view of the fact that all joint arrangements in which the Group participates are structured through separate vehicles, reference was made to paragraph B15 of IFRS 11, analysing in particular the legal form of the separate vehicle and the terms of the contractual agreement. With reference to the situation at 31 December 2020 and 2019, only those entities not incorporated into legal entities and structured as separate vehicles that guarantee transparency of the rights and obligations of the parties are classified as joint operations.

The Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system. For the purposes of classification under IFRS 10 and 11, these entities have been classified as subsidiaries, associates and joint ventures, according to the guidelines set out above.

Although the investments in the associated consortium entities and entities subject to joint control are measured using the equity method, their revenues are nonetheless presented in the consolidated financial statements as the parent recognises the contract work in progress while the costs incurred by the entities are recharged to the parent and shown in a single cost item (classified among service costs). Therefore, in view of the fact that the relevant effects concerning consortium entities are already shown in the tables below, the details are not provided here.

Financial highlights of the significant associates

The group associates at 31 December 2020 that management considers significant for the Group are presented below. Their share capital consists solely of ordinary shares, which the Group holds directly. These companies primarily conduct their business in the country of their incorporation or registration.

Company	Head office	Registered office (if different to the head office)	investment % held by the subsidiary Salini Impregilo	Nature of relationship	Measurement method
Yuma Concessionaria S.A.	Colombia	N/A	48.33%	(1)	Shareholders' equity
Metro de Lima 2 S.A.	Peru	N/A	18.25%	(2)	Shareholders' equity
Eurolink S.c.p.a.	Italy	Rome	45%	(3)	Shareholders' equity
Autopistas del Sol S.A.	Argentina	N/A	19.82%	(4)	Shareholders' equity

The activities of the above companies are key to the Group's activities. A description of the nature of Group's relationship with the above companies is provided below:

(1) the company is held directly by Webuild S.p.A., and indirectly through Impregilo International Infrastructures N.V., and has a concession contract for the third motorway lot of the Ruta del Sol project in Colombia. The contract expires in 2036. The governance system requires qualified majority resolutions and the subsidiary Webuild's investment percentage means it can be classified as an associate. The subsection on "Concessions" in the "Abroad" section and the "Main risk factors and uncertainties" section in the Directors' report provides details of the concession's term;

(2) the company is held directly by the parent and has a concession contract for the "Metro de Lima 2" project (Peru) for the concession, construction and operation of the infrastructure during the 35-year concession expiring in 2049. The governance system requires majority resolutions and the subsidiary Webuild's investment percentage means it can be classified as an associate;

(3) the consortium company is held directly by the parent and was set up to design and build the Messina Strait Bridge and railway and road connectors on both sides in Calabria and Sicily. More information about this contract is available in the "Main risk factors and uncertainties" section of the Directors' report. The governance system requires majority resolutions and Webuild's investment percentage means it can be classified as an associate;

(4) the company, listed on the Buenos Aires stock market, is held by the subsidiary Impregilo International Infrastructures N.V. and has a concession contract for the operation of the Buenos Aires Norte access infrastructure expiring in 2030.

The financial information relating to individually significant associates accounted for using the equity method is shown below. In addition, the financial information of the associates is reconciled with the carrying amount of the related investments.

Yuma (Colombia)

€'000	31 December 2019	31 December 2020	€'000	31 December 2019	31 December 2020
Non-current assets			**Shareholders' equity**	**21,358**	**11,888**
Property, plant and equipment and intangible assets	189,652	302,787	**Non-current liabilities**		
Non-current financial assets			Non-current financial liabilities	108,095	102,633
Other non-current assets			Other non-current liabilities	174	179
Total non-current assets	**189,652**	**302,787**	**Total non-current liabilities**	**108,269**	**102,812**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	26,583	14,739	Current financial liabilities	83,970	77,668
Other current assets	64,090	52,944	Other current liabilities	66,728	178,102
Total current assets	**90,673**	**67,683**	**Total current liabilities**	**150,698**	**255,770**
Total assets	**280,325**	**370,470**	**Total liabilities**	**280,325**	**370,470**

€'000 Webuild share	31 December 2019	31 December 2020	€'000	FY 2019	FY 2020
			Revenue	53,080	199,267
Opening equity	**1,888**	**10,322**	Operating costs	(40,277)	(201,182)
Comprehensive income (expense) - Group	8,434	(4,576)	**Operating result**	**12,803**	**(1,915)**
Dividends distributed			Net financing (costs) income	4,960	(4,566)
Capital increases and other variations			**Result before taxes**	**17,763**	**(6,481)**
Closing equity	**10,322**	**5,746**	Tax	(281)	(353)
Financial receivables			**Profit (loss) from continuing operations**	**17,482**	**(6,834)**
Goodwill and other intangible assets			Other comprehensive income (expense)	(32)	(2,635)
Carrying amount	**10,322**	**5,746**	**Total net profit (loss)**	**17,450**	**(9,469)**

Metro de Lima 2 S.A. (Peru)

€'000	31 December 2019	31 December 2020	€'000	31 December 2019	31 December 2020
Non-current assets			**Shareholders' equity**	**146,958**	**145,274**
Property, plant and equipment and intangible assets	32	102	**Non-current liabilities**		
Non-current financial assets			Non-current financial liabilities		
Other non-current assets			Other non-current liabilities	4,593	4,205
Total non-current assets	**32**	**102**	**Total non-current liabilities**	**4,593**	**4,205**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	5,329	5,795	Current financial liabilities	43,527	30,750
Other current assets	417,835	375,249	Other current liabilities	228,118	200,917
Total current assets	**423,164**	**381,044**	**Total current liabilities**	**271,645**	**231,667**
Total assets	**423,196**	**381,146**	**Total liabilities**	**423,196**	**381,146**

€'000 Webuild share	31 December 2019	31 December 2020	€'000	FY 2019	FY 2020
			Revenue	303,231	197,265
Opening equity	**23,409**	**26,820**	Operating costs	(293,524)	(188,804)
Comprehensive income (expense) - Group	3,411	(307)	**Operating result**	**9,707**	**8,461**
Dividends distributed			Net financing (costs) income	11,114	4,653
Capital increases and other variations			**Result before taxes**	**20,821**	**13,114**
Closing equity	**26,820**	**26,513**	Tax	(4,543)	(1,581)
Financial receivables			**Profit (loss) from continuing operations**	**16,278**	**11,533**
Goodwill and other intangible assets			Other comprehensive income (expense)	2,410	(13,217)
Carrying amount	**26,820**	**26,513**	**Total net profit (loss)**	**18,688**	**(1,684)**

Eurolink S.c.p.A. (Italy)

	31 December	31 December		31 December	31 December
€'000	**2019**	**2020**	*€'000*	**2019**	**2020**
Non-current assets			**Shareholders' equity**	**37,500**	**37,500**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	282	593	Current financial liabilities	-	-
Other current assets	60,081	59,563	Other current liabilities	22,863	22,656
Total current assets	**60,363**	**60,156**	**Total current liabilities**	**22,863**	**22,656**
Total assets	**60,363**	**60,156**	**Total liabilities**	**60,363**	**60,156**

	31 December	31 December		FY	FY
€'000 Webuild share	**2019**	**2020**	*€'000*	**2019**	**2020**
			Revenue	733	789
Opening equity	**16,875**	**16,875**	Operating costs	(726)	(783)
Comprehensive income (expense) - Group	-		**Operating result**	**7**	**6**
Capital increases and other variations	-		**Result before taxes**	**7**	**6**
Closing equity	**16,875**	**16,875**	Tax	(7)	(6)
Carrying amount	**16,875**	**16,875**	**Total net profit (loss)**	**-**	**-**

Autopistas del Sol S.A. (Argentina)

	31 December	31 December		31 December	31 December
€'000	**2019**	**2020**	*€'000*	**2019**	**2020**
Non-current assets			**Shareholders' equity**	**109,250**	**93,302**
Property, plant and equipment and intangible assets	394,829	128,905	**Non-current liabilities**		
Non-current financial assets	7,872	41,605	Non-current financial liabilities	250,132	
Other non-current assets	-	-	Other non-current liabilities	41,063	35,722
Total non-current assets	**402,701**	**170,510**	**Total non-current liabilities**	**291,195**	**35,722**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	58,542	12,939	Current financial liabilities	60,710	
Other current assets	25,519	6,447	Other current liabilities	25,607	60,872
Total current assets	**84,061**	**19,386**	**Total current liabilities**	**86,317**	**60,872**
Total assets	**486,762**	**189,896**	**Total liabilities**	**486,762**	**189,896**

	31 December	31 December		FY	FY
€'000 Webuild share	**2019**	**2020**	*€'000*	**2019**	**2020**
			Revenue	79,857	52,488
Opening equity	**41,477**	**21,653**	Operating costs	(52,682)	(41,197)
Comprehensive income (expense) - Group	(23,624)	(7,226)	**Operating result**	**27,175**	**11,291**
Dividends distributed	(9,578)	(839)	Net financing (costs) income	(92,832)	(1,728)
Capital increases and other variations	13,378	4,904	**Result before taxes**	**(65,657)**	**9,563**
Closing equity	**21,653**	**18,492**	Tax	15,827	(9,043)
			Profit (loss) from continuing operations	**(49,830)**	**520**
Goodwill and other intangible assets	-	-	Other comprehensive income (expense)	(69,365)	(36,979)
Carrying amount (*)	**21,653**	**18,492**	**Total net profit (loss)**	**(119,195)**	**(36,459)**

(*) the Group recognised an impairment loss of approximately €5 million on its investment in Lane after the impairment test.

Significant restrictions

At the date of preparation of this Annual Report, there were no restrictions on the associates' ability to transfer dividends, repay loans or make advances to the parent.

Contingent liabilities

At the date of preparation of this Annual Report, there were no significant contingent liabilities related to the Group's investments in joint ventures and associates. Any related risks are described in the "Main risk factors and uncertainties" section of the Directors' report.

Interests in joint ventures

The most significant joint ventures are listed below:

Company	Head office	Registered office (if different to the head office)	investment % held by the subsidiary Salini Impregilo	Nature of relationship	Measurement method
Unionport Bridge	United States	N/A	45%	(1)	Shareholders' equity
Purple Line Transit Constructors LLC	United States	N/A	30%	(1)	Shareholders' equity
Skanska Granite Lane I-4	United States	N/A	30%	(1)	Shareholders' equity
Grupo Unidos Por El Canal S.A.	Panama	N/A	48%(a)	(2)	Shareholders' equity
Mobilinx Hurontario General Partnership	Canada	N/A	30.375%	(3)	Shareholders' equity

(a) Internal agreements are in place for the reallocation of the percentages for the consortium member's results, giving the subsidiary Webuild S.p.A. an investment percentage of 38.4%.

(1) The joint ventures are held by the sub-holding company Lane and are active in the construction segment. Reference should be made to the Directors' report for information on the Lane segment.

(2) The company is held directly by the subsidiary Webuild S.p.A. More information about this contract is available in the "Main risk factors and uncertainties" section of the Directors' report. The governance system requires qualified majority resolutions passed with the favourable vote of two members, including Webuild.

(3) The company is held through the subsidiary Salini Impregilo Mobilinx Hurontario Inc. and has a contract to design, build, finance and operate a light rail transport system for a 30-year term between the cities of Mississauga and Brampton in Ontario (Canada). Information about the concession term is provided in the "Abroad" paragraph of the "Concessions" section of the Directors' report. The governance system requires qualified majority resolutions passed with the favourable vote of three members, including Webuild. The company's status as a joint venture means that its partners do not have rights or obligations.

Financial highlights of the joint venture

The financial information related to the joint ventures measured using the equity method is set out below with a reconciliation of such information with the carrying amount of the Group's interest in the joint ventures as per the joint venturer agreements.

The information shown reflects the carrying amounts in the joint venture's financial statements, adjusted to comply with Group accounting policies.

Unionport Bridge

€'000	31 2019	31 2020
Non-current assets		
Property, plant and equipment and intangible	236	83
Total non-current assets	**236**	**83**
Current assets		
Cash and cash equivalents and other financial	9,612	7,273
Other current assets	31,261	31,496
Total current assets	**40,873**	**38,769**
Total assets	**41,109**	**38,852**

€'000	31 2019	31 2020
Shareholders' equity	**27,390**	**27,260**
Non-current liabilities		
Total non-current liabilities	**-**	**-**
Current liabilities		
Current financial liabilities	-	-
Other current liabilities	13,719	11,592
Total current liabilities	**13,719**	**11,592**
Total liabilities	**41,109**	**38,852**

€'000 Webuild share	31 2019	31 2020
Opening equity	**5,776**	**12,326**
Comprehensive income (expense) - Group	601	(2,816)
Dividends distributed	-	-
Capital increases and other variations	5,949	2,757
Closing equity	**12,326**	**12,267**
Financial receivables	-	-
Goodwill and other intangible assets	-	-
Carrying amount	**12,326**	**12,267**

€'000	FY 2019	FY 2020
Revenue	43,500	40,475
Operating costs	(42,103)	(43,958)
Operating result	**1,397**	**(3,483)**
Net financing (costs) income	(259)	(212)
Result before taxes	**1,138**	**(3,695)**
Tax	-	(86)
Profit (loss) from continuing	**1,138**	**(3,781)**
Other comprehensive income	197	(2,477)
Total net profit (loss)	**1,335**	**(6,258)**

Purple Line Tr. Constr. (Lane)

€'000	31 December 2019	31 December 2020	€'000	31 December 2019	31 December 2020
Non-current assets			**Shareholders' equity**	**5,815**	**98,709**
Property, plant and equipment and intangible assets	15,037	7,580	**Non-current liabilities**		
Non-current financial assets	10,188	1,243	Non-current financial liabilities	-	-
Total non-current assets	**25,225**	**8,823**	**Total non-current liabilities**	**-**	**-**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	7,206	73,258	Current financial liabilities	-	-
Other current assets	40,023	51,277	Other current liabilities	66,639	34,649
Total current assets	**47,229**	**124,535**	**Total current liabilities**	**66,639**	**34,649**
Total assets	**72,454**	**133,358**	**Total liabilities**	**72,454**	**133,358**

€'000 Webuild share	31 December 2019	31 December 2020	€'000	FY 2019	FY 2020
			Revenue	303,152	361,016
Opening equity	**2,547**	**1,745**	Operating costs	(321,093)	(326,404)
Comprehensive income (expense) - Group	(4,822)	8,169	**Operating result**	**(17,941)**	**34,612**
Dividends distributed	-	-	Net financing (costs) income	1,695	52
Capital increases and other variations	4,020	19,699	**Result before taxes**	**(16,246)**	**34,664**
Closing equity	**1,745**	**29,613**	Tax	-	-
Financial receivables	-	-	**Profit (loss) from continuing operations**	**(16,246)**	**34,664**
Goodwill and other intangible assets	-	-	Other comprehensive income (expense)	173	(7,433)
Carrying amount	**1,745**	**29,613**	**Total net profit (loss)**	**(16,073)**	**27,231**

Skanska Granite Lane I-4

€'000	31 December 2019	31 December 2020	€'000	31 December 2019	31 December 2020
Non-current assets			**Shareholders' equity**	**(197,695)**	**(158,154)**
Property, plant and equipment and intangible assets	-	265	**Non-current liabilities**		
Total non-current assets	**-**	**265**	**Total non-current liabilities**	**-**	**-**
Current assets			**Current liabilities**		
Cash and cash equivalents and other financial assets	4,752	11,256	Current financial liabilities	-	323
Other current assets	37,681	14,526	Other current liabilities	240,128	183,878
Total current assets	**42,433**	**25,782**	**Total current liabilities**	**240,128**	**184,201**
Total assets	**42,433**	**26,047**	**Total liabilities**	**42,433**	**26,047**

€'000 Webuild share	31 December 2019	31 December 2020	€'000	FY 2019	FY 2020
			Revenue	199,457	406,291
Opening equity	**4,161**	**(59,309)**	Operating costs	(504,924)	(429,912)
Comprehensive income (expense) - Group	(91,339)	(2,583)	**Operating result**	**(305,467)**	**(23,621)**
Capital increases and other variations	27,869	14,446	**Result before taxes**	**(305,467)**	**(23,621)**
Closing equity	**(59,309)**	**(47,446)**	Tax	-	-
Financial receivables	-	-	**Profit (loss) from continuing operations**	**(305,467)**	**(23,621)**
Goodwill and other intangible assets	-	-	Other comprehensive income (expense)	1,005	15,010
Carrying amount	**(59,309)**	**(47,446)**	**Total net profit (loss)**	**(304,462)**	**(8,611)**

GUPC (Panama)

€'000	31 December 2019	31 December 2020
Non-current assets		
Non-current financial assets		
Other non-current assets	-	-
Total non-current assets	**-**	**-**
Current assets		
Cash and cash equivalents and other financial assets	1,103	861
Other current assets	1,599,021	1,463,644
Total current assets	**1,600,124**	**1,464,505**
Total assets	**1,600,124**	**1,464,505**

€'000	31 December 2019	31 December 2020
Shareholders' equity (*)	**844**	**(12,955)**
Non-current financial liabilities		
Other non-current liabilities	38	28
Total non-current liabilities	**38**	**28**
Current liabilities		
Current financial liabilities	744,404	659,026
Other current liabilities	854,838	818,406
Total current liabilities	**1,599,242**	**1,477,432**
Total liabilities	**1,600,124**	**1,464,505**

€'000 Webuild share	31 December 2019	31 December 2020
Opening equity	**(199,072)**	**324**
Comprehensive income (expense) - Group	(1,414)	(20,180)
Dividends distributed		
Capital increases and other variations	200,810	9,818
Closing equity	**324**	**(10,038)**
Financial receivables	505,919	456,403
Impairment (*)	(9,703)	(76,427)
Carrying amount	**496,540**	**369,938**

€'000	FY 2019	FY 2020
Revenue	89,773	(425)
Operating costs	(46,630)	(55,741)
Operating result	**43,143**	**(56,166)**
Net financing (costs) income	(43,143)	330
Result before taxes	**-**	**(55,836)**
Tax	-	-
Profit (loss) from continuing operations	**-**	**(55,836)**
Other comprehensive income (expense)	(3,682)	3,285
Total net profit (loss)	**(3,682)**	**(52,551)**

(*) the Group recognised an impairment loss of approximately €76 million on its investment after the impairment test

Mobilinx Hurontario G.P.

€'000	31 December 2019	31 December 2020
Non-current assets		
Property, plant and equipment and intangible assets	177,835	237,319
Non-current financial assets		-
Total non-current assets	**177,835**	**237,319**
Current assets		
Cash and cash equivalents and other financial assets	11,526	4,862
Other current assets	9,031	2,335
Total current assets	**20,557**	**7,197**
Total assets	**198,392**	**244,516**

€'000	31 December 2019	31 December 2020
Shareholders' equity	**2,957**	**(5,323)**
Non-current liabilities		
Non-current financial liabilities (*)	175,489	216,457
Total non-current liabilities	**175,489**	**216,457**
Current liabilities		
Current financial liabilities		
Other current liabilities	19,946	33,382
Total current liabilities	**19,946**	**33,382**
Total liabilities	**198,392**	**244,516**

€'000 Webuild share	31 December 2019	31 December 2020
Opening equity	**-**	**621**
Comprehensive income (expense) - Group	621	749
Dividends distributed		
Capital increases and other variations		(2,398)
Closing equity	**621**	**(1,028)**
Effect of Astaldi Group acquisition	-	(585)
Carrying amount	**621**	**(1,613)**

€'000	FY 2019	FY 2020
Revenue	85,259	152,463
Operating costs	(82,306)	(143,892)
Operating result	**2,953**	**8,571**
Net financing (costs) income	(830)	(5,431)
Result before taxes	**2,123**	**3,140**
Tax	-	-
Profit (loss) from continuing operations	**2,123**	**3,140**
Other comprehensive income (expense)	833	-
Total net profit (loss)	**2,956**	**3,140**

(*) the financial liabilities relate to a project under concession for which the partners are only liable for the amount of principle invested.

The carrying amount of the investment in GUPC is the balance of the parent's receivable due from the joint venture and the provisions for risks on equity investments set up to reflect the assessment of the losses to complete the contract.

Contingent liabilities

At the date of preparation of this Report, there were no significant contingent liabilities related to the Group's interests in joint ventures and associates. Any related risks are described in the "Main risk factors and uncertainties" section of the Directors' report.

Risks associated with the Group's interest in associates and joint ventures

Commitments

The Group has the following commitments vis-à-vis its associates and joint ventures:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Commitments	1,538,620	1,461,314	(77,307)

The change is mainly due to the reduction in the guarantees given on behalf of Grupo Unidos por el Canal (€24.2 million), the consolidation of Astaldi Group and its group companies: Sirjo, Iricav Due, Passante Dorico e Napoli Cancello (net increase of €35.5 million) and a decrease in the guarantees given on behalf of the unconsolidated joint ventures of Lane Group (€83.4 million). The above guarantees are already included in those presented in note 30.

Joint operations

The Group is involved in the following main joint operations: Civil Work Group (Saudi Arabia), South Al Mutlaa (Kuwait), Arge Tulfes Pfons (Austria), NGE Genie Civil S.a.s. - Salini Impregilo S.p.A. (France) and Salini Impregilo - NGE Genie Civil S.a.s.

The subsidiary Webuild S.p.A. has a direct 52% interest in Civil Work Group (Saudi Arabia) and an indirect 14% interest through Salini Saudi Arabia (the Group's investment in the latter is 51%). Civil Work Group is engaged in the civil works for the Riyadh Metro.

South Al Mutlaa (Kuwait) is 55% held directly by the subsidiary Webuild S.p.A. It is constructing primary urbanisation works to build a new residential area in a 12 thousand hectares site in Kuwait as part of the South Al Mutlaa Housing Project.

Arge Tulfes Pfons (Austria) is 49% held directly by Webuild and is engaged in the construction of the last section of the Brenner-Innsbruck tunnel.

NGE Genie Civil S.a.s. - Salini Impregilo S.p.A. (France) is 50% held by the company and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 14, Lot 4).

Salini Impregilo - NGE Genie Civil S.a.s. (France) is 65% held by the company and is engaged in the civil works for the Paris Metro as part of the Gran Paris Express project (Line 16, Lot 2).

The above entities are governed by joint control arrangements as resolutions of the governing bodies require a unanimous vote. While they are separate entities, they are structured to guarantee transparency of their rights and obligations with respect to the subsidiary Webuild S.p.A.

10. Derivatives and non-current financial assets

Derivatives and non-current financial assets of €322.7 million are analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Change
Loans and receivables - third parties	160,055	153,942	(6,113)
Loans and receivables - unconsolidated group companies and other related parties	122,593	150,107	27,514
Other financial assets	95,689	17,968	(77,721)
Derivative assets	0	665	665
Total	**378,336**	**322,681**	**(55,655)**

Loans and receivables - third parties of €153.9 million decreased by €6.1 million on 31 December 2019 and mainly include:

- €66.0 million related to the CAV.TO.MI. consortium paid as a result of the Appeal Court ruling of 23 September 2015. The company is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;
- €52.4 million related to the enforcement of the performance bond for the A1F, S3 Nowa Sol and S7 Checiny motorway contracts in Poland. The company is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. More information is available in the "Main risk factors and uncertainties" section in the Directors' report;
- €13.5 million due from the Romanian Ministry for Infrastructure and Transportation related to the surety enforced in 2017 as a result of the disputes with the customer about the Orastie-Sibiu motorway contract. The company is confident that it will recover this amount, based also on the opinion of its legal advisors assisting it with the disputes. The "Main risk factors and uncertainties" section in the Directors' report provides more information.

Loans and receivables - unconsolidated group companies and other related parties of €150.1 million (31 December 2019: €122.6 million) mainly relate to:

- the loans of €70.2 million granted by the subsidiary Webuild S.p.A. and Astaldi S.p.A. to SPV Linea M4 S.p.A.;
- €57.4 million due from Yuma Concessionaria, tested for impairment in accordance with IFRS 9 at 31 December 2020 without identifying any indicators of impairment (more details are available in the "Main risk factors and uncertainties" section in the Directors' report);
- loans of €14.3 million granted to the English associate Ochre Holding.

The Venezuelan branch's trade receivable from OIV Tocoma (31 December 2019: €24.0 million, of which a gross receivable of €120.2 million and accumulated impairment losses of €96.2 million) has been written-off on the basis of the considerations described in the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report).

The other financial assets of €18.0 million include:

- unlisted guaranteed-return securities which mature after one year, which amount to €11.0 million and relate to the fund financing Yuma;
- securities of €6.9 million held by Astaldi Group for the OC405 project in the US, related to performance bonds deposited by the customer in an escrow account which will be released upon completion of the project.

The other financial assets decreased by €77.7 million compared to 31 December 2019, mostly due to the redemption of notes of €84.6 million at 31 December 2019 with an original maturity of 12 February 2022. These notes were issued by Astaldi and subscribed by Beyond S.r.l., set up in 2019 as part of Progetto Italia. They had been pledged to secure the bank loan given to Beyond S.r.l. by a bank syndicate, repaid at the reporting date (see note 21). This decrease partly offsets the increase of €6.9 million in the item following Astaldi Group's inclusion in the consolidation scope.

Derivatives at 31 December 2020 include the fair value of the contracts agreed by Lane group to hedge its exposure to fluctuations in diesel and petrol costs. These hedges meet the criteria for application of hedge

accounting for cash flow hedges as per the IFRS. Their hedging effectiveness was found to be 100%. This item may be analysed as follows:

(€'000)	**31 December 2019**	**31 December 2020**
Commodity swaps - Cash flow hedges	0	665
Total non-current derivative assets shown in net financial indebtedness	**0**	**665**

11. Deferred tax assets and liabilities

Deferred tax assets and liabilities amount to €400.9 million and €137.2 million at 31 December 2020, respectively. They are classified under non-current assets and liabilities and are offset if possible. More information about their recoverability is available in the "Complex accounting estimates and the effects of Covid- 19" section of note 1.

Period changes are shown in the table below.

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Deferred tax assets	285,506	400,934	115,428
Deferred tax liabilities	(7,400)	(137,187)	(129,787)

Changes between 31 December 2019 and 31 December 2020 are as follows:

(€'000)	31 December 2018	Increases	Decreases	Changes in exchange rates	Changes consolidation area	Changes in rate	Reclassifications	Other changes	31 December 2019
Prepaid tax									
Amortisation and depreciation exceeding tax rates	6,707	1,136	(1)	0	0	0	(332)	(837)	6,673
Provisions for risks and impairment	141,644	19,851	(4,383)	0	0	0	0	(533)	156,579
Tax effect of capital increase Webuild	0	0	(443)	0	0	0	0	2,216	1,773
Excess maintenance	15,822	4,595	(6,338)	0	0	0	0	1,441	15,520
Fisia Hiatus transaction	1,251	0	(1,251)	0	0	0	0	0	0
Unrealised exchange losses	26,568	42,352	(27,150)	(6)	0	0	0	(13)	41,751
Other	46,274	35,943	(6,747)	(37)	5,740	0	17,944	4,149	103,266
Prepaid tax before offsetting	**238,266**	**103,877**	**(46,313)**	**(43)**	**5,740**	**0**	**17,612**	**6,423**	**325,562**
Offsetting	(1,775)	(1,842)	0	70	0	0	(21,095)	(15,415)	(40,057)
Net prepaid tax	**236,491**	**102,035**	**(46,313)**	**27**	**5,740**	**0**	**(3,483)**	**(8,992)**	**285,506**
Deferred tax liabilities									
Fiscally-driven amortisation	(16,030)	(1,392)	0	(295)	0	0	(165)	0	(17,882)
Deferred gains	(450)	0	0	0	0	0	(961)	0	(1,411)
Uncollected default interest	(5,249)	0	0	0	0	0	0	0	(5,249)
Unrealised exchange gains	(20,051)	(35,822)	20,148	0	0	0	0	(97)	(35,822)
Contract revenue or revenue items	4,051	(51)	239	72	(379)	0	0	384	4,316
Contract revenue taxable in future years	(3,877)	(118)	1,683	(3)	0	0	0	(44)	(2,359)
Other	2,579	(3,675)	704	(30)	1,070	0	(16,495)	(228)	(16,075)
Deferred tax liabilities before offsetting	**(39,028)**	**(41,058)**	**22,774**	**(256)**	**691**	**0**	**(17,621)**	**15**	**(74,482)**
Offsetting	27,653	3,132	(58)	(70)	0	0	21,012	15,413	67,082
Net deferred tax liabilities	**(11,374)**	**(37,926)**	**22,716**	**(326)**	**691**	**0**	**3,391**	**15,428**	**(7,400)**
Deferred tax assets									
Deferred tax assets	13,208	1,207	(58)	0	0	0	0	(2)	14,355
Deferred tax assets subsidiaries	12,671	83	0	0	0	0	(83)	0	12,671
Return of previous losses to consolidation	0	0	0	0	0	0	0	0	0
Deferred tax assets before offsetting	**25,878**	**1,290**	**(58)**	**0**	**0**	**0**	**(83)**	**(2)**	**27,025**
Offsetting	(25,879)	(1,290)	58	0	0	0	83	2	(27,026)
Net deferred tax assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

(€'000)	31 December 2019	Increases	Decreases	Changes in exchange rates	Changes consolidation area	Changes in rate	Reclassifications	Other changes	31 December 2020
Prepaid tax									
Amortisation and depreciation exceeding tax rates	6,673	(336)	(4,315)	(44)	1,041	0	(20)	0	2,999
Provisions for risks and impairment	156,579	32,150	(11,730)	(2,675)	65,738	0	1,924	(16)	241,970
Tax effect of capital increase Webuild	1,773	0	(443)	0	0	0	0	0	1,330
Astaldi PPA	0	3,414	0	0	45,900	0	0	0	49,314
Excess maintenance	15,520	0	(8,594)	0	0	0	0	0	6,926
Unrealised exchange losses	41,751	3,835	(40,299)	1,672	14,681	0	0	0	21,640
Other	103,266	31,290	(11,190)	(4,064)	19,578	0	(4,946)	(7,370)	126,564
Prepaid tax before offsetting	**325,562**	**70,353**	**(76,571)**	**(5,111)**	**146,938**	**0**	**(3,042)**	**(7,386)**	**450,743**
Offsetting	(40,057)	7,455	37,394	2,238	(59,889)	0	3,094	(46)	(49,811)
Net prepaid tax	**285,506**	**77,808**	**(39,177)**	**(2,873)**	**87,049**	**0**	**52**	**(7,432)**	**400,934**
Deferred tax liabilities									
Fiscally-driven amortisation	(17,882)	(415)	0	2,922	0	0	3,141	0	(12,234)
Uncollected default interest	(6,210)	0	1,383	0	(6,952)	0	0	0	(11,779)
Astaldi PPA	0	0	0	0	(112,708)	0	0	0	(112,708)
Contract revenue or revenue items	4,316	0	2,496	(1,438)	0	0	0	5	5,379
Contract revenue taxable in future years	(2,359)	(3,407)	1,415	999	(57,754)	0	0	318	(60,788)
Unrealised exchange gains	(35,822)	(8,277)	35,775	5	0	0	3,489	0	(4,830)
Other	(16,524)	(955)	1,422	2,827	(3,807)	0	(3,588)	3,156	(17,469)
Deferred tax liabilities before offsetting	**(74,482)**	**(13,054)**	**42,491**	**5,315**	**(181,221)**	**0**	**3,042**	**3,479**	**(214,429)**
Offsetting	67,082	(7,001)	(37,396)	(2,238)	59,889	0	(3,094)	0	77,242
Net deferred tax liabilities	**(7,400)**	**(20,055)**	**5,095**	**3,077**	**(121,332)**	**0**	**(52)**	**3,479**	**(137,187)**
Deferred tax assets									
Deferred tax assets	14,355	454	(2)	0	0	0	0	(47)	14,760
Deferred tax assets subsidiaries	12,671	0	0	0	0	0	0	(1)	12,670
Return of previous losses to consolidation	0	0	0	0	0	0	0	0	0
Deferred tax assets before offsetting	**27,025**	**454**	**(2)**	**0**	**0**	**0**	**0**	**(48)**	**27,430**
Offsetting	(27,026)	(454)	2	0	0	0	0	48	(27,430)
Net deferred tax assets	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**

The €114.9 million increase in deferred tax assets is mostly due to the change in the consolidation scope after the acquisition of Astaldi Group and the impairment losses recognised during the year.

The effects of the PPA procedure shown in the above table relate to the aforesaid acquisition of Astaldi Group. More information is available in note 5.

12. Inventories

Inventories total €334.5 million at the reporting date, as shown in the following table:

	31 December 2019			31 December 2020			
(€'000)	Gross amount	Allowance	Carrying amount	Gross amount	Allowance	Net value	Change
Real estate projects	63,220	(17,534)	45,686	67,216	(23,534)	43,682	(2,005)
Finished products and goods	4,785	0	4,785	5,666	0	5,666	881
Work in progress and semi-finished products	101,853	0	101,853	96,527	0	96,527	(5,326)
Raw and subsidiary materials and consumables	156,352	(5,584)	150,768	203,925	(15,284)	188,641	37,873
Total inventories	**326,211**	**(23,118)**	**303,093**	**373,334**	**(38,818)**	**334,516**	**31,423**

Real estate projects

At 31 December 2020, real estate projects amount to €43.7 million, down €2.0 million on 31 December 2019. The

main real estate projects, which are also described in the Directors' Report, concern:

- the project for the residential and commercial development as well as a public park in the Marghera area of Venice, worth a net €35.0 million (net of an adjustment allowance of €6.0 million), run by the subsidiary CEDIV S.p.A. Following an economic/financial analysis of the initiative with reference to the property development plans, impairment was applied of €6.0 million;
- the area zoned for agricultural use for the development of a trade point in Lombardy.

The change compared with last year is mainly due to the impairment specified, partly offset by the change in the consolidation area following the acquisition of the Astaldi Group.

Note that the valuations are in any case based on estimates, the reliability of which may be impacted by the current situation of the domestic real estate market.

Changes to the allowance for the impairment of real estate projects relative to last year are shown in the table below:

(€'000)	31 December 2018	Accruals	Utilisations	Uses on account	Other changes	Exchange differences	31 December 2019
Allowance for the impairment of real estate projects	10,334	7,200	0	0	0	0	17,534
Total	**10,334**	**7,200**	**0**	**0**	**0**	**0**	**17,534**

Changes in the allowance for the impairment of real estate projects relative to this year, are shown in the table below:

(€'000)	31 December 2019	Accruals	Utilisations	Uses on account	Other changes	Exchange differences	31 December 2020
Allowance for the impairment of real estate projects	17,534	6,000	0	0	0	0	23,534
Total	**17,534**	**6,000**	**0**	**0**	**0**	**0**	**23,534**

Work in progress and semi-finished products

At 31 December 2020, work in progress and semi-finished products totalled €96.5 million. The item includes the project managed by the Zeis Group entailing the construction of a property complex in via Carlo Alberto Cortina (Casal Bruciato zone), Rome, comprising 477 residential real estate units, in addition to garages, cellars and underground car parking spaces. The carrying amount is currently €27.8 million. The Zeis Group also manages a project tied to this initiative and mainly relating to the development of commercial units, booked for a value of €10.6 million and the Pertevere Complex for €57.8 million. More details, including about the legal proceedings involving the Pertevere Complex, are available in the section on "Real estate" of the Directors' Report.

Finished products and goods and Raw materials, consumables and supplies

The carrying amount of these items totals €5.7 million and €188.6 million, respectively, and mainly relates to materials and goods to be used for foreign contracts, including those in Ethiopia (€79.9 million), and finished products and goods of Astaldi Group (€37.7 million).

The carrying amount of raw materials, consumables and supplies is net of an allowance of €15.3 million, analysed below.

Changes to the allowance for the impairment of raw materials relative to last year are shown in the table below:

(€'000)	31 December 2018	Accruals	Utilisations	Uses on account	Other changes	Exchange differences	31 December 2019
Allowance - raw materials	3,073	2,923	(493)	0	0	81	5,584

Total	**3,073**	**2,923**	**(493)**	**0**	**0**	**81**	**5,584**

Changes in this year's allowance are shown below:

(€'000)	**31 December 2019**	**Accruals**	**Utilisations**	**Uses on account**	**Other changes**	**Exchange differences**	**31 December 2020**
Allowance - raw materials	5,584	1,369	(244)	0	8,809	(234)	15,284
Total	**5,584**	**1,369**	**(244)**	**0**	**8,809**	**(234)**	**15,284**

13. Contract assets and liabilities

Contract assets and liabilities can be analysed as follows:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Contract assets	2,040,450	2,754,203	713,753
Contract liabilities	1,187,717	2,132,775	945,059

Contract assets mostly represent the right to consideration for work performed but not invoiced at the reporting date, net of contract advances.

Revenue recognised in 2020 on performance obligations satisfied (or partly satisfied) mostly relates to changes in estimates of the percentage of completion and the variable consideration.

Contract liabilities mostly comprise contract advances from customers for projects for which the revenue is recognised over time.

As a result of developments that took place during the year and the Group's impairment test of its exposure arising from its contracts in Venezuela, it wrote off its remaining exposure. More information is available in the "Main risk factors and uncertainties" section of this report.

In addition, it adjusted contract assets and contract liabilities by €180 million and €80 million, respectively, after completion of the PPA procedure. More information is available in the "Business combinations" section.

Contract assets

Contract assets of €2,754.2 million include contracts in Italy (€372.8 million), abroad (€2,381.4 million) and the Lane Group's contracts (€61.0 million).

The following table shows contract assets calculated using the stage of completion method, net of losses realised or estimated at the reporting date and progress billings and advances:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Contract work in progress	28,125,008	44,202,111	16,077,103
Progress payments (on approved work)	(25,054,997)	(40,405,362)	(15,350,365)
Advances	(1,029,561)	(1,042,546)	(12,985)
Total contract assets	**2,040,450**	**2,754,203**	**713,753**

The main contract assets relate to the projects of Astaldi Group acquired in November 2020 (€742.3 million), the Grand Ethiopian Renaissance Dam (GERD) (€216.3 million), the Rogun Hydropower Project for the hydroelectric plant on the Vakhsh River in Tajikistan (€210.3 million), the Doha Metro and the Al Bayt Stadium in Al Khor City, Qatar (€167.2 million), the Meydan One Mall in Dubai (€155.1 million) and road projects in Poland (€141.7 million).

The advances at 31 December 2020 mainly refer to the contract for the metro line in Denmark (€272.8 million), the contracts in Tajikistan (€266.6 million), the National Guard SANG Villas project in Saudi Arabia (€82.3 million), the Lydco contract in Libya (€51.4 million) and the GERD project in Ethiopia (€40.3 million).

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Change
Italy	174,794	372,792	197,998
EU (excluding Italy)	468,669	664,578	195,909
Non-EU	21,550	48,270	26,720
Asia/Middle East	615,007	783,151	168,144
Africa	454,546	480,080	25,534
America	224,184	221,398	(2,786)
Oceania	81,700	183,934	102,234
Total	**2,040,450**	**2,754,203**	**713,753**

Contract liabilities

This item, included in "Current liabilities", amounts to €2,132.8 million and comprises:

(€'000)	31 December 2019	31 December 2020	Change
Contract work in progress	(14,259,442)	(17,902,972)	(3,643,530)
Progress payments (on approved work)	14,562,682	18,272,278	3,709,596
Contractual advances	884,477	1,763,470	878,993
Total	**1,187,717**	**2,132,776**	**945,059**

The contracts that most contributed to this item are the works for the Snowy 2.0 hydropower plant in Australia (€478.7 million), the third maxi-lot of the Jonica state highway 106 (€288.1 million), the Koysha Dam in Ethiopia (€218.6 million), the high speed/capacity Milan - Genoa railway line section (COCIV) (€212.2 million), the high-speed/capacity Verona - Padua railway line section (Iricav Due) (€187.4 million), the projects of Astaldi Group acquired in November 2020 (€160.8 million), the Apice - Hirpinia section of the Naples - Bari railway line (€151.6 million) and Lane's projects in the US (€121.5 million).

The increase of €880.3 million in advances is mostly due to works for the third maxi-lot of the Jonica state highway 106 (Sirjo), the high speed/capacity Milan - Genoa railway line (COCIV), the high speed/capacity Verona - Padua railway line section (Iricav Due), Astaldi Group's projects and the Apice - Hirpinia section of the Naples - Bari railway line.

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Change
Italy	134,751	839,719	704,968
EU (excluding Italy)	22,797	36,878	14,081
Non-EU	66,358	83,056	16,698
Asia/Middle East	63,608	121,686	58,078
Africa	393,981	292,195	(101,786)
America	269,774	280,513	10,739
Oceania	236,448	478,729	242,281
Total	**1,187,717**	**2,132,776**	**945,059**

Contract assets and liabilities, comprising progress payments and advances, include claims for additional consideration of €2,415.7 million and €135.9 million, respectively. They are already net of the effects of the PPA

procedure carried out after the acquisition of Astaldi Group (approximately €500 million). More information is available in note 5.

They are recognised to the extent that their payment is deemed highly probable, based also on the legal and technical opinions of the Group's advisors. The additional consideration recognised in this item is part of the total consideration formally requested of the customers.

The "Main risk factors and uncertainties" section in the Directors' report provides information on pending disputes and assets exposed to country risk.

The section on the "Performance by geographical area" in the Directors' report provides more details about the contracts and the progress made on the main contracts.

14. Trade receivables

At 31 December 2020, trade receivables amount to €1,884.8 million, a net increase of €61.2 million compared to 31 December 2019. The item includes receivables of €373.8 million from unconsolidated group companies and other related parties.

This item may be analysed in the following table:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Receivables due from customers	1,528,433	1,510,983	(17,449)
Unconsolidated group companies and other related parties	295,138	373,807	78,670
Total trade receivables	**1,823,570**	**1,884,790**	**61,220**

Trade trade receivables may be broken down as follows:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Receivables due from customers	1,938,669	1,947,014	8,345
Provision for impairment	(410,236)	(436,030)	(25,794)
Total trade receivables from third parties	**1,528,433**	**1,510,983**	**(17,449)**

The balance relates to amounts due from customers for invoices issued and for work performed and approved by customers but still to be invoiced.

This item mainly includes:

- amounts due to Astaldi Group of €320.4 million;
- €127.1 million due to Fibe by the Campania municipalities for its services provided under contract until 15 December 2005 and the subsequent transition period (reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about this complicated dispute and the directors' related assessments;
- €115.9 million to the subsidiary Lane Industries;
- €91.6 million related to HCE, including €63.9 million from Ukravtodor (Ukraine) for fees awarded by the Paris International Court of Arbitration (reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about this complicated dispute and the directors' related assessments);
- €98.6 million for the Salerno-Reggio Calabria S.c.p.A. contract;
- approximately €65.2 million from Nigerian government agencies; no impairment losses were identified as a result of the impairment test.

Retentions amount to €135.9 million at the reporting date compared to €100.1 million at 31 December 2019.

The loss allowance increased by €25.8 million to €436.0 million at the reporting date and mainly refers to:

- the loss allowance for Venezuelan exposures of €302.5 million;
- default interest of €62.4 million, mostly related to Fibe S.p.A. and the Venezuelan branch (due to the impairment losses described in more detail later in this report).

At 31 December 2020, the subsidiary Webuild wrote off its exposure with the Venezuelan government agencies due to the significant deterioration in the country's credit standing. More information is available in the "Main risk factors and uncertainties" section of the Directors' report.

As a result of the agreement signed on 11 June 2020, the subsidiary Webuild paid Condotte €81.0 million for its discontinuation of the pending disputes related to the COCIV consortium's board of representatives' resolution of 19 December 2019, which provided for the "transfer of title" of 31% of the consortium. The amount will be paid by the subsidiary Webuild taking on Condotte's liabilities of €66.0 million to COCIV (trade receivables of €205.5 million, trade payables of €227.3 million and advances of €87.8 million) and payment of the outstanding €15.0 million.

At 31 December 2019, it had accrued €45.7 million to the loss allowance for the amount of €66 million due to COCIV, which was used in full after the out-of-court settlement agreement was signed. The difference of €20.3 million was recognised as an impairment loss.

Overall, the company recognised other operating costs of about €35 million for 2020 as a result of the out-of-court agreement.

Changes in the loss allowance at 31 December 2019 and at 31 December 2020, are as follows

(€'000)	**31 December 2018**	**Accruals**	**Utilisations**	**Uses on account**	**Change in area**	**Other movements**	**Net exchange gains (losses)**	**31 December 2019**
Provision for doubtful debt	273,259	78,759	(1,697)	(1,328)	(24)	841	154	349,964
Default interest	60,517	0	0	(319)	0	64	10	60,272
Total	**333,776**	**78,759**	**(1,697)**	**(1,647)**	**(24)**	**905**	**164**	**410,236**

(€'000)	31 December 2019	Accruals	Utilisations	Uses on account	Change in area	Other movements	Net exchange gains (losses)	31 December 2020
Provision for doubtful debt	349,964	80,173	(167)	(59,627)	0	5,889	(2,555)	373,677
Default interest	60,272	2,158	0	(211)	0	148	(14)	62,353
Total	**410,236**	**82,331**	**(167)**	**(59,838)**	**0**	**6,037**	**(2,569)**	**436,030**

Trade receivables from unconsolidated group companies and other related parties increased by €78.7 million to €373.8 million at 31 December 2020.

The item mainly comprises trade receivables from unconsolidated SPEs for works carried out by them under contracts with Italian and foreign public administrations.

The increase is mostly due to the Euro71.0 million rise in trade receivables following the reclassification of contract assets, mostly as a result of the agreement (Otrosi 5) between Yuma Concessionaria S.A. and Constructora Ariguani S.A.S. in Colombia, acknowledging the extra costs incurred and to be incurred by Constructora Ariguani S.A.S. en reorganizacion offset by the decrease recognised by other group companies.

The balance includes €1.9 million (€2.3 million at 31 December 2019) related to the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is shown in the item "Net financial debt with unconsolidated SPEs" as part of net financial indebtedness.

The following table shows a breakdown of the item by geographical segment:

(€'000)	31 December 2019	31 December 2020	Change
Italy	747,639	831,496	83,857
EU (excluding Italy)	107,185	187,785	80,600
Non-EU	154,256	151,461	(2,795)
Asia/Middle East	243,379	200,572	(42,807)
Africa	246,157	129,733	(116,424)
America	313,015	374,622	61,607
Oceania	11,939	9,121	(2,818)
Total	**1,823,570**	**1,884,790**	**61,220**

15. Derivatives and other current financial assets

At 31 December 2020, this item of €314.4 million (31 December 2019: €216.3 million) includes the following:

(€'000)	31 December 2019	31 December 2020	Change
Loans and receivables - third parties	194,176	266,043	71,867
Loans and receivables - unconsolidated group companies and other related parties	17,234	41,093	23,859
Government bonds and insurance shares	4,605	5,714	1,109
Derivative assets	268	1,593	1,325
Total other current financial assets	**216,283**	**314,444**	**98,160**

Loans and receivables - third parties increased by €71.9 million and mainly consist of:

- approximately €114.4 million disbursed to non-controlling investors of the group companies, mainly active in Australia, the United Arab Emirates and Saudi Arabia;
- €50.3 million related to the net investment in leases by the COCIV consortium for assets given to the subcontractors;

- €38.6 million related to Astaldi Group and mostly comprising amounts due from the separate unit for the equity injections provided for by the composition with creditors plan to be repaid using the proceeds from the sale of the assets;
- €18.3 million related to an interest-bearing loan granted to Seli Overseas S.p.A. (over which the parent has usufruct rights granted by the Rome Court in 2018). During the first half of 2020, Seli Overseas S.p.A. repaid approximately €18.2 million, offset by another disbursement by the Group of approximately €17.0 million on which interest of €1.2 million has accrued.

The increase of €71.9 million in loans and receivables from third parties principally relates to the contribution of €38.6 million by Astaldi Group after its consolidation and the loan of €28.3 million given to the joint venture partner of the Snowy 2.0 project in Australia.

Loans and receivables with unconsolidated group companies and other related parties mainly consist of €15.6 million due from the Turkish associate Gaziantep Hastane Sanglik.

The government bonds and insurance shares amount to €5.7 million compared to €4.6 million at 31 December 2019. The item principally comprises securities held by the Group's Argentine companies.

Derivatives include:

- the reporting-date fair value of currency hedges of €0.3 million that did not meet the criteria for application of hedge accounting for cash flow hedges under the IFRS;
- the reporting-date fair value of commodity hedges of €1.3 million entered into to hedge against fluctuations in diesel and petrol costs that meet the criteria for application of hedge accounting for cash flow hedges under the IFRS.

Their fair value was a positive €1.6 million at the reporting date as shown below:

(€'000)	**31 December 2019**	**31 December 2020**
Currency swaps - FVTPL	268	340
Commodity swaps - Cash flow hedges	0	1,253
Total current derivatives shown in net financial indebtedness	**268**	**1,593**

16. Current income tax assets and other tax assets

Current tax assets amount to €114.7 million as follows:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Direct taxes	34,760	43,197	8,437
IRAP	2,178	4,431	2,253
Foreign direct taxes	54,175	67,041	12,866
Total current tax assets	**91,113**	**114,669**	**23,556**

The 31 December 2020 balance mainly consists of:

- direct tax assets for excess taxes paid in previous years, which the Group has correctly claimed for reimbursement and which bear interest;
- foreign direct tax assets for excess taxes paid abroad by the foreign group companies which will be recovered as per the relevant legislation.

Other current tax assets increased by €96.6 million to €229.7 million at the reporting date as follows: They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
VAT	119,438	204,471	85,034
Other indirect taxes	13,739	25,275	11,535
Total other tax assets	**133,177**	**229,746**	**96,569**

The increase is mostly due to the acquisition of Astaldi Group (€68.7 million), Sirjo (€12.2 million), Iricav Due (€17.3 million) and Hirpinia (€10.1 million).

17. Other current assets

Other current assets of €997.3 million show an increase of €323.6 million on 31 December 2019.

They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
Sundry receivables	229,457	436,952	207,495
Advances to suppliers	309,989	331,443	21,454
Unconsolidated group companies and other related parties	19,324	33,129	13,805
Accrued income and prepaid expenses	114,858	195,746	80,888
Total other current assets	**673,628**	**997,270**	**323,642**

Specifically, "Other" includes:

- €155.6 million on the sale of goods and provision of services by Astaldi Group related to its works (leases of machinery and equipment, sale of goods and provision of services) to suppliers and subcontractors;
- €71.2 million mostly due from the former consortium partner to the Cossi LGV consortium related to works for the Monte Ceneri tunnel in Switzerland. The Group has a liability of €70.6 million to the consortium partner recognised under other liabilities against this receivable;
- €47.6 million (unchanged from 31 December 2019) from the public bodies involved in managing the waste emergency in Campania to Fibe. Based on the information available at the date of preparation of these condensed interim consolidated financial statements, the Group believes that the other current assets related to the USW Campania projects will be collected within 12 months, given also that the outcome of the related disputes will be made known in the near future. This classification is the best estimate, based also on the assessments provided by independent experts. The section on the "USW Campania projects" and related assessments in the section of the Directors' report on the "Main risk factors and uncertainties" provides more information about these projects;
- €27.3 million due from the Argentine Republic as compensation for damage following the favourable award issued on 21 June 2011 and confirmed by the Buenos Aires Arbitration Tribunal on 24 January 2014. This award settled the proceedings commenced by the shareholders of the investee Aguas del Buenos Aires S.A. in liquidation (operator) against the Argentine Republic. Given that the country's significant economic crisis has not abated, assisted by its independent experts, the company tested its exposure for impairment in accordance with IFRS 9, finding its recoverable amount to be substantially in line with its carrying amount. Based on the information available at the date of preparation of these separate financial statements, the company believes that its exposure will be collected within 12 months. This classification is the best estimate, based on the negotiations with the Argentine government in which the Group was assisted by its legal advisors. More information is available in the "Main risk factors and uncertainties" section in the Directors report.
- guarantee deposits of 26.7 million given by Astaldi Group mostly to the granter for mining projects in Chile.

Advances to suppliers increased by a net €21.5 million, mostly due to the consolidation of Astaldi Group, partly offset by the absorption of advances made in previous years for the high speed Milan - Genoa railway line section and the Al Bayt Stadium in Qatar. At the reporting date, the largest advances given to suppliers relate mostly to Astaldi Group (€82.2 million), the high speed/capacity Milan - Genoa railway line section (€66.7 million), the projects in Saudi Arabia (€43.6 million, mostly for the Riyadh Metro and the housing project (SANG Villas) and the projects in Turkey (€30.7 million).

The item "Unconsolidated group companies and other related parties" increased by €13.8 million to €33.1 million, mostly due to the consolidation of Astaldi Group.

Prepayments and accrued income of €195.7 million show an increase of €80.9 million on 31 December 2019. The item mainly consists of insurance premiums, commissions on sureties and other contract costs which will be recognised in profit or loss in future periods based on the stage of completion of the related contracts. The increase, shown in the following table, is mainly due to the consolidation of Astaldi Group and the new projects in Australia.

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Accrued income:			
- Insurance	46	0	(46)
- Other	36	9,429	9,393
Total accrued income	**82**	**9,429**	**9,347**
Prepayments:			
- Insurance	70,241	95,463	25,222
- Sureties	6,949	45,509	38,560
- Other contract costs	37,586	45,345	7,759
Total prepayments	**114,776**	**186,317**	**71,541**
Total accrued income and prepaid expenses	**114,858**	**195,746**	**80,888**

18. Cash and cash equivalents

At 31 December 2020, cash and cash equivalents amount to €2,458.1 million, up by €1,433.3 million, as shown below:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Cash and cash equivalents	1,024,782	2,458,123	1,433,341

A breakdown by geographical segment is as follows:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Italy	197,984	1,435,559	1,237,576
EU (excluding Italy)	35,983	209,040	173,057
Other European (non-EU) countries	30,033	53,966	23,933
Asia/Middle East	194,996	102,352	(92,644)
Africa	140,925	67,161	(73,764)
America	289,966	430,544	140,578
Oceania	134,895	159,501	24,606
Total	**1,024,782**	**2,458,123**	**1,433,342**

The balance includes bank account credit balances at the end of the year and the amounts of cash, cheques and valuables at the registered offices, work sites and foreign branches. Specifically, liquidity management has the objective of ensuring the financial autonomy of contracts in progress, taking into account the structure of

consortia and special purpose entities, which can tie the availability of financial resources to the execution of the relevant projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries. In this respect, the liquidity in Africa mainly comprises local currency that cannot be exported and is used for the Ethiopian projects.

The statement of cash flows shows the reason for the decrease in the item and changes in current account facilities (note 21).

At the reporting date, the cash and cash equivalents attributable to non-controlling interests of the consolidated SPEs amount to €193.2 million and mainly refer to the entities carrying out the work on the Snowy 2.0 hydropower station in Australia (€51.8 million) and Iricav Due (€49.6 million).

The item comprises tied-up amounts of approximately €72.2 million, which includes €33.5 million related to Astaldi Group and €34.3 million to the Arge T.P. project, part of which was freed in the first two months of 2021 (€7.4 million) and the remainder on 30 September 2021.

19. Non-current assets held for sale and discontinued operations, liabilities directly associated with non-current assets held for sale and loss from discontinued operations

Net non-current assets held for sale amount to approximately €13.6 million at 31 December 2019 and include the net assets of the USW Campania projects and the investment in Consorzio Agua Azul S.A., as well as the net assets of the Zeis Group.

The change seen in 2020 is mainly due to:

- the reclassification of the non-current assets held for sale and discontinued operations related to the USW Campania projects to assets (€5.7 million);
- the sale of the investment in Consorcio Agua Azul S.A. at the start of the year;
- the acquisition of the investment in Astaldi S.p.A. on 5 November 2020, which had net liabilities of €5.0 million at the reporting date related to its companies held for sale (mostly the deficit of the Honduras branch). Given Astaldi S.p.A.'s well-known financial difficulties, the judicial authorities appointed an administrator on 25 May 2019 with full powers over the branch's assets, to manage and preserve them, in order to sell the assets to satisfy its creditors. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, Astaldi Group management classified the assets and liabilities of the Honduras branch under liabilities directly associated with non-current assets held for sale as such amount will only be recovered when the assets are sold to satisfy the creditors. At the date of preparation of these consolidated financial statements, the assets have been measured at the lower of their carrying amount and fair value less costs to sell. The analyses performed did not indicate the need to recognise any impairment losses further to those recognised in prior years.

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Non-current assets held for sale	13,598	11,516	(2,081)
Liabilities directly associated with non-current assets held for sale	0	(15,111)	(15,111)
Net non-current assets (liabilities) held for sale	**13,598**	**(3,595)**	**(17,192)**

Net non-current assets (liabilities) held for sale at 31 December 2020 come to €3.6 million and are detailed below:

	31 December 2019			
(€'000)	**Agua Azul S.A.**	**USW Campania**	**Zeis**	**Total**
Non-current assets	6,292	5,683	1,623	13,598
Non-current assets held for sale	**6,292**	**5,683**	**1,623**	**13,598**
Net non-current assets (liabilities) held for sale	**6,292**	**5,683**	**1,623**	**13,598**
-Of which net financial position	*0*	*0*	*0*	*0*

(€'000)	31 December 2020 Astaldi Group	Zeis	Total
Non-current assets	1,591	1,467	3,058
Current assets	8,458	0	8,458
Non-current assets held for sale	**10,049**	**1,467**	**11,516**
Non-current liabilities	(7,618)	0	(7,618)
Current liabilities	(7,493)	0	(7,493)
Liabilities directly associated with non-current assets held for sale	**(15,111)**	**0**	**(15,111)**
Net non-current assets (liabilities) held for sale	**(5,062)**	**1,467**	**(3,595)**
-Of which net financial position	*116*	*0*	*116*

The loss from discontinued operations of €5.1 million for 2020 mainly relates to Astaldi Group (€0.6 million in 2019).

Specifically, Astaldi Group's net loss is mostly due to exchange losses (€4.5 million), incurred principally as a result of fluctuations in the Peruvian sol, as well as operating expenses for the legal, tax and administrative procedures involved in closing Astaldi S.p.A.'s foreign branches in those countries where it is discontinuing its activities.

FY 2019			
(€'000)	USW Campania	Group Zeis	Total
Revenue			
Operating revenue	0	479	479
Total revenues	**0**	**479**	**479**
Costs			
Costs of raw materials and consumables	0	(216)	(216)
Subcontracts	0	0	0
Costs for services	(894)	0	(894)
Other operating expenses	0	0	0
Personnel expense	0	0	0
Amortisation, depreciation, provisions and impairment	0	0	0
Total costs	**(894)**	**(216)**	**(1,110)**
Operating result	**(894)**	**263**	**(631)**
Financing income (costs) and gains (losses) on equity investments	**0**	**0**	**0**
Result before taxes	**(894)**	**263**	**(631)**
Tax	0	0	0
Profit (loss) from discontinued operations	**(894)**	**263**	**(631)**

FY 2020

(€'000)	**Group Astaldi**	**Group Zeis**	**Total**
Revenue			
Operating revenue	1,964	269	2,233
Other revenues	241	0	241
Total revenues	**2,206**	**269**	**2,475**
Costs			
Costs of raw materials and consumables	(1,995)	(234)	(2,229)
Other operating expenses	(551)	0	(551)
Personnel expense	(25)	0	(25)
Amortisation, depreciation, provisions and impairment	69	0	69
Total costs	**(2,502)**	**(234)**	**(2,736)**
Operating result	**(296)**	**35**	**(261)**
Financing income (costs) and gains (losses) on equity investments			
Net financing (costs) income	(4,752)	0	(4,752)
Total financing income (costs) and gains (losses) on equity investments	**(4,752)**	**0**	**(4,752)**
Result before taxes	**(5,048)**	**35**	**(5,013)**
Tax	(40)	0	(40)
Profit (loss) from discontinued operations	**(5,088)**	**35**	**(5,053)**

20. Shareholders' equity

Equity increased to €1,967.4 million at 31 December 2020 from €1,394.8 million at 31 December 2019 as follows:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Group shareholders' equity			
Share capital	62,400	62,400	0
Share premium reserve	0	0	0
- Legal reserve	12,480	12,480	0
- Reserve for share capital increase related charges	0	0	0
- Reserve for treasury shares	(3,120)	(3,120)	0
- Inflation reserve	19,113	25,536	6,424
- Extraordinary and other reserves	25,946	25,946	0
Total other reserves	54,418	60,842	6,424
Other comprehensive income and expense			
- Translation reserve	(56,363)	(108,338)	(51,975)
- Hedging reserve	(3,964)	(781)	3,183
- Actuarial reserve	(2,970)	(1,399)	1,571
- Fair value reserve	0	14	14
Total other comprehensive income/expense	(63,296)	(110,503)	(47,207)
Retained earnings (losses carried forward	476,485	459,354	(17,130)
Profit (loss) for the year	(22,498)	47,081	69,579
Total Group's shareholders' equity	**507,509**	**519,174**	**11,665**
Third party capital and reserves	891,856	1,372,705	480,848
Profit (loss) for the year attributable to non-controlling interests	(4,519)	75,482	80,001
Non-controlling interests - share capital	887,337	1,448,186	560,849
TOTAL SHAREHOLDERS' EQUITY	**1,394,846**	**1,967,360**	**572,514**

Changes of the year in the different equity items are summarised in the relevant schedule of the consolidated financial statements. Specifically, in their meeting held on 29 June 2020, the shareholders' meeting of Salini Costruttori S.p.A. resolved to allocate the FY 2019 loss as follows:

- allocate €11,568,550.05 to retained earnings.

At 31 December 2020, the share capital of Salini Costruttori S.p.A. is €62,400,000, unchanged as compared with 31 December 2019 and consists of 120,000,000 shares worth a nominal €0.52.

The "Reserve for treasury shares" is unchanged on 31 December 2019.

The "Inflation reserve" refers to the application of IAS 29 to the Argentinian companies. See the "Main risk factors and uncertainties" section of the Directors' Report and note 1 of the consolidated financial statements, for more information.

The main variation in other comprehensive income items relates to the effect of fluctuations in exchange rates.

(€'000)	**FY 2019**	**FY 2020**
Opening balance	(69,165)	(56,362)
Reclassification to profit or loss	*(5,091)*	*0*
Equity-accounted investees	*6,637*	*(20,572)*
Increase (decrease)	*11,257*	*(31,403)*
Total changes	12,803	(51,975)
Closing balance	**(56,362)**	**(108,337)**

At the reporting date, the hedging reserve shows the accumulated fair value loss of €0.7 million for the equity-accounted Canadian associate, Mobilink Hurontario GP, the fair value loss of €0.5 million for Astaldi Group and the fair value gain of €0.7 million for Lane Group. The fair value gains (losses) on financial instruments recognised in the hedging reserve are detailed below:

(€'000)	**FY 2019**	**FY 2020**
Opening balance	(2,770)	(3,964)
Net fair value gains (losses)	*(1,193)*	*195*
Net gains for equity-accounted investees	*0*	*2,988*
Total changes	(1,194)	3,183
Closing balance	**(3,964)**	**(781)**

The actuarial reserve underwent the following changes:

(€'000)	**FY 2019**	**FY 2020**
Opening balance	(916)	(2,970)
Net actuarial gains (losses) recognised in OCI	*(2,054)*	*1,571*
Closing balance	**(2,970)**	**(1,399)**

Retained earnings (losses carried forward

This item may be analysed as follows:

(€'000)	**FY 2019**	**FY 2020**
Opening balance	511,920	476,485
IFRS 16 and IFRIC 23 FTA	*(5,117)*	*0*
Allocation of result	*31,260*	*(22,498)*
Distribution of dividends	*(18,193)*	*0*
Change in scope of consolidation	*(43,385)*	*5,367*
Closing balance	**476,485**	**459,354**

Non-controlling interests - share capital

Share capital and reserves attributable to non-controlling interests are as follows:

(€'000)	**FY 2019**	**FY 2020**
Opening balance	364,836	887,337
IFRS 16 and IFRIC 23 FTA	*(2,403)*	*0*
Profit (loss) attributable to non-controlling interests	*(4,519)*	*75,482*
Change in scope of consolidation	*576,225*	*413,653*
Components of comprehensive income and expense	*(48,120)*	*(63,707)*
Other movements	*1,319*	*135,421*
Closing balance	**887,337**	**1,448,186**

The "Other changes" chiefly refer to the application of IAS 29 to the Argentine company for the Riachuelo contract.

At the reporting date, the Group has the following investments deemed significant by management in subsidiaries which have non-controlling investors.

Company	**Head office**	**Business**	**Percentage of ordinary shares held directly by the parent**	**Percentage of ordinary shares held by the group**	**Percentage of ordinary shares held by non-controlling investors**	**Non-controlling interests**
(€m)						
Webuild Group (*)	Italy	Construction	44.991%	44.991%	55.009%	1,442.0
Zeis Group (**)	Italy	Real estate	N.A.	N.A.	N.A.	5.9
Cediv S.p.A.	Italy	Real estate	93.333%	93.333%	6.666%	0.3
Total non-controlling interests						**1,448.2**

(*) the Webuild Group holds interests in several companies of which it does not hold 100%; mainly: Astaldi Group, Salerno-Reggio Calabria S.c.p.a., Reggio Calabria - Scilla S.c.p.a., Impregilo-SK E&C-Galfar al Misnad J.V., Galfar - Salini Impregilo - Cimolai J.V., Interessenze Gruppo Lane Industries, Salini Saudi Arabia, Western Station and SLC Snowy Hydro Joint Venture.

(**) the Zeis Group holds interests in various companies of which it does not hold 100%; the amount mainly refers to Plus, Dirlan, Nores, Galla Placidia and Consorzio Tiburtino.

A complete list of not wholly-owned subsidiaries is given in the "List of the Salini Costruttori Group companies" annex at the end of these notes.

Reconciliation between equity and loss of Salini Costruttori S.p.A. with consolidated equity and consolidated profit

The following table shows the reconciliation of equity and loss of the parent Salini Costruttori S.p.A. with the corresponding consolidated items:

(€'000)	**Shareholders' equity**	**Result**
Equity and loss for the year of Salini Costruttori S.p.A. at 31 December 2020	**291,280**	**(1,141)**
Elimination of consolidated investments	(1,198,149)	0
Elimination of the provision for risks on equity investments	0	0
Equity and profit or loss of consolidated companies	1,427,070	60,162
Other consolidation entries		
Elimination of dividends recognised to Salini Costruttori S.p.A.	0	(12,042)
Other consolidation entries	2,036	102
Capital gain on infra-group sales	(3,063)	0
Measurement of related companies at equity	0	0
Elimination of national tax consolidation system effects	0	0
Equity and profit for the year attributable to the owners of the parent	**519,174**	**47,081**
Equity and profit for the year attributable to non-controlling interests	1,448,186	75,482
Consolidated equity and profit at 31 December 2020	**1,967,360**	**122,563**

21. Bank and other loans, current portion of bank loans and current account facilities

Bank and other loans and borrowings increased by €857.3 million over 31 December 2019 to €2,102.9 million at year end, as summarised below:

(€'000)	31 December 2019	31 December 2020	Change
Non-current portion			
- Bank and other loans and borrowings	990,539	1,001,438	10,900
Current portion			
- Current account facilities and other loans;	255,113	1,101,500	846,387
Total payables to banks and other lenders	**1,245,652**	**2,102,938**	**857,286**

The Salini Costruttori Group's financial indebtedness is broken down by loan type in the following table:

	31 December 2019			31 December 2020		
(€'000)	Portion due beyond 12 months	Current portion	Total	Portion due beyond 12 months	Current portion	Total
Bank corporate loans	809,164	44,305	853,469	755,164	693,982	1,449,146
Bank construction loans	82,371	31,498	113,869	215,606	178,838	394,444
Bank concession financing	11,831	1,037	12,868	11,833	1,123	12,956
Other financing	87,173	65,723	152,896	18,835	80,518	99,353
Total bank and other loans	**990,539**	**142,564**	**1,133,102**	**1,001,438**	**954,461**	**1,955,899**
Current account facilities	0	100,227	100,227	0	87,728	87,728
Factoring liabilities	0	1,232	1,232	0	42,257	42,257
Loans and borrowings - unconsolidated group companies	0	11,090	11,090	0	17,054	17,054
Total payables to banks and other lenders	**990,539**	**255,113**	**1,245,652**	**1,001,438**	**1,101,500**	**2,102,939**

Bank corporate loans

Bank corporate loans amount to €1,449.1 million at the reporting date (31 December 2019: €853.5 million) and refer to the parent Salini Costruttori and the subsidiary Webuild.

The main conditions of the loans under review are as follows:

	Company	Interest rate	Expiry date	Notes
Banca IMI (term facility loan)	Webuild	Euribor	2022	(1)
Monte dei Paschi di Siena	Webuild	Fixed	2022	(1)
UBI (revolving facility)	Webuild	Euribor	2024	(1)
Banca IMI (revolving facility)	Webuild	Euribor	2022	(1)
MPS (revolving facility)	Webuild	Euribor	2021	
Banca Popolare di Milano (€50 million)	Webuild	Euribor	2024	(1)
Banca Popolare di Milano (€40 million)	Webuild	Euribor	2025	(1)
Banca IMI (€102 million)	Webuild	Euribor	2024	(1)
Banca IMI (€200 million new revolving facility)	Webuild	Euribor	2024	(1)
Banca del Mezzogiorno	Webuild	Euribor	2021	(1)
BBVA	Webuild	Fixed	2021	(1)
Intesa-Natixis S.A.	Salini Costruttori	Euribor	2022	(1)

(1) As part of a wide-ranging action plan implemented at group level to mitigate the impacts of Covid-19, the Group negotiated the temporary suspension of checks of certain financial covenants at 31 December 2020 and 30 June 2021 with its lending banks.

The increase in corporate loans during the year was principally a result of the use of revolving credit facilities made available by some banks.

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Banca IMI (bank syndicate)	Webuild	Italy	440,968	389,092	51,876	0
Banca Popolare di Milano	Webuild	Italy	56,703	9,711	46,992	0
Monte dei Paschi	Webuild	Italy	50,134	50,134	0	0
Intesa-Natixis S.A.	Salini Costruttori	Italy	207,359	207,359	0	0
Total bank corporate loans			**755,164**	**656,296**	**98,868**	**0**

The fair value of the bank corporate loans, measured as set out in the "Accounting policies" section, is €1,452.8 million.

Bank construction loans

Bank construction loans amount to €394.4 million at the reporting date and mainly relate to:

- the subsidiary Astaldi (€229.1 million);
- the subsidiary Lane (€ 49.0 million);
- projects in Colombia (€39.7 million);
- the subsidiary HCE (€13.1 million);
- Zeis Group projects (€31.5 million).

The increase mostly refers to the loans of the subsidiary Astaldi, which was acquired in the second half of 2020, and the new revolving credit facilities (€49.0 million) obtained by Lane Group in December 2020.

The conditions of the main other financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Various banks	Astaldi Group	Italy	Fixed	2025
Banco de Bogotà	ICT II	Colombia	Fixed	2021
Various banks	Lane Group	United States	Variable	2021
Various banks	HCE	Italy	Fixed	2021
Monte dei Paschi di Siena (€55 million)	Zeis	Italy	Variable	2023
Banca Popolare di Milano	Plus	Italy	Variable	2048
Banca Popolare di Milano	Dirlan	Italy	Variable	2048
Monte dei Paschi di Siena (€1.6 million)	Zeis	Italy	Variable	2026

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Various	Astaldi Group	Italy	183,657	5,444	178,213	0
Banca del Ticino	CSC Costruzioni	Switzerland	2,314	0	2,314	0
Various banks	Cossi	Italy	3,050	0	3,050	0
Banca Popolare di Milano	Plus	Italy	19,189	482	1,484	17,223
Banca Popolare di Milano	Dirlan	Italy	3,896	98	301	3,497
Monte dei Paschi di Siena	Zeis	Italy	446	177	269	0
Monte dei Paschi di Siena	Zeis	Italy	3,054	3,054	0	0
Total bank construction loans			**215,606**	**9,255**	**185,631**	**20,720**

The fair value of the construction loans, measured as set out in the "Accounting policies" section, is €392.3 million.

Bank concession financing

At 31 December 2020, bank concession financing amounts to €13.0 million as follows:

				31 December 2019			31 December 2020		
(€'000)	Company	Currency	Country	Total financial liabilities	Current portion	Non-current portion	Total financial liabilities	Current portion	Non-current portion
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Euro	Italy	6,774	531	6,243	6,774	531	6,243
Credito Sportivo	Piscine dello Stadio S.r.l.	Euro	Italy	5,909	321	5,588	6,182	592	5,590
Various	Others	Euro	Italy	185	185	0	0	0	0
Total concession financing				**12,868**	**1,037**	**11,831**	**12,956**	**1,123**	**11,833**

The main conditions of the loans under review are as follows:

	Company	Country	Interest rate	Expiry date
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	Euribor	2028
Credito Sportivo	Piscine dello Stadio S.r.l.	Italy	IRS	2035

The interest rates shown in the table have floating spreads depending on the term and conditions of the financing.

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Monte dei Paschi di Siena	Corso del Popolo S.p.A.	Italy	6,243	567	2,553	3,123
Credito Sportivo	Piscine dello Stadio S.r.l.	Italy	5,589	268	1,217	4,105
Total concession financing			**11,833**	**835**	**3,770**	**7,228**

The fair value of the concession financing, measured as set out in the "Accounting policies" section, is €13.1 million.

Other financing

This item may be analysed as follows:

			31 December 2019			31 December 2020		
(€'000)	Company	Country	Total financial liabilities	Current portion	Non-current portion	Total financial liabilities	Current portion	Non-current portion
Various	Astaldi Group	Various	0	0	0	53,137	47,986	5,151
Società Italiana Condotte d'Acqua	Webuild	Italy	0	0	0	9,541	0	9,541
Non-controlling interests	Sabrom	Italy	7,185	7,185	0	7,962	7,962	0
Various	Galfar Cimolai JV	Qatar	13,490	13,490	0	6,763	6,763	0
Non-controlling	NRW JV	Australia	0	0	0	4,048	4,048	0
Non-controlling interests	Cossi Costruzioni	Italy	0	0	0	3,942	0	3,942
Banca IMI	Beyond	Italy	85,089	215	84,874	0	0	0
Swan SPE	Webuild	Italy	10,003	10,003	0	0	0	0
Various	Galfar	Qatar	10,057	10,057	0	0	0	0
Cat Finance	Webuild	Italy	5,407	5,407	0	0	0	0
Others	Other	Various	21,663	19,364	2,299	13,960	13,759	201
Total other financing			**152,896**	**65,723**	**87,173**	**99,353**	**80,518**	**18,835**

The decrease in other financing is mostly related to the subsidiary Beyond's prepayment of its loan, which amounted to €85.0 million at 31 December 2019. The loan was taken out as part of Progetto Italia and was agreed with a bank syndicate in 2019 to be used solely to purchase bonds issued by Astaldi S.p.A. (see note 10). More information is available in the "Progetto Italia" paragraph of the "Key events of the year" section.

The conditions of the main other financing in place at year end may be summarised as follows:

	Company	Country	Interest rate	Expiry date
Various banks	Astaldi Group	Italy	Euribor/Fixed rate	2022
Società Italiana Condotte d'Acqua	Webuild	Italy	Interest free rate	2024
Galfar Al Misnad	Galfar Cimolai JV	Qatar	Fixed	2021
Non-controlling interests	Sabrom	Italy	Fixed	2021

The non-current portion of the above other financing will be repaid at its contractual maturity, based on the following time bands:

(€'000)	Company	Country	Total non-current portion	Due after 13 months but within 24 months	Due after 25 months but within 60 months	Due after 60 months
Società Italiana Condotte d'Acqua	Webuild	Italy	9,541	1,000	8,541	0
Various	Astaldi Group	Italy	5,151	5,151		0
Non-controlling interests	Cossi Costruzioni	Italy	3,942		3,942	0
Non-controlling interests	Consorzio LGV Ceneri	Italy	201			201
Total other financing			**18,835**	**6,151**	**12,483**	**201**

The fair value of the other financing, measured as set out in the "Accounting policies" section, is €99.4 million.

Current account facilities

Current account facilities decreased by €12.5 million as compared with 31 December 2019, coming in at €87.7 million.

Factoring liabilities

(€'000)	31 December 2019	31 December 2020	Change
Astaldi Group (Unicredit)	0	35,598	35,598
Ethiopian branch (Factorit)	1,072	3,019	1,947
Astaldi Group (various)	0	3,640	3,640
Other	160	0	(160)
Total factoring liabilities	**1,232**	**42,257**	**41,025**

Factoring liabilities relate to the factoring of receivables and increased by €41.0 million, mainly due to the acquisition of Astaldi Group.

Net financial indebtedness of the Salini Costruttori Group

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Non-current financial assets	10	378,336	322,016	(56,320)
Current financial assets	15	216,015	312,850	96,835
Cash and cash equivalents	18	1,024,782	2,458,123	1,433,341
Total cash and cash equivalents and other financial assets		**1,619,133**	**3,092,989**	**1,473,856**
Bank and other loans and borrowings	21	(990,539)	(1,001,438)	(10,900)
Bonds	22	(1,091,890)	(1,288,620)	(196,730)
Finance lease liabilities	23	(98,699)	(98,876)	(178)
Total non-current indebtedness		**(2,181,127)**	**(2,388,934)**	**(207,807)**
Current portion of bank loans and borrowings and current account facilities	21	(255,113)	(1,101,500)	(846,387)
Current portion of bonds	22	(13,295)	(246,910)	(233,616)
Current portion of lease liabilities	23	(61,651)	(79,530)	(17,879)
Total current indebtedness		**(330,059)**	**(1,427,941)**	**(1,097,881)**
Derivative assets	10-15	268	2,259	1,991
Derivative liabilities	24	(2,012)	(0)	2,012
Net financial position (debt) with unconsolidated SPEs (**)		(21,595)	(1,461)	20,134
Total other financial assets (liabilities)		**(23,339)**	**798**	**24,137**
Net financial indebtedness - continuing operations		**(915,392)**	**(723,088)**	**192,304**
Net financial position - discontinued operations		0	116	116
Net financial indebtedness including discontinued operations		**(915,392)**	**(722,972)**	**192,420**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

(**) This item shows the group's net amounts due from/to unconsolidated consortia and consortium companies operating under a cost recharging system. The balance reflects the Group's share of cash and cash equivalents or debt of the SPEs. The items making up these balances are shown under trade receivables and payables, respectively, in the separate financial statements.

More information about changes in the Group's net financial indebtedness during the year is available in the Directors' report.

22. Bonds

The outstanding bonds of €1,535.5 million at 31 December 2020 relate to the subsidiary, Webuild S.p.A. They are analysed in the following table:

(€'000)	31 December 2019	31 December 2020	Change
Non-current portion	1,091,890	1,288,620	196,730
Current portion	13,295	246,910	233,615
Total bonds	**1,105,185**	**1,535,530**	**430,345**

The following table analyses the item:

		31 December 2019			31 December 2020		
(€'000)	Expiry date	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)	Nominal amount	Non-current portion (net of related charges)	Current portion (accrued interest)
Webuild 3.75% Call 24gn21	24 June 2021	600,000	595,612	11,712	236,674	0	235,542
Webuild 1.75% Call 26ot24	26 October 2024	500,000	496,278	1,583	500,000	497,052	1,582
Webuild 5,875% Call 15dc25	15 December 2025				550,000	542,643	1,416
Webuild 3,625% Call 28ge27	28 January 2027				250,000	248,925	8,370
Total bonds		**1,100,000**	**1,091,890**	**13,295**	**1,536,674**	**1,288,620**	**246,910**

The bonds are listed on the Dublin Stock Exchange and are backed by covenants, which were fully complied with at the reporting date.

The fair value of the bonds at the reporting date, measured as set out in the "Accounting policies" section, is €1,505.1 million.

On 17 January 2020, the subsidiary Webuild placed new notes on the market for €250,000,000, part of which were used to exchange the outstanding "€600,000,000 3.75 per cent. Notes due 24 June 2021" for €120,970,000 while another part (the "additional new notes") were offered to new investors for €123,341,000. The new notes' maturity date is 28 January 2027 and the coupon is 3.625%.

On 15 December 2020, the parent placed additional new notes for with an aggregate nominal amount of Euro 550,000,000, with a maturity date of 15 December 2025 and a coupon of 5.875%. The proceeds from this issue are mainly to be used to fully redeem the outstanding 2021 notes, which was partly carried out on 15 December 2020 by redeeming notes with a nominal amount of €242,356,000, while the residual notes with a nominal amount of €236,674,000 will be redeemed on the due date of 24 June 2021.

On 21 January 2021, it successfully placed additional notes with an aggregate nominal amount of Euro 200,000,000 (the "additional notes") reserved to institutional investors. They were consolidated and form a single series with the €550,000,000 notes issued on 15 December 2020 with maturity date of 15 December 2025, bringing the total size of such notes to €750,000,000. The proceeds from the issuance of the additional notes will be used to repay the Group's existing indebtedness.

23. Lease liabilities

Lease liabilities may be broken down as follows at 31 December 2020:

(€'000)	31 December 2019	31 December 2020	Change
Lease liabilities	98,709	98,876	167
Current portion of lease liabilities	61,673	79,530	17,857
Total lease liabilities	**160,382**	**178,406**	**18,024**

The present value of the minimum lease payments is €178.4 million (31 December 2019: €160.4 million) as follows:

(€'000)	31 December 2019	31 December 2020
Minimum lease payments:		
Due within one year	66,038	83,383
Due between one and five years	100,476	103,789
Due after five years	7,820	531
Total	**174,334**	**187,703**
Future interest expense	(13,952)	(9,297)
Net present value	**160,382**	**178,406**
The net present value is as follows:		
Due within one year	61,673	79,530
Due between one and five years	92,465	98,365
Due after five years	6,244	511
Total	**160,382**	**178,406**

24. Derivatives and other current financial liabilities

These items show the reporting-date fair value of the currency hedges. The following table analyses the item:

(€'000)	31 December 2019	31 December 2020	Change
Non-current portion	0	0	0
Current portion	2,012	0	(2,012)
Total derivatives and other current financial liabilities	**2,012**	**0**	**(2,012)**

The following table analyses the item:

(€'000)	31 December 2019	31 December 2020	Change
Forward currency purchases and sales - FVTPL	2,012	0	(2,012)
Total derivatives presented in net financial indebtedness	**2,012**	**0**	**(2,012)**

25. Post-employment benefits and employee benefits

At 31 December 2020, the Group's liability due to its employees determined using the criteria set out in IAS 19 is €64.0 million.

The liability for post-employment benefits is the outstanding amount at the reform effective date, net of benefits paid up to the reporting date. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation. The valuation, performed with the assistance of an independent expert, was based on the following rates:

- turnover rate: 7.25%;
- advance payment rate: 3%;
- inflation rate: 0.8%.

The Group has used the Eurocomposite AA index, which has an average financial duration in line with the fund being valued, to calculate the discount rate.

The balance mainly consists of the liability for Lane Group's defined benefit plan for its full-time employees. This liability is calculated on the basis of the employees' years of service and remuneration and is subjected to an actuarial valuation. Lane Group also provides healthcare cover to retired employees, hired before 31 December 1992 with at least 20 years of service.

The item also includes the Italian post-employment benefits (TFR) related to the subsidiary Webuild S.p.A. and its Italian subsidiaries. The liability is the outstanding amount at the reform effective date, net of benefits paid up to the reporting dates. The liability is considered part of a defined benefit plan under IAS 19 and has, therefore, been subjected to actuarial valuation.

Changes in the item are as follows:

(€'000)	31 December 2018	Period provision made	Uses/ Releases	Payments	(Gains)/ Actuarial losses	Change in consolidation area and other changes	Contributions paid to INPS treasury and other funds	31 December 2019
Post-employment benefits and employee benefits	57,583	13,647	0	(11,871)	2,054	6,954	(5,907)	**62,461**

(€'000)	31 December 2019	Period provision made	Uses/ Releases	Payments	(Gains)/ Actuarial losses	Contributions paid to INPS treasury and other funds	Other movements	31 December 2020
Post-employment benefits and employee benefits	62,461	14,663	0	(13,768)	(1,571)	(1,389)	3,592	**63,988**

"Net actuarial losses" include the actuarial gains and losses recognised in the actuarial reserve as per the revised IAS 19 while the "Other changes" mainly relate to changes in the consolidation scope, following the acquisition of Astaldi Group on 5 November 2020, and exchange gains and losses.

Lane Construction Corporation Defined Benefit Pension Plan

Through its US subsidiary Lane Industries Inc., the Group contributes to a pension plan that qualifies as a defined benefit plan, The Lane Construction Corporation Defined Benefit Pension Plan, which pays benefits to employees or former employees who met the related vesting conditions when they retire. The subsidiary also pays benefits to a supplementary pension plan for some senior executives. In addition, Lane Industries Inc. provides employees who have reached retirement age with healthcare benefits. These employees were hired before 31 December 1992 and reached retirement age after at least 20 years' service and are also beneficiaries of The Lane Construction Corporation Defined Benefit Pension Plan.

A reconciliation between the opening balance and the closing balance of the Group's liability for employee benefits and the plan assets is as follows:

(€'000)	Liability for employee benefits	Plan assets	Change
01/01/2020	**199,945**	**(168,246)**	**31,699**
Service cost	296	0	296
Interest	6,232	(5,270)	962
Net (gains)/losses on payments	0	(22,882)	(22,882)
Net (gains)/losses on changes in the financial assumptions	24,311	0	24,311
Net (gains)/losses on changes in the demographic assumptions	(935)	0	(935)
Net (gains)/losses from experience	(5,490)	0	(5,490)
Contributions	(523)	0	(523)
Payments	(8,804)	8,804	0
Administrative fees charged to plan assets	0	333	333
Net exchange gains (losses)	(18,586)	16,166	(2,420)
31 December 2020	**196,446**	**(171,095)**	**25,351**

The following tables show the assumptions used to calculate the liability for employee benefits:

(€'000)	Pension benefits		Other benefits	
	31 December 2019	31 December 2020	31 December 2019	31 December 2020
Discount rate	3.23%	2.37%	2.52%	1.35%
Expected rate of return on plan assets	6.40%	5.25%	N.A.	N.A.
Salary increase rate	3.50%	3.50%	N.A.	N.A.

The long-term expected rate of return on plan assets is calculated based on the investments' performance and the plan asset mix over the period the assets are expected to increase in value before final payment.

Assumptions about the rise in healthcare service costs are set out below:

Assumptions about the rise in healthcare service costs	31 December 2019	31 December 2020
Annual growth rate	6.68%	6.63%
Ultimate trend rate	4.31%	4.31%
Year in which the ultimate trend rate is expected to be reached	2039	2039

The next table shows how the liability for employee benefits would change if the main assumptions changed:

(€'000)	Change	Increase	Decrease
Discount rate	1.00%	(26,084)	33,882
Salary increase rate	1.00%	330	(302)

The following table presents the plan asset categories as a percentage of total invested assets:

(€'000)	31 December 2019	Incidence	31 December 2020	Incidence
Common/collective trusts	167,623	99.63%	170,497	99.65%
Interest-bearing deposits	623	0.37%	598	0.35%
Total	**168,246**	**100.00%**	**171,095**	**100.00%**

The plan assets are selected to ensure a combination of returns and growth opportunity using a prudent investment strategy. Investments usually include around 73% in fixed income funds, about 13% in large and small cap equity investments, approximately 11% in international equities and about 3% in diversified hedge funds. The subsidiary's management regularly revises its objectives and strategies.

A breakdown of the plan assets' fair value by asset category is as follows:

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2019
	Level 1	**Level 2**	**Level 3**	**Total**
Common/collective trusts	167,623	0	0	167,623
Interest-bearing deposits	623	0	0	623
Total	**168,246**	**0**	**0**	**168,246**

(€'000)	Listed prices	Other observable significant inputs	Other non-observable significant inputs	31 December 2020
	Level 1	**Level 2**	**Level 3**	**Total**
Common/collective trusts	170,497	0	0	170,497
Interest-bearing deposits	598	0	0	598
Total	**171,095**	**0**	**0**	**171,095**

The following table shows the estimated undiscounted future payments for employee benefits:

(€'000) Period	Pension benefits	Other benefits
2020	7,442	139
2021	7,556	139
2022	7,828	141
2023	8,009	126
2024	7,959	101
2025 - 2029	42,887	426

26. Provisions for risks

These provisions amount to €196.8 million at 31 December 2020, as follows:

(€'000)	31 December 2019	31 December 2020	Change
Provisions for risks on equity investments	69,319	66,789	(2,530)
Other provisions	69,026	129,985	60,959
Total provisions for risks	**138,345**	**196,774**	**58,429**

The provisions for risks on equity investments relates to expected impairment losses on the carrying amount of the Group's investments in associates and joint ventures for the part that exceeds their carrying amounts.

Changes in the provisions for risks on equity investments are detailed below:

(€'000)	FY 2020
Share of loss of equity-accounted investees	(11,367)
Other changes including change in the translation reserve	13,897
Total changes to provisions for risks on equity investments	**2,530**

Other provisions comprise:

(€'000)	31 December 2019	31 December 2020	Change
USW Campania projects	28,313	27,739	(574)
Provisions set up by entities in liquidation	9,902	8,690	(1,212)
Provision for ongoing litigation	5,882	19,251	13,369
Provisions for risks relating to ongoing contracts	0	49,857	49,857
Others	24,929	24,448	(481)
Total other provisions for risks and charges	**69,026**	**129,985**	**60,959**

The provision for the USW Campania projects mainly consists of the estimated potential costs for the environmental remediation. The "Main risk factors and uncertainties" section in the Directors' report includes a description of the litigation and risks related to the USW Campania projects.

The provisions set up by entities in liquidation include accruals made for probable future charges related to the closing of contracts and potential developments in ongoing litigation.

Provisions for risks relating to ongoing contracts mainly refer to:

- Astaldi Group (€26.5 million, of which €11.2 million resulting from the purchase price allocation, as described in note 5), mostly relating to Italy, Poland and Algeria.
- Lane Group (€19.0 million) chiefly attributable to the Cabot Yard contract;
- the subsidiary Webuild for €14.7 million, of which €4.4 million refer to the new Eni offices construction project.

These provisions are measured in accordance with paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets and cover the estimated costs to fulfil certain contracts (net of the related economic benefits).

The increase in the provision for ongoing litigation is mostly due to Astaldi Group for litigation in Canada, Italy and South America.

Changes in the previous year are as follows:

(€'000)	31 December 2018	Accruals	Utilisations/Releases	Reclassifications	Exchange and other changes	31 December 2019
Total other provisions for risks	**82,979**	**6,912**	**(7,767)**	**(14,222)**	**1,124**	**69,026**

Changes in the item in the year are summarised below:

(€'000)	31 December 2019	Accruals	Utilisations/Releases	Change Area	Exchange and other changes	31 December 2020
Total other provisions for risks	**69,026**	**26,520**	**(11,799)**	**46,889**	**(651)**	**129,985**

The most significant increase in the provision is due to the change in consolidation scope resulting from the acquisition of Astaldi Group and incorporates the effect of the purchase price allocation. More information is available in note 5.

The main accruals for the year are those made to provisions for risks relating to ongoing contracts by the subsidiary Webuild S.p.A. and Lane Group, as shown above.

Utilisations/releases chiefly relate to:

- releases of € 1.8 million by HCE Group;
- utilisations of € 4.4 million by Astaldi Group;
- utilisations of €1.7 million by Webuild.

More information is available in the section on the "Main risk factors and uncertainties" in the Directors' report.

27. Trade payables

Trade payables amount to €2,707.8 million at the reporting date, an increase of €93.3 million on 31 December 2019. They are made up as follows:

(€'000)	31 December 2019	31 December 2020	Change
Third parties	2,321,538	2,554,112	232,574
Unconsolidated group companies and other related parties	292,977	153,715	(139,262)
Trade payables	**2,614,515**	**2,707,827**	**93,312**

The increase in trade payables to third parties is mostly related to the acquisition of Astaldi Group, partly offset by the decrease in amounts due by the COCIV consortium to Condotte following the offsetting of amounts receivable and payable for €227.3 million during the first half of the year and the settlement of trade payables as part of the normal business activities (mainly for the COCIV consortium and the Qatar contracts).

Trade payables to unconsolidated group companies and other related parties decreased by €153.7 million to €139.3 million as a result of the different consolidation treatment of certain consortia and consortium companies after the acquisition of control of Astaldi Group.

The item mainly comprises trade payables to unconsolidated SPEs for work carried out by them under contracts with public administrations.

The balance includes €3.3 million (€23.9 million) related to the Group's liabilities with consortia and consortium companies (SPEs) that operate by recharging costs and are not included in the consolidation scope. It is shown in the item "Net financial position with unconsolidated SPEs" as part of net financial indebtedness.

28. Current income tax liabilities and other tax liabilities

Current income tax liabilities of €128.1 million increased by €40.6 million over 31 December 2019, mainly due to the acquisition of the Astaldi Group. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
IRES	5,176	47,340	42,164
IRAP	995	1,713	718
Foreign taxes	81,261	79,012	(2,249)
Total current income tax liabilities	**87,432**	**128,065**	**40,633**

Other tax liabilities of €76.0 million increased by €27.8 million over 31 December 2019, mainly due to the acquisition of Astaldi Group. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
VAT	25,678	41,340	15,662
Other indirect taxes	22,534	34,673	12,139
Total other tax liabilities	**48,212**	**76,013**	**27,801**

29. Other current liabilities

Other current liabilities of €531.3 million (€323.8 million at 31 December 2019) comprise:

(€'000)	31 December 2019	31 December 2020	Change
State bodies	33,288	33,288	0
Other liabilities	158,718	278,423	119,705
Employees	68,732	91,132	22,399
Social security institutions	18,542	48,750	30,208
Unconsolidated group companies and other related parties	23,381	34,455	11,074
Compensation and compulsory purchases	3,709	6,504	2,795
Accrued expenses and deferred income	17,451	38,785	21,334
Total other current liabilities	**323,821**	**531,336**	**207,515**

"State bodies" (€33.3 million) entirely relate to the transactions with the commissioner, the provincial authorities and municipalities of Campania in connection with the USW Campania projects. Reference should be made to the "Main risk factors and uncertainties" section in the Directors' report for more information about the complicated situation surrounding the USW Campania projects.

"Other liabilities" of €278.4 million (€158.7 million at 31 December 2019) increased by approximately €119.7 million on the previous year, mainly as a result of the acquisition of Astaldi Group (€113.8 million). At the reporting date, the item mainly refers to the Astaldi Group, as well as amounts due to the former consortium member of Cossi Group (see note 17 "Other current assets"), the high speed/capacity projects, Lane's American projects and some foreign projects in Nigeria, Venezuela and France.

Amounts due to employees and social security institutions relate to accrued unpaid remuneration.

"Unconsolidated group companies and other related parties" amount to €34.5 million and increased by €11.1 million, mainly due to the consolidation of Astaldi Group. The year-end balance principally refers to the Argentine group companies involved in the environmental remediation project in the Buenos Aires province, Astaldi Ingegneria Y Costruccion Limitada active in Chile and the Churchill Hospital joint venture active in the UK hospital sector.

Accrued expenses and deferred income increased by €21.3 million to €38.8 million, mainly attributable to the works relating to Astaldi Group, as shown in the following table.

(€'000)	31 December 2019	31 December 2020	Change
Accrued expenses:			
- Commissions on sureties	3,577	3,326	(251)
- Other accrued expenses	11,240	34,475	23,235
Total accrued expenses	**14,817**	**37,801**	**22,984**
Deferred income:			
- Provision of services	2,632	979	(1,653)
- Rental income	2	5	3
Total deferred income	**2,634**	**984**	**(1,650)**
Total accrued expenses and deferred income	**17,451**	**38,785**	**21,334**

30. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given are set out below:

- contractual sureties: these total €14,827.7 million (including €5,190.0 million and €2,353.8 million issued directly by Lane Group and Astaldi Group, respectively) and are given to customers as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts. In turn, the group companies have guarantees given by their subcontractors;

- sureties for bank loans: they amount to €123.5 million and include €20.7 million relating to Astaldi Group;
- sureties granted for export credit: €152.0 million;

- other guarantees: they amount to €1,613.9 million and comprise guarantees related to customs and tax obligations (€29.5 million) and other commitments (such as environmental remediation and export credit) (Euro 1,584.4 million);
- collateral related to a lien on the shares of a SPE (€13.2 million);
- collateral related to a lien on the shares of the subsidiary Webuild S.p.A., given as a guarantee of a loan granted for €210.0 million;
- collateral related to mortgages registered on real estate complexes and lands for a total of €115.2 million.

Tax disputes

Webuild S.p.A.

With respect to the principal dispute with the tax authorities:

- the dispute about the assessment notice challenging the tax treatment of impairment losses and losses on the sale of assets recognised by the parent in 2003 has been settled. The main issue related to the sale by Impregilo S.p.A. (now Webuild S.p.A.) of its investment in the Chilean operator Costanera Norte to Impregilo International Infrastructures N.V. had been cancelled by the Milan Regional Tax Commission on 11 September 2009 (higher assessed tax base of €70 million). After the hearing held on 24 April 2018 and the filing of a motion for the suspension of the trial on 14 November 2018, the Supreme Court ordered the case be placed on the court calendar again on 29 November 2018. The parent applied the procedure for the out- of-court settlement of tax disputes introduced by article 6 of Decree law no. 119 of 23 October 2018, converted into Law no. 136 of 17 December 2018. On 28 May 2019, it presented its application for the voluntary settlement procedure for the pending tax disputes (payment of €1.2 million) and opted for payment by instalments;
- the Supreme Court hearing was held on 17 January 2020 to discuss the reimbursement of tax assets with a nominal amount of €12.3 million acquired from third parties as part of previous non-recurring transactions. The court quashed the second level ruling ordering the case to be transferred to the regional tax commission. The parent filed a petition for the resumption of the hearing within the legal term;
- a dispute related to 2005 about the technique used to "realign" the carrying amount of equity investments as per article 128 of Presidential decree no. 917/86 (greater assessed tax base of €4.2 million) is still pending before the first level court while with respect to another dispute with the same subject but for 2004 (greater assessed tax base of €0.4 million), the Supreme Court accepted the parent's grounds and ordered the case be sent to the Lombardy Regional Tax Commission which fully accepted the parent's appeal in the hearing of 14 January 2019 with its ruling of 12 February 2019. The tax authorities appealed this ruling on 11 September 2019 and the appeal still has to be allocated to the relevant section of the court;
- with respect to another dispute again related to 2005 and the costs of a joint venture set up in Venezuela for which the greater assessed tax base is €6.6 million, the Regional Tax Commission filed its ruling entirely in the parent's favour on 19 May 2015; the tax authorities appealed to the Supreme Court on 28 December 2015 challenging the procedure while stating that the findings do not relate to the appeal. The parent has filed its defence brief. The hearing was held on 17 January 2020 and the Supreme Court found the tax authorities' appeal to be inadmissible;
- on 23 December 2019, the company received an assessment notice for assessed IRES tax for 2014 of approximately €1.2 million (plus fines and interest). The notice refers to: (i) for a minimum part, the alleged incorrect application of transfer pricing rules to sureties provided free of charge on behalf of foreign subsidiaries, on which it should allegedly have charged commissions of €0.7 of Decree. (ii) the alleged undue deduction of the "ACE relief" (Aid for Economic Growth) of €3.5 thousand contrary to

the provisions of article 10 of the Ministry of the Economy and Finance's decree of 14 March 2012. The dispute was settled using the mutually-agreed settlement procedure as proposed by the tax authorities which decreased the total claim (taxes, fines and interest) from approximately €2.4 million to around €0.4 million;

- after their tax inspection into 2015, the tax authorities notified Constructor M2 Lima consortium of an assessment notice claiming approximately €15.9 million. The main allegation made by the local tax authorities (SUNAT) is due to a different interpretation of the accounting treatment of revenue from contract with customers for work carried out under the IFRS. The parent's investment in the consortium is 25.5%, which means the portion of assessed tax attributable to it is about €4.06 million. Since the consortium deems that the accounting treatment it adopted is correct, it challenged the above assessment notice within the term prescribed by the local law;
- on 21 January 2021, the local tax authorities (ERCA) served an assessment notice to the Ethiopian branch relating to the 2017, 2018 and 2019 corporate income tax. The most significant assessment relates to the calculation of revenue. Indeed, the tax inspectors did not agree on the adoption of the cost to cost method, despite it being provided for by the local tax law and the IFRS. The tax authorities' treatment would increase the tax base by about €324 million in local currency. Since the subsidiary deems that the accounting treatment it adopted is correct, assisted by its advisors, it duly challenged the part relating to revenue recognition of the above assessment notice within the term prescribed by the local law, while settling the other "minor" assessments by paying the claimed amount.

With respect to the above pending disputes, after consulting its legal advisors, the subsidiary believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it has deemed that it would be opportune to settle the dispute, as explained earlier in more detail, it exercised the options to agree as provided for by the relevant legislation, such as the procedure for the out-of-court settlement of pending disputes, the procedure for the out-of-court settlement of the positions assigned to the collection agency, the court-ordered settlement procedure after the mutually-agreed settlement procedure.

HCE Costruzioni S.p.A.

After the Milan Regional Tax Commission filed a ruling at the end of March 2015 on the IRES assessment notices for 2006/2007/2008 received by the subsidiary Imprepar (today HCE Costruzioni S.p.A. cancelling all the main findings notified by the tax authorities for a higher taxable amount of €12 million and the tax authorities' appeal to the Supreme Court made in November 2015 followed by the defence brief filed by the subsidiary, the subsidiary paid the first instalment and applied the procedure for the out-of-court settlement of tax disputes introduced by article 6 of Law decree no. 119 of 23 October 2018 converted into Law no. 136 of 17 December 2018. On 30 May 2019, it presented its application for the voluntary settlement procedure (which writes off fines and interest) for the pending tax disputes (payment of €0.4 million) and opted for payment by instalments.

On 18 June 2018, Imprepar (today HCE Costruzioni S.p.A.) received a notice to pay assessed registration tax of approximately €0.7 million. The Company has appealed promptly against the applicability of this notice to the competent tax commission which accepted the subsidiary's appeal and cancelled the notice to pay. Notification that the tax authorities have appealed this ruling has not yet been received.

With respect to the above pending disputes, after consulting its legal advisors, the company believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it has deemed that it would be opportune to settle the dispute, as explained earlier in more detail, it exercised the options to agree as provided for by the relevant legislation, such as the procedure for the out-of-court settlement of pending disputes, the procedure for the out-of-court settlement of the positions assigned to the collection agency, the court-ordered settlement procedure after the mutually-agreed settlement procedure.

Fisia Ambiente S.p.A.

After the 2013 IRES tax audit and the 2013, 2014 and 2015 VAT audit, the Genoa tax office inspectors identified findings for IRES purposes for 2013 related to alleged undue deductions of €1.5 million for the use of the loss allowance and the alleged undue deduction of VAT of €0.3 million on costs incurred for the defence of managers and other employees in criminal court proceedings in 2013, 2014 and 2015. Fisia Ambiente appealed against these assessments in fact and in law with its comments and applications filed in accordance with article 12.7 of Law no. 212/2000. The tax authorities fully accepted the inspectors' findings and notified two assessment notices for 2013, one for IRES and one for VAT. In turn, the subsidiary has filed reasoned requests for a mitigation hearing as per article 6 and following articles of Legislative decree no. 218/1997.

The mutually-agreed settlement procedure for the VAT was not successful and, in June 2019, the subsidiary appealed to the competent tax commission commencing the relevant legal proceedings. The competent tax commission has issued its ruling: (i) partly accepting the subsidiary's appeal for 2013, (ii) rejecting the appeal for 2014, and (iii) fully accepting its appeal for 2015 thereby cancelling the assessment notice. An appeal has been filed for all cases.

Negotiations for settlement of the assessed IRES were successful and the subsidiary paid the first of four instalments on 27 May 2019.

With respect to the above pending disputes, after consulting its legal advisors, the company believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it has deemed that it would be opportune to settle the dispute, as explained earlier in more detail, it exercised the options to agree as provided for by the relevant legislation, such as the procedure for the out-of-court settlement of pending disputes, the procedure for the out-of-court settlement of the positions assigned to the collection agency, the court-ordered settlement procedure after the mutually-agreed settlement procedure.

Fibe S.p.A.

Fibe has a pending dispute about the local property tax (ICI) on the Acerra waste-to-energy plant.

In January 2013, the company received tax assessment notices from the Acerra municipality with respect to the waste-to-energy plant, which requested payment of local property tax and related penalties for approximately €14.3 million for the years 2009-2011. The amount requested by the municipality and challenged by Fibe was confirmed as far as its applicability but reduced in terms of its amount and penalties by the Naples Regional Tax Commission.

It appealed against the second level ruling with the Supreme Court and the case is still pending. However, in 2015, it set aside a provision for an amount equal to the assessed tax plus accrued interest on a prudent basis. On 7 March 2018, Fibe applied for the procedure for the out-of-court settlement of the positions assigned to the collection agency as per article 1 of Decree law no. 148/2017 converted with modifications into Law no. 172/2017.

The disputes about the following are still pending:

1) Assessment notice for 2003 IREPG, IRAP and VAT issued by the Casoria tax office about assessed taxes of €6.5 million. The company has been challenged for the following violations:
(i) undue deduction of costs of €3.1 million contrary to the principle of pertinence/accruals basis; and
(ii) undue deduction of VAT of €2.0 million
as a result of the application of a higher-than-allowed rate.

The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 497 filed on 25 June 2009, which the tax office appealed. The company presented its defence brief and counter-appeal. The Naples Regional Tax Commission confirmed that costs of €2,771,179.66 were to be taxed, due to their non-compliance with the pertinence/accruals basis principle in its ruling no. 27/1/12 filed on 12 January 2012 while also confirming the deductibility of VAT of €1,839,943.61. The tax office has appealed to the Supreme Court. The company in turn has presented its defence brief and appeal. A date for the court hearing has not yet been set.

2) Assessment notice for 2004 VAT issued by the Casoria tax office about assessed VAT of €5.2 million. It alleges the subsidiary unduly deducted VAT based on the assumption that all the services received by it should have been invoiced with the lower rate of 10% instead of the ordinary rate (20%). The Naples Provincial Tax Commission accepted the company's appeal in its ruling no. 498/01/09 filed on 25 June 2009 and cancelled the assessment notice, which the tax office appealed. The company presented its defence brief and counter-appeal. The Naples Regional Tax Commission handed down its ruling no. 26/1/2012 filed on 23 January 2020, which (i) after having decided in favour of the subsidiary, fully in line with its defence grounds, which was the "*quaestio iuris*", whose resolution was essential to confirm or cancel the tax assessment; and (ii) nonetheless confirmed the tax office's assessed taxes and related fines (i.e., as recalculated by the tax office in its appeal). The company has appealed to the Supreme Court and the hearing date has been deferred.

3) Assessment notice for the 2012 IMU property tax, issued by the Acerra municipal authorities for the assessed tax of €551 thousand for the WtE plant. The company promptly presented its appeal which was filed on 20 April 2017. The Provincial Tax Commission rejected the appeal with ruling no. 17386 filed on 14 December 2017 which the company appealed on 5 July 2019. The Regional Tax Commission handed down its ruling on 13 January 2020, which was not in the company's favour. The company has appealed to the Supreme Court.

With respect to the above pending disputes, after consulting its legal advisors, the company believes that it has acted correctly and deems that the risk of an adverse ruling is not probable. When it has deemed that it would be opportune to settle the dispute, as explained earlier in more detail, it exercised the options to agree as provided for by the relevant legislation, such as the procedure for the out-of-court settlement of pending disputes, the procedure for the out-of-court settlement of the positions assigned to the collection agency, the court-ordered settlement procedure after the mutually-agreed settlement procedure.

Astaldi S.p.A.

With respect to the principal dispute with the Italian and foreign tax authorities:

- on 14 April 2020, the Italian tax authorities notified the subsidiary of their refusal to its proposal to settle tax liabilities as per article 182-ter of the Bankruptcy Law presented as part of its composition with creditors procedure. The above proposal requested the cancellation due to non-application of the higher fines, amounting to approximately €8 million, on the tax liabilities attributable exclusively to the prohibition imposed by the composition with creditors procedure to pay liabilities already due prior to the filing of the related application with reservation. The company presented its appeal on 9 July 2020, challenging a number of issues of the refusal on the merits and in law. As provided for in the composition with creditors proposal, the subsidiary will pay the preferential tax liabilities in full, taking into account the above-mentioned refusal and, should the outcome of the dispute be favourable for it, it will recover the higher amounts paid;
- on 28 August 2020, the Italian tax authorities notified the subsidiary of a recovery notice for alleged undue offsetting of excess VAT transferred by subsidiaries under the 2017 group VAT scheme. The assessed amount is €4.8 million, plus fines and interest of €1.4 million and €0.5 million, respectively. This notice arises from a dispute about the 2017 VAT assets claimed for reimbursement through the tax return. As part of the investigation carried out by the Italian tax authorities into the reimbursability of such tax assets, the tax authorities challenged the methods used by Astaldi to calculate the net output/input VAT balances transferred by the subsidiaries to it as the tax consolidator under the group VAT scheme. As a result of this different interpretation, the Italian tax authorities partially disallowed the reimbursement, due to non-compliance with the requirements provided for by the applicable legislation and authorised the carrying forward of the part of the claim (allegedly) not reimbursable. Since it believes that it has acted correctly, the company challenged the partial disallowance in court, also supported by the tax authorities' own practices. The dispute is still pending. Should it lose the case, the tax consequences will be immaterial, including in terms of fines, as it will only carry forward a higher amount of tax assets.

  The above recovery notice for alleged undue offsetting is the result of a different interpretation by the tax authorities of how the net output/input VAT transferred by companies within a group VAT scheme should be calculated. Under this interpretation, it should also recalculate the interim net excesses of VAT offset on a monthly basis. Since the resulting higher amounts offset have not been confirmed when filing the annual VAT return, the tax authorities issued the related recovery notice. The company duly challenged such recovery notice in court and also this dispute is still pending. Also in this case, should it lose the case, against the tax authorities' recovery of the amount allegedly unduly offset, the subsidiary will carry forward a higher amount of VAT assets and will solely bear the related fines and interest. Supported by the opinion of its advisors, the company believes that the risk of losing the case is remote;
- Costa Rican branch: in 2013, the local tax authority commenced an audit of the branch's calculation of its 2010 direct tax base. The audit concluded with the notification of an assessment of higher taxable amount due to the disallowance of the deductibility of various costs (amortisation and depreciation, personnel remuneration, losses and travel and transport costs), for an amount due of CRC 776,803,156 (to the equivalent of approximately €1.2 million at current exchange rates). A separate notice imposed fines of CRC 194,200,789 (to the equivalent of approximately €0.3 million at current exchange rates). With the assistance of its advisors, the company has commenced the local administrative and legal procedures to challenge the above assessment and to defend the correctness of its actions. On 3 December 2020, the tax authorities issued a resolution confirming the company's amounts. The procedures for having the proceeding declared closed are currently being assessed.

  In 2015, the same branch received a notice from the local tax authorities that disallowed certain withholding tax assets for 2011, 2012 and 2013. The initial assessed amount is CRC 640,694,557 (to the equivalent of about €0.9 million at current exchange rates) against which the subsidiary has commenced the local administrative and legal procedures with the assistance of its advisors. The tax authorities subsequently

decreased the assessed amount to CRC 132,305,779 (to the equivalent of approximately €0.2 million at current exchange rates). The proceedings are still ongoing with a remote risk of losing the case;

- Salvadoran branch: in 2016, this branch received a notice of assessment from the local tax authorities relating to its tax base and related income taxes for 2012. In this assessment, the local tax authorities alleged undeclared revenue and income and costs and disallowed the deductibility of certain expenses and specifically: (i) allegedly undeclared revenue of USD 23.5 million (to the equivalent of approximately €20.5 million) for the proceeds arising from the out-of-court agreement settling the dispute related to the El Chaparral hydroelectric power plant project, (ii) interest income of USD 0.8 million (equal to about €0.7 million) allegedly accrued on intragroup loans, (iii) revenue and income reported as tax-exempt or non-taxable amounting to USD 13.4 million (to the equivalent of approximately €11.7 million), (iv) costs of USD 15.4 million (to the equivalent of approximately €13.5 million) whose deductibility was contested. As a result, the local tax authorities recalculated the income tax due by the branch for 2012 and assessed higher taxes of USD 9.1 million (equal to approximately €8 million), plus fines and interest. With the assistance of its advisors, the company has commenced the procedures to challenge all assessments. The proceedings are still ongoing with a remote risk of losing the case;
- COMERI S.p.A.: on 3 November 2010, upon completion of a general direct and indirect tax audit, this group company received a preliminary assessment report from the Rome tax police. In 2015, the tax authorities notified the company of the related assessment notice that repeated the same issues raised in the above preliminary assessment report. The company promptly appealed against the above-mentioned notice and concurrently started discussions with the tax authorities to obtain the administrative cancellation of the assessment. The Rome Provincial Tax Commission allowed the appeal with ruling no. 29543/50/16 filed on 17 November 2016 and deposited on 20 December 2016. The date of the second level hearing is still to be fixed. For completeness, it should be noted that the above preliminary assessment report also challenges the tax treatment of the out-of-court agreement signed by Astaldi and ANAS S.p.A. on 3 May 2010 to settle the technical claims recognised in the work site's accounts up to 31 December 2008. The tax police have mistakenly considered the amounts as additional consideration rather than compensation for damage, therefore applying VAT at 20%. Furthermore, COMERI S.p.A. had previously submitted the out-of-court agreement in question to the tax authorities on 15 June 2010, which requested and accepted payment of the proportional registration tax on the above claims, confirming, by conduct, that they should be subject to indirect taxes, having considered them to have a compensation nature and being, therefore, VAT-exempt. Supported by the opinion of its advisors, the company believes that the risk of losing the case is remote;
- Astaldi Canada Inc: in September 2019, as a result of an audit carried out by the local tax authorities, Astaldi Canada Inc., Astaldi's Canadian subsidiary, received a tax notice alleging omitted withholdings of about CAD1.7 million (to the equivalent of about €1.1 million) on Astaldi's fees for the guarantees it gave on behalf and in the interest of the Canadian subsidiary in 2015 and 2016. With the assistance of its advisors, the company Astaldi Canada Inc. has commenced the procedure to challenge the assessment notice and defend its position to support the fact that it had acted correctly. The case is still pending. Supported by the opinion of its advisors, the Canadian subsidiary believes that the risk of losing the case is remote;
- Astaldi Arabia Ltd: the local tax authorities adjusted the 2007, 2008 and 2009 income tax returns of this Astaldi group company with registered office in Saudi Arabia. As a result of these adjustments, based on the disallowance of certain costs (imports, interest and other costs and expenses), the higher assessed tax amounts to SAR1.4 million, SAR20.2 million and SAR36.6 million, respectively (to the equivalent of a total of approximately €13 million), plus fines totalling SAR76 million (to the equivalent of approximately €17 million). With the assistance of its local advisors, Astaldi Arabia Ltd has commenced the necessary procedures to challenge the above-mentioned tax assessment, also taking into account the possibility to avail of the option provided for by the relevant legislation, which allows the settlement of the entire pending case through the payment of only the higher tax and full cancellation of the fines.

  Moreover, the local tax authorities have contested irregularities for VAT purposes (introduced into local law in 2018) assessing taxes and fines totalling SAR137.7 million (to the equivalent of approximately €30.8 million). With the assistance of its local advisors, the company has commenced the necessary procedures to have the tax assessment dismissed in its entirety.

31. Financial instruments and risk management

Classes of financial instruments

The Salini Costruttori Group's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2019 *(€'000)*	Notes	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through other comprehensive income	Total	Fair value
Financial assets							
Derivatives and non-current financial assets	10	378,336	0	0	0	378,336	378,336
Trade receivables	14	1,823,571	0	0	0	1,823,571	1,823,571
Other current financial assets	15	216,015	268	0	0	216,283	216,283
Cash and cash equivalents	18	1,024,782	0	0	0	1,024,782	1,024,782
Total financial assets		**3,442,704**	**268**	**0**	**0**	**3,442,972**	**3,442,972**

31 December 2019 *(€'000)*	Notes	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through other comprehensive income	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	21	1,245,652	0	0	0	1,245,652	1,248,472
Bonds	22	1,105,184	0	0	0	1,105,184	1,081,059
Finance lease liabilities	23	160,350	0	0	0	160,350	160,350
Derivatives and other current financial liabilities	24	0	2,012	0	0	2,012	2,012
Trade payables	27	2,614,515	0	0	0	2,614,515	2,614,515
Total financial liabilities		**5,125,702**	**2,012**	**0**	**0**	**5,127,714**	**5,106,409**

31 December 2020 *(€'000)*	Notes	Financial assets at amortised cost	Financial assets at fair value through profit or loss	Hedging derivatives	Financial assets at fair value through other comprehensive income	Total	Fair value
Financial assets							
Derivatives and non-current financial assets	10	322,016	0	665	0	322,681	322,681
Trade receivables	14	1,884,791	0	0	0	1,884,791	1,884,791
Other current financial assets	15	312,185	2,259	0	0	314,444	314,444
Cash and cash equivalents	18	2,458,123	0	0	0	2,458,123	2,458,123
Total financial assets		**4,977,115**	**2,259**	**665**	**0**	**4,980,039**	**4,980,039**

31 December 2020 (€'000)	Notes	Other liabilities at amortised cost	Financial liabilities atfair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through other comprehens ive income	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	21	2,102,938	0	0	0	2,102,938	2,106,614
Bonds	22	1,535,530	0	0	0	1,535,530	1,505,066
Finance lease liabilities	23	178,407	0	0	0	178,407	178,407
Derivatives and other current financial liabilities	24	0	0	0	0	0	0
Trade payables	27	2,707,827	0	0	0	2,707,827	2,707,827
Total financial liabilities		**6,524,702**	**0**	**0**	**0**	**6,524,702**	**6,497,914**

Risk management

The Group is exposed to financial risks which encompass all the risks related to capital availability, affected by credit and liquidity management.

	2019		2020	
(€m)	-5%	+5%	-5%	+5%
US dollar	8.33	(8.33)	1.60	(1.60)
Ethiopian birr	5.19	(5.19)	2.37	(2.37)
Australian dollar	0.18	(0.18)	1.35	(1.35)
Colombian peso	2.93	(2.93)	3.45	(3.45)
Tajikistani somoni	(0.11)	0.11	0.53	(0.53)
South African rand	(1.15)	1.15	(1.00)	1.00

This analysis excludes the effects of the translation of the equity of Group companies with a currency other than the Euro.

Interest rate risk

Considering the Group's predominantly fixed rate debt structure in 2020, had interest rates increased or decreased by an average 75 basis points in 2020, the profit before tax would have been respectively smaller or greater by a maximum of €11.3 million (2019: €6.2 million), assuming that all other variables remained constant and without considering cash and cash equivalents.

Credit risk

Credit risk is that deriving from the Group's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations.

Management of this risk is complex, starting as early as the assessment of offers, through a careful analysis of the characteristics of the countries in which the activities should be carried out and the customers, which are usually state or similar bodies, requesting an offer.

Therefore, this risk can be essentially assimilated to the country risk. An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers (contract assets and liabilities) in relation to contract work in progress as a whole.

A breakdown of working capital by geographical segment is set out below:

Working capital by country *(€'000)*	31 December 2019	31 December 2020
Italy	(20,752)	(142,201)
Other EU countries	451,345	368,964
Other non-EU countries	(37,341)	(45,157)
America	86,675	(41,750)
Asia/Middle East	14,032	368,107
Africa	311,004	452,503
Australia	(68,680)	(360,166)
Total	**736,283**	**600,300**

The reconciliation of the reclassified statement of financial position details the items included in working capital.

The Group's exposure to customers, broken down by contract location, is analysed below:

Exposure to customers by country *(€'000)*	Receivables	Contract assets	Contract liabilities	Total exposure	Allowances
31 December 2019					
Italy	747,639	186,586	(140,407)	793,818	79,069
Other EU countries	107,185	468,669	(22,797)	553,057	4,002
Other non-EU countries	154,256	21,550	(66,358)	109,448	0
America	313,015	212,392	(264,117)	261,290	252,967
Asia/Middle East	243,379	615,007	(63,608)	794,778	11,146
Africa	246,157	454,546	(393,981)	306,722	15,344
Australia	11,939	81,700	(236,448)	(142,809)	0
Total	**1,823,570**	**2,040,450**	**(1,187,716)**	**2,676,304**	**362,528**
31 December 2020					
Italy	831,496	372,791	(839,720)	364,568	93,009
Other EU countries	187,785	664,578	(36,878)	815,485	6,161
Other non-EU countries	151,461	48,270	(83,056)	116,675	0
America	374,623	221,398	(280,512)	315,509	312,013
Asia/Middle East	200,572	783,152	(121,686)	862,038	5,970
Africa	129,733	480,080	(292,195)	317,618	12,850
Australia	9,121	183,934	(478,729)	(285,674)	0
Total	**1,884,791**	**2,754,203**	**(2,132,776)**	**2,506,219**	**430,003**

The "Main risk factors and uncertainties" section of the Directors' report provides information about country risk for Libya, Venezuela, Nigeria, Argentina and the Ukraine.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to the Group at the agreed terms and deadlines.

The Group's strategy aims at ensuring that each ongoing contract is financially independent, considering the structure of the consortia and SPEs, which may limit the availability of financial resources to achievement of the related projects. Moreover, liquidity management takes into account restrictions to currency transfers imposed by the legislation of some countries.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below:

(€'000)	31 December 2021	31 December 2022	31 December 2023	After	Total
Current account liabilities	87,728	0	0	0	87,728
Bonds	295,674	50,125	50,125	1,409,625	1,805,549
Payables due to banks	949,520	466,559	48,307	265,112	1,729,498
Lease liabilities	83,401	46,162	43,652	14,473	187,688
Gross financial liabilities	**1,416,323**	**562,846**	**142,084**	**1,689,210**	**3,810,463**
Trade payables	2,707,827	0	0	0	2,707,827
Total payables	**4,124,150**	**562,846**	**142,084**	**1,689,210**	**6,518,290**

The previous year figures are as follows:

(€'000)	31 December 2020	31 December 2021	31 December 2022	After	Total
Current account liabilities	100,227	0	0	0	100,227
Bonds	31,336	631,250	8,750	517,524	1,188,860
Payables due to banks	124,737	94,611	584,969	138,243	942,560
Lease liabilities	66,040	46,673	27,178	34,445	174,336
Interest rate derivatives	2,012	0	0	0	2,012
Gross financial liabilities	**324,352**	**772,534**	**620,897**	**690,212**	**2,407,995**
Trade payables	2,614,515	0	0	0	2,614,515
Total payables	**2,938,868**	**772,534**	**620,897**	**690,212**	**5,022,511**

Future interest has been estimated based on the market interest rates at the date of preparation of these separate financial statements, summarised in the notes.

The "After" balance for bonds relates to the bonds issued in the second half of 2017 for redemption in 2024 (see note 22).

Liquidity risk management is mainly based on maintaining a balanced financial position. This strategy is pursued by each of the Group's operating companies.

The Group has constantly monitored this risk and has not currently identified particular problems considering its cash and cash equivalents at 31 December 2020.

(€'000)	Total financial commitments due before 31-3-21 (*)	Cash and cash equivalents (**)	Difference
Salini Costruttori S.p.A.	18,878	16	(18,862)
Subsidiaries	1,554,395	1,469,125	(85,270)
SPEs	644,017	735,730	91,713
Joint operations	96,090	181,045	84,955
Consolidated total	**2,313,380**	**2,385,915**	**72,535**

(*) does not include amounts due to Group companies.

(**) net of tied-up liquidity.

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. The following levels can be distinguished:

- Level 1 – Fair values measured using quoted prices in active markets;
- Level 2– Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on observable market data;
- Level 3 – Fair values measured using valuation techniques for which inputs significant to the fair value measurement are based on unobservable market data.

Financial instruments recognised by the Salini Costruttori Group at fair value are classified at the following levels:

(€'000)	Note	Level 1	Level 2	Level 3
Derivative assets	10	0	268	0
Derivative liabilities	24	0	(2,012)	0
Total		**0**	**(1,744)**	**0**

There were no movements from Level 1 to Level 2 during 2020 or vice versa.

Change in assets and liabilities from financing activities

The following table shows changes in assets and liabilities from financing activities as required by IAS 7.44:

(€'000)	Changes in cash flows from financing activities	Non-monetary items	Change in scope of consolidation	Change in exchange rates	Other changes	Total changes
Non-current financial assets	(69,278)	5,410	(46,894)	9,503	156,915	**55,655**
Derivatives and other current financial assets	49,518	(26,868)	(145,668)	0	24,857	**(98,160)**
Non-current derivatives	(7)	0	0	0	7	**0**
Non-current financial liabilities - related parties and other unconsolidated group companies	(2,665)	0	2,665	0	0	**0**
Current financial liabilities - related parties and other unconsolidated group companies	(314)	5,473	0	0	1,032	**6,191**
Derivatives and other current financial liabilities	(2,012)	0	0	0	0	**(2,012)**
	(24,758)	**(15,985)**	**(189,897)**	**9,503**	**182,811**	**(38,326)**

Statement of profit or loss

32. Revenue

Revenue for 2020 amounts to €5,024.4 million, down 2.0% on the previous year.

(€'000)	FY 2019	FY 2020	Change
Revenue from contracts with customers	4,772,478	4,246,570	(525,907)
Other revenue	360,107	229,609	(130,498)
Badwill	0	548,177	548,177
Total revenue and other income	**5,132,584**	**5,024,356**	**(108,228)**

The main contributors to the revenue are some large projects and, specifically, Lane Group's projects, the high speed/capacity railway works for the Milan - Genoa railway line section, the Ethiopian contracts, the projects in Australia to design, build and maintain the Perth Metro and the civil engineering and electromechanical works for the Snowy 2.0 project and the projects in Saudi Arabia including the design and building of the new Riyadh Metro and the Rogun Dam in Tajikistan.

On 5 November 2020, Webuild acquired Astaldi, which contributed revenue of €304.2 million for the period from its acquisition date to the reporting date.

A breakdown of revenue and other income by geographical segment is as follows:

(€'000)	FY 2019	Percentage of total	FY 2020	Percentage of total
Italy	**884,906**	**17%**	**1,530,968**	**30%**
Middle East	1,340,214	26%	687,034	14%
Oceania	297,212	6%	374,432	7%
Non-EU	203,134	4%	344,083	7%
Africa	488,546	10%	332,677	7%
EU (excluding Italy)	427,462	8%	319,022	6%
Asia	254,190	5%	237,218	5%
Americas (excluding Lane)	198,142	4%	211,893	4%
Abroad	**3,208,900**	**63%**	**2,506,359**	**50%**
Lane	**1,038,778**	**20%**	**987,028**	**20%**
Total	**5,132,584**	**100%**	**5,024,356**	**100%**

A breakdown of contract revenue is given in the following table:

(€'000)	FY 2019	FY 2020	Change
Works invoiced to customers	4,618,258	4,166,819	(451,440)
Services	119,737	62,664	(57,073)
Sales	40,682	20,962	(19,720)
Real estate projects	(6,200)	(3,875)	2,325
Total contract revenues	**4,772,478**	**4,246,570**	**(525,907)**

Variable consideration was equal to 4.2% of revenue from contracts with customers during the year.

The transaction price of ongoing contracts allocated to the unsatisfied performance obligations amounts to €30,419.2 million at 31 December 2020. The Group will recognise this amount as revenue in future periods in line with the available forecasts.

(€m)	Revenue related to unsatisfied (or partially satisfied) performance obligations which will be recognised in future years	of which: from 2021 to 2023	of which: after
Total revenues		19,509.3	10,910.0

Ongoing contracts include contracts with customers if they meet the criteria of IFRS 15.9[59]. The item includes variable consideration when its realisation is highly probable.

A breakdown of other income is given in the following table:

(€'000)	FY 2019	FY 2020	Change
Recharged costs	132,214	104,829	(27,385)
Other income from joint ventures and consortia	140,172	33,676	(106,496)
Gains on the disposal of non-current assets	22,080	10,262	(11,818)
Insurance reimbursements	2,844	11,192	8,348
Other income	62,796	69,649	6,853
Total other income	**360,106**	**229,608**	**(130,498)**

Other income mostly refers to contract work in progress and specifically industrial activities and related works not directly related to contracts with customers. The decrease of €130.5 million is mostly due to the smaller income from cost recharges to non-controlling consortium members (other income in the consortium's financial statements) as a result of the reduction of Condotte's interest in the COCIV consortium to the minimum at the end of 2019 (as described in the 2019 Annual Report). The Group's activities involve its participation in numerous SPEs that, especially in Italy, use the consortium structure, which works using a cost recharging system whereby the costs incurred by the SPE are invoiced to the consortium members in line with their investment percentages. As this income does not arise on the performance of the contract obligations or contract negotiations, it is recognised as "Other income".

The gain from bargain purchase of €548.2 million was recognised as a result of the PPA procedure for the acquisition of Astaldi Group (see note 5).

(€'000)	FY 2019	FY 2020	Change
Badwill	0	548,177	548,177
Total badwill	**0**	**548,177**	**548,177**

[59]a) the parties to the contract have approved the contract (in writing, orally or in accordance with other customary business practices) and are committed to perform their respective obligations; b) the entity can identify each party's rights regarding the goods or services to be transferred; c) the entity can identify the payment terms for the goods or services to be transferred; d) the contract has commercial substance (i.e., the risk, timing or amount of the entity's future cash flows is expected to change as a result of the contract); and e) it is probable that the entity will collect the consideration to which it will be entitled in exchange for the goods or services that will be transferred to the customer.

33. Operating expenses

Operating expenses for 2020 amount to €4,624.1 million compared to €4,880.4 million at 31 December 2019.

The item may be broken down as follows:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Purchases	571,297	573,187	1,890
Subcontracts	1,773,984	1,498,293	(275,691)
Costs for services	1,286,691	1,186,014	(100,677)
Personnel costs	792,175	845,985	53,810
Other operating expenses	181,742	161,761	(19,980)
Amortisation, depreciation, provisions and impairment	274,507	358,824	84,317
Total operating costs	**4,880,396**	**4,624,064**	**(256,331)**

In addition to the impact of Covid-19, the variations in the individual items compared to 2019 are due to the different cost structures that vary from contract to contract and may, in some cases, entail changes in the industrial operating model from one year to another. Moreover, as these are large-scale infrastructural works that take several years to complete, resort to normal production factors depends on the stage of completion of each contract in any given year. These changes may generate significant variations in the percentage of the related cost categories depending on the contract and the year, while not affecting the total percentage of costs of total revenue.

33.1 Purchases

The cost of raw materials and consumables incurred in 2020 increased by €3.8 million to €575.1 million.

(€'000)	**FY 2019**	**FY 2020**	**Change**
Purchases of raw materials and consumables	542,154	570,103	27,950
Change in raw materials and consumables	29,144	3,084	(26,060)
Total raw materials and consumables	**571,297**	**573,187**	**1,890**

33.2 Subcontracts

Costs of subcontracts decreased to €1,498.3 million, down €257.7 million on the previous year, as shown in the following table:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Subcontracts	1,773,984	1,498,293	(275,690)
Total subcontracts	**1,773,984**	**1,498,293**	**(275,690)**

The decrease is chiefly due to the reduction in subcontracting costs for the South Al Mutlaa Housing Project in Kuwait, Lane Group, the Cityringer Metro in Copenhagen and the ongoing projects in Qatar.

33.3 Services

At 31 December 2020, costs for services decreased to €1,186.0 million, down €100.7 million on the previous year, as shown in the following table:

(€'000)	FY 2019	FY 2020	Change
Consultancy and technical services	560,940	552,161	(8,778)
Recharging of costs by consortia	279,769	267,181	(12,588)
Leases	165,875	144,192	(21,683)
Insurance	68,041	42,408	(25,633)
Transport and customs	72,601	52,887	(19,714)
Maintenance	23,140	26,746	3,606
Fees to directors, statutory auditors and independent auditors	14,963	14,546	(416)
Others	101,363	85,890	(15,472)
Total costs for services	**1,286,691**	**1,186,014**	**(100,678)**

Leases include rent and leases with variable payments for assets of a low value and leases with a term of less than 12 months. The related payments are recognised in profit or loss immediately.

"Consultancy and technical services" decreased by €8.8 million and mainly consist of the design and construction costs incurred by the SPEs and legal and administrative consultancy fees. A breakdown of this item is as follows:

(€'000)	FY 2019	FY 2020	Change
Design and engineering services	327,478	309,429	(18,050)
Construction	108,937	142,019	33,082
Legal, administrative and other services	123,823	100,218	(23,605)
Other	701	496	(205)
Total consultancy and technical services	**560,940**	**552,161**	**(8,778)**

33.4 Personnel expenses

Personnel expenses for 2020 amount to €846.0 million, up €53.8 million on 2019. The item is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Salaries and wages	616,099	642,706	26,607
Social security and pension contributions	115,568	134,610	19,042
Post-employment benefits and employee benefits	13,647	14,663	1,016
Other payroll costs	46,861	54,006	7,145
Total personnel expenses	**792,175**	**845,985**	**53,810**

The increase is partly (€35.8 million) due to the consolidation of Astaldi Group from 5 November 2020.

"Other" mainly relates to termination benefits and reimbursements of travel expenses.

33.5 Other operating expenses

Other operating expenses amount to €161.8 million, down €20.0 million on the previous year.
The item is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Other operating costs	72,823	71,578	(1,245)
Commissions on sureties	71,133	65,836	(5,297)
Bank charges	16,596	5,270	(11,326)
Losses on disposals	3,959	8,914	4,955
Other non-recurring costs	17,230	10,163	(7,067)
Other operating expenses	**181,742**	**161,761**	**(19,980)**

The decrease of €20.0 million is mostly due to operating bank charges and other non-recurring costs. Other operating costs include the cost of the out-of-court agreement with Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration (€15.0 million).

33.6 Amortisation, depreciation, provisions and impairment losses

This item includes amortisation, depreciation and provisions of €185.2 million and impairment losses of €173.6 million, showing an increase of €13.1 million and €71.2 million on the previous year, respectively.

(€'000)	FY 2019	FY 2020	Change
Total impairment losses	**102,423**	**173,640**	**71,217**
Depreciation of property, plant and equipment	93,071	75,555	(17,516)
Depreciation of right-of-use assets	51,052	52,322	1,270
Amortisation of contract costs	25,232	31,216	5,984
Amortisation of rights to infrastructure under concession	1,135	1,470	335
Amortisation of intangible assets	593	624	31
Amortisation/depreciation	171,083	161,187	(9,897)
Accruals	1,001	23,998	22,997
Total amortisation, depreciation and provisions	**172,084**	**185,185**	**13,100**
Total amortisation, depreciation, provisions and impairment losses	**274,507**	**358,824**	**84,317**

"Impairment losses" of €173.6 million mainly relate to:

- the impairment losses on assets in Venezuela (€122.5 million) as a result of the impairment test performed at the reporting date (reference should be made to the "Venezuela" paragraph of the "Main risk factors and uncertainties" section of the Directors' report);
- impairment losses of €20.3 million recognised as a result of the out-of-court agreement with Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte").

Amortisation, depreciation and provisions of €185.2 million (€172.1 million) mostly comprise:

- depreciation of €127.9 million (€144.1 million) on property, plant and equipment of €75.6 million (€93.1 million) and right-of-use assets of €52.3 million (€51.1 million) down €16.2 million on the previous year. The variation is chiefly due to the high speed railway line works after the transfer of the use of plant and machinery to the subcontractors working on the Milan - Genoa railway lineas provided for in the related contracts, as well as works for the construction of the Forrestfield - Airport Link Metro line in Australia nearing completion;
- amortisation of €33.3 million (€27.0 million) on contract costs and intangible assets;
- provisions of €24.0 million measured in accordance with paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets to cover the estimated costs to fulfil certain contracts (net of the related economic benefits), mostly relating to Lane Group.

34. Net financing (costs) income

Net financing costs for FY 2020 were recorded of €135.4 million (losses for €82.5 million for FY 2019).
The item may be broken down as follows:

(€'000)	FY 2019	FY 2020	Change
Financial income	68,765	80,124	11,358
Financial expense	(155,555)	(171,575)	(16,020)
Net exchange gains (losses)	4,288	(43,907)	(48,196)
Net financing costs	**(82,501)**	**(135,359)**	**(52,858)**

34.1 Financial income

Financial income totals €80.1 million (2019: €68.8 million) and is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Interest and other financial income	**56,456**	**61,433**	**4,977**
- Other	35,141	37,688	2,547
- Interest on receivables	5,736	16,805	11,069
- Bank interest	15,580	6,941	(8,639)
Interest and other income from unconsolidated group companies and other related parties	**8,165**	**12,854**	**4,689**
Income from inflation adjustment	**3,718**	**5,705**	**1,987**
Gains on securities	**426**	**131**	**(295)**
Total financial income	**68,765**	**80,123**	**11,358**

The €11.4 million increase is chiefly related to:

- recognition of default interest of €13.0 million accrued on the Romanian branch's claims related to the Lugoj-Deva project as per the related arbitration;
- interest income of €9.1 million accrued on the bonds held by the subsidiary Beyond S.r.l. as part of Progetto Italia;
- higher financial income from related parties and other unconsolidated group companies (mainly Yuma Concessionaria S.A.) of €4.8 million; partly offset by
- lesser interest income of €16.8 million for Constructora Ariguani which had recognised interest of €17.0 million accrued as compensation on the recovery of an advance paid after the dispute with its former partner/subcontractor Conalvias was settled in 2019.

34.2 Financial expense

Financial expense totals €171.6 million (2019: €155.6 million) and is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Intragroup interest and other expense	**(10,397)**	**(5,473)**	**4,924**
Interest and other financial expense	**(145,158)**	**(166,102)**	**(20,944)**
- Bank interest on accounts and financing	(44,568)	(58,270)	(13,702)
- Interest on bonds	(34,982)	(41,674)	(6,692)
- Other	(36,293)	(38,984)	(2,691)
- Bank fees	(3,824)	(14,424)	(10,600)
- Leases	(6,456)	(6,219)	237
- Expense for inflation adjustments	(5,122)	(5,855)	(733)
- Interest on tax liabilities	(13,913)	(676)	13,237
Total financial expense	**(155,555)**	**(171,575)**	**(16,020)**

The rise in financial expense is mainly due to:

- a €17.3 million increase in financial expense due to the new bonds issued in 2020;
- a €13.3 million increase in interest expense on the loan used solely to purchase bonds issued by Astaldi S.p.A. in 2020 and repaid at the reporting date, subscribed by Beyond S.r.l.; partly offset by:
- lesser interest of €13.2 million on tax liabilities. The Ethiopian branch had recognised interest of €13.7 million in 2019 after a tax assessment.

34.3 Net exchange gains (losses)

Net exchange losses for FY 2020 of €43.9 million chiefly relate to the Euro's performance against the US dollar, the Ethiopian birr and the Qatari riyal as well as the currencies of the Latin American countries heavily impacted by the public health crisis.

35. Net gains (losses) on equity investments

Net losses on equity investments amount to €110.2 million, showing an improvement on the 2019 net losses of €127.9 million. The change is due to the losses of €117.1 million recognised by the equity-accounted investees, partly offset by the gain of €6.7 million on the sale of the investment in Consorcio Agua Azul S.A.:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Share of loss of equity-accounted investees	(128,434)	(117,052)	11,382
Dividends	102	149	47
Gain on the disposal of equity investments	0	6,672	6,672
Other income	473	0	(473)
Total net gains (losses) on equity investments	**(127,859)**	**(110,231)**	**17,628**

The share of loss of equity-accounted investees is principally the result of the impairment test of the investment in the associate Grupo Unidos por el Canal (which includes the loss recognised by the associate). Reference should be made to the section on "Equity investments" for more information on impairment testing.

The following table provides a breakdown of "Share of loss of equity-accounted investees":

(€'000)	**FY 2019**	**FY 2020**	**Change**
Share of loss of equity-accounted investees			
JV Lane Group	(108,613)	4,058	112,671
Autopistas del Sol S.A.	(9,877)	(4,896)	4,981
Gupc	(9,703)	(97,868)	(88,165)
Fisia Abeima LLC	(5,024)	(2,854)	2,170
Yuma Concessionaria	5,349	(203)	(5,552)
Immobiliare Marinella	(156)	(1,426)	(1,270)
Casada	1	11	10
Other	(411)	(13,874)	(13,463)
Total share of loss of equity-accounted investees	**(128,434)**	**(117,052)**	**11,382**

36. Tax

The Group's income taxes for the year amount to €27.1 million as follows. The Group has calculated income taxes by duly applying the applicable tax legislation:

(€'000)	FY 2019	FY 2020	Change
Current taxes (income taxes)	77,243	61,155	(16,087)
Net deferred (prepaid) tax	(40,512)	(23,671)	16,840
Prior year taxes	25,659	(11,377)	(37,036)
Total income tax	**62,390**	**26,107**	**(36,283)**
IRAP	5,825	978	(4,847)
Total income tax	**68,215**	**27,085**	**(41,130)**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below:

Income taxes

	2019		2020	
	€m	%	€m	%
Profit/(loss) before tax	41.7		154.7	
Theoretical tax expense	10.0	24%	37.1	24%
Effect of permanent differences	20.4	49%	(64.4)	(42%)
Net effect of foreign taxes	3.0	7%	61.5	40%
Prior year and other taxes	29.0	69%	(8.1)	(5%)
Total income tax	**62.4**	**149%**	**26.1**	**17%**

The tax expense for the year is mostly affected by variations in the profits or losses of group companies in the countries where they operate and certain permanent differences (especially the gain from the bargain purchase resulting from the PPA procedure for Astaldi S.p.A.).

An analysis and reconciliation of the theoretical IRAP tax rate and the effective tax rate are set out below:

IRAP

	2019		2020	
	€m	%	€m	%
Operating result	252.2		400.3	
Personnel costs	792.2		846.0	
Impairment and provisions	103.4		197.6	
Operating revenue	**1,147.8**		**1,443.9**	
Theoretical tax expense	44.8	3.9%	56.3	3.9%
Tax effect of foreign companies' production	(18.7)	(1.6%)	(20.5)	(1.4%)
Tax effect of foreign production by resident companies	(17.9)	(1.6%)	(8.9)	(0.6%)
Tax effect of permanent differences	(2.3)	(0.2%)	(25.9)	(1.8%)
Total	**5.9**	**0.5%**	**1.0**	**0.1%**

Net deferred taxes contribute to the consolidated profit for €23.7 million as shown below:

(€'000)	FY 2019	FY 2020	Change
Deferred tax expense for the year	(37,926)	(20,055)	17,871
Use of deferred tax liabilities recognised in previous years	22,716	5,095	(17,621)
Prepaid tax income for the year	102,035	77,808	(24,227)
Use of prepaid tax recognised in previous years	(46,313)	(39,177)	7,136
Total net deferred tax	**40,512**	**23,671**	**(16,841)**

The net deferred taxes are mainly due to the impairment losses recognised during the year and the subsidiary Webuild's tax loss for the year.

37. Related party transactions

In FY 2020, transactions with related parties, as defined by IAS 24, were of an ordinary nature.

In FY 2020, related party transactions carried out during the year involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within Salini Costruttori Group.
- Associates and joint arrangements; these transactions mainly relate to:

  - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
  - services (technical, organisational, legal and administrative), carried out at centralised level;
  - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

  Transactions are carried out with associates aimed at building on existing synergies in the Group in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis.
- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by the Group, are summarised below:

Company	Receivables	Financial assets	Other assets	Trade payables	Lease liabilities	Guarantees	Total revenue	Total expenses	Financial income and expenses
(€'000)									
Salini Simonpietro & C.	77	0	0	0	0	0	14	0	0
CDP S.p.A.	0	0	855	0	0	439,793	0	(2,440)	0
Corso del Popolo Immobiliare S.r.l.	879	0	0	(12)	0	0	0	0	0
Eni S.p.A.	0	0	0	(160)	0	0	0	(653)	0
Fincantieri S.p.A.	0	0	0	(271)	0	0	0	0	0
Fincantieri Inf. S.p.A.	1	0	1,813	(19,452)	0	0	1	(5,723)	0
Fintecna S.p.A.	6	0	0	(72)	0	0	0	0	0
PSC S.p.A. Group	19,550	0	0	(14,904)	0	0	0	(1,265)	0
Iniziative Immobiliari Italiane S.p.A.	0	0	0	0	(4,122)	0	0	(33)	(134)
Poste Italiane S.p.A.	0	0	0	(4)	0	0	0	(14)	0
Sace BT	0	0	13	0	0	263,088	0	(598)	0
Sace FCT	0	0	0	(627)	0	0	0	(2,914)	(865)
Sace S.p.A.	0	0	0	(671)	(3,968)	142,043	0	(729)	(1,538)
Simest S.p.A.	0	0	0	0	(6,319)	0	0	0	(63)
SNAM Rete gas S.p.A.	1,241	0	0	(564)	0	0	0	(564)	0
SNAM S.p.A.	85	0	0	0	0	0	0	0	0
Studio Avv. Grazia Volo	0	0	0	(70)	0	0	0	(491)	0
Terna S.p.A.	0	0	3	(5)	0	0	0	(8)	0
Terna Rete Italia S.p.A.	0	0	0	0	0	0	0	(5)	0
Total	**21,839**	**0**	**2,684**	**(36,812)**	**(14,409)**	**844,924**	**15**	**(15,437)**	**(2,600)**

During the year, Cassa Depositi e Prestiti S.p.A. ("CDP") and its subsidiaries and associates were included in the list of related parties as Cassa Depositi e Prestiti S.p.A. has significant influence over the subsidiary Webuild S.p.A. according to the communications between the parties during the year.

As a result, the transactions with the CDP Group companies were analysed to identify the assets, liabilities, operating expenses, revenue and guarantees as summarised in the above table. Specifically, the guarantees issued by CDP and SACE relate to:

- tax requirements in favour of the tax authorities;
- advance payment bonds, performance bonds and other guarantees to customers;
- guarantees to secure financing to banks.

During the year, receivables were factored with recourse to Sace Factoring for €235.3 million. They mostly comprise trade receivables from customers and progress billings which qualify for derecognition under IFRS 9. The Group also has a trade finance policy of USD 7.9 million with Sace S.p.A. for the recourse factoring of receivables to other factors, again in accordance with the provisions of IFRS 9.

Most of the Group's production is carried out through SPEs, set up with other partners that have participated with the Group in tenders. The SPEs carry out the related contracts on behalf of their partners.

The other transactions refer to costs for design and similar activities, incurred when presenting bids and for recently started contracts. They are also governed by specific agreements and carried out on an arm's length basis and, where applicable, in line with the contract terms.

Their effects on the statements of financial position and profit or loss are shown together with the related contract, when appropriate.

Transactions with directors, statutory auditors and key management personnel are shown below:

	FY 2019		FY 2020	
(€'000)	**Fees and remuneration**	**Total**	**Fees and remuneration**	**Total**
Directors and statutory auditors	1,466	1,466	1,413	1,413
Key management personnel	0	0	0	0
Total	**1,466**	**1,466**	**1,413**	**1,413**

38. Article 1.125/127 of Law no. 124 of 4 August 2017 - Disclosure of government grants

With respect to Law no. 124 of 4 August 2017 and related interpretations about the disclosure requirement in the notes to the separate and consolidated financial statements of companies that receive subsidies, grants, paid engagements or other financial benefits of any kind from the public administration and similar bodies, it should be noted that the following reimbursements were received during 2020:

(Euro)

Name and tax code of the recipient	Name of the disbursing subject	Amount collected	Date collected	Reason
IMMOBILIARE AGRICOLA SAN VITTORINO SRL Tax code 01595860584	AGEA	16,436	Miscellaneous	Agricultural contribution
DIRLAN SRL Tax code 08163700589	Tax authorities	16,135	11 August 2020	Contribution Art. 25 Decree Law 34 of 2020
TOTAL		**32,571**		

Moreover, other relations with the public administration or similar bodies are part of the Group's bilateral contracts and, therefore, do not fall under the scope of the above law.

39. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the Directors' report.

40. Significant non-recurring events and transactions

Except for the acquisition of Astaldi Group, the Salini Costruttori Group's financial position, performance and cash flows were not affected by significant non-recurring events and transactions, as defined by Consob communication no. DEM/6064293[60].

41. Balances or transactions arising from atypical and/or unusual transactions

During FY 2020, Salini Costruttori Group did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[61].

for the Board of Directors

The Chief Executive Officer

(signed on the original)

[60] Significant non-recurring events and transactions are those that do not frequently occur in the normal course of business.

[61] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the Group's assets and non-controlling interests

Consolidated financial statements of the Salini Costruttori Group - Equity investments

Equity investments of the Salini Costruttori Group at 31 December 2020 - Positive carrying amount

Equity investment	Value at 31-Dec-2019	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investee	Other effects recognised as profit or loss	Dividends from equity-accounted investees	Changes in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Monetary adjustment	Other changes	Value at 31-Dec-2020
A.Constructor J.V Kallidromo	1	0	0	0	0	0	0	0	0	0	0	0	1
Acqua Campania S.p.A.	9,607	0	0	0	0	0	0	0	0	0	0	0	9,607
Autopistas del Sol S.A.	21,653,286	0	0	103,013	(4,998,638)	(838,580)	0	(7,331,070)	0	0	4,904,023	0	13,492,034
Cons. A.F.T. Taksebt	15,494	0	0	0	0	0	0	0	0	0	0	0	15,494
Consorcio Federici/Impresit/Ice Cochabamba	15,818	0	0	0	0	0	0	0	0	0	0	0	15,818
Consorzio Casale Nei	775	0	0	0	0	0	0	0	0	0	0	0	775
Consorzio CPR 2	37	0	0	0	0	0	0	0	0	0	0	0	37
Consorzio CPR 3	747	0	0	0	0	0	0	0	0	0	0	0	747
Consorzio del Sinni	12,395	0	0	0	0	0	0	0	0	0	0	0	12,395
Consorzio Ferrofir	182,569	0	0	0	0	0	0	0	0	0	0	0	182,569
Consorzio Ferroviario Milanese	28,276	0	(28,276)	0	0	0	0	0	0	0	0	0	0
Consorzio Hirpinia	6,000	0	0	0	0	0	0	0	0	0	0	(6,000)	0
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	5,165	0	0	0	0	0	0	0	0	0	0	0	5,165
Consorzio Iniziative Ferroviarie - INFER	14,461	0	0	0	0	0	0	0	0	0	0	0	14,461
Consorzio Iricav due	176,060	58,618	0	0	0	0	0	0	0	0	0	(234,678)	0
Consorzio MM4	64,270	0	0	0	0	0	0	0	0	0	0	0	64,270
Consorzio Nazionale Imballaggi - CO.NA.I.	5	0	0	0	0	0	0	0	0	0	0	0	5
Consorzio NOG.MA	83,307	0	0	0	0	0	0	0	0	0	0	0	83,307
Consorzio Sarda Costruzioni Generali	2,582	0	0	0	0	0	0	0	0	0	0	0	2,582
Consorzio Sardo d'Imprese	1,078	0	(1,078)	0	0	0	0	0	0	0	0	0	0
Consorzio Trevi - S.G.F. INC per Napoli	4,500	0	0	0	0	0	0	0	0	0	0	0	4,500
Depurazione Palermo S.c.r.l.	3,615	0	0	0	0	0	0	0	0	0	0	0	3,615
Emittenti Titoli S.p.A.	10,832	0	0	0	0	0	0	0	0	0	0	0	10,832
Eurolink	16,875,000	0	0	0	0	0	0	0	0	0	0	0	16,875,000
Flatiron West Inc.- The Lane Constr. Corp. J.V.	663,228	0	0	3,174,836	0	(7,879,531)	0	0	(10,916)	4,052,383	0	0	0
FLUOR-LANE LLC	77	0	0	0	0	0	0	0	0	0	0	0	77
FLUOR-LANE SOUTH CAROLINA	29,404	0	0	50,165	0	0	0	0	(5,956)	0	0	0	73,613
FLUOR-LANE95 LLC	18,301	0	0	0	0	0	0	0	(1,547)	0	0	0	16,754
Forum S.c. a r.l.	10,329	0	0	0	0	0	0	0	0	0	0	0	10,329
Gaziantep Hastane Saglik	3,832,112	2,667,701	0	(11,906,921)	0	0	8,402,463	0	0	0	0	0	2,995,355
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	687,419	620,132	0	(1,225,083)	0	0	0	0	0	0	0	0	82,468
Grassetto S.p.A.	7,747	0	0	0	0	0	0	0	0	0	0	0	7,747
Grupo Unido por el Canal	496,539,991	12,642,396	0	(97,868,169)	0	0	0	(41,376,787)	0	0	0	0	369,937,431
I4 LEASING LLC	14,058,238	0	0	(762,993)	0	(3,871,476)	0	0	(867,389)	0	0	0	8,556,380
IGL Arabia	22,038	0	0	0	0	0	0	0	0	(22,038)	0	0	0
Immobiliare Golf Club Castel D'Aviano S.r.l.	20,190	0	0	0	0	0	0	0	0	0	0	0	20,190

Equity investment	Value at 31-Dec-2019	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investee	Other effects recognised as profit or loss	Dividends from equity-accounted investees	Changes in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Monetary adjustment	Other changes	Value at 31-Dec-2020
Irina Srl in liquidation	308,344	0	0	0	0	0	0	0	0	0	0	0	308,344
Isarco	43,672	0	0	0	0	0	0	0	0	0	0	0	43,672
Istituto per lo Sviluppo Edilizio ed Urbanistico	34,086	0	0	0	0	0	0	0	0	0	0	0	34,086
Istituto per lo Sviluppo Edilizio ed Urbanistico	22,750	0	0	0	0	0	0	0	0	0	0	0	22,750
La Quado	3,500	0	(3,500)	0	0	0	0	0	0	0	0	0	0
Lambro Scrl	20	0	0	0	0	0	0	0	0	0	0	0	20
Manifesto S.p.A.	4,300	0	0	0	0	0	0	0	0	0	0	0	4,300
Markland S.r.l.	1,269	0	0	0	0	0	0	0	0	0	0	0	1,269
Metro De Lima 2 S.A.	26,819,762	0	0	2,104,779	0	0	0	(2,412,114)	0	0	0	0	26,512,427
Metrogenova S.c.r.l.	8,257	0	0	0	0	0	0	0	0	0	0	0	8,257
Mobilink Hurontario General Partnership	620,892	0	0	0	0	0	0	0	0	(620,892)	0	0	0
Napoli Cancello Alta Velocità S.c.r.l.	6,000	0	0	0	0	0	0	0	0	0	0	(6,000)	0
Nomisma spa	27,015	0	0	0	0	0	0	0	0	0	0	0	27,015
OCHRE HOLD	1,774,715	0	0	(1,206,167)	0	0	0	322,082	0	0	0	0	890,630
Olbia 90 S.c.r.l.	2,531	0	0	0	0	0	0	0	0	0	0	0	2,531
Passante Dorico S.p.A.	2,737,572	0	0	0	0	0	0	0	0	0	0	(2,737,572)	0
Pdm	2,333,320	0	0	0	0	0	0	0	0	0	0	0	2,333,320
Pedelombarda	2,350,000	0	0	0	0	0	0	0	0	0	0	0	2,350,000
Pedemontana Veneta S.p.A.	1,238,052	0	0	(42,934)	0	0	0	0	0	0	0	0	1,195,118
Pergenova	500,000	0	0	0	0	0	0	0	0	0	0	0	500,000
PURPLE LINE TRANSIT CONSTRUCTORS LLC	1,744,533	19,698,827	0	10,399,328	0	0	0	0	(2,229,845)	0	0	0	29,612,843
Renovation Palais Des Nations S.A.	15,662	0	0	0	0	0	0	0	76	0	0	0	15,738
S. Agata	12,167	0	0	0	0	0	0	0	0	0	0	(12,167)	0
S.I.MA. GEST 3 S.c.r.l.	5	0	0	0	0	0	0	0	0	0	0	0	5
S.Ruffillo S.c.a.r.l.	21,000	0	0	0	0	0	0	0	0	0	0	0	21,000
San Benedetto S.c.r.l.	9,622	0	0	0	0	0	0	0	0	0	0	0	9,622
Segrate	3,500	0	0	0	0	0	0	0	0	0	0	0	3,500
Sellero S.c.r.l. (in liq.)	3,900	0	0	0	0	0	0	0	0	0	0	0	3,900
Sirjo S.c.p.A.	3,000,000	0	0	0	0	0	0	0	0	0	0	(3,000,000)	0
Sistranyac S.A.	149,965	0	0	0	0	0	0	0	0	0	0	0	149,965
Skiarea Valchiavenna S.p.A.	98,370	0	0	0	0	0	0	0	0	0	0	0	98,370
SPV Linea M4 Spa	22,310,800	1,399,600	0	0	0	0	0	0	0	0	0	0	23,710,400
Tangenziale Esterna di Milano S.p.A.	100	0	0	0	0	0	0	0	0	0	0	0	100
Tartano S.r.l. Società Agricola	995,933	0	0	(1,471)	0	0	0	0	0	0	0	0	994,462
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A	3,944	0	0	0	0	0	0	0	0	0	0	0	3,944
Todedil scarl	10,310	0	(10,310)	0	0	0	0	0	0	0	0	0	0
Trieste Due S.c.a.r.l. (in liq.)	4,500	0	0	0	0	0	0	0	0	0	0	0	4,500
Unionport Bridge	12,325,681	2,757,836	0	(1,701,445)	0	0	0	0	(1,114,711)	0	0	0	12,267,361
Valdostana Condotte - Cossi	52,216	0	0	(32,216)	0	0	0	0	0	0	0	0	20,000
VE.CO. S.c.r.l.	2,582	0	0	0	0	0	0	0	0	0	0	0	2,582
Yacilec	608,104	0	0	107,389	0	(110,340)	0	(148,994)	0	0	(2,277)	0	453,882
Yuma	7,222,280	0	0	(203,416)	0	0	0	(1,273,332)	0	0	0	0	5,745,532

Equity investment	Value at 31-Dec-2019	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investee	Other effects recognised as profit or loss	Dividends from equity-accounted investees	Changes in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Monetary adjustment	Other changes	Value at 31-Dec-2020
Astaldi Group - Ankara Etlik Hastane Isletme Ve Bakim Anonim Sirketi	0	0	0	(168,882)	0	0	0	0	0	0	0	21,279,118	21,110,236
Astaldi Group - Astaldi PPA	0	0	0	0	0	0	0	0	0	0	0	581	581
Astaldi Group - Autostrada Nogara Mare Adriatico Scpa	0	0	0	0	0	0	0	0	0	0	0	27,600	27,600
Astaldi Group - Brennero Tunnel Construction S.c.ar.l.	0	0	0	0	0	0	0	0	0	0	0	47,230	47,230
Astaldi Group - C.F.C. S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	5	5
Astaldi Group - C.F.M. S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	20,659	20,659
Astaldi Group - CENTOQUATTRO S.c.ar.l.	0	0	0	0	0	0	0	0	0	0	0	1,207	1,207
Astaldi Group - CENTOTRE S.c.ar.l.	0	0	0	0	0	0	0	0	0	0	0	1,252	1,252
Astaldi Group - Co.Sa.Vi.D. S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	3	3
Astaldi Group - Cons. A.F.T. Taksebt	0	0	0	0	0	0	0	0	0	0	0	15,494	15,494
Astaldi Group - Cons. Astaldi Federici Todini Kramis	0	0	0	0	0	0	0	0	0	0	0	49,995	49,995
Astaldi Group - Consorzio Centro Uno	0	0	0	0	0	0	0	0	0	0	0	3,099	3,099
Astaldi Group - Consorzio Consarno	0	0	0	0	0	0	0	0	0	0	0	5,166	5,166
Astaldi Group - Consorzio Ferrofir	0	0	0	0	0	0	0	0	0	0	0	20,658	20,658
Astaldi Group - Consorzio Gi.It. (in liquidation)	0	0	0	0	0	0	0	0	0	0	0	1,290	1,290
Astaldi Group - Consorzio Groupement Lesi-Dipenta	0	0	0	0	0	0	0	0	0	0	0	21	21
Astaldi Group - Consorzio Iricav Uno	0	0	0	0	0	0	0	0	0	0	0	123,951	123,951
Astaldi Group - Consorzio Ital.Co.Cer.	0	0	0	0	0	0	0	0	0	0	0	15,495	15,495
Astaldi Group - Consorzio Italvenezia	0	0	0	0	0	0	0	0	0	0	0	19,367	19,367
Astaldi Group - Consorzio MM4	0	0	0	0	0	0	0	0	0	0	0	64,270	64,270
Astaldi Group - Consorzio TRA.DE.CI.V.	0	0	0	0	0	0	0	0	0	0	0	27,571	27,571
Astaldi Group - Diga di Blufi S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	23,242	23,242
Astaldi Group - Ecosarno S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	17,043	17,043
Astaldi Group - Etlik Hastane PA S.r.l.	0	0	0	10,713	0	0	0	0	0	0	0	67,742	78,455
Astaldi Group - Fusaro S.C.r.l.	0	0	0	0	0	0	0	0	0	0	0	1	1
Astaldi Group - Grupo Empresas Italianas - GEI	0	0	0	0	0	0	0	0	0	0	0	654,883	654,883
Astaldi Group - ICA LT Limited Liability Company	0	0	0	0	0	0	0	0	12	0	0	443	455
Astaldi Group - Infraflegrea S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	23,300	23,300
Astaldi Group - M.N. 6 S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	510	510
Astaldi Group - Metro 5 S.p.A.	0	0	0	0	0	0	0	0	0	0	0	1,644,630	1,644,630
Astaldi Group - METRO C S.c.p.A.	0	0	0	(7,706)	0	0	0	0	0	0	0	19,678,840	19,671,134
Astaldi Group - Metrogenova S.c.r.l.	0	0	0	111	0	0	0	0	0	0	0	5,055	5,166
Astaldi Group - Metropolitana di Napoli S.p.A.	0	0	0	0	0	0	0	0	0	0	0	5,110,338	5,110,338
Astaldi Group - Mose Bocca di Chioggia S.c.ar.l.	0	0	0	0	0	0	0	0	0	0	0	1,500	1,500
Astaldi Group - MOSE OPERAE S.C.a rl.	0	0	0	0	0	0	0	0	0	0	0	1,728	1,728
Astaldi Group - Mose-Treporti S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	3,500	3,500
Astaldi Group - N.P.F. - Nuovo Polo Fieristico S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	20,000	20,000
Astaldi Group - Otoyol deniz tasimaciligi A.S.	0	0	0	8,175	0	0	0	0	0	0	0	103,451	111,626
Astaldi Group - Otoyol Isletme Ve Bakim Anonim Sirketi	0	0	0	(67,899)	0	0	0	0	0	0	0	7,617,267	7,549,368
Astaldi Group - Pavimental S.p.A.	0	0	0	0	0	0	0	0	0	0	0	62,007	62,007
Astaldi Group - Pedelombarda	0	0	0	0	0	0	0	0	0	0	0	1,200,000	1,200,000
Astaldi Group - Pedemontana Lombarda Manutenzioni S.c.a.r.l.	0	0	0	0	0	0	0	0	0	0	0	3,540	3,540

Equity investment	Value at 31-Dec-2019	Capital transactions	(Disinvestments and liquid.)	Share of profit or loss of equity-accounted investee	Other effects recognised as profit or loss	Dividends from equity-accounted investees	Changes in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Monetary adjustment	Other changes	Value at 31-Dec-2020
Astaldi Group - Pegaso S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	113,749	113,749
Astaldi Group - PROG.ESTE. S.p.A.	0	0	0	0	0	0	0	0	0	0	0	161,808	161,808
Astaldi Group - DIRPA S.c.r.l. in A.S. Administration	0	0	0	0	0	0	0	0	0	(98,808)	0	98,808	0
Astaldi Group - S.E.I.S. S.p.A.	0	0	0	18,720	0	0	0	0	0	0	0	8,684,655	8,703,375
Astaldi Group - SA.T S.p.A.	0	0	0	0	0	0	0	0	0	0	0	361,052	361,052
Astaldi Group - Skiarea Valchiavenna S.p.A.	0	0	0	0	0	0	0	0	0	0	0	17,838	17,838
Astaldi Group - SPV Linea M4 Spa	0	0	0	0	0	0	0	0	0	0	0	23,710,400	23,710,400
Astaldi Group - Tangenziale Seconda S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	19,861	19,861
Astaldi Group - VCGP - Astaldi Ingenieria y Construccion Limitada	0	0	0	(78,045)	0	0	0	0	0	0	0	78,045	0
Astaldi Group - Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	0	0	0	0	0	0	0	0	0	0	0	512,102	512,102
SFP - We Build Sede Branch	0	0	0	0	0	0	0	0	0	0	0	177,077	177,077
SFP - Consorzio Libyan Expressway Contractor	0	0	0	0	0	0	0	0	0	0	0	30,011	30,011
SFP - Consorzio Iricav due	0	0	0	0	0	0	0	0	0	0	0	2,676,664	2,676,664
SFP - Napoli Cancello Alta Velocità S.c.r.l.	0	0	0	0	0	0	0	0	0	0	0	240,596	240,596
SFP - S. Agata	0	0	0	0	0	0	0	0	0	0	0	256,442	256,442
SFP - Sirjo S.c.p.A.	0	0	0	0	0	0	0	0	0	0	0	1,934,650	1,934,650
SFP - Astaldi Group	0	0	0	0	(228,844)	0	0	0	0	0	0	23,865,285	23,636,441
Casada S.r.l.	3,884,054	0	0	11,072	0	0	0	0	0	0	0	0	3,895,126
Immob.Marinella Srl	3,104,892	160,000	0	(1,426,409)	0	0	0	0	0	0	0	0	1,838,483
Azioniromamercato	425,898	0	0	0	0	0	0	0	0	0	0	0	425,898
B.C.C. Roma 100 azioni	1,033	0	0	0	0	0	0	0	0	0	0	0	1,033
Imprebanca	500,000	0	0	0	0	0	0	0	0	0	0	0	500,000
Spoleto Crediti e Servizi S. Coop. a r.l.	1	0	0	0	0	0	0	0	0	0	0	0	1
Total equity investments with positive carrying amount	**650,402,066**	**40,005,110**	**(43,164)**	**(100,711,455)**	**(5,227,482)**	**(12,699,927)**	**8,402,463**	**(52,220,215)**	**(4,230,276)**	**3,310,645**	**4,901,746**	**114,905,678**	**646,795,098**

Equity investments of the Salini Costruttori Group at 31 December 2020 - negative carrying amount

Equity investment	Value at 31-Dec-2019	Disinvestments/liquidations	Capital transactions	Share of profit or loss of equity-accounted investee	Other effects recognised in profit or loss	Dividends from equity-accounted investees	Change in hedging reserve	Change in ROC of equity-accounted investees	Change in ROC of investee recognised in investor's financial statements	Reclassifications	Other changes	Value at 31-Dec-2020
AGL JV	(3,699,685)	0	245,141	(17,958)	0	0	0	297,112	0	0	0	(3,175,390)
Cagliari 89 S.c.r.l.	(132,850)	0	0	0	0	0	0	0	0	0	0	(132,850)
Cons. Astaldi Federici Todini Kramis	(1,833,580)	0	0	0	0	0	0	0	0	0	0	(1,833,580)
Consorzio Aree Industriali Potentine	(666)	666	0	0	0	0	0	0	0	0	0	0
FISIA ABEIMA LCC	(3,883,556)	0	0	(2,854,231)	0	0	0	543,109	0	0	0	(6,194,678)
Flatiron West Inc.- The Lane Constr. Corp. J.V.	0	0	0	0	0	0	0	280,374	0	(4,052,383)	0	(3,772,009)
IGL Arabia - Legal	0	0	(22,037)	(2,189,384)	0	0	0	301,120	0	22,037	0	(1,888,264)
Mobilink Hurontario General Partnership	0	0	0	659,429	0	0	(2,398,153)	0	0	620,892	0	(1,117,832)
Mobilink Hurontario General Partnership	0	0	0	89,574	0	0	(25,203)	0	0	0	(559,705)	(495,334)
Normetro - Agrupamento Do Metropolitano Do P.	(441)	0	0	0	0	0	0	0	0	0	0	(441)
Salini Impregilo - Kolin	(165,907)	0	0	0	0	0	0	0	0	0	0	(165,907)
Sclafani S.c.r.l.	(135,866)	0	0	0	0	0	0	0	0	0	0	(135,866)
Sedi scarl	(100,000)	0	0	0	0	0	0	0	0	0	0	(100,000)
SKANSKA-GRANITE-LANE	(59,308,592)	0	14,445,806	(7,086,243)	0	0	0	4,502,872	0	0	0	(47,446,157)
Soingit S.c.r.l.	(50,000)	50,000	0	0	0	0	0	0	0	0	0	0
Tokwe Mukorsi Dam	(7,522)	0	0	0	0	0	0	0	0	0	0	(7,522)
VCGP - Astaldi Ingenieria y Construccion Limitada	0	0	0	32,041	0	0	0	0	0	0	(354,996)	(322,955)
Total equity investments with negative carrying amount	**(69,318,663)**	**50,666**	**14,668,910**	**(11,366,772)**	**0**	**0**	**(2,423,356)**	**5,924,587**	**0**	**(3,409,454)**	**(914,701)**	**(66,788,784)**

List of Salini Costruttori Group companies

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Salini Costruttori S.p.A.	**Italy**	**Euro**	**62,400,000**	**100.000**		**100.000**		**line-by-line**	
Webuild S.p.A.	Italy	Euro	600,000,000	44.991	44.991			line-by-line	
Astaldi S.p.A.	Italy	Euro	340,431,460	30.128		29.739	Webuild S.p.A.	line-by-line	(*)
						0.389	Miscellaneous		
3E System S.r.l. (in liq.)	Italy	Euro	10,000	30.128		30.128	NBI S.p.A.	line-by-line	(*)
A1 Motorway Tuszyn-Pyrzowice lot F Joint Venture	Poland	PLN		44.991		42.737	Webuild S.p.A.	line-by-line	
						2.250	Salini Polska L.t.d. Liability Co		
						0.004	HCE Costruzioni S.p.A.		
A10 S.c.r.l.	Italy	Euro	10,000	18.836		18.836	NBI S.p.A.	line-by-line	(*)
Afragola FS S.c.a r.l. (in liq.)	Italy	Euro	10,000	30.128		24.868	Astaldi S.p.A.	line-by-line	(*)
						5.260	NBI S.p.A.		
AGN HAGA AB	Sweden	SEK	1,000	12.051		12.051	Astaldi S.p.A.	line-by-line	(*)
Aguas de Punilla Sociedad Concesionaria S.A.	Chile	CLP	40,000,000,000	30.128		30.128	Astaldi ConcessionsS.p.A.	line-by-line	
Al Maktoum International Airport J.V.	United Arab Emirates			13.227		13.227	Lane Mideast Contracting LLC	line-by-line	
AR.GI. S.c.p.A.	Italy	Euro	35,000,000	30.125		30.125	Astaldi S.p.A.	line-by-line	(*)
AS.M. S.c.r.l.	Italy	Euro	10,000	22.871		22.871	Astaldi S.p.A.	line-by-line	(*)
Associazione Astaldi-SOMET-TIAB-UTI GRUP	Romania			12.051		12.051	Astaldi S.p.A.	line-by-line	(*)
Astaldi Algerie-E.u.r.l.	Algeria	DZD	50,000,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Arabia Ltd.	Arabia	SAR	5,000,000	30.128		18.077	Astaldi S.p.A.	line-by-line	(*)
						12.051	Astaldi InternationalLtd.		
Astaldi Bulgaria L.t.d. (in liq.)	Bulgaria	BGN	5,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Canada Design and Construcion Inc.	Canada	CAD	20,000	30.128		30.128	Astaldi Canada Enterprises Inc.	line-by-line	(*)
Astaldi Canada Enterprises Inc.	Canada	CAD	10,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Canada Inc.	Canada	CAD	20,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Concessioni S.p.A.	Italy	Euro	22,635,327	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Concessions S.p.A.	Italy	Euro	300,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Construction Corporation	USA	USD	18,972,000	19.828		19.828	Astaldi S.p.A.	line-by-line	(*)
Astaldi de Venezuela C.A.	Venezuela	VEB	110,300	30.069		30.069	Astaldi S.p.A.	line-by-line	(*)
Astaldi India Services LLP	India	INR	30,003,000	30.125		30.125	Astaldi S.p.A.	line-by-line	(*)
Astaldi International Inc.	Liberia			30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi International Ltd. (in liq.)	United Kingdom			30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi Mobilinx Hurontario GP Inc.	Canada			30.128		30.128	Astaldi Canada Enterprises Inc.	line-by-line	(*)
Astaldi Polska zo.o. (in liq.)	Poland	PLZ	120,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Astaldi-Max Bogl-CCCF J.V.	Romania	RON	40,000	19.885		19.885	Astaldi S.p.A.	line-by-line	(*)
Astalnica S.A.	Nicaragua	NIO	2,000,000	29.526		29.526	Astaldi S.p.A.	line-by-line	(*)
Astalrom S.A.	Romania	RON	3,809,897	30.040		30.040	Astaldi S.p.A.	line-by-line	(*)
Astur Construction and Trade A.S.	Turkey	TRY	35,500,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Beyond S.r.l. (in liq.)	Italy	Euro	10,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Bielle Impianti S.c.r.l. (in liq.)	Italy	Euro	100,000	22.597		22.597	NBI S.p.A.	line-by-line	(*)
Brennero Galleriaacque S.c.r.l.	Italy	Euro	10,000	22.945		22.945	Fisia Italimpianti S.p.A.	line-by-line	
Bussentina S.c.r.l. (in liq.)	Italy	Euro	25,500	23.772		23.772	Astaldi S.p.A.	line-by-line	(*)
C.O.MES. S.c.r.l. (in liq.)	Italy	Euro	20,000	16.571		16.571	Astaldi S.p.A.	line-by-line	(*)
C43 Water Management Builders	USA			44.991		13.497	Webuild S.p.A.	line-by-line	
						31.493	Lane Construction Corporation		
Capodichino AS.M. S.c.r.l.	Italy	Euro	10,000	20.135		20.135	Astaldi S.p.A.	line-by-line	(*)
CDE S.c.a.r.l.	Italy	Euro	10,000	26.994		26.994	Webuild S.p.A.	line-by-line	
CEDIV S.p.A.	Italy	Euro	15,300,000	93.330		93.330	G.A.B.I. RE S.r.l.	line-by-line	
CO.ME.NA. S.c.r.l. (in liq.)	Italy	Euro	20,658	21.220		21.220	Astaldi S.p.A.	line-by-line	(*)
CO.MERI S.p.A.	Italy	Euro	35,000,000	30.125		30.125	Astaldi S.p.A.	line-by-line	(*)
CO.VA. S.c.r.l. (in liq.)	Italy	Euro	10,000	18.077		18.077	NBI S.p.A.	line-by-line	(*)
Collegamenti Integrati Veloci C.I.V. S.p.A.	Italy	Euro	20,000	38.242		38.242	Webuild S.p.A.	line-by-line	
Compagnia Gestione Macchinari CO.GE.MA. S.p.A.	Italy	Euro	200,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Consorcio Constructor Salini Impregilo - Cigla(florianopolis)	Brazil			44.991		26.994	Webuild S.p.A.	line-by-line	
						17.996	Cigla S.A.		
Consorcio Impregilo - OHL	Colombia			44.991		44.991	Impregilo ColombiaSAS	line-by-line	(°)

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Consorcio Impregilo Yarull	Dom. Republic			31.493		31.493	Webuild S.p.A.	line-by-line	
Consorzio Alta Velocità Torino/Milano - C.A.V.TO.MI.	Italy	Euro	5,000,000	33.604		33.604	Webuild S.p.A.	line-by-line	
Consorzio C.A.V.E.T. - Consorzio Alta Velocità Emilia/Toscana	Italy	Euro	5,422,797	34.185		34.185	Webuild S.p.A.	line-by-line	
Consorzio Cociv	Italy	Euro	516,457	44.990		41.730	Webuild S.p.A.	line-by-line	
						3.260	C.I.V. S.p.A.		
Consorzio Cossi LGV Ceneri	Switzerland			31.853		22.855	Cossi Costruzioni S.p.A.	line-by-line	
						8.998	CSC Costruzioni S.A.		
Consorzio Hirpinia AV	Italy	Euro	10,000	39.046		26.994	Webuild S.p.A.	line-by-line	(**)
						12.051	Astaldi S.p.A.		
Consorzio Iricav Due	Italy	Euro	510,000	31.739		20.444	Webuild S.p.A.	line-by-line	(**)
						11.295	Astaldi S.p.A.		
Consorzio Libyan Expressway Contractor	Italy	Euro	10,000	26.095		26.095	Webuild S.p.A.	line-by-line	
Consorzio Scilla (in liq.)	Italy	Euro	1,000	22.945		22.945	HCE Costruzioni S.p.A.	line-by-line	
Consorzio Tiburtino S.r.l.	Italy	Euro	10,000	48.333		21.408	Plus S.r.l.	line-by-line	
						4.603	Dirlan S.r.l.		
						22.322	Nores S.r.l.		
Consorzio Stabile Busi (in liq.)	Italy	Euro	100,000	28.629		28.321	NBI S.p.A.	line-by-line	(*)
						0.007	C.I.T.I.E. (in liq.)		
						0.301	3E System S.r.l. (in liq.)		
Consorzio Stabile Operae	Italy	Euro	500,000	29.827		29.526	Astaldi S.p.A.	line-by-line	(*)
						0.301	NBI S.p.A.		
Constructora Ariguani SAS En Reorganizacion	Colombia	COP	100,000,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Constructora Astaldi Cachapoal Limitada	Chile	CLP	10,000,000	29.827		29.827	Astaldi S.p.A.	line-by-line	(*)
Construtora Impregilo y Associados S.A.-CIGLA S.A.	Brazil	BRL	2,480,849	44.991		44.991	Webuild S.p.A.	line-by-line	
Copenaghen Metro Team I/S	Denmark			44.986		44.986	Webuild S.p.A.	line-by-line	
Corso del Popolo Engineering S.c.r.l.	Italy	Euro	10,000	29.112		29.112	HCE Costruzioni S.p.A.	line-by-line	
Corso del Popolo S.p.A.	Italy	Euro	1,200,000	24.745		24.745	HCE Costruzioni S.p.A.	line-by-line	
Cossi Costruzioni S.p.A.	Italy	Euro	10,000,000	28.569		28.569	Webuild S.p.A.	line-by-line	
CSC Costruzioni S.A.	Switzerland	CHF	2,000,000	44.991		44.991	Webuild S.p.A.	line-by-line	
CSI Simplon Consorzio	Switzerland			44.991		0.004	Webuild S.p.A.	line-by-line	
						44.986	CSC Costruzioni S.A.		
DEAS S.c.r.l.	Italy	Euro	10,000	17.173		17.173	NBI S.p.A.	line-by-line	(*)
Dirlan S.r.l.	Italy	Euro	45,900	55.460		55.460	Plus S.r.l.	line-by-line	
DIRPA 2 S.c.r.l.	Italy	Euro	50,020,000	29.827		29.827	Consorzio Stabile Operae	line-by-line	(*)
DMS Design Consortium S.c.r.l.	Italy	Euro	10,000	18.077		18.077	Astaldi S.p.A.	line-by-line	(*)
Empresa Constructora Metro 6 L..t.d.a.	Chile	CLP	23,025,000,000	44.991		44.946	Webuild S.p.A.	line-by-line	
Fibe S.p.A.	Italy	Euro	3,500,000	44.990		44.986	Webuild S.p.A.	line-by-line	
						0.001	Impregilo Intern. Infrastruc. N.V.		
						0.003	Fisia Ambiente S.p.A.		
Fisia - Alkatas Joint Venture	Turkey			22.945		22.945	Fisia Italimpianti S.p.A.	line-by-line	
Fisia Ambiente S.p.A.	Italy	Euro	3,000,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Fisia Italimpianti S.p.A.	Italy	Euro	3,400,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Fisia LLC	Oman	OMR	250,000	31.493		31.493	Fisia Italimpianti S.p.A.	line-by-line	
Fisia Muhendislik VE Insaat Anonim Sirketi	Turkey			44.991		44.991	Fisia Italimpianti S.p.A.	line-by-line	
G.A.B.I. RE S.r.l.	Italy	Euro	10,000	100.000	100.000			line-by-line	
Fisia-Alkatas-Alke J.V.	Turkey			21.596		21.596	Fisia Italimpianti S.p.A.	line-by-line	
Galfar - Salini Impregilo - Cimolai J.V.	Qatar			17.996		17.996	Webuild S.p.A.	line-by-line	
Galla Placidia	Italy	Euro	30,000	48.344		39.793	Plus S.r.l.	line-by-line	
						8.552	Dirlan S.r.l.		
Garbi Linea 5 S.c.r.l. (in liq.)	Italy	Euro	10,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
GE.SAT. S.c.a r.l.	Italy	Euro	10,000	16.224		10.545	Astaldi S.p.A.	line-by-line	(*)
						5.679	Astaldi Concessions S.p.A.		
Generalny Wykonawca Salini Polska - Impregilo - Kobylarnia S.A.	Poland			30.000		15.000	Webuild S.p.A.	line-by-line	
						15.000	Salini Polska Limited Liability Company		

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Groupe Mediterraneen di Travaux d'Infrastructures (in liq.)	Algeria	DZD	1,000,000	44.091		44.091	HCE Costruzioni S.p.A.	line-by-line	
Groupement Astaldi - Consider TP	Algeria			18.077		18.077	Astaldi S.p.A.	line-by-line	(*)
Groupement de Raccordement de la Station d'El Hamma (G.R.S.H.)	Algeria			30.128		15.366	Astaldi S.p.A.	line-by-line	(*)
						14.763	Astaldi Algerie - E.u.r.l.		
Grupo ICT II SAS	Colombia	COP	9,745,180,000	44.991		44.991	Webuild S.p.A.	line-by-line	
HCE Costruzioni S.p.A.	Italy	Euro	2,186,743	44.991		44.991	Webuild S.p.A.	line-by-line	
HCE Costruzioni Ukraine LLC	Ukraine	Euro	10,000	44.991		0.450	Webuild S.p.A.	line-by-line	
						44.541	HCE Costruzioni S.p.A.		
I.L.IM. - Iniziative Lombarde Immobiliari S.r.l. (in liq.)	Italy	Euro	10,000	44.991		44.991	Webuild S.p.A.	line-by-line	(°)
IGLYS S.A.	Argentina	ARS	10,000,000	44.991		44.991	Impregilo Intern. Infrastruc. N.V.	line-by-line	
Immobiliare Agricola S.Vittorino	Italy	Euro	819,000	100.000		100.000	Zeis S.r.l.	line-by-line	
Impregilo International Infrastructures N.V.	Netherlands	Euro	50,000,000	44.991		44.991	Lane Construction Corporation	line-by-line	
Impregilo Lidco Libya Co	Libya	DL	5,000,000	26.994		26.994	Webuild S.p.A.	line-by-line	
Impregilo New Cross Ltd	United Kingdom	GBP	2	44.991		44.991	Impregilo Intern. Infrastruc. N.V.	line-by-line	
Impregilo-SK E&C-Galfar al Misnad J.V.	Qatar			18.559		18.559	Webuild S.p.A.	line-by-line	
Impregilo-Terna SNFCC J.V.	Greece	Euro	100,000	22.945		22.945	Webuild S.p.A.	line-by-line	
INC - Il Nuovo Castoro Algerie S.a.r.l.	Algeria	DZD	301,172,000	44.983		44.983	Webuild S.p.A.	line-by-line	
Infernetto S.r.l.	Italy	Euro	10,000	100.000		100.000	Zeis S.r.l.	line-by-line	
Infraflegrea Progetto S.p.A.	Italy	Euro	500,000	15.366		15.366	Astaldi S.p.A.	line-by-line	(*)
IS Joint Ventures	Australia			44.991		22.495	Webuild S.p.A.	line-by-line	
						22.495	Salini Australia PTY L.t.d.		
Italstrade CCCF JV Romis S.r.l.	Romania	RON	540,000	15.366		15.366	Astaldi S.p.A.	line-by-line	(*)
Italstrade S.p.A.	Italy	Euro	611,882	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Joint Venture Impregilo S.p.A. - S.G.F. INC S.p.A.	Greece			44.991		44.991	Webuild S.p.A.	line-by-line	
JV Salini - Secol	Romania			35.993		35.993	Webuild S.p.A.	line-by-line	
Kayi Salini Samsung Joint Venture	Turkey			14.847		14.847	Webuild S.p.A.	line-by-line	
Laguna S.c.r.l. (in liq.)	Italy	Euro	10,000	25.519		25.519	NBI S.p.A.	line-by-line	(*)
Lane Abrams Joint Venture	USA			22.945		22.945	Lane Construction Corporation	line-by-line	
Lane Construction Corporation	USA	USD	1,392,955	44.991		44.991	Lane Industries Incorporated	line-by-line	
Lane Corman Joint Venture	USA			26.994		26.994	Lane Construction Corporation	line-by-line	
Lane DS - NC Consortium (Ada)	United Arab Emirates			11.023		11.023	Lane Mideast Contracting LLC	line-by-line	
Lane Industries Incorporated	USA	USD	5	44.991		44.991	Salini Impregilo - US Holdings Inc.	line-by-line	
Lane Infrastructure Inc.	USA	USD	10	44.991		44.991	Lane Industries Incorporated	line-by-line	
Lane Mideast Contracting LLC	United Arab Emirates	AED	300,000	22.045		22.045	Impregilo Intern. Infrastruc. N.V.	line-by-line	
Lane Mideast Qatar LLC	Qatar	QAR	5,000,000	22.045		22.045	Impregilo Intern. Infrastruc. N.V.	line-by-line	
Lane Securety Paving J.V.	USA			26.994		26.994	Lane Construction Corporation	line-by-line	
Lane Water LLC	USA			44.991		44.991	Lane Construction Corporation	line-by-line	
Lane Worldwide Infrastructure Inc.	USA	USD	10	44.991		44.991	Lane Industries Incorporated	line-by-line	
LMH_lane Cabot Yard J.V.	USA			22.495		22.495	Lane Construction Corporation	line-by-line	
Madonna dei Monti S.r.l.	Italy	Euro	46,000	100.000	100.000			line-by-line	
Melito S.c.r.l. (in liq.)	Italy	Euro	77,400	29.994		29.994	HCE Costruzioni S.p.A.	line-by-line	
Mercovia S.A.	Argentina	ARS	10,000,000	26.994		26.994	Impregilo Intern. Infrastruc. N.V.	line-by-line	
Messina Stadio S.c.r.l. (in liq.)	Italy	Euro	30,600	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Metro B S.r.l.	Italy	Euro	20,000,000	23.629		23.629	Webuild S.p.A.	line-by-line	
Metro B1 S.c.a.r.l.	Italy	Euro	100,000	36.307		36.307	Webuild S.p.A.	line-by-line	
Metro Blu S.c.r.l.	Italy	Euro	10,000	37.560		22.495	Webuild S.p.A.	line-by-line	(**)
						15.064	Astaldi S.p.A.		
Mondial Milas-Bodrum Havalimani Uluslararasi Terminal İşletmeciliği Ve Yatirim A.S.	Turkey	TRY	37,518,000	24.103		24.103	Astaldi Concessions S.p.A.	line-by-line	(*)
Mosconi S.r.l.	Italy	Euro	100,000	28.569		28.569	Cossi Costruzioni S.p.A.	line-by-line	
Napoli Cancello Alta Velocità S.c.r.l.	Italy	Euro	10,000	39.046		26.994	Webuild S.p.A.	line-by-line	(**)

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						12.051	Astaldi S.p.A.		
NBI Elektrik Elektromekanik Tesisat Insaat Ve Ticaret I.S.	Turkey	TRY	10,720,000	30.128		28.622	NBI S.p.A.	line-by-line	(*)
						1.507	Astur Construction and Trade A.S.		
NBI S.p.A.	Italy	Euro	7,500,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Nlf Nowa Lodz Fabryczna Sc	Poland			15.064		15.064	Astaldi S.p.A.	line-by-line	(*)
Nores S.r.l.	Italy	Euro	100,000	48.317		39.732	Plus S.r.l.	line-by-line	
						8.585	Dirlan S.r.l.		
Nuovo Ospedale Sud Est Baresen S.c.r.l. – NOSEB S.c.r.l.	Italy	Euro	35,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Ospedale del Mare S.c.r.l. (in liq.)	Italy	Euro	50,000	30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Ospedale Monopoli Fasano S.c.r.l.	Italy	Euro	10,000	15.366		15.366	NBI S.p.A.	line-by-line	(*)
Partenopea Finanza di Progetto S.c.p.A.	Italy	Euro	9,300,000	30.125		30.125	Astaldi S.p.A.	line-by-line	(*)
Passante Dorico S.p.A.	Italy	Euro	24,000,000	28.377		21.146	Webuild S.p.A.	line-by-line	(**)
						7.231	Astaldi S.p.A.		
PGH Ltd	Nigeria	NGN	52,000,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Pietrarossa S.c.r.l. (in liq.)	Italy	Euro	10,200	44.991		44.991	HCE Costruzioni S.p.A.	line-by-line	
Piscine dello Stadio S.r.l.	Italy	Euro	851,000	43.201		43.201	HCE Costruzioni S.p.A.	line-by-line	
Piscine S.c.r.l. (in liq.)	Italy	Euro	10,000	31.493		31.493	HCE Costruzioni S.p.A.	line-by-line	
Plus S.r.l.	Italy	Euro	765,000	55.460		55.460	Zeis S.r.l.	line-by-line	
Portovesme S.c.r.l. (in liq.)	Italy	Euro	25,500	30.123		30.123	Astaldi S.p.A.	line-by-line	(*)
Redo-Association Momentanée	Congo			30.129		22.597	Astaldi S.p.A.	line-by-line	(*)
						7.532	Astaldi Internationale Inc.		
Reggio Calabria - Scilla S.c.p.a. (in liq.)	Italy	Euro	35,000,000	22.945		22.945	Webuild S.p.A.	line-by-line	
RI.MA.TI. S.c.a.r.l. (in liq.)	Italy	Euro	100,000	37.531		37.531	Webuild S.p.A.	line-by-line	
Rivigo J.V. (Nigeria) Ltd	Nigeria	NGN	100,000,000	31.493		31.493	PGH Ltd	line-by-line	
Romairport S.r.l.	Italy	Euro	500,000	29.906		29.906	Astaldi S.p.A.	line-by-line	(*)
S. Agata FS S.c.r.l.	Italy	Euro	20,000	39.046		26.994	Webuild S.p.A.	line-by-line	(**)
						12.051	Astaldi S.p.A.		
S. Filippo S.c.r.l. (in liq.)	Italy	Euro	10,200	24.103		24.103	Astaldi S.p.A.	line-by-line	(*)
S.P.T.-Società Passante Torino Sc.r.l.	Italy	Euro	50,000	24.856		24.856	Astaldi S.p.A.	line-by-line	(*)
SA.PI. NOR Salini Impregilo - Pizzarotti J.V.	Norway			22.945		22.945	Webuild S.p.A.	line-by-line	
Salerno-Reggio Calabria S.c.p.a. (in liq.)	Italy	Euro	50,000,000	22.945		22.945	Webuild S.p.A.	line-by-line	
Salini - Impregilo Joint Venture for Mukorsi	Zimbabwe		-	44.991		44.946	Webuild S.p.A.	line-by-line	(°)
						0.045	HCE Costruzioni S.p.A.		
Salini Australia PTY L.t.d.	Australia	AUD	4,350,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Impregilo - Duha Joint Venture	Slovakia			33.743		33.743	Webuild S.p.A.	line-by-line	
Salini Impregilo - Healy J.V. (Cleveland)	USA			44.991		26.994	Webuild S.p.A.	line-by-line	
						17.996	Lane Construction Corporation		
Salini Impregilo - Healy J.V. (Tunnel 3RPORT Indiana)	USA			44.991		13.497	Webuild S.p.A.	line-by-line	
						31.493	Lane Construction Corporation		
Salini Impregilo - Healy J.V. NEBT	USA			44.991		13.497	Webuild S.p.A.	line-by-line	
						31.493	Lane Construction Corporation		
Salini Impregilo - NRW Joint Venture	Australia			35.993		35.993	Webuild S.p.A.	line-by-line	
Salini Impregilo - Tristar	United Arab Emirates			26.994		26.994	Webuild S.p.A.	line-by-line	
Salini Impregilo - US Holdings Inc.	USA	USD	1,100	44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Impregilo Canada Holding Inc.	Canada			44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Impregilo Civil Works	Canada			44.991		44.991	Salini Impregilo Canada Holding Inc.	line-by-line	
Salini Impregilo Mobilink Hurontario GP Inc.	Canada			44.991		44.991	Salini Impregilo Canada Holding Inc.	line-by-line	
Salini Impregilo S.p.A. - The Lane Construction Co. - Jose J Chediack S.A. UTE	Argentina	ARS	10,000	33.743		32.843	Webuild S.p.A.	line-by-line	
						0.900	Lane Construction Corporation		
Salini Insaat Taahhut Sanayi Ve Ticaret Anonim Sirketi (in liq.)	Turkey	TRY	50,000	44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Malaysia SDN BHD	Malaysia	MYR	1,100,000	44.991		40.492	Webuild S.p.A.	line-by-line	
						4.499	CO.GE.MA. S.p.A.		
Salini Namibia Proprietary L.t.d.	Namibia	NAD	100	44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Nigeria L.t.d.	Nigeria	NGN	10,000,000	44.991		44.541	Webuild S.p.A.	line-by-line	

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
						0.450	CO.GE.MA. S.p.A.		
Salini Polska - Todini - Salini Impregilo - S7 JV	Poland	PLN		44.991		33.739	Webuild S.p.A.	line-by-line	
						11.248	Salini Polska L.t.d. Liability Co		
						0.004	HCE Costruzioni S.p.A.		
Salini Polska - Todini - Salini Impregilo - Pribex - S3 JV	Poland	PLN		42.741		32.051	Webuild S.p.A.	line-by-line	
						10.685	Salini Polska L.t.d. Liability Co		
						0.004	HCE Costruzioni S.p.A.		
Salini Polska - Todini - Salini Impregilo - Pribex - S8 JV	Poland	PLN		42.741		32.051	Webuild S.p.A.	line-by-line	
						10.685	Salini Polska L.t.d. Liability Co		
						0.004	HCE Costruzioni S.p.A.		
Salini Polska L.t.d. Liability Co	Poland	PLN	393,450	44.991		44.991	Webuild S.p.A.	line-by-line	
Salini Saudi Arabia Company L.t.d.	Arabia	SAR	1,000,000	22.945		22.945	Webuild S.p.A.	line-by-line	
Salini-Kolin-GCF Joint Venture	Turkey	Euro	4,000	17.096		17.096	Webuild S.p.A.	line-by-line	
Sartori Tecnologie Industriali S.r.l. (in liq.)	Italy	Euro	500,000	30.128		30.128	NBI S.p.A.	line-by-line	(*)
SC Hydro Pty Ltd	Australia			22.495		22.495	Salini Australia PTY L.t.d.	line-by-line	
SCI ADI Ortakligi	Turkey	TRY	10,000	22.495		22.495	Webuild S.p.A.	line-by-line	
SCLC Polihali Diversion Tunnel J.V.	Lesotho			31.489		31.489	Webuild S.p.A.	line-by-line	
Scuola Carabinieri S.c.r.l. (in liq.)	Italy	Euro	50,000	23.018		23.018	Astaldi S.p.A.	line-by-line	(*)
Seac S.c.r.l. (in liq.)	Congo			30.128		30.128	Astaldi S.p.A.	line-by-line	(*)
Seli Tunneling Denmark A.p.s.	Denmark	DKK	130,000	44.991		44.991	HCE Costruzioni S.p.A.	line-by-line	
Sirjo S.c.p.A.	Italy	Euro	30,000,000	36.074		17.996	Webuild S.p.A.	line-by-line	(**)
						18.077	Astaldi S.p.A.		
SLC Snowy Hydro Joint Venture	Australia			29.244		29.239	Webuild S.p.A.	line-by-line	
						0.004	Lane Construction Corporation		
Sociedad Austral Mantenciones y Operaciones S.p.A.	Chile	CLP	1,000,000	30.129		22.597	Astaldi Concessions S.p.A.	line-by-line	(*)
						7.532	NBI S.p.A.		
Società Autostrada Broni - Mortara S.p.A.	Italy	Euro	28,902,600	26.994		26.994	Webuild S.p.A.	line-by-line	
Suramericana de Obras Publicas C.A.- Suropca C.A.	Venezuela	VEB	2,874,118,000	44.991		44.541	Webuild S.p.A.	line-by-line	
						0.450	CSC Costruzioni S.A.		
Susa Dora Quattro S.c.r.l. (in liq.)	Italy	Euro	51,000	27.115		27.115	Astaldi S.p.A.	line-by-line	(*)
T.E.Q Construction Enterprise Inc.	Canada	CAD	10,000	30.128		30.128	Astaldi Canada Enterprises Inc.	line-by-line	(*)
TB Metro S.r.l. (in liq.)	Italy	Euro	100,000	22.945		22.945	Webuild S.p.A.	line-by-line	
Texas High Speed Rail	USA			44.991		22.495	Webuild S.p.A.	line-by-line	
						22.495	Lane Construction Corporation		
The Lane Blythe Construction J.V.	USA			22.495		22.495	Lane Construction Corporation	line-by-line	
Thessaloniki Metro CW J.V. (AIS JV)	Greece			22.495		22.495	Webuild S.p.A.	line-by-line	
Tione 2008 S.C.ar.l. (in liq.)	Italy	Euro		22.903		22.903	Consorzio Stabile Busi (in Liq.)	line-by-line	(*)
Todini Akkord Salini	Ukraine			44.991		11.248	Webuild S.p.A.	line-by-line	
						33.743	HCE Costruzioni S.p.A.		
Toledo S.c.r.l. (in liq.)	Italy	Euro	50,000	27.234		27.234	Astaldi S.p.A.	line-by-line	(*)
Transmisora del Sur S.p.A.	Chile	CLP	1,000,000	30.128		30.128	Astaldi Concessions S.p.A.	line-by-line	(*)
Valle Aconcagua S.A.	Chile	CLP	19,064,993	25.401		25.401	Astaldi Concessioni S.p.A.	line-by-line	(*)
VSL Electrical, Signing, Lighting LLC	USA			44.991		44.991	Lane Construction Corporation	line-by-line	
Western Station J.V,	Arabia			22.945		22.945	Webuild S.p.A.	line-by-line	
Zeis S.r.l.	Italy	Euro	10,000,000	100.000	100.000			line-by-line	
Abeinsa Infr. e Fisia Italimpianti UTE Salalah	Spain			22.945		22.945	Fisia Italimpianti S.p.A.	joint oper.	
AGP Metro Polska	Poland			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Ankara Etlik Hastane Sglik hizmetleri isletme yatirim A.S.	Turkey	TRY	267,240,000	15.365		13.859	Astaldi Concessioni S.p.A.	joint oper.	(*)
						1.506	Astaldi S.p.A.		
Arge Tulfes Pfons	Austria	Euro	1,000	22.045		22.045	Webuild S.p.A.	joint oper.	
Arriyad New Mobility Consortium	Arabia			15.063		15.063	Webuild S.p.A.	joint oper.	
Asocierea Astaldi - Euroconstruct Trading 98	Romania			21.090		21.090	Astaldi S.p.A.	joint oper.	(*)
Asocierea Astaldi S.p.A-IHI Infrastructure Systems SO, L.t.d.	Romania			18.077		18.077	Astaldi S.p.A.	joint oper.	(*)

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Asocierea Astaldi Spa – Max Boegl Romania Srl – Astalrom Sa – Consitrans S.R.L. (Ogra-Campia Turzii)	Romania			15.055		12.051	Astaldi S.p.A.	joint oper.	(*)
						3.004	Astalrom S.A.		
Asocierea Astaldi Spa -Euroconstruct Trading 98 SRL - RCV Global Group SRL (Piata Sudului)	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Asocierea Astaldi-FCC-Salcef-Thales, lot 2°a	Romania			14.914		14.914	Astaldi S.p.A.	joint oper.	(*)
Asocierea Astaldi-FCC-Salcef-Thales, lot 2°b	Romania			14.914		14.914	Astaldi S.p.A.	joint oper.	(*)
Asocierea JV Astaldi S.p.A. - Max Bogl	Romania			18.077		18.077	Astaldi S.p.A.	joint oper.	(*)
Asocierea Lot 3 FCC-Astaldi- Convensa	Romania			14.914		14.914	Astaldi S.p.A.	joint oper.	(*)
Astadim S.C.	Poland	PLZ	10,000	27.115		27.115	Astaldi S.p.A.	joint oper.	(*)
Astaldi S.p.A. – Astalrom S.A. Joint Venture	Romania			30.107		22.597	Astaldi S.p.A.	joint oper.	(*)
						7.510	Astalrom S.A.		
Astaldi-FCC Joint Venture	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Astaldi-FCC-Delta ACM-AB Construct	Romania			14.310		14.310	Astaldi S.p.A.	joint oper.	(*)
Astaldi-FCC-UTI-ACTIV (Metro 5) Asocierea	Romania			11.747		11.747	Astaldi S.p.A.	joint oper.	(*)
Astaldi-Gulermak Joint Venture	Turkey	TRY	1,500	15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Astaldi-Max Boegl Romania	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Astaldi-Max Boegl Romania-Nadlac Arad Lot 2 Joint Venture	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Astaldi-Max Bogl-Euroconstruct-Tecnologica-Priect Bucuresti J.V.	Romania			8.334		8.334	Astaldi S.p.A.	joint oper.	(*)
Astaldi-SC Euroconstruct Tranding 98-SC Astalrom Asocierea	Romania			30.121		28.619	Astaldi S.p.A.	joint oper.	(*)
						1.502	Astalrom S.A.		
Astaldi-Tukerler Ortak Girisimi Joint Venture	Turkey	TRY	1,500	15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Astaldi-UTI-Romairport J.V.	Romania			21.023		12.051	Astaldi S.p.A.	joint oper.	(*)
						8.972	Romairport S.r.l.		
Aster Astaldi-TIM-Termomeccanica Ecologica	Poland			15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Aster Dantiscum	Poland	PLZ	10,000	15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Aster Resovia TM e Termomeccanca Ecologica Astaldi S.C.	Poland			14.763		14.763	Astaldi S.p.A.	joint oper.	(*)
Avrasya Metro Grubu - AMG J.V.	Turkey	TRY	1,000	12.654		12.654	Astaldi S.p.A.	joint oper.	(*)
BSS-KSAB JV	Arabia			16.872		16.872	Webuild S.p.A.	joint oper.	
Civil Works Joint Ventures	Arabia			26.607		23.395	Webuild S.p.A.	joint oper.	
						3.212	Salini Saudi Arabia Company L.t.d.		
CMC - Mavundla - Impregilo J.V.	South Africa			17.636		17.636	Webuild S.p.A.	joint oper.	
Consorcio Amancae	Peru			17.996		17.996	Webuild S.p.A.	joint oper.	
Consorcio Ana Cua	Paraguay			16.571		16.571	Astaldi S.p.A.	joint oper.	(*)
Consorcio Constructor Tumarin	Nicaragua			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Consorcio Contuy Medio Grupo A C.I. S.p.A. Ghella Sogene C.A., Otaola C.A.	Venezuela			16.377		16.377	Webuild S.p.A.	joint oper.	
Consorcio Europeo Hospital de Chinandega	Nigaragua			10.581		10.581	Astaldi S.p.A.	joint oper.	(*)
Consorcio Rio Mantaro	Peru			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Consorcio Rio Urubamba	Peru			12.051		12.051	Astaldi S.p.A.	joint oper.	(*)
Consorzio Constructor M2 Lima	Peru			11.473		11.473	Webuild S.p.A.	joint oper.	
Consorzio Constructora El Arenal	Honduras			14.763		14.763	Astaldi S.p.A.	joint oper.	(*)
Consorzio Gdansk	Poland			15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Consorzio Lublino	Poland			28.616		28.616	Astaldi S.p.A.	joint oper.	(*)
Daelim-Astaldi-WIKA Joint Venture	Indonesia			9.039		9.039	Astaldi S.p.A.	joint oper.	(*)
FCC Construccion S.A. – Astaldi S.p.A., Joint Venture	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Fisia Abeima Salalah J.V.	Oman	OMR		16.062		16.062	Fisia LLC	joint oper.	
Fisia Italimpianti suc. Argentina-Acciona Agua suc. Argentina UTE	Argentina			29.244		29.244	Fisia Italimpianti filiale Argentina	joint oper.	
G.R.B.K. Barrage de Kerrada et Adduction Chelif-Kerrada du Transfert M.A.O	Algeria			20.692		20.692	Astaldi S.p.A.	joint oper.	(*)
Gebze-İzmir Otoyolu İnşaati (NOMAYG) Adi Ortakligi	Turkey	TRY	50,000	5.272		5.272	Astaldi S.p.A.	joint oper.	(*)
Ghazi-Barotha Contractors J.V.	Pakistan			26.005		26.005	Webuild S.p.A.	joint oper.	
Groupement Astaldi-Somatra Get (G.A.S.)	Tunisia			18.077		18.077	Astaldi S.p.A.	joint oper.	(*)
Groupement ASTEH	Algeria			15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Groupement GR-RDM	Algeria			15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
I 405 Partners Joint Venture	USA			7.931		7.931	Astaldi Construction Corporation	joint oper.	(*)
Ika Izmir Demiryolu Joint Venture	Turkey	TRY	10,000	9.942		9.942	Astur Construction and Trade A.S.	joint oper.	(*)

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Ilka Metro Yapim Joint Venture	Turkey	TRY	10,000	4.519		4.519	Astur Construction and Trade A.S.	joint oper.	(*)
Impregilo-Healy-Parsons J.V.	USA	USD		29.244		20.246	Webuild S.p.A.	joint oper.	
						8.998	Lane Construction Corporation		
Lodz Consorzio	Poland			12.051		12.051	Astaldi S.p.A.	joint oper.	(*)
Max Boegl-Astaldi, Joint Venure	Romania			12.051		12.051	Astaldi S.p.A.	joint oper.	(*)
Mobilinx Hurontario Contractor	Canada			27.332		18.896	Salini Impregilo Civil Works	joint oper.	(**)
						8.436	Astaldi Canada Design & Construction Inc.		
Mobilinx Hurontario DBJV	Canada			18.952		18.952	Mobilinx Hurontario Contractor	joint oper.	(**)
Nadlac-Arad JV	Romania			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Nathpa Jhakri J.V.	India	USD	1,000,000	26.994		26.994	HCE Costruzioni S.p.A.	joint oper.	
NBI-A4 Joint Venture	Turkey	TRY	1,500	30.125		30.125	NBI Elektrik Elekt. Tesisat Insaat	joint oper.	(*)
NBI-A4 Tunnel Joint Venture	Turkey			30.125		30.125	NBI S.p.A.	joint oper.	(*)
NGE Genie Civil S.a.s. - Salini Impregilo S.p.A.	France			22.495		22.495	Webuild S.p.A.	joint oper.	
Obrainsa - Astaldi Consorzio	Peru			15.366		15.366	Astaldi S.p.A.	joint oper.	(*)
Reliance-Astaldi, J.V.	India			15.064		15.064	Astaldi S.p.A.	joint oper.	(*)
Rinfra-Astaldi, J.V.	India			7.833		7.833	Astaldi S.p.A.	joint oper.	(*)
Sailini Impregilo - NGE Genie Civil S.a.s	France			29.244		29.244	Webuild S.p.A.	joint oper.	
South Al Mutlaa J.V.	Kuwait			24.745		24.745	Webuild S.p.A.	joint oper.	
Southland Astaldi, Joint Venture	Canada			9.039		9.039	Astaldi Canada Design & Construction Inc.	joint oper.	(*)
Telt Villarodin-Bourget Modane Avrieux	France			14.995		14.995	Webuild S.p.A.	joint oper.	
Tristar Salini Joint Venture	United Arab Emirates			17.996		17.996	Webuild S.p.A.	joint oper.	(a)
UJV Astaldi S.p.A. (Suc. Cile), VCGP (Ag en Chile) e VCGP–Astaldi Ingenieria y Const.Ltd	Chile			15.064		14.914	Astaldi S.p.A.	joint oper.	(*)
						0.151	VCGP - Astaldi Ingenieria y Construccion Limitada		
UTE Abeima Fisia Shoaibah	Arabia			22.495		22.495	Fisia Italimpianti S.p.A.	joint oper.	
Uti Grup S.A.-Astaldi S.p.A.	Romania			19.584		19.584	Astaldi S.p.A.	joint oper.	(*)
Aegek-Impregilo-Aslom J.V.	Greece			20.606		20.606	Webuild S.p.A.	sh. equity	
AGL JV	USA			8.998		8.998	Lane Construction Corporation	sh. equity	
Aguas del Gran Buenos Aires S.A. (in liq.)	Argentina	ARS	45,000,000	19.161		7.425	Webuild S.p.A.	sh. equity	
						10.675	Impregilo Intern. Infrastruc. N.V.		
						1.061	Iglys. S.A.		
Ankara Etlik Hastane Isletme Ve Bakim Anonim Sirketi	Turkey	TRY	50,000	15.366		15.366	Astaldi Concessions S.p.A.	sh. equity	(*)
Arge Haupttunnel Eyholz	Switzerland			16.197		16.197	CSC Costruzioni S.A.	sh. equity	
Atayde North Holding	Mexico			12.051		12.051	Astaldi S.p.A.	sh. equity	(*)
Autopistas del Sol S.A.	Argentina	ARS	175,396,394	8.916		8.916	Impregilo Intern. Infrastruc. N.V.	sh. equity	
Autostrada Nogara Mare Adriatico S.c.r.l. (in liq.)	Italy	Euro	120,000	6.930		3.917	Astaldi Concessioni S.p.A.	sh. equity	(*)
						3.013	Astaldi S.p.A.		
Avola S.c.r.l. (in liq.)	Italy	Euro	10,200	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Avrasya Metro Grubu S.r.l . (in liq.)	Italy	Euro	10,000	12.654		12.654	Astaldi S.p.A.	sh. equity	(*)
Barnard Impregilo Healy J.V.	USA			20.246		11.248	Webuild S.p.A.	sh. equity	
						8.998	Lane Construction Corporation		
Biomedica S.c.r.l. (in liq.)	Italy	Euro	10,000	12.855		12.855	Consorzio Stabile Busi (in liq.)	sh. equity	(*)
Brennero Tunnel Construction S.c.r.l.	Italy	Euro	100,000	14.230		14.230	Astaldi S.p.A.	sh. equity	(*)
C.F.M. S.c.r.l. (in liq.)	Italy	Euro	40,800	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
C.P.R.2	Italy	Euro	2,066	16.183		16.183	HCE Costruzioni S.p.A.	sh. equity	
C.P.R.3	Italy	Euro	2,066	16.183		16.183	HCE Costruzioni S.p.A.	sh. equity	
Cagliari 89 S.c.r.l. (in liq.)	Italy	Euro	10,200	22.045		22.045	HCE Costruzioni S.p.A.	sh. equity	
Casada S.r.l.	Italy	Euro	98,000	25.000		25.000	Zeis S.r.l.	sh. equity	
CGR Consorzio Galliera Roveredo	Switzerland			16.872		16.872	CSC Costruzioni S.A.	sh. equity	
Churchill Construction Consortium	United Kingdom			13.497		13.497	Impregilo New Cross Ltd	sh. equity	
Churchill Hospital J.V.	United Kingdom			22.495		22.495	Impregilo New Cross Ltd	sh. equity	
CMC - Consorzio Monte Ceneri lotto 851	Switzerland			17.996		17.996	CSC Costruzioni S.A.	sh. equity	

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
CMR Consorzio	Switzerland			21.371		21.371	CSC Costruzioni S.A.	sh. equity	
CMS Consorzio	Switzerland			31.493		31.493	CSC Costruzioni S.A.	sh. equity	
CO.SAT S.c.r.l. (in liq.)	Italy	Euro	10,000	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Colli Albani S.c.r.l. (in liq.)	Italy	Euro	25,500	18.077		18.077	Astaldi S.p.A.	sh. equity	(*)
Consorcio Contuy Medio	Venezuela			21.591		13.065	Webuild S.p.A.	sh. equity	(**)
						8.526	Astaldi S.p.A.		
Consorcio Federici/Impresit/Ice Cochabamba	Bolivia	USD	100,000	11.248		11.248	HCE Costruzioni S.p.A.	sh. equity	
Consorcio Grupo Contuy-Proyectos y Obras de Ferrocarriles	Venezuela			25.036		14.995	Webuild S.p.A.	sh. equity	(**)
						10.041	Astaldi S.p.A.		
Consorcio Normetro	Portugal			5.930		5.930	Webuild S.p.A.	sh. equity	
Consorcio OIV-TOCOMA	Venezuela			17.996		17.996	Webuild S.p.A.	sh. equity	
Consorcio V.I.T. - Tocoma	Venezuela			15.747		15.747	Webuild S.p.A.	sh. equity	
Consorcio V.I.T. Caroni - Tocoma	Venezuela			15.747		15.747	Webuild S.p.A.	sh. equity	
Consorcio V.S.T. Tocoma	Venezuela			13.497		13.497	Webuild S.p.A.	sh. equity	
Consortium CSC S.A.-Zuttion Construction S.A.	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consortium Zuttion Constructions-CSC-Orrlati	Switzerland			17.996		17.996	CSC Costruzioni S.A.	sh. equity	
Consorzio 201 Quintai	Switzerland			26.994		26.994	CSC Costruzioni S.A.	sh. equity	
Consorzio 202 Quintai	Switzerland			13.497		13.497	CSC Costruzioni S.A.	sh. equity	
Consorzio ACE Chiasso	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio ACE Chiasso 2	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio Astaldi-Federici-Todini (in liq.)	Italy	Euro	46,000	25.042		15.000	HCE Costruzioni S.p.A.	sh. equity	(**)
						10.042	Astaldi S.p.A.		
Consorzio Astaldi-Federici-Todini Kramis	Italy	Euro	100,000	37.556		22.493	HCE Costruzioni S.p.A.	sh. equity	(**)
						15.063	Astaldi S.p.A.		
Consorzio Cà di Ferro	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio Cavalcavia A2 - Nodo di Camorino	Switzerland			15.000		15.000	CSC Costruzioni S.A.	sh. equity	
CEMS consortium	Switzerland			15.027		15.027	CSC Costruzioni S.A.	sh. equity	
Consorzio Consarno	Italy	Euro	20,658	7.532		7.532	Astaldi S.p.A.	sh. equity	(*)
Consorzio del Sinni	Italy	Euro	51,646	19.418		19.418	HCE Costruzioni S.p.A.	sh. equity	
Consorzio di Penta Ugo Vitolo (in liq.)	Italy	Euro	2,582	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Consorzio di Riconversione Industriale Apuano - CO.RI.A. S.c.r.l.	Italy	Euro	46,481	4.499		4.499	HCE Costruzioni S.p.A.	sh. equity	
EPC consortium	Peru			8.211		8.211	Webuild S.p.A.	sh. equity	
Consorzio Ferrofir (in liq.)	Italy	Euro	30,987	35.082		14.997	HCE Costruzioni S.p.A.	sh. equity	(**)
						20.086	Astaldi S.p.A.		
Consorzio Ferroviario Milanese (in liq.)	Italy	Euro	154,937	8.215		8.215	HCE Costruzioni S.p.A.	sh. equity	
Consorzio GI.IT. (in liq.)	Italy	Euro	2,582	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Consorzio H20 Morobbia	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio Imprese Lavori FF.SS. di Saline - FEIC	Italy	Euro	15,494	14.997		14.997	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Iniziative Ferroviarie - INFER	Italy	Euro	41,316	15.747		15.747	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Iricav Uno	Italy	Euro	520,000	12.911		12.911	Astaldi S.p.A.	sh. equity	(*)
Consorzio Ital.Co.Cer. (in liq.)	Italy	Euro	51,600	9.039		9.039	Astaldi S.p.A.	sh. equity	(*)
Consorzio Italvenezia	Italy	Euro	77,450	30.128		30.128	Astaldi S.p.A.	sh. equity	(*)
Consorzio Kallidromo	Greece	Euro	8,804	10.348		10.348	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Lotto 742-01	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio Masnan	Switzerland			31.493		31.493	CSC Costruzioni S.A.	sh. equity	
MEGE consortium	Switzerland			11.248		11.248	CSC Costruzioni S.A.	sh. equity	
Consorzio MM4	Italy	Euro	200,000	24.140		14.458	Webuild S.p.A.	sh. equity	(**)
						9.682	Astaldi S.p.A.		
Consorzio NOG.MA (in liq.)	Italy	Euro	600,000	7.544		7.544	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Noovocento (in liq.)	Italy	Euro	51,640	12.280		12.280	Astaldi S.p.A.	sh. equity	(*)
Consorzio Piottino	Switzerland			20.246		20.246	CSC Costruzioni S.A.	sh. equity	
Consorzio Pizzarotti Todini-Kef-Eddir. (in liq.)	Italy	Euro	100,000	22.495		22.495	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Portale Vezia (CPV Lotto 854)	Switzerland			26.994		26.994	CSC Costruzioni S.A.	sh. equity	
Consorzio Probin	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Consorzio Sarda Costruzioni Generali - SACOGEN	Italy			11.248		11.248	HCE Costruzioni S.p.A.	sh. equity	
Consorzio Sardo d'Imprese (in liq.)	Italy	Euro	103,291	15.468		15.468	HCE Costruzioni S.p.A.	sh. equity	
Consorzio TDB Teris - 2	Switzerland			11.248		11.248	CSC Costruzioni S.A.	sh. equity	
Consorzio Trevi - S.G.F. INC per Napoli	Italy	Euro	10,000	20.246		20.246	Webuild S.p.A.	sh. equity	

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Consorzio Vedeggio	Switzerland			44.541		44.541	CSC Costruzioni S.A.	sh. equity	
Consorzio Vertiaz	Switzerland			44.991		0.004	Webuild S.p.A.	sh. equity	
						44.986	CSC Costruzioni S.A.		
Consorzio Zeb	Switzerland			11.248		11.248	CSC Costruzioni S.A.	sh. equity	
Depurazione Palermo S.c.r.l. (in liq.)	Italy	Euro	20,000	22.495		22.495	HCE Costruzioni S.p.A.	sh. equity	
Diga di Blufi S.c.r.l. (in liq.)	Italy	Euro	45,900	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
E.R. Impregilo/Dumez y Asociados para Yaciretê - ERIDAY	Argentina	USD	539,400	9.336		8.436	Webuild S.p.A.	sh. equity	
						0.900	Iglys S.A.		
Ecosarno S.c.r.l. (in liq.)	Italy	Euro	50,490	10.043		10.043	Astaldi S.p.A.	sh. equity	(*)
EDIL.CRO S.c.r.l. (in liq.)	Italy	Euro	10,200	7.491		7.491	HCE Costruzioni S.p.A.	sh. equity	
Enecor S.A.	Argentina	ARS	8,000,000	13.497		13.497	Impregilo Intern. Infrastruc. N.V.	sh. equity	
Etlik Hastane P.A. S.r.l.	Italy	Euro	110,000	15.366		15.366	Astaldi S.p.A.	sh. equity	(*)
Eurolink S.c.p.a.	Italy	Euro	150,000,000	20.246		20.246	Webuild S.p.A.	sh. equity	
Fifth Concession Company - 5cc	Russia			7.382		7.382	Astaldi S.p.A.	sh. equity	(*)
Fisia Abeima LLC	Arabia	SAR	500,000	22.495		22.495	Fisia Italimpianti S.p.A.	sh. equity	
Flatiron West Inc.- The Lane Constr. Corp. J.V.	USA			17.996		17.996	Lane Construction Corporation	sh. equity	
Flatiron-Lane J.V.	USA			20.246		20.246	Lane Construction Corporation	sh. equity	
Fluor-Lane 95 LLC	USA			15.747		15.747	Lane Construction Corporation	sh. equity	
Fluor-Lane LLC	USA			15.747		15.747	Lane Construction Corporation	sh. equity	
Fluor-Lane South Carolina LLC	USA			20.246		20.246	Lane Construction Corporation	sh. equity	
Forum S.c.r.l.	Italy	Euro	51,000	33.095		8.998	Webuild S.p.A.	sh. equity	(**)
						24.097	Astaldi S.p.A.		
Fosso Canna S.c.r.l. (in liq.)	Italy	Euro	25,500	9.641		9.641	Astaldi S.p.A.	sh. equity	(*)
Gaziantep Hastane Sanglik Hizmetleri Isletme Yatrim Joint Stock Company	Turkey	TRY	175,200,000	11.023		11.023	Webuild S.p.A.	sh. equity	
Gaziantep Hastanesi Isletme Ve Bakim Hizmetleri	Turkey	TRY	6,050,000	22.495		22.495	Webuild S.p.A.	sh. equity	
Gemma-Lane Liberty Partners	USA			4.499		4.499	Lane Construction Corporation	sh. equity	
Gemma-Lane Patriot Partners	USA			4.499		4.499	Lane Construction Corporation	sh. equity	
Grand Capital Ring	Russia			7.562		7.562	Astaldi S.p.A.	sh. equity	(*)
Groupement Eurolep	Switzerland			6.628		6.628	Astaldi S.p.A.	sh. equity	(*)
Grupo Empresas Italianas - GEI	Venezuela	VEB	10,500,000	25.040		14.997	Webuild S.p.A.	sh. equity	(**)
						10.043	Astaldi S.p.A.		
Grupo Unidos Por El Canal S.A.	Panama	USD	1,000,000	21.596		21.596	Webuild S.p.A.	sh. equity	
I4 Leasing LLC	USA			13.497		13.497	Lane Construction Corporation	sh. equity	
Immobiliare Marinella S.r.l.	Italy	Euro	10,200	33.330		33.330	Zeis S.r.l.	sh. equity	
ICA LT Limited Liability Company	Russia			15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Impregilo Arabia Ltd	Arabia	SAR	40,000,000	22.495		22.495	Webuild S.p.A.	sh. equity	
Impresit Bakolori Plc	Nigeria	NGN	100,800,000	22.813		22.813	Webuild S.p.A.	sh. equity	
Interstate Healy Equipment J.V.	USA			20.246		20.246	Lane Construction Corporation	sh. equity	
Intraflegrea S.c.r.l. (in liq.)	Italy	Euro	46,600	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
IRINA S.r.l. (in liq.)	Italy	Euro	103,300	16.197		16.197	HCE Costruzioni S.p.A.	sh. equity	
Isarco S.c.r.l.	Italy	Euro	10,000	18.446		18.446	Webuild S.p.A.	sh. equity	
Isibari S.c.r.l. (in liq.)	Italy	Euro	15,494	44.991		44.991	HCE Costruzioni S.p.A.	sh. equity	
J.V. Salini Impregilo - Doprastav	Czech. Rep.			22.495		22.495	Webuild S.p.A.	sh. equity	
Joint Venture Aegek-Impregilo-Ansaldo-Seli-Ansaldobreda (AIASA JV)	Greece			12.013		12.013	Webuild S.p.A.	sh. equity	
Joint Venture Impregilo S.p.A. - Empedos S.A. - Aktor A.T.E. (in liq.)	Greece	-		29.694		29.694	HCE Costruzioni S.p.A.	sh. equity	
Joint Venture Terna - Impregilo	Greece	-		20.246		20.246	Webuild S.p.A.	sh. equity	
Kallidromo Joint Venture	Greece	Euro	29,347	10.348		9.313	HCE Costruzioni S.p.A.	sh. equity	
						1.035	Consorzio Kallidromo		
La Quado S.c.a.r.l. (in liq.)	Italy	Euro	10,000	15.747		15.747	HCE Costruzioni S.p.A.	sh. equity	
Line 3 Metro Stations	Greece			22.495		22.495	Webuild S.p.A.	sh. equity	
M.N. Metropolitana di Napoli S.p.A.	Italy	Euro	3,655,397	6.815		6.815	Astaldi S.p.A.	sh. equity	(*)
M.O.MES. S.c.r.l.	Italy	Euro	10,000	18.077		18.077	Astaldi S.p.A.	sh. equity	(*)
Metro C S.c.p.a.	Italy	Euro	150,000,000	10.394		10.394	Astaldi S.p.A.	sh. equity	(*)
Metro de Lima Linea 2 S.A.	Peru	PEN	368,808,060	8.211		8.211	Webuild S.p.A.	sh. equity	

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Metrogenova S.c.r.l. (in liq.)	Italy	Euro	25,500	22.601		16.029	Webuild S.p.A.	sh. equity	(**)
						6.572	Astaldi S.p.A.		
Mobilink Hurontario General Partnership	Canada			13.666		9.448	Salini Impregilo Mobilink Hur. GP Inc.	sh. equity	(a) (**)
						4.218	Astaldi Mobilinx Hur. GP Inc.		
Mobilinx Hurontario Services L.t.d.	Canada			7.809		5.399	Webuild S.p.A.	sh. equity	(**)
						2.410	Astaldi Canada Design and Cons. Inc.		
Mose Bocca di Chioggia S.c.r.l.	Italy	Euro	10,000	4.519		4.519	Astaldi S.p.A.	sh. equity	(*)
Mose-Treporti S.c.r.l.	Italy	Euro	10,000	10.545		10.545	Astaldi S.p.A.	sh. equity	(*)
N.P.F. – Nuovo Polo Fieristico S.c.r.l. (in liq.)	Italy	Euro	40,000	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
Nova Metro S.c.r.l. (in liq.)	Italy	Euro	40,800	7.261		7.261	Astaldi S.p.A.	sh. equity	(*)
Nuevo Pudahuel S.A.	Chile	CLP	156,099,851	4.519		4.519	Astaldi Concessioni S.p.A.	sh. equity	(*)
Ochre Solutions Holdings Ltd	United Kingdom	GBP	20,000	17.996		17.996	Impregilo Intern. Infrastruc. N.V.	sh. equity	
Olbia 90 S.c.r.l. (in liq.)	Italy	Euro	10,200	11.023		11.023	HCE Costruzioni S.p.A.	sh. equity	
Otoyol Deniz Tasimaciligi A.S.	Turkey	TRY	5,000,000	5.272		5.272	Astaldi S.p.A.	sh. equity	(*)
Otoyol Isletme Ve Bakim A.S.	Turkey	TRY	5,000,000	5.465		5.465	Astaldi S.p.A.	sh. equity	(*)
Otoyol Yatirim Ve İsletme A.S.	Turkey	TRY	4,180,000,000	5.465		5.465	Astaldi S.p.A.	sh. equity	(*)
Passante di Mestre S.c.p.A. (in liq.)	Italy	Euro	50,000,000	19.087		19.087	HCE Costruzioni S.p.A.	sh. equity	
Pedelombarda S.c.p.a.	Italy	Euro	80,000,000	28.377		21.146	Webuild S.p.A.	sh. equity	(**)
						7.231	Astaldi S.p.A.		
Pedemontana Lombarda Manutenzioni S.c.r.l.	Italy	Euro	10,000	10.665		10.665	NBI S.p.A.	sh. equity	(*)
Pedemontana Veneta S.p.A. (in liq.)	Italy	Euro	12,000	9.603		9.603	HCE Costruzioni S.p.A.	sh. equity	
Pegaso S.c.r.l. (in liq.)	Italy	Euro	260,000	13.181		13.181	Astaldi S.p.A.	sh. equity	(*)
PerGenova S.c.p.a.	Italy	Euro	1,000,000	22.495		22.495	Webuild S.p.A.	sh. equity	
Piana di Licaca S.c.r.l. (in liq.)	Italy	Euro	10,200	13.180		13.180	Astaldi S.p.A.	sh. equity	(*)
Puentes del Litoral S.A. (in liq.)	Argentina	ARS	43,650,000	11.698		9.898	Webuild S.p.A.	sh. equity	
						1.800	Iglys S.A.		
Purple Line Transit Constructors LLC	USA			13.497		13.497	Lane Construction Corporation	sh. equity	
Rasoira Consorzio	Switzerland			22.495		22.495	CSC Costruzioni S.A.	sh. equity	
Renovation Palais Des Nations S.A.	Switzerland	CHF	100,000	7.648		7.648	CSC Costruzioni S.A.	sh. equity	
S. Anna Palermo S.c.r.l. (in liq.)	Italy	Euro	40,800	32.213		32.213	Webuild S.p.A.	sh. equity	
S. Benedetto S.c.r.l. (in liq.)	Italy	Euro	25,823	25.645		25.645	HCE Costruzioni S.p.A.	sh. equity	
S. Leonardo S.c.r.l. (in liq.)	Italy	Euro	10,200	15.366		15.366	Astaldi S.p.A.	sh. equity	(*)
S. Ruffillo S.c.r.l.	Italy	Euro	60,000	15.747		15.747	Webuild S.p.A.	sh. equity	
S.E.I.S. S.p.A.	Italy	Euro	3,877,500	14.562		14.562	Astaldi S.p.A.	sh. equity	(*)
Salini Impregilo - Kolin	Turkey			22.500		22.500	Webuild S.p.A.	sh. equity	(a)
Salini Strabag Joint Ventures	Guinea	Euro	10,000	22.495		22.495	Webuild S.p.A.	sh. equity	
Sclafani S.c.r.l. (in liq.)	Italy	Euro	10,400	18.446		18.446	HCE Costruzioni S.p.A.	sh. equity	
SEDI S.c.r.l.	Italy	Euro	10,000	15.297		15.297	HCE Costruzioni S.p.A.	sh. equity	
Segrate S.c.r.l.	Italy	Euro	10,000	15.747		15.747	Webuild S.p.A.	sh. equity	
Sellero S.c.r.l. (in liq.)	Italy	Euro	10,000	11.142		11.142	Cossi Costruzioni S.p.A.	sh. equity	
SFI Leasing Company	USA			13.497		13.497	Webuild S.p.A.	sh. equity	
Shimmick CO. INC. - FCC CO S.A. - Impregilo S.p.A - J.V.	USA			13.497		13.497	Webuild S.p.A.	sh. equity	
Sibar Arge	Switzerland			26.994		26.994	CSC Costruzioni S.A.	sh. equity	
Sistranyac S.A.	Argentina	ARS	3,000,000	9.044		9.044	Impregilo Intern. Infrastruc. N.V.	sh. equity	
Skanska-Granite-Lane J.V.	USA			13.497		13.497	Lane Construction Corporation	sh. equity	
SOC 24 Russia	Russia			7.562		7.562	Astaldi S.p.A.	sh. equity	(*)
Sociedad Concesionaria Metropolitana De Salud S.A.	Chile	CLP	15,000,000	15.366		15.366	Astaldi Concessions S.p.A.	sh. equity	(*)
Soingit S.c.r.l. (in liq.)	Italy	Euro	41,317	13.267		13.267	HCE Costruzioni S.p.A.	sh. equity	
Tangenziale Seconda S.c.r.l. (in liq.)	Italy	Euro	45,900	12.874		12.874	Astaldi S.p.A.	sh. equity	(*)
Tartano S.r.l. Società Agricola	Italy	Euro	110,000	9.285		9.285	Cossi Costruzioni S.p.A.	sh. equity	
Techint S.A.C.I.- Hochtief A.G.- Impregilo S.p.A.-Iglys S.A. UTE	Argentina			15.747		11.810	Webuild S.p.A.	sh. equity	
						3.937	Iglys S.A.		
TM-Salini Consortium	Malaysia			40.492		40.492	Webuild S.p.A.	sh. equity	

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
Trieste Due S.c.a.r.l. (in liq.)	Italy	Euro	10,000	12.856		12.856	Cossi Costruzioni S.p.A.	sh. equity	
Unionport Constructors J.V.	USA			20.246		20.246	Lane Construction Corporation	sh. equity	
Valdostana Condotte - Cossi	Italy	Euro	100,000	5.714		5.714	Cossi Costruzioni S.p.A.	sh. equity	
VCGP - Astaldi Ingenieria y Construccion Limitada	Chile	CLP	66,000,000	15.064		15.064	Astaldi S.p.A.	sh. equity	(*)
VE.CO. S.c.r.l.	Italy	Euro	10,200	11.248		11.248	Webuild S.p.A.	sh. equity	
Yacylec S.A.	Argentina	ARS	20,000,000	8.400		8.400	Impregilo Intern. Infrastruc. N.V.	sh. equity	
Yuma Concessionaria S.A.	Colombia	COP	26,000,100,000	21.742		17.996	Webuild S.p.A.	sh. equity	
						3.746	Impregilo Intern. Infrastruc. N.V.		
Acqua Campania S.p.A.	Italy	Euro	4,950,000	0.045		0.045	Impregilo Intern. Infrastruc. N.V.	cost	
Asse Sangro Consorzio (in liq.)	Italy	Euro	464,811	1.435		1.435	Astaldi S.p.A.	cost	(*)
Banca di Credito Cooperativo di Roma	Italy	Euro	52,062,210	0.000	0.000			cost	
BSS J.V. - Air Academy project	Arabia			2.250		2.250	Webuild S.p.A.	cost	
C.F.C. S.c.r.l. (in liq.)	Italy	Euro	45,900	0.003		0.003	Astaldi S.p.A.	cost	(*)
C.I.T.I.E. Consorzio Inst. Tec. Idr. Elettr. Soc. Cooperativa (in liq.)	Italy	Euro	8,035	0.148		0.117	NBI S.p.A.	cost	(*)
						0.030	3E System S.r.l. (in liq.)		
CE.DI.R. S.c.r.l. (in liq.)	Italy	Euro	10,200	0.450		0.450	HCE Costruzioni S.p.A.	cost	
Centoquattro S.c.r.l.	Italy	Euro	10,000	3.637		3.637	NBI S.p.A.	cost	(*)
Centotre S.c.r.l.	Italy	Euro	10,000	3.772		3.772	NBI S.p.A.	cost	(*)
CO.SA.VI.D. S.c.r.l.	Italy	Euro	25,500	0.003		0.003	Astaldi S.p.A.	cost	(*)
Consorzio Aree Industriali Potentine (in liq.)	Italy	Euro	408,000	0.900		0.900	Fisia Ambiente S.p.A.	cost	
Consorzio Casale Nei	Italy	Euro	27,889	1.250		1.250	HCE Costruzioni S.p.A.	cost	
Consorzio Centro Uno (in liq.)	Italy	Euro	154,937	0.602		0.602	Astaldi S.p.A.	cost	(*)
Consorzio Cona (in liq.)	Italy	Euro	751,950	1.504		1.504	NBI S.p.A.	cost	(*)
Consorzio Costruttori TEEM	Italy	Euro	10,000	0.004		0.004	HCE Costruzioni S.p.A.	cost	(a)
Consorzio Groupement Lesi-Dipenta	Italy	Euro	258,228	0.003		0.003	Astaldi S.p.A.	cost	(*)
Consorzio infrastruttura area metropolitana - Metro Cagliari (in liq.)	Italy	Euro	129,114	3.374		3.374	HCE Costruzioni S.p.A.	cost	
Consorzio Malagrotta	Italy	Euro	2,840	0.010		0.010	Astaldi S.p.A.	cost	(*)
Consorzio Nazionale Imballaggi - CO.NA.I.	Italy	Euro	130	0.450		0.450	Webuild S.p.A.	cost	
Consorzio Terme di Sardara - CON.TER.SAR. (in liq.)	Italy			0.045		0.045	HCE Costruzioni S.p.A.	cost	
Consorzio Tratta Determinante Città Vitale - TRA.DE.CIV	Italy	Euro	155,535	5.341		5.341	Astaldi S.p.A.	cost	(*)
Consorzio Utenti Servizi Salaria Vallericca	Italy	Euro	10,500	0.003		0.003	Astaldi S.p.A.	cost	(*)
Consorzio Venezia Nuova	Italy	Euro	274,000	5.288		5.288	Consorzio Italvenezia	cost	(*)
DIRPA S.c.r.l.	Italy	Euro	50,000,000	29.821		29.821	Consorzio Stabile Operae	cost	(*)
Elektromak - Mekatronik - NBI, Joint Venture	Turkey			0.030		0.030	NBI Elektrik Elektromekanik	cost	(*)
Emittenti Titoli S.p.A. (in liq.)	Italy	Euro	4,264,000	0.110		0.110	Webuild S.p.A.	cost	
Fusaro S.c.r.l. (in liq.)	Italy	Euro	10,200	0.003		0.003	Astaldi S.p.A.	cost	(*)
Grassetto S.p.A. (in liq.)	Italy	Euro	111,650,000	0.000		0.000	HCE Costruzioni S.p.A.	cost	
Guida Editori S.c.r.l. (in liq.)	Italy	Euro	10,329	0.316		0.316	Astaldi S.p.A.	cost	(*)
Hobas Italiana S.p.A. (in liq.)	Italy			3.972		3.972	HCE Costruzioni S.p.A.	cost	
Immobiliare Golf Club Castel D'Aviano S.r.l.	Italy	Euro	4,540,340	0.200		0.200	HCE Costruzioni S.p.A.	cost	
Imprebanca S.p.A.	Italy	Euro	50,000,000	1.000	1.000			cost	
Impregilo S.p.A.-Avax S.A.-Ate Gnomon S.A., J.V.	Greece	GRD	3,000,000	0.450		0.450	HCE Costruzioni S.p.A.	cost	
Istituto per lo Sviluppo Edilizio ed Urbanistico - ISVEUR S.p.A. (in liq.)	Italy	Euro	2,500,000	1.140		0.450	Webuild S.p.A.	cost	(**)
						0.630	HCE Costruzioni S.p.A.		
						0.060	Astaldi S.p.A.		
Istituto Promozionale per l'Edilizia S.p.A. - Ispredil S.p.A.	Italy	Euro	111,045	0.054		0.054	ILIM Srl	cost	
Joint Venture Aktor S.A. - Impregilo S.p.A.	Greece			0.045		0.045	Webuild S.p.A.	cost	
Lambro S.c.r.l.	Italy	Euro	200,000	0.004		0.004	HCE Costruzioni S.p.A.	cost	(a)
Lane Solid - Tadmur Joint Venture	Qatar			0.220		0.220	Lane Mideast Qatar LLC	cost	
Manifesto S.p.A. (in liq.)	Italy			0.162		0.162	CO.GE.MA. S.p.A.	cost	
Markland S.r.l. (in liq.)	Italy	Euro	66,810	0.855		0.855	Webuild S.p.A.	cost	
Metro 5 S.p.A.	Italy	Euro	53,300,000	0.602		0.602	Astaldi S.p.A.	cost	(*)
Mia Adi Ortakligi J.V.	Turkey			3.615		3.615	Astur Construction and Trade A.S.	cost	(*)
Mika Adi Ortakligi J.V.	Turkey			4.519		4.519	Astur Construction and Trade A.S.	cost	(*)

Company	Country	Currency	Capital corporate subscribed	% investment without	% direct	% indirect	businesses investors indirectly	method Consolidation or measurement	
MN 6 S.c.r.l.	Italy	Euro	51,000	6.367		6.066	M.N. Metropolitana di Napoli S.p.A.	cost	(*)
						0.301	Astaldi S.p.A.		
Mose Operae S.c.r.l.	Italy	Euro	10,000	5.206		5.206	Astaldi S.p.A.	cost	(*)
Nomisma - Società di Studi Economici S.p.A.	Italy	Euro	20,433,801	0.110		0.110	HCE Costruzioni S.p.A.	cost	
Normetro - Agrupamento Do Metropolitano Do Porto, ACE	Portugal	PTE	100,000	0.954		0.954	HCE Costruzioni S.p.A.	cost	
Nova Via Festinat Industrias (in liq.)	Italy	Euro	10,329	0.003		0.003	Astaldi S.p.A.	cost	(*)
Pavimental S.p.A.	Italy	Euro	10,116,452	0.181		0.181	Astaldi S.p.A.	cost	(*)
PROG.ESTE S.p.A.	Italy	Euro	11,956,151	0.813		0.813	NBI S.p.A.	cost	(*)
S.A.T. S.p.A.	Italy	Euro	19,126,000	0.301		0.301	Astaldi S.p.A.	cost	(*)
S.I.MA. GEST 3 S.c.r.l. (in liq.)	Italy	Euro	50,000	0.004		0.004	HCE Costruzioni S.p.A.	cost	
Salini Impregilo Bin Omran J.V.	Qatar			22.495		22.495	Webuild S.p.A.	cost	
Simple Partership Ictas-Astaldi	Russia			0.003		0.003	Astaldi S.p.A.	cost	(*)
Skiarea Valchiavenna S.p.A.	Italy	Euro	12,000,000	0.466		0.416	HCE Costruzioni S.p.A.	cost	(**)
						0.49	Astaldi S.p.A.		
Spoleto Credito e Servizi Soc. Coop.	Italy	Euro	46,721,116	0.000	0.000			cost	
SPV Linea M4 S.p.A.	Italy	Euro	61,531,500	7.237		4.334	Webuild S.p.A.	cost	(**)
						2.903	Astaldi S.p.A.		
Tangenziale Esterna S.p.A.	Italy	Euro	464,945,000	0.000		0.000	Webuild S.p.A.	cost	(a)
Todini-Impregilo Almaty Khorgos J.V.	Kazakhstan			0.004		0.004	Webuild S.p.A.	cost	
Transmetro - Construcao de Metropolitano A.C.E.	Portugal			2.250		2.250	HCE Costruzioni S.p.A.	cost	
Valtellina Golf Club S.p.A.	Italy	Euro	2,813,300	0.182		0.131	Cossi Costruzioni S.p.A.	cost	
						0.50	Mosconi S.r.l.		
Veneta Sanitaria Finanza di Progetto S.p.A. - V.S.F.P. S.p.A.	Italy	Euro	20,500,000	0.301		0.151	Astaldi S.p.A.	cost	(*)
						0.151	Astaldi Concessions S.p.A.		
Wurno Construction Materials - WUCOMAT Ltd	Nigeria	NGN	3,300,000	2.281		2.281	Impresit Bakolori Plc	cost	

(°) Excluded from the consolidation scope (HTM) but still included in the list of group companies
(a) Not yet active and, therefore, excluded from the consolidation scope (HFM)
(*) Astaldi investment
(**) Co-investment with Astaldi

Financial statements of Salini Costruttori S.p.A. at 31 December 2020

Statement of financial position of Salini Costruttori S.p.A.

ASSETS	Notes	31 December 2019	31 December 2020
(Euro)			
Non-current assets			
Property, plant and equipment	4	115,966	115,966
Investment property	5	70,097	70,097
Right-of-use assets		0	0
Intangible Assets:		0	0
Equity investments	6	403,484,702	403,484,702
Non-current financial assets		0	0
Deferred tax assets	7	25,734,456	25,728,548
Total non-current assets		**429,405,221**	**429,399,313**
Current assets			
Inventories		0	0
Contract assets		0	0
Trade receivables	8	402,503	980,366
Derivatives and other current financial assets	9	108,274,244	113,188,673
Current income tax assets	10	470,409	315,096
Other tax assets	10	22,423	11,367
Other current assets	11	1,047,297	3,385,695
Cash and cash equivalents	12	355,601	15,827
Total current assets		**110,572,477**	**117,897,024**
Non-current assets held for sale and discontinued operations		0	0
TOTAL ASSETS		**539,977,698**	**547,296,337**

EQUITY AND LIABILITIES	Notes	31 December 2019	31 December 2020
(Euro)			
Shareholders' equity			
Share capital		62,400,000	62,400,000
Share premium reserve		0	0
Other reserves		38,368,767	38,368,767
Other comprehensive income and expense		0	0
Retained earnings (losses carried forward		203,221,227	191,652,677
Net result		(11,568,550)	(1,140,766)
Total shareholders' equity	13	**292,421,444**	**291,280,678**
Non-current liabilities			
Bank and other loans and borrowings	14	205,005,944	207,359,213
Bonds		0	0
Lease liabilities		0	0
Non-current derivatives		0	0
Post-employment benefits and employee benefits		0	0
Deferred tax liabilities		0	0
Provisions for risks	15	5,781,358	12,280,358
Total non-current liabilities		**210,787,302**	**219,639,571**
Current liabilities			
Current portion of bank loans and borrowings and current account facilities	14	22,403,407	21,862,854
Current portion of bonds		0	0
Current portion of lease liabilities		0	0
Derivatives and other current financial liabilities		0	0
Contract liabilities		0	0
Trade payables	16	1,102,388	869,848
Current income tax liabilities	17	207,354	586,360
Other tax payable	17	4,437	0
Other current liabilities	18	13,051,366	13,057,025
Total current liabilities		**36,768,952**	**36,376,088**
Liabilities directly associated with non-current assets held for sale		0	0
TOTAL EQUITY AND LIABILITIES		**539,977,698**	**547,296,337**

Statement of profit or loss of Salini Costruttori S.p.A.

	Notes	FY 2019	FY 2020
(Euro)			
Revenue			
Revenue		0	3,645,383
Other income		636,892	14,846,924
Total revenue and other income	20	**636,892**	**18,492,307**
Costs			
Purchases		0	0
Subcontracts		0	0
Costs for services	21.1	(2,627,890)	(2,155,804)
Personnel costs		0	0
Other operating expenses	21.2	(789,661)	(313,716)
Write-downs	21.3	0	0
Amortisation, depreciation and provisions	21.3	0	0
Total costs		**(3,417,550)**	**(2,469,519)**
Operating result		**(2,780,659)**	**16,022,787**
Financing income (costs) and gains (losses) on equity investments			
Financial income	*22.1*	*2,752,219*	*4,674,246*
Financial expense	*22.2*	*(7,743,201)*	*(15,365,357)*
Gains (losses) on foreign currencies		*0*	*0*
Net financing (costs) income		(4,990,982)	(10,691,111)
Net gains (losses) on equity investments	23	(4,514,000)	(6,499,000)
Total financing income (costs) and gains (losses) on equity investments		**(9,504,982)**	**(17,190,111)**
Result before taxes		**(12,285,642)**	**(1,167,324)**
Tax	24	717,092	26,558
Profit (loss) from continuing operations		**(11,568,550)**	**(1,140,766)**
Profit (loss) from discontinued operations		0	0
Net result		**(11,568,550)**	**(1,140,766)**

Comprehensive income statement

(€'000)	**FY 2019**	**FY 2020**
Profit (loss) for the year (a)	**(11,569)**	**(1,141)**
Items that may be subsequently reclassified to profit or loss, net of the tax effect:		
Change in translation reserve	0	0
Net gains (losses) on cash flow hedges, net of the tax effect	0	0
Items that cannot be subsequently reclassified to profit or loss, net of the tax effect:	**0**	**0**
Actuarial gains/(losses) on defined benefits pension plans	0	0
Other comprehensive income (expense) (b)	**0**	**0**
Comprehensive income (expense) (a) + (b)	**(11,569)**	**(1,141)**

Statement of cash flows

(€'000)	Notes	FY 2019	FY 2020
Operating activities			
Profit (loss) for the year		(11,569)	(1,141)
adjusted by:			
Amortisation of intangible assets		0	0
Depreciation of property, plant and equipment		0	0
Net impairment losses and provisions	21	0	0
Accrual for post-employment benefits and employee benefits		0	0
Net gains (losses)		0	0
Deferred taxes	24	(718)	(26)
Share of losses of equity-accounted investees	23	4,514	6,499
Income taxes		0	0
Net financial expense	22	4,991	10,691
Other non-monetary items		83	32
Cash flows generated by operating activities		**(2,699)**	**16,055**
Decrease (increase) in inventories and contract assets		0	0
Decrease (increase) in trade receivables	8	(26)	(578)
Decrease (increase) in receivables due from group companies		0	0
(Decrease) increase in contract liabilities		0	0
(Decrease) increase in trade payables	16	203	(233)
Decrease (increase) in other assets/liabilities		833	(2,333)
Total changes in working capital		**1,009**	**(3,144)**
Decrease (increase) in other items not included in working capital		342	554
Financial income collected		0	0
Interest expense paid		(7,672)	(12,886)
Income tax paid		(1)	0
Cash flows generated by (used in) operating activities		**(9,020)**	**579**
Investments			
Net investments in intangible assets		0	0
Investments in property, plant and equipment		0	0
Proceeds from the sale or reimbursement value of property, plant and equipment		0	0
Investments in non-current financial assets	6	(97,367)	0
Proceeds from the sale or reimbursement value of non-current financial assets		0	0
Liquid funds generated by (used in) investing activities		**(97,367)**	**0**
Financing			
Share capital increase		0	0
Dividends distributed	13	(18,193)	0
Purchase of treasury shares		0	0
Increase in bank and other loans	14	265,000	0
Decrease in bank and other loans	14	(160,000)	0
Change in other financial assets/liabilities		300	204
Cash flows generated by (used in) financing activities		**87,107**	**204**
Net period cash flow from discontinued operations		**0**	**0**
Net exchange gains (losses) on cash and cash equivalents		**0**	**0**
Increase (decrease) in cash and cash equivalents		**(19,280)**	**783**

Cash and cash equivalents	12	178	356
Current account liabilities	14	(544)	(20,001)
Total opening cash and cash equivalents		**(366)**	**(19,645)**
Cash and cash equivalents	12	356	16
Current account liabilities	14	(20,001)	(18,878)
Total closing cash and cash equivalents		**(19,645)**	**(18,862)**

Statement of changes in equity

(€'000)		Share capital	Share premium reserve	Other reserves				Other comprehensive income and expense				Retained earning (losses carried forward)	Profit (loss) for the year	Total shareholders' equity
				Legal reserve	Treasury shares	Extraordinary and other reserves	Total other reserves	Translation reserve	Cash flow hedge reserve	Actuarial reserve	Tot. other comprehensive income and expense			
At 1 January 2019	**13**	**62,400**	**0**	**12,480**	**(3,120)**	**29,009**	**38,369**	**0**	**0**	**0**	**0**	**220,244**	**1,170**	**322,183**
Allocation of profit and reserves	13	0	0	0	0	0	0	0	0	0	0	1,170	(1,170)	0
Dividend distribution	13	0	0	0	0	0	0	0	0	0	0	(18,193)	0	(18,193)
Change in scope of consolidation	13	0	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	13	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss) for the year	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(11,569)*	*(11,569)*
Other comprehensive income and expense	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*9*	*0*	*0*	*0*
Total comprehensive income and expense	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*9*	*0*	*(11,569)*	*(11,569)*
As at 31 December 2019	**13**	**62,400**	**0**	**12,480**	**(3,120)**	**29,009**	**38,369**	**0**	**0**	**0**	**0**	**203,221**	**(11,569)**	**292,421**

(€'000)		Share capital	Share premium reserve	Other reserves				Other comprehensive income and expense				Retained earning (losses carried forward)	Profit (loss) for the year	Total shareholders' equity
				Legal reserve	Treasury shares	Extraordinary and other reserves	Total other reserves	Translation reserve	Cash flow hedge reserve	Actuarial reserve	Tot. other comprehensive income and expense			
At 1 January 2020	**13**	**62,400**	**0**	**12,480**	**(3,120)**	**29,009**	**38,369**	**0**	**0**	**0**	**0**	**203,221**	**(11,569)**	**292,421**
Allocation of profit and reserves	13	0	0	0	0	0	0	0	0	0	0	(11,569)	11,569	0
Dividend distribution	13	0	0	0	0	0	0	0	0	0	0	0	0	0
Change in scope of consolidation	13	0	0	0	0	0	0	0	0	0	0	0	0	0
Other movements	13	0	0	0	0	0	0	0	0	0	0	0	0	0
Profit (loss) for the year	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*(1,141)*	*(1,141)*
Other comprehensive income and expense	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*9*	*0*	*0*	*0*
Total comprehensive income and expense	*13*	*0*	*0*	*0*	*0*	*0*	*0*	*0*	*9*	*0*	*9*	*0*	*(1,141)*	*(1,141)*
As at 31 December 2020	**13**	**62,400**	**0**	**12,480**	**(3,120)**	**29,009**	**38,369**	**0**	**0**	**0**	**0**	**191,653**	**(1,141)**	**291,281**

Notes to the financial statements

1. Basis of preparation

Salini Costruttori S.p.A. has prepared its separate financial statements at 31 December 2020 on a going concern basis. The directors have checked that events that could affect the ability of Salini Costruttori S.p.A. to meet its commitment in the near future and, specifically, in the next 12 months do not exist. Preparation of separate financial statements requires management to make judgements and complex estimates about the company's future profitability and financial position, based also on its sector. These complex estimates underpin assumptions about going concern and the carrying amounts of assets, liabilities, revenue and costs. They do not consider non-recurring events that management cannot foresee at the date of preparation of the separate financial statements.

As required by Regulation no. 1606/2002 issued by the European Parliament and Council, implemented in Italy by Legislative decree no. 38/2005, the separate financial statements of Salini Costruttori S.p.A. have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and endorsed by the European Union at 31 December 2020. They comprise a statement of financial position, a statement of profit or loss, a statement of comprehensive income, a statement of cash flows, a statement of changes in equity and these notes.

The separate financial statements have been prepared using the historical cost principle, except for those items which are recognised at fair value in accordance with IFRS, as described in the section on "Accounting policies".

The statement of financial position and the statement of profit or loss are presented in Euros, whereas the 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 stated otherwise.

Complex accounting estimates and the effects of Covid-19

As disclosed in the section of the Directors' report on the effects of Covid-19 on the performance of Salini Costruttori, the epidemic has introduced significant uncertainties, especially about external factors.

The preparation of financial statements in accordance with the IFRS requires management to make judgements and accounting estimates that affect the carrying amounts of assets and liabilities and financial statements disclosures. Given the crisis situation engendered by Covid-19, these judgements and estimates consider the related uncertainties.

Firstly, the separate financial statements at 31 December 2020 have been prepared assuming Salini Costruttori S.p.A. can continue as a going concern as described earlier. This assumption was made using all the information available over 12 months, including the projected profitability and the availability of financial resources. Specifically, the directors considered the following aspects, which have already been referred to in the relevant section of the Directors' report:

- with reference to the operative investees of Salini Costruttori S.p.A., no contracts were cancelled as a result of the Covid-19 pandemic. While 2020 saw the temporary closure of work sites and slowdowns in production, all the Group's activities except for a few cases, have resumed at the date of preparation of this report although not all of them are operating at pre-Covid-19 levels. However, production output should return to normal levels in the second quarter of 2021. The revenue not earned in the first six months of the year as a result of the inefficiencies described has not been lost but simply deferred to the future and should already start to be recouped in the second half of this year.
- again with reference to operative investees, during the period, the Group liaised constantly with its customers to manage the crisis situation in terms of safety and compliance with government measures. Negotiations also commenced on specific contractual issues, mainly the delays due to the shuttering of work sites and the consequent impacts and included discussions about the additional costs incurred due to the crisis situation which the Group has so far borne almost in full.
- With respect to available financial resources, at the date of preparation of this report, there is no exposure to potential financial stress scenarios.

The parent also analysed its credit risk deriving from the Company's exposure to potential losses arising from the customers' (which are mostly governments or state bodies) non-compliance with their obligations. More information about this is available in the section on the impairment of financial assets.

In addition to that set out above, the complex accounting estimates related to:

- Impairment of non-financial assets (IAS 36). When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses.
- Impairment of financial assets (IFRS 9). The Group tests the recoverable amount of financial assets not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

  As described earlier, the Group also performed a credit risk analysis in accordance with the provisions of IFRS 7.
- Assessment of the recoverability of deferred tax assets. Deferred tax assets (like deferred tax liabilities) are calculated on the basis of temporary differences between the carrying amounts of assets and liabilities and their tax bases. The Company recognises deferred tax assets when their recovery is probable. The carrying amount of deferred tax assets is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related benefit. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose profits on its order backlog as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.
- Valuation of the real estate projects The value of the real estate projects is reviewed at each period end and reduced to the lesser of the cost and net realisation value. Despite the uncertainties caused by Covid-19, the fact that the Group does not expect to lose total value on its assets as the revenue and profits have simply been deferred means that the probability of recovery of the deferred tax assets did not change.

Given the uncertain climate generated by Covid-19, actual results may differ from those estimated.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the main risk factors and uncertainties.

With reference to the economic effects, as described in the section on Covid-19 in the Directors' report, Salini Costruttori S.p.A., as holding, has managed to maintain substantial continuity.

2. Changes in applicable accounting standards

This section lists the standards, amendments and interpretations published by the IFRS, endorsed by the European Union and applicable since 1 January 2020:

Standard/Interpretation	IASB application date
Amendments to references to the *conceptual framework in IFRS standards*	1 January 2020
Amendments to IFRS 3 (*Business combinations*) *Definition of a business* (issued on 22 October 2018)	1 January 2020
Amendments to IFRS 9 (*Financial instruments*), IAS 39 (*Financial instruments: recognition and measurement*) and IFRS 7 (*Financial instruments: disclosures*): *Interest rate benchmark reform* (issued on 26 September 2019)	1 January 2020
Amendments to IAS 1 (*Presentation of financial statements*) and IAS 8: *(Accounting policies, changes in accounting estimates and errors) Definition of material*	1 January 2020
Amendments to IFRS 16 (*Leases*) Covid-19-Related Rent Concessions (issued on 28 May 2020)	1 June 2020

The standards published by the IASB and endorsed by the European Union that will be applicable after 31 December 2020 are set out below:

Standard/Interpretation	IASB application date
Amendments to IFRS 4 (*Insurance contracts*) - Deferral of effective date of ' IFRS 9 issued on 25 June 2020	1 January 2021
Interest rates benchmark reform (Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16) issued on 27 August 2020	1 January 2021

The standards, amendments and interpretations published by the IASB and the International Financial Reporting Standards Interpretations Committee (IFRS-IC) but not yet endorsed by the competent EU bodies at the reporting date are set out below:

Standard/Interpretation	IASB application date
IFRS 17 (*Insurance contracts*) issued on 18 May 2017 and included in the amendments to IFRS 17 issued on 25 June 2020	1 January 2023
Amendments to IAS 1 (*Presentation of financial statements*): *Classification of liabilities as current or non-current* (issued on 23 January 2020, and subsequent amendment issued on 15 July 2020)	1 January 2023
Amendments to: - IFRS 3 *Business combinations*; - IAS 16 *Property, plant and equipment*; - IAS 37 Provisions, contingent assets and contingent liabilities - Annual Improvements 2018-2020 issued on 14 May 2020	1 January 2022

The above standards and amendments applicable since 1 January 2020 have not had a effect on the separate financial statements of Salini Costruttori S.p.A.

3. Basis of presentation

Financial statements

The company opted to present its separate financial statements at 31 December 2020 as follows:

- Current and non-current assets and current and non-current liabilities are presented separately in the statement of financial position. Current assets and liabilities are those expected to be realised, sold, used or settled in the company's normal operating cycle, which usually exceeds 12 months. Non-current assets and liabilities include non-current assets, deferred tax assets, employee benefits, deferred tax liabilities and other balances expected to be realised, sold, used or settled after the Company's normal operating cycle, i.e., more than twelve months after the reporting date.
- The statement of profit or loss gives a classification of costs by nature and shows the profit or loss before "Financing income (costs) and gains (losses) on investments" and income taxes. The statement of comprehensive income shows all non-owner changes in equity.
- The statement of cash flows presents the cash flows from operating, investing and financing activities separately. The indirect method is used.

Measurement criteria

The accounting policies adopted to draw up the Salini Costruttori S.p.A. financial statements at 31 December 2020 comply with the IFRS and are consistent with those used to prepare the 2019 financial statements, except

for the accounting standards enacted after 1 January 2020, summarised in the section on the "Changes in standards".

Property, plant and equipment

Property, plant and equipment are recognised at purchase or production cost, net of accumulated depreciation and any impairment losses.

Depreciation is calculated on a straight-line basis using rates determined based on the assets' residual possible use. The annual rates are as follows:

Category	% Amortisation/depreciation
Land	-
Buildings	3
Plant and machinery	from 10 to 20
Industrial and commercial equipment	from 25 to 40
Other assets	from 12 to 25

Land and buildings, plant and machinery with a carrying amount to be recovered mainly through their sale (rather than the asset's continuing use) are measured at the lower of their carrying amount and fair value less costs to sell. Assets held for sale shall be available for immediate sale and their sale shall be highly probable (i.e., the related commitments already exist). Their price shall be reasonable compared to their fair value.

The carrying amount of property, plant and equipment is tested for impairment whenever events or changes in circumstances take place indicating that the carrying amount may not be recovered. Reference should be made to the section on "Impairment of financial assets" for details on impairment testing.

Borrowing costs directly related to the acquisition or construction of an asset are capitalised as part of the cost of the asset, to the extent of its recoverable amount. As established by IAS 23 - Borrowing costs, the company has applied this method to all qualifying assets.

Borrowing costs are capitalised when the costs of the acquisition of the asset and borrowing costs are incurred, and the activities necessary to bring the asset to a condition for its use have been started.

The costs provided for but not yet paid related to qualifying assets are excluded from the amount to be capitalised.

Capitalisation of borrowing costs is suspended during extended periods in which active development is interrupted.

Subsequent expenditure is only capitalised if it increases the future economic benefits of the related asset. All the other costs are recorded in the income statement when incurred.

Ordinary maintenance costs are fully expensed when incurred. Costs that increase the carrying amount of assets are allocated thereto and depreciated over their residual economic lives.

Dismantlement and restoration costs of assets used for contract work in progress are added to the cost of the related asset and depreciated in line with the depreciation pattern of the asset to which they refer when they are foreseeable and objectively determinable.

Leasehold improvements are classified in the different items of property, plant and equipment on the basis of their nature. They are depreciated over the shorter of the estimated useful life of the relevant asset and the residual term of the lease.

Equity investments

Investments in subsidiaries and associates and interests in joint ventures are measured at cost and tested regularly for impairment. This test is carried out whenever there is an indication that the investment may be impaired. The method used is described in the section on “Impairment of non-financial assets”. When an impairment loss is required, this is recognised immediately in profit or loss. When the reasons for a previous

impairment loss no longer exist, the carrying amount of the investment is restated to the extent of its original cost. Reversals of impairment losses are recognised in profit or loss.

Impairment of non-financial assets

When there is an indication of impairment of property, plant and equipment and intangible assets, the Group estimates the asset's recoverable amount to determine any impairment losses. Goodwill and other intangible assets with an indefinite life are tested at least annually for impairment.

The "recoverable value" of an asset is the greater out of its fair value, net of the costs of sale, and its value in use.

If a binding sales agreement does not exist, fair value is estimated using the observable prices of an active market, recent transactions or the best information available to reflect the amount the entity could obtain by disposing of the asset.

Value in use is determined by discounting the estimated future cash flows expected to arise from the continuing use of an asset, net of taxes, and, if reasonably determinable, from its disposal at the end of its useful life. Discounting is applied by using a post-tax discount rate which reflects the current market assessments of the time value of money and the risks specific to the asset.

The assessment is made for individual assets or the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets from its continuing use (cash-generating unit). An impairment loss is recognised when the recoverable amount is lower than the carrying amount. If the reasons for the impairment loss are no longer valid, the impairment loss (except in the case of goodwill) is reversed and the adjustment is taken to profit or loss as a reversal of impairment losses. A reversal of impairment losses is recognised to the extent of the lower of the recoverable amount and original carrying amount less depreciation/amortisation that would have been recognised had the impairment loss not been recognised.

Real estate projects

Closing inventories of real estate projects are those real estate areas developed with a view to selling them. They are measured at the lower of cost and estimated realisable value. Costs incurred consist of the consideration paid for purchasing the areas and related charges, construction costs and borrowing costs related to the project up to and not exceeding its completion.

Financial instruments

Financial assets – Debt instruments

Financial assets, which are debt instruments, are classified in the following three categories depending on the instruments' contractual cash flow characteristics and the business model for managing them:

(i) financial assets at amortised cost;

(ii) financial assets at fair value through other comprehensive income (FVTOCI);

(iii) financial assets at fair value through profit or loss (FVTPL).

Financial assets are initially recognised at fair value. Trade receivables that do not contain a significant financing component are measured at their transaction price.

After initial recognition, financial assets that generate contractual cash flows that are solely payments of principal and interest on the principal amount outstanding are measured at amortised cost if they are held within a business model whose objective is to hold them in order to collect contractual cash flows (hold to collect business model). Under the amortised cost method, the financial assets' amount at initial recognition is decreased by principal repayments, any loss allowance and cumulated amortisation of the difference between that initial amount and the maturity amount.

Amortisation is calculated using the effective interest rate that exactly discounts the expected future cash flows to their initial carrying amount.

Loans and receivables and other financial assets at amortised cost are recognised net of the related loss allowance.

Debt instruments held within a business model whose objective is to collect contractual cash flows and sell financial assets (hold to collect and sell model) are measured at fair value through other comprehensive income. Fair value gains and losses on these financial assets are recognised in other comprehensive income (OCI). The cumulative fair value gains and losses previously recognised in OCI are reclassified to profit or loss when the financial asset is derecognised. Interest income calculated using the effective interest method, exchange differences and impairment losses are recognised in profit or loss.

Debt instruments that are not measured at amortised cost or FVTOCI are measured at fair value through profit or loss.

Financial assets that are transferred are derecognised when the contractual rights to the cash flows from the financial asset expire or are transferred to third parties.

Impairment losses on financial assets

Tests are performed on the recoverable amount of debt instruments not measured at fair value through profit or loss using the expected credit loss model. This model develops estimates of the impact of changes in economic factors on the expected credit losses using a probability-weighted outcome.

An analysis of this risk based on the age of the outstanding amounts is not very meaningful, since the receivables should be assessed together with the related working capital items, especially those reflecting the net exposure to customers.

Lease liabilities

Loans and borrowings and bonds are initially recognised at cost, being the fair value of the consideration received less transaction costs.

After initial recognition, loans are measured at amortised cost, whereby repayments are determined using the effective interest method with a rate which matches, at initial recognition, the expected cash flows with the initial carrying amount.

Loan transaction costs are classified under liabilities decreasing the loan; amortised cost is calculated considering these costs and any discounts or premiums expected at settlement.

The effects arising from the recognition at amortised cost are taken to "Financing income (costs)".

Derecognition of financial assets and liabilities

(a) Financial assets

A financial asset (or, where applicable, part of a financial asset or parts of a group of similar financial assets) is derecognised when:

I. the contractual rights to the cash flows from the financial asset expire;

II. the company retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows to one or more recipients in full and immediately;

III. the company transfers the contractual rights to receive the cash flows of the asset and has transferred substantially all the risks and rewards of ownership of the financial asset and the related control.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. Continuing involvement that takes the form of guaranteeing the transferred asset is measured at the lower of the initial carrying amount of the asset and the maximum amount of the consideration that the Company could be required to pay.

(b) Financial liabilities

Financial liabilities are derecognised when the underlying obligation is extinguished, cancelled or settled.

When an existing financial liability is exchanged with another by the same lender at substantially different terms, or the terms of an existing liability are substantially modified, this exchange or modification is treated as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amounts is recognised in profit or loss.

Impairment of financial assets

If there is any indication that a financial asset is impaired, the recoverable amount of the asset is estimated to determine the amount of the impairment loss.

Income tax

Current taxes are provided for using the enacted tax rates and laws ruling in Italy and other countries in which the company operates, including through its branches, based on the best estimate of the taxable profit for the year.

The company has joined the national tax consolidation system, as the consolidating party, which is regulated by the conditions set out in agreements drawn up by the participating companies.

The agreements provide that tax losses transferred by the subsidiaries give rise to a benefit for them to the extent to which they can be offset them through the national tax consolidation system. For lack thereof, save a partial recognition to the companies transferring the losses, paid following the effective use of the consolidation, the Parent company benefits from it. In addition, the lesser tax paid by Salini Costruttori following the tax consolidation is prudently entered into a provision if it is likely that future recognition will be granted to investees of the tax losses transferred by them to the Parent.

Deferred tax assets and liabilities are calculated on the basis of the temporary differences between the tax base of an asset or liability and its carrying amount in the statement of financial position. Prepaid tax assets are recognised when the company holds their recovery to be probable.

The carrying amount of prepaid tax is reviewed at each reporting date and, to the extent necessary, is decreased when it is no longer probable that sufficient taxable profits will be available in the future to use all or part of the related asset.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Prepaid tax assets and deferred tax liabilities are classified as non-current assets and liabilities.

In the case of transactions recognised directly in equity, the related deferred tax asset or liability also affects equity.

Provisions for contingencies and other charges

In accordance with IAS 37, Salini Costruttori S.p.A. makes accruals to provisions for risks and charges when the following conditions exist:

- the company has a present obligation (legal or constructive) at the reporting date as a result of a past event where an outflow of resources embodying economic benefits will be required to settle the obligation;
- it is probable that the obligation (through an outflow of resources) will have to be settled;
- a reliable estimate can be made of the amount of the obligation.

When the time value is material and the obligation payment dates can be estimated reliably, the amount recognised as the provision equals the pre-tax future cash flows (i.e., forecast outflows) discounted at a rate that reflects the present market value and risks specific to the liability.

The increase in the provision due to discounting is recognised as a financial expense.

When the expected cash flows are included in an estimate range with the same probability of occurrence, the median value is discounted to measure the liability.

Provision for restructuring costs is recognised when the company has approved a detailed formal plan that has been implemented and communicated to the third parties involved.

Translation criteria for foreign currency items

The translation criteria for foreign currency items adopted by the company are as follows:

- foreign currency monetary assets and liabilities, excluding property, plant and equipment, intangible assets and equity investments measured at cost, are translated at the closing spot rate with any exchange rate gains or losses taken to profit or loss;
- non-monetary assets are recognised at historical cost denominated in the foreign currency and translated using the historical exchange rate;
- revenue and costs related to foreign currency transactions are recognised in profit or loss at the exchange rate ruling on the date of the transaction;
- any material effects deriving from changes in exchange rates after the reporting date are disclosed in the notes.

Non-current assets held for sale and discontinued operations

Non-current assets (and disposal groups) are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use.

Assets held for sale are recognised as such when the following events take place:

- signing of a binding sales agreement;
- approval and communication of a formal sales plan by directors.

In order to be correctly measured, the assets shall be:

- available for immediate sale in their present condition,
- subject only to terms that are usual and customary for sales of such assets, and
- the sale must be highly probable and expected to take place within twelve months.

Non-current assets (and disposal groups) classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell.

A discontinued operation is a component of an entity that either has been disposed of or classified as held for sale and that meets any of the following criteria: i) it represents a separate major line of business or geographical area of operations; ii) it is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations; or iii) it is a subsidiary acquired exclusively with a plan to resell.

The profit or loss from discontinued operations is disclosed separately in the statement of profit or loss. As required by paragraph 34 of IFRS 5 - Non-current assets held for sale and discontinued operations, the corresponding prior year figures are reclassified accordingly.

Revenue recognition

Revenues are recognised to the extent to which it is likely that the economic benefits will be achieved and the related amount can be reliably determined.

Revenues include all revenues deriving from the core business, including those from equity investments.

Revenues from services are recorded throughout the time for which the service is to be supplied.

Revenues for charges and royalties are recorded throughout the accrual time, according to the contracts stipulated.

Dividends

Dividends are recognised when the investors' right to receive payment arises in line with local ruling legislation.

Interest income

Interest income is recognised on an accruals basis, considering the principal and applicable effective interest rate, i.e., the rate that discounts the estimated future inflows over the expected life of the financial asset to return it to its carrying amount.

Complex accounting estimates

Preparation of financial statements and the related notes in accordance with the IFRS requires management to make judgements and estimates that affect the carrying amount of assets and liabilities and financial statements disclosures. The estimates are used to:

- recognise amortisation and depreciation (see the "Property, plant and machinery"paragraph of the "Accounting policies" section);
- recognise impairment losses. See the "Impairment of non-financial assets" paragraph of the" Accounting policies" section;
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section);
- recognise provisions for risks and charges (see the "Provisions for risks and charges" paragraph of the "Accounting policies" section).

The actual results may differ from those estimated due to uncertainties underlying the assumptions and the conditions on which the estimates are based.

Fundamental assumptions about the future and other reasons for uncertainty when making the estimates at the reporting date that may lead to material adjustments to the carrying amount of the assets and liabilities are described in the specific section of the Directors' report on the risk analysis.

Statement of financial position

4. Property, plant and equipment

Property, plant and equipment amount to €116 thousand, in line with 31 December 2019. The historical cost and carrying amounts are given in the following table:

	31 December 2019			31 December 2020		
(€'000)	**Cost**	**Allowance**	**Net**	**Cost**	**Allowance**	**Net**
Land	0	0	0	0	0	0
Buildings	5	0	5	5	0	5
Plant and machinery	0	0	0	0	0	0
Industrial and commercial equipment	0	0	0	0	0	0
Other assets	111	0	111	111	0	111
Intangible assets in progress and advances	0	0	0	0	0	0
Total property, plant and equipment	**116**	**0**	**116**	**116**	**0**	**116**

Other assets include original paintings that are not depreciated.

Property, plant and equipment have not changed since last year.

5. Investment property

At 31 December 2020, investment property comes to €70 thousand, in line with last year.

6. Equity investments

The value of the equity investments comes to €403,485 thousand, in line with 31 December 2019 as shown below:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Investments in subsidiaries	402,984	402,984	0
Equity investments in associates	0	0	0
Other equity investments	501	501	0
Total equity investments	**403,485**	**403,485**	**0**

Changes during the year are summarised below:

(€'000)	**31 December 2019**	**31 December 2020**
Change in consolidation method	0	0
Capital transactions	80	0
Acquisitions and capital injections	97,288	0
Disinvestments and payments	0	0
(Impairment losses)/Reversal of impairment	(80)	0
Net exchange gains (losses)	0	0
Reclassifications	0	0
Total changes in equity investments	**97,287**	**0**

For the purpose of determining whether any impairment losses or reversals of impairment losses should be recognised in the item "Equity investments", the company has analysed each investee individually according to the stock market capitalisation (where available) and/or income and financial objectives it pursues in carrying out its operations.

More specifically, for FY 2020, we have:

- for the equity investment held in the subsidiary Webuild S.p.A. (€392,061 thousand), compared the carrying amount with the stock market capitalisation resulting from the market price expressed by the reference listings;
- for the equity investment held in the subsidiary Zeis S.r.l., compared the carrying amount (€10,923 thousand) with the results of an analysis based on future flows referring to the real estate projects in the portfolio, tracing them both to the company and its investees. During impairment testing, the necessary documentation in support of the economic-financial forecasts was used, including preliminary sales agreements.

  Future flows have been discounted at a rate consistent with their configuration, taking into account, amongst others, a risk-free rate tied to the risk-free return on assets relating to the Italian context and, on the other, a market risk premium and beta coefficient defined on the basis of market parameters prepared by experts.

  The recoverable amount thus determined exceeds the carrying amount, consequently showing no signs of impairment losses.

  It cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

The carrying amount of the other residual equity investments in minor companies has been aligned with the corresponding share in the equity of the investees, as resulting from the financial statements at 31 December 2020.

7. Deferred tax assets and liabilities

Prepaid tax assets and deferred tax liabilities are reported below:

(€'000)	**31 December 2019**	**31 December 2020**	**Change**
Deferred tax assets	25,734	25,729	(5)
Deferred tax liabilities	0	0	0

The tax planning analysis suggests that the prepaid tax assets (€25,729) can be recovered.

The change as compared with last year is as follows:

(€'000)	31 December 2018	Increases	Decreases	Net exchange gains (losses)	Change in consolidation area	Other changes	31 December 2019
Deferred tax assets:							
Provisions for risks and impairment	168	0	(43)	0	0	0	125
Other	16	0	(7)	0	0	0	9
Prepaid tax (a)	**184**	**0**	**(50)**	**0**	**0**	**0**	**134**
Deferred tax liabilities:							
Deferred gains	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Deferred tax (b)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Deferred tax assets:							
Deferred tax assets	12,245	685	0	0	0	0	12,930
Deferred tax assets subsidiaries	12,671	83	0	0	0	(83)	12,671
Return of previous losses to consolidation	0	0	0	0	0	0	0
Deferred tax assets (c)	**24,916**	**768**	**0**	**0**	**0**	**(83)**	**25,601**
Total prepaid tax assets (a+b+c)	**25,009**	**768**	**(50)**	**0**	**0**	**0**	**25,734**
Net deferred tax on profit and loss account (a+b+c)		**768**	**(50)**				**718**

The table below shows the period change in deferred tax assets and liabilities:

(€'000)	31 December 2019	Increases	Decreases	Net exchange gains (losses)	Change in consolidation area	Other changes	31 December 2020
Deferred tax assets:							
Provisions for risks and impairment	125	0	0	0	0	0	125
Other	9	26	0	0	0	1	36
Prepaid tax (a)	**134**	**26**	**0**	**0**	**0**	**1**	**161**
Deferred tax liabilities:							
Deferred gains	0	0	0	0	0	0	0
Other	0	0	0	0	0	0	0
Deferred tax (b)	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Deferred tax assets:							
Deferred tax assets	12,930	0	0	0	0	(31)	12,899
Deferred tax assets subsidiaries	12,671	0	0	0	0	(1)	12,670
Return of previous losses to consolidation	0	0	0	0	0	0	0
Deferred tax assets (c)	**25,601**	**0**	**0**	**0**	**0**	**(32)**	**25,569**
Total prepaid tax assets (a+b+c)	**25,734**	**26**	**0**	**0**	**0**	**(31)**	**25,729**
Net deferred tax on profit and loss account (a+b+c)		**26**	**0**				**26**

"Other" mainly comprises temporary differences relating, in particular, to the costs for provisions made for risks for lawsuits and directors' fees not paid.

Prepaid tax assets and deferred tax liabilities are classified as non-current assets and liabilities, respectively, and are netted if related to taxes that may be offset.

8. Trade receivables

Net trade receivables (€980 thousand) rise by a net €577 thousand during the period.

(€'000)	31 December 2019	31 December 2020	Change
Trade receivables	450	1,027	577
Provision for impairment	(47)	(47)	0
Total net receivables	**403**	**980**	**577**

More specifically, the balance of trade receivables mainly refers to transactions with Group companies as shown below:

(€'000)	31 December 2019	31 December 2020	Change
Customers - parent companies	1	1	0
Customers - subsidiaries	302	947	645
Customers - associates	6	1	(5)
Customers - other Group companies	0	0	0
Trade receivables from Group companies	**309**	**949**	**640**

The table below summarises the counterparties of the main receivables from subsidiaries:

(€'000)	31 December 2019	31 December 2020	Change
Zeis Group	49	49	0
Webuild S.p.A.	0	1	1
CEDIV S.p.A.	253	258	5
G.A.B.I.RE. S.r.l.	0	639	639
Total customers - subsidiaries	**302**	**947**	**645**

9. Derivatives and other current financial assets

This item includes financial receivables from Group companies and third parties. Its composition and changes as compared with 31 December 2019 are as follows:

(€'000)	31 December 2019	31 December 2020	Change
Other current financial assets	108,274	113,189	4,915
Derivative assets	0	0	0
Total derivatives and other current financial assets	**108,274**	**113,189**	**4,915**

The receivables in question refer to financial transactions with subsidiaries and in particular non interest-bearing loans to Zeis for €25,548 thousand, interest-bearing loan to G.A.B.I. RE for €21,250 and correspondence current accounts for €66,141 thousand mainly relating to transactions with Zeis S.r.l. (€63,677 thousand) and €2,452 thousand to G.A.B.I. RE.

10. Current income tax assets and other tax assets

Current income tax assets amount to €315 thousand as follows:

(€'000)	31 December 2019	31 December 2020	Change
Direct taxes	470	315	(155)
IRAP	0	0	0
Foreign direct taxes	0	0	0
Total current tax assets	**470**	**315**	**(155)**

The reduction in the item refers to direct tax receivables.

Other tax assets decreased by €11 thousand on 31 December 2019, coming in at €11 thousand. They may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
VAT	19	8	(11)
Other indirect taxes	3	3	0
Total other tax assets	**22**	**11**	**(11)**

11. Other current assets

Other current assets increased by €2,338 thousand on last year, coming to €3,386 thousand. The item is made up as follows:

(€'000)	31 December 2019	31 December 2020	Change
Personnel receivables	0	0	0
Sundry receivables	55	2,263	2,208
Advances to suppliers	277	0	(277)
Sundry Group receivables	662	1,065	403
Accrued income and prepaid expenses	54	58	4
Total other current assets	**1,048**	**3,386**	**2,338**

"Sundry receivables" (€2,263 thousand) mainly refers to the amount due from Aprilia Council following a dispute dating back to 2002 over the unlawful occupation of land owned by the Company. Following the ordering of Aprilia Council to pay €2,259 plus interest, a settlement was reached whereby payment would be made of the principal amount only, in five annual instalments. The first instalment was collected in January 2021 and the second should be paid in September 2021.

"Sundry Group receivables" (€1,065 thousand) mainly refers to the amount due from the tax consolidation.

Accrued income and deferred expenses (€58 thousand) mainly consist of deferred expenses for insurance charges and sureties. They are broken down in the following table:

(€'000)	31 December 2018	31 December 2020	Change
Accrued income:			
- Other	0	0	0
Total accrued income	**0**	**0**	**0**
Prepayments:			
- Insurance	27	56	29
- Sureties	26	1	(25)
- Consultancy	1	1	0
- Other	0	0	0
Total prepayments	**54**	**58**	**4**
Total accrued income and prepaid expenses	**54**	**58**	**4**

12. Cash and cash equivalents

At 31 December 2020, cash and cash equivalents amount to €16 thousand, down by €340 thousand, as shown below:

(€'000)	31 December 2019	31 December 2020	Change
Cash and cash equivalents	**356**	**16**	**(340)**

13. Shareholders' equity

At 31 December 2020, Salini Costruttori S.p.A. had equity of €291,281 thousand, down €1,140 thousand on 31 December 2019. Changes of the year in the different equity items are summarised in the relevant schedule of the separate financial statements.

Below is a breakdown of equity:

(€'000)	31 December 2019	31 December 2020	Change
Share capital	62,400	62,400	0
Share premium reserve	0	0	0
- Legal reserve	*12,480*	*12,480*	*0*
- Other	*25,889*	*25,889*	*0*
Total other reserves	38,369	38,369	0
- Actuarial reserve	*0*	*0*	*0*
- Translation reserve	*0*	*0*	*0*
- Hedging reserve	*0*	*0*	*0*
Total other comprehensive income/expense	0	0	0
Retained earnings (losses carried forward	203,221	191,653	(11,568)
Profit (loss) for the year	(11,569)	(1,141)	10,428
Total shareholders' equity	**292,421**	**291,281**	**(1,140)**

Disclosures about the individual items are set out below.

Share capital

The share capital is €62,400,000, unchanged as compared with 31 December 2019 and consists of 120,000,000 shares worth a nominal €0.52.

Details on the possible use of equity items and uses in prior years are summarised below:

(€'000) Nature/description	Amount	Possible use	Available portion	Summary of the utilisation in the previous three years	
				To cover losses	For other reasons
Share capital	62,400				
Capital reserves:					
Reserve for treasury shares	(3,120)				
Retained earnings:					
Legal reserve	12,480	B			
IFRS translation reserve	25,551	B			
Other reserves	2,521	A, B, C	2,521		
Restricted reserve Art. 2426 point 4 Civil Code	937	A, B	937		
Total profit reserves	***41,489***				
Comprehensive income reserves					
CFH reserves	0				
Total OCI reserves	***0***				
Profits carried forward	191,652	A, B, C	191,652	11,569	18,193
Total			195,110		
Non-distributable share			937		
Distributable amount			194,173		

A: capital increase B: to cover losses C: dividends

In their meeting held on 29 June 2020, the shareholders' meeting of Salini Costruttori S.p.A. resolved to allocate the FY 2019 loss as follows:

- allocate €11,568,550.05 to retained earnings.

Treasury shares are unchanged on 31 December 2019.

Other reserves

This item may be analysed as follows:

(€'000)	31 December 2019	31 December 2020	Change
Legal reserve	12,480	12,480	0
Reserve Art. 55 Presidential Decree 597/73	479	479	0
Reserve for the reversal of impairment on the unrestricted investment	937	937	0
Reserve *ex lege* 98/94, Art. 1, paragraph 4	2,042	2,042	0
Reserve for treasury shares	(3,120)	(3,120)	0
IFRS translation reserve	25,551	25,551	0
Other	0	0	0
Total other reserves	**38,369**	**38,369**	**0**

14. Bank and other loans and borrowings and factoring liabilities

Bank and other loans and borrowings and factoring liabilities total €229,222 thousand, up by €1,812 thousand on 31 December 2019.Details are as follows:

(€'000)	31 December 2019	31 December 2020	Change
Bank and other loans and borrowings	205,006	207,359	2,353
Current account facilities and other loans	22,404	21,863	(541)
Total	**227,410**	**229,222**	**1,812**

Salini Costruttori S.p.A.'s financial indebtedness is broken down by loan type in the following table:

	31 December 2019			31 December 2020		
(€'000)	Portion due beyond 12 months	Current portion	Total	Portion due beyond 12 months	Current portion	Total
Bank corporate loans	205,006	0	205,006	207,359	0	207,359
Bank project loans	0	0	0	0	0	0
Other financing	0	0	0	0	0	0
Current account facilities	0	20,001	20,001	0	18,878	18,878
Loans and borrowings - Group companies	0	2,403	2,403	0	2,985	2,985
Factoring liabilities for recourse factoring	0	0	0	0	0	0
Total bank and other loans and borrowings and factoring liabilities	**205,006**	**22,404**	**227,410**	**207,359**	**21,863**	**229,222**

Bank loans and borrowings

They are broken down in the following table:

	31 December 2019			31 December 2020		
(€'000)	Total financial liabilities	Current portion	Non-current portion	Total financial liabilities	Current portion	Non-current portion
Intesa-Natixis S.A.	205,006	0	205,006	207,359	0	207,359
Total bank corporate loans	**205,006**	**0**	**205,006**	**207,359**	**0**	**207,359**

On 30 September 2019, Salini Costruttori stipulated a loan contract with Intesa SanPaolo and Natixis S.A. for a credit facility of up to €210.0 million, to be repaid as a lump sum on 30 September 2022. The loan is backed by a pledge contract over financial assets (Webuild shares). The credit facility has been used to the full.

	Company	Interest rate	Expiry date	Notes
Intesa-Natixis S.A.	Salini Costruttori	Euribor	2022	(1)

(1) The loan is backed by covenants whereby the debtor is required to maintain certain economic-financial and equity indicators that, at this reporting date, are correctly maintained.

Loans and borrowings - Group companies

Loans and borrowings due to Group companies at 31 December 2020 come to €2,985 thousand. The increase on the previous period is mainly due to interest accrued.

Net financial indebtedness

(€'000)	Note (*)	31 December 2019	31 December 2020	Change
Non-current financial assets		0	0	0
Current financial assets	9	108,274	113,189	4,914
Cash and cash equivalents	12	356	15	(340)
Total cash and cash equivalents and other financial assets		**108,630**	**113,205**	**4,575**
Bank and other loans and borrowings		(205,006)	(207,359)	(2,353)
Bonds		0	0	0
Lease liabilities		0	0	0
Total non-current indebtedness		**(205,006)**	**(207,359)**	**(2,353)**
Current portion of bank loans and borrowings and current account facilities	14	(22,403)	(21,863)	541
Current portion of bonds		0	0	0
Current portion of lease liabilities		0	0	0
Total current indebtedness		**(22,403)**	**(21,863)**	**541**
Derivative liabilities		0	0	0
Total other financial assets (liabilities)		**0**	**0**	**0**
Net financial indebtedness including discontinued operations		**(118,780)**	**(116,018)**	**2,762**

(*) The note numbers refer to the notes to the consolidated financial statements where the items are analysed in detail.

The net financial position at 31 December 2020 is €116,018 thousand, an improvement on last year's positive position of €2,762 thousand.

The change in the net financial position is mainly due to the increase in financial assets due from Group companies.

15. Provisions for risks

At 31 December 2020, the provision for risks came to €12,281 thousand.

(€'000)	31 December 2019	31 December 2020	Change
Provisions for risks on equity investments	5,359	11,858	6,499
Other provisions	423	423	0
Total provisions for risks	**5,782**	**12,281**	**6,499**

The changes on the previous year are provided for comparison:

(€'000)	31 December 2018	Accruals	Utilisations/Releases	Uses on account	Reclassifications	31 December 2019
Provisions for risks on equity investments	925	4,434	0	0	0	5,359
Other provisions	566	0	0	(143)	0	423
Total provisions for risks	**1,491**	**4,434**	**0**	**(143)**	**0**	**5,782**

Changes for the year are summarised below:

(€'000)	31 December 2019	Accruals	Utilisations/Releases	Uses on account	Reclassifications	31 December 2020
Provisions for risks on equity investments	5,359	6,499	0	0	0	11,858
Other provisions	423	0	0	0	0	423
Total provisions for risks	**5,782**	**6,499**	**0**	**0**	**0**	**12,281**

The main changes in the provisions for risks on equity investments are summarised as follows:

(€'000)	31 December 2019	31 December 2020	Change
Mergers	0	0	0
Acquisitions/(Disinvestments and Liquidations)	0	0	0
Capital transactions	0	0	0
Reversals of impairment losses	0	0	0
Write-downs	(4,434)	(6,499)	(2,065)
Reclassifications	0	0	0
Total provision for risks on equity investments	**(4,434)**	**(6,499)**	**(2,065)**

For the equity investment held in the subsidiary G.A.B.I. RE S.r.l., the carrying value (negative for €5,359 thousand) has been compared with the results of an analysis based on future flows referring to the real estate projects in the portfolio, tracing them both to the company and its investee Cediv S.p.A. During impairment testing, the necessary documentation in support of the economic-financial forecasts was used, including preliminary sales agreements.

Future flows have been discounted at a rate consistent with their configuration, taking into account, amongst others, a risk-free rate tied to the risk-free return on assets relating to the Italian context and, on the other, a market risk premium and beta coefficient defined on the basis of market parameters prepared by experts.

Following the update of the EFP for the initiative relating to the investee Cediv, the results of impairment testing lead to a further accrual of €6,499 thousand to the provision for risks on equity investments.

It cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Other provisions comprise:

(€'000)	31 December 2019	31 December 2020	Change
Provision for ongoing litigation	423	423	0
Others	0	0	0
Total other provisions	**423**	**423**	**0**

The change is mainly due to the adjustments to the provision for legal expenses relative to current litigation.

16. Trade payables

Trade payables total €870 thousand. This item includes amounts due to Group companies and other related parties (€12 thousand). The increase on 31 December 2019 (€232 thousand) is as follows:

(€'000)	31 December 2019	31 December 2020	Change
Suppliers - third parties	1,062	858	(204)
Suppliers - parents	0	0	0
Suppliers - subsidiaries	40	12	(28)
Trade payables	**1,102**	**870**	**(232)**

17. Current income tax liabilities and other tax liabilities

Current income tax liabilities amount to €586 thousand at 31 December 2020, as follows:

(€'000)	31 December 2019	31 December 2020	Change
IRES	207	586	379
IRAP	0	0	0
Foreign taxes	0	0	0
Total current income tax liabilities	**207**	**586**	**379**

Other tax liabilities are null.

(€'000)	31 December 2019	31 December 2020	Change
VAT	4	0	(4)
Other indirect taxes	0	0	0
Total other tax liabilities	**4**	**0**	**(4)**

18. Other current liabilities

Other liabilities amount to €13,057 thousand, in line with the previous year. Other liabilities comprise:

(€'000)	31 December 2019	31 December 2020	Change
Social security institutions	10	17	7
Amounts due to staff	36	36	0
Other liabilities	180	239	59
Other Group payables	12,824	12,764	(60)
Accrued expenses and deferred income	2	2	0
Total other current liabilities	**13,051**	**13,057**	**6**

These liabilities include:

- amounts due to social security institutions (€17 thousand) for accrued, unpaid fees;
- amounts due to staff (€36 thousand) for attachment orders in the favour of third parties;
- other payables (€239 thousand). The change is due to the increased amounts due to directors and statutory auditors;
- amounts due to Group companies (€12,764 thousand), down €60 thousand on last year. This item mainly consists of the tax consolidation liability of €12,671 thousand and amounts due to other Group companies for €93 thousand.

19. Financial instruments and risk management

Classes of financial instruments

Salini Costruttori's financial instruments are broken down by class in the following table, which also shows their fair value:

31 December 2019							
(€'000)	**Notes**	**Financial assets at amortised cost**	**Financial assets at fair value through profit or loss**	**Hedging derivatives**	**Financial assets at fair value through other comprehensive income**	**Total**	**Fair value**
Financial assets							
Non-current financial assets		0	0	0	0	0	0
Trade receivables	8	403	0	0	0	403	403
Other current financial assets	9	108,274	0	0	0	108,274	108,274
Cash and cash equivalents	12	356	0	0	0	356	356
Total financial assets		**109,033**	**0**	**0**	**0**	**109,033**	**109,033**

31 December 2019							
(€'000)	**Notes**	**Other liabilities at amortised cost**	**Financial liabilities at fair value through profit or loss**	**Hedging derivatives**	**Financial liabilities at fair value through other comprehensive income**	**Total**	**Fair value**
Financial liabilities							
Bank and other loans and borrowings	14	227,409	0	0	0	227,409	227,409
Derivatives		0	0	0	0	0	0
Trade payables	16	1,102	0	0	0	1,102	1,102
Total financial liabilities		**228,511**	**0**	**0**	**0**	**228,511**	**228,511**

31 December 2020							
(€'000)	**Notes**	**Financial assets at amortised cost**	**Financial assets at fair value through profit or loss**	**Hedging derivatives**	**Financial assets at fair value through other comprehensive income**	**Total**	**Fair value**
Financial assets							
Non-current financial assets		0	0	0	0	0	0
Trade receivables	8	980	0	0	0	980	980
Other current financial assets	9	113,189	0	0	0	113,189	113,189
Cash and cash equivalents	12	16	0	0	0	16	16
Total financial assets		**114,185**	**0**	**0**	**0**	**114,185**	**114,185**

31 December 2020 *(€'000)*	Notes	Other liabilities at amortised cost	Financial liabilities at fair value through profit or loss	Hedging derivatives	Financial liabilities at fair value through other comprehensive income	Total	Fair value
Financial liabilities							
Bank and other loans and borrowings	14	229,222	0	0	0	229,222	229,222
Derivatives		0	0	0	0	0	0
Trade payables	16	870	0	0	0	870	870
Total financial liabilities		**230,092**	**0**	**0**	**0**	**230,092**	**230,092**

The note column gives the section in which the relevant item is described.

Reference should be made to the section on the accounting policies for information on the fair value measurement of these items. Specifically, the fair value of the above items is based on the present value of estimated future cash flows.

Risk management

The company is exposed to financial risks, including the following:

- ***market risk*** deriving from the company's exposure to interest rate fluctuations and exchange rate fluctuations;
- ***credit risk*** deriving from the Salini Costruttori's exposure to potential losses arising from the customers' non- compliance with their obligations;
- ***liquidity risk*** deriving from the risk that the financial resources necessary to meet obligations may not be available at the agreed terms and deadlines.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises currency risk and interest rate risk.

Foreign exchange risk

The Company's exchange risk policy is to protect against any imbalance between trade receivables and payables in foreign currencies, through financial debt in local currency. At 31 December 2020, there are no items in currencies other than the euro.

Interest rate risk

Salini Costruttori has adopted a combined strategy of rationalising operating assets through limiting debt levels.

The financial risk deriving from the fluctuation of market interest rates to which the Company may be exposed, and which are monitored by the relevant departments, relates to non-current variable-rate financial debt.

At 31 December 2020, the Company had no derivative contracts in place.

Credit risk

The credit risk derives from the Salini Costruttori's exposure to potential losses arising from the its customers. non- compliance with their obligations.

An analysis of this risk based on the age of the outstanding amounts is not very meaningful.

Liquidity risk

Liquidity risk derives from the risk that the financial resources necessary to meet obligations may not be available to Salini Costruttori at the agreed terms and deadlines.

The Company's strategy is to pursue financial independence, including through careful, central monitoring.

A breakdown of financial liabilities by composition and due date (based on undiscounted future cash flows) is set out below. The previous year figures are as follows:

(€'000)	31 December 2020	31 December 2021	31 December 2022	After	Total
Current account liabilities	20,001	0	0	0	20,001
Payables to banks and other lenders	2,403	0	205,006	0	207,409
Gross financial liabilities	**22,404**	**0**	**205,006**	**0**	**227,410**
Trade payables	1,102	0	0	0	1,102
Total payables	**23,506**	**0**	**205,006**	**0**	**228,512**

The table below analyses the data for this year:

(€'000)	31 December 2021	31 December 2022	31 December 2023	After	Total
Current account liabilities	18,878	0	0	0	18,878
Payables to banks and other lenders	2,985	207,359	0	0	210,344
Gross financial liabilities	**21,863**	**207,359**	**0**	**0**	**229,222**
Trade payables	870	0	0	0	870
Total payables	**22,733**	**207,359**	**0**	**0**	**230,092**

Liquidity risk management is mainly based on limiting debt and maintaining a balanced financial position.

Fair value measurement hierarchy

IFRS 7 requires that the fair value of financial instruments recognised in the statement of financial position be classified using a fair value hierarchy that reflects the significance of the inputs used to determine fair value. The following levels can be distinguished:

- Level 1 – Fair values measured using quoted prices in active markets;
- Level 2 – inputs other than the listed prices above, which can be observed directly (prices) or indirectly (derived from prices) on the market;
- Level 3 – inputs that are based on observable market figures.

At 31 December 2020, Salini Costruttori S.p.A. has no financial instruments of this category.

Statement of profit or loss

20. Revenue

Total revenue at 31 December 2020 is €18,492 thousand, showing an increase on last year:

(€'000)	FY 2019	FY 2020	Change
Revenue	0	3,645	3,645
Other income	637	14,847	14,210
Total revenue and other income	**637**	**18,492**	**17,855**

The balance of revenue and other income (€18,492 thousand) is mainly:

- fees in respect of the subsidiary Webuild S.p.A. for guarantees given in its interests in the amount of €3,645 thousand;
- dividends received from the subsidiary Webuild S.p.A. for €12,042 thousand;
- revenue of €2,259 thousand for the transaction with Aprilia Council for the unlawful occupation of certain areas owned by the Company.

The tables below provide details by type of revenue:

(€'000)	FY 2019	FY 2020	Change
Works invoiced to customers	0	0	0
Services	0	3,645	3,645
Sales	0	0	0
Total revenue	**0**	**3,645**	**3,645**

A breakdown of other income is given in the following table:

(€'000)	FY 2019	FY 2020	Change
Insurance reimbursements	31	0	(31)
Rent and leases	508	509	1
Gains on the disposal of non-current assets and equity	0	0	0
Recharged costs	37	32	(5)
Sundry income	0	14,301	14,301
Contingent assets	61	4	(57)
Total other income	**637**	**14,847**	**14,210**

21. Operating expenses

Operating expenses for 2020 amount to €2,470 thousand (compared to €3,418 thousand at 31 December 2019).

The item may be broken down as follows:

(€'000)	FY 2019	FY 2020	Change
Purchases	0	0	0
Costs for services	2,628	2,156	(472)
Personnel expense	0	0	0
Other operating expenses	790	314	(476)
Amortisation, depreciation, provisions and impairment	0	0	0
Total operating costs	**3,418**	**2,470**	**(948)**

21.1 Services

Costs for services

Costs for services decreased to €2,156 thousand, down €472 thousand on the previous year, as shown in the following table:

(€'000)	FY 2019	FY 2020	Change
Consultancy and technical services	810	203	(607)
Fees to directors, statutory auditors and independent auditors	1,539	1,678	139
Personnel travel expenses	9	9	0
Maintenance and testing	66	35	(31)
Insurance	9	14	5
Others	195	218	23
Total costs for services	**2,628**	**2,156**	**(472)**

"Consultancy and technical services" (down €607 thousand on last year) mainly comprises legal and administrative and technical consultancy.

A breakdown of this item is as follows:

(€'000)	FY 2019	FY 2020	Change
Design and engineering services	27	33	6
Legal, administrative and other services	783	170	(613)
Total consultancy and technical services	**810**	**203**	**(607)**

Details of "Fees to directors, statutory auditors and independent auditors" are:

(€'000)	FY 2019	FY 2020	Change
Independent Auditors	72	77	5
Directors' emoluments	1,292	1,424	132
Board of Statutory Auditors' emoluments	175	177	2
Total fees to directors, statutory auditors and independent auditors	**1,539**	**1,678**	**139**

Expenses relating to the use of third party assets

In FY 2020, the Company incurred no expenses for the use of third party assets.

21.2 Other operating expenses

In FY 2020, other operating expenses came to €314 thousand, down €476 thousand on last year.

The item is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Other operating costs	774	296	(478)
Non-recurring costs	16	18	2
Total other operating expenses	**790**	**314**	**(476)**

21.3 Amortisation, depreciation, provisions and impairment losses

This item is null.

22. Net financing (costs) income

In FY 2020, net financing costs were €10,690 thousand (€4,991 thousand in 2019).

The item may be broken down as follows:

(€'000)	FY 2019	FY 2020	Change
Financial income	2,752	4,675	1,923
Financial expense	(7,743)	(15,365)	(7,622)
Net exchange gains (losses)	0	0	0
Net financing costs	**(4,991)**	**(10,690)**	**(5,699)**

22.1 Financial income

Financial income for FY 2020 totals €4,675 thousand (2019: €2,752 thousand) and is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Gains on securities	**0**	**0**	**0**
Intragroup interest and other income	**2,751**	**4,662**	**1,911**
- Interest income	*2,751*	*4,662*	*1,911*
Interest and other financial income	**1**	**13**	**12**
- Other	*1*	*13*	*12*
Total financial income	**2,752**	**4,675**	**1,923**

The change compared with last year is impacted by the following situations:

- increase in interest income from group companies (€1,911 thousand);
- increase in interest on tax assets requested for refund (€12 thousand).

Total interest accrued in regard to the Group companies (€4,662 thousand) relates to the companies shown below:

(€'000)	FY 2019	FY 2020	Change
Co.ge.ma. S.p.A.	27	0	(27)
Madonna dei Monti S.r.l.	0	1	1
HCE Costruzioni S.p.A.	98	0	(98)
Zeis Group	1,992	3,895	1,903
G.A.B.I. RE S.r.l.	634	766	132
Webuild S.p.A.	0	0	0
Total	**2,751**	**4,662**	**1,910**

22.2 Financial expense

Financial expense for FY 2020 totals €15,365 thousand (2019: €7,743 thousand) and is made up as follows:

(€'000)	FY 2019	FY 2020	Change
Intragroup interest and other expense	**72**	**126**	**54**
- Interest expense	*72*	*126*	*54*
Interest and other financial expense	**7,671**	**15,239**	**7,568**
- Bank interest on accounts and financing	*6,373*	*15,239*	*8,866*
- Interest on tax liabilities	*0*	*0*	*0*

- Default interest	*0*	*0*	*0*
- Factoring and leasing	*0*	*0*	*0*
- Other	*1,298*	*0*	*(1,298)*
Total financial expense	**7,743**	**15,365**	**7,622**

The increase of €7,622 is mainly due to:

- greater bank interest payable (€8,866 thousand) due to the gross financial debt due to banks;
- greater expense incurred in Group company transactions (€54 thousand), relating to the companies shown below:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Webuild S.p.A.	3	9	6
Metro B1	9	15	6
Fibe	10	16	6
Fisia Ambiente	21	33	13
Imprepar	20	39	19
Fisia Italimpianti	8	13	5
Total	**72**	**126**	**54**

23. Net gains (losses) on equity investments

Net losses on equity investments are €6,499 for 2020.

The item may be broken down as follows:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Reversal of impairment on equity investments	**0**	**0**	**0**
Impairment of equity investments	**(4,514)**	**(6,499)**	**(1,985)**
- Impairment of equity investments	*(80)*	*0*	*80*
- Provisions for equity investments	*(4,434)*	*(6,499)*	*(2,065)*
Income from equity investments	**0**	**0**	**0**
Total net gains (losses) on equity investments	**(4,514)**	**(6,499)**	**(1,985)**

The net loss on equity investments mainly relates to the impairment testing performed on the subsidiary G.A.B.I. RE S.r.l. (€6,499 thousand).

Notes 6 and 15 provide more information about changes in the carrying amounts of the above equity investments.

24. Tax

The company's tax for FY 2020 comes to €26 thousand, as shown below:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Current taxes (income taxes)	0	0	0
Net deferred (prepaid) tax	(718)	(26)	692
Prior year taxes	1	0	(1)
Total income tax	**(717)**	**(26)**	**691**
IRAP	0	0	0
Total tax	**(717)**	**(26)**	**691**

An analysis and reconciliation of the theoretical income tax rate, calculated under Italian tax legislation, and the effective tax rate are set out below.

INCOME TAX				
(€'000)	**FY 2019**	**%**	**FY 2020**	**%**
Pre-tax profit	**(7,852)**		**(1,167)**	
Theoretical tax expense	(1,884)	N.A.	(280)	N.A.
Effect of permanent differences	1,884	N.A.	280	N.A.
Deferred tax balance	(718)	N.A.	(26)	N.A.
Prior year taxes	1	N.A.	0	N.A.
Total income tax	**(717)**	**N.A.**	**(26)**	**N.A.**

Period tax is impacted by the tax effect of permanent differences.

Deferred tax makes a positive contribution to the net result of Salini Costruttori S.p.A. for €26 thousand, in particular as follows:

(€'000)	**FY 2019**	**FY 2020**	**Change**
Deferred tax expense for the year	0	0	0
Use of deferred tax liabilities recognised in previous years	0	0	0
Prepaid tax income for the year	718	26	(692)
Reversal of prepaid tax recognised in previous years	0	0	0
Total net deferred tax	**718**	**26**	**(692)**

25. Guarantees, commitments, risks and contingent liabilities

Guarantees and commitments

The key guarantees given are set out below:

- contractual sureties: these total €511,624 thousand and are given in the interests of the subsidiary Webuild S.p.A., to customers as performance bonds, to guarantee advances, retentions and involvement in tenders for all ongoing contracts of the subsidiary;
- sureties for tax (€20,162 thousand);
- other commitments and judicial requirements (€9,371 thousand), mainly given in the interests of the subsidiary Webuild S.p.A.;
- collateral related to a lien on the shares of the subsidiary Webuild S.p.A., given as a guarantee of a loan granted for €210,000 thousand;

Risks and contingent liabilities

Below are the main risk factors and uncertainties regarding the investment held in Webuild:

Civil litigation

USW Campania projects

The Group became involved in the urban solid waste disposal projects in the Province of Naples and other provinces in Campania at the end of the 1990's through its subsidiaries Fibe S.p.A. and Fibe Campania S.p.A.

The major issues that have characterised the Group's activities in service contracts since 1999-2000, which have been discussed in detail and reviewed in all of the reports published by the Group starting from that time, have evolved and became more complex over the years, giving rise to a large range of disputes, some of which are major and in part still ongoing. Even given the positive developments, the general situation in terms of pending

disputes is still very complex. A brief overview is provided below, especially in relation to existing risk positions.

Since Fibe Campania S.p.A. was merged into Fibe S.p.A. in 2009, unless otherwise stated, reference is made exclusively to Fibe S.p.A. in the rest of this section, even with regard to positions and events that affected the merged company.

The USW Campania issue comprises various proceedings in different jurisdictions and pending at different court levels. The main aspects of the key civil, administrative and criminal proceedings are described below.

Civil proceedings

1. In May 2005, the government commissioner filed a motion requesting compensation from Fibe S.p.A. ("Fibe") and FISIA Italimpianti S.p.A. (now FISIA Ambiente S.p.A., "Fisia Ambiente") for alleged damage of about €43 million. During the hearing, the commissioner increased its claims to approximately €700 million, further to the additional claim for damage to its reputation, calculated to be €1,000 million. The companies appeared before the court and, in addition to disputing the claims made by the government commissioner, filed a counterclaim requesting compensation for damage due to contract default and sundry expenses for over €650 million, plus a further claim for reputation damage quantified at €1.5 billion. In the same proceedings, the banks that issued Fibe and Fibe Campania S.p.A.'s ("Fibe Campania") performance bonds to the government commissioner also requested the commissioner's claim be dismissed and, in any case, to be held harmless by Webuild, which appeared before the court and disputed the banks' requests. In ruling no. 4253/2011, the judge declared their lack of jurisdiction referring the case to the administrative judge. The attorney general filed an appeal which was rejected on 14 February 2019 and the first level ruling was upheld. The attorney general has appealed to the Supreme Court.
2. On 30 November 2015, the Office of the Prime Minister received a new claim form served by both Fibe and other group companies involved in various ways in the activities performed in Campania for the waste disposal service, containing claims for the damage suffered as a result of termination of the contracts in 2005.
   The total amount claimed is €2,429 million. Considering that some requests are already included in other proceedings, the net amount is €2,258 million. The Office of the Prime Minister filed a counterclaim for €845 million for reasons already included in other proceedings. The court appointed an expert to appraise the subordinated claim filed by Fibe that prepared two alternative appraisals of the amount due to Fibe of approximately €56 million or approximately €114 million. The competent judge handed down the ruling on 25 October 2019, finding that Fibe was due approximately €114 million and the Office of the Prime Minister approximately €80 million. After offsetting the two amounts, the Office of the Prime Minister was ordered to pay Fibe approximately €34 million plus interest accruing from 4 December 2015. Both Fibe and the Office of the Prime Minister have filed separate appeals.
3. There is another proceeding commenced by the Office of the Prime Minister for the return of the advance of approximately €52 million paid for the construction of the waste-to-energy plants ("WtE plants"). Fibe has claimed that the receivables due from the Office of the Prime Minister, mostly for work performed on its behalf and for the fees due to Fibe, would offset this advance. The first level hearing ended with ruling no. 4658/2019 in which the Naples Court only allowed part of Fibe's receivables (the fees already collected by the Office of the Prime Minister) for offsetting purposes, ordering the company to return the difference between the advance collected and the receivables allowed for offsetting, with the result that Fibe owed approximately €10 million, plus interest, to the Office of the Prime Minister. This ruling is contrary to the report prepared by the court-appointed expert which found that Fibe was due the entire amount of its receivables. Fibe has filed its appeal. The above amount (approximately €10 million) could be offset against Fibe's larger receivable as per the ruling described in the section on the administrative litigation - the USW Campania projects below.

Given the complexity and range of the different disputes, the Group cannot exclude that events may arise in the future that cannot currently be foreseen which might require changes to these assessments.

Panama Canal extension project

Certain critical issues arose during the first stage of full-scale production on the project to expand the Panama Canal which, due to their specific characteristics and the materiality of the work to which they relate, made it necessary to significantly negatively revise the estimates made during the early phases of the project. The most critical issues related, *inter alia*, to the geological characteristics of the excavation areas, specifically with respect

to the raw materials required to produce concrete and the processing of such raw materials during normal production activities. Additional problems arose due to the adoption by the customer of operational and management procedures substantially different from those contractually agreed, specifically with regard to the processes for the approval of technical and design solutions suggested by the contractor. These facts, which were the subject of specific disclosures in previous reports published by the Group, continued in 2013 and 2014. Faced with the customer's persistent unwillingness to reasonably implement appropriate, contractually provided for measures to manage such disputes, the contractor - and thus the original contracting partners - was forced to acknowledge the resulting impossibility to continue the construction activities needed to complete the project at its full and exclusive risk by undertaking the relevant full financial burden without any guarantee of the commencement of objective negotiations with the counterparty. In this context, at the end of 2013, formal notice was sent to the customer to inform it of the intention to immediately suspend work if the customer refused once again to address this dispute in accordance with a contractual approach based on good faith and the willingness of all parties to reach a reasonable agreement.

Negotiations between the parties, supported by the respective consultants and legal experts, were carried out through February 2014 and, on 13 March 2014, an agreement was signed. The essential elements of the agreement provided that the contractor would resume works and functionally complete them by 31 December 2015, while the customer and contracting companies agreed to provide financial support for the works to be finished up to a maximum of about €1.3 billion. The customer met its obligation by granting a moratorium on the refunding of already disbursed contract advances totalling about €729 million and disbursing additional advances amounting to approximately €91 million. The group of contracting companies met their obligation by directly disbursing approximately €91 million and additional financial resources, through the conversion into cash of existing contractual guarantees totalling around €360 million.

While the 13 March 2014 agreement provided for financial support to complete the Canal, claims were made by the contractor Grupo Unidos Por el Canal ("GUPC") to the customer during the contract's execution.

After the pre-litigation stage before the Dispute Adjudication Board ("DAB") to discuss the claims as provided for contractually, there are a number of separate arbitration hearings ongoing before the International Chamber of Commerce in Miami, Florida between GUPC (with its European partners Sacyr, Webuild (previously Salini Impregilo) and Jan De Nul) and the Panama Canal Authority ("PCA") as described below:

1. the arbitration about the DAB's decisions on the claims presented by GUPC about the inadequate quality of the basalt compared to the quality guaranteed by PCA and the lengthy delays caused by PCA to approve the design formula for the concrete mix. The DAB had found that GUPC was due USD 265.3 million, which it collected in full. After the proceeding confirming the arbitration tribunal's competence to rule on the damages incurred by the individual consortium members, the tribunal issued a partial award at the end of September 2020, accepting some of GUPC's claims for USD 20.7 million as well as some claims for which the parties have agreed the amounts. ACP also paid GUPC an additional approximate USD 6.1 million. The arbitration tribunal defined the arbitration costs with a final award as USD 33.4 million (€13.5 million for Webuild). At the end of November, GUPC's legal advisors filed a petition for the cancellation of the partial award with the Miami Court (Florida, USA);
2. the arbitration about the extra costs incurred by the GUPC due to certain unjustified conditions imposed by ACP for the design of the lock gates and other claims about labour costs;
3. the arbitration commenced in 2016 involving the sundry claims mentioned in the completion certification; the arbitration tribunal has already been set up and the first hearing will take place shortly to define the arbitration calendar.

On 11 March 2020, Webuild filed its arbitration application with the International Centre for Settlement of Investment Disputes (ICSID) against Panama. The subsidiary Webuild has claimed damage for the Central American country's repeated violations of the bilateral investment treaty agreed by its government with the Italian government in 2009 to promote and protect investments. The arbitration tribunal was set up on 4 December 2020.

Already in previous years, the Group applied a valuation approach to the project on the basis of which significant losses to complete the contract were recognised, offset in part by the corresponding recognition of the additional consideration claimed from the customer and determined based on the expectation that recognition of such consideration could be reasonably deemed to be highly probable based on the opinions

expressed by its legal experts and in light of the damages awarded by the DAB.

In 2020, the estimate for the extra costs to complete the project was updated, as well as the additional consideration claimed from the customer (again with the support of the Group's experts). The Group has reflected this situation in its consolidated financial statements.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

CAVTOMI Consortium (high speed/capacity Turin-Milan line)

With respect to the contract for the high speed/capacity Turin - Milan railway line - Novara - Milan sub-section, the general contractor Fiat S.p.A. (now FCA N.V., "FCA") is required to follow the registered claims of the general subcontractor CAVTOMI Consortium ("CAVTOMI" or the "consortium"), in which the subsidiary Salini Impregilo (now Webuild) has a share of 74.69%, against the customer Rete Ferroviaria Italiana ("RFI").

Accordingly, in 2008, FCA initiated contractual arbitration proceedings against RFI for the award of damages suffered for delays in the works ascribable to the customer, non-achievement of the early completion bonus also due to the customer and higher consideration. On 9 July 2013, the arbitration tribunal handed down an award in favour of FCA, ordering RFI to pay approximately €187 million (of which about €185 million pertaining to CAVTOMI).

RFI appealed against the award before the Rome Appeal Court in 2013 and paid the amount due to FCA, which in turn forwarded the relevant share to the Consortium. The ruling of 23 September 2015 of the Rome Appeal Court cancelled a large part of the aforementioned arbitration award. FCA appealed to the Supreme Court.

Following the Appeal Court's ruling, RFI notified FCA of a writ of enforcement of approximately €175 million and subsequently the two parties reached an agreement whereby FCA provided RFI with the following in order to prevent enforcement of the aforementioned ruling, without prejudice to the parties' substantive rights, which are subject to final judgement: (i) payment of an amount of approximately €66 million, and (ii) issue to RFI of a bank surety of €100 million (€75 million by Webuild).

The consortium is confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

A date for the merits hearing has yet to be set.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

In addition, FCA and the consortium have commenced the following actions:

- filing of an appeal by FCA with the Lazio Regional Administrative Court on 11 November 2016 for the claims of approximately €18 million presented during the contract's term and not covered by the previous award of 2013. This proceeding was firstly suspended from the register and then resumed. It is currently pending before the competent administrative judge;
- on 12 October 2017, presentation of a claim form to the Rome Court by FCA for claims made during the contract term and not covered by the previous award for €109 million. The court-appointed expert is currently carrying out their appraisal.

Strait of Messina bridge - Eurolink

In March 2006, as lead contractor of the joint venture created for this project (interest of 45%) (subsequently merged into the SPE Eurolink S.C.p.A., "Eurolink"), Impregilo (now Webuild) signed a contract with Stretto di Messina S.p.A. ("SDM") for its engagement as general contractor for the final and executive designs and construction of the Strait of Messina Bridge and related roadway and railway connectors.

A bank syndicate also signed the financial documentation required in the General Specifications after the joint venture won the tender, for the concession of credit lines of €250 million earmarked for this project (subsequently decreased to €20 million in 2010). The customer was also given performance bonds of €239 million, as provided for in the contract.

SDM and Eurolink signed a rider in September 2009 which covered, inter alia, suspension of the project works carried out since the contract was signed and until that date. As provided for by the rider, the final designs were

delivered to the customer and its board of directors approved them on 29 July 2011.

Decree law no. 187 was issued on 2 November 2012 providing for "Urgent measures for the renegotiation of the contracts with Stretto di Messina S.p.A. (the customer) and for local public transport". Following enactment of this decree and given the potential implications for its position, Eurolink, led by Webuild, notified the customer of its intention to withdraw from the contract under the contractual terms, also to protect the positions of all the Italian and foreign co-venturers. However, given the immense interest in constructing the works, Eurolink also communicated its willingness to review its position should the customer demonstrate its real intention to carry out the project. To date, the ongoing negotiations have not been successful despite the efforts made. Eurolink has commenced various legal proceedings in Italy and the EU, arguing that the provisions of the above decree are contrary to the Constitution and EU treaties and that they damage Eurolink's legally acquired rights under the contract. It has also requested that SDM be ordered to pay the amounts requested due to the termination of the contract for reasons not attributable to it. With regard to the actions filed at EU level, in November 2013, the European Commission communicated its decision not to follow up the proceedings, as no treaties were violated, and confirmed this on 7 January 2014, with a communication dismissing the case. As regards the civil action in Italy, the subsidiary Webuild and all the members of Eurolink have jointly and separately asked that SDM be ordered to pay the amounts due, for various reasons, as a result of the termination of the contract for reasons not attributable to them (€657 million).

With its ruling no. 22386/2018 issued on 16 October 2018, the Rome Court rejected the applications filed by the claimants and the counterclaims filed by SDM. Conversely, the Rome Court declared that the customer's termination of the contract with Parsons Transportation Group Inc. ("Parsons"), engaged by SDM for the project management services, was legitimate (referring calculation of the compensation for damage to Parsons to the judgement of the Constitutional Court). As the process is joined to that of Eurolink, Webuild deems that the legal approach which led to the ruling in the latter case is, *mutatis mutandis*, also applicable to Eurolink.

Eurolink and the subsidiary Webuild filed their appeal against this ruling before the Rome Appeal Court on 28 December 2018. The appeal hearing is at an initial stage.

In accordance with the envisaged methods, the parties involved in appeal hearing no. 29/2019 presented themselves in court: (i) the Ministry of Infrastructure and the Office of the Prime Minister, without presenting a counter appeal; (ii) Stretto di Messina S.p.A. in liquidation presenting a counter appeal; and (iii) Parsons presenting a counter appeal for its part of the proceedings.

At the first hearing held after various postponements on 3 November 2020, due to formal issues, the Appeal Court deferred the hearing to 12 January 2021 and subsequently with a special measure of 3 December 2020 to 8 March 2022 for the conclusions.

Eurolink sent formal letters (letters before action) dated 24 December 2020 requesting payment of approximately €60 million as compensation for the costs incurred, the legally-due compensation and to free the bank surety of €239 million.

In the meantime, the Constitutional Court found the issue of legitimacy of the Decree law for Parson's position to be inadmissible as the order for its re-examination by the court was insufficiently documented and not because it found that the amount of the compensation to be irrelevant or unfounded. The Rome Court will now have to review the application and possibly defer it again to the Constitutional Court.

The Constitutional Court's ruling does not affect the Appeal Court's hearing about constitutionality refiled by Eurolink.

Given the complexity of the pending proceedings, while the experts assisting the subsidiary Webuild and the general contractor are confident about the positive outcome of the legal actions and recovery of the outstanding assets (mainly contract assets recognised for this project), they cannot exclude that currently unforeseeable events may arise which would require changes to the assessments made to date.

Orastie-Sibiu motorway

In July 2011, the subsidiary Salini Impregilo (now Webuild) commenced work on the highway contract to build the Orastie - Sibiu section (Lot 3), which included 22.1 km of two lane highway in each direction (in addition to the emergency lanes).

The contract was entered into with the Romanian National Road & Highways Company ("CNAIR") and 85% financed with EU structural funds and 15% by the Romanian government.

Progress on the contract has been adversely affected by a number of events outside the subsidiary Webuild's control such as unpredictable vast landslides on approximately 6.6 km of the route.

Despite this, the lot was delivered to the customer and opened to the traffic on 14 November 2014 while additional work made necessary by the landslides was still under completion.

Notwithstanding the first favourable ruling by the DAB and the award of approximately €6 million to the subsidiary Webuild, the customer refused to acknowledge the unpredictable nature of the landslides and to pay the amounts due.

In June 2015, the subsidiary Webuild stopped work due to non-payment of the amounts awarded to it by the DAB.

In September 2015, the subsidiary Webuild presented an application for arbitration and the first partial award of RON 83.8 million (approximately €18.2 million) was issued in March 2017 which it subsequently collected.

In January 2016, with works completion at 99.9%, following a number of disputes between the parties, the customer terminated the contract and enforced the contractual guarantees of RON60.5 million (approximately €13.5 million) on 20 April 2016, motivating such unilateral decision as being due to the alleged non-resolution of non-compliances notified by works management. The subsidiary promptly formally contested the contract termination.

With respect to the arbitration proceedings commenced by the subsidiary before the Paris International Chamber of Commerce for the delays and additional costs of €57 million, on 17 October 2019, the final award was handed down rejecting the Group's requests and awarding damages for delays to the customer of approximately €19 million. The subsidiary has also presented an application for the cancellation of the final award to the Romanian courts. On 2 July 2020, the Bucharest Appeal Court cancelled this award and the related suspended enforcement. On 12 September 2020, CNAIR challenged the Appeal Court's decision before the Supreme Court and the related hearing date is 21 September 2022. On 19 October 2020, the Bucharest Appeal Court has confirmed the suspension of the attempted enforcement of the final award by CNAIR until the Romanian courts hand down their final ruling on this award's validity. Should cancellation of the final award be confirmed, the Group could recommence arbitration proceedings before the CCIR.

In the meantime, on 17 February 2021, the Bucharest Court confirmed the subsidiary Webuild's obligation to return RON 83.8 million collected on the basis of the partial award, seeing that it has been cancelled.

On 17 February 2020, the subsidiary filed a new different application for arbitration to the CCIR challenging the validity of CNAIR's enforcement of the performance bond and requesting the return of the related amounts plus damages and interest. The CCIR notified the parties of its final award on 25 February 2021, ordering CNAIR to repay RON 60.5 million of the performance bond which was unfairly enforced and to reimburse the legal costs and interest as well as the arbitration costs (approximately €0.2 million in total).

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Contorno Rodoviario Florianópolis (Brazil)

On 21 September 2016, the subsidiary Salini Impregilo (now Webuild) and Cigla Constructora Impregilo e Associados S.A. ("CCSIC") joint venture signed a contract with Autopista Litoral Sul S.A. worth approximately €75 million for the construction of a new dual carriageway to reduce the large volume of traffic in the Florianópolis metropolitan region.

The project immediately ran into critical engineering problems due to the damp soil and the area's weather conditions, which CCSIC attempted to resolve by proposing new solutions to the customer (although it was not contractually obliged to do so).

In June 2018, CCSIC presented claims to the customer for higher costs and extension of the contract term. Despite the fact that the negotiations were still ongoing and the related memorandum of understanding was supposed to be signed in the near future, in January 2019, the customer informed CCSIC of its intention to terminate the contract. CCSIC deems that this termination is illegal and contrary to the principle of good faith. Therefore, in 2019, it filed an appeal with the competent local judicial authorities requesting payment of the higher dismantlement costs of approximately €2 million. The proceedings are at an initial stage and the judge has guaranteed the judicial blocking of enforcement of the bank guarantee for the advance (approximately €2.3 million) and the insurance performance bond (around €7 million) by the customer. On 4 October 2019, CCSIC commenced an arbitration proceeding for claims of approximately €20 million notified before the contract had been terminated. The customer has recently obtained the suspension of the arbitration proceedings from the Brazilian judge, which CCSIC immediately appealed. The Appeal Court has ruled i) to maintain suspension of the enforcement of CCSIC's guarantees and ii) to continue to suspend the arbitration proceedings. CCSIC intends to appeal this ruling before the Supreme Court and apply for resumption of the arbitration.

The joint venture is confident that its arguments will be accepted supported by the opinion of its legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Rome Metro

As part of the contract for the design and construction of the works for the B1 line of the Rome Metro, the subsidiary Webuild (formerly Salini Impregilo) commenced three legal proceedings in its name and as lead contractor of the joint venture against Roma Metropolitane S.r.l. ("Roma Metropolitane") and Roma Capitale requesting they be ordered to pay the disputed claims recorded during works execution, for which a technical appraisal by a court- appointed expert was provided.

1. Supreme Court - claims for the final billing for the Bologna - Conca d'Oro section

The Rome Court's ruling of August 2016 settled the first level proceedings involving the claims made for the Bologna - Conca d'Oro section and partly accepted the joint venture's requests, ordering Roma Metropolitane to pay approximately €11 million, plus VAT and related costs.

The joint venture commenced the necessary actions to collect the receivable based on this temporary enforceable ruling, which allowed it to collect the accepted amounts. It also presented an appeal for the award of a greater amount.

The Rome Appeal Court handed down its ruling of July 2018 rejecting the grounds for the joint venture's appeal and concurrently partly accepted the counter appeal presented by Roma Metropolitane, finding claim no. 38 to be ungrounded, although it had been partly accepted by the first level court for €4 million (already collected by the joint venture after the court's ruling).

The joint venture has appealed to the Supreme Court against the Appeal Court's ruling and a hearing date is yet to be set.

2. Rome Court - first set of claims for the Conca d'Oro - Jonio section

The second proceeding relates to the first set of claims for the Conca d'Oro - Jonio section. The initial stage has been deferred with the interim ruling of 2018 issued after the hearing for the conclusions. The judge accepted some claims made by the joint venture and ordered the court-appointed expert to recalculate the amounts due to the joint venture for just the claims rejected.

This ruling partly contradicted the findings of the first court-appointed expert which had confirmed the joint venture's claims for approximately €27.5 million.

The subsidiary Webuild challenged the interim ruling of January 2018 solely for the part that rejected some claims already examined by the court-appointed expert earlier and Roma Metropolitane.

The experts completed their appraisal in December 2018 and filed their additional report which included four possible amounts ranging from approximately €12 million to €23 million in favour of the joint venturers. Roma Metropolitane has requested the appraisal be reperformed by a new expert.

The Rome Court handed down its final ruling no. 6142/2020 of 15 April 2020 defining the second judgement on the extension of the B1 line and ordering Roma Metropolitane to pay the entire amount of €23.3 million, increased by the monetary revalution and interest since 31 August 2018, and the court-appointed expert's cost.

Finally, with its ruling of 15 July 2020 on the partial ruling of January 2018, the Rome Appeal Court rejected the subsidiary Webuild's applications and partly accepted Rome Metropolitane's counter appeal, stating that two of the claims, accepted by the first level judge, were ungrounded.

Specifically, one of the two claims found to be ungrounded related to the irregular performance of the works which had been quantified by the court as part of the total compensation to be paid to the contractor for all the claims related to this issue (the irregular performance of the works), without specifying an individual amount for each claim. The appeal ruling reformulated the first level ruling finding the claim to be ungrounded but did not determine the amount of the related compensation. Therefore, it did not directly intervene with respect to the amount paid as per the first level ruling as compensation for the irregular performance of the works.

The subsidiary Webuild has appealed against the Rome Appeal Court's ruling before the Supreme Court and Roma Metropolitane has, in turn, presented its counter appeal.

Roma Metropolitane has also appealed against the Rome Court's ruling no. 6142/2020.

3. Rome Court - second set of claims for the Conca d'Oro - Jonio section

The third proceeding refers to the second and last set of claims for the Conca d'Oro - Jonio section, was commenced in September 2016 and the court-appointed expert completed their work in November 2018 and filed their definitive report. The expert found that the joint venture's claims of approximately €3 million were admissible. The Rome Court ordered Roma Metropolitane and Roma Capitale to severally and jointly pay the total amount of €2.9 million increased by the accrued legal interest in its ruling no. 5861/2020 of 7 April 2020. The subsidiary Webuild appealed against the ruling on 18 September 2020.

The Company's directors are confident that joint venture's arguments will be accepted supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Colombia – Yuma and Ariguani

Yuma Concesionaria S.A. (in which the Group has a 48.3% investment) ("Yuma") holds the concession for the construction and operation of sector 3 of the Ruta del Sol motorway in Colombia.

The construction works were delivered to the EPC contractor Constructora Ariguani S.A.S. en Reorganización ("Ariguani"), wholly owned by Salini Impregilo (now Webuild), on 22 December 2011.

In November 2017, the customer ANI commenced administrative procedures against Yuma to have the contract terminated.

Yuma deems that the contract was significantly affected by a series of unexpected events outside its control which led to a significant imbalance in the contract that the customer is obliged to rectify.

After more than one year of negotiations, on 20 February 2020, the parties signed a rider to the concession agreement that provided for, *inter alia*, the interruption of the procedure commenced by ANI for the alleged serious breaches of the concession contract by Yuma and extended the contract term to complete the project by 56 months while not changing the concession term.

The rider partly settled some claims made as part of the arbitration proceedings in place for the contract variations as part of the national arbitration at the Bogotà Chamber of Commerce and the claims before the International Chamber of Commerce as part of the international arbitration.

The subsidiary Webuild concurrently withdrew its application for arbitration to the International Chamber of Commerce, presented in November 2017. As a result and with the acceptance by ANI, this international arbitration proceeding has been discontinued and the only international arbitration still in place is that before the International Chamber of Commerce commenced by Yuma.

At the same time, two other riders to the EPC contract were signed by Yuma and the EPC contractor Ariguani, covering the new financial terms and timeline agreed by them.

On 8 May 2020, the arbitration tribunal with the Bogotà Chamber of Commerce issued an award in Yuma's favour for six variations as part of the proceedings for the definition of 14 variations to the original contract. The tribunal has not defined the amounts to be paid by ANI to Yuma but ordered the parties to come to an agreement based on the calculation method established by the arbitrators. On 13 October 2020, the parties signed an agreement providing that the amount due to Yuma is COP 247,514.9 million (around €52 million).

Due to the dispute and the difficulties encountered during the project, in 2018, both Yuma and Ariguani commenced their reorganisation ("Reorganización") pursuant to the local laws (Law no. 1116 of 2006) and this process is still ongoing.

Project S8 (Poland)

The Group has a 95% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

Although the main road section was opened to traffic on 22 December 2017, in May 2018, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and requested payment of fines of €4.1 million.

On 22 May 2018 and 7 June 2018, the joint venture informed the customer that it considered termination of the contract to be null and void and also asked for payment of the outstanding amount of €1.7 million and the contractually provided-for fines. Finally, it noted that the contract terminated due to the customer's default. The customer has attempted to enforce the performance bonds of approximately €8 million, which the joint venture had provided. The joint venture obtained a court order from the Parma Court preventing this on a precautionary basis.

The Group has already commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the recovery of the costs not paid before termination of the contract, claims and compensation for the irregular termination. In February 2020, the customer filed a counterclaim for approximately €2.9 million against the Group as contractual fines due to the termination of the contract for reasons allegedly attributable to the joint venture.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project A1F (Poland)

The Group has a 100% interest in a joint venture in Poland set up in October 2015 for the design and construction of roads.

On 29 April 2019, the customer informed the joint venture that the contract was considered to be terminated due to the latter's alleged breach of contract and requested payment of fines of approximately €18 million.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contract to be null and void. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The customer obtained enforcement of the performance bonds, retentions and fines of approximately €37 million, which the joint venture had provided.

The contractor has commenced proceedings against the customer before the Warsaw Court to receive payment for the works performed and claims of approximately €54 million.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S3 (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in December 2014 for the design and construction of roads.

On 29 April 2019, the customer informed the contractor that the contract was considered to be terminated due to the latter's alleged breach of contract and concurrently requested payment of fines of approximately €25 million.

The customer has attempted to enforce the performance bonds of approximately €13 million, which the contractor had provided. After the filing of an appeal against this enforcement, the subsidiary Salini Impregilo (now Webuild) made payment.

On 6 May 2019, the joint venture informed the customer that it considered termination of the contracts to be null and void and legally ineffective. On 14 May 2019, it notified that the contract terminated for reasons attributable to the customer as a result of reported defaults that were not remedied by the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed a claim form with the Warsaw first level court on 31 October 2019 for the return of the amounts related to the undue enforcement of the bank guarantees and payment of the fines.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S7 Kielce (Poland)

The Group has a 99.99% interest in a joint venture in Poland set up in November 2014 for the design and construction of roads.

The subsidiary Webuild has paid approximately €15 million so that the customer would not enforce the bank guarantees.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed the first claim form with the Warsaw first level court for the return of the amounts related to the undue enforcement of the bank guarantees.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Project S7 Wydoma (Poland)

The subsidiary Webuild was awarded this contract in October 2017.

On 7 December 2020, the customer informed the Group that the contract was considered to be terminated due to the latter's alleged breach of contract.

On 16 December 2020, Webuild informed the customer that it considered termination of the contracts to be null and void and legally ineffective. It requested payment of the contractual fine of approximately €35 million (not

yet received) and the return of the performance bond. It also noted that the contract terminated for reasons attributable to the customer.

The Group has commenced appropriate legal measures to protect its rights and, accordingly, filed an update of its first claim form (filed on 4 November 2020) with the Warsaw first level court on 21 December 2020. It has asked that the judge find the contract to be terminated unjustly and that it be due the additional consideration of approximately €55 million.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Copenhagen Cityringen

As a result of critical issues about this project related to its specific features and the significance of the works, the Group had to significantly revise the cost estimates for the early stages of this project. They mainly related to the construction of the concrete works, the electromechanical works and the architectural finishings.

The negotiations with the customer, assisted by their consultants and technical/legal advisors, led to the signing of an interim agreement on 30 December 2016 (which allowed the Group to collect €145 million) and other agreements which enabled it to collect additional amounts (for a total of €260 million). This settled some claims with the outstanding claims related to the pending arbitration proceeding before the Building and Construction Arbitration Board.

On 12 July 2019, the Group delivered the project and the metro was officially opened to the public on 29 September 2019.

In 2020, a year after the handover, when the performance bonds were to be reduced from 3% to 1%, the Customer presented counterclaims for approximately €43 million against the Group, blocking this reduction. The Group deems that these counterclaims are completely groundless and lacking the minimum requirements to be considered as such, by virtue of their failure to provide even the most basic information, such as a description of the events, timing, place of the facts, the cause effect link, contractual justification and support for quantification. On the basis of the above, CMT entirely rejected the counterclaims, judging them without any foundation.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

North West Rail Link (Australia)

This project included the design and building of a 36 km metro line north west of Sydney, of which 4.6 km as a viaduct (the Skytrain bridge). The metro opened in May 2019.

The Group participated in the project through a joint venture of Salini Impregilo S.p.A. (now Webuild) and Salini Impregilo PTY Limited.

After the joint venture presented claims, the DAB issued a decision acknowledging its right to AUD 34.5 million (approximately €21.4 million) on 9 December 2019.

The contract with Sydney Metro provides for resort to the Australian Centre for International Commercial Arbitration should one or both of the parties be unsatisfied with the DAB's decision.

In fact, on 31 January 2020, both the joint venture and the customer presented the DAB with a notice of dissatisfaction.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Al Bayt Stadium (Qatar)

On 25 October 2019, the joint venture comprising Leonardo S.p.A. and PSC S.p.A. ("Leonardo/PSC JV") commenced an arbitration proceeding before the International Chamber of Commerce against the joint venture consisting of Galfar Al Misnad Engineering and Contracting, Salini Impregilo S.p.A. (now Webuild S.p.A.) and Cimolai S.p.A. (hereinafter also "GSIC JV"). The Group has a 40% stake in the GSIC JV.

As subcontractor of the contract to supply mechanical and electrical works, the Leonardo/PSC joint venture claimed damages for delays, the acceptance of variations and other compensation from the contractor GSIC JV for QAR 1,289 million (approximately €300 million). As part of the same arbitration proceedings, GSIC JV presented its counterclaim, which includes, *inter alia*, acknowledgement of the costs incurred on the subcontractor's behalf and compensation for the higher costs incurred due to the latter's delays and negligence.

The arbitration proceedings are at an initial stage.

With respect to the arbitration proceedings commenced by the Leonardo/PSC JV, the directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of its legal advisors.

During preparation of the contract budget and the consolidated financial statements, they considered the above costs and compensation for the subcontractor's delays and negligence to the extent they deem it is highly probable that its counterclaim will be successful, also based on the opinion of the Group's legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Saudi Arabia

With respect to the contract to build Line 3 of the Riyadh Metro, on 26 January 2021, the Arab company United Code Contracting Corporation commenced an ICC arbitration proceeding against the joint venture comprising Webuild S.p.A., Larsen & Toubro, Salini Saudi Arabia and Nesma.

As subcontractor for the works supply contract, United Code Contracting Corporation has claimed damages of USD 162.5 million from the joint venture for the undue termination of the subcontracting contract, non-payment of interim payment certificates, failure to pay the final bill and the undue allocation of works to third parties.

The arbitration proceedings are at an initial stage. The Group has a 59.14% interest in the joint venture.

The directors are confident that its arguments will be accepted at the end of the dispute supported by the opinion of their legal advisors.

Considering the uncertainties linked to the dispute stage, the Group cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Slovakia

On 6 March 2019, the joint venture comprising Salini Impregilo (now Webuild) and the Slovakian company Duha and the customer signed an agreement to terminate the contract for the design and construction of a major motorway section. This agreement provides for the recognition of the works awaiting certification and also establishes that:

- the customer will certify most of the works performed and awaiting approval for bureaucratic reasons in the short term;
- a dispute adjudication board (DAB) will be appointed, consisting of international members rather than the Slovakian members provided for in the original contract, to decide on the additional consideration requested from the customer;
- should the DAB's ruling not be agreeable to the parties, they may apply to an international arbitration tribunal (ICC Vienna) rather than a Slovakian tribunal as provided for in the original contract.

After the joint venture's presentation of its claims, on 18 November 2019, the DAB issued its report, finding that the joint venture was due approximately €8 million. In December 2019, both the joint venture and the customer sent the DAB a notice of dissatisfaction. As the parties were unable to come to an agreement, Webuild applied to ICC for arbitration on 14 February 2021. The proceedings are at an initial stage.

Unforeseen costs have been incurred and the joint venture has accordingly presented its request for additional consideration. The costs are included in the measurement of contract assets and liabilities for the part deemed highly probable to be recovered, based also on the opinions of the Group's advisors.

Moreover, it cannot be excluded that events may take place in the future that cannot currently be foreseen and that could make it necessary to change its valuations.

Administrative litigation

This section describes the main administrative proceedings involving the group companies.

USW Campania projects

The special commissioner tasked by the Regional Administrative Court to collect receivables of the former operators of the waste disposal service performed until 15 December 2005 submitted their final report in November 2014, in which they stated that the competent public administration had already collected directly €46.4 million of the fee due to Fibe for its services rendered until 15 December 2015 (when the contracts were terminated *ope legis*), without forwarding it to Fibe, and that total outstanding receivables totalled €74.3 million.

In its ruling no. 7323/2016, the Regional Administrative Court decided that the special commissioner should pay the amounts claimed by Fibe only after the assessment is completed and, hence, including amounts already collected by the administration. Fibe challenged this ruling with the Council of State which rejected it with its ruling no. 1759/2018. A petition for the conclusion of the proceedings was then filed. After the resignation of the special commissioner, the Regional Administrative Court appointed a new commissioner on 16 April 2018. As this commissioner did not accept the position, on 10 January 2019, another commissioner was appointed that filed a report on 13 January 2020 confirming the findings reported by the previous commissioner in November 2014. Due to the interim payments made which reduced the total amounts due, the commissioner calculated the amounts outstanding as fees to be €54.8 million and deferred the definitive calculation of the amounts of €3.1 million in addition to that already ascertained and the total amount of interest and fines due to Fibe to a second stage. On 29 January 2021, the commissioner filed another report setting out the definitive calculation of the fees due to be €57.3 million and the interest and fines due to Fibe as €62.7 million. The Regional Administrative Court ruled on 4 March 2021 that the mandate given to the special commissioner had ended and confirmed the amounts ascertained by them.

In 2009, Fibe filed a complaint with the Lazio Regional Administrative Court about the slackness of the competent authorities in completing the administrative procedures for the recording and recognition of the costs incurred by the former service contractors for activities carried out pursuant to law and the work ordered by the administration and performed by the companies during the years from 2006 to 2008 (i.e., after the contracts had been terminated).

As part of the aforementioned ruling, the Regional Administrative Court appointed an inspector who, on 21 December 2017, submitted a final report finding that, in short, the amounts stated by Fibe in its appeal and the supporting documentation were substantially consistent. The company requested a more in-depth review of certain items and the correction of some errors. The Regional Administrative Court ordered an additional inspection. On 28 September 2018, the inspector filed their final report, which addressed the requests made by Fibe for a more in-depth review and corrections. The Lazio Regional Administrative Court with its ruling of 21 March 2019 ordered the Office of the Prime Minister to pay €53 million, including VAT and interest, as the fee for services carried out after the contracts were terminated. he Office of the Prime Minister challenged this ruling before the Council of State. In its ruling no. 974 of 7 February 2020, the Council of State identified a logical legal error in the Regional Administrative Court's ruling where it ordered the Office of the Prime Minister to pay the amounts requested and documented by Fibe (private part) not yet checked by it. The Council of State amended in part the first level ruling finding that Fibe is due the smaller amount of €21 million, increased by legal interest (instead of the amount of €53 million ordered by the Regional Administrative Court).

In May 2020, Fibe filed: (i) an appeal before the Council of State challenging the rulings and the error identified by the Appeal Judge; (ii) an appeal before the Supreme Count. On 26 February 2021, the Council of State

accepted the appeal challenging the rulings and recognised Fibe's subjective right to the amounts due to it. It ordered the administration to complete the initial investigation while immediately appointing a special commissioner (the state general accounting office or its delegate) to step in should the administration fail to comply.

With ruling no. 3886/2011, the Lazio Regional Administrative Court upheld Fibe's appeal and ordered the administration to pay the undepreciated costs at the termination date for the RDF plants to Fibe, for a total amount of €205 million, plus legal and default interest from 15 December 2005 until settlement.

Following the enforcement order filed by Fibe and opposed by the Office of the Prime Minister, Fibe obtained the allocation of €241 million (collected in previous years) as a final payment for the receivables for principal and legal interest and suspended the enforcement procedure for the further amount of default interest claimed. Both parties initiated proceedings about the merits of the case. The judge rejected the request for default interest submitted by Fibe in the ruling of 12 February 2016, which Fibe challenged.

As part of the USW Campania projects, the Group was notified of a large number of administrative measures regarding reclamation and the implementation of safety measures at some of the landfills, storage areas and RDF plants. For the proceedings regarding the characterisation and emergency safety measures at the Pontericcio site, the RDF plant in Giugliano and the temporary storage area at Cava Giuliani, the Lazio Regional Administrative Court rejected the appeals filed by Fibe with ruling no. 6033/2012. An appeal against this ruling, based on contamination found at a site different to those subject of the proceedings, was filed with the Council of State. It denied Fibe's precautionary motion to stay the enforcement of the decision. The Council of State subsequently accepted Fibe's appeal in its ruling no. 5076/2018, reversing the first level ruling and cancelling the measures challenged by Fibe. With respect to the Cava Giuliani landfill, the Lazio Regional Administrative Court, with ruling no. 5831/2012, found that it lacked jurisdiction in favour of the Superior Court of Public Waters, before which the appeal was summed up and this court rejected the appeal with its ruling no. 119/2020 filed on 28 December 2020. Fibe is evaluating whether to take action. Before the judges' rulings, Fibe had completed the characterisation operations for the above sites, but this does not constitute any admission of liability whatsoever.

S.a.Bro.M. S.p.A.

S.a.Bro.M. S.p.A. ("SABROM") is the operator for the design, construction and operation of the new regional Broni-Mortara motorway under the terms of the concession contract signed with the customer Infrastrutture Lombarde S.p.A. ("ILSpA") on 16 September 2010.

In July 2016, the Ministry for the Environment, Land and Sea Protection ("MATTM") issued a measure containing a negative opinion on the project's environmental compatibility.

SABROM asked the customer ILSpA to protect the project by appealing against the Ministry's measure and also communicated its willingness to work with the customer to modify the designs so that the project could be re-assessed by the Ministry and other competent bodies.

As requested by SABROM, the customer ILSpA appealed against the Ministry's measure before the Lombardy Regional Administrative Court which rejected the appeal with its ruling published on 30 July 2018.

On 14 February 2019, ILSpA filed an appeal with the Council of State and the date of the hearing has not yet been set.

The directors deem the risk of an unfavourable ruling is remote and that the assets recognised under intangible assets at 31 December 2020 are recoverable, supported by their legal advisors.

However, they cannot exclude that events may take place in the future that cannot currently be foreseen and that could make it necessary to change their valuations.

Criminal litigation

This section describes the main criminal proceedings involving the group companies.

USW Campania projects

In 2008, as part of an investigation into waste disposal in the Campania region carried out after the ope legis termination of the relevant contracts (on 15 December 2005), the Preliminary Investigations Judge, upon a request by the public prosecutor, issued personal preventive seizure measures against some managers and

employees of Fibe, Fibe Campania (subsequently merged into Fibe) and Fisia Ambiente and managers of the commissioner's office. As part of this investigation, the former service providers and Fisia Ambiente are also charged with the administrative liability attributable to companies pursuant to Legislative decree no. 231/01 without claims for compensation being made against these companies.
In the hearing of 21 March 2013, the Preliminary Hearing Judge ordered that all the defendants and companies involved pursuant to Legislative decree no. 231/2001 be committed for trial for all charges, transferring the proceedings to the Rome Court as a result of an acting judge being listed by the Naples public prosecutor as under investigation.

On 16 June 2016, the Court accepted the public prosecutor's request and found all the individuals involved in the proceedings not guilty. The hearing will continue for the companies involved and the public prosecutor is currently examining the motions.

COCIV consortium

On 26 October 2016, some managers and employees of COCIV were arrested as were other persons (including the chairman of Reggio Calabria - Scilla S.C.p.A., who promptly resigned) with warrants issued on 7 October 2016 by the Genoa Court and 10 October 2016 by the Rome Court. The above two legal entities were informed that the Genoa and Rome public prosecutors are investigating alleged obstruction of public tender procedures, corruption and, in some cases, criminal organisation.

Specifically, the proceeding before the Genoa Court (involving COCIV managers and employees) covers alleged obstruction of public tender procedures for supplies or works on individual lots (for which the public prosecutor also intends to investigate Webuild's chief executive officer) as well as two cases of corruption. The proceeding originally before the Rome Court (consisting of two separate investigations now joined and transferred to the Alessandria public prosecutor) relates to the alleged bribery of works management by senior management of the contractors (COCIV, Reggio Calabria – Scilla S.C.p.A. and Salerno-Reggio Calabria S.c.p.a.) in order to encourage the works manager (also under investigation) to perform acts contrary to their official duties.

On 11 January 2017, as part of the proceedings commenced on 16 November 2016, ANAC sent the Rome Prefecture a proposal for adoption of the extraordinary measures pursuant to article 32 of Decree law no. 90 of 24 June 2014 against COCIV. On 3 March 2017, the Rome Prefecture appointed a special commissioner for the extraordinary and temporary administration of COCIV in accordance with article 32.1.b) of the above Decree law for a six-month period, which was then extended to 15 January 2019.

The Rome Prefecture acknowledged termination of the extraordinary and temporary administration of COCIV on 31 October 2018 with its decree of 14 November 2018, given that the set objectives had been met.

Specifically, in 2018, the Genoa public prosecutor notified the completion of the preliminary investigations for the criminal proceedings to the parties under investigation, which did not include COCIV. During 2019, the public prosecutor requested and obtained a hearing of an excerpt of the relevant interceptions, which was followed, on 21 February 2020, by a further notification of the notice of conclusion of the investigations pursuant to article 415-*bis* of the Italian Criminal Code. The public prosecutor subsequently filed a substantial application for commitment for trial, which was followed by the commencement of the preliminary hearings, completed on 15 March 2021 with a double ruling by the Judge for the Preliminary Hearing: a ruling not to proceed with the first allegation as it had become time-barred, except for the chief executive officer of Webuild who was found not guilty of committing the alleged crime, even though that part of the case was now time-barred. The Judge also ordered that criminal proceedings be commenced for the other alleged crimes.

On 27 February 2020, the public prosecutor requested that the proceeding be filed with respect to COCIV's position, under investigation for the alleged administrative crime as per article 25 of Legislative decree no. 231/2001 given that the consortium had put in place a suitable and appropriate organisation model as per Legislative decree no. 231/2001 before the alleged crimes took place and, moreover, the alleged crimes were not performed to the advantage or in the interests of COCIV.

The filing request also covered some parties under investigation in the main proceeding in relation to numerous additional alleged crimes charged to them during the investigation stage and found to be ungrounded (articles 416, 353, 353-*bis*, 319, 321 and 346-*bis* of the Italian Procedural Code and article 2635 of the Italian Civil Code).

Following the most recent notice as per article 415-*bis* of the Italian Criminal Code and the application for commitment for trial, it has been confirmed that the investigation focuses on assumed collusive bidding and

bribery, all of which took place quite some time ago (2012 to 2016).

The charges refer to alleged conduct that could only be carried out by the individuals in charge of managing the related procedures. This implies that the alleged involvement of key management personnel (the then chairman of the consortium) and the parent's chief executive officer, would not lead to the identification of any real activities and/or conduct that these persons actually undertook.

With respect to the criminal proceedings commenced by the Rome public prosecutor for the alleged crime of association for criminal purposes, the dismissal of the related criminal proceedings was applied for and obtained on 5 September 2018 as the related charge cannot be sustained. With respect to all the alleged corruption practices, involving the alleged administrative liability of COCIV and Reggio Calabria - Scilla S.C.p.A. for the administrative offence as per articles 5 and 25 of Legislative decree no. 231/2001, the Rome Court declared its lack of jurisdiction and referred all the cases to the Bolzano public prosecutor which joined them in a single case and requested that it be heard. During the preliminary hearing of 26 June 2019, the judge declared its lack of jurisdiction and ordered the case be referred to the Alessandria Court, where it has been again included in the investigation phase.

The Alessandria Court has yet to set the date for the preliminary hearing before the Preliminary Hearing Judge.

With respect to the alleged bribery, COCIV deems that, as already found by the Genoa public prosecutor, the crimes allegedly committed by its personnel (should they be found guilty by the court) were to its detriment and were essentially committed in their own interests by fraudulently circumventing the rules in place to control its activities. Moreover, these alleged offences would not have required RFI to pay a larger or undue amount or create economic benefits for COCIV but rather would have required it to pay higher costs. The consortium's new structure (senior management and operating personnel) is committed to ensuring that the works can continue while concurrently dealing with the social and employment issues arising from the discontinuity measures that the consortium has had to put in place vis-à-vis the third party companies involved in the legal proceedings. The consortium has carefully checked the quality of the materials used in the works previously carried out although this is not an issue raised by the public prosecutors. Its results are wholly in line with the findings of the expert appointed by the Genoa court, which both found the full compliance of the materials used by COCIV with the quality levels specified in the contracts and relevant legislation.

Cossi Costruzioni S.p.A.

Cossi Costruzioni S.p.A. was notified of the commencement of proceedings before the Rimini Court for an alleged administrative offence as per article 25-septies.3 of Legislative decree no. 231/2001. The preliminary investigation is still ongoing.

Ministry of the Environment / Autostrade per l'Italia S.p.A. – Todini Construction Generali (now HCE Construction + others)

In June 2011, upon conclusion of the investigations commenced in 2005, the Florence public prosecutor charged the CEOs and former employees of Todini C.G. S.p.A. with environmental crimes with respect to the management of excavated soil and rocks, water regulation, waste management and damage to environment assets as part of the Tuscan lots of the "Valico variation".

The Ministry of the Environment joined the criminal proceedings as a civil party, suing Autostrade per l'Italia S.p.A., Todini C.G. S.p.A., Impresa S.p.A. and Toto S.p.A. for their civil liability and quantifying the alleged environmental damage to be compensated as "*not less than €810,000,000.00 or any amount that may be established during the proceedings and/or established in an equitable manner*". As evidence of the damage, the Ministry presented a preliminary report prepared by I.S.P.R.A. (a body which is part of the Ministry).

The judge held that the I.S.P.R.A. report was not a document that could be used in the proceedings as it had not been prepared inter partes and, moreover, did not include the name of the individual that had physically prepared it. At the date of preparation of this report, the claim for compensation is not supported by proof about its size.

On 30 October 2017, the Florence Court found all the defendants not guilty and the public prosecutor appealed the ruling on 20 June 2019. The Supreme Court accepted the public prosecutor's appeal on 19 January 2021 and overturned the Florence Court's ruling, remitting continuation of the case to the Appeal Court. The Group is waiting for the reasons of the ruling to be filed to understand what grounds of appeal were accepted and the scope of the remittal procedure.

For completeness purposes, after the claim for compensation presented by the Ministry of the Environment, the Group commissioned a report on the possible effect of the criminal proceeding on the consolidated financial statements. The opinion was that the Ministry's joining the proceedings as a civil party did not require any provision to be made in the separate or consolidated financial statements or the condensed interim consolidated financial statements.

The Company is confident that the claim for compensation will not be accepted.

Other situations characterised by risk and/or uncertainty profiles

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration

Società Italiana per Condotte d'Acqua S.p.A. under extraordinary administration ("Condotte"), which has investments in group companies, filed a petition as per article 161.6 of the Bankruptcy Law after which, on 17 July 2018, it applied for immediate application of the extraordinary administration procedure pursuant to article 2 of Decree law no. 347/2003 to the Ministry of Economic Development.

The Ministry issued its decree on 6 August 2018 authorising Condotte to enter extraordinary administration as per Decree law no. 347/2003 converted by Law no. 39 of 18 February 2004 (the "Marzano Law").

The Rome Court declared Condotte insolvent in its ruling of 14 August 2018.

On 22 October 2018, the special commissioners invited Condotte's creditors to file their claims for inclusion in the insolvency proceedings for their receivables originated up to 6 August 2018 (the date on which it entered extraordinary administration) before 12 December 2018.

The following consortia or consortium companies, in which the Group has investments, filed their claims by the due date:

- Consorzio Alta Velocità Torino Milano (CAVTOMI);
- Consorzio Collegamenti Integrati Veloci (COCIV);
- Consorzio Lybian Expressway Contractors;
- Eurolink S.C.p.A.;
- Reggio Calabria Scilla S.C.p.A.;
- Salerno Reggio Calabria S.C.p.A.;
- Consorzio Iricav Due.

Their claims were based on the following:

a) offsetting their receivables from Condotte that were due before 6 August 2018 against their payables due to Condotte which were also due before 6 August 2018;

b) filing of the outstanding balances after the offsetting in the insolvency proceeding:

   - as a pre-preferential claim as provided for by article 51.3 of Law no. 270/1999 (the "Prodi Law") and article 74 of the Bankruptcy Law;
   - alternatively and subject to appeal, as a preferential claim in accordance with article 2761.2 of the Italian Civil Code for the principle and article 2758 of the Italian Civil Code for the VAT collected at source;
   - as a secured claim as a further alternative and subject to appeal.

On 14 February 2019, Condotte's special commissioners filed the claims with the court office.

On 22 February 2019, the consortia/consortium companies filed their comments on the claims for the purposes of the related hearing.

The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria The judge confirmed the acceptance of the claims of Eurolink S.C.p.A., Lybian Expressway Contractors, Salerno Reggio Calabria S.C.p.A. and Reggio Calabria Scilla S.C.p.A. as secured claims, as well as the interest calculated in the comments, on 11 June 2020.

CAVTOMI's legal counsel noted that the special commissioners had not provided proof of the existence of these claims and requested they be given additional time to better analyse the accounting documentation presented in court. The judge has not accepted the request given the need to finalise the claims during the hearing and given that appeals can be made by challenging the accepted claims.

As the COCIV consortium and Iricav Due consortium had entered into agreements with Condotte's special commissioners in the meantime, with the result that they transferred their interests, rights and obligations, and amounts due to and from Condotte to Webuild, they waived their right to have their claims included in the insolvency proceedings.

The Group has rolled out a long-term industrial transaction ("Progetto Italia") to create a new national construction group to include some of the major Italian construction companies. As a result, Webuild made an offer to invest in Astaldi (whose composition with creditors proposal has been authorised by the Rome Court) and is assessing whether to engage in similar transactions with other infrastructure operators such as Condotte.

The companies in which the Group has investments are carefully monitoring developments in the Condotte situation.

Supported by its legal advisors, the directors are confident that the receivables and payables will be offset and that the receivables should be recovered (net of offsetting) by the SPEs in which Condotte had an investment also because the ongoing strategic works are expected to be continued.

Moreover, it cannot be excluded that events related to the above-mentioned extraordinary administration procedure may take place in the future.

26. Related party transactions

In FY 2020, transactions with related parties, as defined by IAS 24, were of an ordinary nature.

In FY 2020, related party transactions carried out during the year involved the following counterparties:

- directors, statutory auditors and key management personnel, solely related to the contracts regulating their positions within Salini Costruttori Group.
- Equity investments in associates. these transactions mainly relate to:
    - commercial assistance with purchases and procurement of services necessary to carry out work on contracts, contracting and subcontracting;
    - services (technical, organisational, legal and administrative), carried out at centralised level;
    - financial transactions, namely loans and joint current accounts as part of cash pooling transactions and guarantees given on behalf of group companies.

  Transactions are carried out with associates aimed at building on existing synergies in Salini Costruttori S.p.A. in terms of production and sales integration, efficient use of existing skills, streamlining of centralised structures and financial resources. These transactions are regulated by specific contracts and are carried out on an arm's length basis.
- other related parties: the main transactions with other related parties, identified pursuant to IAS 24, including companies managed and coordinated by Salini Costruttori S.p.A., are summarised below:

(€'000)	**31 December 2020**					
Company	**Financial assets**	**Receivables**	**Payables**	**Total revenue**	**Total expenses**	**Financial income and expenses**
Salini Simonpietro & C. S.A.P.A.	0	1	0	0	0	0
Total parents	**0**	**1**	**0**	**0**	**0**	**0**
Directors/Key management personnel	0	0	238	0	1,413	0
Total Directors/Key management personnel	**0**	**0**	**238**	**0**	**1,413**	**0**

The table above also reports on relations with Directors, Statutory Auditors and Key management personnel.

Note that in the past, the Company granted the subsidiary Zeis S.r.l. two non interest-bearing loans, respectively for €28,743 thousand and €6,682 thousand, for a total of €35,425 thousand, partially used for €9,877 thousand, mainly to cover losses. A total of €25,548 thousand therefore remains. These loans are still in place as at this reporting date, although they fell due in 2012.

27. Events after the reporting date

No significant events have taken place since the reporting date other than those described in the 2020 Directors' report.

28. Significant non-recurring events and transactions

In FY 2020, the economic, equity and financial position of Salini was not impacted by any significant non-recurring events and transactions.

29. Balances or transactions arising from atypical and/or unusual transactions

During FY 2020, Salini Costruttori S.p.A. did not carry out any atypical and/or unusual transactions, as defined in the above Consob communication no. DEM/6064293[62].

[62] Atypical and/or unusual transactions are those that, due to their significance and relevance, the counterparty, the object of the transaction, exchange pricing and timing, may cast doubts as to the accuracy and completeness of disclosures, conflicts of interest, protection of the Group's assets and non-controlling interests

Proposal of the board of directors to the shareholders of Salini Costruttori S.p.A.

Dear shareholders,
We propose:

you approve the separate financial statements of Salini Costruttori S.p.A. at 31 December 2020 which show a loss of amount to € 1,140,765.98;

- the loss of €1,140,765.98 be covered by using the retained earnings reserve, the resulting balance of which will be €190,511,910.66;
- €4,006,770.70 be distributed as a dividend to the holders of ordinary shares, equal to €0.037 for each share with dividend rights and, therefore, excluding the 11,708,900 treasury shares currently held by the Company using the remaining balance of the retained earnings reserve;

for the Board of Directors
The Chief Executive Officer
(signed on the original)

Financial statements of Salini Costruttori - Equity investments

Equity investments at 31 December 2020 Salini Costruttori S.p.A.

Name	% investment without	office registered	amount Salcost 1.1.2020 (amount in Euro)	increases in the period	no.	decreases in the period	no.	amount Salcost 31.12.2020 (amount in Euro)	equity net stake	Diff. SE Part. Net Tenths	date SE
Webuild S.p.A.	44.9907	Milan	392,060,698	0		0		392,060,698	667,790,629	275,729,931	31 Dec 2020
Zeis S.r.l.	100	Rome	10,922,969	0		0		10,922,969	(348,066)	(11,271,035)	31 Dec 2020
Madonna dei Monti S.r.l.	100	Rome	1	0		0		1	30,413	30,412	31 Dec 2020
G.A.B.I. RE S.r.l.	100	Rome	1	0		0		1	1,800,800	1,800,799	31 Dec 2020
Spoleto Credito e Servizi Soc. Coop.	100 shares	Spoleto	1	0		0		1	-	-	
Imprebanca S.p.A.	1	Rome	500,000	0		0		500,000	-	-	
Banca di Credito Cooperativo di Roma	shares	Rome	1,033	0		0		1,033	-	-	
Total equity investments (assets)			**403,484,703**	**0**		**0**		**403,484,703**	**669,273,776**	**266,290,107**	

Name	% investment without	office registered	amount Salcost 1.1.2020 (amount in Euro)	increases in the period	no.	Decreases in the period	no.	amount Salcost 31.12.2020 (amount in Euro)	equity net stake	Diff. SE Part. Net Tenths	date SE
G.A.B.I. RE S.r.l.	100	Rome	(5,358,501)	0		(6,499,000)		(11,857,501)	1,800,800	13,658,301	31 Dec 2020
Total equity investments (liabilities)			**(5,358,501)**	**0**		**(6,499,000)**		**(11,857,501)**	**1,800,800**	**13,658,301**	

Summary of variations in equity investments

Amounts in Euro

Incorporations and subscriptions	A	0	0
Purchase and increase in stake held	B	0	0
Share capital increases	C	0	0
Payments for share capital increase	D	0	0
Redemptions of share capital or units	E	0	0
Transfers to third parties	F	0	0
Liquidation	G	0	0
Impairment	H	0	(6,499,000)
Reversal of impairment	I	0	0
Total changes		**0**	**(6,499,000)**

Reports

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILAN MI
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Independent auditors' report pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Salini Costruttori S.p.A.

Audit Report on the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Salini Costruttori Group (hereinafter the "Group") consisting of the consolidated statement of financial position at 31 December 2020, the consolidated profit and loss account, the consolidated statement of comprehensive income, the consolidated statement of cash flows and the consolidated statement of changes in equity, for the year ended on said date and the notes, which also include a summary of the most significant accounting standards applied.

We believe that the consolidated financial statements offer a truthful, correct representation of the equity and financial position of the Salini Costruttori Group at 31 December 2020 and of the economic results and cash flow for the year ended at that date, in compliance with the International Financial Reporting Standards adopted by the European Union.

Basis for our opinion

We have performed the audit in compliance with international auditing standards (ISA Italia). In accordance with said standards, our responsibilities are better described in the section entitled *Responsibilities of the independent auditing firm in respect of the auditing of the accounts of the consolidated financial statements* of this report. We are independent in relation to Salini Costruttori S.p.A. in compliance with the rules and standards related to ethics and independence applicable in Italian law to auditing financial statements. We believe that we have acquired sufficient, appropriate evidence on which to base our opinion.

KPMG S.p.A. is an Italian joint stock company and member of the KPMG network of independent entities affiliated with KPMG International Limited, incorporated under the laws of England.

Ancona Bari Bergamo Bologna Bolzano Brescia Catania Como Florence Genoa Lecce Milan Naples Novara Padua Palermo Parma Perugia Pescara Rome Turin Treviso Trieste Varese Verona

Joint stock company Share capital
Euro 10,415,500.00 fully paid-up
Milan Monza Brianza Lodi Companies House registration number and tax code 00709600159
R.E.A. Milan no. 512867 VAT number IT00709600159
Registered office: Via Vittor Pisani, 25
20124 Milan MI ITALY

Reference to disclosure

We would point out the information given by the directors in the paragraph entitled "Main risk factors and uncertainties" of the Directors' Report, and in the notes to the consolidated accounts in respect of the significant disputes and exposure to the country risk, characterised by risk profiles and/or uncertainty. Our opinion is not expressed with any findings in connection with this aspect.

Responsibilities of the Directors and Board of Statutory Auditors of Salini Costruttori S.p.A. for the consolidated statements

The Directors are responsible for the preparation of the consolidated financial statements that provide a true and correct representation in accordance with the International Financial Reporting Standards adopted by the European Union and, within the terms established by law, for the part of the internal audit deemed necessary to allow the preparation of financial statements that do not contain material misstatements due to fraud or unintentional conduct or events.

The Directors are responsible for assessing the Group's capacity to continue operating as a going concern and, in drafting the consolidated financial statements, for the suitability of considering the business as a going concern and for supplying a suitable disclosure in this respect. The Directors use the assumption of a going concern in preparing the consolidated financial statements, as long as they have not evaluated that the conditions exist for liquidation of the parent Salini Costruttori S.p.A. or for interruption of the business or if they have no realistic alternatives to these decisions.

The Board of Statutory Auditors has the responsibility of supervising, as required by law, the process of preparing the Group's financial disclosures.

Responsibilities of the independent auditing firm in respect of the auditing of the accounts of the consolidated financial statements

Our aims are to acquire reasonable certainty that, as a whole, the consolidated financial statements are free from significant error caused by fraud or unintentional events or conduct and to issue an audit report the that includes our opinion. Reasonable certainty means a high level of certainty that, nevertheless, does not provide a guarantee that an audit performed in compliance with the international auditing standards (ISA Italia) always identify a material misstatement, should one exist. Errors can stem from fraud or unintentional events or conduct, and are considered significant when it can be reasonably expected that, individually or jointly, said errors may influence the economic decisions made by users, on the basis of the consolidated financial statements.

For an audit performed in compliance with the international accounting standards (ISA Italia), we have exercised professional judgement and we have maintained professional scepticism for the entire duration of the audit. Moreover:

- we have identified and assessed the risk of material misstatements in the consolidated financial statements due to fraud or unintentional behaviours or events; we defined and performed auditing procedures in response to such risks; we acquired sufficient and appropriate probative elements on which to base our opinion. The risk of not

identifying material misstatements due to fraud is higher than the risk of not identifying a material misstatement due to unintentional behaviours or events, since fraud may implicate the existence of collusion, falsifications, intentional omissions, misleading representations or forcing of internal control;

- we have acquired an understanding of the internal control relevant for the purposes of the audit in order to define auditing procedures appropriate for the circumstances and not to express an opinion on the effectiveness of the Group's internal control;

- we have assessed the appropriateness of the accounting standards used as well as the reasonableness of the accounting estimates made by the Directors, including the relative disclosures;

- we have reached a conclusion on the appropriateness of the Directors' use of the assumption of a going concern and, based on the acquired probative elements, on the possible existence of a significant uncertainty regarding events or circumstances which can raise significant doubts on the Group's ability to continue operating as a functioning entity. If we conclude that significant uncertainty exists, we are required to draw attention in our independent auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on probative elements acquired up to the date of this report. However, later events or circumstances could lead the Group to discontinue operating as a functioning entity;

- we have assessed the presentation, structure and contents of the consolidated financial statements as a whole, including the disclosure, and if the consolidated financial statements effectively represent the operations and underlying events in such a way as to provide a correct representation thereof;

- we have assessed the presentation, structure and contents of the consolidated financial statements as a whole, including the disclosure, and if the consolidated financial statements effectively represent the operations and underlying events in such a way as to provide a correct representation thereof. We are responsible for the management, supervision and performance of the Group's audit assignment. We are solely responsible for the audit opinion on the consolidated financial statements.

We have notified those responsible for governance activities, identified at an appropriate level as required by the ISA Italia standards, among other aspects, of the extent and timing planned for the audit and the resulting significant results, including any significant shortcomings in internal control identified during the audit.

Report on other laws and regulations

Opinion pursuant to Art. 14, paragraph 2, letter e) of Italian Legislative Decree 39/10

The Directors of Salini Costruttori S.p.a. are responsible for preparing the directors' report of the Salini Costruttori Group at
31 December 2020 and for its consistency with the consolidated financial statements and compliance with the law.

We have carried out the procedures indicated in ISA (for Italy) no. 720B, so as to express an opinion on the consistency of the Directors' Report with the consolidated financial statements of the Salini Costruttori Group at 31 December 2020 and their compliance with the law, as well as to issue a declaration in respect of any material misstatements.

In our opinion, the directors' report is consistent with the consolidated financial statements of the Salini Costruttori Group at 31 December 2020 and is prepared in compliance with the law.

With reference to the statements of art. 14, paragraph 2, letter e) of Italian Legislative Decree 39/10, issued based on the knowledge and understanding of the company and the relative context acquired during the auditing activity, we have nothing to report.

Milan, 28 May 2021 KPMG

S.p.A.

Paola Maiorana
Partner

(signed on the original)

KPMG S.p.A.
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Independent auditors' report pursuant to Article 14 of Italian Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Salini Costruttori S.p.A.

Independent auditor's report for the financial statements

Opinion

We have audited the financial statements of Salini Costruttori S.p.A. (hereinafter the "Company"), consisting of the statement of financial position at 31 December 2020, the profit and loss account, the statement of comprehensive income, the statement of cash flows and the statement of changes in equity, for the year ended on said date and the notes, which also include a summary of the most significant accounting standards applied.

We believe that the financial statements offer a truthful, correct representation of the equity and financial position of Salini Costruttori S.p.A. at
31 December 2020 and of the economic results and cash flow for the year ended at that date, in compliance with the International Financial Reporting Standards adopted by the European Union.

Basis for our opinion

We have performed the audit in compliance with international auditing standards (ISA Italy). In accordance with said standards, our responsibilities are better described in the paragraph entitled *Responsibilities of the independent auditing firm in respect of the auditing of the accounts of the annual financial statements* of this report. We are independent in relation to Salini Costruttori S.p.A. in compliance with the rules and standards related to ethics and independence applicable in Italian law to auditing financial statements. We believe that we have acquired sufficient, appropriate evidence on which to base our opinion.

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20124 Milan MI ITALY

Reference to disclosure

We would point out the information given by the directors in the paragraph entitled "Main risk factors and uncertainties" of the Directors' Report, and in the paragraph on "Risks and contingent liabilities" of the notes to the accounts in respect of the significant disputes and exposure to the country risk, characterised by risk profiles and/or uncertainty of the subsidiary Webuild S.p.A. Our opinion is not expressed with any findings in connection with this aspect.

Responsibilities of the Directors and Board of Statutory Auditors of Salini Costruttori S.p.A. for the financial statements

The Directors are responsible for the preparation of the financial statements that provide a true and correct representation in accordance with the International Financial Reporting Standards adopted by the European Union and, within the terms established by law, for the part of the internal audit deemed necessary to allow the preparation of financial statements that do not contain significant errors due to frauds or unintentional conduct or events.

The Directors are responsible for assessing the Company's capacity to continue operating as a going concern and, in drafting the annual financial statements, for the suitability of considering the company as a going concern and for supplying a suitable disclosure in this respect. The Directors use the assumption of a going concern in preparing the financial statements, as long as they have not evaluated that the conditions exist for liquidation of the Company or for interruption of the business or if they have no realistic alternatives to these decisions.

The Board of Statutory Auditors is responsible for monitoring, within the terms established by the law, the preparation of the Company's financial disclosure.

Responsibilities of the independent auditing firm in respect of the auditing of the accounts of the annual financial statements

Our aims are to acquire a responsible certainty that the financial statements in their entirety do not contain material misstatements, due to fraud or unintentional behaviours or events, and issuance of an audit report that includes our opinion. Reasonable certainty means a high level of certainty that, nevertheless, does not provide a guarantee that an audit performed in compliance with the international auditing standards (ISA Italia) always identify a material misstatement, should one exist. Errors can stem from fraud or unintentional events or conduct, and are considered significant when it can be reasonably expected that, individually or jointly, said errors may influence the economic decisions made by users, on the basis of the annual financial statements.

For an audit performed in compliance with the international accounting standards (ISA Italia), we have exercised professional judgement and we have maintained professional scepticism for the entire duration of the audit. Moreover:

- we have identified and assessed the risk of material misstatements in the financial statements due to fraud or unintentional behaviours or events; we defined and performed auditing procedures in response to such risks; we acquired sufficient

and appropriate probative elements on which to base our opinion. The risk of not identifying material misstatements due to fraud is higher than the risk of not identifying a material misstatement due to unintentional behaviours or events, since fraud may implicate the existence of collusion, falsifications, intentional omissions, misleading representations or forcing of internal control;

- we have acquired an understanding of the internal control relevant for the purposes of the audit in order to define auditing procedures appropriate for the circumstances and not to express an opinion on the effectiveness of the company's internal control;

- we have assessed the appropriateness of the accounting standards used as well as the reasonableness of the accounting estimates made by the Directors, including the relative disclosures;

- we have reached a conclusion on the appropriateness of the Directors' use of the assumption of a going concern and, based on the acquired probative elements, on the possible existence of a significant uncertainty regarding events or circumstances which can raise significant doubts on the Company's ability to continue operating as a functioning entity. If we conclude that significant uncertainty exists, we are required to draw attention in our independent auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on probative elements acquired up to the date of this report. However, later events or circumstances could lead the company to discontinue operating as a functioning entity;

- we have evaluated the presentation, structure and contents of the financial statements as a whole, including disclosures, and if the financial statements represent the transactions and underlying events so as to provide a fair representation.

We have notified those responsible for governance activities, identified at an appropriate level as required by the ISA Italia standards, among other aspects, of the extent and timing planned for the audit and the resulting significant results, including any significant shortcomings in internal control identified during the audit.

Report on other laws and regulations

Opinion pursuant to Art. 14, paragraph 2, letter e) of Italian Legislative Decree 39/10

The Directors of Salini Costruttori S.p.a. are responsible for preparing the directors' report of Salini Costruttori at
31 December 2020 and for its consistency with the financial statements and compliance with the law.

We have carried out the procedures indicated in ISA (for Italy) no. 720B, so as to express an opinion on the consistency of the Directors' Report with the financial statements of Salini Costruttori S.p.A. at 31 December 2020 and their compliance with the law, as well as to issue a declaration in respect of any material misstatements.

In our opinion, the directors' report is consistent with the financial statements of Salini Costruttori S.p.A. at 31 December 2020 and is prepared in compliance with the law.

With reference to the statements of art. 14, paragraph 2, letter e) of Italian Legislative Decree 39/10, issued based on the knowledge and understanding of the company and the relative context acquired during the auditing activity, we have nothing to report.

Milan, 28 May 2021 KPMG

S.p.A.

Paola Maiorana
Partner

(signed on the original)

SALINI COSTRUTTORI SPA

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING PURSUANT TO ARTICLE 2429 PARAGRAPH 2 OF THE ITALIAN CIVIL CODE

Dear Shareholders,

In going about its supervisory activities relative to FY 2020, carried out in accordance with Articles 2403 *et seq.* of the Italian Civil Code, it complied with the "Standards of conduct of the Board of Statutory Auditors of unlisted companies" (September 2015 edition), as recommended by the Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili (Italian Professional Order of Tax Advisors).

With reference to the information given in the annual report for the previous year (FY 2019), please note that although the Company has approximately 1200 shareholders, the classification as issuer of shares disseminated to the public to a significant extent (in accordance with Art. 2 bis of CONSOB Regulation no. 11971 of 14/05/1999) is still being disputed; the Board of Statutory Auditors is closely monitoring the events.

1- *Results of the supervisory activities*

The Board of Statutory Auditors attended all meetings of the Board of Directors and the Shareholders held in 2020 and in the period running from 1 January 2021 to the date of this report.

While attending the meetings of the corporate bodies, on the basis of the information available, this Board of Statutory Auditors did not note any violations of the law and the by-laws, nor any clearly imprudent or hazardous operations or operations or transactions in potential conflict of interests or such as to risk the integrity of the corporate equity.

During the meetings of the Board of Directors, the Board of Statutory Auditors obtained information from the Chief Executive Officer on the general operating performance and foreseeable outlook, as well as on the most important transactions in terms of size or characteristics, performed by the Company and its subsidiaries.

By far the most important transaction carried out in FY 2020 by the Salini Costruttori Group under the scope of the implementation of "Progetto Italia" was the acquisition of control,

by Webuild S.p.A. (formerly Salini Impregilo S.p.A.) of the joint-stock company Astaldi in Composition Proceedings. As regards this transaction, the Shareholders' Meetings of Astaldi S.p.A. and Webuild S.p.A., respectively held on 29 and 30 April 2021, approved the partial proportional spin-off of Astaldi S.p.A., aimed at integrating, within Webuild, continuity of Astaldi businesses regarding construction, infrastructure, plants, the study, design, transport, maintenance, facility management and management of complex systems. Following the spin-off, which will entail the transfer of the entire equity "in continuity" of Astaldi to Webuild, the shareholders of Astaldi other than Webuild will receive, in exchange, listed shares of Webuild at a ratio of 203 new Webuild shares for every 1,000 Astaldi share held. On the basis of the information available to date and without considering the potential effect of any exercise of warrants to be issued under the scope of said transaction, it is estimated that the investment held in Webuild by Salini Costruttori will go from 44.99% to 40.38%; this still constitutes the relative majority of the share capital of the principle subsidiary and allows Salini Costruttori to maintain its management and coordination of Webuild (under the scope of other significant shareholders).

2020 again saw the Company's business carried out in two very different segments, which have very different risk profiles and characteristics:

a) the financial segment, with the management of the equity investment held in the subsidiary Webuild S.p.A., an investment that must be kept high under the "Progetto Italia" agreements;
b) the real estate business segment, with the controlling stake in various companies providing construction and real estate businesses, such as Zeis S.r.l., GA.BI. Re S.r.l. and their subsidiaries.

In 2020, Salini Costruttori S.p.A. maintained a specific organisational structure: it has no employees and used the "Service" supplied by the subsidiary Webuild, as per a specific contract that envisages payment of a periodic fee, to carry out all legal, corporate, tax, employment and financial and budget activities and fulfil all related requirements (except for those that come under the competence of the Administrative Body) as well as for the financial resources necessary to pay for all operating expenses. The Service also carries out all activities necessary regarding the subsidiaries Zeis S.r.l., GA.BI. RE S.r.l. and their sub-subsidiaries.

In turn, the subsidiaries of the real estate segment, have a workforce made up of employees, technicians and administrative workers. The main subsidiary, Zeis Srl, in turn provides a technical and administrative "Service" to the sub-subsidiaries.

In accordance, *inter alia*, with the provisions of Art. 2403-bis of the Italian Civil Code, the Board of Statutory Auditors carefully monitored the operating performance of the real estate companies and on 02 February 2021, it met with the Board of Statutory Auditors of the main subsidiary (Zeis S.r.l.), to obtain information about the construction initiatives pursued by that company and its subsidiaries.

The Board has examined the interim reports on operations for 2020, as prepared by the Integrity Board pursuant to Italian Law no. 231/2001, and the update of the Organisation, Management and Control Model in accordance with applicable new legislation in this respect.

The Board also exchanged information with the independent statutory auditor of the accounts, KPMG, on 25 May 2021. KPMG specified that its work had resulted in a report that would contain a positive opinion without changes and with references to information both on the consolidated and separate financial statements of Salini Costruttori.

The Board of Statutory Auditors has not received any reports of "reprehensible acts" pursuant to Art. 2408 of the Italian Civil Code.

2- *Financial statements and financial position of the Company*

Salini Costruttori draws up the consolidated financial statements and the separate financial statements in compliance with the International Financial Reporting Standards (IAS/IFRS) issued by the International Accounting Standards Board (IASB) applicable in the European Union. The financial statements of the subsidiaries in the real estate segment are instead drawn up in compliance with the Italian accounting standards issued by the OIC - Organismo Italiano di Contabilità (Italian Accounting Organisation).

The consolidated financial statements of Salini Costruttori comprise both the main subsidiary, WeBuild, and all its direct and indirect subsidiaries, and the direct and indirect subsidiaries in the real estate segment, which are not, in turn, controlled by WeBuild (the companies Zeis and Gabire and their subsidiaries). Given that on 5 November 2020, Webuild completed acquisition of a controlling investment in Astaldi SpA (by subscribing a capital

increase giving it a 67.23% stake and voting rights of approximately 64.02%), the consolidated financial statements for 2020 include the results of approximately two months of Astaldi management.

The consolidated and separate financial statements are part of a single document called the "Annual Report at 31 December 2020", which also includes the single directors' report on the two sets of financial statements.

In order to prepare the financial statements of the subsidiaries of the real estate segment (and the assessment of certain real estate and construction initiatives in any case pursued by Salini Costruttori), all the necessary impairment tests have been prepared and approved, which regard not only the value of each individual real estate initiative in progress at year end, but also the total value of the investment in each direct subsidiary booked to the separate financial statements.

The method used in the impairment tests, which were approved by the Company's Board of Directors, has been examined by the Board of Statutory Auditors, which has ascertained that they are complete and correct, in technical, accounting and financial terms. Consequently, the recoverability of the carrying amount assigned to the equity investment in Zeis Srl was noted and the need to apply impairment for approximately €6.5 million to the investment held in the subsidiary GA.BI. RE S.r.l.

In any case, management of the real estate subsidiaries is negative because Zeis S.r.l. and GA.BI. RE S.r.l. closed 2020 at a loss. Following requests made by the Board of Statutory Auditors, the Company has also had an extended business plan prepared for the whole of the real estate segment, through to 2021-2025.

This plan uses suitable economic-financial projections and forecasts that suggest an economic recovery of the values of the real estate initiatives booked by the segment companies and the extinguishing, by FY 2025, of the debt of the real estate companies due to the parent Salini Costruttori, to banks and Webuild.

The separate financial statements of Salini Costruttori close with a net loss of €1,141,766 (rounded off) - significantly below last year's result. This considerable reduction is due to the 2020 collection of dividends by the subsidiary Webuild for approximately €12 million; this was not the case in 2019. Net financial indebtedness of €116,017,566 (rounded off) is

mainly due to the continued significant exposure for the loan granted by the banks Natixis and Intesa (31/12/2020: €207,359,213 (rounded off)), due in September 2022.

The Company is currently evaluating the best way by which to pay it off.

3- *Proposals regarding the financial statements and their approval*

The Board of Statutory Auditors has examined the consolidated financial statements and the separate financial statements of Salini Costruttori as at and for the year ended 31 December 2020; both were prepared in compliance with the IAS/IFRS applicable in the European Union and on the basis of the business operating as a going concern. They are complete. More specifically, the separate financial statements consists of the statement of financial position, the profit and loss account, the statement of cash flows and the notes to the accounts, which analyse the contents of the various entries. Extensive information is provided on "Guarantees, commitments, risks and contingent liabilities", which explains all the various types of administrative, civil and criminal litigation and law suits in progress.

As the analytical control of the contents of the financial statements is left to the independent auditing firm and not to the Board of Statutory Auditors, we have monitored the general layout of such and the general compliance with the law in respect of formation and structure. We have no comments to make in this regard.

We also believe the proposal made by the Board of Directors to cover the loss of €1,140,766 (rounded off) through use of the retained earnings reserve and to distribute a dividend to ordinary shareholders of €0.037 per ordinary share (excluding treasury shares) and, therefore, of a total of €4,006,771 (rounded off), again drawn from the retained earnings reserve, to be correct and compliant with the law.

The opinion of the independent auditing firm and the supervisory work carried out by the Board of Statutory Auditors suggest no reason not to approve the financial statements at 31 December 2020 and the proposed resolutions made by the Board of Directors.

Rome, 28 May 2021

The Board of Statutory Auditors

Matteo Caratozzolo Chairman

(signed on the original)

Carmine Biancardi Standing Statutory Auditor

(signed on the original)

Francesco Facchini Standing Statutory Auditor

(signed on the original)