**DISCLAIMER**

This document has been prepared by Webuild S.p.A. ("**Webuild**" or the "**Company**"), on a voluntary basis, exclusively in connection with the possible issue of notes (the "**Notes**") which was announced to the market on 1 December 2020 (the "**Transaction**" - see the relevant press release, available in the "*Investor Relations - Press Releases*" section of the Company's website - www.webuildgroup.com).

This document and the Transaction are directed only at persons who: (i) have professional experience in matters relating to investments falling within Article 19 (5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "**Order**") and/or (ii) who are high net worth companies (or persons to whom it may otherwise be lawfully communicated) falling within Article 49(2)(a) to (d) of the Order and/or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, as amended ("FSMA")) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This document must not be acted on or relied on by persons who are not relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

This document shall not constitute a public offer to underwrite or buy or sell or exchange, or the solicitation of an offer to underwrite or buy or sell or exchange, any securities of the Company. Any decision of any person whatsoever to underwrite, purchase, sell or exchange securities in any offering - including the Transaction - should be made solely on the basis of the information to be contained in the Company's offering documents and/or any other documents required under applicable laws. Therefore, this document should be read together with, and is qualified in its entirety by, the mandatory documentation above.

Furthermore, this document does not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken by the Company that would, or is intended to, permit a public offering in relation to its securities, or possession or distribution of any offering or publicity material relating to its securities, in any country or jurisdiction where action for that purpose is required.

In particular, this document is not related to, nor shall it constitute, an offer in the Republic of Italy, except:

(a) to qualified investors (*investitori qualificati*), as defined pursuant to Article 2 of Regulation (EU) No. 1129 of 14 June 2017 (the "**PD Regulation**") and any applicable provision of Legislative Decree no. 58 of 24 February 1998, as amended (the "**Financial Services Act**") and Italian CONSOB regulations; or

(b) in other circumstances which are exempted from the rules on public offerings pursuant to Article 1 of the PD Regulation, Article 34-ter of CONSOB Regulation No. 11971 of 14 May 1999, as amended from time to time, and the applicable Italian laws.

In any event, any such offer, sale or delivery of the Notes or distribution of copies of any document relating to the Notes, including this document, in the Republic of Italy under the preceding paragraphs (a) and (b) above must:

(i) be made by an investment firm, bank or financial intermediary permitted to conduct such activities in the Republic of Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993, as amended (the "**Banking Act**") and CONSOB Regulation No. 20307 of 15 February 2018, as amended from time to time; and

(ii) comply with any other applicable laws and regulations or requirement imposed by CONSOB, the Bank of Italy (including the reporting requirements, where applicable, pursuant to Article 129 of

the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian authority.

Any securities to be issued within the context of the Transaction have not been, and will not be, registered under the United States Securities Act of1933 (the "**Securities Act**") or the securities laws of any state of the United States or other jurisdiction, and may not be offered or sold in the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state or local securities laws. Failure to comply with this directive or any other applicable rules or regulations may result in a violation of the Securities Act or the applicable laws of other jurisdictions.

## UNAUDITED PRO FORMA CONSOLIDATED FINANCIAL INFORMATION OF WEBUILD S.p.A.

The financial information set forth hereinafter comprises the unaudited pro forma consolidated financial information of Webuild S.p.A. ("**Webuild**" or the "**company**" and, together with its subsidiaries, the "**Webuild Group**" or the "**group**") at 31 December 2019 and the unaudited pro forma interim consolidated financial information at 30 June 2020, presented for information purposes only to show the material effects of the acquisition of 66.282% of Astaldi S.p.A.'s ("**Astaldi**" and, together with its subsidiaries, the "**Astaldi Group**") share capital which was completed on 5 November 2020.

### Introduction

The unaudited pro forma consolidated financial information of the Webuild Group comprises: (i) the pro forma statement of financial position as at 31 December 2019, the pro forma statement of profit or loss for the year ended 31 December 2019 and the explanatory notes (the "**Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019**"); and (ii) the pro forma statement of financial position as at 30 June 2020, the pro forma statement of profit or loss for the six months ended 30 June 2020 and the explanatory notes (the "**Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020**"); the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 are referred to collectively as the "**Webuild Unaudited Pro Forma Consolidated Financial Information**").

The Webuild Unaudited Pro Forma Consolidated Financial Information has been prepared to show retroactively the main effects of the acquisition of 66.282% of the share capital of Astaldi by Webuild completed on 5 November 2020 (the "**Astaldi Transaction**").

The reports of the independent auditors KPMG S.p.A. concerning the examination of the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 are attached to this document respectively as Annexes 1 and 2.

### Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information

The Webuild Unaudited Pro Forma Consolidated Financial Information has been prepared in accordance with the recommendations and guidance set forth by ESMA applicable to the preparation of pro forma financial information.

The Webuild Unaudited Pro Forma Consolidated Financial Information has been prepared by making appropriate pro forma adjustments to the Webuild and Astaldi financial information derived from the sources described below.

Webuild Group:

- the statement of financial position as at 31 December 2019 and the statement of profit or loss for the year then ended derived from the audited consolidated financial statements of the Webuild Group at 31 December 2019 (the "**2019 Audited Consolidated Financial Statements**"), prepared in accordance with the International Financial Reporting Standards (IFRS) endorsed by the European Union, approved by Webuild's board of directors on 11 March 2020 and audited by KPMG S.p.A. that issued the related audit report on 10 April 2020;
- the unaudited statement of financial position as at 30 June 2020 and the unaudited statement of profit or loss for the six months ended 30 June 2020 derived from the unaudited condensed interim consolidated financial statements of the Webuild Group at 30 June 2020 (the "**2020 Unaudited Condensed Interim Consolidated Financial Statements**"), prepared in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34) endorsed by the European Union, approved by Webuild's board of directors of Webuild on 29 July 2020 and reviewed by KPMG S.p.A. that issued the related review report on 31 July 2020;

Astaldi Group:

- the pro forma statement of financial position as at 31 December 2019 and the pro forma statement of profit or loss then ended included in the unaudited pro forma consolidated financial information at 31 December 2019 prepared by Astaldi Group (the "**Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019**"), included in the Prospectus, published on the Astaldi website, relating to the admission for trading on the Mercato Telematico Azionario (MTA) of, inter alia, 978,260,870 new ordinary shares of Astaldi resulting from a capital increase reserved to Webuild (the "**Astaldi Prospectus**"), approved for publication by Consob (the Italian Commission for listed companies and the stock exchange) with notice no. 1075426/20, granted on 28 October 2020. The Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been prepared using the audited consolidated financial statements at 31 December 2019 of the Astaldi Group, audited by KPMG S.p.A., which issued its report on 10 July 2020 disclaiming its opinion because of the many significant uncertainties about the group's ability to continue as a going concern. The Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been examined by KPMG S.p.A., in accordance with the standards recommended by Consob in Recommendation no. DEM/1061609 dated 9 August 2001, as reported in its unmodified report dated 23 October 2020 included in the Astaldi Prospectus;
- the pro forma statement of financial position as at 30 June 2020 and the pro forma statement of profit or loss for the six months ended 30 June 2020 included in the unaudited pro forma interim consolidated financial information at 30 June 2020 prepared by the Astaldi Group (the "**Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020**"). The Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 are referred to collectively as the "**Astaldi Unaudited Pro Forma Consolidated Financial Information**") and included in the Astaldi Prospectus. The Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 has been prepared using the unaudited condensed interim consolidated financial statements at 30 June 2020, reviewed by KPMG S.p.A., which issued its review report on 12 October 2020 including an emphasis of matter paragraph about the existence of significant uncertainties that may cast significant doubt on the group's ability to continue as a going concern. The Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 has been examined by KPMG S.p.A. in accordance with the standards recommended by Consob in Recommendation no. DEM/1061609 dated 9 August 2001, as reported in its unmodified report dated 23 October 2020 included in the Astaldi Prospectus.

The Astaldi Unaudited Pro Forma Consolidated Financial Information and the KPMG S.p.A. examination reports thereon are attached to this document as Annex 3, the audited consolidated financial statements at 31 December 2019 of the Astaldi Group and the KPMG S.p.A. audit report thereon are attached to this document as Annex 4, the unaudited condensed interim consolidated financial statements at 30 June 2020, and the KPMG S.p.A. review report thereon is attached to this document as Annex 5.

The financial information related to the Astaldi Unaudited Pro Forma Consolidated Financial Information reported below should be read in conjunction with the information set forth in Annex 3.

The Astaldi Unaudited Pro Forma Consolidated Financial Information has been prepared for the purposes of the Astaldi Prospectus for the Astaldi capital increase to show retroactively the main effects of the discharging of its debt and other directly related transactions (*esdebitazione concordataria*), as explained below, on its financial position and financial performance as if they had taken place on 31 December 2019 for the purposes of the statement of financial position and on 1 January 2019 for the purposes of the statement of profit or loss as regards the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019, and on its financial position and financial performance as if they had taken place on 30 June 2020 for the purposes of the statement of financial position and on 1 January 2020 for the purposes of the statement of profit or loss as regards the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020.

The Astaldi Transaction took place on 5 November 2020, when the discharging of its debt and the performance of the other directly related transactions, which are conditions precedents to the Astaldi Transaction, were satisfied. As a result, at the Astaldi Transaction date, the effects of discharging Astaldi's debt and the other directly related transactions are fully reflected in Astaldi's assets and liabilities and hence in the assets acquired and liabilities assumed by Webuild.

At the date of preparation of the Webuild Unuadited Pro Forma Consolidated Financial Information, historical financial information of Astaldi showing the actual effects of discharging its debt and the other directly related transactions, is not available. For this reason and for consistency of the reporting dates of the Astaldi Unuadited Pro Forma Consolidated Financial Information with the reference dates of the Webuild Unuadited Pro Forma Consolidated Financial Information, Webuild deemed it to be more appropriate to prepare the Webuild Unaudited Pro Forma Consolidated Financial Information based on the Astaldi Unaudited Pro Forma Consolidated Financial Information attached as Annex 3.

The accounting policies adopted for the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information are consistent with those used for the preparation of its 2019 Audited Consolidated Financial Statements and 2020 Unaudited Condensed Interim Consolidated Financial Statements, which are based on the IFRS endorsed by the EU and which should be read in conjunction with the Webuild Unaudited Pro Forma Consolidated Financial Information.

The Webuild Unaudited Pro Forma Consolidated Financial Information has been prepared to show retroactively, applying the same accounting policies as those used for the historical data of the Webuild Group and in compliance with the relevant regulations, the main effects of the Astaldi Transaction on the group's statement of financial position as if the Astaldi Transaction had taken place on 31 December 2019 and the main effects on the group's statement of profit or loss as if the Astaldi Transaction had taken place on 1 January 2019, as regards the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019; and the main effects of the Astaldi Transaction on the group's statement of financial position as if it had taken place on 30 June 2020 and the effects on the group's statement of profit or loss as if the Astaldi Transaction had taken place on 1 January 2020, as regards o the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020.

The Webuild Unaudited Pro Forma Consolidated Financial Information presented herein is based on available information and certain assumptions which are considered reasonable. Its objective is solely to illustrate the possible effects of the Astaldi Transaction and it is not intended to represent or to be indicative of the financial position or financial performance that the Webuild Group and the Astaldi Group would have reported had the above-mentioned transaction taken place at the hypothetical dates indicated above with regard to the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020.

In particular, the Webuild Unaudited Pro Forma Consolidated Financial Information is provided to reflect retroactively the effects of subsequent transactions. It should be noted that, despite the use of commonly accepted rules and the consideration of reasonable assumptions, there are certain limitations directly related to the nature of pro forma information. For this reason, had the Astaldi Transaction actually taken place on the assumed dates, its effects on the financial position and the financial performance of the Webuild Group would not necessarily have been the same as those shown in the Webuild Unaudited Pro Forma Consolidated Financial Information. Moreover, considering the difference between the purpose of pro forma financial information and historical financial statements as well as the different way of calculating the effects of the Astaldi Transaction, the pro forma statement of financial position and the pro forma statement of profit or loss should be read and examined separately, without attempting to establish any accounting relationship between them..

Because of its nature, the Webuild Unaudited Pro Forma Consolidated Financial Information addresses a hypothetical situation and, therefore, does not represent the Webuild Group's actual financial position or financial performance.

In addition, the Webuild Unaudited Pro Forma Consolidated Financial Information does not reflect forward-looking information and is not intended to present the group's expected future results, given that it has been prepared solely for the purposes of illustrating the identifiable and objectively measurable effects of the Astaldi Transaction, applied to historical financial information.

The statement of profit or loss included in the Webuild Unaudited Pro Forma Consolidated Financial Information does not reflect the estimated economic effects of the synergies that Webuild may expect to realise through the Astaldi Transaction.

The Webuild Unaudited Pro Forma Consolidated Financial Information is presented in a multi-column schedule in order to show the captions affected by the pro forma adjustments which are detailed in the explanatory notes to the Webuild Unaudited Pro Forma Consolidated Financial Information. It includes:

- in column I, Webuild Group's financial information derived from the 2019 Audited Consolidated Financial Statements or the 2020 Unaudited Condensed Interim Consolidated Financial Statements;
- in column II, the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 or the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 attached as Annex 3;
- in column III, the effects of the elimination of the effects related to the transfer of Astaldi's assets and liabilities to the separate unit which are expected not to have a continuing effect and the other non-recurring effects arising from Astaldi's other transactions connected to the composition with creditors proposal. Those effects, considered as non-recurring items in the Astaldi Unaudited Pro Forma Financial Information, have been adjusted as they will be absorbed within the purchase price allocation (PPA) accounting, in accordance with IFRS 3, upon consolidation in Webuild;
- in column IV, the reclassification to align the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 or the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 with Webuild's statement of financial position and the statement of profit or loss models;

- in column V, the effects of the acquisition of Astaldi;
- in column VI, the effects of the different consolidation perimeter of certain joint ventures in which Webuild and Astaldi act as joint venturers and the elimination of intragroup transactions;
- in column VII, the Webuild Group pro forma consolidated figures.

Rounding adjustments have been made in calculating certain of the pro forma adjustments and the related financial information included herein. Figures shown as totals in some tables and elsewhere may not be exact arithmetic aggregations of the figures that precede them.

All information contained in this document is presented in thousands of Euro, unless otherwise indicated.

***The Astaldi Transaction***

In the context of Progetto Italia, the main investment opportunity that the company has identified is the potential investment in a controlling stake in Astaldi.

On 5 November 2020, when the conditions precedent of the acquisition were satisfied, Webuild, through the subscription of the €225 million Astaldi capital increase reserved to it, acquired a controlling stake in Astaldi, equal to 66.282% of its share capital. For further information, see "*The Astaldi Transaction*" and "*The Rationale of the Astaldi Transaction*" sections of the Prospectus prepared by Webuild for the Issue of Notes, in which the Webuild Unaudited Pro Forma Consolidated Financial Information is incorporated by reference.

The following paragraphs illustrate the main effects of the Astaldi Transaction on Webuild's financial position and financial performance and the related pro forma accounting treatment.

*Business combination*

The Astaldi Transaction falls under IFRS 3 - Business combinations where Webuild is the acquirer and Astaldi the acquiree. As a result of the Astaldi Transaction, Webuild gains control of Astaldi.

In connection with the acquisition of Astaldi S.p.A. and in accordance with IFRS 3, Webuild S.p.A. is required to perform a purchase price allocation (PPA) procedure which requires that the identifiable assets acquired and the liabilities assumed be measured at their acquisition-date fair values. At this stage, the PPA procedure has not been addressed by Webuild and the difference between the consideration transferred and the carrying amount of the assets acquired and the liabilities assumed has been provisionally entirely recognised as a gain from a bargain purchase as it derived from a distress sale. The PPA adjustments are provisional and have been made solely for the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information. As such, they are hypothetical and subject to revision based on a final PPA exercise.

The Astaldi Transaction took place on 5 November 2020, when the discharging of its debt and the performance of the other directly related transactions, which are conditions precedent for the Astaldi Transaction, were satisfied. The effects of those transactions have been presented, on a pro forma basis, by Astaldi in the Astaldi Unaudited Pro Forma Consolidated Financial Information.

For the purpose of determining the provisional gain from a bargain purchase in the Webuild Unaudited Pro Forma Consolidated Financial Information, the carrying amount of Astaldi's assets acquired and the liabilities assumed has been determined by making reference to the Astaldi Unuadited Pro Forma Interim Consolidated Financial Information at 30 June 2020 which reflects the effects of discharging its debt and the performance of the other directly related transactions as described in more detail in the Astaldi Unaudited Pro Forma Consolidated Financial Information attached as Annex 3.

The provisional calculation of the gain from the bargain purchase is set out below:

| €'000 | Provisional calculation of the gain from the bargain purchase |
|---|---|
| Consideration transferred | (225,000) |
| Amount of non-controlling interests ((equal to 33.718% of Astaldi's pro forma total equity as at 30 June 2020) | (362,509) |
| Net assets acquired | 1,075,119 |
| **Provisional gain from the bargain purchase** | **487,610** |

The provisional gain from the bargain purchase of €487.6 million has been recognised in the pro forma statements of profit or loss of Webuild as a separate caption named "Gain from the bargain purchase" within "Total revenue and other income". The pro forma adjustment represented by the gain from the bargain purchase will not have a continuing impact on Webuild's financial performance.

The PPA procedure will be performed in accordance with IFRS 3 - Business combinations in the first set of financial statements prepared by Webuild after the Astaldi Transaction. The valuations necessary to finalise the fair value of the assets acquired and liabilities assumed and the related allocation of the consideration transferred have recently commenced, as the date of the Astaldi Transaction was 5 November 2020. The final determination of the acquisition-date fair value of the assets acquired and the liabilities assumed may differ significantly from the amounts reflected in the Webuild Unaudited Pro Forma Consolidated Financial Information and could result in a material change in the pro forma gain from the bargain purchase.

*Profit and loss effects related to the discharging of Astaldi's debt and the other directly related transaction*

The Astaldi Unaudited Pro Forma Consolidated Financial Information (see also "Basic assumptions used to prepare the Astaldi Unaudited Pro Forma Consolidated Financial Information" in the Astaldi Unaudited Pro Forma Consolidated Financial Information included in the Astaldi Prospectus for the Astaldi Capital Increase and attached as Annex 3) reflects the gains and losses arising from the transactions contemplated therein including the discharging of Astaldi's debt and the other directly related transaction. These gains and losses, recognised in the pro forma statements of profit or loss of Astaldi, are not expected to have a continuing impact on its future financial performance.

The Astaldi Transaction took place when the discharging of Astaldi's debt and the other directly related transaction, which are conditions precedent for the Astaldi Transaction, were completed.

For the purpose of presenting the effects of the Astaldi Transaction on the pro forma statement of profit or loss and the Astaldi Group's contribution to the post-Astaldi Transaction combined group's financial performance, at the opening date of the reporting period to which the pro forma financial information refers, the Astaldi pro forma statements of profit or loss have been adjusted to eliminate the effects of the discharging of Astaldi's debt and the performance of the other directly related transaction which are not expected to have a continuing impact on Webuild Group's future financial performance. In addition, those effects, considered as non-recurring items in the Astaldi Unaudited Pro Forma Financial Information, have been adjusted as they will be absorbed within the purchase price allocation accounting, in accordance with IFRS 3, upon consolidation in the consolidated financial statements of Webuild.

In the Astaldi Unaudited Pro Forma Consolidated Financial Information, certain profit or loss items have been adjusted as these are not expected to have a continuing impact on future financial performance. These profit and loss items are:

— gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

- gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies (as Astaldi is co-guarantor to the enforcing banks);
- service costs directly related to the discharging of Astaldi's debt and other directly related transactions;
- other operating expenses, provision and net gains (losses) on equity investments arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for in the composition with creditors proposal;
- net financial gain related to: (i) the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies (as Astaldi is co-guarantor to the enforcing banks) because it qualifies as an unsecured claim and (ii) FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of the subordinated loan by Astaldi.

The detailed description of the transactions that generated the profit or loss items listed above is provided in the Astaldi Unaudited Pro Forma Consolidated Financial Information attached as Annex 3, to which reference should be made for more information.

*Financial transactions*

As part of Progetto Italia, on 3 October 2019 (*first tranche*) and on 10 February 2020 (*second tranche*), Webuild, through its subsidiary Beyond S.r.l. subscribed €143.7 million of Super-senior Secured PIYC Floating Rate Notes issued by Astaldi. In September 2019, Beyond S.r.l. obtained a credit facility of €149.2 million from a bank syndicate in order to subscribe these notes. It has been assumed in the Astaldi Unaudited Pro Forma Consolidated Financial Information that the Super-senior Secured PIYC Floating Rate Notes will be redeemed in advance through the drawdown of the RCF 200 (as defined below) while it has been assumed in the Webuild Unaudited Pro Forma Consolidated Financial Information that the cash received by Beyond S.r.l. from Astaldi, as part of the Astaldi Transaction, will be used to repay the credit facility granted by the bank syndicate.

*Consolidation perimeter and intragroup transactions*

As a result of the Astaldi Transaction, the percentage of ownership in certain consortia and joint ventures in which Webuild operates as joint venturer with Astaldi will change Webuild's investment percentage will be increased to include that held by Astaldi.

Pursuant to IFRS 11, Webuild accounts for joint ventures using the equity method. Controlled entities will be consolidated on a line-by-line basis in accordance with IFRS 10. In particular, 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, control is presumed to exist when the group holds more than half of the voting rights either directly or indirectly.

The Webuild Unaudited Pro Forma Consolidated Financial Information reflects the main effects of the change in consolidation perimeter, from the equity method to the line-by-line consolidation method, for the identified joint ventures and consortia in which the percentage of ownership of the post-Astaldi Transaction combined group will result in the control of the joint venture or consortia. Such determination may be subject to revision based on further analyses of the specific contractual arrangements of the joint ventures.

At this stage, based on a preliminary analysis performed, Webuild identified changes in the consolidation criteria for the following significant entities:

| Significant entities |
|---|
| Metro Blu S.c.r.l. |
| Consorzio Iricav Due |
| Consorzio Hirpinia AV |
| Napoli Cancello Alta Velocità S.c.r.l. |
| Sirjo S.c.p.A. |
| S. Agata FS S.c.r.l. |

*Application of the IFRS*

Astaldi prepares its consolidated financial statements in accordance with the IFRS endorsed by the EU; even if the accounting standards are the same as those used by Webuild, there may be differences in how they are applied.

As a result of a preliminary analysis Webuild has identified differences regarding the models used by Astaldi to present the statement of financial position and the statement of profit or loss with respect to those used by it. For the purposes of the preparation of the Webuild Unaudited Pro Forma Consolidated Financial information, the Astaldi pro forma statements of financial position as at 31 December 2019 and as at 30 June 2020 and the Astaldi pro forma statements of profit or loss for the year ended 31 December 2019 and for the six months ended 30 June 2020 have been reclassified based on the statement of financial position and the statement of profit or loss models adopted by the group.

The analysis of differences in the application of the IFRS is provisional and has been made solely for the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information. A complete analysis of the differences in the application of the IFRS, where they allow for the use of different accounting policies, will be performed by Webuild management during preparation of the consolidated financial statements at 31 December 2020.

***Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019***

The pro forma statement of financial position as at 31 December 2019, the pro-forma statement of profit or loss for the year ended 31 December 2019 and the related explanatory notes are set out below.

*Pro forma statement of financial position as at 31 December 2019*

| €/000 | I<br>Webuild 2019 Audited Consolidated Financial Statements | II<br>Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 | III<br>Elimination of non recurring effects | IV<br>Astaldi Group Proforma reclassification | V<br>Acquisition | VI<br>Consolidation perimeter and Intercompany transactions | VII<br>Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 |
|---|---|---|---|---|---|---|---|
| **Non Current Assets** | | | | | | | |
| Property, Plant and Equipment | 333,511 | 77,686 | - | | | 8,469 | 419,666 |
| Right of use assets | 144,184 | 40,672 | - | | | 7,422 | 192,278 |
| Real estate projects | - | 127 | - | [a] (127) | | - | - |
| Intangible assets | 185,096 | 48,295 | - | [b] 2,868 | | 2 | 236,262 |
| Goodwill | 76,061 | - | - | | | - | 76,061 |
| Equity investments | 642,486 | 104,286 | - | | | [a] (3,398) | 743,374 |
| Derivatives and non current financial assets | 378,272 | 45,854 | - | | | - | 424,126 |
| Other non current assets | - | 101,415 | - | | | - | 101,415 |
| Deferred tax assets | 253,453 | 59,738 | - | | | 2 | 313,193 |
| **Total Non Current Assets** | **2,013,063** | **478,073** | **-** | **2,741** | **-** | [b] **12,497** | **2,506,375** |
| **Current Assets** | | | | | | | |
| Inventories | 156,368 | 38,231 | - | [a] 127 | | 1,194 | 195,921 |
| Contract assets | 2,040,450 | 832,872 | - | | | 14,332 | 2,887,654 |
| Costs to fulfill the contracts | - | 2,868 | - | [b] (2,868) | | - | - |
| Trade receivables | 1,827,173 | 561,552 | - | | | (57,220) | 2,331,506 |
| Derivatives and other current financial assets | 241,517 | 121,059 | - | | [a] (86,231) | (52,043) | 224,302 |
| Current tax assets | 90,513 | - | - | [c] 7,445 | | 19 | 97,977 |
| Other current tax assets | 132,109 | 79,159 | - | [c] (7,445) | | 9,298 | 213,121 |
| Other current assets | 684,995 | 260,875 | - | | | (2,128) | 943,742 |
| Cash and cash equivalents | 1,020,858 | 416,550 | - | | [b] (223,857) | 11,361 | 1,224,912 |
| **Total Current Assets** | **6,193,983** | **2,313,168** | **-** | **(2,741)** | **(310,088)** | [b] **(75,186)** | **8,119,135** |
| **Non current assets held for sale and discontinued operations** | **11,976** | **21,216** | **-** | **-** | **-** | **-** | **33,192** |
| **Total Assets** | **8,219,022** | **2,812,458** | **-** | **-** | **(310,088)** | **(62,689)** | **10,658,703** |
| **Equity** | | | | | | | |
| **Total equity attributable to the owners of the parent** | **1,395,395** | **1,147,277** | **-** | **-** | [c] **(659,667)** | [b] **(1,727)** | **1,881,278** |
| Non-controlling interests | 108,750 | (2,774) | | | [c] 362,509 | - | 468,485 |
| **Total Equity** | **1,504,145** | **1,144,503** | **-** | **-** | **(297,158)** | [b] **(1,727)** | **2,349,763** |
| **Non Current Liabilities** | | | | | | | |
| Bank and other loans and borrowings | 751,256 | 157,449 | - | [d] (16,370) | [d] (84,873) | | 807,462 |
| Bonds | 1,091,890 | - | - | | | | 1,091,890 |
| Lease liabilities | 98,709 | - | - | [d] 16,370 | | 758 | 115,837 |
| Non current derivatives | - | - | - | | | | - |
| Post-employment benefits and employee benefits | 61,868 | 6,998 | - | | | 2,107 | 70,973 |
| Deferred tax liabilities | 7,399 | 60,522 | - | | | 436 | 68,357 |
| Other non current liabilities | - | 1,090 | - | | | | 1,090 |
| Provisions for risks | 137,922 | - | - | | | | 137,922 |
| **Total Non Current Liabilities** | **2,149,044** | **226,059** | **-** | **-** | **(84,873)** | [b] **3,300** | **2,293,530** |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Current Liabilities** | | | | | | | | | | |
| Current portion of bank loans and borrowings and current account facilities | 231,640 | 137,404 | - | [e] | (31,063) | [d] | (215) | | 32,975 | 370,740 |
| Current portion of bonds | 13,295 | - | - | | | | | | | 13,295 |
| Current portion of lease liabilities | 61,673 | - | - | [e] | 23,948 | | | | 2,652 | 88,273 |
| Derivatives and other current financial liabilities | 2,012 | - | - | [e] | 7,115 | [e] | 72,158 | | - | 81,285 |
| Contract liabilities | 1,186,076 | 384,224 | - | | | | | | 32,745 | 1,603,045 |
| Trade payables | 2,612,737 | 675,830 | - | | | | | | (139,191) | 3,149,376 |
| Current tax liabilities | 87,137 | - | - | | | | | | 351 | 87,488 |
| Other current tax liabilities | 48,187 | 30,733 | - | | | | | | 586 | 79,506 |
| Provision for risks | - | 14,274 | - | | | | | | | 14,274 |
| Other current liabilities | 323,076 | 184,462 | - | | | | | | 5,620 | 513,157 |
| **Total Current Liabilities** | **4,565,833** | **1,426,925** | **-** | | **-** | | **71,943** | [b] | **(64,262)** | **6,000,438** |
| **Liabilities directly associated with non current assets held for sale** | **-** | **14,971** | **-** | | **-** | | **-** | | **-** | 14,971 |
| **Total Equity and Liabilities** | **8,219,022** | **2,812,458** | **-** | | **-** | | **(310,088)** | | **(62,689)** | **10,658,703** |

*Pro forma statement of profit or loss for the year ended 31 December 2019*

| | I | II | III | IV | V | VI | VII |
|---|---|---|---|---|---|---|---|
| *€/000* | Webuild 2019 Audited Consolidated Financial Statements | Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 | Elimination of non recurring effects | Astaldi Group Proforma reclassification | Acquisition | Consolidation perimeter and Intercompany transactions | Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 |
| **Revenues** | | | | | | | |
| Revenues from contracts with customers | 4,770,634 | 1,368,827 | - | | | 128 | 6,139,589 |
| Other income | 359,328 | 106,197 | - | | - | (3,499) | 462,026 |
| Gain from bargain purchase | | | - | | [f] 487,610 | | 487,610 |
| Surplus | - | 512,458 | [a] (512,458) | | | - | - |
| **Total revenues and other income** | **5,129,962** | **1,987,482** | **(512,458)** | **-** | **487,610** | [c] **(3,372)** | **7,089,225** |
| **Costs** | | | | | | | |
| Purchases | (571,283) | (203,358) | - | | | (41,667) | (816,309) |
| Subcontracts | (1,773,965) | - | - | [f] (596,105) | | (31,722) | (2,401,792) |
| Services | (1,282,093) | (945,388) | [b] 12,896 | [f] 596,105 | | 116,968 | (1,501,512) |
| Personnel expenses | (791,210) | (300,872) | - | | | (24,972) | (1,117,054) |
| Other operating expenses | (180,252) | (129,221) | [c] 104,990 | | | (3,146) | (207,629) |
| Variation of costs to fulfill the contracts | - | (2,863) | - | [h] 2,863 | | - | - |
| Net gains (losses) on equity investments | - | (44,567) | [d] 75,237 | [g] (30,670) | | - | - |
| Impairment losses | (102,423) | - | - | [h] (2,166) | | - | (104,589) |
| Amortisation, depreciation and provisions | (171,937) | - | - | [h] (33,828) | | (10,525) | (216,290) |
| Amortisation, depreciation and impairment losses | - | (50,522) | [e] 13,084 | [h] 37,438 | | - | - |
| Provisions | - | (344) | [e] 4,651 | [h] (4,307) | | - | - |
| Surplus | - | 105,133 | [f] (105,133) | | | - | - |
| **Total operating expenses** | **(4,873,163)** | **(1,572,003)** | **105,725** | **(30,670)** | **-** | [c] **4,936** | **(6,365,175)** |
| **Operating profit (loss)** | **256,799** | **415,479** | **(406,733)** | **(30,670)** | **487,610** | [c] **1,564** | **724,050** |
| **Financing income (costs) and gains (losses) on equity investments** | | | | | | | |
| Financial income (expenses) | (77,474) | 39,603 | [g] (83,124) | [i] 3,358 | [g] (117) | (867) | (118,621) |
| Surplus | - | 1,518,253 | [h] (1,518,253) | | | | - |
| Net exchange gains (losses) | 4,288 | - | - | [i] (3,358) | | - | 930 |
| **Net financing income (costs)** | **(73,186)** | **1,557,856** | **(1,601,377)** | **-** | **(117)** | **(867)** | **(117,691)** |
| Net gains (losses) on equity investments | (127,704) | - | - | [g] 30,670 | | - | (97,034) |
| **Net Financing income (costs) and gains (losses) on equity investments** | **(200,890)** | **1,557,856** | **(1,601,377)** | **30,670** | **(117)** | **(867)** | **(214,725)** |
| **Profit (loss) before tax** | **55,909** | **1,973,335** | **(2,008,110)** | **-** | **487,493** | **697** | **509,325** |
| Income tax | (69,160) | (243,532) | [i] 215,728 | - | | (1,047) | (98,011) |
| **Profit (loss) from continuing operations** | **(13,251)** | **1,729,803** | **(1,792,382)** | **-** | **487,493** | **(350)** | **411,314** |
| Profit (loss) from discontinuing operations | (894) | (37,475) | [j] 30,855 | - | | - | (7,514) |
| Surplus | - | 69,144 | [k] (69,144) | - | | - | - |
| **Profit (loss) for the period** | **(14,145)** | **1,761,472** | **(1,830,671)** | **-** | **487,493** | [c] **(350)** | **403,800** |
| **Profit (loss) for the period attributable to:** | | | | | | | |
| Owners of the parent | (22,128) | 1,764,873 | (1,835,489) | - | 511,304 | (350) | 418,210 |
| Non-controlling interests | 7,983 | (3,401) | 4,818 | - | (23,810) | - | (14,410) |

*Explanatory Notes*

This section comprises the notes to the pro forma adjustments made to prepare the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019.

*Column I - Webuild 2019 Audited Consolidated Financial Statements*

This column includes the Webuild Group's financial information derived from the 2019 Audited Consolidated Financial Statements to which reference should be made for more information.

*Column II - Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019*

This column is derived from the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 attached as Annex 4, to which reference should be made for a complete description of the transactions contemplated, the assumptions used by Astaldi's directors and related limitations. For information purposes, brief description of the contents of the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and the transactions contemplated therein is provided below.

The Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been prepared using the audited consolidated financial statements at 31 December 2019, audited by KPMG S.p.A., which issued its report on 10 July 2020 disclaiming its opinion because of the many significant uncertainties about group's ability to continue as a going concern. The audited consolidated financial statements at 31 December 2019 and the KPMG S.p.A. audit opinion thereon is attached as Annex 4.

The Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 reflects the effects of the following transactions (the "**Transactions**"):

- the capital strengthening and refinancing manoeuvre related to the composition with creditors proposal, which includes:
    - o the capital transactions to allow the capital increases provided for in the composition with creditors proposal, comprising the reduction in share capital and reserves for losses and the cancellation of treasury shares;
    - o Webuild's capital increase and the deployment of the related resources to settle the pre-preferential and preferential claims;
    - o the capital increase for conversion purposes;
    - o the possible capital increase for late claims;
    - o the possible exercise of the anti-dilutive warrants and the related issue of bonus shares to Webuild;
    - o the exercise of the bonus warrants and the related capital increase;
    - o the drawdown of the revolving credit facility of €200 million made a bank syndicate ("RCF 200") to redeem the bonds in advance;
- the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts. In this respect, the preparation of the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets, liabilities, revenue and costs of the separate unit are not consolidated (including its operating costs);
- the estimated recoverability of the unsecured claims of Astaldi Group companies due from Astaldi measured on the basis of the fair value of the participating financial instruments and shares to be assigned to these group companies as provided for in the composition with creditors proposal;
- the benefit of FIN.AST's waiver of part of the subordinated loan as per its waiver given for the purposes of the composition with creditors proposal;

- the partial satisfaction of the liabilities of some group companies related to the enforcing of guarantees issued by Astaldi on their behalf.

*Column III – Elimination of non-recurring effects*

For the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information, Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019 has been adjusted to remove the effects of transactions which do not have a continuing effect on the post-Astaldi Transaction combined group's financial performance. Those effects, considered as non-recurring items in the Astaldi Unaudited Pro Forma Financial Information at 31 December 2019, have been adjusted as they will be absorbed within the purchase price allocation (PPA) accounting, in accordance with IFRS 3, upon consolidation in Webuild.

In the Astaldi Unaudited Pro Forma Consolidated Financial Information as at 31 December 2019, certain profit or loss items have been adjusted as these are not expected to have a continuing impact on future financial performance. The source of information of the adjustments described below is the Astaldi Unaudited Pro Forma Financial Information at 31 December 2019 (attached as Annex 3). The following paragraph describes the nature of the adjustments, separately is provided narrative a reconciliation of each statement of profit or loss captions and the related adjustments. These profit and loss items are:

- *gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts*

  These adjustments reflect the elimination of the profit or loss effects included in Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019 arising from the transfer of assets and liabilities to the separate unit, as well as the additional liabilities to be taken over by the separate unit as provided for the composition with creditors proposal, with the exclusion of the lease of the building in Via Bona (€1.0 million a year), which is transferred to the separate unit, as it will affect the Astaldi Group's profit or loss over the lease term (two years). In this respect, the preparation of the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets, liabilities, revenue and costs of the separate unit are not consolidated (including its operating costs). The effects arising from the transfer of Astaldi assets and liabilities to the separate unit and related to the discharging of its debt, which have been adjusted in the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, have been classified in Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019 in separate captions named "Surplus" within "Revenue and other income" for €473.1 million, "Operating expenses" for €105.1 million, "Net financial income (expense)" for €1,518.3 million, "Profit (loss) from discontinued operations" for €69.1 million and the related effect on deferred tax of €215.7 million. In addition, for the purpose of the preparation of the Webuild Unaudited Pro forma Financial Information, the other effects arising from the transfer of assets and liabilities to the separate unit, amounting to €74.7 million, €13.1 million and €6.2 million and classified respectively in "Net gains (losses) on equity investments", "Amortisation, depreciation and impairment losses" and "Net Financial income (expense)" have been adjusted. The total amount of the adjustments made to the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 to eliminate the effects described above is equal to €1,837.5 million;

- *gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies (as Astaldi is co-guarantor to the enforcing banks)*

These adjustments reflect the elimination of the benefit arising from the partial satisfaction of the liability for enforced guarantees of group companies (as Astaldi is co-guarantor to the enforcing banks) because it qualifies as an unsecured claim. As a result, the smaller liabilities due to its subsidiaries, equal to the amount settled as part of the composition with creditors procedure, were recognised as a gain in Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019. These effects do not have a continuing impact on the post-Astaldi Transaction combined group's financial performance. For the purposes of the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, the surplus arising from the benefit, amounting to €39.4 million classified in the separate caption named "Surplus" within "Revenue and other income" and €60.7 million classified as a financial gain within "Financial income (expense)", have been adjusted. The total amount of the above adjustments is €100 million;

- *service costs directly related to the discharging of Astaldi's debt and the other directly related transactions incurred by the Astaldi Group*

  This adjustment reflects the elimination of the expenses included in Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019 related to the costs of services amounting to €12.9 million, classified within "Services", due to the advisors for the financial manoeuvre, including the court costs;

- *other operating expenses, provisions and net gains (losses) on equity investments arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal*

  This adjustment reflects the elimination of the net loss related to the creditor group companies arising from the partial elimination of the amounts due to them by Astaldi as provided for in the composition with creditors proposal, in other terms, the difference between the nominal amount of these claims and the fair value of the Astaldi shares and participating financial instruments assigned to the Astaldi group companies. As such effects do not have a continuing effect on the post-Astaldi Transaction combined group's financial performance, for the purposes of the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, the "Other operating expenses", "Provisions" and "Net gains (losses) on equity investments" amounting to €105 million, €4.7 million and €0.5 million respectively, have been adjusted. The total amount of the above adjustments is €110.1 million;

- *net financial gain related to FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of the subordinated loan by Astaldi*

  This adjustment reflects the elimination of the positive effect arising from FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of the subordinated loan by Astaldi. As such effects do not have a continuing effect on the post- Astaldi Transaction combined group's financial performance, for the purposes of the preparation of the Webuild Unaudited Pro forma Consolidated Financial Information, the positive effect arising from the elimination of current financial liabilities of €14.0 million and of the benefit of €2.2 million arising from discounting FIN.AST's outstanding receivable, has been adjusted. The total amount of the above adjustments is €16.2 million and is classified in "Financial income (expense)".

A reconciliation of the elimination of the non-recurring effects by line item is as follows:

[a] the caption "Surplus" classified within "Total revenue and other income" has been adjusted by €512.5 million related to the elimination of the gain from the transfer of Astaldi's assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debt amounting to €473.1 million and of the gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies amounting to €39.4 million;

[b] the caption "Services" has been adjusted by €12.9 million related to the elimination of the service costs directly related to Astaldi's discharge of its debt;

[c] the caption "Other operating expenses" has been adjusted by €105 million related to the elimination of the other operating expenses arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal;

[d] the caption "Net gains (losses) on equity investments" has been adjusted by €75.2 million related to the loss from the other effects arising from the transfer of assets and liabilities to the separate unit amounting to €74.7 million and to the net losses on equity investments arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal, amounting to €0.5 million;

[e] the captions "Amortisation, depreciation and impairment losses" and "Provisions" have been adjusted by €13.1 million and €4.7 million, respectively, related to the net gain from the transfer of assets and liabilities to the separate unit;

[f] the caption "Surplus" classified within "Total operating expenses" has been adjusted by €105.1 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[g] the caption "Net Financial income (expense)" has been adjusted by €83.1 million for the elimination of the net financial gain related to FIN.AST's waiver amounting to €16.2 million, the gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies amounting to €60.7 million and the gain from the transfer of assets and liabilities to the separate unit amounting to €6.2 million;

[h] the caption "Surplus" classified within "Net financial income (expense)" has been adjusted for €1,518.3 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[i] the caption "Income tax" has been adjusted for €215.7 million related to the elimination of the tax effects arising from the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[j] the caption "Profit (loss) from discontinued operations" has been adjusted by €30.9 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[k] the caption "Surplus" classified within "Profit (loss) from discontinued operations" for €69.1 million has been adjusted for the elimination of the gain from the transfer of Astaldi's assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debt.

*Column IV – Astaldi Group Pro Forma Reclassification*

For the purposes of preparing the Astaldi Unaudited Pro Forma Consolidated Financial Information, Astaldi's pro forma statement of financial position as at 31 December 2019 and Astaldi's pro forma statement of profit or loss for the year ended 31 December 2019 have been reclassified based on the statement of financial position and statement of profit or loss models adopted by the group to prepare the 2019 Audited Consolidated Financial Statements. Furthermore, Astaldi prepares its consolidated financial statements in compliance with the IFRS endorsed by the EU.

The "Astaldi Group Pro Forma Reclassification" column includes the reclassifications made to align Astaldi's pro forma statement of financial position and statement of profit or loss to Webuild's statement of financial position and the statement of profit or loss models. The reclassification adjustments presented have been based on the information (i.e. financial statement models description of accounting policies) included in the audited consolidated financial statements at 31 December 2019 attached as Annex 4.

The pro forma reclassifications to the statement of financial position are listed below:

[a] Real estate projects of €0.1 million have been reclassified to Inventories in accordance with Webuild's accounting policies;
[b] Costs to fulfill obligations of €2.9 million, which are composed of costs to fulfill contracts capitalised in accordance with IFRS 15, have been reclassified to Intangible assets;
[c] Other current tax assets of €7.4 million, which are composed of tax assets, have been reclassified to Current tax assets;
[d] Bank and other loans and borrowings of €16.4 million of financial liabilities due to lease contracts have been reclassified to Lease liabilities;
[e] the current portion of bank loans and borrowings and current account facilities of €31.1 million includes €23.9 million of current lease liabilities which have been reclassified to Current portion of lease liabilities and €7.1 million of derivatives which have been reclassified to Derivatives and other current financial liabilities.

The pro forma reclassifications to the statement of profit or loss are listed below:

[f] Subcontracting costs of €596,1 million have been reclassified from "Services" to "Subcontracts";
[g] "Net gains on equity investments" of €30.7 million that Astaldi presents as "Operating expenses" have been reclassified in accordance with Webuild's statement of profit or loss model;
[h] "Variation of costs to fulfill the contracts" of €2.9 million, "Amortisation, depreciation and impairment losses" for €35.2 million netted of "Provisions" of €4.3 million, totaling €33.8 million has been reclassified to "Amortisation, depreciation and provisions", and €2.2 million included within "Amortisation, depreciation and impairment losses" have been reclassified in to "Impairment losses";
[i] €3.4 million related to "Net exchange losses" has been reclassified from "Net financial income (expense)" to the caption "Net exchange gains (losses)".

*Column V - Acquisition*

This column shows the main effects connected to the Astaldi Transaction. The following paragraphs describe the nature of the adjustments, separately is provided narrative a reconciliation of each captions appearing in the pro forma statement and the related adjustments.

The Astaldi Transaction falls under IFRS 3 - Business combinations where Webuild is the acquirer and Astaldi the acquiree. In accordance with this standard, Webuild S.p.A. is required to perform a purchase price allocation (PPA) procedure which requires that the identifiable assets acquired and the liabilities assumed be measured at their acquisition-date fair values. At this stage, the PPA procedure has not been addressed by Webuild management and the difference between the consideration transferred, as reported below, and the carrying amount of the assets acquired and the liabilities assumed has been recognised as a gain from a bargain purchase. However, the PPA adjustments are provisional and have been made solely for the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information. As such, they are hypothetical and subject to revision based on a final PPA exercise.

The provisional calculation of the gain from the bargain purchase is set out below:

| €'000 | Calculation of the provisional gain from the bargain purchase |
|---|---|
| Consideration transferred | (225.000) |
| Amount of non-controlling interests (equal to 33.718% of Astaldi's pro forma total equity as at 30 June 2020) | (362.509) |
| Net assets acquired (equal to Astaldi's Pro forma total equity as at 30 June 2020) | 1.075.119 |
| **Provisional gain from the bargain purchase** | **487.610** |

The provisional gain from the bargain purchase amounting to €487.6 million has been recognised in the pro forma statement of profit or loss for the year ended 31 December 2019. As shown in the table above, this provisional gain has been calculated on the basis of the amount of 66.282% of the pro forma total equity as at 30 June 2020 which is the closest date to the Astaldi Transaction for which Astaldi's consolidated financial information is available.

The difference between the provisional gain from the bargain purchase determined on the basis of Astaldi's pro forma total equity as at 30 June 2020 and the provisional gain from the bargain purchase calculated using Astaldi's pro forma total equity as at 31 December 2019, amounting to €72.2 million, has been allocated to "Derivatives and other current financial liabilities" in the pro forma statement of financial position at 31 December 2019.

As part of Progetto Italia, on 3 October 2019, Webuild, through its subsidiary Beyond S.r.l. subscribed €79.8 million of Super-senior Secured PIYC Floating Rate Notes issued by Astaldi. In September 2019, Beyond S.r.l. obtained a credit facility of €86.1 million from a bank syndicate in order to subscribe these notes.

It has been assumed in the Astaldi Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 that the funds obtained by Astaldi with the RCF 200 provided for in the composition with creditors proposal are to be used for the early redemption of the Super-senior Secured PIYC Floating Rate Notes subscribed by Beyond S.r.l.. Beyond S.r.l. will use the cash received from Astaldi to repay the credit facility granted by the bank syndicate to it.

The pro forma effects shown in the pro forma statement of financial position of the transactions described above are the following:

[a] decrease of €86.2 million in "Derivatives and other current financial assets" due to the early redemption by Astaldi of the Super-senior Secured PIYC Floating Rate Notes subscribed by Beyond S.r.l;

[b] decrease in cash and cash equivalents of €223.9 million composed of the consideration transferred for the subscription of the Astaldi capital increase of €225.0 million netted of €1.1 million resulting from the difference between the payment of €86.2 million for the early redemption of the Super-senior Secured PIYC Floating Rate Notes and the repayment of the €85.1 million for the facility granted to Beyond S.r.l.;

[c] decrease in net equity of €659.7 million due to the elimination of the net equity of Astaldi of €1,147.3 million against the bargain purchase of €487.6 million and increase in "Non-controlling interests" of €362.5 million equal to 33.718% of the Astaldi's pro forma total equity as at 30 June 2020;

[d] decrease of €84.9 million in "Non-current liabilities - Bank and other loans and borrowings" and €0.2 million in "Current liabilities - Bank and other loans and borrowings and current account facilities" as a result of the repayment of the facility granted to Beyond S.r.l., by the bank syndicate in September 2019;

[e] increase of €72.2 million in "Derivatives and other current financial liabilities" reflects the difference between the provisional gain from the bargain purchase determined on the basis of Astaldi's pro forma total equity as at 30 June 2020 and the provisional gain from the bargain purchase calculated using Astaldi's pro forma total equity as at 31 December 2019.

The pro forma effect in the pro forma statement of profit or loss of the transactions described above are the following:

[f] recognition of the gain from bargain purchase of €487.6 million in the caption named "Gain from the bargain purchase" within "Total revenue and other income". The pro forma adjustment represented by the gain from the bargain purchase will not have a continuing impact on Webuild's financial performance;

[g] decrease of €0.1 million due to the elimination of the financial income of €2.0 million on the Super-senior Secured PIYC Floating Rate Notes issued by Astaldi less the borrowing costs of €1.9 million on the facility from the bank syndicate.

*Column VI - Consolidation perimeter and intercompany transactions*

This column shows the main effects arising from the different consolidation perimeter, including the effects of eliminating intragroup transactions, applied to certain Italian consortia and foreign joint ventures in which Webuild and Astaldi act as joint venturers.

In connection with the Astaldi Transaction, Webuild evaluated any potential changes in the consolidation perimeter as a result of the change in the ownership percentage in certain consortia and joint ventures of Webuild after the Astaldi Transaction.

At the date of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, based on the information available on significant joint ventures in which Webuild and Astaldi act as joint venturers, Webuild has identified certain joint ventures that are currently accounted for using the equity method pursuant to IFRS 11 and that after the Astaldi Transaction will be controlled by Webuild and will need to be consolidated on a line-by-line basis in accordance with IFRS 10. In particular, 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, control is presumed to exist when the group holds more than half of the voting rights either directly or indirectly.

Such evaluation may be subject to revision based on further analyses of the specific contractual arrangements of the joint ventures.

At this stage, based on a preliminary analysis performed, Webuild identified changes in the consolidation criteria for the following significant entities:

| Significant entities |
|---|
| Metro Blu S.c.r.l. |
| Consorzio Iricav Due |
| Consorzio Hirpinia AV |
| Napoli Cancello Alta Velocità S.c.r.l. |
| Sirjo S.c.p.A. |
| S. Agata FS S.c.r.l. |

The source of the pro forma adjustments reported below is represented by the information included in the Astaldi audited consolidated financial statements at 31 December 2019 attached as Annex 4 and the financial information prepared by the entities listed above for consolidation purposes into the 2019 Audited Consolidated Financial Statements. Given the granularity of the adjustments impacting several financial statements captions, the paragraph reports the main effects.

The pro forma effects of the changes in the consolidation criteria are summarised below:

— pro forma statement of financial position:

[a] elimination of the carrying amount of the investments in joint ventures of €3.4 million classified in "Equity investments" due to their consolidation on a line-by-line basis against the carrying amount of the assets and liabilities of the controlled entities listed above,

[b] increase in "Total non current assets" of €12.5 million (inclusive of the decrease of €3.4 million commented above), decrease in "Total current assets" of €75.2 million, increase in "Total non current liabilities" of €3.3 million and "Total current liabilities" of €64.3 million, with a net decrease in equity of €1.7 million. These amounts reflect also the elimination of the intragroup transactions;

— pro forma statement of profit or loss: certain consortia and joint ventures, such as those listed above, apply a consortium structure which works using a cost recharging system whereby the costs incurred by the consortia are invoiced to the consortium members in line with their investment percentages. Measurement of the performance of the project (in terms of revenue and operating expenses) is already reflected in the stand-alone consortium members' financial results based on their investment percentages. As a result, the effects shown in the column are mainly related to the elimination of the intragroup transactions between the consortium members (Webuild and Astaldi) and the consortia, resulting in:

[c] decrease in "Total revenues and other income" of €3.4 million, decrease in "Total operating expenses" of €4.9 million leading to an increase of €1.6 million in "Operating profit" and a decrease of €0.4 million in "Profit (loss) for the period".

*Column VII - Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019*This column shows the pro-forma figures at 31 December 2019 as a result of the pro forma adjustments described above.

***Webuild Unaudited Pro Forma Consolidated Interim Financial Information at 30 June 2020***

The pro-forma statement of financial position as at 30 June 2020, the pro-forma statement of profit or loss for the six months ended 30 June 2020 and the related explanatory notes are set out below.

## *Pro forma statement of financial position as at 30 June 2020*

| | I | II | III | IV | V | VI | VII |
|---|---|---|---|---|---|---|---|
| €/000 | Webuild 2020 Unaudited Condensed Interim Consolidated Financial Statements | Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 | Elimination of non recurring effects | Astaldi Group Proforma reclassification | Acquisition | Consolidation perimeter and Intercompany transactions | Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 |
| **Non Current Assets** | | | | | | | |
| Property, Plant and Equipment | 352,653 | 73,442 | - | | | 8,701 | 434,796 |
| Right of use assets | 145,345 | 30,372 | - | | | 3,408 | 179,125 |
| Real estate projects | - | 124 | - | [a] (124) | | | - |
| Intangible assets | 173,218 | 40,807 | - | [b] 2,786 | | 3 | 216,814 |
| Goodwill | 76,292 | - | - | | | - | 76,292 |
| Equity investments | 666,525 | 93,596 | - | | | [a] (3,398) | 756,723 |
| Derivatives and non current financial assets | 424,749 | 52,108 | - | | | - | 476,857 |
| Other non current assets | - | 103,500 | - | | | - | 103,500 |
| Deferred tax assets | 240,146 | 60,024 | - | | | - | 300,170 |
| **Total Non Current Assets** | **2,078,928** | **453,973** | **-** | **2,662** | **-** | **[b] 8,714** | **2,544,277** |
| **Current Assets** | | | | | | | |
| Inventories | 157,874 | 40,239 | - | [a] 124 | | 1,337 | 199,574 |
| Contract assets | 1,998,152 | 1,005,180 | - | | | 14,332 | 3,017,664 |
| Costs to fulfill the contracts | - | 2,786 | - | [b] (2,786) | | | - |
| Trade receivables | 1,972,080 | 415,979 | - | | | (91,522) | 2,296,537 |
| Derivatives and other current financial assets | 238,824 | 139,455 | - | | [a] (151,413) | (55,255) | 171,612 |
| Current tax assets | 109,748 | - | - | [c] 6,281 | | 89 | 116,118 |
| Other current tax assets | 150,384 | 85,296 | - | [c] (6,281) | | 10,151 | 239,550 |
| Other current assets | 609,099 | 244,268 | - | | | (3,395) | 849,972 |
| Cash and cash equivalents | 1,331,827 | 391,655 | - | | [b] (223,235) | 49,589 | 1,549,835 |
| **Total Current Assets** | **6,567,988** | **2,324,858** | **-** | **(2,662)** | **(374,648)** | **[b] (74,674)** | **8,440,862** |
| **Non current assets held for sale and discontinued operations** | **-** | **13,348** | - | **-** | **-** | **-** | **13,348** |
| **Total Assets** | **8,646,916** | **2,792,179** | **-** | **-** | **(374,648)** | **(65,961)** | **10,998,486** |
| **Equity** | | | | | | | |
| **Total equity attributable to the owners of the parent** | **1,269,044** | **1,074,952** | **-** | **-** | **[c] (587,342)** | **(3,047)** | **1,753,607** |
| Non-controlling interests | 131,876 | 167 | - | - | [c] 362,342 | - | 494,385 |
| **Total Equity** | **1,400,920** | **1,075,119** | | **-** | **(225,000)** | **[b] (3,047)** | **2,247,992** |
| **Non Current Liabilities** | | | | | | | |
| Bank and other loans and borrowings | 731,129 | 222,080 | - | [d] (12,605) | [c] (149,300) | - | 791,304 |
| Bonds | 745,491 | - | - | | | | 745,491 |
| Lease liabilities | 93,411 | - | - | [d] 12,605 | | 930 | 106,946 |
| Non current derivatives | 7 | - | - | | | | 7 |
| Post-employment benefits and employee benefits | 70,305 | 6,920 | - | | | 2,250 | 79,475 |
| Deferred tax liabilities | 4,485 | 53,621 | - | | | | 58,106 |

| | | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| Other non current liabilities | - | 8,174 | - | | | | | | | 8,174 |
| Provisions for risks | 129,815 | - | - | | | | | | | 129,815 |
| **Total Non Current Liabilities** | **1,774,643** | **290,795** | **-** | | **-** | | **(149,300)** | [b] | **3,180** | **1,919,318** |
| | | | | | | | | | | |
| **Current Liabilities** | | | | | | | | | | |
| Current portion of bank loans and borrowings and current account facilities | 995,001 | 95,845 | - | [e] | (25,595) | [c] | (348) | | 33,541 | 1,098,444 |
| Current portion of bonds | 481,520 | - | - | | | | | | | 481,520 |
| Current portion of lease liabilities | 60,924 | - | - | [e] | 18,546 | | | | 694 | 80,164 |
| Derivatives and other current financial liabilities | - | - | - | [e] | 7,049 | | | | - | 7,049 |
| Contract liabilities | 1,240,977 | 407,464 | - | | | | | | 32,746 | 1,681,187 |
| Trade payables | 2,261,597 | 652,908 | - | | | | | | (140,035) | 2,774,470 |
| Current tax liabilities | 76,882 | - | - | | | | | | 409 | 77,291 |
| Other current tax liabilities | 41,015 | 18,821 | - | | | | | | 669 | 60,505 |
| Provision for risks | - | 66,765 | - | | | | | | | 66,765 |
| Other current liabilities | 313,437 | 176,869 | - | | | | | | 5,883 | 496,189 |
| **Total Current Liabilities** | **5,471,353** | **1,418,672** | **-** | | **-** | | **(348)** | [b] | **(66,094)** | **6,823,583** |
| | | | | | | | | | | |
| **Liabilities directly associated with non current assets held for sale** | **-** | **7,593** | - | | **-** | | **-** | | **-** | **7,593** |
| | | | | | | | | | | |
| **Total Equity and Liabilities** | **8,646,916** | **2,792,179** | **-** | | **-** | | **(374,648)** | | **(65,961)** | **10,998,486** |

*Pro forma statement of profit or loss for the six months ended 30 June 2020*

| | I | II | III | IV | V | VI | VII |
|---|---|---|---|---|---|---|---|
| *€/000* | Webuild 2020 Unaudited Condensed Interim Consolidated Financial Statements | Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 | Elimination of non recurring effects | Astaldi Group Proforma reclassification | Acquisition | Consolidation perimeter and Intercompany transactions | Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 |
| **Revenues** | | | | | | | |
| Revenues from contracts with customers | 1,936,417 | 607,020 | - | | | 52 | 2,543,489 |
| Other income | 96,764 | 49,763 | - | | - | (2,202) | 144,325 |
| Gain from bargain purchase | | | - | | [e] 487,610 | | 487,610 |
| Surplus | - | 501,275 | [a] (501,275) | | | | - |
| **Total revenues and other income** | **2,033,181** | **1,158,058** | **(501,275)** | **-** | **487,610** | [c] **(2,150)** | **3,175,424** |
| **Costs** | | | | | | | |
| Purchases | (260,380) | (86,342) | - | | | (17,646) | (364,368) |
| Subcontracts | (691,653) | - | - | [f] (256,880) | | (17,159) | (965,692) |
| Services | (532,558) | (395,346) | [b] 1,593 | [f] 256,880 | | 56,275 | (613,156) |
| Personnel expenses | (391,981) | (118,740) | - | | | (12,267) | (522,988) |
| Other operating expenses | (69,482) | (116,082) | [c] 98,303 | | | (2,169) | (89,430) |
| Variation of costs to fulfill the contracts | - | (33) | - | [h] 33 | | | - |
| Net gains (losses) on equity investments | - | (75,424) | [d] 101,576 | [g] (26,152) | | | - |
| Impairment losses | (27,118) | - | - | [h] (12,507) | | | (39,625) |
| Amortisation, depreciation and provisions | (68,829) | - | - | [h] (49,622) | | (5,598) | (124,049) |
| Amortisation, depreciation and impairment losses | - | (43,391) | [e] (1,674) | [h] 45,065 | | | - |
| Provisions | - | (21,367) | [e] 4,336 | [h] 17,031 | | | - |
| Surplus | - | 103,788 | [f] (103,788) | | | | - |
| **Total operating expenses** | **(2,042,001)** | **(752,937)** | **100,346** | **(26,152)** | **-** | [c] **1,436** | **(2,719,308)** |
| **Operating profit (loss)** | **(8,820)** | **405,121** | **(400,929)** | **(26,152)** | **487,610** | [c] **(715)** | **456,116** |
| **Financing income (costs) and gains (losses) on equity investments** | | | | | | | |
| Financial income (expenses) | (34,144) | 36,417 | [g] (81,417) | [i] 30,587 | [f] (1,703) | (683) | (50,943) |
| Surplus | - | 1,496,608 | [h] (1,496,608) | | | | - |
| Net exchange gains (losses) | (14,487) | - | - | [i] (30,587) | - | - | (45,074) |
| **Net financing income (costs)** | **(48,631)** | **1,533,025** | **(1,578,025)** | **-** | **(1,703)** | **(683)** | **(96,017)** |
| Net gains (losses) on equity investments | (1,726) | - | - | [g] 26,152 | - | - | 24,426 |
| **Net Financing income (costs) and gains (losses) on equity investments** | **(50,357)** | **1,533,025** | **(1,578,025)** | **26,152** | **(1,703)** | **(683)** | **(71,591)** |
| **Profit (loss) before tax** | **(59,177)** | **1,938,146** | **(1,978,954)** | **-** | **485,907** | **(1,398)** | **384,525** |
| Income tax | (26,577) | (220,643) | [i] 216,128 | | - | 77 | (31,015) |
| **Profit (loss) from continuing operations** | **(85,754)** | **1,717,503** | **(1,762,826)** | **-** | **485,907** | **(1,321)** | **353,510** |
| Profit (loss) from discontinuing operations | - | (31,759) | - | | - | | (31,759) |
| Surplus | - | 68,259 | [l] (68,259) | | | | - |
| **Profit (loss) for the period** | **(85,754)** | **1,754,003** | **(1,831,085)** | **-** | **485,907** | [c] **(1,321)** | **321,751** |
| **Profit (loss) for the period attributable to:** | | | | | | | |
| Owners of the parent | (83,543) | 1,756,096 | (1,835,596) | - | 511,192 | (1,321) | 346,829 |
| Non-controlling interests | (2,211) | (2,093) | 4,511 | - | (25,285) | - | (25,078) |

*Explanatory Notes*

This section comprises the notes on the pro forma adjustments made to prepare the Webuild Unaudited Pro Forma Consolidated Interim Financial Information at 30 June 2020.

*Column I - Webuild 2020 Unaudited Condensed Interim Consolidated Financial Statements*

This column includes Webuild Group's financial information derived from the 2020 Unaudited Condensed Interim Consolidated Financial Statements to which reference should be made for more information.

*Column II - Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020*This column is derived from the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 attached as Annex 5, to which reference should be made for a complete description of the transactions contemplated, the main assumptions used by Astaldi's Directors and related limitations. For information purposes, a brief description of the contents of the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 and the transactions contemplated therein is provided below.

The Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 has been prepared using the unaudited condensed interim consolidated financial statements at 30 June 2020, reviewed by KPMG, which issued its review report on 12 October 2020 including an emphasis of matter paragraph about the existence of significant uncertainties that may cast significant doubt on the group's ability to continue as a going concern. The unaudited condensed interim consolidated financial statements at 30 June 2020 and the KPMG S.p.A. review report thereon is attached as Annex 5.

The Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 reflects the effects of the following Transactions:

- the capital strengthening and refinancing manoeuvre described in the composition with creditors proposal, which includes:
    - o the capital transactions to allow the capital increases provided for in the composition with creditors proposal, comprising the reduction in share capital and reserves for losses and the cancellation of treasury shares;
    - o Webuild's capital increase and the deployment of the related resources to settle the pre-preferential and preferential claims;
    - o the capital increase for conversion purposes;
    - o the possible capital increase for late claims;
    - o the possible exercise of the anti-dilutive warrants and the related issue of bonus shares to Webuild;
    - o the exercise of the bonus warrants and the related capital increase;
    - o the drawdown of the revolving credit facility of €200 million made a bank syndicate ("RCF 200") to redeem the bonds in advance;
- thetransfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;
- the estimated recoverability of the unsecured claims of Astaldi Group companies due from Astaldi measured on the basis of the fair value of the participating financial instruments and shares to be assigned to these group companies as provided for in the composition with creditors proposal;
- the benefit of FIN.AST's waiver of part of the subordinated loan as per its waiver given for the purposes of the composition with creditors proposal;
- the partial satisfaction of the liabilities of some group companies related to the enforcing of guarantees issued by Astaldi on their behalf.

*Column III – Elimination of non-recurring effects*

For the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information, Astaldi's pro forma statement of profit or loss for the six months ended 30 June 2020 has been adjusted to remove the effects of transactions reflected in Astaldi's pro forma statement of profit or loss for the six months ended 30 June 2020 which do not have a continuing effect on the post-Astaldi Transaction combined group's financial performance. Those effects, considered as non-recurring items in the Astaldi Unaudited Pro Forma Interim Financial Information at 30 June 2020, have been adjusted as they will be absorbed within the purchase price allocation (PPA) accounting, in accordance with IFRS 3, upon consolidation in Webuild.

In the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information as at 30 June, certain profit or loss items have been adjusted as these are not expected to have a continuing impact on future financial performances. The source of information of the adjustments described below is the Astaldi Unaudited Pro Forma Financial Information at 30 June 2020 (attached as Annex 3). The following paragraph describes the nature of the adjustments, separately is provided narrative a reconciliation of each statement of profit or loss captions and the related adjustments. These profit or loss items are:

- *gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts*

  These adjustments reflect the elimination of the profit or loss effects included in Astaldi's pro forma statement of profit or loss for the six months ended 30 June 2020 arising from the transfer of assets and liabilities to the separate unit, as well as the additional liabilities to be taken over by the separate unit as provided for the composition with creditors proposal, with the exclusion of the lease of the building in Via Bona (€1.0 million a year), which is transferred to the separate unit, as it will affect the Astaldi Group's profit or loss over the lease term (two years). In this respect, the preparation of the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets, liabilities, revenue and costs of the separate unit are not consolidated (including its operating costs). The effects arising from the transfer of Astaldi's assets and liabilities to the separate unit and related to Astaldi's discharge of its debt, which have been adjusted in the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, have been classified in the Astaldi pro forma statement of profit or loss for the six months ended 30 June 2020 in separate captions named "Surplus" within "Revenue and other income" for €468.2 million, "Operating expenses" for €103,8 million, "Net financial income (expense)" for €1,496.6 million, "Profit (loss) from discontinued operations" for €68.3 million and the related effect on deferred tax of €216.1 million. In addition, for the purpose of the preparation of the Webuild Unaudited Pro forma Consolidated Financial Information, the other effects arising from the transfer of assets and liabilities to the separate unit, amounting to €101.1 million, €1.7 million and €3.1 million and classified respectively in "Net gains (losses) on equity investments", "Amortisation, depreciation and impairment losses" and "Net Financial income (expense)" have been adjusted. The total amount of the adjustments made to the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 to eliminate the effects described above is €1,831.1 million;

- *gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies (as Astaldi is co-guarantor to the enforcing banks)*

  Those adjustments reflect the elimination of the benefit arising from the partial satisfaction of the liability for enforced guarantees of group companies (as Astaldi is co-guarantor to the enforcing banks)

because it qualifies as an unsecured claim. As a result, the smaller liabilities due to its subsidiaries, equal to the amount settled as part of the composition with creditors procedure, were recognised as a gain in Astaldi's pro forma statement of profit or loss for the six months ended 30 June 2020. These effects do not have a continuing impact on the post-Astaldi Transaction combined group's financial performance. For the purposes of the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, the surplus arising from the benefit, amounting to €33.1 million classified in the separate caption named "Surplus" within "Revenue and other income" and €62.3 million classified as a financial gain within "Financial income (expense)", have been adjusted. The total amount of the above adjustments is €95.4 million;

- *service costs directly related to the discharging of Astaldi's debt and the other directly related transactions incurred by the Astaldi Group*

  This adjustment reflects the elimination of the expenses included in Astaldi's pro forma statement of profit or loss for the six months 30 June 2020 due to the additional accruals for the costs of services of €1.6 million, classified within "Services", provided by the advisors for the financial manoeuvre, including the court costs;

- *other operating expenses, provisions and net gains (losses) on equity investments arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal*

  This adjustment reflects the elimination of the net loss related to the creditor group companies arising from the partial elimination of the amounts due to them by Astaldi as provided for in the composition with creditors proposal, in other terms, the difference between the nominal amount of these claims and the fair value of the Astaldi shares and participating financial instruments assigned to the Astaldi group companies. As such effects do not have a continuing effect on the post-Astaldi Transaction combined group's financial performance, for the purposes of the preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, the "Other operating expenses", "Provisions" and "Net gains (losses) on equity investments" amounting to €98.3 million, €4.3 million and €0.5 million respectively, have been adjusted. The total amount of the above adjustments is €103.1 million;

- *net financial gain related to FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of the subordinated loan by the Astaldi*

  This adjustment reflects the elimination of the positive effect arising from FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of the subordinated loan by Astaldi. As such effects do not have a continuing effect on the post-Astaldi Transaction combined group's financial performance, for the purposes of the preparation of the Webuild Unaudited Pro forma Consolidated Financial Information, the positive effect arising from the elimination of current financial liabilities of €14 million and of the benefit of €2 million arising from discounting FIN.AST's outstanding receivable, has been adjusted. The total amount of the above adjustments is €16 million and is classified in "Financial income (expense)".

A reconciliation of the elimination of the non-recurring effects by line item is as follows:

[a] the caption "Surplus" classified within "Total revenue and other income" has been adjusted by €501.3 million related to the elimination of the gain from the transfer of Astaldi's assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts amounting to €468.2 million

and of the gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies amounting to €33.1 million;

[b] the caption "Services" has been adjusted by €1.6 million related to the elimination of the service costs directly related to the elimination of the service costs directly related to Astaldi's discharge of its debt;

[c] the caption "Other operating expenses" has been adjusted by €98.3 million related to the elimination of the other operating expenses arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal;

[d] the caption "Net gains (losses) on equity investments" has been adjusted by €101.6 million related to the loss from the other effects arising from the transfer of assets and liabilities to the separate unit amounting to €101.1 million and to the net losses on equity investments arising from the net loss related to the creditor group companies from the partial elimination of the amounts due to them by Astaldi as provided for the composition with creditors proposal, amounting to €0.5 million;

[e] the captions "Amortisation, depreciation and impairment losses" and "Provisions" have been adjusted by an increase of costs of €1.7 million and a decrease of €4.3 million, respectively, related to the net gain from the transfer of assets and liabilities to the separate unit;

[f] the caption "Surplus" classified within "Total operating expenses" has been adjusted by €103.8 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[g] the caption "Net Financial income (expense)" has been adjusted by €81.4 million related to the elimination of the net financial gain related to FIN.AST's waiver amounting to €16 million, the gain arising from the partial satisfaction of the liability for enforced guarantees of Astaldi Group companies amounting to €62.3 million and the gain from the transfer of assets and liabilities to the separate unit amounting to €3.1 million;

[h] the caption "Surplus" classified within "Net financial income (expense)" has been adjusted by €1,496.6 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[i] the caption "Income tax" has been adjusted by €216.1 million related to the elimination of the tax effects arising from the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts;

[j] the caption "Surplus" classified within "Profit (loss) from discontinued operations" has been adjusted by €68.3 million related to the elimination of the gain from the transfer of assets and liabilities to the separate unit and the related benefit of Astaldi's discharge of its debts.

*Column IV - Astaldi Group Pro Forma Reclassification*

For the purposes of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information, Astaldi's pro forma statement of financial position at 30 June 2020 and pro forma statement of profit or loss for the six months ended 30 June 2020 have been reclassified based on the statement of financial position and statement of profit or loss model adopted by the group to prepare the 2020 Unaudited Condensed Interim Consolidated Financial Statements. Furthermore, Astaldi prepare its consolidated financial statements in compliance with the IFRS endorsed by the EU.

The "Astaldi Group Pro Forma Reclassification" column includes the reclassifications made to align Astaldi's pro forma statement of financial position and statement of profit or loss to Webuild's statement of financial position and the statement of profit or loss models. The reclassification adjustments presented have been based on the information (i.e. financial statement models description of accounting policies) included in the unaudited interim consolidated financial statements at 30 June 2020 attached as Annex 5.

The pro forma reclassifications to the statement of financial position are listed below:

[a] Real estate projects of €0.1 million have been reclassified to Inventories in accordance with Webuild's accounting policies;

[b] Costs to fulfill obligations of €2.8 million, which are composed of costs to fulfill contracts capitalised in accordance with IFRS 15, have been reclassified to Intangible assets;

[c] Other current tax assets of €6.3 million, which are composed of tax assets, have been reclassified to Current tax assets;

[d] Bank and other loans and borrowings of €12.6 million of lease liabilities have been reclassified to Lease liabilities;

[e] the current portion of bank loans and borrowings and current account facilities of €25.6 million includes €18.5 million of current lease liabilities which have been reclassified to Current portion of lease liabilities and €7.0 million of derivatives which have been reclassified to Derivatives and other current financial liabilities.

The pro forma reclassifications to the statement of profit or loss are listed below:

[f] Subcontracting costs of €256.9 million have been classified from Services to Subcontracts;

[g] Net gains on equity investments of €26.2 million that Astaldi presents as Operating expenses have been reclassified in accordance with Webuild's statement of profit or loss model;

[h] "Variation of costs to fulfill the contracts" of €0,03 million, "Amortisation, depreciation and impairment losses" for €32.6 million netted of "Provisions" of €17.0 million, totaling €49.6 million has been reclassified to "Amortisation, depreciation and provisions", and €12.5 million included within "Amortisation, depreciation and impairment losses" have been reclassified in to "Impairment losses";

[i] €30.6 million related to "Net exchange gains (losses)" has been reclassified from Net Financial income (expense) to the caption "Net exchange gains (losses)".

*Column V - Acquisition*

This column shows the main effects connected to the Astaldi Transaction. The following paragraphs describe the nature of the adjustments, separately is provided narrative a reconciliation of each captions appearing in the pro forma statement and the related adjustments.

The Astaldi Transaction falls under IFRS 3 - Business combinations where Webuild is the acquirer and Astaldi the acquiree. In accordance with this standard, Webuild S.p.A. is required to perform a purchase price allocation (PPA) procedure which requires that the identifiable asset acquired and the liabilities assumed be measured at their acquisition-date fair values. At this stage, the PPA procedure has not been addressed by Webuild management and the difference between the consideration transferred, as reported below, and the carrying amount of the assets acquired and the liabilities assumed has been recognised as a gain from a bargain purchase. However, the PPA adjustments are provisional and have been made solely for the purpose of preparing the Webuild Unaudited Pro Forma Consolidated Financial Information. As such, they are hypothetical and subject to revision based on a final PPA exercise.

The provisional calculation of the gain from the bargain purchase is set out below

| *€'000* | **Calculation of the provisional grain from the bargain purchase** |
|---|---|
| Consideration transferred | (225,000) |
| Amount of non-controlling interests (equal to 33.718% of Astaldi's pro forma total equity) | (362,509) |
| Net assets acquired | 1,075,119 |
| **Provisional gain from the bargain purchase** | **487,610** |

The provisional gain from the bargain purchase amounting to €487.6 million has been recognised in the pro forma statement of profit or loss for the six months ended 30 June 2020.

As part of Progetto Italia, on 3 October 2019 (*first tranche*) and on 10 February 2020 (*second tranche*), Webuild, through its subsidiary Beyond S.r.l. subscribed €143.7 million of Super-senior Secured PIYC Floating Rate Notes issued by Astaldi. In September 2019, Beyond S.r.l. obtained a credit facility of €149.2 million from a bank syndicate in order to subscribe these notes.

It has been assumed in the Astaldi Unaudited Pro Forma Interim Consolidated Financial Information at 30 June that the funds obtained by Astaldi with the RCF 200 provided for in the composition with creditors proposal are to be used for the early redemption of the Super-senior Secured PIYC Floating Rate Notes subscribed by Beyond S.r.l.. Beyond S.r.l. will use the cash received from Astaldi to repay the credit facility granted by the bank syndicate to it.

The pro forma effects shown in the pro forma statement of financial position of the transactions described above are the following:

[a] decrease of €151.4 million in Derivatives and other current financial assets due early redemption by Astaldi of the Super-senior Secured PIYC Floating Rate Notes subscribed by Beyond S.r.l;

[b] decrease in cash and cash equivalents of €223.2 million composed of the consideration transferred for the subscription of the Astaldi capital increase of €225.0 million netted of €1.8 million resulting from the difference between the payment of €151.4 million for the early redemption of the Super-senior Secured PIYC Floating Rate Notes and the repayment of the €149.6 million for the facility granted to Beyond S.r.l.;

[c] decrease in net equity of €587.3 million due to the elimination of the net equity of Astaldi of €1,074.9 million against the bargain purchase of €487.6 million and increase in “Non-controlling interests” of €362.5 million equal to 33.718% of the Astaldi’s pro forma total equity as at 30 June 2020;

[d] decrease of €149.3 million in “Non-current liabilities - Bank and other loans and borrowings” and €0.3 million in “Current liabilities - Bank and other loans and borrowings and current account facilities” as a result of the repayment of the facility granted to Beyond S.r.l., by the bank syndicate in September 2019.

The pro forma effect in the pro forma statement of profit or loss of the transactions described above are the following:

[e] recognition of the gain from bargain purchase of €487.6 million in the caption named “Gain from the bargain purchase” within “Total revenue and other income”. The pro forma adjustment represented by the gain from the bargain purchase will not have a continuing impact on Webuild’s financial performance;

[f] decrease of €1.7 million due to the elimination of the financial income of €6.6 million on the Super-senior Secured PIYC Floating Rate Notes issued by Astaldi less the borrowing costs of €4.9 million on the facility from the bank syndicate.

*Column VI - Consolidation perimeter and intercompany transactions*

This column shows the main effects connected to the different consolidation perimeter, including the effects of eliminating intragroup transactions, applied to certain Italian consortia and foreign joint ventures in which Webuild and Astaldi act as joint venturers.

In connection with the Astaldi Transaction, Webuild evaluated any potential changes in the consolidation perimeter as a result of the change in the ownership percentage in certain consortia and joint ventures of Webuild after the Astaldi Transaction.

At the date of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information, based on the information available on significant joint ventures in which Webuild and Astaldi act as joint venturers, Webuild has identified certain joint ventures that are currently accounted for using the equity method pursuant

to IFRS 11 and that after the Astaldi Transaction will be controlled by Webuild and will need to be consolidated on a line-by-line basis in accordance with IFRS 10. In particular, 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, control is presumed to exist when the group holds more than half of the voting rights either directly or indirectly.

Such evaluation may be subject to revision based on further analysis of the specific contractual arrangements of the joint ventures.

At this stage, based on a preliminary analysis performed, Webuild identified changes in the consolidation criteria for the following significant entities:

| **Significant entities** |
|---|
| Metro Blu S.c.r.l. |
| Consorzio Iricav Due |
| Consorzio Hirpinia AV |
| Napoli Cancello Alta Velocità S.c.r.l. |
| Sirjo S.c.p.A. |
| S. Agata FS S.c.r.l. |

The source of the pro forma adjustments reported below is represented by the information included in the Astaldi unaudited condensed interim consolidated financial statements at 30 June 2020 attached as Annex 5 and the financial information prepared by the entities listed above for consolidation purposes into the 2020 Unaudited Condensed Interim Consolidated Financial Statements. Given the granularity of the adjustments impacting several financial statements captions, the paragraph reports the main effects.

The main pro forma effects of the changes in the consolidation criteria are summarised below:

— pro forma statement of financial position:
  [a] elimination of the carrying amount of the investments in joint ventures of €3.4 million classified in "Equity investments" due to the consolidation on a line-by-line basis against the carrying amount of the assets and liabilities of the controlled entities listed above,
  [b] increase in "Total non current assets" of €8.7 million (inclusive of the decrease of €3.4 million commented above), decrease in "Total current assets" of €74.7 million, increase in "Total non current liabilities" of €3.1 million and decrease in "Total current liabilities" of €66.1 million, with a net decrease in equity of €3.0 million. These amounts reflect also the elimination of the intragroup transactions;

— pro forma statement of profit or loss: certain consortia and joint ventures, such as those listed above, apply a consortium structure which works using a cost recharging system whereby the costs incurred by the consortia are invoiced to the consortium members in line with their investment percentages. Measurement of the performance of the project (in terms of revenue and operating expenses) is already reflected in the stand-alone consortium members' financial results based on their investment percentages. As a result, the effects shown in the column are mainly related to the elimination of the intragroup transactions between the consortium members (Webuild and Astaldi) and the consortia. resulting in:
  [c] decrease in "Total revenues and other income" of €2.1 million, decrease in "Total operating expenses" of €1.4 million leading to a decrease of €0.7 million in "Operating profit" and a decrease of €1.3 million in "Profit (loss) for the period".

*Column VII - Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020*This column shows the pro forma figures at June 2020 as a result of the pro forma adjustments described above.

**List of Annexes:**

Annex 1: KPMG S.p.A. report concerning the examination of the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019

Annex 2: KPMG S.p.A. report concerning the examination of the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020

Annex 3: Astaldi Unaudited Pro Forma Consolidated Financial Information and KPMG S.p.A. examination reports thereon

Annex 4: Audited consolidated financial statements at 31 December 2019 of the Astaldi Group and KPMG S.p.A. audit report thereon

Annex 5: Unaudited condensed interim consolidated financial statements at 30 June 2020 of the Astaldi Group and KPMG S.p.A. review report thereon

**Annex 1: KPMG S.p.A. report concerning the examination of the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019**

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

# Independent Auditor's Assurance Report on Pro Forma Financial Information

*To the Board of Directors of*
*Webuild S.p.A.*

We report on the unaudited pro forma consolidated financial information of Webuild S.p.A. (the "Company" or "Webuild") as at and for the year ended 31 December 2019 (the "Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019") incorporated by reference in the offering circular for the offering of Notes issued by the Company (the "Offering Circular"). The Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 consists of the pro forma statement of financial position as at 31 December 2019, the pro forma statement of profit or loss for the year ended 31 December 2019 and the explanatory notes. The Company has compiled the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 on the bases stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information".

The Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been compiled by the Company for illustrative purposes only, to provide information about how the acquisition of 66.282% of Astaldi S.p.A. (the "Astaldi Transaction") might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the consolidated financial statements as at 31 December 2019 and for the year then ended. As part of this process, information about the Webuild and Astaldi S.p.A. financial position and financial performance has been extracted by the Company from:

- the consolidated financial statements of Webuild Group as at 31 December 2019 and for the year then ended, prepared in accordance with the International Financial Reporting Standards endorsed by the European Union, audited by KPMG S.p.A., which issued its audit report on 10 April 2020;
- the unaudited pro forma consolidated financial information of Astaldi S.p.A. ("Astaldi") as at and for the year ended 31 December 2019, derived from the Astaldi prospectus relating to the admission to trading on the Mercato Telematico Azionario (MTA) of, inter alia, n. 978,260,870 new ordinary shares of Astaldi resulting from a capital increase reserved to Webuild (the "Astaldi Prospectus"). The unaudited pro-forma consolidated financial information of Astaldi S.p.A. as at

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Sede legale: Via Vittor Pisani, 25
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and for the year ended 31 December 2019 were examined by KPMG S.p.A. in accordance with the standards recommended by Consob in Recommendation n. DEM/1061609 dated 9 August 2001, which issued its report dated 23 October 2020 also included in Astaldi Prospectus. The pro forma unaudited consolidated financial information of Astaldi as at and for the year ended 31 December 2019 has been prepared using the consolidated financial statements at 31 December 2019, audited by KPMG S.p.A., which issued its audit report on 10 July 2020 disclaiming its opinion because of the many significant uncertainties about group's ability to continue as a going concern.

## Management's Responsibilities

The Company's management is responsible for the compilation of the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 in accordance with the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019.

## Our Independence and Quality Control

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

## Practitioner's Responsibilities

Our responsibility is to express an opinion as to whether the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been compiled, in all material respects, on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and whether the basis is consistent with the accounting policies of the Company.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3420, *Assurance Engagements to report on Pro Forma Financial Information Included in a Prospectus*. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 and that such basis is consistent with the accounting policies of the Company.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019.

The purpose of pro forma financial information included in an offering document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Astaldi Transaction at
31 December 2019 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

- the related pro forma adjustments give appropriate effect to those criteria; and
- the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## Opinion

In our opinion:

- the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019 has been properly compiled on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Consolidated Financial Information at 31 December 2019; and
- such basis is consistent with the accounting policies of the Company.

## Restriction on Use

This report is issued for inclusion in the Offering Circular and for no other purpose.

Milan, 30 November 2020

KPMG S.p.A.

Paola Maiorana
Director of Audit

**Annex 2: KPMG S.p.A. report concerning the examination of the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020**

KPMG S.p.A.
Revisione e organizzazione contabile
Via Vittor Pisani, 25
20124 MILANO MI
Telefono +39 02 6763.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

# Independent Auditor's Assurance Report on Pro Forma Financial Information

*To the Board of Directors of*
*Webuild S.p.A.*

We report on the unaudited pro forma consolidated financial information of Webuild S.p.A. (the "Company" or "Webuild") as at and for the six months ended 30 June 2020 (the "Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020") incorporated by reference in the offering circular for the offering of Notes issued by the Company (the "Offering Circular"). The Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 consists of the pro forma statement of financial position as at 30 June 2020, the pro forma statement of profit or loss for the six months ended 30 June 2020 and the explanatory notes. The Company has compiled the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information".

The Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 has been compiled by the Company for illustrative purposes only, to provide information about how the acquisition of 66.282% of Astaldi S.p.A. (the "Astaldi Transaction") might have affected the financial information presented on the basis of the accounting policies adopted by the Company in preparing the unaudited condensed interim consolidated financial statements as at 30 June 2020 and for the six months then ended. As part of this process, information about the Webuild and Astaldi S.p.A. financial position and financial performance has been extracted by the Company from:

— the unaudited condensed interim consolidated financial statements of Webuild Group as at 30 June 2020 and for the six months then ended, prepared in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union, reviewed by KPMG S.p.A., which issued its review report on 31 July 2020;

— the unaudited pro forma consolidated financial information of Astaldi S.p.A. ("Astaldi") as at and for the six months ended 30 June 2020 derived from the Astaldi prospectus relating to the admission to trading on the Mercato Telematico Azionario (MTA) of, inter alia, n. 978,260,870 new ordinary shares of Astaldi resulting from a capital increase reserved to Webuild (the "Astaldi Prospectus"). The unaudited pro-forma consolidated financial information of Astaldi S.p.A. as at

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Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani, 25
20124 Milano MI ITALIA

and for the six months ended 30 June 2020 were examined by KPMG S.p.A. in accordance with the standards recommended by Consob in Recommendation n. DEM/1061609 dated 9 August 2001, which issued its report dated 23 October 2020 also included in Astaldi Prospectus. The pro forma unaudited consolidated financial information of Astaldi as at and for the six months ended 30 June 2020 has been prepared using the unaudited condensed interim consolidated financial statements at 30 June 2020, reviewed by KPMG S.p.A., which issued its report on 12 October 2020 including an emphasis of matter paragraph about the existence of significant uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

### *Management's Responsibilities*

The Company's management is responsible for the compilation of the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 in accordance with the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020.

### *Our Independence and Quality Control*

We have complied with the independence and other ethical requirements of the *Code of Ethics for Professional Accountants* issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

### *Practitioner's Responsibilities*

Our responsibility is to express an opinion as to whether the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June at 2020 has been compiled, in all material respects, on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 and whether the basis is consistent with the accounting policies of the Company.

We conducted our engagement in accordance with International Standard on Assurance Engagements 3420, *Assurance Engagements to report on Pro Forma Financial Information Included in a Prospectus*. This standard requires that the practitioner plan and perform procedures to obtain reasonable assurance about whether management has compiled, in all material respects, the pro forma financial information on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 and that such basis is consistent with the accounting policies of the Company.

For the purposes of this engagement, we are not responsible for updating or reissuing any reports or opinions on any historical financial information used in compiling the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020, nor have we, in the course of this engagement, performed an audit or review of the financial information used in compiling the Webuild Unaudited Pro Forma Consolidated Financial Information at 30 June 2020.

The purpose of pro forma financial information included in an offering document is solely to illustrate the impact of a significant event or transaction on unadjusted financial information of the entity as if the event had occurred or the transaction had been undertaken at an earlier date selected for purposes of the illustration. Accordingly, we do not provide any assurance that the actual outcome of the Astaldi Transaction at 30 June 2020 would have been as presented.

A reasonable assurance engagement to report on whether the pro forma financial information has been compiled, in all material respects, on the basis of the applicable criteria involves performing procedures to assess whether the applicable criteria used by the Company in the compilation of the pro forma financial information provide a reasonable basis for presenting the significant effects directly attributable to the event or transaction, and to obtain sufficient appropriate evidence about whether:

— the related pro forma adjustments give appropriate effect to those criteria; and

— the pro forma financial information reflects the proper application of those adjustments to the unadjusted financial information.

The procedures selected depend on the practitioner's judgement, having regard to the practitioner's understanding of the nature of the company, the event or transaction in respect of which the pro forma financial information has been compiled, and other relevant engagement circumstances.

The engagement also involves evaluating the overall presentation of the pro forma financial information.

We believe that the evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

## *Opinion*

In our opinion:

— the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020 has been properly compiled on the basis stated in the paragraph "Basis of preparation of the Webuild Unaudited Pro Forma Consolidated Financial Information" to the Webuild Unaudited Pro Forma Interim Consolidated Financial Information at 30 June 2020; and

— such basis is consistent with the accounting policies of the Company.

## Restriction on Use

This report is issued for inclusion in the Offering Circular and for no other purpose.

Milan, 30 November 2020

KPMG S.p.A.

Paola Maiorana
Director of Audit

**Annex 3: Astaldi Unaudited Pro Forma Consolidated Financial Information and KPMG S.p.A. examination reports thereon**

## 11.5 Pro forma financial information

### Foreword

On 28 September 2018, the Issuer filed its application with the Rome Court for its composition with creditors procedure as per article 161.6 of the Bankruptcy Law in order to present its proposal of composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law. The Rome Court accepted the Issuer's application on 17 October 2018 and appointed the judicial commissioners. On 19 June 2019, the Issuer filed its definitive composition with creditors proposal, plan and related documentation. On 5 August 2019, the Rome Court issued its ruling in accordance with articles 160 and 163.1 of the Bankruptcy Law accepting Astaldi's composition with creditors application. The creditors' meeting took place on 9 April 2020 to vote on the composition with creditors proposal after which the Rome Court acknowledged in its ruling of 4 May 2020 that 69.4% of the eligible creditors had voted in favour. The court authorised the composition with creditors procedure with its ruling no. 2900/2020 filed on 17 July 2020 and published on the same date (RG no. 26945/2020). The composition with creditors proposal is based on Webuild's offer, whereby Webuild has confirmed its willingness to invest in Astaldi alongside the other financial institutions as part of a capital strengthening and refinancing transaction.

The pro forma consolidated financial information has been prepared for disclosure purposes in accordance with Annex 20 "Pro forma information" to Commission Delegated Regulation (EU) no. 2019/980, which supplements the Prospectus Regulation, and applying the criteria set out in CONSOB (the Italian commission for listed companies and the stock exchange) communication no. DEM/1052803 of 5 July 2001. Its purpose is to present retroactively the significant effects of the transactions provided for in the composition with creditors proposal and defined in this Prospectus, as well as the other related transactions as set out and described later, on the Astaldi Group's historical figures.

### Content of the pro forma financial information

The pro forma consolidated financial information at 31 December 2019, comprising the pro forma statements of financial position, profit or loss and cash flows (the "**pro forma consolidated financial information at 31 December 2019**"), has been prepared using the consolidated financial statements at 31 December 2019, audited by KPMG, which issued its report on 10 July 2020 disclaiming its opinion because of the many significant uncertainties about group's ability to continue as a going concern.

The pro forma consolidated financial information at 30 June 2020, comprising the pro forma statements of financial position, of profit or loss and cash flows (the "**pro forma consolidated financial information at 30 June 2020**" and together with the pro forma consolidated financial information at 31 December 2019, the "**pro forma consolidated financial information**"), has been prepared using the condensed interim consolidated financial statements at 30 June 2020, reviewed by KPMG, which issued its report on 12 October 2020 including an emphasis of matter paragraph about the existence of significant uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

The pro forma consolidated financial information reflects:

- the effects of the capital strengthening and refinancing manoeuvre described in the composition with creditors proposal, which includes:
    - the capital transactions to allow the capital increases provided for in the composition with creditors proposal, comprising the reduction in share capital and reserves for losses and the cancellation of treasury shares;
    - Webuild's capital increase and the deployment of the related resources to settle the pre-preferential and preferential claims;
    - the capital increase for conversion purposes;
    - the possible capital increase for late claims;
    - the possible exercise of the anti-dilutive warrants and the related issue of bonus shares to Webuild;
    - the exercise of the bonus warrants and the related capital increase;
    - the drawdown of the RCF 200 to redeem the bonds in advance;

- the effects of the transfer of assets and liabilities to the separate unit and the related benefit of the Issuer's discharge of its debts;
- the effects on the pro forma consolidated financial information of the estimated recoverability of the unsecured claims of Astaldi Group companies due from the Issuer measured on the basis of the fair value of the participating financial instruments and shares to be assigned to these group companies as provided for in the composition with creditors proposal;
- the benefit of FIN.AST's waiver of part of the subordinated loan as per its waiver given for the purposes of the composition with creditors proposal;
- the effects of partly satisfying the liabilities of some group companies related to the enforcing of guarantees issued by the Issuer on their behalf (together, the "**Transactions**").

The information included herein is a simulation provided solely to present the possible effects of the Transactions, as mentioned earlier. Specifically, despite compliance with generally accepted rules and the utilisation of reasonable assumptions, as the pro forma figures have been determined to retroactively show the effects of transactions that have not yet taken place, they are subject to limitations.

The following aspects should be considered to correctly interpret the pro forma figures:

- as the information is based on assumptions, had the Transactions taken place at the reference dates used to prepare the pro forma figures, rather than the actual dates, their outcome included in the pro forma consolidated financial information may not have been the same;
- the pro forma figures are not forward-looking as they have been prepared solely to present the effects of the Transactions that can be isolated and objectively measured, without considering other potential factors due to changes in the directors' policies and management decisions taken as a result of the Transactions;
- given the different purpose for which the pro forma consolidated figures have been prepared compared to the Issuer's historical figures and considering the different methods used to calculate the pro forma adjustments made to the Issuer's consolidated financial statements, the pro forma statement of financial position, the pro forma statement of profit or loss and the pro forma statement of cash flows should be read and interpreted separately without searching for accounting links between the assets and liabilities and the figures in the statements of profit or loss and cash flows;
- the pro forma consolidated financial information provided hereunder shall not be taken to be a forecast of the Issuer's future financial position, financial performance and cash flows and, therefore, it should not be used for this purpose;
- the accounting policies adopted to prepare the pro forma adjustments and the pro forma consolidated financial information are consistent with those applied to prepare both the consolidated financial statements at 31 December 2019 and the condensed interim consolidated financial statements at 30 June 2020, to which reference is made.

In addition, the information included herein differs from that presented in the report prepared by the directors for the shareholders' extraordinary meeting of 31 July 2020. That report was based on the figures in the Issuer's separate financial statements, while the estimates underlying the pro forma consolidated financial information refer to the Issuer's consolidated financial statements.

Another difference compared to the information provided in the directors' report presented to the shareholders on 31 July 2020 is that the pro forma consolidated financial information considers the events that have taken place since then and the most recent information available to the Issuer. With respect to the main differences between the disclosures provided in the directors' report and the pro forma consolidated financial information:

- as required by IFRIC 19 - Extinguishing financial liabilities with equity instruments, the pro forma consolidated financial information includes the fair value of the newly issued shares in the initial recognition of the equity instruments provided to the creditors to extinguish the Issuer's unsecured liabilities. The fair value was estimated during the preparation of the pro forma consolidated financial

information using the discounted cash flow model to reflect the implementation of the integrated manoeuvre as provided for in the composition with creditors plan[34];

- the pro forma consolidated financial information includes a more recent estimate of the bonus warrants' value, mainly based on the effects of the fair value measurement of the Issuer's shares;
- the pro forma consolidated financial information includes the effects of the composition with creditors proposal on the Issuer's investees, considering the IFRS-compliant basis of preparation of consolidated financial statements. They are also reflected in the directors' report using the accounting policies for equity investments applied in the Issuer's separate financial statements;
- the pro forma consolidated financial information includes the pro forma effect of redeeming the bonds using the RCF 200.

**Basic assumptions used to prepare the pro forma consolidated financial information**

The effects of implementing the composition with creditors proposal are reflected in the pro forma consolidated financial information.

The pro forma consolidated financial information shows the effects on the statement of financial position as if the composition with creditors proposal had been implemented at the reference date of the pro forma consolidated financial information (31 December 2019 and 30 June 2020) and as if it had been implemented at 1 January 2019 and 1 January 2020 for the statements of profit or loss and cash flows, as required by CONSOB communication no. DEM/1052803 of 5 July 2001.

As noted earlier, the pro forma consolidated financial information includes the effects of the capital strengthening and refinancing manoeuvre described in the composition with creditors proposal. In particular, the following were considered:

- the shareholders' resolution of 31 July 2020, approving the capital transactions to be performed as part of the composition with creditors proposal (i.e., reduction of share capital and reserves for losses and cancellation of treasury shares, Webuild's capital increase, the capital increase for conversion purposes, the assignment of the anti-dilutive warrants and the anti-dilutive warrants, etc.);
- the resolution approving the set up of the separate unit taken by the Issuer's board of directors on 24 May 2020.

  In this respect, preparation of the pro forma consolidated financial information was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets, liabilities, revenue and costs of the separate unit are not consolidated (including its operating costs);
- the contracts for the services directly related to the capital increase transaction, in order to estimate the related costs;
- the terms and conditions of the RCF contract, whereby a bank syndicate made a revolving credit facility of €200,000,000 (the "**RCF 200**"), which is pre-preferential as per article 182-quater.1 and article 111 of the Bankruptcy Law, available to the Issuer to be used after the authorisation date and the performance of Webuild's capital increase to fund Astaldi's ordinary business activities and redeem the outstanding bonds.

  The main assumptions about the pro forma effects of the utilisation of the RCF 200 are based on the related contract and specifically:

  - Base rate applied: 3M Euribor (0%) plus a spread of 3.25% based on Webuild's rating (BB-);
  - Fees considered: (i) upfront fee equal to 100 basis points of the RCF 200 (€2 million); (ii) commitment fee equal to 35% of the applicable margin calculated on the unutilised amount of the RCF 200; and (iii) utilisation fee of a variable amount between 0.10% and 0.30% of the amount utilised.

[34] More information about the method applied to determine the fair value of the Astaldi shares is available in the "*Basic assumptions used to prepare the pro forma consolidated financial information*" section.

Activation of the RCF 200 was considered by referring to the same drawdown dates and amounts utilised for the bonds during 2019 and the first half of 2020, including to calculate the related borrowing costs.

The effective interest rate applied to the RCF 200 includes the component for the additional remuneration linked to the bonus warrants given to the Issuer's banks (see the comment for column L). As a result, the effective interest rate was calculated to be around 8%.

- the terms and conditions of the bonding facility of €384 million. The contract signed with the banks includes a steady reduction (from -1.50% to -2.20%) in the guarantee fee provided for in the current contract subject to: (i) the performance of Webuild's capital increase; (ii) the authorisation of the composition with creditors procedure; and (iii) Webuild's granting of a stand-alone first demand guarantee to the banks. The cost of the bonding facility includes the component related to the additional remuneration of the bonus warrants given to the banks (see the comment for column L).

With respect to the additional assumptions applied to prepare the pro forma consolidated financial information:

a. it was assumed that the banks would exercise their bonus warrants and the Issuer's capital increase would take place entirely in cash at a unit price of €0.23 per share for the purposes of calculating the pro forma effect of the capital increase for the bonus warrants. This assumption is based on the fact that the price set for the shares (below the fair value of the shares estimated after the integrated manoeuvre[35]) would make it financially beneficial to the banks to exercise their warrants. As confirmation of this, according to the agreements entered into by the parties, the assignment of the bonus warrants is a component of the additional remuneration of the RCF 200 and bonding facility promised and provided to the Issuer;

b. the fair value of the Astaldi shares (€1.06 per share) assigned to the unsecured creditors and those used for the capital increase for the bonus warrants was estimated using the discounted cash flow model to reflect implementation of the integrated manoeuvre as provided for in the composition with creditors plan. The fair value was checked using the market multiples method. The Issuer deemed that the stock market price of its shares at the reference dates of the pro forma consolidated financial information did not represent their actual fair value as it was inevitably affected by the intrinsic risks of implementing the integrated manoeuvre. In addition, trades of the Astaldi shares in recent months were very infrequent compared to the past with much higher bid-ask spreads compared to the average of the shares included in the FTSE MIB index;

c. with respect to the assignment of financial instruments[36] to the group companies (column F of the notes to the pro forma consolidated financial information), the immediate sale of the shares to raise the financial resources needed to achieve the works, as provided for in the various business objects and to comply with the by-law obligations of the different companies (mostly consortium companies that are not required to make a profit) was considered.

   It was deemed that the sale of the shares could be achieved as they are readily available for trading on the regulated market. The shares' realisable value was assumed to equal their price at the reference date of the transaction to which the pro forma consolidated financial information refers (31 December 2019 and 30 June 2020 for the pro forma statements of financial position; 1 January 2019 and 1 January 2020 for the pro forma statements of profit or loss and cash flows).

   The Issuer prudently considered the temporary recognition of the participating financial instruments as assets of its investees, considering the terms and methods for their sale.

   The intragroup amounts due to the subsidiaries to be discharged come to €141.9 million; reference should be made to column F of the notes to the pro forma consolidated financial information for details of their settlement using the shares and participating financial instruments;

d. with respect to column N of the pro forma consolidated financial information, the liabilities include amounts due to third parties (i.e., banks, insurance companies) guaranteed by the Issuer but related directly to subsidiaries in the Americas and Italy. The benefit at consolidation level of the partial satisfaction of the liability for enforced guarantees of group companies is included (as Astaldi is co-guarantor to the enforcing banks) because it qualifies as an unsecured claim. In order to

[35] See point b.

[36] New shares for conversion purposes and participating financial instruments.

determine the fair value of the shares assigned to these creditors, the Issuer made the same considerations applied to the other unsecured creditors (see point b).

For tax purposes, the assumptions underlying the presentation of the effects of the composition with creditors proposal mostly refer to the tax regime applicable to the surplus arising on the discharging of the debt achieved when the new shares for conversion and the participating financial instruments are assigned to the unsecured creditors against the elimination of their claims.

The Issuer has presented the competent tax authorities with a request for clarification on some tax aspects of the composition with creditors proposal, including clarifications about how to calculate the surplus arising on the debt discharging that are relevant for tax purposes. It has assumed that the surplus falls under the regime as per article 88 of the Consolidated Income Tax Act (Presidential decree no. 917/86) in order to calculate the effects of the debt discharging on its financial position and financial performance.

Specifically, point 4-ter states that "*in the case of a composition with creditors on a going concern basis, a debt restructuring agreement approved as per article 182-bis of Royal decree no. 267 of 16 March 1942 or a plan certified in accordance with article 67.3.d) of the same Royal decree, published with the company registrar, or equivalent foreign procedures, the reduction of a company's debts is not a surplus for the part that exceeds the carryforward or current period losses, as per article 84, without considering the limit of 80%, the deduction for the period and the excess related to the ACE (Aid for Economic Growth) benefit as per article 1.4 of Decree law no. 201 of 6 December 2011 converted with amendments by Law no. 214 of 22 December 2011, the interest expense and similar financial expense as per article 96.4 of this Consolidated Act*".

Based on this regulation, the surplus recognised on the discharging of the Issuer's debt by assigning shares and participating financial instruments was considered taxable (for IRES purposes only) up to the amount of the Issuer's carryforward tax losses and the difference in interest expense not deducted in previous years. The Issuer considered a similar deduction of the income components (tax losses and non-deducted interest) to offset this taxable amount, with a net effect on current taxes of zero.

The deduction of the interest expense, not deducted in previous years, and the carryfoward tax losses led to the release of the deferred tax assets recognised in previous years. The untaxable part of the surplus is fully exempt and, therefore, there are no additional effects on current taxes. The Issuer does not expect to pay taxes on the transaction in foreign countries where it operates directly through its branches.

### *11.5.1 Pro forma consolidated financial information at 31 December 2019*

This section provides an overview of the basic assumptions and the main effects of the Transactions on the group's consolidated figures at 31 December 2019 so as to present such effects using accounting policies consistent with those applied to present the historical figures and compliant with the relevant standards.

**Basis of presentation of the pro forma consolidated financial information at 31 December 2019**

The pro forma consolidated financial information is presented in a multi-column table to show the effects of the Transactions subject to the pro forma adjustments on the group's financial position, financial performance and cash flows. Specifically, the key effects of the Transactions are analysed by reference to the columns in the statements of financial position, profit or loss and cash flows presented later in this document.

The Issuer's pro forma consolidated financial information includes:

- the Issuer's historical consolidated figures at 31 December 2019 (column A);
- the effects of the reduction in share capital and reserves and the cancellation of treasury shares held by the Issuer, as approved by the shareholders in their extraordinary meeting of 31 July 2020 (column B);
- the effects of the transfer to the separate unit of: (i) the assets to be sold by the separate unit's proxy; (ii) Astaldi's unsecured liabilities; and (iii) other assets and liabilities to be transferred to the separate unit as provided for in the composition with creditors proposal as well as the related surplus (column C).

In this respect, preparation of the pro forma consolidated financial information at 31 December 2019 was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets and liabilities transferred to the separate unit are not consolidated;

- the effects of performing Webuild's capital increase, which will augment the Issuer's share capital by €225.0 million with the related increase in cash and cash equivalents, as well as the effects of the recognition and subsequent payment of the pre-preferential and preferential liabilities (column D);
- the effects of performing the capital increase for conversion purposes designated for the unsecured creditors up to the established maximum amount of €98,653,846 (column E);
- the effects of the assignment of the participating financial instruments and the newly issued shares to the group companies that are the Issuer's creditors with the related recognition of impairment losses on the amounts due from the Issuer against receipt of the shares or participating financial instruments. It was assumed that the shares received as part of the composition with creditors proposal will be sold on the market by the group companies when they become available. It was also assumed that the sales price would be that ruling on the reference date of the Transaction to which the pro forma consolidated financial information refers (31 December 2019 for the pro forma statement of financial position and 1 January 2019 for the pro forma statements of profit or loss and cash flows) (column F);
- the effects of the drawdown of the RCF 200 for the early redemption of the bonds and to adjust the cost of the bonding facility (column G);
- the pro forma intermediate statement of financial position at 31 December 2019 after the transactions described in columns A to G have taken place (column H);
- the effects of performing the capital increase for late claims equal to €0.7 million and the related exercise of the anti-dilutive warrants by Webuild leading to the issue of the bonus shares (column I);
- the effects of exercising all the bonus warrants by the banks triggering the related capital increase for such bonus warrants (column L);
- the effect of the shareholder FIN-AST's waiver of repayment of a part of the subordinated loan by the Issuer as per its waiver given for the purposes of the composition with creditors proposal (column M);
- the effects of settling its liabilities related to guarantees issued by the Issuer on behalf of its subsidiaries (column N);
- the pro forma consolidated figures after the pro forma adjustments of the previous columns (column O).

## Pro forma statement of financial position at 31 December 2019

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (€000) | **Statement of financial position at 31 December 2019** | **Reduction of share capital and reserves, cancellation of treasury shares and other** | **Transfer of assets and liabilities to the separate unit** | **Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre** | **Capital increase for conversion purposes** | **Assignment of the participating financial instruments and shares to the subsidiaries** | **Drawdown of the RCF 200 and bonding facility** | **Intermediate statement of financial position** | **Capital increase for late claims** | **Exercise of bonus warrants by the banks and related capital increase** | **FIN.AST agreement for repayment of subordinated loan** | **Effects of guarantees and other intragroup transactions** | **Pro forma statement of financial position prepared on a going concern basis at 31 December 2019** |
| ASSETS | | | | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | | | | |
| Property, plant and equipment | 99,938 | | (22,252) | | | | | 77,686 | | | | | 77,686 |
| Right-of-use assets | 38,724 | | 1,948 | | | | | 40,672 | | | | | 40,672 |
| Investment property | 127 | | | | | | | 127 | | | | | 127 |
| Intangible assets | 48,295 | | | | | | | 48,295 | | | | | 48,295 |
| Equity investments | 502,088 | | (433,205) | | | 35,404 | | 104,286 | | | | | 104,286 |
| Non-current financial assets | 138,648 | | (92,794) | | | | | 45,854 | | | | | 45,854 |
| Other non-current assets | 117,677 | | (51,946) | | | | | 65,731 | | 35,685 | | | 101,415 |
| Deferred tax assets | 275,466 | | (215,728) | | | | | 59,738 | | | | | 59,738 |
| **Total non-current assets** | **1,220,962** | **-** | **(813,978)** | **-** | **-** | **35,404** | **-** | **442,388** | **-** | **35,685** | **-** | **-** | **478,073** |
| **Current assets** | | | | | | | | | | | | | |
| Inventories | 38,231 | | | | | | | 38,231 | | | | | 38,231 |
| Contract assets | 794,098 | | 38,774 | | | | | 832,872 | | | | | 832,872 |
| Costs capitalised to fulfil a contract | 2,868 | | | | | | | 2,868 | | | | | 2,868 |
| Trade receivables | 604,976 | | (43,424) | | | | | 561,552 | | | | | 561,552 |
| Current financial assets | 110,388 | | 14,171 | (3,500) | | | | 121,059 | | | | | 121,059 |
| Tax assets | 68,620 | | - | 10,539 | | | | 79,159 | | | | | 79,159 |
| Other current assets | 336,936 | | 68,213 | - | | (144,274) | | 260,875 | | | | | 260,875 |
| Cash and cash equivalents | 314,061 | | (2,000) | 76,185 | | 10,084 | | 398,331 | | 18,219 | | | 416,550 |
| **Total current assets** | **2,270,179** | **-** | **75,735** | **83,224** | **-** | **(134,189)** | **-** | **2,294,949** | **-** | **18,219** | **-** | **-** | **2,313,168** |
| ***Non-current assets held for sale (Disposal Group)*** | 356,028 | | ***(334,812)*** | | | | | 21,216 | | | | | 21,216 |
| **Total assets** | **3,847,170** | **-** | **(1,073,055)** | **83,224** | **-** | **(98,785)** | **-** | **2,758,554** | **-** | **53,904** | | | **2,812,458** |

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of financial position at 31 December 2019 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | Intermediate statement of financial position | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro forma statement of financial position prepared on a going concern basis at 31 December 2019 |
| EQUITY AND LIABILITIES | | | | | | | | | | | | | |
| ***Equity (deficit)*** | | | | | | | | | | | | | |
| Share capital | 196,850 | (174,339) | | 225,000 | 98,564 | | | 346,165 | 740 | 18,219 | | | 365,124 |
| Reduction for capital increase costs | | | | (1,175) | (515) | | | (1,690) | (3) | | | | (1,692) |
| Treasury shares | (3,023) | 3,023 | | | | | | - | | | | | - |
| Legal reserve | 34,347 | (34,347) | | | | | | - | | | | | - |
| Extraordinary reserve | 198,597 | (195,510) | | | | | | 3,087 | | | | | 3,087 |
| **Losses carried forward** | (1,677,991) | 311,973 | | | | | | (1,366,018) | | | | | (1,366,018) |
| Other reserves | (86,793) | 89,200 | | | 357,033 | | | 359,440 | 2,678 | 65,936 | | | 428,053 |
| Other comprehensive expense | (156,669) | | 105,238 | | | | | (51,431) | | | | | (51,431) |
| Deferred tax on other comprehensive expense | 24,857 | | (14,322) | | | | | 10,535 | | | | | 10,535 |
| **Total capital and reserves** | **(1,469,825)** | | **90,916** | **223,825** | **455,172** | | | **(699,912)** | **3,415** | **84,155** | | | **(612,342)** |
| Profit (loss) for the year | (72,000) | | 1,832,093 | (12,896) | | (98,609) | (585) | 1,648,003 | | | 16,223 | 95,393 | 1,759,619 |
| **Equity (deficit) attributable to the owners of the parent** | **(1,541,825)** | | **1,923,009** | **210,929** | **455,172** | **(98,609)** | **(585)** | **948,090** | **3,415** | **84,155** | **16,223** | **95,393** | **1,147,277** |
| Profit attributable to non-controlling interests | 1,417 | | | | | (4,511) | | (3,094) | | | | | (3,094) |
| Other comprehensive income attributable to non-controlling interests | 70 | | | | | | | 70 | | | | | 70 |
| Capital and other reserves attributable to non-controlling interests | 250 | | | | | | | 250 | | | | | 250 |
| **Equity attributable to non-controlling interests** | **1,737** | | | | | **(4,511)** | | **(2,774)** | | | | | **(2,774)** |
| **Total equity (deficit)** | **(1,540,088)** | | **1,923,009** | **210,929** | **455,172** | **(103,120)** | **(585)** | **945,316** | **3,415** | **84,155** | **16,223** | **95,393** | **1,144,502** |
| **Non-current liabilities** | | | | | | | | | | | | | |
| Non-current financial liabilities | 185,744 | | 993 | | | | 963 | 187,700 | | (30,251) | | | 157,449 |
| Employee benefits | 6,998 | | | | | | | 6,998 | | | | | 6,998 |
| Deferred tax liabilities | 62,395 | | (1,873) | | | | | 60,522 | | | | | 60,522 |
| Other non-current liabilities | 1,090 | | | | | | | 1,090 | | | | | 1,090 |
| **Total non-current liabilities** | **256,227** | | **(880)** | | | | **963** | **256,311** | | **(30,251)** | | | **226,059** |
| **Current liabilities** | | | | | | | | | | | | | |
| Contract liabilities | 384,063 | | | | | | | 384,063 | | | | | 384,063 |
| Trade payables | 1,185,695 | | (454,659) | (55,724) | 515 | | | 675,827 | 3 | | | | 675,830 |
| Current financial liabilities | 2,852,017 | | (2,646,256) | (2,795) | | | (378) | 202,588 | | | (16,223) | (48,962) | 137,404 |
| Tax liabilities | 61,845 | | | (31,112) | | | | 30,733 | | | | | 30,733 |
| Provisions for risks and charges | 104,451 | | (72,937) | | | 4,335 | | 35,849 | | | | (21,575) | 14,274 |
| Other contract liabilities | 48,893 | | (48,731) | | | | | 162 | | | | | 162 |
| Other current liabilities | 299,472 | | (52,080) | (38,074) | | | | 209,318 | | | | (24,856) | 184,462 |
| Temporary liability to the separate unit | | | 459,104 | | (455,687) | | | 3,418 | (3,418) | | | | 0 |
| **Total current liabilities** | **4,936,435** | | **(2,815,559)** | **(127,705)** | **(455,172)** | **4,335** | **(378)** | **1,541,956** | **(3,415)** | | **(16,223)** | **(95,393)** | **1,426,925** |
| Liabilities directly associated with non-current assets held for sale (Disposal Group) | 194,596 | | (179,625) | | | | | 14,971 | | | | | 14,971 |
| **Total liabilities** | **5,387,258** | | **(2,996,064)** | **(127,705)** | **(455,172)** | **4,335** | **585** | **1,813,238** | **(3,415)** | **(30,251)** | **(16,223)** | **(95,393)** | **1,667,955** |
| **Total equity (deficit) and liabilities** | **3,847,170** | | **(1,073,055)** | **83,224** | | **(98,785)** | | **2,758,554** | | **53,904** | | | **2,812,458** |

# Pro forma statement of profit or loss for the year ended 31 December 2019

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of profit or loss for the year ended 31 December 2019 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro-forma statement of profit or loss for the year ended 31 December 2019 |
| Revenue | 1,368,827 | | | | | | | | | | | | 1,368,827 |
| **Total revenue from contracts with customers** | **1,368,827** | | | | | | | | | | | | **1,368,827** |
| Other operating revenue | 106,197 | | | | | | | | | | | | 106,197 |
| Surplus | | | 473,119 | | | | | | | | | 39,339 | 512,458 |
| **Total operating revenue** | **1,475,024** | | **473,119** | | | | | | | | | **39,339** | **1,987,482** |
| Purchase costs | (203,358) | | | | | | | | | | | | (203,358) |
| Service costs | (932,492) | | | (12,896) | | | | | | | | | (945,388) |
| Personnel expenses | (300,872) | | | | | | | | | | | | (300,872) |
| Other operating costs | (24,231) | | | | | (104,990) | | | | | | | (129,221) |
| **Total operating costs** | **(1,460,953)** | | | **(12,896)** | | **(104,990)** | | | | | | | **(1,578,839)** |
| Change in costs capitalised to fulfil a contract | (2,863) | | | | | | | | | | | | (2,863) |
| Share of profits from joint ventures and associates | 30,671 | | (74,743) | | | (494) | | | | | | | (44,567) |
| **Gross operating profit** | **41,879** | | **398,376** | **(12,896)** | | **(105,484)** | | | | | | **39,339** | **361,213** |
| Amortisation, depreciation and impairment losses | (36,438) | | (14,084) | | | | | | | | | | (50,522) |
| Provisions | 4,307 | | | | | (4,651) | | | | | | | (344) |
| Surplus | | | 105,133 | | | | | | | | | | 105,133 |
| **Operating profit** | **9,747** | | **489,425** | **(12,896)** | | **(110,136)** | | | | | | **39,339** | **415,479** |
| Financial income (expense) | (45,906) | | 6,236 | | | | 2,385 | | | | 16,223 | 60,655 | 39,603 |
| Surplus | | | 1,518,253 | | | | | | | | | | 1,518,253 |
| **Net financial income (expense)** | **(45,906)** | | **1,524,489** | | | | **2,385** | | | | **16,223** | **60,655** | **1,557,856** |
| **Profit (loss) from continuing operations** | **(36,159)** | | **2,013,914** | **(12,896)** | | **(110,136)** | **2,385** | | | | **16,223** | **100,004** | **1,973,335** |
| Income taxes | (27,804) | | (215,728) | | | | | | | | | | (243,532) |
| **Profit (loss) from continuing operations** | **(63,963)** | | **1,798,186** | **(12,896)** | | **(110,136)** | **2,385** | | | | **16,223** | **100,004** | **1,729,803** |
| **Profit (loss) from discontinued operations** | **(6,620)** | | **(30,855)** | | | | | | | | | | **(37,475)** |
| Surplus | | | 69,144 | | | | | | | | | | 69,144 |
| **PROFIT (LOSS) FOR THE YEAR** | **(70,583)** | | **1,836,474** | **(12,896)** | | **(110,136)** | **2,385** | | | | **16,223** | **100,004** | **1,761,472** |
| Profit (loss) attributable to the owners of the parent | (72,000) | | 1,836,474 | (12,896) | | (105,318) | 2,385 | | | | 16,223 | 100,004 | 1,764,873 |
| Profit (loss) attributable to non-controlling interests | 1,417 | | | | | (4,818) | | | | | | | (3,401) |

## Pro forma statement of cash flows for the year ended 31 December 2019

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of cash flows for the year ended 31 December 2019 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro forma statement of cash flows for the year ended 31 December 2019 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | | | | | | |
| **Profit (loss) for the year** | **(70,584)** | | **1,836,474** | **(12,896)** | | **(110,136)** | **2,385** | | | | **16,223** | **100,004** | **1,761,472** |
| Income taxes | 27,804 | | | | | | | | | | | | 27,804 |
| **Pre-tax profit (loss)** | **(42,780)** | | **1,836,474** | **(12,896)** | | **(110,136)** | **2,385** | | | | **16,223** | **100,004** | **1,789,275** |
| *Adjustments for:* | | | | | | | | | | | | | |
| Non-monetary items | (33,836) | | (1,836,474) | | | 110,136 | | | | | (16,223) | (100,004) | (1,876,402) |
| Monetary items | (702) | | | | | | | | | | | | (702) |
| Other adjustments to reconcile the loss for the year to the cash flows from operating activities | 6,039 | | | | | | (5,131) | | | | | | 908 |
| Cash flows used in operating activities before changes in net working capital | (71,278) | | | (12,896) | | | (2,746) | | | | | | (86,920) |
| Changes in net working capital | (112,185) | | 223,700 | (139,418) | | 9,336 | | | | | | | (18,567) |
| Exchange differences on the translation of financial statements of foreign operations | (10,895) | | | | | | | | | | | | (10,895) |
| Cash flows used in operating activities | (194,358) | | 223,700 | (152,315) | | 9,336 | (2,746) | | | | | | (116,382) |
| Interest and dividends received | 18,784 | | | | | | | | | | | | 22,168 |
| Interest paid | (24,398) | | | | | | | | | | | | (24,398) |
| Taxes paid | (17,491) | | | | | | | | | | | | (17,491) |
| A) Net cash flows used in operating activities | (217,463) | | 223,700 | (152,315) | | 9,336 | 638 | | | | | | (136,103) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | | | | | |
| **Construction** | | | | | | | | | | | | | |
| Net investments in concessions | (55,164) | | (2,000) | | | | | | | | | | (57,164) |
| Net investments in construction | (6,871) | | | 3,500 | | | | | | | | | (3,371) |
| (Purchase) Sale of business unit/subsidiaries | | | | | | | | | | | | | |
| B) Cash flows used in investing activities | (62,034) | | (2,000) | 3,500 | | | | | | | | | (60,534) |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | | | | | | |
| Capital increase against payment | | | | 225,000 | | | | | | 18,219 | | | 243,219 |
| Issue and other net changes in bonds | 130,221 | | | | | | (130,221) | | | | | | |
| Net use of credit facilities | 289,692 | | (223,700) | | | | 132,221 | | | | | | 198,213 |
| Changes in other financial liabilities | 639 | | | | | | | | | | | | 639 |
| Payment of finance leases | (33,461) | | (1,020) | | | | | | | | | | (34,481) |
| Changes in non-controlling interests and other changes | (3,745) | | | | | | | | | | | | (3,745) |
| C) Cash flows generated by financing activities | 383,345 | | (224,720) | 225,000 | | | 2,000 | | | 18,219 | | | 403,844 |
| NET INCREASE IN CASH AND CASH EQUIVALENTS (A+B+C) | 103,848 | | (3,020) | 76,185 | | 9,336 | 2,638 | | | 18,219 | | | 207,207 |
| **Opening cash and cash equivalents** | **210,974** | | | | | | | | | | | | **210,974** |
| **Closing cash and cash equivalents** | **314,823** | | **(3,020)** | **76,185** | | **9,336** | **2,638** | | | **18,219** | | | **418,182** |

**Notes to the pro forma consolidated financial information at 31 December 2019**

This section comprises the notes on the pro forma adjustments made to prepare the pro forma consolidated financial information at 31 December 2019.

For simplicity purposes, a parallel analysis is provided of the assets, liabilities, revenue, costs and cash flows as far as is possible given the layout of the pro forma consolidated financial information at 31 December 2019. The following comments relate to the figures shown in the columns of the pro forma consolidated financial information at 31 December 2019.

Before analysing the individual adjustments, details of the Issuer's debt as per the composition with creditors procedure and as shown in the pro forma consolidated financial information at 31 December 2019 are provided below. Specifically, the Issuer's debt includes:

- pre-preferential liabilities of €51 million (including VAT) for the composition with creditors procedure costs. This amount is lower than that estimated in the composition with creditors plan (€67.8 million including VAT);
- preferential liabilities of €92.9 million, which is also lower than the amount estimated in the composition with creditors plan (€96.7 million);
- unsecured liabilities of €3,268.6 million (including provisions); the amount estimated in the composition with creditors plan was €3,433.4 million.

To facilitate an understanding of this debt, the following table provides a reconciliation of the unsecured liabilities presented in the Issuer's separate financial statements with those considered in the preparation of the pro forma consolidated financial information at 31 December 2019.

**Table 1**

| *(€m)* | **31 December 2019** | **Related capital increase[37]** | **Related share premium[38]** |
|---|---|---|---|
| Unsecured liabilities as per the plan | 3,433.4 | 98.7 | 357.0 |
| Other liabilities identified and verified subsequently (i.e., late claims) | 25.8 | 0.7 | 2.7 |
| **Unsecured liabilities as per the composition with creditors procedure (separate financial statements)** | **3,459.1** | **99.4** | **359.7** |
| ***of which: unsecured liabilities to subsidiaries*** | ***141.9*** | ***4.1*** | ***14.8*** |
| ***of which: provision for unsecured claims[39]*** | ***223.3*** | ***6.4*** | ***23.3*** |
| Elimination of the liability related to the guarantees issued by Astaldi on behalf of its subsidiaries using the consolidation criteria | (194.2) | n.a | n.a |
| Effect of exchange differences and other sundry items | 3.7 | n.a | n.a |
| **Unsecured liabilities included in the pro forma consolidated financial information** | **3,268.6** | **n.a** | **n.a** |
| **of which: recognised under assets** | **(67.6)** | **n.a** | **n.a** |
| **of which: recognised under liabilities** | **3,336.1** | **n.a** | **n.a** |

The following should be noted with respect to how the debt recognised in the composition with creditors procedure and included in the pro forma consolidated financial information will be satisfied, including in accordance with the terms of the composition with creditors proposal:

[37] The capital increase is calculated in line with that set out in the composition with creditors proposal which provides for the assignment of 12.493 shares with a value of €0.23 for each €100 of unsecured claims.

[38] The share premium (included under "Other reserves") is calculated as the difference between the fair value of the shares assigned to the unsecured creditors (€1.06) and the value provided for in the composition with creditors proposal (€0.23) multiplied by the number of shares assigned.

[39] Liabilities deemed probable but not definitively verified

- the pre-preferential liabilities of €51 million consisting of the procedure costs included in the pro forma consolidated financial information at 31 December 2019 will be settled in full in cash using the funds raised with Webuild's capital increase;
- the preferential liabilities of €92.9 million recognised at 31 December 2019 will be settled in full in cash using, inter alia, the funds raised with Webuild's capital increase;
- the unsecured liabilities of €3,268.6 million at 31 December 2019 will be settled using the newly issued shares obtained from the capital increase for conversion purposes and the capital increase for the late claims (in the ratio of 12.493 shares for each €100.00 of the presented claims) and the assignment of participating financial instruments (in the ratio of one instrument for each €1 of the presented claims).

With respect to the carrying amounts of the assets and liabilities transferred to the separate unit (as described later), the surplus arising on the discharge of the debt, as presented in the statement of profit or loss included in the pro forma consolidated financial information at 31 December 2019, amounts to €2,165.5 million without considering the tax effect arising on the reduction in deferred tax assets (-€215.7 million).

**Table 2**

| (€m) | Pro forma figures at 31 December 2019 | Settlement method (Pro forma) |
|---|---|---|
| **Debt as per the composition with creditors procedure presented in the pro forma consolidated schedules** | | |
| Pre-preferential liabilities | 51 | Funds from Webuild's capital increase |
| Preferential liabilities | 92.9 | Funds from Webuild's capital increase |
| Unsecured liabilities | 3,268.6 | Conversion into participating financial instruments and Astaldi shares |
| **Additional costs of the financial manoeuvre** | | |
| Pre-preferential liabilities | 8.4[40] | Funds from Webuild's capital increase |

The following will be transferred to the separate unit:

- assets (see Table 3) of €870.3 million;
- the Issuer's unsecured liabilities of €3,268.6 million;
- liabilities to Turkish counterparts and Sace S.p.A. of approximately €156.2 million and approximately €29.5 million, respectively, recognised in the Issuer's consolidated financial statements at 31 December 2019;
- liabilities for the equity injections into the concession operators already made by Astaldi on behalf of the separate unit, amounting to €12.2 million at 31 December 2019.

As provided for in the composition with creditors plan, the separate unit will take over the investments of €75.1 million in the concession activities. They include equity injections of €12.2 million already made by Astaldi at 31 December 2019 which will be repaid by the separate unit (to Astaldi) using the funds raised with the sale of the assets under concession.

[40] Includes the additional costs of the services provided by the advisors assisting the Issuer with the implementation of the financial manoeuvre.

**Table 3**

| **Assets and liabilities to be transferred to the separate unit** *(€m)* | **Pro forma figures at 31 December 2019** |
|---|---|
| Assets under concession | 796.1 |
| Building in Via Bona | 22.3 |
| Venezuelan financial assets | 51.9 |
| **Total assets** | **870.3** |
| Unsecured liabilities | (3,268.6) |
| Other liabilities net to Turkish counterparts | (156.2) |
| Liabilities to Sace S.p.A. | (29.5) |
| Liabilities for the equity injections made into the concession operators | (12.2) |
| **Total net liabilities to be transferred** | **(2,596.2)** |

Part 1, Section XIV, Paragraph 14.1.7 of the Prospectus provides more information about this. Moreover, the separate unit will receive an annual lease payment of €1.0 million for the building in Via Bona (the Issuer's current head office) from the Issuer in addition to an initial cash endowment fund of €2 million which the separate unit will subsequently repay to the Issuer using the funds raised with the sale of the assets under concession.

Column A – Historical figures

This column includes the group's figures extrapolated from the 2019 consolidated financial statements to which reference should be made for more information.

Column B – Reduction in share capital and reserves - cancellation of treasury shares

This column shows the effects of the reduction in the Issuer's share capital and reserves as well as the cancellation of its treasury shares (transactions essential for the performance of the composition with creditors procedure) on the group's consolidated financial statements. Specifically, the following is envisaged:

– a reduction of €174.3 million in share capital, decreasing it to €22.5 million. This will allow Astaldi's current shareholders (after Webuild's capital increase and the capital increase for conversion purposes) to maintain their investment percentage of 6.5% as provided for in the composition with creditors proposal;
– a net reduction of €140.7 million in the reserves, of which:
  - €34.3 million due to the elimination of the Issuer's entire legal reserve;
  - €195.5 million due to the elimination of the Issuer's entire extraordinary reserve;
  - -€89.2 million arising on the accounting elimination of other negative equity reserves.
– the cancellation of the treasury shares in portfolio of €3.0 million; this will increase the reserves as the cancelled treasury shares were recognised as a reduction in equity pursuant to the IFRS.

As a result of the variations in share capital and the reserves, the effects of which are partly offset by the cancellation of the treasury shares in portfolio, "Losses carried forward" decreased by €312.0 million.

The following table reconciles the reductions in the reserves shown in the pro forma consolidated financial information with those approved by the shareholders.

**Table 4**

| | Separate financial statements Shareholders' resolutions | Consolidated financial statements | Difference in the losses carried forward between the separate and consolidated financial statements |
|---|---|---|---|
| A) Legal reserve | 34,347 | 34,347 | |
| b) Extraordinary reserve | 195,510 | 195,510 | |
| ***c) Other reserves*** | **160,014** | **(89,200)** | **249,214** |
| of which: | | | |
| IFRS FTA reserve | (159,207) | (88,217) | (70,990) |
| Reserve for treasury shares | 2,213 | 2,213 | |
| Goodwill | 11,000 | | 11,000 |
| Reserve as per article 6.2 of Legislative decree no. 38/2005 | 265,291 | | 265,291 |
| Reserve as per article 6.3 of Legislative decree no. 38/2005 | 43,913 | | 43,913 |
| Other | (3,196) | (3,196) | |
| **Total (a+b+c)** | **389,871** | **140,657** | **249,214** |

The main differences in the presentation of the reserves between the Issuer's separate financial statements and the consolidated financial statements refer to the reserve as per article 6.2 of Legislative decree no. 38/2005 and the reserve as per article 6.3 of Legislative decree no. 38/2005, which reflect the effects of applying IAS 27 (2015 version) to the separate financial statements. Specifically, Astaldi availed of the option allowed by this standard to measure investments in subsidiaries, associates and joint ventures using the equity method. Its share of the profits or losses of the subsidiaries, associates and joint ventures are recognised in the consolidated financial statements under retained earnings (losses carried forward). The effects considered in this column do not affect the pro forma statements of profit or loss or cash flows.

Column C – Separate unit

This column shows the effects of transferring the Issuer's assets to be sold, liabilities and provisions for unsecured claims to the separate unit, as well as the additional liabilities to be taken over by the separate unit as provided for in the composition with creditors proposal.

The following table summarises the pro forma effects shown in column C on the pro forma statement of financial position at 31 December 2019.

**Table 5**

| *(€m)* | Assets to be transferred | Lease of Via Bona building | Intragroup effects | Unsecured liabilities to be transferred | Other liabilities net to be transferred | Deferre d taxes | Shares to be converted | Total column C |
|---|---|---|---|---|---|---|---|---|
| Non-current assets | (600.2) | 1.9 | | | | (215.7) | | **(814.0)** |
| Current assets | | | 154.1 | (67.6) | (10.8) | | | **75.7** |
| Disposal groups | (270.1) | | | | (64.7) | | | **(334.8)** |
| **A) Total assets** | **(870.3)** | **1.9** | **154.1** | **(67.6)** | **(75.5)** | **(215.7)** | | **(1,073.1)** |
| Non-current liabilities | | 1.0 | | | | (1.9) | | **(0.9)** |
| Current liabilities | | 0.9 | 141.9 | (3,320.9) | (96.8) | | 459.1[41] | **(2,815.6)** |
| Disposal groups | | | | (15.2) | (164.4) | | | **(179.6)** |
| **B) Total liabilities** | | **1.9** | **141.9** | **(3,336.1)** | **(261.2)** | **(1.9)** | **459.1** | **(2,996.1)** |
| ***C)Total (A-B)[42]*** | ***(870.3)*** | ***0.0*** | ***12.2*** | ***3,268.6*** | ***185.7*** | ***(213.8)*** | ***(459.1)*** | ***1,923.0*** |

[41] Temporary liability to the separate unit: temporary liability created to reflect the value of the shares to be assigned to the unsecured creditors.

[42] The positive effects on the pro forma statement of financial position are shown without brackets in the "Total" line while the negative effects are shown in brackets.

Based on the above table, the most significant effects shown in column C are described below.

ASSETS TO BE TRANSFERRED

The assets to be sold, recognised for €870.3 million in the 2019 consolidated financial statements, were deconsolidated. Specifically, the following assets will be transferred to the separate unit.

**Table 6**

| Assets to be transferred | 31 December 2019 |
|---|---|
| Shareholder loan and investment in Otoyol Yatirim Ve Isletme A.S. | 366.9 |
| Shareholder loan and investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme A.S. | 259.4 |
| Shareholder loan and investment in Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. | 104.4 |
| Shareholder loan and investment in Sociedad Concesionaria Nuevo Pudahuel SA | 54.7 |
| Shareholder loan and investment in Sociedad Concesionaria Metropolitana de Salud | 10.7 |
| Amounts due from Instituto Autonomo de Ferrocarriles | 51.9 |
| Office building in Via Giulio Vincenzo Bona 65, Rome | 22.3 |
| **Total assets to be transferred** | **870.3** |

LEASE OF VIA BONA BUILDING

The Issuer recognised a right-of-use asset of €1.9 million and a financial liability of the same amount for the building in Via Bona (offsetting each other in the pro forma statement of financial position).

INTRAGROUP EFFECTS

In order to correctly present the unsecured liabilities covered by the composition with creditors proposal (i.e., the liabilities recognised in the Issuer's separate financial statements) and given that, in column A "Historical consolidated figures" of the statement of financial position of the pro forma consolidated financial information at 31 December 2019, the related amounts are shown net of eliminations in accordance with the relevant reporting standards, the Issuer has reversed the elimination of intragroup transactions (€141.9 million).

Specifically, as the Issuer's unsecured intragroup liabilities were transferred to the separate unit (i.e., the accounting silo as per IFRS 10), the assumptions for their accounting elimination were no longer valid. Therefore, the related intragroup assets that had been eliminated similarly to the liabilities, were re-recognised. The effects of the transfer of the intragroup liabilities to the separate unit are shown in the "Unsecured liabilities to be transferred" column of Table 5 to column C.

As part of the recognition of the intragroup effects under assets (€154.1 million), the following have been included:

- €41.9 million (positive effect) due to the re-recognition of the previously eliminated intragroup assets;
- €14.2 million (positive effect) due to the recognition of amounts due from the separate unit related to: (a) the equity injections of €12.2 million made by Astaldi into the concession operators transferred in the period between presentation of the composition with creditors application and 31 December 2019; (b) €2.0 million, being the initial endowment fund transferred by the Issuer to the separate unit;
- €2 million (negative effect) due to the outflow of cash to the separate unit as its endowment fund.

With respect to this initial endowment fund provided to the separate unit, the effect on current assets is neutral as a current loan asset has been recognised that balances the reduction in cash and cash equivalents.

UNSECURED LIABILITIES TO BE TRANSFERRED

With respect to the unsecured liabilities (€3,268.6 million), the following effects should be noted:

- they have a negative effect of €67.6 million on current assets, which includes the effects of the netting, not yet performed for accounting purposes at 31 December 2020 but provided for in the composition with creditors plan and carried out in accordance with article 56 of the Bankruptcy Law, of the Issuer's trade receivables and payables due from and to suppliers and subcontractors (-€106.4 million). Conversely, contract assets increase by €38.8 million due to the transfer of some liabilities for fines due to customers for contract terminations as part of the composition with creditors liabilities. These liabilities are recognised in the 2019 consolidated financial statements as a decrease in contract assets in accordance with IFRS 15 - Revenue from contracts with customers;
- current liabilities (€3,320.9 million) are positively affected by the transfer of: (i) trade payables of €453.3 million; (ii) unsecured loans and borrowings (i.e., bank loans and borrowings, also due to enforcements, and amounts due to bondholders) of €2,552.0 million; (iii) provisions for risks and charges of €72.9 million; (iii) other contract liabilities of €48.7 million; (iv) other intragroup liabilities of €194.0 million;
- the effects of the transfer of the unsecured liabilities of €15.2 million to the separate unit are shown in the "Liabilities directly associated with non-current assets held for sale".

The liability determined for the assignment of the new shares and the participating financial instruments to the unsecured creditors, as provided for in the composition with creditors proposal, equals the entire unsecured liabilities (see Table 1, unsecured liabilities as per the composition with creditors procedure). In other terms, each unsecured creditor will receive both participating financial instruments (in the ratio of one instrument to each euro of claims) and new shares (in the ratio of 12.493 shares to each €100 of claims) to settle their claims.

OTHER LIABILITIES NET TO BE TRANSFERRED

As already noted, for the purposes of the pro forma consolidated financial information at 31 December 2019, the derecognition of additional liabilities of a net amount of €185.7 million has been considered, of which (i) financial liabilities due to Sace S.p.A. of €29.5 million; and (ii) net liabilities of €156.2 million due to Turkish counterparts. As provided for in the composition with creditors proposal, these liabilities will be settled using the proceeds from the sale of the assets transferred to the separate unit.

In order to reconcile the above with the figures shown in the pro forma statement of financial position at 31 December 2019, the derecognition of the net liabilities for €185.7 million has the following effects on the individual captions:

- the derecognition of "Other current assets" for €10.8 million (negative effect). This amount refers to amounts due to the Issuer from foreign joint ventures set up with its Turkish partner ICTAS settled in the out-of-court agreement signed with ICTAS (and authorised by the Rome Court);
- the derecognition of "Non-current assets held for sale" for €64.7 million (negative effect mentioned earlier). This amount also refers to current assets related to foreign joint ventures set up with the Issuer's Turkish partner ICTAS settled in the out-of-court agreement signed with ICTAS;
- the derecognition of current liabilities for €96.8 million (positive effect), of which (i) roughly €67.3 million related to financial liabilities (€65.9 million) and trade payables (€1.4 million) arising on the Issuer's transactions with Turkish counterparts; and (ii) approximately €29.5 million classified under current financial liabilities and related to Sace S.p.A.;
- the derecognition of "Liabilities directly associated with non-current assets held for sale" for €164.4 million (positive effect). Like for the assets above, this amount also refers to the foreign joint ventures set up with the Issuer's Turkish partner ICTAS settled in the out-of-court agreement signed with ICTAS.

DEFERRED TAXES

They include: (i) the recognition of the tax effects of the transfer of assets to the separate unit, which led to the cancellation of deferred tax liabilities of €1.9 million; and (ii) the reduction of deferred tax assets on the surplus arising on the discharging of the Issuer's debt by €215.7 million.

SHARES TO BE CONVERTED

A temporary liability of €459.1 million to the separate unit has been recognised. This amount ideally represents:

– for €99.4 million, the subsequent conversion into capital of the unsecured liabilities (including the provisions) of €3,459.1 million recognised in Astaldi's separate financial statements and transferred to the separate unit, part of which to be used for the capital increase for conversion purposes (€98.65 million) and the capital increase for the late claims (€0.7 million)[43];

– for €359.7 million, the subsequent recognition of the share premium (included in the pro forma consolidated financial information under the "Other reserves") on the capital increases described in the previous point. The share premium was estimated using the fair value of the shares determined by the Issuer using the discounted cash flow model to reflect the financial manoeuvre's implementation as provided for in the composition with creditors plan.

Considering all the effects summarised in Table 5, the deficit attributable to the owners of the parent improves by €1,923.0 million (see the "total column C" column in line C of Table 5).

With respect to the statement of profit or loss for the year ended 31 December 2019, the column shows a profit for the year of €1,836.5 million. This reflects the positive effects of the discharging of the Issuer's debts, recognised in the statement of profit or loss for €2,165.6 million, partly offset by the reduction in deferred tax assets for a negative effect of €215.7 million and additional effects arising from the elimination of the statement of profit or loss components for the year related to the assets and liabilities transferred to the separate unit (negative effect of €113.4 million). In order to calculate the surplus arising on the discharging of the debt recognised in the pro forma statement of profit or loss, the carrying amounts of the Issuer's assets and liabilities transferred to the separate unit were considered. Such amounts were taken from the consolidated financial statements at 31 December 2019 as the statement of profit or loss figures were subject to pro forma adjustments at 1 January 2019.

The fair value measurement of the shares issued for the conversion of the unsecured claims decreased the surplus recognised in profit or loss by €359.7 million equal to the amount recognised as the share premium.

The next table provides details of the calculation of the above-mentioned surplus.

**Table 7**

| (€m) | Amount | Note |
|---|---|---|
| **A) Unsecured liabilities to be transferred to the separate unit** | **3,266.9** | Carrying amount in the Issuer's consolidated financial statements at 31 December 2018[44] |
| Conversion of the unsecured liabilities into capital as provided for in the composition with creditors plan | (98.7) | |
| Share premium | (357.0) | Amount included in "Other reserves" in the pro forma statement of financial position |
| Capital increase for late claims | (0.7) | |
| Share premium for the capital increase for late claims | (2.7) | Amount included in "Other reserves" in the pro forma statement of financial position |
| **B) Total capital increase for conversion purposes** | **(459.1)** | See Table 5 for column C Transfer of assets and liabilities to the separate unit. Capital increase for conversion purposes |
| Assets to be transferred to the separate unit | (812.3) | Carrying amount in the Issuer's consolidated financial statements at 31 December 2018 |
| Other liabilities net to be transferred to the separate unit | 170.1 | Carrying amount in the Issuer's consolidated financial statements at 31 December 2018 |
| **C) Total assets net to be transferred to the separate unit** | **(642.2)** | |
| **D) Total surplus (A+B+C)** | **2,165.6** | **See column C - Sum of the lines "Surplus" in the pro forma statement of profit or loss** |

The overall effect of the discharging of debt has been allocated, based on the nature of the reason (operating or financial) underlying the recognition of the unsecured liabilities transferred to the separate unit as follows: (i) €473.1 million to operating revenue; (ii) €105.1 million to provisions; (iii) €1,518.3 million to financial income; (iv) €69.1 million to the profit from discontinued operations.

With respect to the effects shown in the column on the pro forma statement of profit or loss, the only permanent adjustment refers to the lease of the building in Via Bona (€1.0 million a year) as it will affect the Issuer's profit or loss over the lease term (two years).

[43] The preparation of the pro forma statement of financial position at 31 December 2019 assumes, as a working hypothesis, that all the unsecured liabilities (including the provisions for unsecured claims) recognised in Astaldi's separate financial statements at 31 December 2019 and transferred to the separate unit can subsequently qualify as a verified claim for the capital increase.

[44] The amount differs from that shown in Table 1 due to the exchange differences recognised in 2019.

The total effect of the events considered in the column on the statement of cash flows amounts to €3.0 million, of which €2.0 million transferred to the separate unit as its initial endowment fund and the remainder for the annual lease of the Via Bona building (€1.0 million a year).

Column D – Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs of the financial manoeuvre

**Table 8**

| €m | Webuild's capital increase | Integration of the procedure costs | Payment of the pre-preferential and preferential liabilities[45] | Total column D |
|---|---|---|---|---|
| Current assets | 225.0 | 10.5 | (152.3) | 83.2 |
| Deficit attributable to the owners of the parent | 223.8 | (12.9) | | 210.9 |
| Current liabilities | 1.2 | 23.4 | (152.3) | (127.7) |

The following comments refer to the pro forma statement of financial position at 31 December 2019 presented in this column.

WEBUILD'S CAPITAL INCREASE

The column shows Webuild's capital increase, which leads to (i) an increase of €223.8 million in share capital (shown in the Deficit attributable to the owners of the parent line of Table 8), net of the directly related costs; (ii) a €225.0 million increase in cash and cash equivalents (shown in the Current assets line of Table 8); and (iii) recognition of the liabilities for the costs incurred by the Issuer for Webuild's capital increase of €1.2 million (shown in the Current liabilities line of Table 8).

INTEGRATION OF THE PROCEDURE COSTS

The column shows the effects of the recognition (for the portion not yet due and therefore not recognised at 31 December 2019) of the transaction costs. Specifically:

- o trade payables of €23.4 million comprising: (i) pre-preferential liabilities of €12.9 million not verified at 31 December 2019; (ii) VAT liabilities of €10.5 million related to services provided by consultants but not yet invoiced are recognised in the Current liabilities line of Table 8;
- o VAT assets of €10.5 million accrued on the services provided by the Issuer's advisors for the procedure (partly already included as "Invoices to be received" in the 2019 consolidated financial statements and partly related to liabilities not yet verified at 31 December 2019) are recognised in the Current assets line of Table 8.

Deficit attributable to the owners of the parent reflects the effects of the recognition of the additional costs of €12.9 million for services provided by the advisors for the financial manoeuvre.

PAYMENT OF THE PRE-PREFERENTIAL AND PREFERENTIAL LIABILITIES

This column shows the payment of the pre-preferential and preferential liabilities as well as payment of the liabilities for the capital increase totalling €152.3 million. These payments led to:

- smaller cash and cash equivalents of €148.8 million (see Payment of the pre-preferential and preferential liabilities and other costs for the manoeuvre and Reduction in loan assets representing amounts tied up for the commissioners supervising the composition with creditors procedure in Table 9);
- utilisation of €3.5 million of the amounts made available to the commissioners as ordered by the Rome Court. During the procedure, the Issuer set up a deposit as an advance to be used by the commissioners to cover their costs and fees;
- smaller trade payables of €152.3 million (see Current liabilities in Table 8).

[45] Includes the costs of the services provided by the advisors assisting the Issuer with the implementation of the financial manoeuvre.

With respect to the pro forma statement of profit or loss for the year ended 31 December 2019, column D shows a negative balance due to the additional accruals for the costs of services of €12.9 million provided by the advisors for the financial manoeuvre, including the court costs (excluding the costs of the capital increase which were offset against share capital).

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

With respect to the pro forma statement of cash flows for the year ended 31 December 2019, Webuild's capital increase generates liquidity of €225 million shown in the cash flows generated by financing activities. Investing activities generated cash flows of €3.5 million due to the utilisation of the amounts made available to them by the commissioners as ordered by the Rome Court to pay the procedure costs. Cash flows used by operating activities of €152.3 million related to the payment of the pre-preferential and preferential liabilities.

The next table summarises the changes in the Issuer's cash and cash equivalents.

**Table 9**

| *(€m)* | **31 December 2019** |
|---|---|
| Proceeds from Webuild's capital increase | 225.0 |
| Payment of the pre-preferential and preferential liabilities and other costs related to the manoeuvre | (148.8) |
| **Total increase in cash and cash equivalents** | **76.2** |

Column E – Capital increase for conversion purposes

The column shows the effects of performing the capital increase for conversion purposes up to the maximum established amount of €98,653,846. This increase is based on the assumption that the unsecured liabilities of up to €3,433.4 million have been verified (this amount was used in the composition with creditors proposal and for the related capital increase for conversion purposes). As a result: (i) Astaldi's share capital increases by €98.65 million; (ii) a share premium [46] of €357.0 million is recognised due to the fair value measurement of the shares to be assigned to the unsecured creditors; (iii) part of the temporary liability to the separate unit (see the note on column C) of €455.7 million is eliminated. In addition, costs incurred by the Issuer for the capital increase for conversion purposes (€0.5 million) are deducted directly from equity.

The effects presented in the column have no impact on the statements of profit or loss and cash flows.

Following the capital transactions as per column B, Webuild's capital increase as per column D (€225 million) and the capital increase for conversion purposes (€98.65 million), the Issuer's share capital will amount to €346.2 million, of which (i) 65% reserved to Webuild; (ii) 28.5% reserved to the verified and potential creditors; (iii) the remainder of 6.5% reserved to Astaldi's current shareholders.

After the discharging of its debts to its unsecured creditors (banks, including for enforcements, and bondholders), the percentage of the Issuer's share capital held by these banks and bondholders (€2,552.0 million) is 21.18%.

Column F – Assignment of the participating financial instruments and shares to the group companies that are the Issuer's creditors

The column shows the net loss related to the creditor group companies arising from the partial elimination of the amounts due to them by the Issuer as provided for in the composition with creditors proposal. In other terms, the difference between the nominal amount of these claims and the fair value of the Astaldi shares and participating financial instruments assigned to the group companies is a net loss of €103.1 million (of which €98.6 million attributable to the owners of the parent and €4.5 million to non-controlling interests) in the pro forma statement of financial position at 31 December 2019.

This adjustment is shown in the statement of financial position as:

- an increase of €35.4 million in equity investments, mostly due to the recognition of the participating financial instruments as assets by the group companies;

[46] Amount included in "Other reserves" in the pro forma statement of financial position.

- a €144.2 million decrease in other current assets following the elimination of unsecured claims presented by subsidiaries (€141.9 million) and joint ventures (€2.3 million) to the Issuer;
- an increase of €10.1 million in cash and cash equivalents on the sale of the Astaldi shares assigned to the subsidiaries. In this respect, it has been assumed, for the purposes of the preparation of the pro forma financial information, that the group companies receiving Astaldi shares as provided for by the composition with creditors proposal (see the "Basic assumptions used to prepare the pro forma consolidated financial information" section) will sell them immediately on the market;
- an accrual of €4.3 million to the provision for equity investments for the group's share of the losses arising on the impairment of the unsecured claims presented by the associates and the joint ventures to the Issuer.

With respect to the pro forma statement of profit or loss for the year ended 31 December 2019, given the different fair value of the equity instruments issued to the creditors at 1 January 2019, a net loss of €110.1 million (of which €105.3 million attributable to the owners of the parent and €4.8 million to the non-controlling interests) is recognised. With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

With respect to the statement of cash flows, the sale of the Astaldi shares leads to an increase of €9.3 million in cash and cash equivalents. The negative difference (€0.8 million) between the cash and cash equivalents included in the pro forma statement of financial position (€10.1 million) and those shown in the statement of cash flows (€9.3 million) is due to the different stock market prices of the shares at 1 January 2019 compared to 31 December 2019.

<u>Column G – Recognition of the effects of the drawdown of the RCF 200 to redeem the bonds and adjustment of the cost of the bonding facility</u>

The column shows the pro forma effects at 31 December 2019, related to:

- the early redemption of the bonds (Super-senior Secured PIYC Floating Rate Notes) subscribed by Beyond and Illimity using the funds obtained with the RCF 200 provided for in the composition with creditors plan;
- the different pricing of the bonding facility after the manoeuvre has been completed. Specifically, the contract signed with the banks includes a steady reduction in the guarantee fee provided for in the current contract subject to (i) the performance of Webuild's capital increase; (ii) authorisation of the composition with creditors procedure; and (iii) Webuild's granting of a stand-alone first demand guarantee to the banks;
- the gradual absorption of the additional cost of the loans linked to the bonus warrants given to the banks (see column L - Capital increase for the bonus warrants for more information).

Based on that set out in column G, non-current financial liabilities should increase by €0.9 million due to the utilisation of the RCF 200 to redeem the nominal amount of the short-term portion of the bonds. The related effect shown in current financial liabilities (-€0.4 million) does not perfectly match the redeemed nominal amount of the bonds as the adjustment also includes the effects (€0.5 million) of the release of the remaining amortised cost of the notes from the statement of profit or loss after extinguishment of the related financial liability[47]. The next table shows changes in the bonds and the RCF 200.

[47] See IFRS 9 - Financial instruments par. 3.3.3. *"The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss".*

**Table 10**

| (€m) | 31 December 2019 | Recognition of the effects of using the RCF 200 to redeem the bonds | Pro forma statement of financial position at 31/12/2019 |
|---|---|---|---|
| Super-senior Secured bonds | 130.6 | (130.6) | 0.0 |
| RCF 200 | 0.0 | 133.5 | 133.5 |
| Amortised cost of RCF 200 (upfront fee) | 0.0 | (2.0) | (2.0) |
| Other non-current financial liabilities | 55.1 | 0.0 | 55.1 |
| **Non-current financial liabilities** | **185.7** | **0.9** | **186.6** |
| | | | |
| Nominal amount of Super-senior Secured bonds | 1.0 | (1.0) | 0.0 |
| Amortised cost of Super-senior Secured bonds | (0.6) | 0.6 | 0.0 |
| Other current financial liabilities | 2,851.6 | 0.0 | 2,851.6 |
| **Current financial liabilities** | **2,852.0** | **(0.4)** | **2,851.6** |

With respect to the pro forma statement of profit or loss for the year ended 31 December 2019, the accounting effects of the smaller financial expense[48] on the credit and bonding facilities compared to that actually accrued during 2019 on the bonding facility and bonds (€2.4 million) are shown in column G.

The saving achieved thanks to the new pricing of the credit and bonding facilities will have a permanent effect on the Issuer's profit or loss although it will be limited to the term of the related loan contracts and in line with the effective drawdown of the credit facilities in future years.

With respect to the pro forma statement of cash flows for the year ended 31 December 2019, the following should be noted:

- the net cash flows generated by operating activities (€0.6 million) include: (i) higher financial expense accrued on the bonding facility in 2019 (-€2.7 million); and (ii) the saving due to the smaller financial expense accrued on the RCF 200 compared to that accrued on the bonds (€3.3 million[49]);
- cash flows generated by financing activities (€2 million) include the funds obtained with the RCF 200 (€132.2 million) to be used to redeem the bonds (-€130.2 million[50]) and pay the upfront fee provided for in the new cash loan contract.

As a result of the above, cash and cash equivalents increase by €2.6 million.

Column H – Pro forma intermediate situation

This column shows the pro forma intermediate situation at 31 December 2019 after the transactions set out in the previous columns have taken place.

Column I – Capital increase for late claims and for the exercise of the anti-dilutive warrants by Webuild

This column shows the effects of performing part of the capital increase for late claims (€0.7 million) to service the liabilities and provisions for unsecured claims recognised in the Issuer's separate financial statements at 31 December 2019 that exceed the unsecured liabilities, already converted through the capital increase for conversion purposes as per column E for €25.7 million.

As the shareholders approved the capital increase for a maximum of €10.0 million on 31 July 2020, for pro forma purposes, it was assumed that the Issuer's board of directors will exercise the proxy reserved to it for just €0.7 million, i.e., an amount that will cover part of the provisions for unsecured claims recognised in the Issuer's separate financial statements at 31 December 2019 not used for the verified and potential claims as estimated in the composition with creditors plan (€25.7 million).

[48] Including the additional remuneration related to the bonus warrants.

[49] Includes the effect of paying the financial expense on the bonds capitalised in 2019.

[50] Excludes the payment of the financial expense capitalised in 2019 on the bonds included in cash flows generated by operating activities.

The capital increase for late claims is also to be used to service any unsecured claims that may be presented and verified for which the Issuer's board of directors will exercise its proxy for up to a maximum of €10.0 million so that the share capital is sufficient to satisfy these claims. Subsequently, Webuild will exercise another portion of the anti-dilutive warrants.

Concurrently with the performance of the simulated capital increase for the late claims, a share premium (see the Other reserves) of €2.7 million will be set up while the remaining temporary liability to the separate unit of €3.4 million will be cancelled.

The premium for each share, recognised in the related reserve, was calculated considering the shares' fair value estimated by using the discounted cash flow model to reflect the implementation of the financial manoeuvre as provided for in the composition with creditors plan.

The issue of bonus shares to service the anti-dilutive warrants reserved to Webuild is planned to take place concurrently with the capital increase for late claims which will dilute Webuild's investment percentage. This will not affect the group's equity[51].

The effects presented in the column have no impact on the statements of profit or loss and cash flows.

Column L – Capital increase for the bonus warrants

As already described, in their extraordinary meeting of 31 July 2020, Astaldi's shareholders approved the issue and free assignment of 79,213,774 warrants to its banks and the related capital increase to service their exercise. These banks have agreed to grant the Issuer a revolving credit facility of €200 million (the RCF 200) and have signed a contract for a bonding facility of a maximum of €384 million. These bonus warrants are a part of the remuneration of the RCF 200 and the bonding facility promised and granted to the Issuer as per the agreements between the parties. As a result, the effects of the exercise of all the bonus warrants by the banks are shown in this column. Specifically, as provided for by IFRS 2 - Share-based payment, the component related to the additional remuneration of the financing was estimated indirectly by using the fair value of the assigned equity instruments. Fair value was estimated using the discounted cash flow model to reflect the implementation of the financial manoeuvre as provided for in the composition with creditors plan. With respect to the pro forma statement of financial position at 31 December 2019, the column shows the accounting effects of the performance of the capital increase (€18.2 million), including the related share premium[52] (€65.9 million, of which €30.3 million related to the RCF 200 and €35.7 million to the bonding facility) and the concurrent increase of €18.2 million in cash and cash equivalents. The carrying amount of the RCF 200 was redetermined (adjusting its nominal amount downwards by €30.3 million) to consider the related effective interest rate which includes the higher cost of the additional remuneration linked to exercise of the bonus warrants at the date of initial recognition of the financial liability. The prepayment related to the component of the additional remuneration linked to the bonding facility (€35.7 million) was recognised under other non-current assets. It will be reclassified to profit or loss in future years on an accruals basis.

With respect to the pro forma statement of profit or loss for the year ended 31 December 2019, no effect was recognised in the column as column G already shows the adjustment for the cost of the RCF 200 and the bonding facility so as to also include the additional remuneration for the bonus warrants.

With respect to the pro forma statement of cash flows for the year ended 31 December 2019, the cash capital increase to service the exercise of the bonus warrants led to an increase of €18.2 million in cash and cash equivalents, presented in the cash flows generated by financing activities.

Column M – Recognition of the effects of FIN.AST's waiver of a part of the subordinated loan as per its waiver given for the purposes of the composition with creditors proposal

This column shows the effect of FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of €14 million of the subordinated loan by the Issuer (nominal amount of €20 million). At consolidation level, this led to: (i) elimination of current financial liabilities of €14.0 million; (ii) recognition

[51] The anti-dilutive warrants can be exercised when the Issuer's board of directors exercises part or all of its proxy for the capital increase for late claims which (without considering the dilutive effects on Webuild's investment in Astaldi linked to the possible capital increase for bonus warrants) would dilute Webuild's investment in Astaldi to below the 65% threshold provided for in the composition with creditors proposal. It was assumed in the pro forma statement of financial position that the capital increase for late claims would be performed in part leading to the issue of part of the bonus shares to Webuild in order not to dilute its investment.

[52] Amount included in "Other reserves" in the pro forma statement of financial position.

of the benefit of €2.2 million arising from discounting FIN.AST's outstanding receivable (nominal amount of €6 million) using a discount rate of 12.25%, equal to the most recent cost of the debt taken out by Astaldi during the composition with creditors procedure.

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance except for the recognition of future effects due to the steady absorption of the discounting of the liabilities.

There are no effects on the pro forma statement of cash flows.

Column N – Effects of guarantees and other intragroup items

Column N shows the benefit at consolidation level of the partial satisfaction of the liability for enforced guarantees of group companies (as Astaldi is co-guarantor to the enforcing banks) because it qualifies as an unsecured claim. As a result, the smaller liabilities due to the subsidiaries, equal to the amount settled as part of the composition with creditors procedure, is recognised.

Certain subsidiaries in the Americas and Italy will recognise smaller liabilities to third parties as the Issuer will settle part of the amounts due to them on their behalf in line with the normal satisfaction of its unsecured creditors. Specifically, column N shows just the benefit of the cancellation of part of the liabilities for enforced guarantees related to the subsidiaries (which continue to be liable to the third parties for the portion not settled as part of the Issuer's composition with creditors procedure). In particular:

- liabilities for guarantees given to third parties (i.e., banks and insurance companies) by subsidiaries in the Americas and Italy, co-guaranteed by the Issuer, have been considered;
- following the enforcement of these guarantees, the Issuer, as co-guarantor, included the related liabilities in its composition with creditors plan liabilities. They will be settled with the assignment of Astaldi shares and participating financial instruments like for the other unsecured liabilities;
- the part of the original financial assets of the subsidiaries whose guarantees were enforced not settled by the assignment of instruments as provided for in the Issuer's composition with creditors procedure will continue to be recognised as a liability thereto in each subsidiary's accounting records;
- the accounting benefit in column N is due to the fact that the liabilities for the subsidiaries' enforced guarantees are decreased by the part "paid" in financial instruments assigned by the Issuer as the co-guarantor. This implies the elimination of the liabilities recognised by the subsidiaries, including at consolidation level.

Although this benefit refers to the subsidiaries, it was considered in the pro forma consolidated financial information as it is directly related to the performance of the Issuer's composition with creditors proposal.

The pro forma statement of financial position at 31 December 2019 includes a positive effect of €95.4 million and the related reduction in (i) current financial liabilities of €49 million, (ii) provisions for risks and charges of €21.6 million, and (iii) other current liabilities of €24.8 million.

With respect to the pro forma statement of profit or loss for the year ended 31 December 2019, given the different measurement of the fair value of the equity instruments assigned to creditors at 1 January 2019, a positive effect of €100.0 million has been recognised in profit or loss. Column C of the pro forma statement of profit or loss shows the related negative effect of the cost of assigning the participating financial instruments and Astaldi shares for the liabilities arising from the enforcement of the guarantees. At pro forma level, the positive effect of the recognition of a surplus (column N) is partly offset by the negative effect of the cost incurred by the Issuer to assign the financial instruments to settle the liabilities arising on the enforcement of the subsidiaries' guarantees (column C).

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

There are no effects on the pro forma statement of cash flows for the year ended 31 December 2019.

Column O – Pro forma figures

This column shows the sum of the effects presented in the previous columns.

°-°-°

Pursuant to article 18.4 of Commission Delegated Regulation (EU) no. 2019/980, the Prospectus includes pro forma financial information.

Specifically, the pro forma consolidated financial information at 31 December 2019 included in the Prospectus and set out above comprises the pro forma statement of financial position at 31 December 2019 and the pro forma statement of profit or loss for the year then ended and the notes thereto.

The above pro forma consolidated financial information at 31 December 2019 has been prepared to present retroactively the effects of the performance of the Transactions provided for by the composition with creditors procedure on the Issuer's historical consolidated figures, structured in line with the template for composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law.

At 31 December 2019, pro forma equity attributable to the owners of the parent amounts to €1,147.3 million (€1,144.5 million including the part attributable to non-controlling interests). The pro forma profit for the year comes to €1,764.9 million (€1,761.5 million including the part attributable to non-controlling interests).

The group's pro forma net financial position, calculated in line with the European Securities and Markets Authority's (ESMA, formerly CESR) recommendation of 10 February 2005 amounts to €240.2 million at 31 December 2019.

### *11.5.2 Pro forma consolidated financial information at 30 June 2020*

This section provides an overview of the basic assumptions and the main effects of the Transactions on the group's condensed interim consolidated figures at 30 June 2020 so as to present such effects using accounting policies consistent with those applied to present the historical figures and compliant with the relevant standards.

**Basis of presentation of the pro forma consolidated financial information at 30 June 2020**

The pro forma consolidated financial information is presented in a multi-column table to show the effects of the Transactions subject to the pro forma adjustments on the group's financial position, financial performance and cash flows. Specifically, the key effects of the Transactions are analysed by reference to the columns in the statements of financial position, profit or loss and cash flows presented later in this document.

The Issuer's pro forma consolidated financial information includes:

- the Issuer's historical consolidated figures at 30 June 2020 (column A);
- the effects of the reduction in share capital and reserves and the cancellation of treasury shares held by the Issuer, as approved by the shareholders in their extraordinary meeting of 31 July 2020 (column B);
- the effects of the transfer to the separate unit of: (i) the assets to be sold by the separate unit's proxy; (ii) Astaldi's unsecured liabilities; and (iii) other assets and liabilities to be transferred to the separate unit as provided for in the composition with creditors proposal as well as the related surplus (column C).

  In this respect, preparation of the pro forma consolidated financial information at 30 June 2020 was based on the assumption that the separate unit qualifies as an accounting silo not controlled by Astaldi pursuant to IFRS 10 - Consolidated financial statements and, therefore, that the assets and liabilities transferred to the separate unit are not consolidated;
- the effects of performing Webuild's capital increase, which will augment the Issuer's share capital by €225.0 million with the related increase in cash and cash equivalents, as well as the effects of the recognition and subsequent payment of the pre-preferential and preferential liabilities (column D);
- the effects of performing the capital increase for conversion purposes designated for the unsecured creditors up to the established maximum amount of €98,653,846 (column E);
- the effects of the assignment of the participating financial instruments and the new shares for conversion to the group companies that are the Issuer's creditors with the related recognition of impairment losses on the amounts due from the Issuer against receipt of the shares or participating financial instruments. It was assumed that the shares received as part of the composition with creditors

proposal will be sold on the market by the group companies when they become available. It was also assumed that the sales price would be that ruling on the reference date of the Transaction to which the pro forma consolidated financial information refers (30 June 2020 for the pro forma statement of financial position and 1 January 2020 for the pro forma statements of profit or loss and cash flows) (column F);

- the effects of the drawdown of the RCF 200 for the early redemption of the bonds and to adjust the cost of the bonding facility (column G);
- the pro forma intermediate statement of financial position at 30 June 2020 after the transactions described in columns A to G have taken place (column H);
- the effects of performing the capital increase for late claims equal to €0.7 million and the related exercise of the anti-dilutive warrants by Webuild leading to the issue of the bonus shares (column I);
- the effects of exercising all the bonus warrants by the banks triggering the related capital increase for such bonus warrants. The performance of the capital increase for bonus warrants increased cash and cash equivalents by €18.2 million as well as share capital and the share premium (column L);
- the effect of the shareholder FIN-AST's waiver of repayment of a part of the subordinated loan by the Issuer as per its waiver given for the purposes of the composition with creditors proposal (column M);
- the effects of settling its liabilities related to guarantees issued by the Issuer on behalf of its subsidiaries (column N);
- the pro forma consolidated figures after the pro forma adjustments of the previous columns (column O).

## Pro forma statement of financial position at 30 June 2020

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| (€000) | Statement of financial position at 30 June 2020 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | Intermediate statement of financial position | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro forma statement of financial position prepared on a going concern basis at 30 June 2020 |
| ASSETS | | | | | | | | | | | | | |
| **Non-current assets** | | | | | | | | | | | | | |
| Property, plant and equipment | 95,324 | | (21,882) | | | | | 73,442 | | | | | 73,442 |
| Right-of-use assets | 28,424 | | 1,948 | | | | | 30,372 | | | | | 30,372 |
| Investment property | 124 | | | | | | | 124 | | | | | 124 |
| Intangible assets | 40,807 | | | | | | | 40,807 | | | | | 40,807 |
| Equity investments | 485,934 | | (425,079) | | | 32,741 | | 93,596 | | | | | 93,596 |
| Non-current financial assets | 323,158 | | (271,050) | | | | | 52,108 | | | | | 52,108 |
| Other non-current assets | 119,761 | | (51,946) | | | | | 67,815 | | 35,685 | | | 103,500 |
| Deferred tax assets | 276,152 | | (216,128) | | | | | 60,024 | | | | | 60,024 |
| **Total non-current assets** | **1,369,684** | | **(984,138)** | | | **32,741** | | **418,288** | | **35,685** | | | **453,972** |
| **Current assets** | | | | | | | | | | | | | |
| Inventories | 40,239 | | | | | | | 40,239 | | | | | 40,239 |
| Contract assets | 966,405 | | 38,774 | | | | | 1,005,180 | | | | | 1,005,180 |
| Costs capitalised to fulfil a contract | 2,786 | | | | | | | 2,786 | | | | | 2,786 |
| Trade receivables | 459,402 | | (43,424) | | | | | 415,979 | | | | | 415,979 |
| Current financial assets | 120,871 | | 22,084 | (3,500) | | | | 139,455 | | | | | 139,455 |
| Tax assets | 74,813 | | | 10,484 | | | | 85,296 | | | | | 85,296 |
| Other current assets | 330,673 | | 57,869 | | | (144,274) | | 244,268 | | | | | 244,268 |
| Cash and cash equivalents | 289,657 | | (2,000) | 76,244 | | 9,535 | | 373,436 | | 18,219 | | | 391,655 |
| **Total current assets** | **2,284,846** | | **73,303** | **83,228** | | **(134,739)** | | **2,306,638** | | **18,219** | | | **2,324,857** |
| ***Non-current assets held for sale (Disposal Group)*** | 21,714 | | (8,366) | | | | | 13,348 | | | | | 13,348 |
| **Total assets** | **3,676,244** | | **(919,200)** | **83,228** | | **(101,997)** | | **2,738,274** | | **53,904** | | | **2,792,178** |

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of financial position at 30 June 2020 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | Intermediate statement of financial position | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro forma statement of financial position prepared on a going concern basis at 30 June 2020 |
| EQUITY AND LIABILITIES | | | | | | | | | | | | | |
| ***Equity (deficit) attributable to the owners of the parent*** | | | | | | | | | | | | | |
| Share capital | 196,850 | (174,339) | | 225,000 | 98,654 | | | 346,165 | 740 | 18,219 | | | 365,124 |
| Reduction for capital increase costs | | | | (1,175) | (515) | | | (1,690) | (3) | | | | (1,692) |
| Treasury shares | (3,023) | 3,023 | | | | | | | | | | | - |
| Legal reserve | 34,347 | (34,347) | | | | | | | | | | | - |
| Extraordinary reserve | 198,597 | (195,510) | | | | | | 3,087 | | | | | 3,087 |
| **Losses carried forward** | (1,750,609) | 311,973 | | | | | | (1,438,636) | | | | | (1,438,636) |
| Other reserves | (86,793) | 89,200 | | | 357,033 | | | 359,440 | 2,678 | 65,936 | | | 428,053 |
| Other comprehensive expense | (112,316) | | 78,155 | | | | | (34,161) | | | | | (34,161) |
| Deferred tax on other comprehensive expense | 27,338 | | (13,980) | | | | | 13,358 | | | | | 13,358 |
| **Total capital and reserves** | **(1,495,609)** | | **64,175** | **223,825** | **455,172** | | | **(752,437)** | **3,415** | **84,155** | | | **(664,867)** |
| Profit (loss) for the period | (83,789) | | 1,819,675 | (1,593) | | (101,800) | (1,096) | 1,631,396 | | | 15,999 | 92,424 | 1,739,819 |
| **Equity (deficit) attributable to the owners of the parent** | **(1,579,398)** | | **1,883,850** | **222,232** | **455,172** | **(101,800)** | **(1,096)** | **878,959** | **3,415** | **84,155** | **15,999** | **92,424** | **1,074,952** |
| Profit attributable to non-controlling interests | 2,417 | | | | | (4,657) | | (2,240) | | | | | (2,240) |
| Other comprehensive income attributable to non-controlling interests | 122 | | | | | | | 122 | | | | | 122 |
| Capital and other reserves attributable to non-controlling interests | 2,285 | | | | | | | 2,285 | | | | | 2,285 |
| **Equity attributable to non-controlling interests** | **4,824** | | | | | **(4,657)** | | **167** | | | | | **167** |
| **Total equity (deficit)** | **(1,574,574)** | | **1,883,850** | **222,232** | **455,172** | **(106,458)** | **(1,096)** | **879,125** | **3,415** | **84,155** | **15,999** | **92,424** | **1,075,118** |
| **Non-current liabilities** | | | | | | | | | | | | | |
| Non-current financial liabilities | 249,831 | | 993 | | | | 1,508 | 252,332 | | (30,251) | | | 222,080 |
| Employee benefits | 6,920 | | | | | | | 6,920 | | | | | 6,920 |
| Deferred tax liabilities | 65,423 | | (11,802) | | | | | 53,621 | | | | | 53,621 |
| Other non-current liabilities | 8,174 | | | | | | | 8,174 | | | | | 8,174 |
| **Total non-current liabilities** | **330,347** | | **(10,809)** | | | | **1,508** | **321,046** | | **(30,251)** | | | **290,795** |
| **Current liabilities** | | | | | | | | | | | | | |
| Contract liabilities | 407,464 | | | | | | | 407,464 | | | | | 407,464 |
| Trade payables | 1,162,729 | | (443,315) | (67,024) | 515 | | | 652,905 | 3 | | | | 652,908 |
| Current financial liabilities | 2,847,212 | | (2,679,006) | (2,795) | | | (412) | 164,999 | | | (15,999) | (53,155) | 95,845 |
| Tax liabilities | 49,934 | | | (31,112) | | | | 18,821 | | | | | 18,821 |
| Provisions for risks and charges | 95,439 | | (17,440) | | | 4,460 | | 82,459 | | | | (15,694) | 66,765 |
| Other contract liabilities | 48,496 | | (48,496) | | | | | | | | | | - |
| Other current liabilities | 290,597 | | (52,080) | (38,074) | | | | 200,443 | | | | (23,574) | 176,869 |
| Temporary liability to the separate unit | | | 459,104 | | (455,687) | | | 3,418 | (3,418) | | | | 0 |
| **Total current liabilities** | **4,901,869** | | **(2,781,233)** | **(139,004)** | **(455,172)** | **4,460** | **(412)** | **1,530,508** | **(3,415)** | | **(15,999)** | **(92,424)** | **1,418,671** |
| Liabilities directly associated with non-current assets held for sale (Disposal Group) | 18,601 | | (11,008) | | | | | 7,593 | | | | | 7,593 |
| **Total liabilities** | **5,250,818** | | **(2,803,050)** | **(139,004)** | **(455,172)** | **4,460** | **1,096** | **1,859,148** | **(3,415)** | **(30,251)** | **(15,999)** | **(92,424)** | **1,717,059** |
| **Total equity (deficit) and liabilities** | **3,676,244** | | **(919,200)** | **83,228** | | **(101,997)** | | **2,738,274** | | **53,904** | | | **2,792,178** |

## Pro forma statement of profit or loss for the six months ended 30 June 2020

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of profit or loss for the six months ended 30 June 2020 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro-forma statement of profit or loss for the six months ended 30 June 2020 |
| Revenue | 607,020 | | | | | | | | | | | | 607,020 |
| **Total revenue from contracts with customers** | **607,020** | | | | | | | | | | | | **607,020** |
| Other operating revenue | 49,763 | | | | | | | | | | | | 49,763 |
| Surplus | | | 468,208 | | | | | | | | | | 501,275 |
| **Total operating revenue** | **656,783** | | **468,208** | | | | | | | | | | **1,158,058** |
| Purchase costs | (86,342) | | | | | | | | | | | | (86,342) |
| Service costs | (393,753) | | | (1,593) | | | | | | | | | (395,346) |
| Personnel expenses | (118,740) | | | | | | | | | | | | (118,740) |
| Other operating costs | (17,779) | | | | | (98,303) | | | | | | | (116,082) |
| **Total operating costs** | **(616,615)** | | | **(1,593)** | | **(98,303)** | | | | | | | **(716,510)** |
| Change in costs capitalised to fulfil a contract | (33) | | | | | | | | | | | | (33) |
| Share of profits (losses) from joint ventures and associates | 26,152 | | (101,094) | | | (482) | | | | | | | (75,424) |
| Surplus | | | | | | | | | | | | | - |
| **Gross operating profit** | **66,288** | | **367,114** | **(1,593)** | | **(98,784)** | | | | | | **33,067** | **366,092** |
| Amortisation, depreciation and impairment losses | (44,565) | | 1,174 | | | | | | | | | | (43,391) |
| Provisions | (17,031) | | | | | (4,336) | | | | | | | (21,367) |
| Surplus | | | 103,788 | | | | | | | | | | 103,788 |
| **Operating profit** | **4,692** | | **472,076** | **(1,593)** | | **(103,120)** | | | | | | **33,067** | **405,121** |
| Financial income (expense) | (49,789) | | 3,092 | | | | 4,789 | | | | 15,999 | 62,326 | 36,417 |
| Surplus | | | 1,496,608 | | | | | | | | | | 1,496,608 |
| **Net financial income (expense)** | **(49,789)** | | **1,499,700** | | | | **4,789** | | | | **15,999** | **62,326** | **1,533,025** |
| **Profit (loss) from continuing operations** | **(45,097)** | | **1,971,775** | **(1,593)** | | **(103,120)** | **4,789** | | | | **15,999** | **95,393** | **1,938,146** |
| Income taxes | (4,515) | | (216,128) | | | | | | | | | | (220,643) |
| **Profit (loss) from continuing operations** | **(49,613)** | | **1,755,647** | **(1,593)** | | **(103,120)** | **4,789** | | | | **15,999** | **95,393** | **1,717,503** |
| **Profit (loss) from discontinued operations** | **(31,759)** | | | | | | | | | | | | **(31,759)** |
| Surplus | | | 68,259 | | | | | | | | | | 68,259 |
| **PROFIT (LOSS) FOR THE PERIOD** | **(81,372)** | | **1,823,906** | **(1,593)** | | **(103,120)** | **4,789** | | | | **15,999** | **95,393** | **1,754,002** |
| Profit (loss) attributable to the owners of the parent | (83,789) | | 1,823,906 | (1,593) | | (98,609) | 4,789 | | | | 15,999 | 95,393 | 1,756,096 |
| Profit (loss) attributable to non-controlling interests | 2,417 | | | | | (4,511) | | | | | | | (2,094) |

## Pro forma statement of cash flows for the six months ended 30 June 2020

| | A | B | C | D | E | F | G | H | I | L | M | N | O |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| *(€'000)* | Statement of cash flows for the six months ended 30 June 2020 | Reduction of share capital and reserves, cancellation of treasury shares and other | Transfer of assets and liabilities to the separate unit | Webuild's capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs related to the manoeuvre | Capital increase for conversion purposes | Assignment of the participating financial instruments and shares to the subsidiaries | Drawdown of the RCF 200 and bonding facility | | Capital increase for late claims | Exercise of bonus warrants by the banks and related capital increase | FIN.AST agreement for repayment of subordinated loan | Effects of guarantees and other intragroup transactions | Pro forma statement of cash flows for the six months ended 30 June 2020 |
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | | | | | | | | | | | | |
| **Profit (loss) for the period** | **(81,732)** | | **1,823,906** | **(1,593)** | | **(103,120)** | **4,789** | | | | **15,999** | **95,393** | **1,754,002** |
| Income taxes | 4,515 | | (216,128) | | | | | | | | | | (211,613) |
| **Pre-tax profit (loss)** | **(76,857)** | | **1,607,778** | **(1,593)** | | **(103,120)** | **4,789** | | | | **15,999** | **95,393** | **1,542,389** |
| *Adjustments for:* | | | | | | | | | | | | | |
| Non-monetary items | 29,090 | | (1,607,778) | | | 103,120 | | | | | (15,999) | (95,393) | (1,586,960) |
| Monetary items | 9,170 | | | | | | | | | | | | 9,170 |
| Other adjustments to reconcile the loss for the year to the cash flows from operating activities | 11,465 | | | | | | (5,361) | | | | | | 6,104 |
| Cash flows used in operating activities before changes in net working capital | (27,131) | | | (1,593) | | | (572) | | | | | | (29,926) |
| Changes in net working capital | (94,226) | | | (150,663) | | 10,084 | | | | | | | (234,805) |
| Exchange differences on the translation of financial statements of foreign operations | 74,744 | | | 0 | | | | | | | | | 74,744 |
| Cash flows used in operating activities | (46,612) | | | (152,256) | | 10,084 | (572) | | | | | | (189,356) |
| Interest and dividends received | 6,250 | | | | | | | | | | | | 6,250 |
| Interest paid | (10,955) | | | | | | 5,372 | | | | | | (5,583) |
| Taxes paid | (9,313) | | | | | | | | | | | | (9,313) |
| A) Net cash flows used in operating activities | (60,630) | | | (152,256) | | 10,084 | 4,799 | | | | | | (198,002) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | | | | | | | | | | | | |
| **Construction** | | | | | | | | | | | | | |
| Net investments in concessions | (14,957) | | (2,000) | | | | | | | | | | (16,957) |
| Net investments in construction | 16,628 | | | 3,500 | | | | | | | | | 20,128 |
| (Purchase) Sale of business unit/subsidiaries | (306) | | | | | | | | | | | | (306) |
| B) Cash flows generated by investing activities | 1,365 | | (2,000) | 3,500 | | | | | | | | | 2,865 |
| **CASH FLOWS FROM FINANCING ACTIVITIES** | | | | | | | | | | | | | |
| Capital increase against payment | | | | 225,000 | | | | | | 18,219 | | | 243,219 |
| Issue and other net changes in bonds | 63,900 | | | | | | (194,121) | | | | | | (130,221) |
| Net repayments of credit facilities | (160) | | | | | | 196,121 | | | | | | 195,961 |
| Changes in other financial liabilities | (4,497) | | | | | | | | | | | | (4,497) |
| Payment of finance leases | (24,954) | | (510) | | | | | | | | | | (25,464) |
| Changes in non-controlling interests and other changes | (49) | | | | | | | | | | | | (49) |
| C) Cash flows generated by financing activities | 34,240 | | (510) | 225,000 | | | 2,000 | | | 18,219 | | | 278,949 |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C) | (25,025) | | (2,510) | 76,244 | | 10,084 | 6,799 | | | 18,219 | | | 83,812 |
| **Opening cash and cash equivalents** | **314,823** | | | | | | | | | | | | **314,823** |
| **Closing cash and cash equivalents** | **289,799** | | **(2,510)** | **76,244** | | **10,084** | **6,799** | | | **18,219** | | | **398,636** |

**Notes to the pro forma consolidated financial information at 30 June 2020**

This section comprises the notes on the pro forma adjustments made to prepare the pro forma consolidated financial information at 30 June 2020. For simplicity purposes, a parallel analysis is provided of the assets, liabilities, revenue, costs and cash flows as far as is possible given the layout of the pro forma consolidated financial information at 30 June 2020. The following comments relate to the figures shown in the columns of the pro forma consolidated financial information at 30 June 2020.

Before analysing the individual adjustments, details of the Issuer's debt as per the composition with creditors procedure and as shown in the pro forma consolidated financial information at 30 June 2020 are provided below. Specifically, the Issuer's debt includes:

- pre-preferential liabilities of €51 million (including VAT) for the composition with creditors procedure costs. This amount is lower than that estimated in the composition with creditors plan (€67.8 million including VAT);
- preferential liabilities of €92.9 million, which is also lower than the amount estimated in the composition with creditors plan (€96.7 million);
- unsecured liabilities of €3,252.9 million. This amount represents all the Issuer's unsecured debt at 30 June 2020 (including provisions); the amount estimated in the composition with creditors plan was €3,433.4 million.

To facilitate an understanding of this debt, the following table provides a reconciliation of the unsecured liabilities presented in the Issuer's interim consolidated financial statements with those considered in the preparation of the pro forma consolidated financial information at 30 June 2020.

**Table 11**

| *(€m)* | 30 June 2020 | Related capital increase[53] | Related share premium[54] |
|---|---|---|---|
| Unsecured liabilities as per the plan | 3,433.4 | 98.7 | 357.0 |
| Other liabilities identified and verified subsequently (i.e., late claims) | 25.8 | 0.7 | 2.7 |
| **Unsecured liabilities as per the composition with creditors procedure (interim separate financial statements)** | **3,459.1** | **99.4** | **359.7** |
| ***of which: unsecured liabilities to subsidiaries*** | ***141.9*** | ***4.1*** | ***14.8*** |
| ***of which: provision for unsecured claims[55]*** | ***167.9*** | ***4.8*** | ***17.5*** |
| Elimination of the liability related to the guarantees issued by Astaldi on behalf of its subsidiaries using the consolidation criteria | (194.2) | n.a. | n.a. |
| Effect of exchange differences and other sundry items | (12.0) | n.a. | n.a. |
| **Unsecured liabilities included in the pro forma consolidated financial information** | **3,252.9** | n.a. | n.a. |
| **of which: recognised under assets** | **(67.6)** | n.a. | n.a. |
| **of which: recognised under liabilities** | **3,320.5** | n.a. | n.a. |

The following should be noted with respect to how the debt recognised in the composition with creditors procedure and included in the pro forma consolidated financial information will be satisfied, including in accordance with the terms of the composition with creditors proposal:

[53] The capital increase is calculated in line with that set out in the composition with creditors proposal which provides for the assignment of 12.493 shares with a value of €0.23 for each €100 of unsecured claims.

[54] The share premium is calculated as the difference between the fair value of the shares assigned to the unsecured creditors (€1.06) and the value provided for in the composition with creditors proposal (€0.23) multiplied by the number of shares assigned.

[55] Liabilities deemed probable but not definitively verified

- the pre-preferential liabilities of €51 million included in the pro forma consolidated financial information at 30 June 2020 will be settled in full in cash using the funds raised with Webuild's capital increase;
- the preferential liabilities of €92.9 million recognised at 30 June 2020 will be settled in full in cash using, inter alia, the funds raised with Webuild's capital increase;
- the unsecured liabilities of €3,252.9 million at 30 June 2020 will be settled using the newly issued shares as per the capital increase for conversion purposes and the capital increase for the late claims (in the ratio of 12.493 shares for each €100 of the presented claims) and the assignment of participating financial instruments of the separate unit (in the ratio of one instrument for each €1 of the presented claims).

With respect to the carrying amounts of the assets and liabilities transferred to the separate unit (as described later), the surplus arising on the discharge of the debt, as presented in the statement of profit or loss included in the pro forma consolidated financial information at 30 June 2020, amounts to €2,136.9 million without considering the tax effect arising on the reduction in deferred tax assets (€216.1 million).

**Table 12**

| (€m) | Pro forma figures at 30 June 2020 | Settlement method (Pro forma) |
|---|---|---|
| **Debt as per the composition with creditors procedure presented in the pro forma consolidated schedules** | | |
| Pre-preferential liabilities | 51 | Funds from Webuild's capital increase |
| Preferential liabilities | 92.9 | Funds from Webuild's capital increase |
| Unsecured liabilities | 3,252.9 | Conversion into participating financial instruments and Astaldi shares |
| **Additional costs of the financial manoeuvre** | | |
| Pre-preferential liabilities | 8.4[56] | Funds from Webuild's capital increase |

The following will be transferred to the separate unit:

- assets (see Table 13) of €799.4 million;
- the Issuer's unsecured liabilities of €3,252.9 million;
- liabilities to Turkish counterparts and Sace S.p.A. of €44.3 million and €29.5 million, respectively;
- liabilities for the equity injections into the concession operators already made by Astaldi on behalf of the separate unit, amounting to €20.1 million at 30 June 2020.

The separate unit will take over the investments of €75.1 million in the concession activities. They include equity injections of €20.1 million already made by Astaldi at 30 June 2020 which will be repaid by the separate unit (to Astaldi) using the funds raised with the sale of the assets under concession.

**Table 13**

| Assets and liabilities to be transferred to the separate unit (€000) | Pro forma figures at 30 June 2020 |
|---|---|
| Assets under concession | 725.6 |
| Building in Via Bona | 21.9 |
| Venezuelan financial assets | 51.9 |
| **Total assets** | **799.4** |
| Unsecured liabilities | (3,252.9) |
| Other liabilities net to Turkish counterparts | (44.3) |
| Liabilities to Sace S.p.A. | (29.5) |
| Liabilities for the equity injections made into the concession operators | (20.1) |
| **Total net liabilities to be transferred** | **(2,547.4)** |

[56] Includes the additional costs of the services provided by the advisors assisting the Issuer with the implementation of the financial manoeuvre

Part 1, Section XIV, Paragraph 14.1.7 of the Prospectus provides more information about this. Moreover, the separate unit will receive an annual lease payment of €1.0 million for the building in Via Bona (the Issuer's current head office) from the Issuer in addition to an initial cash endowment fund of €2 million.

Column A – Historical figures

This column includes the group's figures extrapolated from the condensed interim consolidated financial statements at 30 June 2020 to which reference should be made for more information.

Column B – Reduction in share capital and reserves - cancellation of treasury shares

This column shows the effects of the reduction in the Issuer's share capital and reserves as well as the cancellation of its treasury shares (transactions essential for the performance of the composition with creditors procedure) on the group's condensed interim consolidated financial statements. Specifically, the following is envisaged:

- a reduction of €174.3 million in share capital, decreasing it to €22.5 million. This will allow Astaldi's current shareholders (after Webuild's capital increase and the capital increase for conversion purposes) to maintain their investment percentage of 6.5% as provided for in the composition with creditors proposal;
- a net reduction of €140.7 million in the reserves, of which:
  - €34.3 million due to the elimination of the Issuer's entire legal reserve;
  - €195.5 million due to the elimination of the Issuer's entire extraordinary reserve;
  - -€89.2 million arising on the accounting elimination of other negative equity reserves;
- the cancellation of the treasury shares in portfolio of €3.0 million; this will increase the reserves as the cancelled treasury shares were recognised as a reduction in equity pursuant to the IFRS.

As a result of the variations in share capital and the reserves, the effects of which are partly offset by the cancellation of the treasury shares in portfolio, "Losses carried forward" decreased by €312.0 million.

The following table reconciles the reductions in the reserves shown in the pro forma consolidated financial information with those approved by the shareholders.

**Table 14**

| | Interim separate financial statements Shareholders' resolutions | Interim consolidated financial statements | Difference in the losses carried forward between the interim separate and consolidated financial statements |
|---|---|---|---|
| A) Legal reserve | 34,347 | 34,347 | |
| b) Extraordinary reserve | 195,510 | 195,510 | |
| ***c) Other reserves*** | **160,014** | **(89,200)** | **249,214** |
| of which: | | | |
| IFRS FTA reserve | (159,207) | (88,217) | (70,990) |
| Reserve for treasury shares | 2,213 | 2,213 | |
| Goodwill | 11,000 | | 11,000 |
| Reserve as per article 6.2 of Legislative decree no. 38/2005 | 265,291 | | 265,291 |
| Reserve as per article 6.3 of Legislative decree no. 38/2005 | 43,913 | | 43,913 |
| Other | (3,196) | (3,196) | |
| **Total (a+b+c)** | **389,871** | **140,657** | **249,214** |

The main differences in the presentation of the reserves between the Issuer's condensed interim separate financial statements and the condensed interim consolidated financial statements refer to the reserve as per article 6.2 of Legislative decree no. 38/2005 and the reserve as per article 6.3 of Legislative decree no. 38/2005, which reflect the effects of applying IAS 27 (2015 version) to the condensed interim separate

financial statements. Specifically, Astaldi availed of the option allowed by this standard to measure investments in subsidiaries, associates and joint ventures using the equity method. Its share of the profits or losses of the subsidiaries, associates and joint ventures are recognised in the consolidated financial statements under retained earnings (losses carried forward). The effects considered in the column do not affect the pro forma statements of profit or loss or cash flows.

Column C – Separate unit

This column shows the effects of transferring the Issuer's assets to be sold, liabilities and provisions for unsecured claims to the separate unit, as well as the additional liabilities to be taken over by the separate unit as provided for in the composition with creditors proposal.

The following table summarises the pro forma effects shown in column C on the pro forma statement of financial position at 30 June 2020.

**Table 15**

| (€m) | Assets to be transferred | Lease of Via Bona building | Intragroup effects | Unsecured liabilities to be transferred | Other liabilities net to be transferred | Deferred taxes | Shares to be converted | Total column C |
|---|---|---|---|---|---|---|---|---|
| Non-current assets | (770.0) | 1.9 | | | | (216.1) | | **(984.1)** |
| Current assets | (21.1) | | 162.0 | (67.6) | | | | **73.3** |
| Disposal groups | (8.4) | | | | | | | **(8.4)** |
| **A) Total assets** | **(799.4)** | **1.9** | **162.0** | **(67.6)** | | **(216.1)** | | **(919.2)** |
| Non-current liabilities | | 0.9 | | | | (11.8) | | **(10.8)** |
| Current liabilities | | 1.0 | 141.9 | (3,309.5) | (73.8) | | 459.1[57] | **(2,781.2)** |
| Disposal groups | | | | (11.0) | | | | **(11.0)** |
| **B) Total liabilities** | | **1.9** | **141.9** | **(3,320.5)** | **(73.8)** | **(11.8)** | **459.1** | **(2,803.1)** |
| ***C) Total (A-B)[58]*** | ***(799.4)*** | ***0.0*** | ***20.1*** | ***3,252.9*** | ***73.8*** | ***(204.3)*** | ***(459.1)*** | ***1,883.9*** |

Based on the above table, the most significant effects shown in column C are described below.

ASSETS TO BE TRANSFERRED

The assets to be sold, recognised for €799.4 million in the condensed interim consolidated financial statements at 30 June 2020, were deconsolidated. Specifically, the following assets will be transferred to the separate unit.

**Table 16**

| Assets to be transferred | 30 June 2020 |
|---|---|
| Shareholder loan and investment in Otoyol Yatirim Ve Isletme A.S. | 378.2 |
| Amount due for the sale of Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme Anonim Sirketi | 174.7 |
| Shareholder loan and investment in Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. | 106 |
| Shareholder loan and investment in Sociedad Concesionaria Nuevo Pudahuel SA | 58.3 |
| Shareholder loan and investment in Sociedad Concesionaria Metropolitana de Salud | 8.4 |
| Amounts due from Instituto Autonomo de Ferrocarriles and contract assets | 51.9 |
| Office building in Via Giulio Vincenzo Bona 65, Rome | 21.9 |

[57]Temporary liability to the separate unit: temporary liability created to reflect the value of the shares to be assigned to the unsecured creditors:

[58] The positive effects on the pro forma statement of financial position are shown without brackets in the "Total" line while the negative effects are shown in brackets

| Total assets to be transferred | 799.4 |
| --- | --- |

LEASE OF VIA BONA BUILDING

The Issuer recognised a right-of-use asset of €1.9 million and a financial liability of the same amount for the building in Via Bona (offsetting each other in the pro forma statement of financial position).

INTRAGROUP EFFECTS

In order to correctly present the unsecured liabilities covered by the integrated manoeuvre (i.e., the liabilities recognised in the Issuer's interim separate financial statements) and given that, in column A "Historical consolidated figures" of the statement of financial position of the pro forma consolidated financial information at 30 June 2020, the related amounts are shown net of eliminations in accordance with the relevant reporting standards, the Issuer has reversed the elimination of intragroup transactions (€141.9 million).

Specifically, as the Issuer's unsecured intragroup liabilities were transferred to the separate unit (i.e., the accounting silo as per IFRS 10), the assumptions for their accounting elimination were no longer valid. Therefore, the related intragroup assets that had been eliminated similarly to the liabilities, were re-recognised. The effects of the transfer of the intragroup liabilities to the separate unit are shown in the "Unsecured liabilities to be transferred" column of Table 15 to column C.

As part of the recognition of the intragroup effects under assets (€162 million), the following have been included:

- €141.9 million (positive effect) due to the re-recognition of the previously eliminated intragroup assets;
- €22.1 million (positive effect) due to the recognition of amounts due from the separate unit related to: (a) the equity injections of €20.1 million made by Astaldi into the concession operators transferred in the period between presentation of the composition with creditors application and 31 December 2019; (b) €2.0 million, being the initial endowment fund transferred by the Issuer to the separate unit;
- €2 million (negative effect) due to the outflow of cash to the separate unit as its endowment fund.

With respect to this initial endowment fund provided to the separate unit, the effect on current assets is neutral as a current loan asset has been recognised that balances the reduction in cash and cash equivalents.

UNSECURED LIABILITIES TO BE TRANSFERRED

With respect to the unsecured liabilities (€3,252.9 million), the following main effects should be noted:

– they have a negative effect of €67.6 million on current assets, which includes the effects of the netting, not yet performed for accounting purposes at 30 June 2020 but provided for in the composition with creditors plan and carried out in accordance with article 56 of the Bankruptcy Law, of the Issuer's trade receivables and payables due from and to suppliers and subcontractors (€106.4 million). Conversely, contract assets increase by €38.8 million due to the transfer of some liabilities for fines due to customers for contract terminations as part of the composition with creditors liabilities. These liabilities are recognised in the condensed interim consolidated financial statements at 30 June 2020 as a decrease in contract assets in accordance with IFRS 15 - Revenue from contracts with customers;
– current liabilities (€3,309.5 million) are affected by the transfer of: (i) trade payables of €442.3 million; (ii) unsecured loans and borrowings (i.e., bank loans and borrowings, also due to enforcements, and amounts due to bondholders) of €2,607.3 million; (iii) provisions for risks and charges of €17.4 million; (iii) other contract liabilities of €48.5 million; (iv) other liabilities of €194.0 million;
– the effects of the transfer of the unsecured liabilities associated with assets held for sale of €11.0 million to the separate unit are shown in the unsecured liabilities directly associated with non-current assets held for sale.

The liability determined for the assignment of the new shares and the participating financial instruments to the unsecured creditors, as provided for in the composition with creditors proposal, equals the entire unsecured liabilities (see Table 11, unsecured liabilities as per the composition with creditors procedure). In other terms, each unsecured creditor will receive both participating financial instruments (in the ratio of one

instrument to each euro of claims) and new shares (in the ratio of 12.493 shares to each €100 of claims) to settle their claims.

OTHER LIABILITIES NET TO BE TRANSFERRED

For the purposes of the pro forma consolidated financial information at 30 June 2020, the derecognition of additional liabilities of a net amount of €73.8 million has been considered, of which (i) financial liabilities due to Sace S.p.A. of approximately €29.5 million; and (ii) net liabilities of roughly €44.3 million (including current financial liabilities of €43.1 million and trade payables of €1.2 million) due to Turkish counterparts. As provided for in the composition with creditors proposal, these liabilities will be settled using the proceeds from the sale of the assets transferred to the separate unit.

DEFERRED TAXES

They include: (i) the recognition of the tax effects of the transfer of assets to the separate unit, which led to the cancellation of deferred tax liabilities of €11.8 million; and (ii) the reduction of deferred tax assets on the surplus arising on the discharging of the Issuer's debt by €216.1 million.

SHARES TO BE CONVERTED

A temporary liability of €459.1 million to the separate unit has been recognised. This amount represents:

- for €99.4 million, the subsequent conversion into capital of the unsecured liabilities (including the provisions) of €3,459.1 million recognised in Astaldi's separate financial statements and transferred to the separate unit, part of which to be used for the capital increase for conversion purposes (€98.65 million) and the capital increase for the late claims (€0.7 million)[59];
- for €359.7 million, the subsequent recognition of the share premium (included in the pro forma statement of financial position at 30 June 2020 under the "Other reserves") on the capital increases described in the previous point. The share premium was estimated using the fair value of the shares determined by the Issuer using the discounted cash flow model to reflect the financial manoeuvre's implementation as provided for in the composition with creditors plan.

Considering all the effects summarised in Table 15, the deficit attributable to the owners of the parent increases by €1,883.9 million (see the "total column C" column in line C of Table 15).

With respect to the statement of profit or loss for the six months ended 30 June 2020, the column shows a profit for the period of €1,823.9 million. This reflects the positive effects of the discharging of the Issuer's debts, recognised in the statement of profit or loss for €2,136.9 million, partly offset by the reduction in deferred tax assets for a negative effect of €216.1 million and additional effects arising from the elimination of the statement of profit or loss components for the period related to the assets and liabilities transferred to the separate unit (negative effect of €96.8 million). In order to calculate the surplus arising on the discharging of the debt recognised in the pro forma statement of profit or loss, the carrying amounts of the Issuer's assets and liabilities transferred to the separate unit were considered. Such amounts were taken from the consolidated financial statements at 31 December 2019 as the statement of profit or loss figures were subject to pro forma adjustments at 1 January 2020.

The fair value measurement of the shares issued for the conversion of the unsecured claims decreased the surplus recognised in profit or loss by €359.7 million equal to the amount recognised as the share premium.

The next table provides details of the calculation of the above-mentioned surplus.

[59] The preparation of the pro forma statement of financial position at 30 June 2020 assumes, as a working hypothesis, that all the unsecured liabilities (including the provisions for unsecured claims) recognised in Astaldi's interim separate financial statements at 30 June 2020 and transferred to the separate unit can subsequently qualify as a verified claim for the capital increase.

**Table 17**

| *(€m)* | Amount | Note |
|---|---|---|
| **A) Unsecured liabilities to be transferred to the separate unit** | **3,268.6** | See Table 5 for column C Transfer of assets and liabilities to the separate unit |
| Conversion of the unsecured liabilities into capital as provided for in the composition with creditors plan | (98.7) | |
| Share premium | (357.0) | Amount included in “Other reserves” in the pro forma statement of financial position |
| Capital increase for late claims | (0.7) | |
| Share premium for the capital increase for late claims | (2.7) | Amount included in “Other reserves” in the pro forma statement of financial position |
| **B) Total capital increase for conversion purposes** | **(459.1)** | See Table 5 for column C Transfer of assets and liabilities to the separate unit. Capital increase for conversion purposes |
| Assets to be transferred to the separate unit | (870.3) | See Table 5 for column C Transfer of assets and liabilities to the separate unit. Assets to be transferred to the separate unit |
| Other liabilities net to be transferred to the separate unit | 185.7 | See Table 5 for column C Transfer of assets and liabilities to the separate unit. Other liabilities to be transferred to the separate unit |
| Liabilities of the separate unit related to the equity injections into the concession operators already made by Astaldi at 31 December 2019 | 12.2 | See Table 5 for column C Transfer of assets and liabilities to the separate unit. Intragroup effects |
| **C) Total assets net to be transferred to the separate unit** | **(672.6)** | |
| **D) Total surplus (A+B+C)** | **2,136.9** | See column C - Sum of the lines Surplus arising on the discharge of debt of the pro forma statement of profit or loss |

* The carrying amounts of the assets and liabilities included in the calculation of the surplus in the pro forma statement of profit or loss for the six months ended 30 June 2020 are those shown in Table 5 on column C of the statement of financial position at 31 December 2019 which are then the opening balances at 1 January 2020.

The overall effect of the discharging of debt has been allocated, based on the nature of the reason (operating or financial) underlying the recognition of the unsecured liabilities transferred to the separate unit as follows: (i) €468.2 million to operating revenue; (ii) €103.8 million to provisions; (iii) €1,496.6 million to financial income; (iv) €68.3 million to the profit from discontinued operations.

With respect to the effects shown in the column on the pro forma statement of profit or loss, the only permanent adjustment refers to the lease of the building in Via Bona (€1.0 million a year) as it will affect the Issuer’s profit or loss over the lease term (two years).

The total effect of the events considered in the column on the statement of cash flows amounts to €2.5 million, of which €2.0 million transferred to the separate unit as its initial endowment fund and the remainder for the lease of the Via Bona building for the six months (€1.0 million a year).

Column D – Webuild’s capital increase, recognition and payment of the preferential and pre-preferential liabilities and other costs of the financial manoeuvre

**Table 18**

| *(€m)* | Webuild’s capital increase | Integration of the procedure costs | Payment of the pre-preferential and preferential liabilities[60] | Total column D |
|---|---|---|---|---|
| Current assets | 225.0 | 10.5 | (152.3) | 83.2 |
| Deficit attributable to the owners of the parent | 223.8 | (1.6) | | 222.2 |
| Current liabilities | 1.2 | 12.1 | (152.3) | (139.0) |

The following comments refer to the pro forma statement of financial position at 30 June 2020 presented in this column.

WEBUILD’S CAPITAL INCREASE

The column shows Webuild’s capital increase, which leads to (i) an increase of €223.8 million in share capital (shown in the Deficit attributable to the owners of the parent line of Table 18), net of the directly

[60] Includes the costs of the services provided by the advisors assisting the Issuer with the implementation of the financial manoeuvre.

related costs; (ii) a €225.0 million increase in cash and cash equivalents (shown in the Current assets line of Table 18); and (iii) recognition of the liabilities for the costs incurred by the Issuer for Webuild's capital increase of €1.2 million.

INTEGRATION OF THE PROCEDURE COSTS

The column shows the effects of the recognition (for the portion not yet due and therefore not recognised at 30 June 2020) of the pre-preferential and preferential liabilities as well as the transaction costs. Specifically:

- trade payables of €12.1 million comprising: (i) pre-preferential liabilities of €1.6 million not verified at 30 June 2020; (ii) VAT liabilities of €10.5 million related to services provided by consultants but not yet invoiced are recognised in the Current liabilities line of Table 18;
- VAT assets of €10.5 million accrued on the services provided by the Issuer's advisors for the composition with creditors procedure (partly already included as "Invoices to be received" in the condensed interim consolidated financial statements at 30 June 2020 and partly related to liabilities not yet verified at 30 June 2020) are recognised in the Current assets line of Table 18.

Deficit attributable to the owners of the parent reflects the effects of the recognition of the additional costs of €1.6 million for services provided by the advisors for the integrated manoeuvre.

PAYMENT OF THE PRE-PREFERENTIAL AND PREFERENTIAL LIABILITIES

This column shows the payment of the pre-preferential and preferential liabilities as well as payment of the liabilities for the capital increase totalling €152.3 million. These payments led to:

- smaller cash and cash equivalents of €148.8 million (see Payment of the pre-preferential and preferential liabilities and other costs for the manoeuvre and Reduction in loan assets representing amounts tied up for the commissioners supervising the composition with creditors procedure in Table 19);
- utilisation of €3.5 million of the amounts made available to the judicial commissioners as ordered by the Rome Court. During the procedure, the Issuer set up a deposit as an advance to be used by the commissioners to cover their costs and fees;
- smaller trade payables of €152.3 million (see Current liabilities in Table 18).

With respect to the pro forma statement of profit or loss for the six months ended 30 June 2020, column D shows a negative balance due to the additional accruals for the costs of services of €1.6 million provided by the advisors during the six months for the financial manoeuvre, including the court costs (excluding the costs of the capital increase which were offset against share capital).

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

With respect to the pro forma statement of cash flows for the six months ended 30 June 2020, Webuild's capital increase generates liquidity of €225 million shown in the cash flows generated by financing activities.

Investing activities generated cash flows of €3.5 million due to the utilisation of the amounts made available to them by the judicial commissioners as ordered by the Rome Court to pay the procedure costs. Cash flows used by operating activities of €152.3 million related to the payment of the pre-preferential and preferential liabilities.

The next table summarises the changes in the Issuer's cash and cash equivalents.

**Table 19**

| *(€m)* | **H1 2020** |
|---|---|
| Proceeds from Webuild's capital increase | 225.0 |
| Payment of the pre-preferential and preferential liabilities and other costs related to the manoeuvre | (148.8) |
| **Total decrease in cash and cash equivalents** | **76.2** |

Column E – Capital increase for conversion purposes

The column shows the effects of performing the capital increase for conversion purposes up to the maximum established amount of €98,653,846. This increase is based on the assumption that the unsecured liabilities

of up to €3,433.4 million[61] have been verified (this amount was used in the composition with creditors proposal and for the related capital increase for conversion purposes). As a result: (i) Astaldi's share capital increases by €98.65 million; (ii) a share premium of €357.0 million is recognised due to the fair value measurement of the shares to be assigned to the unsecured creditors; (iii) part of the temporary liability to the separate unit (see the note on column C) of €455.7 million is eliminated. In addition, costs incurred by the Issuer for the capital increase for conversion purposes (€0.5 million) are deducted directly from equity.

The effects presented in the column have no impact on the statements of profit or loss and cash flows.

Following the capital transactions as per column B, Webuild's capital increase as per column D (€225 million) and the capital increase for conversion purposes (€98.65 million), the Issuer's share capital will amount to €346.2 million, of which (i) 65% reserved to Webuild; (ii) 28.5% reserved to the verified and potential creditors; (iii) the remainder of 6.5% reserved to Astaldi's current shareholders.

After the discharging of its debts to its unsecured creditors (banks, including for enforcements, and bondholders), the percentage of the Issuer's share capital held by these banks and bondholders (€2,607.3 million) is 21.6%.

Column F – Assignment of the participating financial instruments and shares to the group companies that are the Issuer's creditors

The column shows the net loss related to the creditor group companies arising from the partial elimination of the amounts due to them by the Issuer as provided for in the composition with creditors proposal. In other terms, the difference between the nominal amount of these amounts and the fair value of the Astaldi shares and participating financial instruments assigned to the group companies is a net loss of €106.5 million (of which €101.8 million attributable to the owners of the parent and €4.7 million to non-controlling interests) in the pro forma statement of financial position at 30 June 2020.

This adjustment is shown in the statement of financial position as:

- an increase of €32.7 million in equity investments, mostly due to the recognition of the participating financial instruments as assets by the subsidiaries;
- a €144.2 million decrease in other current assets following the elimination of unsecured claims presented by subsidiaries (€141.9 million) and joint ventures (€2.3 million) to the Issuer;
- an increase of €9.5 million in cash and cash equivalents on the sale of the Astaldi shares assigned to the subsidiaries. In this respect, it has been assumed, for the purposes of the preparation of the pro forma financial information, that the group companies receiving Astaldi shares as provided for by the composition with creditors proposal (see the "Basic assumptions used to prepare the pro forma consolidated financial information" section) will sell them immediately on the market;
- an accrual of €4.5 million to the provision for equity investments for the group's share of the losses arising on the impairment of the unsecured claims presented by the associates and the joint ventures to the Issuer.

With respect to the pro forma statement of profit or loss for the six months ended 30 June 2020, given the different fair value of the equity instruments issued to the creditors at 1 January 2020, a net loss of €103.1 million (of which €98.6 million for the owners of the parent and €4.5 million for the non-controlling interests) is recognised.

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

With respect to the statement of cash flows, the sale of the Astaldi shares leads to an increase of €10.1 million in cash and cash equivalents. For the purposes of preparing the pro form statement of cash flows, it was assumed that the group companies would immediately sell on the market the shares they receive in accordance with the composition with creditors proposal. The positive difference (€0.6 million) between the cash and cash equivalents included in the pro forma statement of financial position (€9.5 million) and those

[61] The additional unsecured liabilities of €25.7 million recognised in the condensed interim consolidated financial statements and not settled by the capital increase for conversion purposes will be settled using the capital increase for late claims as per column I (€0.7 million of the capital increase).

shown in the statement of cash flows (€10.1 million) is due to the different stock market prices of the shares at 1 January 2020 compared to 30 June 2020.

Column G – Recognition of the effects of the drawdown of the RCF 200 to redeem the bonds and adjustment of the cost of the bonding facility

The column shows the pro forma effects at 30 June 2020, related to:

- the early redemption of the bonds subscribed by Beyond and Illimity using the funds obtained with the RCF 200 provided for in the composition with creditors plan;
- the different pricing of the bonding facility after the integrated manoeuvre has been completed. Specifically, the contract signed with the banks includes a steady reduction in the guarantee fee provided for in the current contract subject to (i) the performance of Webuild's capital increase; (ii) authorisation of the composition with creditors procedure; and (iii) Webuild's granting of a stand-alone first demand guarantee to the banks;
- the gradual absorption of the additional cost of the loans linked to the bonus warrants given to the banks (see column L - Capital increase for the bonus warrants for more information).

Based on that set out in column G, non-current financial liabilities should increase by €1.5 million due to the utilisation of the RCF 200 to redeem the nominal amount of the short-term portion of the bonds. The related effect shown in current financial liabilities (-€0.4 million) does not perfectly match the redeemed nominal amount of the bonds as the adjustment also includes the effects (€1.1 million) of the release of the remaining amortised cost of the notes from the statement of profit or loss after extinguishment of the related financial liability[62]. The next table shows changes in the bonds and the RCF 200.

**Table 20**

| *(€m)* | 30 June 2020 | Recognition of the effects of using the RCF 200 to redeem the bonds | Pro forma statement of financial position at 30 June 2020 |
|---|---|---|---|
| Super-senior Secured bonds | 196.5 | (196.5) | 0 |
| RCF 200 | 0.0 | 200.0 | 200.0 |
| Amortised cost of RCF 200 (upfront fee) | | (2.0) | (2.0) |
| Other non-current financial liabilities | 53.3 | 0.0 | 53.3 |
| **Non-current financial liabilities** | **249.8** | **1.5** | **251.3** |
| Nominal amount of Super-senior Secured bonds | 1.5 | (1.5) | 0.0 |
| Amortised cost of Super-senior Secured bonds | (1.1) | 1.1 | 0.0 |
| Other current financial liabilities | 2,846.8 | 0.0 | 2,846.8 |
| **Current financial liabilities** | **2,847.2** | **(0.4)** | **2,846.8** |

With respect to the pro forma statement of profit or loss for the six months ended 30 June 2020, the accounting effects of the smaller financial expense[63] on the credit and bonding facilities compared to that actually accrued during the six months on the bonding facility and bonds (€4.8 million) are shown in column G.

The saving achieved thanks to the new pricing of the credit and bonding facilities will have a permanent effect on the Issuer's profit or loss although it will be limited to the term of the related loan contracts and in line with the effective drawdown of the credit facilities in future years.

With respect to the pro forma statement of cash flows for the six months ended 30 June 2020, the following should be noted:

[62] See IFRS 9 - Financial instruments par. 3.3.3. *"The difference between the carrying amount of a financial liability (or part of a financial liability) extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, shall be recognised in profit or loss".*

[63] Including the additional remuneration related to the bonus warrants.

- the net cash flows generated by operating activities (€4.8 million) include: (i) higher financial expense accrued on the bonding facility in 2020 (€0.5 million); and (ii) the saving due to the smaller financial expense accrued on the RCF 200 compared to that accrued on the bonds (€5.3 million[64]);
- cash flows generated by financing activities (€2 million) include the funds obtained with the RCF 200 (€196.1 million) to be used to redeem the bonds (-€194.1 million[65]) and pay the upfront fee provided for in the new cash loan contract.

As a result of the above, cash and cash equivalents increase by €6.8 million.

Column H – Pro forma intermediate situation

This column shows the pro forma intermediate situation at 30 June 2020 after the transactions set out in the previous columns have taken place.

Column I – Capital increase for late claims and for the exercise of the anti-dilutive warrants by Webuild

This column shows the effects of performing part of the capital increase for late claims (€0.7 million) to cover the provisions for unsecured claims recognised in the Issuer's interim separate financial statements at 30 June 2020 that exceed the unsecured liabilities, already converted through the capital increase for conversion purposes as per column E for €25.7 million

As the shareholders approved the capital increase for a maximum of €10.0 million on 31 July 2020, for pro forma purposes, it was assumed that the Issuer's board of directors will exercise the proxy reserved to it for just €0.7 million, i.e., an amount that will cover part of the provisions for unsecured claims recognised in the Issuer's interim separate financial statements at 30 June 2020 not used for the verified and potential claims as estimated in the composition with creditors plan (€25.7 million).

The capital increase for late claims is also to be used to service any unsecured claims that may be presented and verified for which the Issuer's board of directors will exercise its proxy for up to a maximum of €10.0 million so that the share capital is sufficient to satisfy these claims. Subsequently, Webuild will exercise another portion of the anti-dilutive warrants.

Concurrently with the performance of the simulated capital increase for the late claims, a share premium (see the Other reserves) of €2.7 million will be set up while the remaining temporary liability to the separate unit of €3.4 million will be cancelled.

The premium for each share, recognised in the related reserve, was calculated considering the shares' fair value estimated by using the discounted cash flow model to reflect the implementation of the integrated manoeuvre as provided for in the composition with creditors plan.

The issue of bonus shares to service the anti-dilutive warrants reserved to Webuild is planned to take place concurrently with the capital increase for late claims which will dilute Webuild's investment percentage. This will not affect the group's equity[66].

The effects presented in the column have no impact on the statements of profit or loss and cash flows.

Column L – Capital increase for the bonus warrants

As already described, in their extraordinary meeting of 31 July 2020, Astaldi's shareholders approved the issue and free assignment of 79,213,774 warrants to its banks and the related capital increase to service their exercise. These banks have agreed to grant the Issuer the RCF 200 and have signed a contract for a bonding facility of a maximum of €384 million. These bonus warrants are a part of the remuneration of the RCF 200 and the bonding facility promised and granted to the Issuer as per the agreements between the parties. As a result, the effects of the exercise of all the bonus warrants by the banks are shown in this column. Specifically, as provided for by IFRS 2 - Share-based payment, the component related to the

[64] Includes the effect of paying the financial expense on the bonds capitalised in 2019.

[65] Excludes the payment of the financial expense capitalised in 2019 on the bonds included in cash flows generated by operating activities.

[66] The anti-dilutive warrants can be exercised when the Issuer's board of directors exercises part or all of its proxy for the capital increase for late claims which (without considering the dilutive effects on Webuild's investment in Astaldi linked to the possible capital increase for bonus warrants) would dilute Webuild's investment in Astaldi to below the 65% threshold provided for in the composition with creditors proposal. It was assumed in the pro forma statement of financial position that the capital increase for late claims would be performed in part leading to the issue of part of the bonus shares to Webuild in order not to dilute its investment.

additional remuneration of the financing was estimated indirectly by using the fair value of the assigned equity instruments. Fair value was estimated using the discounted cash flow model to reflect the implementation of the integrated manoeuvre as provided for in the composition with creditors plan.With respect to the pro forma statement of financial position at 30 June 2020, the column shows the accounting effects of the performance of the capital increase for the bonus warrants (€18.2 million), including the related share premium [67] (€65.9 million, of which €30.3 million related to the RCF 200 and €35.7 million to the bonding facility) and the concurrent increase of €18.2 million in cash and cash equivalents. The carrying amount of the RCF 200 was redetermined (adjusting its nominal amount downwards by €30.3 million) to consider the related effective interest rate which includes the higher cost of the additional remuneration linked to exercise of the bonus warrants at the date of initial recognition of the financial liability. The prepayment related to the component of the additional remuneration linked to the bonding facility (€35.7 million) was recognised under other non-current assets. It will be reclassified to profit or loss in future years on an accruals basis.

With respect to the pro forma statement of profit or loss for the six months ended 30 June 2020, no effect was recognised in the column as column G already shows the adjustment for the cost of the RCF 200 and the bonding facility so as to also include the additional remuneration for the bonus warrants.

With respect to the pro forma statement of cash flows for the six months ended 30 June 2020, the capital increase for the bonus warrants led to an increase of €18.2 million in cash and cash equivalents, presented in the cash flows generated by financing activities.

Column M – Recognition of the effects of FIN.AST's waiver of a part of the subordinated loan as per its waiver given for the purposes of the composition with creditors proposal

This column shows the effect of FIN.AST's waiver (as provided for in the composition with creditors proposal) of repayment of €14 million of the subordinated loan by the Issuer (nominal amount of €20 million). At consolidation level, this led to: (i) elimination of current financial liabilities of €14.0 million; (ii) recognition of the benefit of €2.0 million arising from discounting FIN.AST's outstanding receivable (nominal amount of €6 million) using a discount rate of 12.25%, equal to the most recent cost of the debt taken out by Astaldi during the composition with creditors procedure.

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance, except for the recognition of future effects due to the steady absorption of the discounting of the liabilities.

There are no effects on the pro forma statement of cash flows.

Column N – Effects of guarantees and other intragroup items

Column N shows the benefit at consolidation level of the partial satisfaction of the liability for enforced guarantees of group companies (as Astaldi is co-guarantor to the enforcing banks) because it qualifies as an unsecured claim. As a result, the smaller liabilities due to the subsidiaries, equal to the amount settled as part of the composition with creditors procedure, is recognised.

Certain subsidiaries in the Americas and Italy will recognise smaller liabilities to third parties as the Issuer will settle part of the amounts due to them on their behalf in line with the normal satisfaction of its unsecured creditors. Specifically, column N shows just the benefit of the cancellation of part of the liabilities for enforced guarantees related to the subsidiaries (which continue to be liable to the third parties for the portion not settled as part of the composition with creditors procedure). In particular:

- liabilities for guarantees given to third parties (i.e., banks and insurance companies) by subsidiaries in the Americas and Italy, co-guaranteed by the Issuer, have been considered;
- following the enforcement of these guarantees, the Issuer, as co-guarantor, included the related liabilities in its composition with creditors plan liabilities. They will be settled with the assignment of Astaldi shares and participating financial instruments like for the other unsecured liabilities;
- the part of the original financial assets of the subsidiaries whose guarantees were enforced not settled by the assignment of shares and participating financial instruments will continue to be recognised as a liability thereto in each subsidiary's accounting records;

[67] Amount included in "Other reserves" in the pro forma statement of financial position

– the accounting benefit in column N is due to the fact that the liabilities for the subsidiaries' enforced guarantees are decreased by the part "paid" in shares and participating financial instruments assigned by the Issuer as the co-guarantor. This implies the elimination of the liabilities recognised by the subsidiaries, including at consolidation level.

Although this benefit refers to the subsidiaries, it was considered in the pro forma consolidated financial information as it is directly related to the performance of the composition with creditors proposal.

The pro forma statement of financial position at 30 June 2020 includes a positive effect of €92.4 million and the related reduction in (i) current financial liabilities of €53.1 million, (ii) provisions for risks and charges of €15.7 million, and (iii) other current liabilities of €23.6 million.

With respect to the pro forma statement of profit or loss for the six months ended 30 June 2020, given the different measurement of the fair value of the equity instruments assigned to creditors at 1 January 2020, a positive effect of €95.4 million has been recognised in profit or loss. Column C of the pro forma statement of profit or loss shows the related negative effect of the cost of assigning the participating financial instruments and shares for the liabilities arising from the enforcement of the guarantees. At pro forma level, the positive effect of the recognition of a surplus (column N) is partly offset by the negative effect of the cost incurred by the Issuer to assign the financial instruments to settle the liabilities arising on the enforcement of the subsidiaries' guarantees (column C).

With respect to the effects shown in this column on the pro forma statement of profit or loss, the adjustments should not have a permanent effect on the Issuer's financial performance.

There are no effects on the pro forma statement of cash flows for the six months ended 30 June 2020.

Column O – Pro forma figures

This column shows the sum of the effects presented in the previous columns.

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Pursuant to article 18.4 of Commission Delegated Regulation (EU) no. 2019/980, the Prospectus includes pro forma financial information.

Specifically, the pro forma consolidated financial information at 30 June 2020 included in the Prospectus and set out above comprises the pro forma statement of financial position at 30 June 2020 and the pro forma statement of profit or loss for the six months then ended and the notes thereto.

The above pro forma consolidated financial information at 30 June 2020 has been prepared to present retroactively the effects of the performance of the Transactions provided for by the composition with creditors procedure on the Issuer's historical six-month consolidated figures, structured in line with the template for composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law.

At 30 June 2020, pro forma deficit attributable to the owners of the parent amounts to €1,075 million (€1,075.1 million including the part attributable to non-controlling interests). The pro forma profit for the six months comes to €1,756.1 million (€1,754 million including the part attributable to non-controlling interests).

The group's pro forma net financial position, calculated in line with the European Securities and Markets Authority's (ESMA, formerly CESR) recommendation of 10 February 2005 amounts to €193 million at 30 June 2020.

### *11.5.3 Report on the pro forma financial information*

The reports on the pro forma consolidated financial information prepared by KPMG are provided in the following pages.

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

# Independent auditors' report on the examination of pro forma consolidated financial information as at and for the year ended 31 December 2019

*To the board of directors of*
*Astaldi S.p.A.*

1 We have examined the pro forma statements of financial position, profit or loss and cash flows and notes thereto of the Astaldi Group (the "group") as at and for the year ended 31 December 2019 (the "pro forma consolidated financial information at 31 December 2019"), included in chapter 11.5 of the prospectus of Astaldi S.p.A. (the "parent") (the "prospectus").

The pro forma consolidated financial information at 31 December 2019 is derived from the historical figures presented in the group's consolidated financial statements as at and for the year ended 31 December 2019 and the pro forma adjustments thereto, which we have examined. We audited the consolidated financial statements at 31 December 2019 and issued our report thereon on 10 July 2020, in which we disclaimed our opinion because of the many significant uncertainties about the appropriate use of the going concern basis in the preparation of the consolidated financial statements.

The pro forma consolidated financial information at 31 December 2019 has been prepared on the basis of the assumptions described in the notes to retroactively present the effects of the transactions provided for in the composition with creditors proposal as defined in the prospectus and the other related transactions.

2 The pro forma consolidated financial information at 31 December 2019 has been prepared for the purposes of the requirements of Commission Delegated Regulation (EU) no. 2019/980 for its inclusion in the prospectus.

The pro forma consolidated financial information at 31 December 2019 has been prepared to reflect, in accordance with accounting policies that are consistent with the historical data and compliant with the relevant legislation, the effects of the transaction on the group's financial position, financial performance and cash flows as if the above-mentioned transactions had occurred on 31 December 2019 and at the beginning of 2019, respectively. Had the transaction actually occurred on such dates, the outcome may not necessarily have been that presented.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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Trieste Varese Verona

Società per azioni
Capitale sociale
Euro 10.415.500,00 i.v.
Registro Imprese Milano e
Codice Fiscale N. 00709600159
R.E.A. Milano N. 512867
Partita IVA 00709600159
VAT number IT00709600159
Sede legale: Via Vittor Pisani,
25 20124 Milano MI ITALIA

The pro forma consolidated financial information at 31 December 2019 is the responsibility of the parent's directors. We are responsible for expressing an opinion on the reasonableness of the assumptions adopted by the directors in the preparation of the pro forma consolidated financial information at 31 December 2019 and the correctness of the methodology used to prepare it. Furthermore, we are responsible for expressing an opinion on the correctness of the accounting policies applied.

3 We conducted our examination in accordance with the standards recommended by Consob (the Italian Commission for listed companies and the stock exchange) in Recommendation no. DEM/1061609 dated 9 August 2001, which regulates the examination of pro forma financial information. We have carried out all the procedures which we have deemed to be necessary for the purposes of our engagement.

4 In our opinion, the basic assumptions that the parent's directors have adopted in the preparation of the pro forma consolidated financial information at 31 December 2019 are reasonable, the methodology used to prepare it has been correctly applied for the disclosure purposes described above and the accounting policies applied to prepare it are correct.

Rome, 23 October 2020

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

# Independent auditors' report on the examination of pro forma consolidated financial information as at and for the six months ended 30 June 2020

*To the board of directors of*
*Astaldi S.p.A.*

1 We have examined the pro forma statements of financial position, profit or loss and cash flows and notes thereto of the Astaldi Group (the "group") as at and for the six months ended 30 June 2020 (the "pro forma consolidated financial information at 30 June 2020"), included in chapter 11.5 of the prospectus of Astaldi S.p.A. (the "parent") (the "prospectus").

The pro forma consolidated financial information at 30 June 2020 is derived from the historical figures presented in the group's condensed interim consolidated financial statements as at and for the six months ended 30 June 2020 and the pro forma adjustments thereto, which we have examined. We reviewed the condensed interim consolidated financial statements at 30 June 2020 and issued our report thereon on 12 October 2020 including an emphasis of matter paragraph about the existence of significant uncertainties that may cast significant doubt on the group's ability to continue as a going concern.

Our review primarily consisted of gathering information on the condensed interim consolidated financial statements captions, analysing the accounting policies adopted by making inquiries of the parent's management and applying analytical procedures. It excluded audit procedures, such as tests of controls and substantive tests or procedures on assets and liabilities, and is substantially less in scope than an audit. Accordingly, we did not express an audit opinion on the condensed interim consolidated financial statements mentioned above.

The pro forma consolidated financial information at 30 June 2020 has been prepared on the basis of the assumptions described in the notes to retroactively present the effects of the transactions provided for in the composition with creditors proposal as defined in the prospectus and the other related transactions.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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2 The pro forma consolidated financial information at 30 June 2020 has been prepared for the purposes of the requirements of Commission Delegated Regulation (EU) no. 2019/980 for its inclusion in the prospectus.

The pro forma consolidated financial information at 30 June 2020 has been prepared to reflect, in accordance with accounting policies that are consistent with the historical data and compliant with the relevant legislation, the effects of the transaction on the group's financial position, financial performance and cash flows as if the above-mentioned transactions had occurred on 30 June 2020 and at the beginning of 2020, respectively. Had the transaction actually occurred on such dates, the outcome may not necessarily have been that presented.

The pro forma consolidated financial information at 30 June 2020 is the responsibility of the parent's directors. We are responsible for expressing an opinion on the reasonableness of the assumptions adopted by the directors in the preparation of the pro forma consolidated financial information at 30 June 2020 and the correctness of the methodology used to prepare it. Furthermore, we are responsible for expressing an opinion on the correctness of the accounting policies applied.

3 We conducted our examination in accordance with the standards recommended by Consob (the Italian Commission for listed companies and the stock exchange) in Recommendation no. DEM/1061609 dated 9 August 2001, which regulates the examination of pro forma financial information. We have carried out all the procedures which we have deemed to be necessary for the purposes of our engagement.

4 Based on our work, nothing has come to our attention which causes us to believe that the basic assumptions that the parent's directors have adopted in the preparation of the pro forma consolidated financial information at 30 June 2020 are not reasonable, that the methodology used to prepare it has not been correctly applied for the disclosure purposes described above and that the accounting policies applied to prepare it are not correct.

Rome, 23 October 2020

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit

**Annex 4: Audited consolidated financial statements at 31 December 2019 of the Astaldi Group and KPMG S.p.A. audit report thereon**

# Consolidated Financial Statements

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

Italy ● Line 1 of Naples Metro, *Toledo* Station

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## Statement of profit or loss

| (€'000) | note | 2019 | 2018* |
|---|---|---|---|
| Revenue | | 1,368,827 | 975,042 |
| *of which: related parties* | | *167,774* | *116,411* |
| *Fines for contract terminations* | | 0 | (92,727) |
| **Total revenue from contracts with customers** | 1 | **1,368,827** | **882,315** |
| Other operating revenue | 2 | 106,197 | 102,091 |
| *of which: related parties* | | *5,094* | *4,623* |
| **Total operating revenue** | | **1,475,024** | **984,405** |
| Purchase costs | 3 | (203,358) | (295,049) |
| Service costs | 4 | (932,492) | (1,176,959) |
| *of which: related parties* | | *(126,969)* | *(96,267)* |
| Personnel expenses | 5 | (300,872) | (468,366) |
| Other operating costs | 6 | (24,231) | (69,425) |
| *of which: related parties* | | *(27)* | *(1,018)* |
| **Total operating costs** | | **(1,460,954)** | **(2,009,799)** |
| Change in costs capitalised to fulfil a contract | 7 | (2,863) | 1,995 |
| Share of profits from joint ventures and associates | 8 | 30,671 | 93,843 |
| **Gross operating profit (loss)** | | **41,878** | **(929,556)** |
| Amortisation, depreciation and impairment losses | 9 | (36,438) | (215,194) |
| Provisions | 10 | 4,307 | (190,279) |
| **Operating profit (loss)** | | **9,747** | **(1,335,029)** |
| Financial income | 11 | 56,556 | 113,260 |
| Financial expense | 12 | (102,462) | (294,749) |
| **Net financial expense** | | **(45,906)** | **(181,489)** |
| *of which: related parties* | | *9,856* | *24,650* |
| **Pre-tax loss from continuing operations** | | **(36,159)** | **(1,516,518)** |
| Income taxes | 13 | (27,804) | 76,677 |
| **Loss from continuing operations** | | **(63,963)** | **(1,439,841)** |
| **Loss from discontinued operations** | 14 | **(6,620)** | **(472,328)** |
| *of which: related parties* | | *112,852* | *53,126* |
| **LOSS FOR THE YEAR** | | **(70,584)** | **(1,912,169)** |
| Loss attributable to the owners of the parent | | 72,000 | 1,908,424 |
| (Profit) loss attributable to non-controlling interests | | (1,417) | 3,746 |
| | | | |
| Loss per share | 15 | | |
| Basic | | (0.74) | (19.50) |
| Diluted | | (0.74) | (19.50) |
| | | | |
| Loss per share from continuing operations | | | |
| *Basic* | | (0.67) | (14.67) |
| Diluted | | (0.67) | (14.67) |

* The 2018 figures have been restated in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. With respect to the group's application of IFRS 16, it was not required to restate the related comparative figures given the transition method adopted

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

# Statement of comprehensive income

| *(€'000)* | note | 2019 | 2018* |
|---|---|---|---|
| **Loss for the year (A)** | | **(70,584)** | **(1,912,169)** |
| | | | |
| Change in fair value of cash flow hedging derivatives | | 0 | 13,052 |
| Exchange differences from translation of financial statements in foreign currencies | | 1,997 | 13,299 |
| Change in fair value of financial assets measured at FVTOCI | | 13,219 | 10,329 |
| Share of other comprehensive income (expense) of equity-accounted investees | | (48,585) | 24,009 |
| Share of other comprehensive income (expense) of discontinued operations | | (16,416) | 6,639 |
| Tax effect | | 16,258 | (10,067) |
| **Other comprehensive income (expense), net of tax, that will be subsequently reclassified to profit or loss (B1)** | **29** | **(33,525)** | **57,261** |
| | | | |
| Change in fair value of equity instruments measured at FVTOCI | | 2,014 | (21,771) |
| Actuarial gains on defined benefit plans | | 12 | 143 |
| Share of other comprehensive income (expense) of equity-accounted investees | | 0 | 0 |
| **Other comprehensive income (expense), net of tax, that will not be subsequently reclassified to profit or loss (B2)** | **29** | **2,026** | **(21,629)** |
| | | | |
| **Total other comprehensive income (expense), net of tax (B1)+(B2)=(B)** | | **(31,499)** | **35,632** |
| | | | |
| **COMPREHENSIVE EXPENSE (A)+(B)** | 29 | **(102,083)** | **(1,876,537)** |
| | | | |
| attributable to the owners of the parent | | (103,468) | (1,877,080) |
| attributable to non-controlling interests | | 1,385 | 543 |

* The 2018 figures have been restated in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. With respect to the group's application of IFRS 16, it was not required to restate the related comparative figures given the transition method adopted.

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

# Statement of financial position

## Assets

| (€'000) | note | 31/12/2019 | 31/12/2018** |
|---|---|---|---|
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 16 | 99,938 | 162,541 |
| Right-of-use assets | 17 | 38,724 | 0 |
| Investment property | 18 | 127 | 135 |
| Intangible assets | 19 | 48,295 | 53,740 |
| Equity investments | 20 | 502,088 | 487,770 |
| *of which: equity-accounted investments* | | *454,269* | *457,078* |
| Non-current financial assets | 21 | 138,648 | 96,150 |
| *of which: related parties* | | *69,410* | *60,648* |
| Other non-current assets | 22 | 117,677 | 136,109 |
| Deferred tax assets | 13 | 275,466 | 276,383 |
| **Total non-current assets** | | **1,220,962** | **1,212,828** |
| ***Current assets*** | | | |
| Inventories | 23 | 38,231 | 42,976 |
| Contract assets | 24 | 794,098 | 755,159 |
| *of which: related parties* | | *19,787* | *50,938* |
| Costs capitalised to fulfil a contract | 24 | 2,868 | 4,188 |
| Trade receivables | 25 | 604,976 | 608,748 |
| *of which: related parties* | | *42,273* | *65,835* |
| Current financial assets | 21 | 110,388 | 72,166 |
| *of which: related parties* | | *17,304* | *11,272* |
| Tax assets | 26 | 68,620 | 72,032 |
| Other current assets | 22 | 336,936 | 375,150 |
| *of which: related parties* | | *26,599* | *48,424* |
| Cash and cash equivalents | 27 | 314,061 | 210,974 |
| **Total current assets** | | **2,270,179** | **2,141,393** |
| ***Non-current assets held for sale*** | 28 | 356,028 | ***263,509*** |
| *of which: related parties* | | *213,151* | *191,067* |
| **Total assets** | | **3,847,170** | **3,617,730** |

** The group has applied IFRS 16 since 1 January 2019. As allowed by the transition method, the comparative figures have not been restated.

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

# Statement of financial position

## Equity and liabilities

| (€'000) | note | 31/12/2019 | 31/12/2018** |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| ***Equity (Deficit)*** | )29 | | |
| Share capital | | 196,850 | 196,850 |
| Treasury shares | | (3,023) | (3,023) |
| Legal reserve | | 34,347 | 34,347 |
| Extraordinary reserve | | 198,597 | 198,632 |
| **Retained earnings (losses carried forward)** | | (1,677,991) | 229,751 |
| Other reserves | | (86,793) | (86,793) |
| Other comprehensive expense | | (156,669) | (108,944) |
| Deferred tax on other comprehensive expense | | 24,857 | 8,599 |
| **Total capital and reserves** | | **(1,469,825)** | **469,418** |
| Loss for the year | | (72,000) | (1,908,424) |
| **Equity (Deficit) attributable to the owners of the parent** | | **(1,541,825)** | **(1,439,005)** |
| (Profit) loss attributable to non-controlling interests | | 1,417 | (3,746) |
| Other comprehensive income attributable to non-controlling interests | | 70 | 103 |
| Deferred tax on other comprehensive income attributable to non-controlling interests | | 0 | 0 |
| Capital and other reserves attributable to non-controlling interests | | 250 | 3,775 |
| **Equity attributable to non-controlling interests** | | **1,737** | **132** |
| **Total Equity (deficit)** | | **(1,540,088)** | **(1,438,873)** |
| ***Non-current liabilities*** | | | |
| Non-current financial liabilities | 30 | 185,744 | 24,457 |
| *of which: related parties* | | *0* | *1,290* |
| Employee benefits | 32 | 6,998 | 6,843 |
| Deferred tax liabilities | 13 | 62,395 | 76,233 |
| Other non-current liabilities | 31 | 1,090 | 2,974 |
| **Total non-current liabilities** | | **256,227** | **110,507** |
| ***Current liabilities*** | | | |
| Contract liabilities | 24 | 384,063 | 289,925 |
| *of which: related parties* | | *91,552* | *93,817* |
| Trade payables | 33 | 1,185,695 | 1,236,912 |
| *of which: related parties* | | *59,531* | *51,555* |
| Current financial liabilities | 30 | 2,852,017 | 2,624,210 |
| *of which: related parties* | | *26,879* | *27,600* |
| Tax liabilities | 34 | 61,845 | 63,439 |
| Provisions for risks and charges | 35 | 104,451 | 308,093 |
| Other contract liabilities | 36 | 48,893 | 71,552 |
| Other current liabilities | 31 | 299,472 | *351,967* |
| *of which: related parties* | | *3,686* | *2,598* |
| **Total current liabilities** | | **4,936,435** | **4,946,098** |
| Liabilities directly associated with non-current assets held for sale | 28 | 194,596 | 0 |
| *of which: related parties* | | *2,207* | *0* |
| **Total liabilities** | | **5,387,258** | **5,056,605** |
| **Total equity (deficit) and liabilities** | | **3,847,170** | **3,617,730** |

** The group has applied IFRS 16 since 1 January 2019. As allowed by the transition method, the comparative figures have not been restated.

# Statement of changes in equity for the year ended 31 December 2019**

| *(€'000)* | *Share capital* | *Treasury shares - non-current* | *Legal reserve* | *Extraordinary reserve* | *Hedging reserve* | *Translation reserve* | *Actuarial reserve* | *Fair value reserve* | *Deferred taxes on OCI* | *Other reserves* | *Retained earnings (losses carried forward)* | *Loss for the year* | **Equity (Deficit) attributable to the owners of the parent** | *Non-controlling interests* | **Total equity (deficit)** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance** | **196,850** | **(3,023)** | **34,347** | **198,632** | **(43,388)** | **(59,669)** | **(333)** | **(5,553)** | **8,599** | **(86,793)** | **229,751** | **(1,908,424)** | **(1,439,005)** | **132** | **(1,438,873)** |
| Loss from continuing operations | | | | | | | | | | | | (72,000) | **(72,000)** | 1,417 | **(70,583)** |
| Other comprehensive expense | | | | | (50,263) | (12,708) | 12 | 15,233 | 16,258 | | | | **(31,467)** | (32) | **(31,499)** |
| COMPREHENSIVE EXPENSE | **0** | **0** | **0** | **0** | **(50,263)** | **(12,708)** | **12** | **15,233** | **16,258** | **0** | **0** | **(72,000)** | **(103,468)** | **1,385** | **(102,082)** |
| Owner transactions and other changes in equity: | | | | | | | | | | | | | | | 0 |
| Dividends | | | | | | | | | | | | | | | 0 |
| Reserve as per article 27 | | | | | | | | | | | | | | | **0** |
| Treasury shares | | | | | | | | | | | | | | | **0** |
| Stock grant reserve | | | | | | | | | | | | | | | **0** |
| Allocation of 2018 loss from continuing operations | | | | (35) | | | | | | | (1,908,424) | 1,908,424 | | (35) | **(35)** |
| Transactions with non-controlling investors | | | | | | | | | | | 648 | | | 255 | **902** |
| Change in consolidation scope | | | | | | | | | | | | | | | **0** |
| Other changes | | | | | | | | | | | | | | | **0** |
| **Closing balance** | **196,850** | **(3,023)** | **34,347** | **198,597** | **(93,651)** | **(72,377)** | **(321)** | **9,680** | **24,857** | **(86,793)** | **(1,678,025)** | **(72,000)** | **(1,542,473)** | **1,737** | **(1,540,088)** |

** The group has applied IFRS 16 since 1 January 2019. As allowed by the transition method, the comparative figures have not been restated.

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

# Statement of changes in equity for the year ended 31 December 2018**

| *(€'000)* | *Share capital* | *Treasury shares* | *Legal reserve* | *Extraordinary reserve* | *Hedging reserve* | *Translation reserve* | *Actuarial reserve* | *Fair value reserve* | *Deferred taxes on OCI* | *Other reserves* | *Retained earnings* | *Loss for the year* | **Deficit attributable to the owners of the parent** | *Non-controlling interests* | **Total deficit** |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance** | **196,850** | **(1,080)** | **33,163** | **297,568** | **(58,913)** | **(95,506)** | **(460)** | **0** | **18,287** | **(1,461)** | **231,467** | **(101,175)** | **518,740** | **30,702** | **549,442** |
| Effects of IFRS 15 FTA | | | | | | | | | | (56,689) | | | **(56,689)** | 0 | **(56,689)** |
| Effects of IFRS 9 FTA | | | | | | | | 5,889 | (985) | (28,551) | | | **(23,647)** | (42) | **(23,689)** |
| **Balance at 1 January 2018 including FTA effect of new standards** | **196,850** | **(1,080)** | **33,163** | **297,568** | **(58,913)** | **(95,506)** | **(460)** | **5,889** | **17,302** | **(86,701)** | **231,467** | **(101,175)** | **438,404** | **30,660** | **469,064** |
| Loss from continuing operations | | | | | | | | | | | | (1,908,424) | **(1,908,424)** | (3,746) | **(1,912,170)** |
| Other comprehensive income | | | | | 15,525 | 35,836 | 127 | (11,442) | (8,704) | | | | **31,343** | 4,288 | **35,634** |
| **COMPREHENSIVE EXPENSE** | **0** | **0** | **0** | **0** | **15,525** | **35,836** | **127** | **(11,442)** | **(8,704)** | **0** | **0** | **(1,908,424)** | **(1,877,080** | **542** | **(1,876,539)** |
| **Owner transactions and other changes in equity:** | | | | | | | | | | | | | | | |
| Dividends | | | | | | | | | | | | | | (7,334) | **(7,334)** |
| Reserve as per article 27 | | | | | | | | | | | | | | | **0** |
| Treasury shares | | (28) | | 84 | | | | | | (92) | | | **(36)** | | **(36)** |
| Stock grant reserve | | | | | | | | | | | | | | | |
| Allocation of 2017 loss from continuing operations | | | 1,184 | (100,936) | | | | | | | (1,423) | 101,175 | **0** | | **0** |
| Transactions with non-controlling investors | | | | | | | | | | | (293) | | **(293)** | 293 | **0** |
| Change in consolidation scope | | | | | | | | | | | | | **0** | (24,030) | **(24,030)** |
| Other changes | | (1,915) | | 1,915 | | | | | | | | | **0** | | **0** |
| **Closing balance** | **196,850** | **(3,023)** | **34,347** | **198,632** | **(43,388)** | **(59,669)** | **(333)** | **(5,553)** | **8,599** | **(86,793)** | **229,751** | **(1,908,424)** | **(1,439,005)** | **132** | **(1,438,873)** |

The group has applied IFRS 16 since 1 January 2019. As allowed by the transition method, the comparative figures have not been restated.

# Statement of cash flows

## Operating activities

| (€'000) | 2019 | 2018 |
|---|---|---|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| **Loss for the year** | **(70,584)** | **(1,912,169)** |
| Income taxes | 27,804 | (69,489) |
| **Pre-tax loss** | **(42,780)** | **(1,981,659)** |
| *Adjustments for:* | | |
| **• Non-monetary items** | | |
| Amortisation and depreciation | 50,985 | 39,788 |
| Impairment losses | (15,722) | 372,620 |
| Effects of equity accounting | (30,671) | (92,082) |
| Post-employment benefits and defined benefit plan costs | 1,482 | 1,073 |
| Stock grant plan costs | 14 | 0 |
| Accrual to (utilisation of) provisions for risks and charges | (39,148) | 280,694 |
| Fair value gains following adoption of fair value measurement and other | (775) | (15,769) |
| **Sub total** | **(33,836)** | **586,325** |
| **• Monetary items** | | |
| (Gains) losses on disposals | (702) | 1,676 |
| **• Other adjustments to reconcile the loss for the year to the cash flows from operating activities** | | |
| Net interest income and expense and dividends received | 6,039 | 74,288 |
| **Sub total** | **5,337** | **75,964** |
| **Cash flows used in operating activities before changes in net working capital** | **(71,278)** | **(1,319,370)** |
| **Changes in working capital** | | |
| Trade receivables | (42,965) | (206,638) |
| *of which: related parties* | *23,464* | *(2,861)* |
| Inventories | 8,479 | (7,555) |
| Contract assets | (45,598) | 646,311 |
| *of which: related parties* | *31,150* | *225,965* |
| Costs capitalised to fulfil a contract | 1,208 | (2,183) |
| Trade payables | 44,038 | 41,460 |
| *of which: related parties* | *8,053* | 786 |
| Provisions for risks and charges | (107,602) | 3,595 |
| Contract liabilities | 103,636 | 3,014 |
| *of which: related parties* | *(502)* | *5,161* |
| Other operating assets | (1,881) | (13,488) |
| *of which: related parties* | *10,069* | 21,255 |
| Other operating liabilities | (70,308) | 261,365 |
| *of which: related parties* | *1,455* | *(2,624)* |
| Payment of post-employment benefits and defined benefit plans | (1,193) | (1,081) |
| **Sub total** | **(112,185)** | **724,799** |
| Exchange differences on the translation of financial statements of foreign operations | (10,895) | 20,532 |
| **Cash flows used in operating activities** | **(194,358)** | **(574,039)** |
| Interest and dividends received | 18,784 | 24,683 |
| Interest paid | (24,398) | (78,578) |
| Taxes paid | (17,491) | (23,419) |
| **A) Net cash flows used in operating activities** | **(217,463)** | **(651,353)** |
| ***of which: net cash flows used by disposal groups*** | ***(2,442)*** | ***(40,235)*** |

*The 2018 figures have been restated in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. With respect to the group's application of IFRS 16, it was not required to restate the related comparative figures given the transition method adopted.

# Statement of cash flows
## Investing and financing activities

| *(€'000)* | 2019 | *2018 |
|---|---|---|
| Net investment in intangible assets | (2,359) | (685) |
| Investment in property, plant and equipment | 30,002 | (10,650) |
| Proceeds from the sale or reimbursement of property, plant and equipment | (23,900) | 5,668 |
| Change in financing of equity investments | (2,480) | 2,970 |
| *of which: related parties* | *0* | *2,396* |
| Payments to acquire investments or subscribe shares/quotas of associates and other companies | 0 | (10) |
| Sale or purchase of securities | (1,489) | (23,765) |
| Change in other loan assets, net | (54,938) | (3,729) |
| **Total construction** | **(55,164)** | **(30,202)** |
| Change in financial assets from concession activities | 0 | 3,032 |
| Change in financing of equity investments | (37,907) | (21,415) |
| *of which: related parties* | *(9,686)* | *(21,583)* |
| Payments to acquire investments or subscribe shares/quotas of associates and other companies | (10,632) | (12,842) |
| Proceeds from the sale or reimbursement of investments in associates and other companies | 21,615 | 0 |
| Change in lease payments receivable | 20,053 | 770 |
| **Subtotal concessions** | **(6,871)** | **(30,454)** |
| **Total concessions** | **(6,871)** | **(30,454)** |
| (Purchase) Sale of business unit/subsidiaries | 0 | 3,466 |
| **B) Cash flows used in investing activities** | **(62,034)** | **(57,190)** |
| ***of which: net cash flows generated by disposal groups*** | **9,152** | ***201*** |
| | | |
| Dividends distributed to non-controlling investors | 0 | (7,334) |
| Net investment in treasury shares | 0 | 56 |
| Net gain (loss) on the trading in treasury shares | 0 | (92) |
| Redemptions and other net changes in bonds | 130,221 | 0 |
| Loans from parents | 0 | 20,000 |
| *of which: related parties* | *0* | *20,000* |
| Net use of credit facilities | 289,692 | 362,972 |
| Changes in other financial liabilities | 639 | (12,405) |
| *of which: related parties* | *(2,011)* | *13,543* |
| Payment of finance leases | (33,461) | (20,929) |
| Changes in non-controlling interests and other changes | (3,745) | 847 |
| **C) Cash flows generated by financing activities** | **383,345** | **343,116** |
| ***of which: net cash flows generated (used) by disposal groups*** | **(8,444)** | ***11,166*** |
| **NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A+B+C)** | **103,848** | **(365,427)** |
| **OPENING CASH AND CASH EQUIVALENTS** | **210,974** | **576,401** |
| **CLOSING CASH AND CASH EQUIVALENTS** | **[1]314,823** | **210,974** |

*The 2018 figures have been restated in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. With respect to the group's application of IFRS 16, it was not required to restate the related comparative figures given the transition method adopted.

[1] Including bank deposits of €762 thousand of the non-current assets held for sale.

# Notes to the consolidated financial statements

## General information

Astaldi Group (the "group"), which has been operating for over ninety years in Italy and abroad in the design and construction of large civil engineering works, is one of the most important groups in the international construction sector and is a leading general contractor and promoter of project finance initiatives in Italy.

The Astaldi 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. It mostly operates as an EPC[2] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works.

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

At the date of preparation of these consolidated financial statements, Astaldi S.p.A. is not managed or coordinated by any of its shareholders as its board of directors is responsible for taking all and the most suitable decisions regarding its management in a fully independent manner.

The parent's board of directors approved the consolidated financial statements as at and for the year ended 31 December 2019 during the meeting held on 16 June 2020.

## Foreword

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

On 28 September 2018, Astaldi S.p.A. ("Astaldi" or the "parent") filed its application (no. 63/2018) with the Rome Court for its composition with creditors procedure as per article 161.6 of the Bankruptcy Law[3] (the "composition with creditors procedure" or the "composition procedure") in order to present its proposal of composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law.

On 17 October 2018, the Rome Court granted a 60-day period to allow the parent to file its composition with creditors proposal, the related plan and the additional documentation required by article 161.2/3 of the Bankruptcy Law. The court concurrently appointed Stefano Ambrosini, Vincenzo Ioffredi and Francesco Rocchi as the judicial commissioners. The Rome Court also ordered the parent file once a month *(i)* an updated report on its financial position, and *(ii)* a report on the status of the composition proposal and the composition plan, and its current operations, including financial, with a description of the key transactions performed, of a contractual, operating, industrial, financial or settlement nature of more than €500 thousand, specifying the cash-in-hand and the key changes (the parent has regularly complied with this requirement during the procedure).

On 18 December 2018, the deadline for the presentation of the composition proposal in accordance with the application filed by the parent as per article 161.6 of the Bankruptcy Law was extended for another 60 days given the complexity of the activities to be performed as part of the composition plan and the procedure. Therefore, the

[2] Engineering, Procurement, Construction.
[3] Bankruptcy Law – Royal decree no. 267 of 16 March 1942 as subsequently amended.

deadline set for the presentation of the composition plan[4] and proposal in accordance with article 160 and subsequent articles of the Bankruptcy Law was 14 February 2019.

Reference should be made to the directors' report for additional information on (i) the ongoing procedure; (ii) the other composition with creditors procedures involving certain subsidiaries, the most important of which is NBI S.p.A. ("NBI"); (iii) the reasons why the parent applied for the composition with creditors procedure; and (iv) a description of the composition with creditors proposal presented to the Rome Court, which it accepted on 5 August 2019 and which was subsequently approved by the creditors with a majority vote in excess of 69%.

The "Events after the reporting date – Composition with creditors on a going concern basis (updates after the reporting date)" section provides information on the status of the ongoing proceedings.

# Main risks and uncertainties

## Going concern

Due to the complicated situation of the parent and the group detailed in the directors' report, management carried out a meticulous examination of their ability to continue as going concerns.

Specifically, when approving the draft financial statements at 31 December 2019 (which were only approved on 16 June 2020 due to the composition with creditors procedure commenced on 28 September 2018), the board of directors made all the assessments required to ascertain the parent's and group's ability to continue as going concerns, taking into consideration all the information available on predictable future events.

Astaldi filed an application as per article 161.6 of the Bankruptcy Law on 28 September 2018, thus commencing a process to turn around itself and its group based on an integrated going concern manoeuvre over a period of five years (2019-2023), including four years after the date of authorisation of the composition with creditors proposal, as follows:

(i) Astaldi's continuation of activities in order to ensure its ability to continue as a going concern by directly managing the parent;

(ii) a capital strengthening and refinancing manoeuvre, mainly via: (a) capital increases initially of €323.65 million with possible additional capital increases following the exercise of warrants and other share issues as a result of the conversion of unsecured claims presented subsequently, and (b) new financing granted and paid out for up to a maximum of €200 million by banks supporting the composition with creditors procedure;

(iii) the sale of activities and assets excluded from the core assets scope and transferred to a separate unit set up in accordance with article 2447-bis of the Italian Civil Code to satisfy unsecured creditors.

The above actions are part of an integrated manoeuvre under the composition with creditors proposal and are inextricably linked to one another. Therefore, the success of the entire manoeuvre depends on each individual transaction or event taking place.

In 2017 (see the 2017 Annual Report and Interim Financial Report at 31 March 2018 for further details), the parent began to look for potential industrial investors in order to acquire new resources to meet the financial requirements for the continuity of its contracts and exploit possible synergies with operators in the same sector.

Though the transaction has not yet been finalised, it should be noted that Astaldi, IHI Corporation and IHI Infrastructure Systems Co, a subsidiary of IHI Corporation, entered into an industrial strategic partnership agreement (the "**global partnership agreement**") on 15 May 2018 aimed at enhancing respective skills and strengths through synergies, including of a commercial nature. At the same time, Astaldi, its reference shareholders and IHI Corporation ("**IHI**") also signed an investment agreement (the "**investment agreement**"),

[4] The 2018-2023 business plan attached to the composition proposal.

under which IHI will acquire an interest in the parent equal to approximately 18% of Astaldi's share capital and approximately 13% of its overall voting rights.

On 15 November 2018, Webuild S.p.A. (formerly Salini Impregilo S.p.A.) ("Webuild") issued a communication that, in short, set out its interest in acquiring an infrastructure construction business unit. On 13 February 2019, Webuild issued a binding offer, subsequently integrated on 28 March, 20 May, 18 June and 15 July 2019, proposing to acquire an investment in Astaldi as part of its restructuring process ("Webuild's binding offer"). On 14 February 2019, the parent filed its composition with creditors proposal, prepared on the basis of Webuild's binding offer, together with the relevant documentation. Finally, on 19 June 2019, the parent filed a brief replying to the request for clarifications received from the Rome Court, simultaneously filing an updated version of the composition with creditors proposal, the composition plan and the related report, followed by further integrations on 16 July, 20 July and 2 August 2019.

Specifically, the composition with creditors proposal provides for:

1. the parent's continuation of its activities in order to ensure its ability to continue as a going concern by directly managing the business unit solely comprising Engineering, Procurement & Construction (EPC) activities, facility management and complex system management and certain minor concessions implicit in EPC activities;
2. a capital strengthening and refinancing manoeuvre, entailing:

a) a cash capital increase of €225 million reserved to Webuild, excluding a rights offering for the current shareholders, at an issue price of €0.23 each (twenty-three cents) per share;

b) a divisible capital increase of €98.65 million, excluding a rights offering for the current shareholders, to service the conversion into Astaldi shares of the total filed unsecured claims or potential unsecured claims, accrued in the provision for risks, that may be filed in the meantime, at a rate of 12.493 shares for each €100 of filed or potential unsecured claim against Astaldi (the equivalent of an issue price of €0.23 per share);

3. the issue - as per the financing agreements (cash and bonding facilities) underpinning the composition with creditors proposal - of warrants for Astaldi's lending banks (the "bonus warrants") to be exercised against payment at the terms and conditions set out in the regulation attached to Webuild's binding offer. The number of bonus warrants approved for issue shall be sufficient to allow Astaldi's lending banks to subscribe a number of ordinary Astaldi shares against consideration and during the established exercise window at a price of €0.23 per share for up to 5% of the share capital as it stands immediately after the two capital increases mentioned above;
4. Webuild's binding offer provides for a third possible divisible capital increase, excluding a rights offering for the current shareholders, of a maximum amount (to be decided subsequently) to satisfy additional unsecured creditors, not included in the composition plan, that present claims subsequently, if the amounts claimed are higher than the accruals to the provision for the unsecured claims as per the plan with the right to receive 12.493 ordinary shares for each €100 of the filed or potential unsecured claim.

The impact of this possible capital increase is not included in the plan, but the possibility is provided for in order to clarify that any unsecured creditors not currently included in the plan will receive the same treatment as the other unsecured creditors. This complies with article 184 of the Bankruptcy Law as it enables all creditors existing before the application for the composition with creditors procedure is filed with the company registrar to be treated on like terms;

5. Webuild's binding offer also provides for the issue of anti-dilutive warrants to Webuild with the related possible issue of the parent's ordinary shares to ensure that its investment in Astaldi will not be diluted should other unsecured creditors that are not provided for in the composition plan present a claim ("anti-dilutive warrants"). The anti-dilutive warrants may not reverse any dilution of investments of all future Astaldi shareholders due to the exercise of the bonus warrants (and resulting share issue) by the banks involved in granting the new credit facilities;

6. a first issue of pre-preferential bonds on 12 February 2019 for €75 million (the "Fortress bonds" or "bonds") subscribed by Fortress and authorised by the court following the application presented by Astaldi as per article 182-quinquies.3 of the Bankruptcy Law;
7. actions taken by Webuild (via its wholly-owned newco Beyond S.r.l.) and illimity Bank S.p.A. to (i) repurchase the Fortress bonds (first issue), and (ii) subscribe an additional issue of the pre-preferential bonds for up to €125 million (second issue). €50 million was issued as part of the second issue on 2 December 2019 and €63.9 million on 10 February 2020, for a total bond issue of €188.9 million (first and second issues);
8. the granting of a revolving credit facility by banks for €200 million ("RCF 200"), to be used after the composition with creditors procedure is authorised and the Webuild capital increase is made, in order to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of any residual portion of the pre-preferential bonds set out in points 6 and 7. The RCF 200 is a pre-preferential facility provided as per the composition with creditors procedure as per articles 111 and 182-quater of the Bankruptcy Law;
9. the granting of bonding facilities for a total of €384 million as per article 182-quinquies.1 of the Bankruptcy Law, aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress and/or on stand-by or pending award (the contract was signed with banks on 10 August 2019);
10. the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition plan of 19 June 2019. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

The main assets to be transferred to the separate unit set up as resolved by Astaldi's board of directors on 24 May 2020 are:

a. Astaldi's gross amount due from IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS) for the sale of its 20% investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme Anonim Sirketi (an SPE that holds the concession to build and operate the Third Bosphorus Bridge - the "Third Bosphorus Bridge operator") (the "Third Bosphorus Bridge receivable" and with regard to the original investment, the "Third Bosphorus Bridge investment") and the related shareholder loan. The deed of sale for the Third Bosphorus Bridge investment and the Third Bosphorus Bridge receivable, originally included in the composition proposal, was signed by Astaldi and ICTAS on 17 March 2020;

b. the shareholder loans and investments held directly by Astaldi in the operators of: *(i)* the Gebze-Orhangazi-Izmir Motorway in Turkey, and *(ii)* the Etlik Integrated Health Campus in Ankara, Turkey;

c. the shareholder loans and investments held indirectly by Astaldi, via Astaldi Concessioni S.p.A., in the operators of: *(i)* the Arturo Merino Benitez International Airport of Santiago, Chile, *(ii)* the West Metropolitan Hospital in Santiago, Chile and *(iii)* the Etlik Integrated Health Campus mentioned above;

d. amounts due from Instituto de Ferrocarriles del Estado (IFE) of Venezuela for the projects to build the Puerto Cabello-La Encrucijada and San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway line sections (the "Venezuelan financial assets");

e. the building and appurtenance land in Via G.V. Bona 65, Rome, which houses the parent's current offices.

In accordance with the composition plan, as per the board of directors' resolution of 24 May 2020, the parent set up the separate unit as per article 2447-bis of the Italian Civil Code, which will include the investee Astaldi Concessioni S.p.A. which was, in turn, partially proportionately demerged, under notary public Salvatore Mariconda's deed of 28 May 2020, in order to separate the non-core assets which remain with the demerged Astaldi Concessioni from the core assets to be transferred to a newco also fully controlled by Astaldi.

The composition with creditors proposal covers the settlement of the following claims at the reference date (28 September 2018) amounting to €3,598 million, including:

(i) pre-preferential claims totalling €67.8 million, mainly comprised of the fees of judicial commissioners and consultants involved in the procedure and provisions for pre-preferential claims;

(ii) preferential claims totalling €96.7 million, mainly (i) tax liabilities of €28.3 million, (ii) provisions for preferential claims (i.e., the provision for tax disputes) of €22.1 million, (iii) preferential trade payables (i.e., artisans and professionals) of €20.5 million, and (iv) payables to employees of €12.7 million;

(iii) unsecured claims totalling €3,433.5 million, mainly (i) bank loans and borrowings and payables to bondholders of €2,557.1 million, (ii) trade payables of €329.5 million, (iii) intragroup payables of €155.8 million, and (iv) provisions for unsecured claims totalling €378.6 million.

With regard to such total claims, the composition with creditors proposal provides that:

1. pre-preferential claims and management costs will be paid in full when due;
2. pre-preferential claims related to the loans agreed as per article 182-quinquies of the Bankruptcy Law will be settled in full;
3. preferential claims will be satisfied in full within one year of the authorisation of the composition with creditors procedure as per the moratorium under article 186-bis of the Bankruptcy Law;
4. unsecured claims (not broken down by class), including preferential claims downgraded to unsecured as per article 160.2 of the Bankruptcy Law, will be satisfied within 120 days of the authorisation date via:
    - new shares assigned to unsecured creditors at 12.493 new shares for each €100 of claim;
    - participating financial instruments that give creditors the right to receive the net proceeds on the sale of the assets transferred to the separate unit, in the ratio of one participating financial instrument for each euro of their unsecured claim;
5. the tax and social security liabilities will be settled within one year from the authorisation of the composition with creditors application at the terms and conditions set out in the proposal to settle such tax and social security liabilities as per article 182-ter of the Bankruptcy Law. This provides for, in short: (i) the full payment of the preferential tax/social security liabilities within 12 months from the authorisation date; (ii) the partial payment of any unsecured liabilities through the assignment of shares and participating financial instruments in the same ratio as that offered to the other unsecured creditors; and (iii) the complete elimination of the potential tax liability arising on the tax assessment (currently pending before the Campania Regional Tax Commission), without prejudice to that set out in point 3 above;
6. the subordinated claims will not be satisfied during the period of the composition plan.

The Rome Court accepted the parent's application for the composition with creditors procedure on 5 August 2019 and set the date for the creditors' meeting before the delegated judge as 6 February 2020. On 27 November 2019, the court postponed the meeting to 26 March 2020 and then postponed it further to 9 April 2020 on 23 March 2020.

After reading the minutes of the creditors' meeting of 9 April and the information provided by the judicial commissioners on the definitive outcome of the vote held on 30 April 2020, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, with its ruling of 4 May 2020, the court set the hearing date for the authorisation of the composition with creditors to be attended by the parties involved and the judicial commissioners as 23 June 2020.

Based on the above, the parent's directors made extremely thorough evaluations on the going concern assumption, duly considering the specific stages of its overall application for composition with creditors. Specifically, the directors took into account all information available on predictable future events, considering all aspects characterised by significant uncertainty that could raise considerable doubts as to the ability of the parent and the group to continue as going concerns, as follows:

a. **Authorisation of the composition with creditors:** As mentioned earlier, the hearing date for the authorisation of the composition with creditors was set for 23 June 2020. Astaldi, the judicial commissioners, any dissenting creditors and any interested parties must present themselves at least ten days prior to the hearing date, as per article 180.2 of the Bankruptcy Law. The judicial commissioners shall file their reasoned opinion within the same date. Following the hearing and after assessing any objections and the reasoned opinion of the judicial commissioners, the court shall decide whether to issue its decree authorising the composition with creditors as per article 180 of the Bankruptcy Law.

b. **Conditions precedent of Webuild's binding offer:**

   *i)* Definitive authorisation of the composition with creditors procedure by 31 March 2021, i.e., the Rome Court issuing a decree as per article 180 of the Bankruptcy Law authorising Astaldi's composition with creditors application that is definitive and no longer subject to claims. Specifically, the decree is considered definitive and no longer subject to claims:

   - when it has been filed, if no objections are made; or
   - if objections are made, within 30 days after the last of the following requirements has been fulfilled: (1) filing of the decree authorising the composition with creditors procedure with the Rome company registrar; (2) notification of the decree to the creditors as per articles 17 and 180 of the Bankruptcy Law without any appeals being made in the meantime as per article 183 of the Bankruptcy Law; or
   - if objections are made, if the decree authorising the composition with creditors procedure is appealed as per article 183 of the Bankruptcy Law, and (i) the appeal as per article 183 of the Bankruptcy Law is discontinued by the claimant(s) (even after settlement) resulting in the decree becoming definitive when the claimant formally discontinues the claim, or (ii) when the Rome Court of Appeal rejects the claim.

c. *No events or circumstances arising before the definitive authorisation date* that (individually or together) could compromise the judicial, economic and/or financial feasibility conditions underlying the composition with creditors proposal and the composition plan prepared on the basis of Webuild's binding offer, as possibly amended or integrated as per article 162 of the Bankruptcy Law or subsequent amendments to the proposal and plan as per article 172.2 of the Bankruptcy Law, the content of which shall be agreed with Webuild.

   In addition to the above conditions precedent, Webuild's binding offer also requires that:

   - there are no significant changes to the amount and/or nature and composition of the claims for which proof was filed without Webuild's prior written notification of its continued interest in the transaction;
   - the statement of financial position in Astaldi's first separate and consolidated financial statements approved after the definitive authorisation of the composition with creditors, which therefore reflects the debt-discharging effect of the composition with creditors procedure, is substantially in line with that set out in the composition plan;
   - Astaldi's subsidiaries owning contracts listed in Webuild's binding offer terminate such contracts in a manner that ensures that their termination does not lead to payables, charges, liabilities or obligations for Astaldi to be borne outside the unsecured claims provided for as part of the composition (i.e., provided for in the related provision for risks in the plan attached to Webuild's binding offer);
   - Astaldi continues as a going concern, i.e., it can continue performing its contracts and operations and, specifically, continue its existing contracts and projects which at the offer date are mostly suspended or, in any case, restricted due to Astaldi's financial difficulties.

d. **Capital strengthening and refinancing manoeuvre:** the implementation of the capital strengthening and refinancing manoeuvre under the composition with creditors proposal described earlier provides

for, in short: capital increases reserved to Webuild and unsecured creditors; obtaining revolving credit facilities of €200 million from banks; and the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

e. **Meeting the targets set out in the composition plan:** effectively reaching the financial and performance targets that will confirm the group's turnaround under the provisions of the plan. They also depend on future, uncertain variables that cannot be controlled, e.g., variables that could affect (i) the amount and timing of new contracts, (ii) the timing of collecting additional fees for variations, price revisions, incentives and claims compared to the contractually agreed amounts and (iii) the amount and timing of collecting advances from customers, estimated based on the parent's application for the benefits provided by urgent measures introduced to aid the liquidity of contractors under Decree law no. 34 of 19 May 2020 (the so-called "Relaunch Decree") issued following the Covid-19 emergency.

In light of the above, the parent's directors duly requested and obtained the information needed to assess the reasonableness that all of the above circumstances could occur, i.e., the significant uncertainties that could lead to material doubts as to the group's ability to continue as a going concern. As a result, they deemed it appropriate to prepare the consolidated financial statements at 31 December 2019 under the going concern assumption.

Specifically, the parent's directors based their conclusions on the following considerations, with reference to each of the elements of uncertainty listed above:

1. with regard to points a) and b):
   i. as mentioned earlier, the authorisation process of the composition with creditors procedure is at a very advanced stage. Indeed, with its decree issued on 5 August 2019, the Rome Court authorised the commencement of the procedure proposed by the parent. The creditors' meeting was held on 9 April 2020. Then, after reading the minutes of the creditors' meeting and the information provided by the judicial commissioners on the definitive outcome of the vote held on 30 April 2020, whereby the proposal was approved by a majority of 69.40% of the creditors eligible to vote, with its ruling of 4 May 2020, the court set the hearing date for the authorisation of the composition with creditors to be attended by the parties involved and the judicial commissioners as 23 June 2020. Also based on the opinions of their external legal advisers, the parent's directors believe that the objections presented to the Rome Court to date which will be discussed at the authorisation hearing set for 23 June 2020 will not jeopardise the success of the composition with creditors application as they are mostly focused on matters already analysed and assessed during the procedure even should such objections lead to claims to the Court of Appeal subsequent to the authorisation decree. Therefore, there is no reason to believe that the court will not authorise the composition with creditors application and that such authorisation would not be confirmed by the Court of Appeal in the event of any subsequent claims;
   ii. based on the analysis performed by the parent's directors, at the date of approval of the draft consolidated financial statements, there have been no events or circumstances that (individually or together) could compromise the judicial, economic and/or financial feasibility conditions underlying the composition with creditors proposal and the composition plan prepared on the basis of Webuild's binding offer, or provisions such not to ensure that all the underlying assumptions of the offer are met;
2. with regard to point c), the parent's directors deem it reasonable to assume that the capital strengthening and refinancing manoeuvre under the composition with creditors proposal will be successfully implemented once definitive authorisation of the composition with creditors procedure has been granted. The project includes capital increases reserved to Webuild and unsecured creditors and revolving credit facilities of €200 million from banks to enable the parent's continuity. The directors' assumption is based on Webuild's binding offer as well as the commitments undertaken by the banks

involved in the manoeuvre and formalised in specific commitment letters attached to the offer. In addition, Webuild completed a capital increase of €600 million on 12 November 2019. This is key to Progetto Italia as one of the essential elements of the project is acquiring control of Astaldi once it has completed its capital strengthening and refinancing manoeuvre. Astaldi's planned capital increase is naturally also subject to other conditions outside of its control, such as the shareholders approving the transaction and CONSOB (the Italian commission for listed companies and the stock exchange) authorising the publication of the relevant prospectus to be issued for the capital increase. It seems reasonable to assume that the voting of Astaldi's shareholders will be in line with Webuild's binding offer as the majority shareholder has already made binding commitments on 14 February, 14 June and 16 July 2019 to vote in favour of the resolutions needed to implement the manoeuvre. With regard to the CONSOB authorisation, on the other hand, it seems reasonable to assume that it will be granted, also considering that: (i) the capital increase is imperative for the capital strengthening and refinancing manoeuvre; (ii) the latter has already been communicated to the market and CONSOB; (iii) the entire cash amount to be injected has already been guaranteed; (iv) the company documentation required by ruling legislation to obtain the authorisation is already being drafted and finalising and sharing it with CONSOB should not be an issue for the parent;

3. finally, with regard to point d) relating to uncertainties linked to the composition plan, the plan was certified by a professional appointed under the composition with creditors procedure in their reports dated 14 February 2019, 19 June 2019 and 16 July 2020. Based on this fact and the respective checks carried out, the feasibility of the plan was also approved by the judicial commissioners appointed by the Rome Court who issued their report as per article 172 of the Bankruptcy Law on 10 February 2020. At their meeting held on 9 April 2020, the creditors also approved the plan with a large majority (69.40%). Finally, the directors carefully monitored and assessed all subsequent events regarding the achievement of the plan targets, which is also impacted by the collection of slow-moving items and advances from customers as per the urgent measures introduced to aid liquidity under the Relaunch Decree issued following the Covid-19 emergency. The directors did not detect any critical issues further to the uncertainties mentioned previously.

   In conclusion, though the actions described above entail significant uncertainties that could lead to material doubts as to the parent's and the group's ability to continue as going concerns, the parent's directors prepared the consolidated financial statements at 31 December 2018 under the going concern assumption. Based on the considerations listed above, they deem it reasonable to assume that the tough situation that the parent and the group are facing can be overcome by defining and implementing the composition with creditors procedure, the capital strengthening and refinancing manoeuvre and the related plan.

The existence and overcoming of such uncertainties depend only partly on variables and internal factors under management's control and depend on external factors that have been assessed using the criteria of reasonableness set out above.

## Risks related to Covid-19 (the Coronavirus)

At the date of preparation of these consolidated financial statements, the Italian and other EU and non-EU governments have applied extraordinary measures to curb the spread of the Covid-19 virus (the Coronavirus), declared a pandemic by the World Health Organisation. See the "Events after the reporting date - The spread of Covid-19 (the Coronavirus)" section for more information.

# Significant contractual events

**ITALY // COURT OF AUDITORS PROCEEDINGS ON LINE C OF THE ROME METRO** – With order no. 486/2019 published on 10 January 2019, the joint session of the Court of Cassation ruled the lack of jurisdiction of the Court of Auditors over the management of the general contractor Metro C S.c.p.A. ("Metro C") (including members of Astaldi senior management) for the first hearing pending before the Court of Auditors in relation to the variations introduced for Line C of the Rome Metro in the period from 2006 to 2010. Given that Metro C was not even summonsed for the second hearing on the events occurred after 2010 - and particularly the out-of-court agreement and the implementing act -, it is presumed that the general contractor and its management are definitively not subject to liability for the alleged damage to the state related to the construction of Line C of the Rome Metro.

**ITALY // CRIMINAL PROCEEDINGS RELATED TO LINE C OF THE ROME METRO** – 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 the SPE, the general contractor Metro C (34.5% held by Astaldi), 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.

**ITALY // LINE C OF THE ROME METRO (AOSTA FACTOR VS METRO C SCPA)** – In January 2013, Aosta Factoring ("AF") and Astaldi signed a recourse factoring framework agreement for future receivables that will derive from works on Line C of the Rome Metro. Astaldi is a shareholder of the SPE (as general contractor) Metro C S.c.p.a. set up to construct Line C of the Rome Metro for Roma Metropolitane S.r.l. (owned by the Rome municipal authorities). The SPE's shareholders are Astaldi, Vianini Lavori S.p.A., Consorzio Cooperative Costruzioni and Ansaldo STS S.p.A.. Under the factoring agreement, Astaldi assigned some invoices issued to Metro C for its share of the contractual fees due in line with its investment in the SPE. Metro C did not pay the factored invoices, despite AF's reminders, because, as per the applicable statutory provisions, its receivables cannot be factored. AF issued an enforcement notice to Metro C, which led to the latter's accounts being frozen, in order to collect the unpaid amounts. This was then suspended as agreements were reached between Metro C and AF. The above led to a legal dispute between the parties, which is currently pending. In order to claim for potential damage - yet to be checked and assessed - that could be incurred by Metro C and the partners due to the legal dispute with AF, Metro C decided to apply for arbitration against Astaldi. The arbitration board was appointed on 18 March 2020 but it is not known whether the relevant application has been filed. The board postponed the first hearing from 25 June 2020 to 14 September 2020. Therefore, though it prudently appeared before the arbitration board, the parent cannot yet appraise Metro C's claims and does not know what to offer as its defence or what evidence will be presented by Metro C.

**MEXICO // LAND TRANSPORT LOGISTICS HUB ("LTLH") AT MEXICO CITY AIRPORT** – On 25 January 2019, the customer (Grupo Aeroportuario Ciudad México) terminated the contract early for reasons of public interest (inter alia, due to lack of funding). In the draft final bill the customer did not include any charge for the contractor, that, in turn, is quantifying the costs resulting from the termination of the contract to be subsequently discussed with the customer. Meetings are being held with the customer to reach an agreement on the percentage of completion of the works and the relevant consideration, in addition to the costs and charges resulting from the termination of the contract. To avoid the time limit for taking action expiring, a formal appeal for the payment of costs was presented to the local courts.

**TURKEY // STANDSTILL AGREEMENT** – Due to the fact that Turkey does not recognise the composition with creditors on a going concern basis procedure, thus excluding Turkish creditors from the protection guaranteed by such procedure, Astaldi commenced negotiations in 2019 with some Turkish banks that have claims with the Turkish branch (also related to commitments deriving from the guarantees issued in favour of the subsidiary Astur) in order to reach a standstill agreement on credit collection actions pending the sale of the investments in the SPEs awarded the contracts to construct and operate important public works in Turkey, under the understanding that the banks would receive full settlement of their claims when the sale is made.

Under the standstill agreement, upon the sale of the first Turkish asset and collection of the related amount, the Turkish banks will receive full repayment of the principal and full payment of the interest expense calculated at the contractual (non-default) rate up to the date of repayment of the principal. The standstill agreement will expire at the earliest of: *(i)* the date when the sale price of the first Turkish asset (i.e., the Third Bosphorus Bridge operator) is collected and *(ii)* 18 months after the signing of the agreement. The banks that signed the agreement with Astaldi in September 2019 are T. Vakiflar Bankasi T.A.O., T.C. Ziraat Bankası A.Ş., Ziraat Katılım Bankası A.Ş and T. İş Bankası A.Ş.

**CHILE // WEST METROPOLITAN HOSPITAL IN SANTIAGO (FORMERLY THE FELIX BULNES HOSPITAL)** – The Chilean Ministry of Public Works awarded the contract for the construction, repair, maintenance and operation of the Felix Bulnes Hospital to Astaldi Concessioni which, in accordance with the terms of the tender, set up Sociedad Concesionaria Metropolitana De Salud S.A. (“SCMS” or the “operator”). The operator then entrusted the turnkey construction of the hospital to Astaldi’s Chilean branch. However, right from the design stage, events and circumstances arose not attributable to the branch that impacted the work schedule, leading to higher costs and more time required to perform the project. On 4 December 2018, the operator issued Astaldi with a default notice (notificacion de incumplimiento) asking it to present a recovery plan. While challenging the validity of the notice, Astaldi presented a recovery plan for the completion of the project. On 2 January 2019, SCMS unduly terminated the construction contract. On the same date, the contractor challenged the termination and requested arbitration before the Santiago Chamber of Commerce, claiming that termination was unlawful and requesting return of the enforced guarantees (performance bond and advance payment bond), payment for the work performed and compensation for damage and lost profit. The proceedings are currently at a preliminary stage. Also based on the opinions of their external legal advisers, the directors deem the reasons for return of the enforced guarantees to be founded.

# Basis of presentation and segment reporting

The Astaldi Group’s consolidated financial statements as at and for the year ended 31 December 2019 have been prepared in accordance with the International Accounting Standards (IAS) and the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Union pursuant to Regulation (EC) no. 1606/2002 and applicable at the reporting date.

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

The consolidated financial statements comprise:

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

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

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

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

The statement of cash flows breaks down the cash flows for the year by operating, investing and financing activities. Cash flows from the operating activities are shown using the indirect method. Cash flows from investing activities are shown separately for the construction and concessions segments.

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

Finally, the group applied a management approach to segment reporting, taking into account the elements that senior management uses for taking its strategic and operating decisions and defining the specific reportable segments. Segment reporting specifically refers to the various geographical segments in which the group operates and is prepared using the same accounting policies used for the consolidated financial statements. Reference should be made to note 37 for the presentation of segment reporting.

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

# Preliminary considerations about the comparability of figures

## *Discontinued operations*

As provided for by the 2018-2023 business plan approved by its board of directors on 13 February 2019 and filed with the Rome Court together with the application for composition with creditors procedure on 14 February 2019, Astaldi initiated an in-depth analysis of its order backlog in order to progressively curtail the intrinsic risk in individual projects.

In line with the business plan, the solution found was cutting back the group's presence in countries considered higher risk and choosing more economically and financially sustainable projects.

Specifically, the new business plan clearly defined the order backlog in countries where the group's industrial activities will be focused and, thus, the countries (mainly Central American countries and Russia, with respect to 2019) where the parent will disengage from activities as they no longer meet revised commercial and business planning strategies.
In line with the business plan guidelines, Astaldi:

- reached an agreement to fully transfer its activities in progress in Russia to its partner ICTAS, as part of the sale of the Third Bosphorus Bridge operator agreed on 20 June 2019;
- suspended the operations of its Honduras branch after the local judicial authorities appointed an administrator on 25 May 2019 in order to sell the branch's assets to satisfy its creditors;
- in 2019, discontinued its business activities in the other geographical segments identified under the parent's new business plan.

Based on the above and as the conditions set out in paragraph 32.a) and b) of IFRS 5 - Non-current assets held for sale and discontinued operations were deemed to have been met, the parent's directors reclassified its revenue and costs related to those geographical segments in which it has discontinued its operations to the caption "Loss from discontinued operations" in the statement of profit or loss (loss of €6 million) as described in more detail in note 14.

In accordance with IFRS 5.34, the parent restated the comparative figures in the statement of profit or loss and the statement of comprehensive income, reclassifying the revenue and costs for 2018 related to these geographical segments to the "Loss from discontinued operations". This did not affect the loss for 2018 or the

deficit at 31 December 2018. More information is available in notes 14 (Loss from discontinued operations) and 28 (Non-current assets held for sale and liabilities directly associated with non-current assets held for sale) and the statement of cash flows.

# Consolidation scope

At 31 December 2019, the consolidation scope includes:

| | Nature of investment | Recognition | Construction | Concessions and O&M | Plant engineering and facility management | Total |
|---|---|---|---|---|---|---|
| Subsidiaries | Control | Consolidation | 51 | 7 | 11 | 69 |
| - *of which: Italy* | | | *26* | *2* | *10* | *38* |
| Joint ventures | Joint control | Equity accounting | 14 | 4 | 0 | 18 |
| - *of which: Italy* | | | *10* | *0* | *0* | *10* |
| Associates | Significant influence | Equity accounting | 29 | 6 | 2 | 37 |
| - *of which: Italy* | | | *24* | *2* | *2* | *28* |

## Astaldi group companies

### Subsidiaries

| Construction | Registered office | Operating office | Share/quota capital/consortium fund<br>Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investor |
|---|---|---|---|---|---|---|---|---|
| **Italy** | | | | | | | | |
| Afragola FS Società consortile a Responsabilità Limitata | Rome | Italy | €10,000 | EUR | 100.00% | 82.54% | 17.46% | NBI S.p.A. |
| AR.GI S.c.p.A. | Rome | Italy | €35,000,000 | EUR | 99.99% | 99.99% | 0.00% | |
| AS. M. S.c.r.l. | Naples | Italy | €10,000 | EUR | 75.91% | 75.91% | 0.00% | |
| Bussentina S.c.r.l. in liquidation | Rome | Italy | €25,500 | EUR | 78.90% | 78.90% | 0.00% | |
| C.O.MES. in liquidazione S.r.l. | Rome | Italy | €20,000 | EUR | 55.00% | 55.00% | 0.00% | |
| Capodichino AS.M S.c.r.l. | Naples | Italy | €10,000 | EUR | 66.83% | 66.83% | 0.00% | |
| CO.ME.NA S.c.r.l. in liquidation | Naples | Italy | €20,658 | EUR | 70.43% | 70.43% | 0.00% | |
| CO.MERI S.p.A. | Rome | Italy | €35,000,000 | EUR | 99.99% | 99.99% | 0.00% | |
| Consorzio Stabile Operae | Rome | Italy | €500,000 | EUR | 99.00% | 98.00% | 1.00% | Sartori Tecnologie Industriali S.r.l. |
| Dirpa 2 S.c.ar.l. | Rome | Italy | €50,009,998 | EUR | 98.99% | 0.00% | 99.99% | Consorzio Stabile Operae |
| DMS DESIGN CONSORTIUM s.c.r.l. | Rome | Italy | €10,000 | EUR | 60.00% | 60.00% | 0.00% | |
| Forum S.c.r.l. | Rome | Italy | €51,000 | EUR | 79.98% | 79.98% | 0.00% | |
| Garbi Linea 5 S.c.a.r.l. in liquidation | Rome | Italy | €10,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Infraflegrea Progetto S.p.A. | Naples | Italy | €500,000 | EUR | 51.00% | 51.00% | 0.00% | |
| Italstrade S.p.A. | Rome | Italy | €16,515,578 | EUR | 100.00% | 100.00% | 0.00% | |
| Messina Stadio S.c.r.l. in liquidation | Milan | Italy | €45,900 | EUR | 100.00% | 100.00% | 0.00% | |
| Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l. | Rome | Italy | €50,000 | EUR | 70.00% | 70.00% | 0.00% | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Ospedale del Mare S.C.r.l. in liquidation | Rome | Italy | €50,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Partenopea Finanza di Progetto S.c.p.A. | Naples | Italy | €9,300,000 | EUR | 99.99% | 99.99% | 0.00% | |
| Portovesme S.c.r.l. in liquidation | Milan | Italy | €25,500 | EUR | 99.98% | 99.98% | 0.00% | |
| S. Filippo S.c.r.l. in liquidation | Rome | Italy | €10,200 | EUR | 80.00% | 80.00% | 0.00% | |
| S.P.T. - Società Passante Torino S.C.r.l. | Rome | Italy | €50,000 | EUR | 82.50% | 82.50% | 0.00% | |
| Scuola Carabinieri S.C.r..l in liquidation | Rome | Italy | €50,000 | EUR | 76.40% | 76.40% | 0.00% | |
| Sirjo Scpa | Rome | Italy | €30,000,000 | EUR | 60.00% | 60.00% | 0.00% | |
| Susa Dora Quattro S.c.r.l. in liquidation | Rome | Italy | €51,000 | EUR | 90.00% | 90.00% | 0.00% | |
| Toledo S.c.r.l. in liquidation | Naples | Italy | €50,000 | EUR | 90.39% | 90.39% | 0.00% | |

## Abroad

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| AGN Haga AB | Gothenburg | Sweden | SEK500,000 | SEK | 40.00% | 40.00% | 0.00% | |
| Asocierii Astaldi S.p.A., Sc Somet sa, sc Tiab sa, sc Uti grup sa (Line 4 of the Bucharest Metro) | Bucharest (Romania) | Romania | - - - - | EUR | 40.00% | 40.00% | 0.00% | |
| Astaldi Algerie - E.u.r.l. | Algiers | Algeria | DZD54,979,619 | DZD | 100.00% | 100.00% | 0.00% | |
| Astaldi Arabia Ltd. | Riyadh | Saudi Arabia | SAR5,000,000 | USD | 100.00% | 60.00% | 40.00% | Astaldi International Ltd. |
| Astaldi Bulgaria LTD | Sofia | Bulgaria | BGN5,000 | BGN | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Design & Construction Inc. | Montreal | Canada | CAD100 | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |
| Astaldi Canada Enterprises Inc. | Montreal | Canada | CAD100 | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Inc. | Montreal | Canada | CAD50,020,000 | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Construction Corporation | Davie (Florida) | USA | USD18,972,000 | USD | 65.81% | 65.81% | 0.00% | |
| Astaldi de Venezuela C.A. | Caracas | Venezuela | VEF110,300 | EUR | 99.80% | 99.80% | 0.00% | |
| Astaldi India Services LLP | Mumbai | India | ----- | INR | 99.99% | 99.99% | 0.00% | |
| Astaldi International Inc. | Monrovia | Liberia | USD3,000,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Astaldi International Ltd. | London | United Kingdom | GBP2,000,000 | GBP | 100.00% | 100.00% | 0.00% | |
| Astaldi Mobilinx Hurontario GP Inc. | Montréal (Canada) | Canada | ---- | CAD | 100.000% | 0.00% | 100.000% | Astaldi Canada Enterprises Inc. |
| Astaldi Polska Sp. z o.o. | Warsaw | Poland | PLN120,000 | PLN | 100.00% | 100.00% | 0.00% | |
| Astaldi-Max Bogl-CCCF JV S.r.l. | Bucharest | Romania | RON40,000 | EUR | 66.00% | 66.00% | 0.00% | |
| Astalnica S.A. | Managua | Nicaragua | NIO2,000,000 | NIO | 98.00% | 98.00% | 0.00% | |
| ASTALROM S.A. | Calarasi | Romania | RON3,809,898 | RON | 99.68% | 99.68% | 0.00% | |
| Astur Construction and Trade A.S. | Ankara | Turkey | TRY35,500,000 | USD | 100.00% | 100.00% | 0.00% | |
| Constructora Astaldi Cachapoal Limitada | Santiago | Chile | CLP10,000,000 | CLP | 99.90% | 99.90% | 0.00% | |
| Italstrade CCCF JV Romis S.r.l. | Bucharest | Romania | RON540,000 | EUR | 51.00% | 51.00% | 0.00% | |
| Redo-Association Momentanée | Kinshasa | Democratic Republic | CDF0.5 | EUR | 100.00% | 75.00% | 25.00% | Astaldi International Ltd. |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| | | of the Congo | | | | | | |
| Romairport S.r.l. | Rome (Italy) | Romania | €500,000 | EUR | 99.26% | 99.26% | 0.00% | |
| Seac S.p.a.r.l. in liquidation | Kinshasa | Democratic Republic of the Congo | CDF400 | EUR | 100.00% | 100.00% | 0.00% | |
| T.E.Q. Construction Enterprise Inc. | Montreal | Canada | CAD11,080,515 | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |

## Concessions and O&M

### Italy

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Astaldi Concessioni S.p.A. | Rome | Italy | €83,000,000 | EUR | 100.00% | 100.00% | 0.00% | |
| GE.SAT S.c. a r.l. | Prato | Italy | €10,000 | EUR | 53.85% | 35.00% | 18.85% | Astaldi Concessioni S.p.A. |

### Abroad

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S. | Ankara | Turkey | TRY37,518,000 | EUR | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. |
| Sociedad Austral Mantenciones y Operaciones S.p.A. | Santiago | Chile | CLP1,000,000 | CLP | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. 75% - NBI 25% |
| Sociedad Concesionaria Aguas de Punilla S.A. | Santiago | Chile | CLP40,000,000,000 | CLP | 99.998% | 0.00% | 99.998% | Astaldi Concessioni S.p.A. |
| Transmisora del Sur S.p.A. | Santiago | Chile | CLP1,000,000 | CLP | 100.00% | 0.00% | 100.00% | Astaldi Concessioni S.p.A. - Chilean branch |
| Valle Aconcagua S.A. | Santiago | Chile | CLP17,132,991,411 | USD | 84.31% | 0.00% | 82.54% | Astaldi Concessioni S.p.A. |

## Plant engineering and facility management

### Italy

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 3E System S.r.l. in liquidation | Bologna | Italy | €10,000 | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. |
| A10 S.c.a r.l. | Bologna | Italy | €10,000 | EUR | 62.52% | 0.00% | 62.52% | NBI S.p.A. |
| Bielle Impianti S.c..r.l. in liquidation | Bologna | Italy | €100,000 | EUR | 75.00% | 0.00% | 75.00% | NBI S.p.A. |
| CO.VA S.c.r.l. in liquidation | Bologna | Italy | €10,000 | EUR | 60.00% | 0.00% | 60.00% | NBI S.p.A. |
| Consorzio Stabile Busi in liquidation | Bologna | Italy | €100,000 | EUR | 95.00% | 0.00% | 95.00% | NBI S.p.A., 3E System S.r.l. |
| DEAS Società Consortile a Responsabilità Limitata | Bologna | Italy | €10,000 | EUR | 57.00% | 0.00% | 57.00% | NBI S.p.A. |
| LAGUNA S.c.a r.l. in liquidation | Bologna | Italy | €10,000 | EUR | 84.70% | 0.00% | 84.70% | NBI S.p.A. |
| NBI S.p.A. | Rome | Italy | €7,500,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Sartori Tecnologie Industriali S.r.l. | Brindisi | Italy | €500,000 | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. |
| Tione 2008 S.c.r.l. in liquidation | Bologna | Italy | €100,000 | EUR | 76.00% | 0.00% | 80.00% | Consorzio Stabile Busi |

## Abroad

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| NBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S. | Istanbul | Turkey | TRY10,720,000 | TRY | 100.00% | 0.00% | 100.00% | NBI S.p.A. Astur Construction and Trade A.S. |

## Key joint arrangements and associates*

| **Joint ventures** | Registered office | Operating office | Operating segment | Share/quota capital/consortium fund Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investo |
|---|---|---|---|---|---|---|---|---|---|
| Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s. | Istanbul | Turkey | CO | TRY267,240,000 | EUR | 51.00% | 5.00% | 46.00% | Astaldi Concessioni S. |
| **Joint operations** | | | | | | | | | |
| Asocierea Astaldi – FCC – Salcef – Thales, Lot 2a | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| Asocierea Astaldi – FCC – Salcef – Thales, Lot 2b | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| Asocierea Astaldi Spa – Max Boegl Romania Srl – Astalrom Sa – Consitrans S.R.L. (Ogra-Campia Turzii) | Bucharest | Romania | C | - - - - | RON | 40.00% | 40.00% | 0.00% | |
| ASOCIEREA LOT 3 FCC-ASTALDI-CONVENSA | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| Astaldi-Turkerler Joint Venture | Ankara | Turkey | C | - - - - | EUR | 51.00% | 51.00% | 0.00% | |
| Gebze-Izmir Otoyolu Insaati (Nomayg) Adi Ortakligi | Ankara | Turkey | C | - - - - | USD | 17.50% | 17.50% | 0.00% | |
| UJV Astaldi S.p.A. Chilean branch, Vinci CGP Chilean branch and VCGP | Santiago | Chile | C | - - - - | CLP | 50.00% | 49.50% | 1.00% | VCGP - Astaldi Ingenieria y Construccion Limitada |
| **Associates** | | | | | | | | | |
| Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusu Kuzey Marmara Otoyolu Yatirim Ve Isletme AS | Ankara | Turkey | CO | TRY666,600,000 | USD | 20.00% | 20.00% | 0.00% | |
| METRO C S.c.p.a. | Rome (Italy) | Italy | C | €150,000,000 | EUR | 34.50% | 34.50% | 0.00% | |
| Otoyol Yatirim Ve Isletme A.S. | Ankara | Turkey | CO | TRY4,180,000,000 | USD | 18.86% | 18.86% | 0.00% | |

* Key joint ventures and associates are those investments in which the group's investment's carrying amount exceeds €15 million and in joint operations with revenue exceeding €15 million.

**C = Construction; CO = Concessions**

## Interests in unconsolidated structured entities

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

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

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

## Judgements and assumptions used in defining the consolidation scope

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

- **Control of specified assets:**

As part of the acquisition of the “Quadrilatero” industrial complex, Astaldi acquired Consorzio Stabile Operae (“CSO”) in 2015. The agreements with the seller[5] provided Astaldi S.p.A. with a guarantee against the possible reduction in CSO’s equity, since the seller undertook to discharge the acquiree’s liabilities existing at the acquisition date. Considering the sale agreement provisions and the special legislation governing companies under extraordinary administration, the parent’s management held that:

- the pre-acquisition assets and liabilities of CSO were to be treated as deemed a separate entity (silo) in accordance with IFRS 10.B76 and following paragraphs;
- the parent did not control the silo as all activities that significantly affect its returns are de facto managed by the special commissioner.

Based on the above considerations, the group once again did not consolidate the silo’s assets and liabilities.

- **Investees not controlled by the group despite its holding more than half of the voting rights:**

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

- **Companies over which the group exercises significant influence despite its holding less than 20% of their voting rights:**

As the conditions of IAS 28.6 are met, the group believes that it can exercise significant influence over the investees involved in the Gebze-Orhangazi-Izmir Motorway project in Turkey although it holds less than 20% of their voting rights (18.14%). Specifically, based on its analysis, the parent can actively participate in defining the investees’ policies in the light of the following considerations:

(i) the investees have six investors, five of which each holding an interest of around 20%;
(ii) none of the investors have individual or joint control over the investees;
(iii) the parent is suitably represented on the investees’ boards of directors.

[5] Special commissioner of Impresa and SAF.

- **Joint arrangements structured through a separate vehicle**

The joint operations (JO) in which the group is involved are usually "transparent" vehicles, which do not entail the segregation of the vehicle's assets from those of the venturers. However, a very limited number of joint arrangements structured thorough a separate vehicle (five[6]) required checking whether the related contractual arrangements attributed the SPE's rights and obligations directly to the venturers. Based on the analyses carried out and the opinions of highly reputable advisors, management believes that the arrangements give the venturers (and hence the parent) title to the assets and obligations for the liabilities of the SPE and that, therefore, the joint arrangements qualify as joint operations pursuant to IFRS 11.

## Main changes in the consolidation scope

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

| Company name | Type of company | Event |
|---|---|---|
| Astaldi India Services LLP | Subsidiary | Incorporation |
| Astaldi Mobilinx Hurontario GP Inc. | Subsidiary | Incorporation |
| Mobilinx Hurontario DBJV | Joint Operation | Incorporation |
| Mobilinx Hurontario Contractor CJV | Joint Operation | Incorporation |
| Astaldi Infrastructure S.p.A. | Subsidiary | Wound up |
| Astaldi Enterprise S.p.A. | Subsidiary | Wound up |

## Loss of control over investees during the year

The parent did not directly or indirectly through its subsidiaries undertake in any transactions during the year that would have led to the loss of control over its investees.

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

The group did not engage in any transactions that would have changed its investments in subsidiaries during the year.

## Reporting dates of the consolidated companies' financial statements

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

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

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

# Accounting policies

The main accounting policies adopted in the preparation of the consolidated financial statements at 31 December 2019 are summarised below.

# Basis of consolidation

### Subsidiaries

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

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

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

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

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

### Interests in joint arrangements

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

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

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

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

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

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

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

**Investments in associates**

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

*Equity method*

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

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

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

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

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

## Translation of foreign currency transactions and financial statements of foreign operations

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

### Translation of foreign currency transactions into the functional currency

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

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

## Translation of financial statements into the presentation currency

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

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

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

| Currency | Closing rate 31 December 2019 | Average rate 2019 | Closing rate 31 December 2018 | Average rate 2018 |
|---|---|---|---|---|
| Algerian dinar | 133.8916 | 133.6757 | 135.4881 | 137.6525 |
| New Bulgarian lev | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| Canadian dollar | 1.4598 | 1.4855 | 1.5605 | 1.5294 |
| Chilean peso | 844.8600 | 786.8932 | 794.3700 | 756.9400 |
| United Arab Emirates dirham | 4.1257 | 4.1113 | 4.2050 | 4.3371 |
| Indonesian rupiah | 15,595.6000 | 15,835.2674 | 16,500.0000 | 16,803.2200 |
| Moroccan dirham | 10.7810 | 10.7658 | 10.9390 | 11.0820 |
| Nicaraguan cordoba oro | 38.0375 | 37.1597 | 37.2491 | 37.3355 |
| Peruvian nuevo sol | 3.7255 | 3.7364 | 3.8630 | 3.8793 |
| Pound sterling | 0.8508 | 0.8778 | 0.8945 | 0.8847 |
| Polish zloty | 4.2568 | 4.2976 | 4.3014 | 4.2615 |
| Romanian new leu | 4.7830 | 4.7453 | 4.6635 | 4.6540 |
| Russian rouble | 69.9563 | 72.4553 | 79.7153 | 74.0416 |
| US dollar | 1.1234 | 1.1195 | 1.1450 | 1.1810 |
| New Turkish lira | 6.6843 | 6.3578 | 6.0588 | 5.7077 |
| Venezuelan bolivar soberano | 52,308.3738 | 14,692.8600 | 729.8027 | **n.a** |

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

# Property, plant and equipment

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

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

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

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

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

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

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

Profits and losses from the sale of assets or groups of assets are calculated as the difference between the assets' fair value loss costs to sell and carrying amount.

# Leased property, plant and equipment

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

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

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

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

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

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

**As lessee**

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

***i) Right-of-use asset***

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

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

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

***ii) Lease liabilities***

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

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

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

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

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

**As lessor**

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

## Intangible assets

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

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

Amortisation is calculated starting from when the acquired rights are available for use and takes into account

the assets' useful life (2–5 years).

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

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

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

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

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

Goodwill recognised as part of a business combination is allocated to each cash-generating unit identified and is recognised under intangible assets. It represents the positive difference between the cost incurred for the acquisition of a company or business unit and the net fair value of the acquired assets and liabilities of that company or business unit. The contingent assets and liabilities acquired and identifiable are recognised at their fair value at the acquisition date. On the other hand, any negative difference is immediately recognised in profit or loss. After initial recognition, goodwill is not amortised, but may be tested for impairment.

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

## Business combinations

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

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

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

value of the acquiree's identifiable assets and liabilities is recognised as goodwill. If the difference is negative, it is recognised in profit or loss. The non-controlling interests' share is calculated proportionally to the non-controlling interests in the investee's identifiable net assets, i.e., their acquisition-date fair value.

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

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

### Business combinations carried out in 2019

No business combinations were carried out in 2019.

## Investment property

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

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

Its useful life is between 20 and 33 years.

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

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

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

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

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

The impairment test is carried out by comparing the asset's (or group of assets') carrying amount to its recoverable amount[7]. Should the carrying amount be higher than the recoverable amount, the asset is impaired and the impairment loss is recognised in profit or loss. Should the reasons for a previously-recognised impairment loss cease to exist, the impairment loss is reversed to the extent of the asset's carrying amount. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

The following table shows the results of the impairment tests:

[7] The recoverable amount is defined as the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use.

| Asset | Ref. | CGU | Description | Impairment indicators | Business segment | Carrying amount (€m) | Rate | Method |
|---|---|---|---|---|---|---|---|---|
| Investments in associates and joint ventures (IAS 28) | Note 18 | Otoyol Yatirim Ve Isletme A.S. | Concession for the Gebze - Orhangazi – Izmir Motorway | External sources | Concessions | 366.5 | Ke 9.86% | DDM |
| Investments in associates and joint ventures (IAS 28) | Note 18 | Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS | Concession for the Etlik Integrated Health Campus | Internal and external sources | Concessions | 35.5 | Ke 11.86% | DDM |
| Contractual right (IAS 38) | Note 17 | Quadrilatero industrial complex | Maxi lot 2 of the Quadrilatero Marche-Umbria road system | Internal sources | Construction | 16.2 | WACC 8.05% | UDCF |
| Contractual right (IAS 38) | Note 17 | Infraflegrea project | Cumana and Monte Sant'Angelo (Naples) railway line | Internal sources | Construction | 23.6 | WACC 8.05% | UDCF |

Finally, as is customary, the parent's management utilised the services of an independent expert to perform the impairment tests[8].

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

The results of the impairment tests and assumptions applied to carry out the individual tests are detailed later on in these notes.

## Impairment of other financial instruments

Adoption of IFRS 9 - Financial instruments has drastically changed the methods used to calculate and recognise impairment losses on financial assets, as it has replaced the IAS 39 incurred loss model with a forward-looking expected credit loss (ECL) model.

Under the new standard, regardless of any existing or contingent trigger event, an entity shall recognise the expected credit losses calculated using the ECL model on all financial assets (except those measured at FVTPL).

The group introduced an impairment model for its trade receivables and contract assets, which make up most of its credit exposure, based on the simplified approach allowed by IFRS 9 for these types of financial assets. Specifically, it split these financial assets into clusters that reflect the assets' nature, customer credit rating and geographical segment. Based on the information collected, it then calculated the reference parameters (PD[9], LGD[10] and EAD[11]) for each cluster to calculate the lifetime expected credit losses. It tested exposures related to customers with a less than adequate credit rating (speculative grade, non investment grade and high yield) and significant payment delays (over 12 months) individually for impairment using the parameters identified from time to time[12].

The group tested the other financial assets for impairment using the generalised approach provided for by IFRS 9, allocating the assets to various stages and estimating the expected credit loss using the PD, LGD and EAD risk parameters.

### Impairment of amounts due from the Venezuelan government

The group has three railway projects in Venezuela with Instituto de Ferrocarriles del Estado. At 31 December 2019, the group's total exposure (the "exposure") amounts to €433 million and relates to contracts entered into as part of an intergovernmental agreement (the "intergovernmental agreement") between Italy and Venezuela, which provides additional protection to the measures that can be taken by resorting to local courts. Despite this and starting from 2017, the parent prudently impaired its exposure by €381 million given the delays in

[8] An international network.

[9] PD: Probability of Default.

[10] LGD: Loss Given Default.

[11] EAD: Exposure At Default.

[12] More information is available in the analysis of the recoverability of the amounts due from the Venezuelan government.

collecting payments and the country's current and expected conditions. As a result, the recoverable amount of the group's exposure amounts to approximately €52 million.

**Valuation techniques**

The group estimated the expected credit losses on the Venezuelan assets in line with IFRS 9 considering all the information that was reasonably available at the date of approval of these consolidated financial statements. Specifically, management tested the exposure's recoverable amount using market benchmarks given the country's economic and social context and the difficulties in making reliable estimates about expected cash flows.

Therefore, the group calculated the exposure by reference to the fair value of benchmarks deemed pertinent for the estimate, considering specifically:

- market returns and prices of the Venezuelan government bonds in the period prior to the reference date;
- market value of the spread of the credit default swaps (CDS), with the Venezuelan government's default as the underlying;
- recovery rate of the Venezuelan government bonds based on the mean of the related bonds' market prices at the reference date;
- recovery rates observed with reference to sovereign debt default events that have occurred from 1983 to 2019.

**Conclusions**

Based on the technical analyses performed (including with the assistance of an independent expert), management confirmed the financial assets' recoverable amount to be €52 million, as determined at 31 December 2018.

# Service concession arrangements

The service concession arrangements, in which the grantor is an entity of the public sector and the operator is an entity of the private sector, fall under the scope of IFRIC 12 - Service concession arrangements if they relate to infrastructures used to provide important economic and social services to the public. Moreover, an entity shall apply IFRIC 12 if the following conditions are fully met:

- the grantor controls or regulates what services the operator must provide with the infrastructure, to whom it must provide them, and at what price;
- the grantor controls (through ownership, beneficial entitlement or otherwise) any significant residual interest in the infrastructure at the end of the term of the arrangement.

Specifically, IFRIC 12 provides that, under the terms of a service concession arrangement, the operator acts as a provider substantially of the following types of services:

- construction or upgrade services: the operator constructs or upgrades infrastructure used, by the same operator, to provide a public service;
- operation service: the operator operates and maintains the infrastructure over the concession term.

The consideration received or receivable by the operator is allocated by reference to the relative fair values of the services delivered, in order to reflect the substance of the transaction.

With respect to the stage of completion of the contract, the operator recognises the consideration received or receivable for operation and upgrade services and for operation services in accordance with IFRS 15 - Revenue from contracts with customers.

The interpretation also provides that if the concession agreement has certain characteristics, the right to use the infrastructure (asset in concession) for providing the service can be recognised as:

- *a financial asset*, to the extent that the operator has an unconditional contractual right to receive a guaranteed minimum amount regardless of the users' actual use of the infrastructure. Under this model, the operator recognises a loan or receivable that accrues interest. The financial asset is initially recognised

at the fair value of the infrastructure constructed and is subsequently measured at amortised cost. The loan or receivable is settled through the guaranteed minimum amounts received from the grantor. Interest income is calculated using the effective interest rate and is recognised as operating revenue (IFRS 15.BC 247);

- *an intangible asset*, to the extent that the operator receives a right (a licence) to charge users of the public service. IFRIC 12 specifies that the operator shall recognise and measure concession services in accordance with IAS 38. Specifically, the intangible asset is amortised systematically over the concession term in order to reflect the pattern in which the future economic benefits arising from the use of the infrastructure are expected to flow to the group;
- *as both an intangible asset and a financial asset ("mixed method")*, when the consideration for the construction of the infrastructure is a right to receive both assets. In this case, the intangible asset is calculated as the difference between the fair value of the infrastructure constructed and the financial asset measured as the present value of the cash flows arising from the guaranteed minimum amounts. The discount rate the group uses for its concession arrangements is the effective interest rate of each project, in line with that already discussed for the financial asset model.

During the period when the infrastructure is constructed or upgraded, the consideration is classified in accordance with IFRS 15 as a contract asset, regardless of the accounting treatment that will be adopted when the asset is operated under concession.

The group's main concession arrangements are summarised below.

| Concessions | Business segment | Key asset | Subject to IFRIC 12 | Recognition | Expiry | Country | % |
|---|---|---|---|---|---|---|---|
| **Joint ventures** | | | | | | | |
| Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.S. | Healthcare | Etlik Integrated Health Campus | Yes | Financial asset | 2043 | Turkey | 51.00% |
| **Associates** | | | | | | | |
| Otoyol Yatirim Ve Isletme A.S. | Motorways | Gebze-Orhangazi-Izmir Motorway | Yes | Financial asset | 2035 | Turkey | 18.14% |
| **Other companies** | | | | | | | |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | Transport | Santiago Airport | Yes | Financial asset | 2035 | Chile | 15.00% |

## Investments in other companies

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

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

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

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

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

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

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

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

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

Management also decided to avail of the option provided for by paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some[13] non-controlling interests as financial assets at fair value through other comprehensive income[14]. In this case, any dividends distributed shall be recognised in profit or loss while changes in fair value shall be presented in other comprehensive income without subsequently being recognised in profit or loss.

## Inventories

Inventories are recognised at the lower of cost and net realisable value. The carrying amount of inventories is calculated using the weighted average cost formula applied to groups of similar assets. The cost includes all costs incurred in bringing the inventories to the location and condition to be used in the production process.

## Revenue from contracts with customers

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

Contract consideration accrued on construction contracts in progress is measured using the cost to cost method (paragraphs B14-B19 of IFRS 15, input methods), considering the contract budget. The group regularly updates the assumptions underlying the contract budget to reflect the most reasonable estimate of the accrued contract consideration and the contract output in the consolidated financial statements.

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

**Contract revenue** comprises the initial amount of revenue agreed in the contract and variable elements (variations in contract work, price reviews, incentive payments, claims and penalties). Variable elements are estimated to be the expected or most probable amount. Variable consideration is recognised only to the extent that it is highly probable that a significant reversal in the amount of the cumulative revenue recognised will not occur when the uncertainty associated with the variable consideration is subsequently resolved.
In this respect, consideration has been given to the following:

- specific legislation regarding public works and international legislation;
- contractual clauses;
- the progress of negotiations with the customer and likelihood that these negotiations will have a positive outcome;
- when necessary due to the complexity of specific situations, technical-legal studies also conducted with external consultants, to confirm that the valuations made are reliable.

**Contract costs** comprise:

- all costs that relate directly to the specific contract, costs that are attributable to contract activity in general and can be allocated to the contract and such other costs as are specifically chargeable to the customer under the terms of the contract.

Contract costs also include:

- pre-operating costs, i.e., the costs incurred during the initial phase of the contract prior to the start of construction activity (design costs, work site installation costs, etc.), as well as
- post-operating costs incurred after completion of the contract (site dismantlement, return of equipment and/or machinery to the base, insurance, etc.).

If the completion of a contract is expected to generate a loss, this is entirely recognised in the year in which it

[13] The measurement method for equity investments was selected on a case-by-case basis as allowed by the new standard.
[14] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.

is reasonably foreseeable in accordance with IAS 37 - Provisions, contingent liabilities and contingent assets.

When the outcome of a construction contract cannot be estimated reliably, contract work in progress is recognised on the basis of the contract costs incurred that it is probable will be recoverable, without recognising any profit or loss.

When favourable or unfavourable events attributable to present situations at the reporting date occur after the reporting date, the carrying amounts are adjusted to reflect the related effects.

With respect to the presentation of financial statements captions related to construction contracts in progress, in accordance with IFRS 15.105-107, the group presents:

(i) the unconditional right to consideration related to work performed (invoices issued or to be issued) as a trade receivable;

(ii) the consideration due by the customer for contract work performed net of progress payments and advances (i.e., financial milestones that have not yet been certified) as a contract asset. This caption also includes the additional consideration due to contract variations (work variations and claims) being negotiated with the customers;

(iii) the group's obligation to transfer goods or services to a customer for which it has received advances and progress payments as a contract liability;

(iv) the estimate of the variable consideration that the group expects to pay to customers for higher costs and damages due to termination of the contract for the part exceeding the related contract asset for work performed and not yet paid for as other contract liabilities.

## Loans and receivables and other financial assets

The group classifies financial assets considering (i) the contractual characteristics of the cash flows of the financial asset (SPPI test), and (ii) the business model for managing the financial assets.

As a result, financial assets may be classified in the following categories:
- financial assets at amortised cost;
- financial assets at fair value through other comprehensive income;
- financial assets at fair value through profit or loss.

**Financial assets at amortised cost (AC)**
A financial asset is measured at amortised cost if both of the following conditions are met:
- the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

This category includes trade receivables, other operating receivables included in other current and non-current assets and part of the loan assets included in current and non-current financial assets.

**Financial assets at fair value through other comprehensive income (FVTOCI)**
A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:
- the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding (SPPI).

The group classified part of its subordinated loans (semi-equity) given to the concession SPEs in this category after analysing the business model it intends to use to manage such loans.

**Financial assets at fair value through profit or loss (FVTPL)**
A financial asset is measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income.
This category includes financial instruments whose contractual cash flows are not solely the payment of principal and interest on the principal amount outstanding.

## Derivatives

Derivatives are assets and liabilities measured at fair value. There are three type of hedging relationships:
• fair value hedge: a hedge of the exposure to changes in fair value of a recognised asset or liability or an unrecognised firm commitment;
• cash flow hedge: a hedge of the exposure to variability in cash flows that is attributable to a particular risk associated with all, or a component of, a recognised asset or liability or a highly probable forecast transaction, and could affect profit or loss;
• hedge of a net investment in a foreign operation.
A hedging relationship qualifies for hedge accounting if the following criteria are met:
(i) there is an economic relationship between the hedged item and the hedging instrument such to offset value changes and this offset ability
is not dominated by the counterparty's credit risk; (ii) the hedge ratio is consistent with the risk management objectives, as part of a risk management strategy which includes the appropriate rebalancing measures.
The group uses derivatives as part of its hedging strategies to offset the risk of changes in expected cash flows related to contractually defined or highly probable transactions (cash flow hedges) such as, currency forwards and interest rate swaps to hedge currency risk and interest rate risks, respectively.
Derivatives are initially recognised at the transaction-date fair value. They are subsequently remeasured (at least at every reporting date). Specifically, the effective portion of fair value gains or losses on derivatives designated as cash flow hedges and qualified as such is recognised in a caption of the statement of comprehensive income (the hedging reserve), which is subsequently reclassified to profit or loss when the hedged item affects profit or loss. The ineffective portion of fair value gains or losses is immediately recognised in profit or loss. If hedge accounting is discontinued for a cash flow hedge, the amount accumulated in the hedging reserve remains in the hedging reserve if the hedged future cash flows are still expected to occur until the future cash flows occur. Subsequently, in proportion to the hedged cash flows that occur, any amount still accumulated in the hedging reserve is gradually recognised in profit or loss. If the hedged cash flows are no longer expected to occur, the amount accumulated in the hedging reserve is immediately reclassified to profit or loss.

## Fair value measurement

IFRS 13 defines fair value as a market-based measurement, not an entity-specific measurement. It is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

When a price for an identical asset or liability is not observable, the group measures fair value using another valuation technique that maximises the use of relevant observable inputs and minimises the use of unobservable inputs.

Single or multiple valuation techniques may be appropriate. If multiple valuation techniques are used to measure fair value, the results are assessed considering the reasonableness of the range of values indicated by those results.

The most commonly used valuation techniques are as follows:

- **market approach:** a valuation technique that uses prices and other relevant information generated by market transactions involving identical or comparable (i.e., similar) assets, liabilities or a group of assets and liabilities;
- **cost approach:** a valuation technique that reflects the amount that would be required currently to replace the service capacity of an asset; and
- **income approach:** a valuation technique that converts future amounts (e.g., cash flows or income and expenses) to a single current (i.e., discounted) amount.

Based on the observability of the inputs used as part of the valuation technique applied, the assets and liabilities recognised at fair value in the consolidated financial statements are measured and classified using the fair value hierarchy established by IFRS 13:

- **level 1 inputs**: quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- **level 2 inputs**: inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly or indirectly;
- **level 3 inputs**: unobservable inputs for the asset or liability.

The fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

## Derecognition of financial assets and liabilities

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- the contractual rights to the cash flows from the financial asset expire;
- the group retains the contractual rights to receive the cash flows of the financial asset, but assumes a contractual obligation to pay the cash flows fully and on time to one or more recipients;
- the group transfers the contractual rights to receive the cash flows of the financial asset and: (a) transfers substantially all the risks and rewards of ownership of the financial asset, or (b) neither transfers nor retains substantially all the risks and rewards of ownership of the financial asset, but transfers control of the financial asset.

If the group transfers the contractual rights to receive the cash flows of the financial asset and neither transfers nor retains substantially all the risks and rewards of ownership or retains control of the financial asset, it continues to recognise the financial asset to the extent of its continuing involvement in the financial asset. When the group's continuing involvement takes the form of guaranteeing the transferred asset, the extent of its continuing involvement is the lower of the initial carrying amount of the asset and the maximum amount of the consideration received that the group could be required to repay.

The group derecognises a financial liability when it is extinguished, i.e., when the obligation specified in the contract is discharged or cancelled or expires. If an existing financial liability is exchanged with another of the same lender with substantially different terms or the terms of an existing financial liability are substantially modified, the exchange or modification is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the original and new financial liabilities is recognised in profit or loss. In the case of modifications and exchanges of financial liabilities that do not entail their derecognition, IFRS 9 requires that their carrying amount be recalculated as the present value of the renegotiated or modified contractual cash flows that are discounted at the financial liabilities' original effective interest rate. Any resulting gain or loss shall be immediately recognised in profit or loss.

## Cash and cash equivalents

These include cash, bank deposits or other amounts with other financial institutions available for day-to-day transactions, postal current accounts and other cash equivalents, as well as investments with terms expiring within three months of the acquisition date. Cash and cash equivalents are recognised at fair value, which normally equals their nominal amount.

## Assets held for sale and discontinued operations

Non-current assets or disposal groups[15] are classified as held for sale if their carrying amount will be recovered mainly through their sale rather than continuing use.

This condition is considered to be met when the sale is highly probable and the asset or disposal group is available for immediate sale in its current conditions.

Non-current assets held for sale and disposal groups are recognised in the statement of financial position separately from the group's other assets and liabilities. Immediately before being classified as held for sale, they are measured on the basis of the specific IFRS applicable to each asset and liability. They are subsequently recognised at the lower of their carrying amount and fair value less costs to sell. Any losses are immediately recognised in profit or loss. Subsequently, non-current assets held for sale are not depreciated and are measured at the lower of their carrying amount and fair value less costs to sell. If an equity-accounted investment, or a portion thereof, is classified as held for sale, equity accounting is discontinued for the entire investment or for the portion classified as held for sale. Any portions of investments that are not classified as held for sale continue to be measured using the equity method up to the completion of the disposal plan. Any difference between the carrying amount and fair value less costs to sell of non-current assets held for sale is recognised as an impairment loss in profit or loss. Any gains for subsequent increases in fair value are recognised to the extent of the previously recognised impairment losses, including those recognised before the asset is classified as held for sale.

Non-current assets and disposal groups classified as held for sale constitute a discontinued operation if they (i) represent a separate major line of business or geographical area of operations, (ii) are part of a single co-ordinated plan to dispose of a separate major line of business or geographical area of operations, or (iii) are a subsidiary acquired exclusively with a view to resale.

The post-tax profits or losses of discontinued operations and any post-tax gains/losses realised on disposal are presented separately in a specific caption of the statement of profit or loss. The prior year corresponding figures are presented accordingly.

## Non-current assets to be abandoned

IFRS 5.13 states that an entity shall not classify as held for sale a non-current asset (or disposal group) that is to be abandoned. This is because its carrying amount will be recovered principally through continuing use.

However, if the disposal group to be abandoned (i) represents a separate major line of business or geographical area of operations, or (ii) is a subsidiary acquired exclusively with a view to resale, the entity shall present the results and cash flows of the disposal group as discontinued operations at the date on which it ceases to be used.

## Equity

**Share capital**
The share capital comprises the parent's subscribed and paid up share capital. Costs strictly related to share issues are recognised as a reduction in share capital if they are directly attributable to the capital transaction.

**Treasury shares**
Treasury shares, including those held to service the incentive plans, are measured at cost and deducted from equity. Profits or losses arising from the sale or cancellation are recognised in equity.

[15] A disposal group is a group of assets and directly associated liabilities to be disposed of, by sale or otherwise, together as a group in a single transaction.

**Retained earnings (losses carried forward)**
These include the portion of previous years' profits or losses not distributed or allocated to reserves (in the case of profits) or not covered (in the case of losses).

**Other reserves**
These are reserves deriving from first-time application of the IFRS and other equity-related reserves (such as the stock grant reserve).

**Other comprehensive income**
Other comprehensive income includes items recognised directly in equity reserves in compliance with the IFRS provisions about their origin and changes.

The statement of comprehensive income captions of these consolidated financial statements are presented by nature in two categories:

(i) Those that will not be subsequently reclassified to profit or loss:
  - actuarial gains and losses on defined benefit plans (IAS 19);
  - gains and losses on changes in equity instruments classified as FVTOCI (IFRS 9);

(ii) Those that will be subsequently reclassified to profit or loss when certain conditions are met in accordance with IFRS:
  - exchange differences arising on the translation of the financial statements of foreign operations with functional currencies that differ from the Euro (IAS 21);
  - gains and losses on changes in financial assets classified as FVTOCI (IFRS 9);
  - the effective portion of gains and losses on hedging instruments (IFRS 9).

# Financial liabilities

Financial liabilities are initially recognised at fair value net of transaction costs and are subsequently measured at amortised cost.

Any difference between the amount received (net of transaction costs) and the nominal amount of the liability is recognised in profit or loss by applying the effective interest method.

Financial liabilities are classified as current liabilities, unless the group has the contractual right to extinguish its obligations after one year of the reporting date.

The group has not designated any financial liabilities at fair value through profit or loss.

# Convertible bonds

Convertible bonds are generally financial instruments comprising a liability and an equity component. At the date of issue, the fair value of the liability is estimated using the current market interest rate for similar non-convertible bonds. The difference between the net proceeds from the issue and the fair value of the liability, which represents the implicit option to convert the bonds into group shares, is recognised in equity.

On the other hand, convertible bonds offering the issuer the choice between repayment through ordinary shares or, alternatively, in cash (cash settlement option) are classified as hybrid financial instruments.

In this case, the host bond is measured at amortised cost while the embedded derivative, representing the conversion option, is measured at fair value through profit or loss.

## Trade payables and other financial liabilities

Trade payables due within the normal commercial terms are not discounted and are recognised at cost (identified by their nominal amount).

## Income taxes

**Current income taxes**
Current taxes for the current and previous years are recognised at the amount expected to be paid to the tax authorities. Tax rates and tax laws used to calculate the liability are those substantially enacted at the reporting date in the individual countries where the group operates.

**Deferred taxes**
Deferred taxes are calculated by applying the liability method to the taxable or deductible temporary differences between the carrying amount of assets and liabilities and their tax base.

Deferred tax liabilities are recognised on all taxable temporary differences, except when:

- they arise from the initial recognition of goodwill or an asset or liability in a transaction which is not a business combination and that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss);
- they refer to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures and the timing of their reversal can be controlled and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences and tax losses carried forward, to the extent to which it is probable that the group will earn sufficient future taxable profits offsetting them, except when a deferred tax asset arises from the initial recognition of an asset or liability in a transaction which is not a business combination that at the time of the transaction affects neither accounting profit or loss nor taxable profit (tax loss).

The carrying amount of deferred tax assets is remeasured at each reporting date and reduced if it is no longer probable that the group will earn sufficient future taxable profits to offset the entire or part of the asset. Unrecognised deferred tax assets are reassessed on an annual basis at the reporting date and are recognised to the extent that it has become probable that the group will earn sufficient taxable profit against which the deferred tax assets may be recovered.

Deferred tax assets and liabilities are measured at the tax rates expected to be applicable in the year when the assets will be realised or the liabilities will be settled, based on tax rates that have been enacted or substantially enacted at the reporting date.

Deferred tax assets and liabilities are offset if there is a legal right to set off current tax assets against current tax liabilities and the deferred taxes refer to the same taxable entity and the same taxation authority.

Current and deferred taxes relating to items recognised directly in equity are recognised in equity too rather than in profit or loss.

## Employee benefits

**Termination benefits**
Termination benefits consist of benefits due to employees following the group’s decision to terminate an employee’s employment before their retirement date and the employee’s decision to accept voluntary redundancy in exchange for those benefits.
The group recognises these benefits as liabilities and an expense at the earlier of (i) the date when the group can no longer withdraw the offer of such benefits; and (ii) the date when the group recognises restructuring costs within the scope of IAS 37, which implies payment of the termination benefits due. These liabilities are

measured according to the nature of the benefit. In particular, if the benefits are an enhancement of other post-employment benefits due to employees, the liability is measured in accordance with paragraphs 50 to 60 of IAS 19 - Post-employment benefits. On the other hand, the measurement criteria used to measure termination benefits differ depending on when they will be paid:

- if the group expects to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to short-term employee benefits apply (IAS 19.9-25);
- if the group does not expect to pay the full amount of the benefits within 12 months of the reporting date, the criteria applicable to other long-term employee benefits apply (IAS 19.153-158).

**Post-employment benefits**

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined benefit plans are recognised in the period in which the employee vests the right to receive them, consistently with the service required to obtain the benefits. They are calculated on the basis of actuarial assumptions and stated net of any advances paid. Independent actuaries measure the liability using the projected unit credit method.

The following income and expense are recognised as personnel expenses in the statement of profit or loss:

- current service cost reflecting the actuarial estimates of benefits due to employees for their service in the reporting period;
- net interest cost, which is the increase during a period in the present value of a defined benefit obligation which arises because the benefits are one period closer to settlement; and
- the full amount of costs and income arising from changes to the defined benefit plans ("past service cost or income"), which are recognised in the period when the changes occur.

Furthermore, any actuarial gains and losses on the defined benefit liability are fully recognised in the year when they arise as other comprehensive income (OCI) in the statement of comprehensive income.

Liabilities for guaranteed employee benefits paid when or after employment is terminated through defined contribution plans are recognised at the amount vested at the reporting date.

Liabilities for other employee benefits are recognised at the amount vested at the reporting date, including by using actuarial assumptions in the case of long-term benefits.

**Share-based payment plan**

The parent has adopted an incentive plan for senior management (CEO with delegated financial management powers and general managers), which assigns them the parent's shares free of charge upon attainment of specific financial objectives.

The stock grant plan is an equity-settled share-based payment that falls within the scope of IFRS 2.

The plan cost is recognised over the vesting period and is calculated with reference to the fair value of the options assigned to the senior management at the grant date, thereby reflecting the market conditions existing on that date.

At each reporting date, the assumptions about the number of options expected to vest are verified. The current cost is recognised in profit or loss under personnel expenses with a balancing entry recognised in an equity reserve. The most recent incentive plan refers to the 2016-2018 period and was suspended by the board of directors in its meeting of 12 November 2018. At the date of preparation of these consolidated financial statements, there were no incentive plans in place for periods after 2018.

## Provisions for risks and charges

The provisions for risks and charges are recognised when the group has a present (legal or constructive) obligation arising as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation.

The amount recognised as a provision is the best estimate of the expenditure required to settle the obligation or to transfer it to third parties at the reporting date. Where the effect of the time value of money is material, the provision is discounted using a pre-tax discount rate that reflects current market assessments. Where discounting is used, the increase in the provision due to the passage of time is recognised as interest expense.

## Other operating revenue

Other operating revenue includes revenue not directly related to the group's core business, i.e., that is not earned on contracts with customers, such as, for example:

- revenue from the sale of goods or rendering of services to suppliers and subcontractors;
- revenue from operating leases recognised on an accruals basis over the lease term;
- gains on sales of non-core assets.

## Government grants

Government grants are recognised at fair value, when there is reasonable assurance that such grants will be received and the group will comply with the conditions attaching to them. Grants related to costs are recognised as revenue on a systematic basis over the years in which the group recognises the related costs which the grants are intended to compensate. Grants related to assets are recognised at fair value as a decrease in the carrying amount of the related asset. If related to assets not yet available for use or under construction, the portion of the grant exceeding the related asset is presented as deferred income.

## Financial expense

Interest is recognised on an accruals basis using the effective interest method, by applying the interest rate that makes all cash inflows and outflows (including premiums, discounts, commissions, etc.) related to such transaction financially equivalent. If they meet the relevant conditions, borrowing costs are capitalised in accordance with IAS 23.

## Dividends

Dividends are recognised when the shareholders become entitled to receive the payment that normally arises with the related resolution taken by the shareholders. Dividends are recognised as a liability when their distribution is approved by the shareholders, with a balancing entry in equity.

## Expenses

Expenses are recognised on an accruals basis, assuming the group companies' ability to continue as going concerns.

## Earnings per share

Basic earnings per share are calculated by dividing the profit or loss attributable to the ordinary shareholders by the weighted average number of ordinary shares outstanding during the year. Diluted earnings per share are calculated by adjusting the above profit or loss attributable to the ordinary shareholders and the weighted average number of ordinary shares outstanding to account for the effect of all potential ordinary shares with a dilutive effect.

## Use of estimates

IFRS financial reporting requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosures on contingent assets and liabilities.

In accordance with Bank of Italy/CONSOB/ISVAP Joint Document no. 2 of 6 February 2009, the estimates are based on the most recent information available to management at the time of preparing these consolidated financial statements, the reliability of which is, therefore, unprejudiced. Estimates are used, inter alia, to

perform impairment tests and recognise the loss allowance, discounting of loans and receivables based on their estimated collection times, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals and provisions.

Actual results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of any changes are recognised in profit or loss when the change is made.

Specifically, taking into account the group's specific segment, which involves payment of an advance when the individual contracts are assigned, contract profits or losses systematically recognised in profit or loss may differ from those originally estimated. Such estimates may be influenced by numerous factors, including the following:

- claims for additional consideration for contract variations, price escalation clauses, incentives and claims compared to that contractually agreed;
- disputes with customers for fines and compensation for damages;
- the long timeframe and engineering and operating complexity of construction contracts in progress;
- the risk profile of certain countries in which the construction contracts are carried out.

## Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2019

The EU regulations effective as of 1 January 2019 are summarised below.

**Commission Regulation (EU) no. 2017/1986 of 31 October 2017, published in Official Journal L 291 of 9 November 2017: Adoption of IFRS 16 - Leases**
IFRS 16 has replaced IAS 17 - Leases, IFRIC 4 - Determining whether an arrangement contains a lease, SIC-15 - Operating leases - incentives and SIC-17 - Evaluating the substance of transactions involving the legal form of a lease. It establishes the guidelines for the recognition, measurement, presentation and disclosure of lease contracts and requires that a lessee recognise most of the lease in its financial statements.
The accounting of leases from the lessor's standpoint is substantially unchanged from that provided in IAS 17. Therefore, IFRS 16 does not affect how the group accounts for leases in which it is the lessor.
With respect to the recognition of leases in which the group is the lessee, starting from the last quarter of 2017, it commenced assessing all contracts that are potentially affected by the new standard. At the same time, management considered it opportune to launch a project for the identification of the potential impact of the adoption of the new standard in terms of updating the currently used systems, processes and procedures.
With respect to the main assumptions made at the date of initial application, the group availed of the following practical expedients:

(i) recognition of the cumulative effect of the initial application of the new standard as an adjustment to opening equity at 1 January 2019, without restating the comparative figures for the corresponding period (modified retrospective approach);

(ii) for contracts classified as operating leases under the previous standards, recognition of a right-of-use asset at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the statement of financial position immediately before the date of initial application;

(iii) at the date of initial recognition, recognition of lease contracts with a term of less than one year at 1 January 2019 as short-term leases;

(iv) for leases that were classified as finance leases applying IAS 17, the carrying amount of the right-of-use asset and the lease liability at the date of initial application shall be the carrying amount of the lease asset and lease liability immediately before that date measured applying IAS 17.

At initial application of the standard, the group adopted a single lessee accounting model for the recognition and measurement of its leases, except for short-term leases and leases of low-value assets. It recognises a lease liability and a right-of-use asset. Under the full retrospective approach, the group applied IFRS 16 at the

date of initial application as if it had already been applied at the commencement date of the existing leases. The weighted average incremental borrowing cost applied to the lease liabilities presented in the statement of financial position at the date of initial application is provided below for the main countries where the group operates:

| Maturity (years) | Italy | Romania | Poland | Sweden | Turkey | USA | Chile |
|---|---|---|---|---|---|---|---|
| 1 | 13.75% | 12.65% | 12.69% | 10.79% | 22.86% | 9.28% | 14.34% |
| 2 | 13.75% | 15.48% | 15.43% | 13.59% | 24.34% | 12.13% | 16.93% |
| 3 | 13.75% | 15.47% | 15.33% | 13.52% | 23.58% | 11.78% | 16.75% |
| After 3 | 13.75% | 15.85% | 15.51% | 13.88% | 21.62% | 12.10% | 17.03% |

Given Italy's financial situation, the group applied the threshold rates established for similar financial transactions by Bank of Italy in accordance with Law no. 108/96.
With respect to the effect of the application of IFRS 16 to leases classified as operating leases under IAS 17 on the group's net financial debt as per these consolidated financial statements, lease liabilities increased by €23,741 thousand at the date of initial application.

**Commission Regulation (EU) no. 2018/498 of 22 March 2018, published in Official Journal L 82 of 26 March 2018; Amendments to IFRS 9 Financial instruments - Prepayment features with negative compensation**

The amendments clarify how financial assets with prepayment features are to be classified under IFRS 9.
Application of these amendments has not had any significant effects on the group's consolidated financial statements.

**Commission Regulation (EU) 2018/1595 of 23 October 2018, published in Official Journal L 265 of 24 October 2018: IFRIC 23 - Uncertainty over income tax treatments**

This interpretation, effective for annual periods beginning on or after 1 January 2019, clarifies how to apply the recognition and measurement criteria of IAS 12 when there is uncertainty over income tax treatments. Specifically, it provides that an entity shall recognise a current or deferred tax asset or liability when it is uncertain whether the taxation authority will accept a treatment deemed uncertain.
If an entity concludes it is probable that the taxation authority will accept an uncertain tax treatment, the entity shall recognise the income taxes consistently with the tax treatment used or planned to be used in its income tax filings.
If the entity concludes it is not probable that the taxation authority will accept a particular tax treatment, the entity shall reflect the effect of uncertainty in determining the current and deferred tax assets and liabilities by using either of the following methods, depending on which method the entity expects to better predict the resolution of the uncertainty:

a) the most likely amount - the single most likely amount in a range of possible outcomes;
b) the expected value - the sum of the probability-weighted amounts in a range of possible outcomes.

The interpretation establishes that an entity shall reassess a judgement or estimate if the facts and circumstances on which the judgement or estimate was based change or as a result of new information that affects the judgement or estimate. For example, a change in facts and circumstances might change an entity's conclusions about the acceptability of a tax treatment or the entity's estimate of the effect of uncertainty, or both. Adoption of IFRIC 23 has not had any significant effects on the measurement of the consolidated financial statements captions.

**Commission Regulation (EU) no. 2019/237 of 8 February 2019, published in Official Journal L 39 of 11 February 2019: Long-term interests in associates and joint ventures (Amendments to IAS 28)**

The amendments clarify how the provisions of IFRS 9 on impairment are to be applied to long-term interests in associates and joint ventures. Adoption of the new amendments, effective from 1 January 2019, has not had any significant effects on the measurement of the consolidated financial statements captions.

**Commission Regulation (EU) no. 2019/402 of 13 March 2019, published in Official Journal L 72 of 14 March 2019: Plan amendment, curtailment or settlement (Amendments to IAS 19)**
The amendments, effective for annual periods beginning on or after 1 January 2019, require that if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the period after the remeasurement are determined using the assumptions used for the remeasurement.
Adoption of the amendments has not had any significant effects on the measurement of the consolidated financial statements captions.

**Commission Regulation (EU) no. 2019/412 of 14 March 2019, published in Official Journal L 73 of 15 March 2019: Annual improvements to IFRS Standards (2015-2017 cycle), which include amendments to IAS 12 - Income taxes, IAS 23 - Borrowing costs, IFRS 3 - Business combinations and IFRS 11 - Joint arrangements**

The amendments introduced by the 2015-2017 cycle provide clarifications or formal changes to existing standards:

- IFRS 3 - Business combinations, the amendments clarify that when an entity obtains control of a business that is a joint operation (JO), the provisions of IFRS 3 for step acquisitions are applied. Specifically, as provided for by this standard, at the acquisition date, the entity recalculates its entire investment previously held in the JO at fair value.

- IFRS 11 - Joint arrangements, the amendments clarify that when an entity obtains joint control of a business that is a joint operation, the entity does not remeasure previously held interests in that business.

- IAS 12 - Income taxes, the amendments clarify that the income tax consequences of dividends are directly related to past transactions or events that generated distributable profits. Therefore, these tax effects shall be recognised in profit or loss or other comprehensive income or equity depending on where the entity initially recognises these past transactions or events;

- IAS 23 - Borrowing costs, the amendments clarify that if any specific borrowing remains outstanding after the related asset is ready for its intended use or sale, that borrowing becomes part of the funds that an entity borrows generally when calculating the capitalisation rate on general borrowings.

Application of these amendments has not had any significant effects on the group's consolidated financial statements.

## Endorsed standards and interpretations not adopted early by the group

The standards and interpretations endorsed by EU Regulations but not adopted early by the group are summarised below:

**Commission Regulation (EU) no. 2019/2075 of 6 December 2019, published in Official Journal L 316 of 6 December 2019: adoption of the amendments to references in the conceptual framework in International Financial Reporting Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised conceptual framework.**
Specifically, on 29 March 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main changes of a technical and presentation nature compared to the 2010 version include a new section on measurement, better definitions and guidance in particular on the definition of a liability as well as clarifications about important concepts such as stewardship, prudence and measurement uncertainty. The group will apply these amendments starting from 1 January 2020.

**Commission Regulation (EU) no. 2020/551 of 21 April 2020, published in Official journal L 127 of 22 April 2020: adoption of "Definition of a business (Amendments to IFRS 3)"**
The amendments to IFRS 3 - Business combinations are designed to clarify the definition of a business. The group will apply them starting from 1 January 2020.

# Notes to the consolidated financial statements

## 1 Revenue from contracts with customers: €1,368,827 thousand (€882,315 thousand)

### 1.1 Revenue: €1,368,827 thousand (€975,042 thousand)

Revenue for 2019 amounts to €1,368,827 thousand, up by €393,785 thousand on the previous year. It may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Contract revenue | 1,339,575 | 923,006 | 416,569 |
| Concessions - Commercial services under arrangement | 22,179 | 47,078 | (24,899) |
| Plant maintenance fees | 7,073 | 4,964 | 2,109 |
| Change in inventories, buildings and plant under construction | 0 | (6) | 6 |
| **Total** | **1,368,827** | **975,042** | **393,785** |

Contract revenue is that arising from works performed and accepted by customers, including the portion of uncompleted long-term works carried out during the year.
Concessions – Commercial services under arrangement include the revenue from infrastructure operation services for the four Tuscan hospitals (€22,179 thousand).
Plant maintenance fees relate to activities performed by the subsidiary NBI during the year. NBI operates in the plant engineering and facility management sub-segment, which is complementary to the group's current operations.

The following table shows a breakdown of revenue by geographical segment:

| | 2019 | % | 2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 430,889 | 31.48% | 264,516 | 27.13% | 166,373 |
| Europe | 470,192 | 34.35% | 281,835 | 28.90% | 188,357 |
| Americas | 451,948 | 33.02% | 425,711 | 43.66% | 26,237 |
| Africa | 10,083 | 0.74% | 758 | 0.08% | 9,325 |
| Asia | 5,715 | 0.42% | 2,222 | 0.23% | 3,493 |
| **Total** | **1,368,827** | **100.00%** | **975,042** | **100.00%** | **393,785** |

Domestic production benefited from the positive contribution of works on Line 4 of the Milan Metro, the Brenner Base Tunnel and the NATO base in Sigonella, in addition to the commencement of recently acquired railway contracts (the Naples-Cancello and Apice-Hirpinia lots of the high speed Naples–Bari railway line and the Bicocca-Catenanuova railway line). There was a decrease in revenue from concessions in Italy, especially following the sale of the investment in the Ospedale dell'Angelo di Venezia-Mestre operator in 2018.

Compared with the previous year, European production benefited from the greater contribution of contracts in Sweden (Haga Station and Kvarnberget Rock Tunnel) and Romania (Curtici-Simeria railway line) due to their positive performances.

Production in the Americas segment grew slightly thanks to the positive contribution of contract work in progress in Chile (the Chuquicamata mining projects related to Contract CC13 and El Teniente mine) which mitigate the slowdown in activities in Canada and the US.

Note 40 - Segment reporting pursuant to IFRS 8 provides more information about this caption.

### 1.1.1 Revenue by business segment

The following table shows a breakdown of revenue by business segment (construction and O&M) for 2019 and 2018, along with a further breakdown by sub-segment:

| | 2019 | % | 2018 | % | Variation |
|---|---|---|---|---|---|
| Transport infrastructure | 992,476 | 72.51% | 512,511 | 52.56% | 479,965 |
| *- Railways and metros* | *519,283* | *37.94%* | *373,120* | *38.27%* | *146,163* |
| *- Roads and motorways* | *346,727* | *25.33%* | *34,680* | *3.56%* | *312,047* |
| *- Ports and airports* | *126,466* | *9.24%* | *104,711* | *10.74%* | *21,755* |
| Hydraulic plants and energy production | 18,902 | 1.38% | 39,942 | 4.10% | (21,040) |
| Civil and industrial construction | 125,713 | 9.18% | 206,947 | 21.22% | (81,234) |
| Industrial plants | 186,772 | 13.64% | 149,522 | 15.33% | 37,250 |
| **Construction** | **1,323,863** | **96.72%** | **908,922** | **93.22%** | **414,941** |
| Operation & maintenance | 44,964 | 3.28% | 66,120 | 6.78% | (21,156) |
| **Operating revenue** | **1,368,827** | **100.00%** | **975,042** | **100.00%** | **393,785** |

The breakdown of revenue by business segment for 2019 shows a rise in revenue from the construction segment mainly thanks to the increase in (i) the transport infrastructure sub-segment (due to higher volumes recorded in railway contracts in Romania and Italy), and (ii) the industrial plants sub-segment (due to the positive contribution of the plants built for Chuquicamata Contract CC13 and plant engineering works on Line 5 of the Bucharest Metro). These increases were partially offset by lower revenue from the hydraulic plants and energy production and civil and industrial construction sub-segments.

**Transport infrastructure**

Revenue from the transport infrastructure sub-segment amounts to €992,476 thousand, up €479,965 thousand on 2018 (€512,511 thousand). This increase was principally due to higher volumes from its sub-segments: (i) **railways and metros,** mainly deriving from railway contracts in Romania (lots 2A, 3B and 3 of the Curtici-Simeria railway line) and the contribution of the high speed Naples-Bari and Palermo-Catania railway lines, the construction of Line 4 of the Milan Metro and the Brenner Base Railway Tunnel in Italy; and (ii) **roads and motorways**, chiefly attributable to works on the Interstate-405 in California and the Braila Bridge over the Danube. This sub-segment had been impacted in 2018 by the one-off negative effects of the partial recognition of variable consideration following the final accounting of the works on the Third Bosphorus Bridge in Turkey.

**Hydraulic plants and energy production**

Revenue from the hydraulic plants and energy production sub-segment amounts to €18,902 thousand in 2019, down €21,040 thousand on 2018 (€39,942 thousand). The decrease was chiefly due to the completion of the Muskrat Falls project in Canada in 2018.

**Civil and industrial construction**

Revenue from the civil and industrial construction sub-segment amounts to €125,713 thousand in 2019, down €81,234 thousand on 2018 (€206,947 thousand), above all due to the termination of activities on the West Metropolitan Hospital in Santiago de Chile.

**Industrial plants[16]**

Revenue from the industrial plants sub-segment amounts to €186,772 thousand in 2019, up €37,250 thousand on 2018 (€149,522 thousand), mainly due to the relaunch of contracts for mining projects in Chile

[16] Also includes revenue from mining projects.

(Chuquicamata Mine).
Revenue from the **operation & maintenance** segment in 2019 was chiefly earned in the Italian healthcare sector via the investee GE.SAT and amounts to €22,179 thousand. The €24,899 thousand decrease on 2018 (€47,078 thousand) was mainly due to no contribution being made by the Ospedale dell'Angelo di Venezia-Mestre project due to the loss of control over the SPE Veneta Sanitaria Finanza di Progetto S.p.A. at the end of 2018.
Finally, like the other sector operators, the group complies with its performance obligations over time by mainly developing contract projects for complex activities that are part of the design, construction and operation of public infrastructure and large civil engineering works.
At 31 December 2019, the combined amount of contractual consideration of construction contracts in progress allocated to performance obligations not yet satisfied is €6.6 billion (of which €1.5 billion after 2022). The group will recognise these amounts in revenue of future years in line with available forecasts.

### 1.2 Fines for contract terminations: €0 (€-92,727 thousand)

Fines for contract terminations in 2018 (nil balance in 2019) related to estimated probable liabilities for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of certain contracts in Europe and Central and South America.
Reference should be made to the notes to the consolidated financial statements at 31 December 2018 for more information.

## 2 Other operating revenue: €106,197 thousand (€102,091 thousand)

Other revenue of €106,197 thousand includes items not directly related to the group's core business but accessory thereto.

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Revenue from the sale of goods | 2,593 | 2,660 | (67) |
| Services - third parties | 45,987 | 59,283 | (13,296) |
| Services - management of joint projects | 581 | 507 | 74 |
| Leases and rent | 2,174 | 1,922 | 252 |
| Gains on sales | 5,621 | 3,415 | 2,206 |
| Other | 49,241 | 34,304 | 14,937 |
| **Total** | **106,197** | **102,091** | **4,106** |

The decrease in services - third parties is mainly due to lower revenue recognised in Turkey during the year. Indeed, in 2018, this segment had benefited from the performance of certain activities ancillary to the construction of works on behalf of suppliers and subcontractors as part of the Susurluk contract in Turkey.
"Other" mainly includes *(i)* prior year income related to the updating of prior years' estimates (€43,257 thousand), and *(ii)* compensation from third parties (insurance companies and sub-contractors) for higher costs incurred by the group in previous years for the performance of contracts in the construction segment in Italy and Poland (€3,145 thousand).

## 3 Purchase costs: €203,358 thousand (€295,049 thousand)

Purchases of and changes in raw materials and consumables amount to €203,358 thousand for the year, a decrease of €91,691 thousand on the previous year.

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Purchase costs | 203,448 | 293,434 | (89,986) |
| Change in raw materials, consumables and supplies | (90) | 1,615 | (1,705) |
| **Total** | **203,358** | **295,049** | **(91,691)** |

The following table shows a breakdown of costs by geographical segment:

| | 2019 | % | 2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 64,756 | 31.84% | 70,770 | 23.99% | (6,014) |
| Europe | 94,771 | 46.60% | 147,906 | 50.13% | (53,135) |
| Americas | 41,123 | 20.22% | 73,229 | 24.82% | (32,106) |
| Africa | 993 | 0.49% | 2,662 | 0.90% | (1,669) |
| Asia | 1,715 | 0.84% | 482 | 0.16% | 1,233 |
| **Total** | **203,358** | **100.00%** | **295,049** | **100.00%** | **(91,691)** |

The lower purchase costs incurred abroad is mainly due to some projects that the group exited after the contracts had been terminated (i.e., Dęblin–Lublin Railway Line no. 7 in Poland, the hydroelectric plant at Muskrat Falls in Canada and the Felix Bulnes Hospital in Chile) or the temporary reduction of industrial activities due to the review of the relevant projects (the Etlik Integrated Health Campus in Turkey).

## 4 Service costs: €932,492 thousand (€1,176,959 thousand)

Service costs decreased by €244,467 thousand to €932,492 thousand in 2019. They may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Consortium costs | 129,014 | 95,659 | 33,355 |
| Subcontracts and other services | 596,105 | 832,660 | (236,555) |
| Technical, administrative and legal consultancy | 125,525 | 136,638 | (11,113) |
| Directors' and statutory auditors' fees | 3,015 | 3,738 | (723) |
| Utilities | 6,595 | 8,677 | (2,082) |
| Business trips and travel | 3,454 | 5,738 | (2,284) |
| Insurance | 16,514 | 15,867 | 647 |
| Leases and other costs | 31,370 | 49,196 | (17,826) |
| Lease and building management costs | 8,656 | 11,608 | (2,952) |
| Maintenance on third party assets | 224 | 400 | (176) |
| Other | 12,020 | 16,778 | (4,758) |
| **Total** | **932,492** | **1,176,959** | **(244,467)** |

Technical, administrative and legal consultancy costs include a one-off component, with a resulting impact on gross operating profit, for the advisory services provided for the composition with creditors procedure, including legal costs, amounting to €30,644 thousand.

The consortium costs incurred to carry out contracts with other construction companies increased by €33,355 thousand on the previous year. The rise is mainly due to industrial activities for the Brenner Base Tunnel which is now fully up and running.

Subcontracts and other services fell by €236,555 thousand over the previous year and are broken down as follows by geographical segment:

| | 2019 | % | 2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 120,977 | 20.29% | 182,774 | 21.95% | (61,797) |
| Europe | 237,575 | 39.85% | 337,320 | 40.51% | (99,745) |
| Americas | 232,404 | 38.99% | 306,301 | 36.79% | (73,897) |
| Africa | 2,135 | 0.36% | 5,178 | 0.62% | (3,043) |
| Asia | 3,014 | 0.51% | 1,087 | 0.13% | 1,927 |
| **Total** | **596,105** | **100.00%** | **832,660** | **100.00%** | **(236,555)** |

The decrease in Italy is chiefly attributable to: *(i)* the reduced activities of the subsidiary NBI due to its current financial difficulties (it commenced the composition with creditors procedure in November 2018), and *(ii)* the slowdown of construction works on maxi lot 2 of the Quadrilatero Marche-Umbria road system and the container terminal at Taranto Port.

The decrease in Europe is related to (i) the temporary slowdown of industrial activities on the Etlik Integrated Health Campus in Turkey due to negotiations underway to redefine certain contractual terms of the project, in addition to (ii) lower production volumes in Poland (Dęblin–Lublin Railway Line no. 7 and Line II of the Warsaw Metro). These effects were partially offset by the larger contribution for the year of the railway contracts in Romania and road works in Sweden.

There was a lower contribution from the Americas due to (i) the termination of the Muskrat Falls project in Canada, (ii) the step-in of the sureties for the contracts in Florida, and (iii) the lower use of sub-contractors on mining projects in Chile (the Chuquicamata Mine). With regard to the latter, following the contract terminations in the last quarter of 2018, the group defined new contracts with the customer CODELCO in 2019 with a fully revised format regarding the scope of work and the times and amounts involved.

Furthermore, the decrease in lease costs was mainly due to the application of the new provisions of IFRS 16.

# 5 Personnel expenses: €300,872 thousand (€468,366 thousand)

Personnel expenses amount to €300,872 thousand, down €167,494 thousand on 2018. This caption may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Wages and salaries | 232,901 | 358,501 | (125,600) |
| Social security contributions | 30,068 | 55,236 | (25,168) |
| Other costs | 36,415 | 53,560 | (17,145) |
| Other post-employment benefits | 1,474 | 1,069 | 405 |
| Cost of share-based payments | 14 | 0 | 14 |
| **Total** | **300,872** | **468,366** | **(167,494)** |

In addition to the overall slowdown in production activities, the decrease in 2019 compared to 2018 is also due to the actions taken by the parent to adapt its organisational structure to its new operating situation following the composition with creditors procedure. Moreover, this was one of the key requirements underpinning the composition with creditors plan approved in 2019.

Other personnel expenses mainly comprise costs incurred for bed and board and the transfer of personnel.

The following table shows a breakdown of personnel expenses by geographical segment:

| | 2019 | % | 2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 86,369 | 28.71% | 101,569 | 21.69% | (15,200) |
| Europe | 56,933 | 18.92% | 71,750 | 15.32% | (14,817) |
| Americas | 153,817 | 51.12% | 287,791 | 61.45% | (133,974) |
| Africa | 2,746 | 0.91% | 6,579 | 1.40% | (3,833) |
| Asia | 1,007 | 0.33% | 677 | 0.14% | 330 |
| **Total** | **300,872** | **100.00%** | **468,366** | **100.00%** | **(167,494)** |

With regard to the geographical breakdown of personnel expenses, the decrease in the Americas was mainly attributable to the completion of the Muskrat Falls hydroelectric project.

## 5.1 Average number of employees

The average number of employees by category is as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Managers | 188 | 276 | (88) |
| Junior managers | 172 | 230 | (58) |
| White collars | 2,299 | 3,514 | (1,215) |
| Blue collars | 4,022 | 6,876 | (2,854) |
| **Average number of employees** | **6,681** | **10,896** | **(4,215)** |

The average number of employees was 6,681 in 2019. On a combined basis, the workforce decreased by roughly 38% compared to the previous year and most employees continued to be based outside Italy (89%), as a result of the significant revenue produced outside Italy and a larger number of contracts requiring the direct involvement of Astaldi employees.

## 5.2 Senior management incentive plans.

There are no incentive plans in place in 2019 and, therefore, no related costs are recognised in these consolidated financial statements.

The previous incentive plan, as per the 2016-2018 stock grant plan approved by the shareholders on 20 April 2016, and the success fee/MBO plan were both suspended by the board of directors' resolution of 12 November 2018 in light of the ongoing worsening of the parent's financial difficulties.

Specifically, the board resolved to:

- suspend the assignment of stock grants under the 2013-2016 incentive plan;
- suspend the assignment of stock grants under the 2016-2018 incentive plan;
- suspend the MBO medium-term incentive plan for the chairman, tied to the task of implementing the disposal plan for certain assets under concession.

# 6 Other operating costs: €24,231 thousand (€69,425 thousand)

The other operating costs decreased by €45,194 thousand to €24,231 thousand. They are made up as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Prior year expense and fair value losses | 4,381 | 10,537 | (6,156) |
| Taxes and duties | 3,126 | 7,729 | (4,603) |
| Other administrative and sundry costs | 16,724 | 51,159 | (34,435) |
| **Total** | **24,231** | **69,425** | **(45,194)** |

Other administrative and sundry costs mainly include: *(i)* the losses realised on the sale of plant and equipment, mostly as part of contracts that are no longer active (€7,164 thousand); and *(ii)* ordinary administration costs (stationery, photocopies, visas, etc.) (€3,638 thousand). The decrease is chiefly due to one-off costs incurred for fines for non-payment (ascribable to the commencement of the composition with creditors procedure) of the parent's taxes in Italy (€8,806 thousand) and impairment losses on certain credit-impaired exposures in Italy (€16,866 thousand).

The decrease in the taxes and duties (principally due to government concession fees and customs duties) is mostly attributable to contracts in Turkey which are nearing completion.

# 7 Change in costs capitalised to fulfil a contract: -€2,863 thousand (€1,995 thousand)

This caption of €2,863 thousand includes the change in costs capitalised for future performance obligations pursuant to IFRS 15.91-95.

# 8 Share of profits from joint ventures and associates: €30,671 thousand (€93,843 thousand)

The share of profits of equity-accounted investees fell by €63,171 thousand compared to the previous year and is made up as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Associates | 38,074 | 48,499 | (10,425) |
| Joint ventures | (7,403) | 44,686 | (52,089) |
| **Total** | **30,671** | **93,843** | **(63,171)** |

The 2019 balance (€30,671 thousand) mostly relates to the profit recognised by Otoyol Yatirim Ve Isletme A.S. (the Gebze-Orhangazi-Izmir Motorway in Turkey, €40,174 thousand), partially offset by losses recorded during the year by the joint venture Ankara Etlik Hastane A.S (the Etlik Integrated Health Campus in Turkey, €7,450 thousand). The decrease on the previous year is mainly due to delays in the construction work on the Etlik Integrated Health Campus project, along with the general financial and monetary crisis afoot in Turkey.

# 9 Amortisation, depreciation and impairment losses: €36,438 thousand (€215,194 thousand)

Amortisation, depreciation and impairment losses decreased by €178,756 thousand to €36,438 thousand.

They may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Amortisation | 7,803 | 8,400 | (597) |
| Depreciation | 15,545 | 25,395 | (9,850) |
| Depreciation of right-of-use assets | 27,636 | 0 | 27,636 |
| Other impairment (gains) losses on non-current assets | (16,712) | 153,998 | (170,710) |
| Impairment losses on loans and receivables | 2,166 | 27,401 | (25,235) |
| **Total amortisation, depreciation and impairment losses** | **36,438** | **215,194** | **(178,756)** |

Amortisation is substantially in line with 2018 and mainly refers to the contractual rights acquired to develop works for maxi lot 2 of the Quadrilatero Marche-Umbria road system (€2,020 thousand) and the Infraflegrea project[17] (€4,010 thousand).

The €9,850 thousand decrease in depreciation is mainly due to the completion of the Warsaw Metro contract and the Muskrat Falls hydroelectric project in Canada.

Depreciation of right-of-use assets, which showed a nil balance in 2018, comprises depreciation of leased assets as per the new standard IFRS 16. It mainly refers to (i) core assets (plant, machinery and equipment) used to develop projects in progress in Italy and Chile, as well as (ii) buildings that will house the local offices of foreign branches.

Other impairment gains on non-current assets mainly refer to the investment in the SPE Ankara Etlik Hastane A.S. (the Etlik Integrated Health Campus in Turkey) following the outcome of the impairment test[18] (€11,012 thousand).

In 2018, this caption included the one-off effect of the impairment loss on the investment held by the parent in the Third Bosphorus Bridge operator, in addition to the impairment loss on the goodwill of the cash-generating units: (i) Plant engineering and facility management (NBI S.p.A.), and (ii) TEQ Construction Enterprise Inc..

The decrease in impairment losses on loans and receivables is mostly due to the one-off effects in 2018 chiefly related to credit-impaired exposures in Turkey.

## 10 Provisions: -€4,307 thousand (€190,279 thousand)

This caption decreased by €194,586 thousand to -€4,307 thousand in 2019. It may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Accruals to (utilisations of) the provision for onerous contracts | (5,066) | 175,186 | (180,252) |
| Accruals to (utilisations of) the provision for equity investments | 0 | (586) | 586 |
| Accruals to the provision for legal disputes | 759 | 15,679 | (14,920) |
| **Total** | **(4,307)** | **190,279** | **(194,586)** |

Utilisations of the provision for onerous contracts comprise the partial utilisation (following appraisals performed in 2019) of the provision set up in 2018 for the reimbursement of greater costs incurred by the sureties for stepping in for the road projects in Florida.

The considerable decrease in 2019 is due to the one-off effects in 2018 mostly related to the commencement of the composition with creditors procedure. Reference should be made to the notes to the consolidated financial statements at 31 December 2018 for more information.

[17] Cumana railway and the Monte Sant'Angelo railway connector in Naples.

[18] See note 18 for more information.

## 11 Financial income: €56,556 thousand (€113,260 thousand)

Financial income decreased by €56,704 thousand to €56,556 thousand in 2019 and may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Income from financial transactions with banks | 1,592 | 2,752 | (1,160) |
| Commissions on sureties | 754 | 6,166 | (5,412) |
| Exchange gains | 23,300 | 38,378 | (15,078) |
| Financial income on leases | 509 | 1,836 | (1,327) |
| Fair value gains on derivatives | 2,600 | 6,071 | (3,471) |
| Fair value gains on the derivative embedded in convertible bonds | 0 | 95 | (95) |
| Other financial income | 27,801 | 57,962 | (30,161) |
| **Total** | **56,556** | **113,260** | **(56,704)** |

Other financial income mainly includes: *(i)* accrued interest on amounts due from customers for contracts in progress in Italy and abroad (€8,506 thousand), *(ii)* interest on loans granted to associates and joint ventures (€16,789 thousand), and *(iii)* fair value gains on subordinated loans (€2,209 thousand). The decrease on the previous year is principally due to:

- the change in the fair value of subordinated loans, especially the semi-equity loan granted to the Third Bosphorus Bridge operator;
- interest recognised in 2018 following the definitive recognition of amounts due for previous railway contracts in Romania (Railway section 2, 3/4, Lot 2).

There was also a decrease in commissions on sureties (€5,412 thousand) which the parent charges for specific counter-guarantees given on behalf of investees. In particular, in 2018, this caption had benefited from the commissions on contractually provided-for performance bonds and advance payment bonds charged to the SPE that is performing the Moscow-St. Petersburg M-11 Motorway contract.

The decrease in exchange gains is mainly due to fluctuations of the Turkish lira.

## 12 Financial expense: €102,462 thousand (€294,749 thousand)

Financial expense decreased by €192,287 thousand to €102,462 thousand in 2019 and may be analysed as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Interest on bonds | 11,308 | 57,507 | (46,199) |
| Commissions on sureties | 30,971 | 43,278 | (12,307) |
| Expense on financial transactions with banks | 8,264 | 62,176 | (53,912) |
| Exchange losses | 26,658 | 57,268 | (30,610) |
| Fair value losses on derivatives | 4,180 | 17,356 | (13,176) |
| Financial expense on leases | 3,868 | 1,739 | 2,129 |
| Interest on payment extensions for trade payables | 11,533 | 16,147 | (4,614) |
| Non-recourse factoring of receivables | 295 | 1,139 | (844) |
| Interest on intragroup financing | 2,650 | 2,679 | (29) |
| Other financial expense | 2,735 | 35,460 | (32,725) |
| **Total** | **102,462** | **294,749** | **(192,287)** |

There was smaller interest on bonds and smaller bank fees and charges due to the lack of borrowing costs on the parent's borrowings given commencement of the composition with creditors procedure. Indeed, the Bankruptcy Law provides that loans and borrowings do not accrue interest from the date of presentation of the

related application as per article 161 of the Bankruptcy Law. As a result, the financial expense recognised in 2019 was mostly incurred on the interim financing, the use of which was specifically authorised by the Rome Court in accordance with article 182-quinquies of the Bankruptcy Law. More information is provided in the note to financial liabilities.

Commissions on sureties decreased by €12,307 thousand due to the reduction of operating activities in certain foreign areas (specifically, Canada and the US) as a result of the reorganisation of the order backlog following the commencement of the composition with creditors procedure.

Fair value losses on derivatives fell due to the one-off effects of events in 2018 when, as per the provisions of the Bankruptcy Law, interest no longer accrued on unsecured loans and borrowings and, therefore, there was no longer an economic relationship between the hedged loan and the hedging instrument. Accordingly, the parent reclassified the related amounts accumulated in the hedging reserve to profit or loss when it filed the application as per article 161 of the Bankruptcy Law.

The decrease in exchange losses (€30,610 thousand) is mainly due to fluctuations of the Turkish lira.

The decrease in other financial expense mainly refers to items recognised in 2018 in relation to (i) one-off effects related to impairment losses on financial assets chiefly related to Chile (€11,612 thousand), and (ii) commissions on loans and other credit facilities charged by banks and other financial institutions (€10,914 thousand).

## 13 Income taxes: €27,804 thousand (-€76,677 thousand)

Income taxes for the year amount to €27,804 thousand.

They may be broken down as follows:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Current income taxes (*) | 30,757 | 50,705 | (19,948) |
| Deferred income taxes (*) | (13,361) | (138,429) | 125,068 |
| IRAP, current | 322 | 4,349 | (4,027) |
| IRAP, deferred | 226 | (4,424) | 4,650 |
| Prior year and other taxes | 9,860 | 11,122 | (1,262) |
| **Total** | **27,804** | **(76,677)** | **104,481** |

(*) The income taxes refer to IRES for Italy and equivalent taxes for abroad.

Deferred tax assets and liabilities amounting to €275,466 thousand and €62,395 thousand, respectively, are broken down as follows:

| | 31/12/2019 | 31/12/2019 | 31/12/2018 | 31/12/2018 |
|---|---|---|---|---|
| **Statement of financial position** | ***IRES*** | ***IRAP*** | ***IRES*** | ***IRAP*** |
| **a) Deferred tax assets, deriving from:** | **276,540** | **4,198** | **273,801** | **4,424** |
| - provisions for risks, taxed and costs deductible in following years | 24,442 | 4,198 | 64,966 | 4,424 |
| - provision for taxed default interest risks | 1 | 0 | 1 | 0 |
| - exchange differences | 13,679 | 0 | 13,286 | 0 |
| - tax losses | 102,690 | 0 | 58,095 | 0 |
| - IFRS 15 and IFRS 9 | 21,758 | 0 | 21,713 | 0 |
| - interest expense as per art. 96 and other minor | 113,970 | 0 | 115,739 | 0 |
| **b) Deferred tax liabilities, deriving from:** | **(67,667)** | **0** | **(76,538)** | **0** |
| - buildings recognised at fair value as deemed cost | (3,807) | 0 | (3,807) | 0 |

| | | | | |
|---|---|---|---|---|
| - taxable portion of dividends | (62) | 0 | (62) | 0 |
| - default interest to be received | (6,952) | 0 | (600) | 0 |
| - foreign components taxable in following years | (57,487) | 0 | (71,817) | 0 |
| - IFRS 15 and IFRS 9 | 1,081 | 0 | 0 | 0 |
| - other + hedging reserve | (440) | 0 | 5,146 | 0 |
| **c) Deferred tax assets, net (a + b)** | **208,873** | **4,198** | **197,263** | **4,424** |
| **d) Deferred taxes for the year taken to profit or loss** | **(13,361)** | **226** | **(138,429)** | **(4,424)** |

The recoverability of the deferred tax assets recognised in the consolidated financial statements is reliably attributable to the forecasts implicit in and deriving from the plan underpinning the composition with creditors procedure.

The following is a reconciliation, solely for IRES purposes, between the actual tax (current and deferred) and theoretical tax resulting from the application of tax rates ruling in Italy (equal to 24%) to pre-tax profit (loss):

| | 2019 | % | 2018 | % |
|---|---|---|---|---|
| **Pre-tax profit** | **41,935** | | **1,979,181** | |
| Theoretical tax | (10,065) | 24.00% | (475,598) | 24.00% |
| Net effect of permanent increases (decreases) | (12,004) | 28.62% | 150,992 | (7.62%) |
| Net effect of deferred and current taxes of foreign operations and other adjustments | 40,307 | (96.12%) | 238,982 | (12.06%) |
| Substitute and other taxes | 9,860 | (23.51%) | 16,210 | (0.82%) |
| IRAP (current and deferred) | 548 | (1.31%) | (75) | 0.00% |
| **Taxes recognised in the consolidated financial statements (current and deferred)** | **28,648**[19] | **(68.31%)** | **(69,489)** | **3.51%** |

# 14 Loss from discontinued operations: -€6,620 thousand (-€472,328 thousand)

As already described in the “Preliminary considerations about the comparability of figures” section of these notes and in line with the guidelines of the business plan, the parent has classified revenue and costs attributable to discontinued operations in this caption.

The following table shows a breakdown of the revenue and costs of discontinued operations:

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Revenue from sales and services | 120,719 | 22,371 | 98,348 |
| Other revenue | 32,111 | 35,258 | (3,147) |
| Interest income | 127 | 1,674 | (1,547) |
| Other financial income | 18,250 | 15,527 | 2,723 |
| **Total revenue of discontinued operations** | **171,207** | **74,830** | **96,377** |

| | 2019 | 2018 | Variation |
|---|---|---|---|
| Operating costs | 122,600 | 146,754 | (24,154) |
| Commissions and other financial expense | 13,964 | 34,041 | (20,077) |

[19] Taxes generated by discontinued operations (€844 thousand; 2018: €7,188 thousand) were also taken into consideration in calculating the tax rate

| | | | |
|---|---|---|---|
| Interest on loans | 2,296 | 4,344 | (2,048) |
| Provisions and impairment losses | 4,714 | 269,880 | (265,166) |
| Other sundry operating costs | 2,890 | 36,268 | (33,378) |
| Income taxes of discontinued operations | 844 | 7,188 | (6,344) |
| **Total costs of discontinued operations** | **177,827** | **547,159** | **(369,332)** |

In accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, the group restated 2018 revenue, costs and cash flows of discontinued operations.

The main revenue and costs of discontinued operations are commented on below:

### Revenue from sales and services: €120,719 thousand (€22,371 thousand)

Revenue from sales and services mainly refers to Russia (€112,851 thousand), specifically the Moscow-St. Petersburg M-11 Motorway contract. Revenue and costs related to Russia were classified under discontinued operations as a result of the agreement signed on 20 June 2019 with the group's partner ICTAS as part of Astaldi's exit from the country and the simultaneous sale of its investment in the Third Bosphorus Bridge operator in Turkey. This transaction was finalised in March 2020 following the Rome Court's authorisation on 21 November 2019.

### Operating costs: €122,600 thousand (€146,754 thousand)

Operating costs mostly related to Russia (€107,023 thousand) and, specifically, service costs (mainly sub-contracts) and costs to purchase raw materials.

### Provisions and impairment losses: €4,714 thousand (€269,880 thousand)

This caption, which has an immaterial balance in 2019, included (i) impairment losses on Venezuelan financial assets (€151 million); (ii) the accrual to the provision for equity investments related to the Russian joint venture Ic Içtaş Astaldi Ica Inşaat A.S. (€51 million); and (iii) the accrual to the provision for onerous contracts related to the Moscow-St. Petersburg M-11 Motorway contract (€17.7 million) in the previous year.

In accordance with IFRS 5 - Non-current assets held for sale and discontinued operations, the group reclassified the above-mentioned revenue and costs for 2018 to discontinued operations.

## 15 Loss per share: -€0.74 (-€19.50)

The basic loss per share is calculated as follows:

| | | 2019 | 2018 |
|---|---|---|---|
| **Numerator (€'000)** | | | |
| Loss from continuing operations attributable to the ordinary shareholders of the parent | **(a)** | (65,380) | (1,436,096) |
| Loss attributable to the ordinary shareholders of the parent | **(b)** | (72,000) | (1,908,424) |
| **Denominator (in units)** | | | |
| Weighted average shares (ordinary) | | 98,424,900 | 98,424,900 |
| Weighted average treasury shares | | (551,834) | (551,834) |
| **Weighted average shares used to calculate basic loss per share** | **(c)** | **97,873,066** | **97,873,066** |
| **Basic loss per share - (€)** | **(b)/(c)** | **(€0.74)** | **(€19.50)** |
| **Basic loss per share from continuing operations - (€)** | **(a)/(c)** | **(€0.67)** | **(€14.67)** |

At the date of preparation of these consolidated financial statements, a potential increase in the number of outstanding ordinary shares compared to the financial instruments issued by the parent would not have a dilutive effect.

## 16 Property, plant and equipment: €99,938 thousand (€162,541 thousand)

The following table shows the opening and closing balances and variations of the year:

| | Land and buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machinery | Assets under const. and payments on account | Total |
|---|---|---|---|---|---|---|
| Balance at 31 December 2018, net of depreciation (1) | 36,721 | 62.6862 | 30,372 | 26,423 | 6,333 | 162,541 |
| Additions from acquisitions | 43 | 5,017 | 4,216 | 1,970 | 0 | 11,246 |
| **Gross amount** | **36,764** | **67,709** | **34,588** | **28,393** | **6,333** | **173,787** |
| Depreciation | (1,113) | (6,133) | (3,134) | (5,157) | 0 | (15,538) |
| Disposals | 0 | (12,091) | (1,994) | (1,632) | 0 | (15,717) |
| Reclassifications and transfers | (1,738) | (21,936) | (13,766) | (1,229) | (3,803) | (42,472) |
| Net exchange gains (losses) | 32 | (154) | 66 | 9 | (9) | (56) |
| Change in consolidation scope and other changes | 0 | (17) | 0 | (50) | 0 | (67) |
| **Balance at 31 December 2019, net of depreciation (2)** | **33,945** | **27,379** | **15,760** | **20,334** | **2,521** | **99,938** |
| | | | | | | |
| (1) of which: | | | | | | |
| Historical cost | 53,559 | 152,769 | 105,163 | 91,431 | 6,333 | 409,261 |
| Acc. Depreciation | (16,839) | (90,083) | (74,791) | (65,008) | 0 | (246,720) |
| **Carrying amount** | **36,721** | **62,686** | **30,372** | **26,423** | **6,333** | **162,541** |
| | | | | | | |
| (2) of which: | | | | | | |
| Historical cost | 51,105 | 73,849 | 61,019 | 63,660 | 2,521 | 252,155 |
| Acc. Depreciation | (17,160) | (46,470) | (45,260) | (43,326) | 0 | (152,217) |
| **Carrying amount** | **33,945** | **27,379** | **15,760** | **20,334** | **2,521** | **99,938** |

The more significant changes relate to:

- additions from acquisitions, totalling €11,246 thousand, principally relating to investments made for recently acquired projects in Italy (high speed/high capacity Bicocca-Catenanuova railway line) and Sweden (Haga Station for the Gothenburg Metro);
- depreciation for the year of €15,538 thousand;
- disposals of €15,717 thousand principally relating to the assets of contracts nearing completion in Poland and Turkey;
- reclassifications and transfers mainly regarding (i) assets under finance lease (€32.4 million at 31 December 2018) included under right-of-use assets at 31 December 2019, and (ii) core assets related to Honduras and Russia (€15.6 million at 31 December 2018) classified as discontinued operations at 31 December 2019 as detailed in note 27.

## 17 Right-of-use assets: €38,724 thousand (€0)

Right-of-use assets, which showed a nil balance at 31 December 2018, comprise leased assets as per the new standard IFRS 16. The caption mainly refers to (i) core assets (plant, machinery and equipment) used to develop projects in progress in Italy and Chile, as well as (ii) buildings that will house the local offices of foreign branches.

This caption may be analysed as follows:

| | Land and buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machines | Total at 31/12/2019 |
|---|---|---|---|---|---|
| Historical cost | 11,320 | 22,825 | 36,740 | 2,747 | 73,631 |
| Acc. Depreciation | (3,496) | (9,632) | (20,533) | (1,246) | (34,908) |
| **Total** | **7,824** | **13,192** | **16,207** | **1,501** | **38,724** |

## 18 Investment property: €127 thousand (€135 thousand)

Investment property of €127 thousand includes buildings and land held for investment purposes (31 December 2018: €135 thousand). The decrease is principally due to ordinary depreciation (€8 thousand).

The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

## 19 Intangible assets: €48,295 thousand (€53,740 thousand)

The following table shows changes in this caption:

| | 31/12/2018 | Additions from acquisitions | Amortisation | Impairment gains under profit or loss | Changes in consolidation scope and other changes | 31/12/2019 |
|---|---|---|---|---|---|---|
| Historical cost | 97,084 | 74 | 0 | 2,478 | (964) | **98,672** |
| Acc. amortisation | (43,344) | 0 | (7,803) | 0 | 769 | **(50,378)** |
| **Carrying amount** | **53,740** | **74** | **(7,803)** | **2,478** | **(194)** | **48,295** |

At the reporting date, the caption mainly comprises:

(i) contractual rights acquired from third parties to perform works for maxi lot 2 of the Quadrilatero Marche-Umbria road system (€16,251 thousand) and the Infraflegrea project (€23,578 thousand);

(ii) contractual rights acquired from third parties to perform the O&M activities for the Felix Bulnes hospital (€3,447 thousand) and the four Tuscan hospitals (€1,679 thousand).

The decrease is mainly due to (i) impairment gains on contractual rights for the Infraflegrea project (€2,478 thousand), and (ii) ordinary amortisation (€7,803 thousand).

Finally, taking into account the indicators of impairment[20] on the contractual rights for maxi lot 2 of the Quadrilatero Marche-Umbria road system and the Infraflegrea project, management prudently tested the related investments for impairment.

Specifically, the group estimated value in use by discounting the operating cash flows (using the UDCF method) calculated on the basis of the projections based on reasonable and sustainable assumptions reflecting parent management's best estimates. The cash flows of each year have been suitably discounted (mid-year convention) at a WACC of 8.05%.

[20] Internal information about delays in the performance of works and the financial performance of the contract.

### Impairment test results

**Quadrilatero Marche-Umbria road system**
The impairment test did not show the need to recognise an impairment loss on these intangible assets. Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of investments. Similarly, an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would not affect their recoverability.

**Infraflegrea project**
As is its usual practice, the group performed a separate impairment test on the recoverability of investments in the Cumana Railway and Monte Sant'Angelo contracts. To this end, though these contracts are part of the Infraflegrea project, they are two separate cash-generating units which are separately monitored for management reporting purposes.

The impairment test on the contractual rights for the **Monte Sant'Angelo** contract confirmed the full recoverability of the investment. Accordingly, the group recognised an impairment gain to cancel out the impairment loss recognised in 2018 (€2,478 thousand).
Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of investments. Similarly, an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would not affect their recoverability.

The impairment test on the contractual rights for the **Cumana Railway** did not identify the need to recognise an impairment loss on these intangible assets. The sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of the investments. Similarly, an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would not affect their recoverability.

## 20 Equity investments: €502,088 thousand (€487,770 thousand)

Equity investments net of impairment losses amount to €502,088 thousand, up €14,318 thousand on 31 December 2018.

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Equity-accounted investments | 454,269 | 468,089 | (13,820) |
| Impairment losses on equity investments | 0 | (11,012) | 11,012 |
| Non-controlling interests | 47,819 | 30,692 | 17,127 |
| **Total** | **502,088** | **487,770** | **14,318** |

The increase is chiefly due to:
- the effects of the adoption of the IFRS[21];
- the equity loans granted to SPV Linea M4 S.p.A. (€3,643 thousand) and Sociedad Concesionaria Nuevo Pudahuel S.A (€6,988 thousand);
- the sale of shares held in Otoyol Yatirim Ve Isletme AS (approximately 0.72% of the SPE's share capital) to the parent's Turkish partner Gocay (€14,093 thousand).

The carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2018.

[21] See notes 9 and 27.4 for more information.

## 20.1 Impairment testing

Given the existence of indicators of impairment, the group tested the carrying amount of the following equity investments for impairment:

| Company name | Project | Indicators of impairment | Contract stage | Investment % | Ke[22] | Valuation method |
|---|---|---|---|---|---|---|
| Otoyol Yatirim Ve Isletme A.S. | Gebze-Orhangazi-Izmir Motorway | External sources[23] | Construction | 18.14% | 9.86% | DDM |
| Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS | Etlik Integrated Health Campus | Internal and external sources[24] | Construction | 51.00% | 11.86% | DDM |

With reference, in particular, to the valuation technique applied for impairment testing purposes to the investees listed in the table, the individual recoverable amount of the related investments was calculated using the "Dividend Discount Model" (DDM), whereby each investee's value was calculated by discounting the flows of future dividends expected from their operations. In order to apply this method, the group used the investees' business plans prepared by their relevant bodies, projected over the residual life of the individual concessions.

### Impairment test results

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

The impairment test did not show the need to recognise an impairment loss on the equity investment. Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would substantially confirm the headroom. Similarly, an assumed decrease of 10% in the dividend flows on a linear basis in all years covered by the plan would confirm the recoverability of the carrying amount of the investment.

**Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS**

With regard to this concession project which includes the construction of a healthcare facility that will be one of the largest in Europe, the investee has commenced negotiations with its lenders about the further availability of borrowings that could be affected by the non-compliance with construction progress and ongoing variations. The critical issues mostly relate to the non-compliance with the contractually-established completion date for the construction work, as well as the financial and currency crisis that affected the Turkish lira in August 2018 and commencement of the composition with creditors procedure by Astaldi in September 2018 (Astaldi is a major player in the joint venture set up for this project). The banks' initial decision to block the use of funds led to subsequent defaults for the non-payment of interest during the construction phase. After an initial deadlock, the negotiations with the banks resumed in the mutual interests of all the parties involved (the Ministry for Health, the lenders and the companies). The effects of such disruptions were reflected in the SPEs' reporting packages and, accordingly, in the carrying amount[25] of the relevant investment in these consolidated financial statements (€43,913 thousand[26]). The investee's financial plan used in preparing the impairment test took into account the expected outcome of the negotiations with the customer and the lenders, given the very advanced state of the negotiations underway which the directors expect to complete very shortly. The impairment test confirmed the full recoverability of the investment. Accordingly, the group recognised an impairment gain to cancel out the impairment loss recognised in 2018 (-€11,012 thousand).
Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+50 bps) would substantially confirm the headroom. Similarly, an assumed

[22] Calculated based on market values.

[23] External indicators on the deterioration of the macro-economic situation in Turkey.

[24] Internal information about delays in the scheduled investments and external indicators of (i) the deterioration of the macro-economic situation in Turkey, and (ii) the decrease in cash flows due to the Turkish lira's depreciation.

[25] Using the equity accounting method.

[26] €67,494 thousand at 31 December 2018 including the impairment loss of €11,012 thousand.

decrease of 5% in the dividend flows on a linear basis in all years covered by the plan would confirm the recoverability of the carrying amount of the investments.

## 20.2 Disclosures on the main joint ventures and associates

Only the joint venture Ankara Etlik Hastane is considered to be material[27] for Astaldi Group purposes at the reporting date. Its key financial figures are presented below:

| (€'000) | Ankara Etlik Hastane 31 December 2019 | Ankara Etlik Hastane 31 December 2018 |
|---|---|---|
| **Statement of financial position** | | |
| Non-current assets | 830,929 | 760,779 |
| Current assets | 64,539 | 93,152 |
| *Of which: cash and cash equivalents* | *0.1* | *0.1* |
| Non-current liabilities | 665,115 | 636,327 |
| *Of which: non-current financial liabilities* | *665,115* | *636,327* |
| Current liabilities | 144,466 | 85,263 |
| *Of which: current financial liabilities* | *41,268* | *18,864* |
| **Statements of profit or loss and other comprehensive income** | | |
| Revenue | 19,310 | 153,543 |
| Amortisation, depreciation and impairment losses | 0 | 0 |
| Net financial income (expense) | (9,308) | 37,784 |
| Income taxes | (3,588) | 50,766 |
| Profit (loss) | (14,609) | 88,198 |
| Other comprehensive expense | (31,629) | (5,182) |
| **Comprehensive income (expense)** | **(46,237)** | **83,016** |
| **Group's share** | | |
| Investment | 51.00% | 51.00% |
| **Carrying amount** | **43,913** | **67,494** |
| Profit (loss) | (7,450) | 44,981 |
| Other comprehensive expense | (16,131) | (2,643) |
| **Profit (loss) for the year** | **(23,581)** | **42,338** |
| Dividends received | 0 | 0 |

The group's share of comprehensive income of individually immaterial joint ventures totalled €48 thousand (comprehensive expense of -€295 thousand for 2018) and other comprehensive expense of -€2 thousand (-€102 thousand for 2018).

The key financial figures of the material equity-accounted associates are summarised below:

| (€'000) | *31 December 2019* Otoyol Yatirim Ve Isletme A.S | Metro C | *31 December 2018* Otoyol Yatirim Ve Isletme A.S | Metro C |
|---|---|---|---|---|
| **Statement of financial position** | | | | |
| Non-current assets | 5,586,807 | 3,598 | 5,081,128 | 4,141 |
| Current assets | 1,140,343 | 289,633 | 877,238 | 253,471 |
| Non-current liabilities | 4,204,600 | 2,690 | 3,717,328 | 2,484 |
| Current liabilities | 504,603 | 233,524 | 350,560 | 198,110 |
| **Statements of profit or loss and other comprehensive income** | | | | |
| Revenue | 1,112,155 | 91,851 | 1,115,623 | 64,073 |
| Amortisation, depreciation and impairment losses | 0 | (1,523) | 0 | (1,544) |
| Net financial expense | (310,572) | (1,628) | (318,518) | (1,864) |
| Income taxes | (136,815) | (236) | 16,658 | (302) |

[27] The Astaldi Group considers only its investments in joint ventures and associates with a carrying amount of at least €15 million to be material.

| | | | | |
|---|---|---|---|---|
| Profit for the year | 224,924 | 0 | 258,934 | 0 |
| Other comprehensive income (expense) | (131,030) | 0 | 134,127 | 0 |
| **Comprehensive income** | **93,894** | **0** | **393,061** | **0** |
| **Group's share** | | | | |
| Investment | 18.14% | 34.50% | 18.86% | 34.50% |
| **Carrying amount** | **366,456** | **19,837** | **356,960** | **19,671** |
| Profit for the year | 40,174 | 0 | 48,835 | 0 |
| Other comprehensive income (expense) | (16,585) | 0 | 25,296 | 0 |
| **Comprehensive income** | **23,589** | **0** | **74,131** | **0** |

The group's share of comprehensive expense of individually immaterial associates totalled €2,100 thousand (€336 thousand for 2018) and other comprehensive expense of €60 thousand (€151 thousand for 2018).

## 20.3 Significant restrictions on joint ventures and associates

At 31 December 2019, the group's commitments to capitalise the SPEs according to the financial plan of the parent's separate unit as per article 2447-bis and following articles of the Italian Civil Code amount to approximately €52 million, payable in the next five years.

The project financing arrangements involving associates and joint ventures active in the concessions segment usually require compliance with covenants. Any failure may limit those companies' ability to pay dividends or repay the subordinated loans to the group.

Moreover, the investments in associates and joint ventures active in the concessions segment may be pledged as guarantee to banks.

## 20.4 Non-controlling interests

The group decided to avail of the option as per paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some non-controlling interests (i.e., investments in concession SPEs) as assets at FVTOCI[28], in order to take into account the fact that the valuation of such investments, related to projects developed over a long period of time, can be influenced by external elements[29] - mainly temporary in nature - that do not entail a definitive increase/decrease in equity. Management deemed that recognising these effects in profit or loss would thus impact the proper presentation of the group's income and expense as they only refer to a temporary accounting presentation. The following table provides a summary of the key figures of the main investments recognised at FVTOCI:

| Company name | Fair value | Cost | Variation | Investment % | Ke[30] | Valuation method |
|---|---|---|---|---|---|---|
| SPV Linea M4 S.p.A. | 21,895 | 26,962 | (5,067) | 9.63% | 7.69% | DDM |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | 22,837 | 27,854 | (5,017) | 15.00% | 8.20% | DDM |

# 21 Financial assets

[28] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.

[29] Variations in exchange rates and discount rates.

[30] Calculated based on market values.

## 21.1 Non-current financial assets: €138,648 thousand (€96,150 thousand)

The following table gives a breakdown of non-current financial assets:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Non-current loan assets | 121,316 | 79,590 | 41,726 |
| Securities | 5,567 | 3,068 | 2,499 |
| Other financial assets - investees | 838 | 838 | 0 |
| Other financial assets - third parties | 2,478 | (1) | 2,479 |
| Lease payments receivable | 8,461 | 12,660 | (4,199) |
| Loss allowances | (12) | (5) | (7) |
| **Total** | **138,648** | **96,150** | **42,498** |

Non-current loan assets mainly relate to the subordinated loans (semi-equity) granted to the SPEs in the concessions segment.

The amounts granted to the main investees are summarised below:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Ankara Etlik Hastane A.S. | 60,488 | 46,727 | 13,761 |
| Metro 5 S.p.A. | 1,828 | 1,728 | 100 |
| Otoyol Yatirim Ve Isletme A.S. | 461 | 423 | 38 |
| SA.T. S.p.A. | 0 | 102 | (102) |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | 31,845 | 17,633 | 14,212 |
| SPV Linea M4 S.p.A. | 26,694 | 12,977 | 13,717 |
| **Total** | **121,316** | **79,590** | **41,726** |

The changes for the year mainly relate to the following: (i) the additional amounts granted during 2019 to the SPEs Ankara Etlik (€7,864 thousand), Sociedad Concesionaria Nuevo Pudahuel (€8,411 thousand) and SPV Linea M4 S.p.A. (€10,621 thousand), in addition to (ii) the change in the fair value of such financial instruments.

Securities refer to bonds[31] issued by the joint venture OC 405 Partners, in accordance with the terms and conditions of the relevant contract, to guarantee the customer that the obligations undertaken with regard to the works to upgrade the Interstate-405 in California would be fulfilled.

The lease payments receivable relate to the contract with the associate Brennero Tunnel Construction S.c.a.r.l. for the lease of a TBM needed to bore the Brenner Base Tunnel (€8,461 thousand). The decrease on the previous year end is due to the reclassification of the principal payments due within one year to current financial assets.

Reference should be made to note 37 on related party transactions for information on the other financial assets - investees.

## 21.2 Current financial assets: €110,388 thousand (€72,166 thousand)

Current financial assets increased by €38,222 thousand to €110,388 thousand and are made up as follows:

[31] Highly rated corporate bonds (investment grade) issued by the parent.

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Securities in portfolio | 19,768 | 21,000 | (1,232) |
| Current loan assets | 90,955 | 60,545 | 30,410 |
| Impairment losses on current loan assets | (304) | (9,348) | 9,044 |
| Loss allowances | (30) | (30) | 0 |
| **Total** | **110,388** | **72,166** | **38,222** |

The increase in the securities in portfolio is specifically due to the temporary investment of the joint venture for the Interstate-405 project in California, OC 405 Partners' liquidity in highly rated corporate bonds (investment grade).

The rise in current loan assets is mainly related to: (i) the temporary short-term investment of liquidity related to the joint venture for the Apice-Hirpinia section of the high capacity/high speed Naples-Bari railway line (€47.1 million); and (ii) the reclassification of lease payments receivable related to the contract with the associate Brennero Tunnel Construction S.c.a.r.l. to current assets (€4.2 million). These effects were partially offset by the decrease following the collection of lease payments receivable (€21.8 million at 31 December 2018) for the plant for the treatment and recovery of copper and molybdenum from the CODELCO mine sludge (the Relaves project in Chile).

Impairment losses on trade receivables, which has an immaterial balance at 31 December 2019, related to the impairment loss on financial assets related to the Relaves project at the previous year end. Specifically, with regard to the latter project, the management of the subsidiary Valle Aconcagua A.S. checked the recoverable amount of such assets at the reporting date after detecting indicators of impairment. The subsidiary recognised an impairment loss of €8,888 thousand in order to take into consideration the financial difficulties caused by the concession contract and the progress of negotiations with the customer to find an amicable solution to the ongoing disputes.

# 22 Other assets

## 22.1 Other non-current assets: €117,677 thousand (€136,109 thousand)

This caption may be analysed as follows.

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Indirect taxes | 10,590 | 21,095 | (10,505) |
| Direct taxes | 7,445 | 27,569 | (20,124) |
| **Tax assets** | **18,035** | **48,664** | **(30,629)** |
| Guarantee deposits | 36,678 | 12,541 | 24,137 |
| Prepaid insurance premiums | 7,636 | 14,988 | (7,352) |
| Prepaid surety commissions | 1,187 | 3,423 | (2,236) |
| Other prepayments | 2,050 | 3,576 | (1,526) |
| Amounts due from social security institutions | 56 | 58 | (2) |
| Other sundry loans and receivables | 52,035 | 52,859 | (824) |
| **Other assets** | **99,642** | **87,445** | **12,197** |
| **Total** | **117,677** | **136,109** | **(18,432)** |

The decrease in direct taxes is mainly due to the utilisation of withholding taxes applied progressively in Turkey to offset certain tax liabilities in the current year (specifically for the Gebze-Orhangazi-Izmir Motorway). Specifically, the local tax regime provides that taxes on long-term contracts shall only be definitively paid after

the related contracts have been completed, which is when the customer issues the taking over certificate.
The decrease in indirect tax assets is principally due to the reclassification of tax assets related to Honduras to non-current assets held for sale and the collection[32] of certain credits in Turkey.
Guarantee deposits rose €24,883 thousand on the previous year end due to increases in Chile for Contract C13 and the El Teniente contract in Chuquicamata.
Other sundry loans and receivables include receivables and contract work in progress (totalling €52 million) of the Venezuelan railway projects, net of the related loss allowances.
Considering the country's persisting serious political, economic and social crisis, management prudently recognised a recoverable amount of €52 million[33] for such assets, recording an additional impairment loss of roughly €152 million on their nominal amount (€433.1 million) in 2018.

## 22.2 Other current assets: €336,936 thousand (€375,150 thousand)

Other current assets decreased by €38,214 thousand to €336,936 thousand.

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Receivables for the sale of goods and/or services | 190,360 | 179,689 | 10,671 |
| Advances to suppliers and subcontractors | 91,352 | 145,763 | (54,411) |
| Amounts due from personnel | 738 | 1,054 | (316) |
| Amounts due from social security institutions | 2,577 | 3,138 | (561) |
| Credit notes from suppliers | 17,976 | 18,578 | (602) |
| Prepaid insurance premiums | 11,349 | 9,012 | 2,337 |
| Prepaid surety commissions | 5,112 | 3,154 | 1,958 |
| Other prepayments | 1,198 | 1,338 | (140) |
| Other sundry loans and receivables | 16,982 | 14,144 | 2,838 |
| Allowance for contract losses to complete | (708) | (720) | 12 |
| **Total** | **336,936** | **375,150** | **(38,214)** |

Receivables for the sale of goods and/or services of €190,360 thousand mainly relate to:

- activities ancillary to the construction of works (leases of machinery and equipment, sales of goods and provisions of services) provided to suppliers and subcontractors of the construction segment (€147,710 thousand);
- receivables of €42,652 thousand from associates, joint ventures and joint operations for *(i)* industrial, administrative, procurement and engineering services, and *(ii)* commissions for guarantees given by the parent to obtain the performance and advance payment bonds required by the individual contracts.

A breakdown of this item by geographical segment is as follows:

| | 31/12/2019 | % | 31/12/2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 71,385 | 37.50% | 55,933 | 31.13% | 15,452 |
| Europe | 85,629 | 44.98% | 96,820 | 53.88% | (11,191) |
| Americas | 25,610 | 13.45% | 18,986 | 10.57% | 6,624 |
| Africa | 7,576 | 3.98% | 7,974 | 4.44% | (398) |
| Asia | 160 | 0.08% | (24) | -0.01% | 184 |
| **Total** | **190,360** | **100.00%** | **179,689** | **100.00%** | **10,671** |

Advances to suppliers and subcontractors decreased by €54,411 thousand, especially with regard to Chile. At the date of the commencement of the judicial reorganisation procedure in Chile, amounts due from and to suppliers and subcontractors were offset in accordance with local legislation.

[32] Offsetting other taxes due.
[33] See the "Impairment of other financial instruments" section for more information on the criteria adopted to calculate the recoverable amount of such financial assets.

## 23 Inventories: €38,231 thousand (€42,976 thousand)

This caption, amounting to €38,231 thousand at 31 December 2018, is broken down as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Raw materials, consumables and supplies | 39,321 | 50,600 | (11,279) |
| Allowance for inventory write-downs | (8,867) | (13,485) | 4,618 |
| Finished goods | 1,978 | 1,499 | 479 |
| Goods and materials in transit | 5,799 | 4,362 | 1,437 |
| **Total** | **38,231** | **42,976** | **(4,745)** |

The next table gives a breakdown of inventories by geographical segment:

| | 31/12/2019 | % | 31/12/2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 6,495 | 16.99% | 6,334 | 14.74% | 161 |
| Europe | 24,673 | 64.54% | 28,127 | 65.45% | (3,454) |
| Americas | 6,808 | 17.81% | 8,198 | 19.08% | (1,390) |
| Africa | 255 | 0.67% | 317 | 0.74% | (62) |
| **Total** | **38,231** | **100.00%** | **42,976** | **100.00%** | **(4,745)** |

The decrease in inventories is principally due to the reclassification of inventories related to Russia and Honduras to non-current assets held for sale during the year.

The allowance for inventory write-downs relates to some countries in the Americas where the group has decided to discontinue its operations. To calculate the write-downs, the group used the realisable amount of such assets estimated considering (i) the economic situation in such countries, and (ii) its intention to discontinue its operations in such countries.

## 24 Contract assets: €794,098 (€755,159 thousand)
## Contract liabilities: €384,063 thousand (€289,925 thousand)
## Costs capitalised to fulfil a contract: €2,868 thousand (€4,188 thousand)

These captions may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| **CURRENT ASSETS** | | | |
| Contract work in progress | 13,949,486 | 14,334,421 | (384,935) |
| Progress payments from customers | (13,042,021) | (13,494,337) | 452,317 |
| Fines for contract terminations | (38,774) | (49,974) | 11,200 |
| Contractual advances | (73,670) | (34,006) | (39,664) |
| Loss allowances | (923) | (943) | 21 |
| **Contract assets** | **794,098** | **755,159** | **38,939** |
| Costs capitalised to fulfil a contract | 2,868 | 4,188 | (1,320) |
| **Total current assets** | **796,967** | **759,347** | **37,619** |
| | | | |
| **CURRENT LIABILITIES** | | | |
| Contract work in progress | 5,587,481 | 4,406,196 | 1,181,285 |
| Progress payments from customers | (5,693,536) | (4,457,579) | (1,235,957) |
| Contractual advances | (278,007) | (238,541) | (39,466) |
| **Contract liabilities** | **(384,063)** | **(289,925)** | **(94,138)** |

Net contract work in progress[34], recognised separately under contract assets and contract liabilities, increased slightly (€13 million) on the previous year end, mainly due to the development of industrial activities performed in partnership in Italy (the Brenner Base Tunnel and the high speed/high capacity Bicocca-Catenanuova railway line), Sweden (Haga and Kvarnberget Rock Tunnel) and Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line).

Contractual advances rose by roughly €79 million due to the advances received on recently acquired railway contracts in Italy (the Naples-Cancello and Apice-Hirpinia lots of the high capacity/high speed Naples-Bari railway line and the Bicocca-Catenanuova lot of the Palermo-Catania railway line) and Romania (the Braila Bridge over the Danube).

The decrease in fines for contract terminations (€11.2 million) is chiefly due to the enforcement of the performance bond related to the La Punilla multi-purpose dam in Chile.

## 25 Trade receivables: €604,976 thousand (€608,748 thousand)

Trade receivables decreased by €3,772 thousand and are made up as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Customers | 611,234 | 575,937 | 35,297 |
| Investees | 27,973 | 67,053 | (39,080) |
| Loss allowances | (34,232) | (34,242) | 10 |
| **Total** | **604,976** | **608,748** | **(3,772)** |

The next table gives a breakdown of the caption by geographical segment:

[34] Contract work in progress less progress payments from customers.

| | 31/12/2019 | % | 31/12/2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 380,198 | 62.85% | 232,364 | 38.17% | 147,834 |
| Europe | 139,030 | 22.98% | 282,458 | 46.40% | (143,428) |
| Americas | 84,139 | 13.91% | 82,298 | 13.52% | 1,841 |
| Africa | 1,435 | 0.24% | 11,562 | 1.90% | (10,127) |
| Asia | 174 | 0.03% | 66 | 0.01% | 108 |
| **Total** | **604,976** | **100.00%** | **608,748** | **100.00%** | **(3,772)** |

Based on the table above:

- the increase in Italy is chiefly linked to the development of some contracts performed in partnership (Line 4 of the Milan Metro and the Apice-Hirpinia railway contracts);
- the decrease in Europe is mostly attributable to: (i) the collection of amounts due for the Bucharest Constanta railway project in Romania (approximately €71 million plus interest) in 2019 following the arbitration award in the group's favour; (ii) the temporary slowdown of activities in progress in Turkey on the Etlik Integrated Health Campus; in addition to (iii) the reclassification of amounts due in Russia to non-current assets held for sale;
- the decrease in Africa is related to the considerable slowdown of industrial activities on Algerian railway contracts;
- the additional main increases chiefly refer to new projects developed in Canada, including the Hurontario Light Rail Transit and Ashbridges Bay Treatment Plant Outfall projects.

## 26 Tax assets: €68,620 thousand (€72,032 thousand)

This caption, amounting to €68,620 thousand at 31 December 2019, is broken down as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Indirect tax assets | 62,382 | 65,707 | (3,325) |
| Direct tax assets | 6,436 | 6,523 | (87) |
| Loss allowances | (198) | (198) | 0 |
| **Total** | **68,620** | **72,032** | **(3,412)** |

Indirect tax assets decreased by €3,325 thousand on the previous year end due to their normal use to reduce the current taxes due in relation to the development of projects in Romania and Turkey.

## 27 Cash and cash equivalents: €314,061 thousand (€210,974 thousand)

This caption increased by €103,087 thousand over 31 December 2018 as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Bank and post office accounts | 313,733 | 210,656 | 103,077 |
| Cash-in-hand and cash equivalents | 327 | 317 | 10 |
| Cheques | 1 | 1 | 0 |
| **Total** | **314,061** | **210,974** | **103,087** |

A breakdown of this caption by geographical segment is as follows:

| | 31/12/2019 | % | 31/12/2018 | % | Variation |
|---|---|---|---|---|---|
| Italy | 156,995 | 49.99% | 79,821 | 37.83% | 77,174 |
| Europe | 95,515 | 30.41% | 78,629 | 37.27% | 16,886 |
| Americas | 54,423 | 17.33% | 44,505 | 21.10% | 9,918 |
| Africa | 3,053 | 0.97% | 3,887 | 1.84% | (834) |
| Asia | 4,075 | 1.30% | 4,132 | 1.96% | (57) |
| **Total** | **314,061** | **100.00%** | **210,974** | **100.00%** | **103,087** |

# 28 Non-current assets held for sale and liabilities directly associated with non-current assets held for sale: €161,433 thousand (€263,509 thousand)

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Property, plant and equipment | 8,882 | 0 | 8,882 |
| Equity investments measured at cost | 69,473 | 69,377 | 96 |
| Non-current financial assets measured at fair value | 200,616 | 194,132 | 6,484 |
| Other non-current assets | 3,929 | 0 | 3,929 |
| Deferred tax assets | 31 | 0 | 31 |
| Inventories | 884 | 0 | 884 |
| Contract work in progress | 6,659 | 0 | 6,659 |
| Trade receivables | 33,351 | 0 | 33,351 |
| Current equity investments measured at cost | 590 | 0 | 590 |
| Current financial assets measured at fair value | 356 | 0 | 356 |
| Tax assets | 1,533 | 0 | 1,533 |
| Other current assets | 28,962 | 0 | 28,962 |
| Cash and cash equivalents | 762 | 0 | 762 |
| **Total non-current assets held for sale** | **356,028** | **263,509** | **92,519** |

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Non-current financial liabilities | (4,485) | 0 | (4,485) |
| Employee benefits | (122) | 0 | (122) |
| Provisions for risks and charges | (56,893) | 0 | (56,893) |
| Progress payments from customers | (9,498) | 0 | (9,498) |
| Trade payables | (95,255) | 0 | (95,255) |
| Current financial liabilities | (22,555) | 0 | (22,555) |
| Tax liabilities | (2,408) | 0 | (2,408) |
| Other current liabilities | (3,379) | 0 | (3,379) |
| **Total liabilities directly associated with non-current assets held for sale** | **(194,596)** | **0** | **(194,596)** |

This caption principally comprises:

- the 20% interest (including the shareholder loan) in the **Third Bosphorus Bridge** SPE Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu amounting to **€259,415 thousand** (31 December 2018: €246,803 thousand).

  With regard to such investment, after launching an extensive invitation to bid in 2017, in August 2018, the parent received an initial binding offer from a consortium of Chinese investors (the "Chinese consortium") in 2017 and a subsequent bid in April 2018 for the acquisition of the entire share capital

and shareholder loan of the SPE Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu, holder of the concession to operate the “Third Bosphorus Bridge” - “Odayeri-Paşaköy motorway section (Third Bosphorus Bridge included)”. As the SPE’s majority shareholder Ic Ictas Sanayi ve Ticaret A.Ş (“ICTAS”) exercised its call option, Astaldi held further negotiations with ICTAS which led to a binding offer, received on 1 August 2018, for the acquisition of the entire investment (including the shareholder loan). In August 2018, Turkey’s political and economic difficulties transmuted into a serious crisis which led, inter alia, to another strong depreciation of the currency and, accordingly, extended the times initially forecast for the sale for reasons not attributable to the parent and that could not, moreover, have been foreseen.

After additional negotiations, the parent signed an agreement with ICTAS in June 2019 - authorised by the Rome Court on 21 November 2019 - for the sale of its entire investment in addition to the subordinated loan for a total of USD315 million. Under such agreement, the two parties defined, inter alia, their partnership for the joint venture projects carried out via special purpose entities. The transaction price will be paid in one instalment if ICTAS completes the sale of a majority investment in the operator to the Chinese consortium or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023.

Guarantees for exact and timely payment by ICTAS in the latter case comprise the transfer of the amounts due and falling due from the Third Bosphorus Bridge operator to repay the shareholder loan and the right to receive dividends along with the issue of five promissory notes (to an escrow agent) to be enforced if the payments are not made within the set deadlines.

As required by IFRS 5, at the date of preparation of these consolidated financial statements, the investment has been measured at the lower of its carrying amount and fair value less costs to sell. The latter has been measured considering the terms of the agreement. An impairment gain of €3,147 thousand was recognised in 2019 to partially reverse the impairment loss recognised in the previous year in order to reflect the time value effects on the payment terms of the transaction price;

- the interest (including the shareholder loan) in the Chilean SPE **Sociedad Concesionaria Metropolitana de Salud S.A.** amounting to **€10,673 thousand**;
- **the deficit related to Russia (€102,001 thousand)**: in line with the guidelines of the business plan, the parent agreed to fully transfer its activities in progress in Russia to its partner ICTAS as part of the agreement dated 20 June 2019. As required by IFRS 5, 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 latter has been measured considering the terms of the agreement;
- **the deficit related to Honduras (€5,655 thousand)**: the representatives of the Honduras branch have notified the parent that relationships with creditors have rapidly deteriorated, most of all with the country’s leading banks. Following the application presented by certain creditors and in accordance with local laws, including criminal laws, the parent’s representatives presented a formal statement to the local court about the parent’s assets in the country in the last few months. According to its local legal advisers, due to the inexistence of local insolvency legislation, the tool usually used in Honduras is “fideicomiso” where a third party trusted by both the debtor and creditors is appointed to sell the assets. This type of “voluntary” liquidation - officially proposed by the lending banks - is incompatible with Astaldi’s composition with creditors procedure and, therefore, cannot be pursued. As the parent could not satisfy the creditors’ requests, the latter commenced enforcement actions on the parent’s assets in Honduras. 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. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the court-appointed administrator, 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. As required by IFRS 5, 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 latter has been

measured considering the market analyses performed on equivalent assets which did not indicate the need to recognise any impairment losses further to those recognised in 2018.

# 29 Equity (Deficit): €1,540,088 thousand (€1,438,873 thousand)

## 29.1 Share capital: €196,850 thousand (€196,850 thousand)

The parent's subscribed and fully paid-in share capital consists of 98,424,900 ordinary shares, without a nominal amount, and a total of €196,850 thousand.

In accordance with article 127-quinquies of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act), the parent introduced a loyalty share mechanism allowing more than one voting right per share in 2015. In 2017, in compliance with the applicable legislation and the specific provisions of the parent's by-laws, some of FIN. AST. S.r.l.'s and other non-controlling investors' shares became loyalty shares.

At the reporting date, according to the shareholders' register and other related information (which is mandatory by law - article 120 of Legislative decree no. 58/98), the parent's shareholders with investments of more than 3% are as follows:

| DIRECT SHAREHOLDER | No. of shares | Investment % | Number of voting rights | % of voting rights |
|---|---|---|---|---|
| Fin.Ast S.r.l.[35] | 51,933,462 | 52.764% | 103,761,429 | 69.054% |
| FMR LLC | 3,931,000 | 3.994% | 3,931,000 | 2.616% |
| **Total shareholders with a significant investment** | **55,864,462** | **56.758%** | **107,692,429** | **71.670%** |
| Treasury shares | 553,834 | 0.563% | 553,834* | 0.368% |
| Market | 42,006,604 | 42.679% | 42,006,604 | 27.962% |
| **Total** | **98,424,900** | **100.000%** | **150,252,867** | **100.000%** |

*Pursuant to article 2357-ter.3 of the Italian Civil Code, the voting rights attached to treasury shares are suspended.

At the reporting date, outstanding shares number 97,885,066, unchanged compared to 31 December 2018.

## 29.2 Other financial instruments giving the right to subscribe newly issued shares

At the date of preparation of these consolidated financial statements, there are no financial instruments giving the right to subscribe newly issued shares. To this end, following the parent's presentation of the composition with creditors proposal, the equity-linked bonds of €140 million due in 2024 are included among the overall unsecured liabilities that shall be satisfied within the terms and conditions of such proposal.

## 29.3 Treasury shares held by the parent: €3,023 thousand (€3,023 thousand)

The parent holds 553,834 treasury shares, equal to 0.563% of its share capital, with a carrying amount of €3,023 thousand at the reporting date.

[35] Finetupar International S.A. was merged into FIN. AST. S.r.l. on 24 July 2019.

### 29.4 Reserves: €1,663,652 thousand (€275,592 thousand)

The following table shows the reserves:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Legal reserve | 34,347 | 34,347 | 0 |
| Extraordinary reserve | 198,597 | 198,632 | (35) |
| Retained earnings (losses carried forward) | (1,677,991) | 229,751 | (1,907,742) |
| Other reserves | (86,793) | (86,793) | 0 |
| Other comprehensive expense | (156,669) | (108,944) | (47,725) |
| Deferred tax on other comprehensive expense | 24,857 | 8,599 | 16,258 |
| **Total** | **(1,663,652)** | **275,592** | **(1,939,244)** |

The most significant changes in the reserves include:

- the carry forward of the 2018 loss;
- the increase in other comprehensive expense (€31,467 thousand net of the related tax), mostly due to the fair value losses recognised in the hedging reserve of the SPE operating the Ankara Etlik Integrated Health Campus in Turkey. The relevant borrowing costs (set at a fixed rate via the hedges) will be offset in future years by profits earned on the project. Therefore, this decrease in equity is just a temporary accounting presentation of the recognition of hedging derivatives at fair value.

Other reserves may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Stock grant reserve | 2,407 | 2,407 | 0 |
| IFRS FTA reserve | (88,217) | (88,217) | 0 |
| Reserve for treasury shares | 2,213 | 2,213 | 0 |
| Other | (3,196) | (3,196) | 0 |
| **Total** | **(86,793)** | **(86,793)** | **0** |

The stock grant reserve includes the value of the shares assigned to employees but not yet delivered, calculated in line with the current regulation and related actuarial appraisal.
The IFRS FTA reserve comprises all the adjustments made in the opening statement of financial position of the first set of financial statements prepared pursuant to the IFRS and the amount recognised after subsequent endorsements of new standards compared to the FTA.
The reserve for trading in treasury shares shows the gains and losses arising from the buyback plan.
The caption “Other” includes small items related to the measurement of investments in certain associates using the equity method.

### 29.5 Equity attributable to non-controlling interests: €1,737 thousand (€132 thousand)

The increase in equity attributable to non-controlling interests is mostly due to other comprehensive expense (€1,384 thousand).

## 30 Financial liabilities

After the presentation of the application for the composition with creditors procedure on 28 September 2018 as per article 161.6 of the Bankruptcy Law, the financial liabilities directly related to the parent at such date were classified under current liabilities.

## 30.1 Non-current financial liabilities: €185,744 thousand (€24,457 thousand)*

Non-current financial liabilities are made up as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Unsecured senior bonds | 130,572 | 0 | 130,572 |
| **Bonds - nominal amount** | **130,572** | **0** | **130,572** |
| **Total bonds** | **130,572** | **0** | **130,572** |
| Bank loans | 8,065 | 0 | 8,065 |
| Collateralised loans | 1,333 | 1,370 | (37) |
| Lease liabilities | 16,370 | 20,423 | (4,053) |
| **Bank loans and borrowings and lease liabilities - nominal amount** | **25,768** | **21,793** | **3,975** |
| **Total bank loans and borrowings and lease liabilities** | **25,768** | **21,793** | **3,975** |
| Loans and borrowings from other financial backers | 29,202 | 0 | 29,202 |
| Associates, joint ventures and other investees | 202 | 2,664 | (2,462) |
| **Total** | **185,744** | **24,457** | **161,287** |

(*) Included in net financial debt for €185,541 thousand (31 December 2018: €21,793 thousand)

The increase in non-current financial debt compared to the previous year end is chiefly due to: (i) the issue of the bonds as the first part of the urgent interim financing which are pre-preferential bonds pursuant to article 182-quinquies.3 of the Bankruptcy Law originally subscribed by the US-based fund Fortress in February 2019 for €75 million. Such bonds were subsequently taken over by Beyond S.r.l. (fully owned by WeBuild S.p.A., formerly Salini Impregilo S.p.A.) in October 2019 and were then increased to €190 million on 27 November 2019 with Illimity Bank becoming one of the bondholders (by subscribing €50 million in December 2019)[36]; in addition to (ii) shareholder loans received by the joint venture in charge of works on the Arturo Merino Benitez International Airport in Santiago, Chile (€29,201 thousand).

[36] Beyond subscribed the remaining bonds (€63.9 million) in February 2020.

## 30.2 Current financial liabilities: €2,852,017 thousand (€2,624,210 thousand)*

This caption increased by €227,807 thousand on the previous year end and may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Bonds | 908,031 | 907,068 | 963 |
| Issue and placement fees | (585) | 0 | (585) |
| **Total bonds** | **907,446** | **907,068** | **378** |
| Current portion of bank loans | 1,807,657 | 1,568,786 | 238,871 |
| Current portion of non-current loans | 26,961 | 39,252 | (12,291) |
| Current portion of collateralised loans | 2,784 | 2,784 | 0 |
| Lease liabilities | 23,948 | 24,851 | (903) |
| **Bank loans and borrowings and lease liabilities - nominal amount** | **1,861,350** | **1,635,673** | **225,677** |
| Accrued interest on bank loans | 14,140 | 16,683 | (2,543) |
| Hedging derivatives | 7,115 | 8,060 | (945) |
| **Total bank loans and borrowings and lease liabilities** | **1,882,605** | **1,660,415** | **222,190** |
| Loans and borrowings from other financial backers | 61,958 | 56,726 | 5,232 |
| **Total** | **2,852,017** | **2,624,210** | **227,807** |

(*) Included in net financial debt for €2,844,903 thousand (31 December 2018: €2,615,353 thousand)

### Bonds

This caption refers to the two bond issues placed by the parent; specifically:

- equity-linked bonds of €140,000 thousand [ISIN code XS1634544248] issued on 14 June 2017 and due on 21 June 2024; denominated in Euro, lot €100,000, traded on the Vienna Stock Exchange at a fixed interest rate of 4.875% payable in quarterly instalments with the final payment due on 21 September 2018;
- senior unsecured bonds of €750,000 thousand [ISIN code XS1000393899], of which €500,000 thousand issued on 4 December 2013 integrated by €100,000 thousand on 9 December 2013 (Tap I) and by €150,000 thousand on 14 February 2014 (Tap II); due on 1 December 2020, denominated in Euro, lot €100,000, traded on the Luxembourg Stock Exchange at a fixed interest rate of 7.125% payable in six-monthly instalments with the final payment due on 1 June 2018;
- interest payable of €131 thousand on the equity-linked bonds accruing on 28 September 2018;
- interest payable of €16,936 thousand on the senior unsecured bonds accruing on 28 September 2018.

Based on market prices observed on 31 December 2019, the fair value of the equity-linked and unsecured senior bonds is €20,021 thousand and €117,720 thousand, respectively.

Accordingly, the total fair value of bond issues at 31 December 2019 is €137,741 thousand.

### Bank loans and borrowings and lease liabilities - nominal amount

Most of the loans refer to the composition with creditors liabilities which remained unchanged on the previous year end.

The main changes during the year refer to:

- enforcements of roughly €237.1 million as described later on;
- the €2.1 million increase in liabilities with Turkish banks due to interest accrued on overdue facilities (in this regard, as Turkey does not recognise the Italian composition with creditors procedure, specific standstill agreements were signed with Turkish banks in September 2019 in order to prevent any actions against Astaldi's assets in Turkey);
- the €16 million decrease in liabilities with Honduran banks following the sale of some local assets which were used by the local liquidator to settle existing debts (in this regard, as Honduras does not recognise the Italian composition with creditors procedure, a liquidator was appointed by the local

court to manage/settle the branch's debts) and the reclassification of the residual amount (roughly €4 million) to liabilities directly associated with non-current assets held for sale;

- the reclassification of liabilities related to Russia to liabilities directly associated with non-current assets held for sale (approximately €19 million).

The following table shows the main loans and borrowings at the reporting date:

| Type of loan | | Company | Outstanding 31/12/2019 |
|---|---|---|---|
| Bilateral - Cariparma | Committed | Astaldi S.p.A. | 50,000 |
| Bilateral - BNP Paribas | Committed | Astaldi S.p.A. | 45,000 |
| Bilateral - Banca Popolare dell'Emilia Romagna_bis | Committed | Astaldi S.p.A. | 25,000 |
| Bilateral - Banca Ubae | Committed | Astaldi S.p.A. | 25,000 |
| Bilateral - Credito Valtellinese | Committed | Astaldi S.p.A. | 20,000 |
| | Committed | Astaldi S.p.A. | 10,000 |
| Bilateral - Factorit | Committed | Astaldi S.p.A. | 8,327 |
| Bilateral - Banca del Mezzogiorno | Committed | Astaldi S.p.A. | 6,580 |
| Bilateral - Banca Popolare dell'Emilia Romagna | Committed | Astaldi S.p.A. | 5,000 |
| Bilateral - Banca Popolare di Spoleto | Committed | Astaldi S.p.A. | 5,000 |
| Bilateral - BPM loan | Committed | Astaldi S.p.A. | 2,784 |
| Bilateral - Banca Carige | Committed | Astaldi S.p.A. | 1,478 |
| Syndicate - RCF €500 million | Committed | Astaldi S.p.A. | 500,000 |
| Syndicate - RCF €120 million | Committed | Astaldi S.p.A. | 120,000 |
| Syndicate - Cacib_Bbva | Committed | Astaldi S.p.A. | 15,000 |
| Unicredit S.p.A. | Uncommitted | Astaldi S.p.A. | 45,000 |
| Intesa SanPaolo S.p.A. | Uncommitted | Astaldi S.p.A. | 38,000 |
| Syndicate - BPM €9 million Line A | Committed | NBI S.p.A. | 6,008 |
| Syndicate - BPM €8 million Line B | Committed | NBI S.p.A. | 8,000 |
| Syndicate - Banco Security (USD) | Committed | Valle Aconcagua S.A. | 2,577 |
| Enforcements of guarantees | | | 404,011 |
| Other borrowings | | | 494,637 |
| **Total bank loans and borrowings** | | | **1,837,402** |
| Finance leases | | | 23,948 |
| **Total bank loans and borrowings and lease liabilities (*)** | | | **1,861,350** |

**Enforcements of guarantees**

The following table provides a summary of the enforced guarantees which the guarantor and/or counter-guarantor had paid out at the reporting date:

€m

| Country | Advance payment bonds | Performance bonds | Maintenance bonds | Equity contributions | Other financial guarantees | Total |
|---|---|---|---|---|---|---|
| **Canada** | 56.2 | 66.7 | - | - | - | **122.9** |
| **Chile** | 0.2 | 14.4 | - | 10.8 | - | **25.4** |
| **Georgia** | 12.1 | 12 | - | - | - | **24.1** |
| **Honduras** | 4.9 | 9.8 | - | - | - | **14.7** |
| **Italy** | 12.2 | 3.4 | - | - | - | **15.5** |
| **Nicaragua** | 5.4 | 2.8 | - | - | 0.2 | **8.4** |
| **Poland** | - | 4.7 | 0.03 | - | - | **4.8** |
| **USA** | - | - | - | - | 22.3 | **22.3** |
| **Total** | **90.9** | **113.8** | **0.03** | **10.8** | **22.5** | **238.06** |

The enforced guarantees which the guarantor and/or counter-guarantor had paid out at the reporting date amounted to €238.06 million.

They mainly related to: (i) the Muskrat Falls project in Canada (€123 million); (ii) Zemo Osiauri-Chumateleti section, Lot 2 of the E-60 Motorway in Georgia (€24.1 million); (iii) Lot I-II of the Arenal Hydroelectric Project in Honduras (€14.7 million); (iv) the Genoa-Voltri railway junction in Italy (€15.5 million); (v) the Santiago Airport in Chile (€10.8 million); (vi) Lots I and II of the Mejoramiento del Camino El Comejen-Waslala project in Nicaragua (€8.3 million); (vii) the Wekiva Parkway in the US (€22.3 million); (viii) the La Punilla multi-purpose dam in Chile (€14.3 million), and (x) the Warsaw Metro (€3.7 million), the Poznam-Wroclav S5 Expressway (€1 million) and the Passenger Terminal at Krakow Airport (€0.03 million) in Poland (€4.8 million in total).

**Loans and borrowings from other financial backers**

Loans and borrowings from other financial backers, basically unchanged on the previous year end, include a reduction (roughly €9 million) due to the reclassification of liabilities related to Russia to liabilities directly associated with non-current assets held for sale and an identical increase for the shareholder loans received by (i) the joint venture performing the works on the Ogra Campia Turzi project in Romania (approximately €9 million), and (ii) the subsidiary Sirjo S.c.p.A. (€1.6 million).

## 30.3 Net financial debt

The following table shows the group's net financial debt and a breakdown of its main components as required by CONSOB communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005.

| | | | 31/12/2019 | 31/12/2018 |
|---|---|---|---|---|
| A | Cash | | 314,061 | 210,974 |
| **B** | **Cash and cash equivalents** | **(A+B)** | **314,061** | **210,974** |
| | Current loan assets | | 100,012 | 60,082 |
| | *of which: related parties* | | *15,863* | *9,786* |
| **C** | **Current loan assets** | | **100,012** | **60,082** |
| D | Current portion of bank loans and borrowings | | (1,568,807) | (1,468,951) |
| E | Current portion of bonds | | (907,446) | (907,068) |
| | *of which: related parties* | | *(6,689)* | *(7,600)* |
| F | Current portion of non-current debt | | (29,745) | (39,459) |
| G | Other current loans and borrowings | | (338,905) | (195,802) |
| | *of which: related parties* | | *(20,189)* | *(20,000)* |
| H | Current portion of non-recourse loans | | 0 | (4,074) |
| **I** | **Current financial debt** | **(D+E+F+G+H)** | **(2,844,903)** | **(2,615,354)** |
| **J** | **Net current financial debt** | **(I+C+B)** | **(2,430,830)** | **(2,344,298)** |
| K | Non-current bank loans and borrowings | | (9,398) | (1,370) |
| L | Bonds | | (130,572) | 0 |
| M | Other non-current financial liabilities | | (45,571) | (20,423) |
| **N** | **Non-current financial debt** | **(K+L+M)** | **(185,541)** | **(21,793)** |
| **O** | **Net financial debt from continuing operations** | **(N+J)** | **(2,616,371)** | **(2,366,091)** |
| P | **Net financial position of disposal groups** | | **179,412** | **194,132** |
| | *of which: related parties* | | *200,616* | *191,067* |
| **Q** | **Net financial debt** | **(P+Q)** | **(2,436,959)** | **(2,171,959)** |
| | Non-current loan assets | | 14,015 | 15,723 |
| | Subordinated loans | | 121,316 | 79,590 |
| | *of which: related parties* | | *60,949* | *47,150* |
| R | Non-current loan assets | | 135,331 | 95,313 |
| **S** | **Total net financial debt** | **(Q+R)** | **(2,301,628)** | **(2,076,646)** |

Total net financial debt includes the net financial debt (line Q of the above table) calculated as recommended by the ESMA in its recommendation of 10 February 2005, and the non-current loan assets.

Lastly, the net financial debt at the reporting date and previous year end does not include hedging derivatives as they do not qualify as financial items given their nature.

## 30.4 Compliance with covenants and negative pledges

The presentation of the application for the composition with creditors procedure qualified as a significant event as per the group's loan contracts and bond regulations and, in some cases, triggered activation of the acceleration clause. Furthermore, under the specific provisions of the Bankruptcy Law (articles 55 and 169), Astaldi's financial liabilities are in any case considered due upon presentation of the application, regardless of the relevant contractual terms.
With regard to the bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12*

*February 2022*), though they do not provide for financial covenants, they do include a negative pledge clause and a limitation to the assumption of further indebtedness, except in the case of some specific exceptions under the relevant bond regulation. Furthermore, the use of the proceeds deriving from such bonds is allowed solely within the limits set out in the authorisation issued by the Rome Court as per article 182-quinquies.3 of the Bankruptcy Law. Such clauses have been complied with at the reporting date.

# 31 Other liabilities

## 31.1 Other non-current liabilities: €1,090 thousand (€2,974 thousand)

This caption of €1,090 thousand (31 December 2018: €2,974 thousand) mainly refers to Chile, Canada and Turkey and mostly comprises deferred income (i.e., prepaid lease instalments).

## 31.2 Other current liabilities: €299,472 thousand (€351,967 thousand)

This caption of €299,472 thousand comprises:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Subsidiaries | 384 | 246 | 138 |
| Associates and joint ventures | 3,669 | 2,403 | 1,266 |
| Other companies | 1,438 | 585 | 853 |
| Personnel | 21,043 | 31,447 | (10,404) |
| Social security institutions | 16,222 | 22,283 | (6,061) |
| Accrued expenses and deferred income | 29,545 | 17,043 | 12,502 |
| Other | 227,172 | 277,961 | (50,789) |
| **Total** | **299,472** | **351,967** | **(52,495)** |

"Other" mainly includes (i) amounts due to customers related to the return of contractual advances on certain contracts excluded from the core assets scope[37] (€7 million), (ii) amounts due to customers related to an award against the parent (pending the appeal ruling) as well as payments made by customers to suppliers and sub-contractors, mainly in Poland and Canada (€116.7 million), (iii) advances from customers for the sale of goods and assets (€5 million), and (iv) amounts due to partners for joint projects (€87 million). The decrease over the previous year end relates to: (i) a strong contraction of amounts due to customers for the return of contractual advances (€87 million) attributable to the enforcement of advance bonds during the year (the Muskrat Falls hydroelectric project in Canada, the Zemo Osiauri-Chumateleti section and Lot 2 of the E-60 Motorway in Georgia and the Colombo, San Tommaso and Polcevera tunnels of the Genoa railway junction in Italy); and (ii) a non-proportionate growth in amounts due to customers for payments made by the latter to suppliers and sub-contractors (chiefly in Canada and Poland).

The decrease in amounts due to personnel is mainly due to the payment of termination benefits following the termination of some contracts in Chile, Russia and Canada.

The rise in deferred income is basically related to commissions on sureties, mainly for the parent.

Reference should be made to note 36 on related parties for information about liabilities with associates and joint ventures.

As in the previous year, subscribed capital of associates and joint ventures not yet called up by the individual boards of directors have been reclassified as a direct deduction in the carrying amount of the related equity investments.

[37] As defined in the business plan underpinning the composition with creditors proposal.

# 32 Employee benefits: €6,998 thousand (€6,843 thousand)

This caption and related changes for the year are summarised in the following table:

| | Defined benefit plans | Termination benefits | 31/12/2019 |
|---|---|---|---|
| **a) Opening balance** | **6,837** | **6** | **6,843** |
| b) Increases | | | |
| b.1) Current service cost | 1,403 | 0 | 1,403 |
| b.2) Interest cost | 77 | 0 | 77 |
| b.3) Actuarial losses | (12) | 0 | (12) |
| c) Utilisations | (1,174) | 0 | (1,174) |
| d) Changes in consolidation scope and other changes | (136) | (3) | (139) |
| **d) Defined benefit obligation** | **6,995** | **3** | **6,998** |

## 32.1 Defined benefit plans

This caption mostly includes the post-employment benefits governed by article 2120 of the Italian Civil Code.

**Plan characteristics**

At 31 December 2006, the Italian entities' post-employment benefits (known as "TFR" in Italy) were accounted for as a defined benefit plan. Legislation regulating these benefits was amended with Law no. 296 of 27 December 2006 (the "2007 Finance Act") and subsequent decrees and regulations issued in the first few months of 2007. In the light of these changes and, in particular, for companies with 50 or more employees, these benefits are now considered part of a defined benefit plan only if they refer to amounts vested up to 1 January 2007 (and not yet paid at the reporting date) and a defined contribution plan for amounts accrued after that date.

Therefore, the liability for post-employment benefits, recognised in the statement of financial position, net of any advances paid, reflects (i) the group's residual obligation for benefits vested by employees up to 31 December 2006, which will be paid when their employment ends (for companies with 50 or more employees), or (ii) the progressive amount of post-employment benefits due to employees, accrued over their service period and recognised on an accruals basis consistently with the service necessary to vest the benefits (for other companies).

**Main assumptions**

The main assumptions used for the actuarial valuation of post-employment benefits at 31 December 2019 are set out below:

- annual discount rate: 0.77%
- annual inflation rate: 1.20%
- annual growth rate of the benefits: 2.4%
- annual salary increase rate:
  - managers: 2.50%
  - junior managers/white collars/blue collars: 1.00%

**Sensitivity analysis**

The potential effect of reasonably possible changes in the actuarial assumptions on the defined benefit obligation at the reporting date is as follows:

| | Turnover rate | | Inflation rate | | Discount rate | |
|---|---|---|---|---|---|---|
| | + 1% | - 1% | +1/4 % | -1/4 % | +1/4 % | -1/4 % |
| Change in the overall amount of the obligation | 12.68 | -13.67 | 35.89 | 35.44 | 55.48 | -56.41 |

**Effect of the defined benefit plan on the group's future cash flows**
Based on the reasonably possible estimates at the reporting date, the effects of the defined benefit plan on the group's future cash flows are shown below:

- 2020 service cost: €1,049 thousand
- Weighted average life of the obligation: 8.00 years
- Expected payments:
  - 2020-2022: €4,152 thousand
  - subsequent years: €29,641 thousand

## 32.2 Termination benefits

Termination benefits show the estimated cost of the agreements signed in 2014 with eight employees based in Italy for the consensual early termination of employment (based on the provisions of article 4.1-7-ter of Law no. 92 of 2012 - the "Fornero law"). Specifically, the residual amount at 31 December 2019 (€3 thousand) refers to social security contributions to be paid on remuneration for the final months of the plan.

# 33 Trade payables: €1,185,695 thousand (€1,236,912 thousand)

This caption may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Suppliers | 1,115,914 | 1,175,659 | (59,745) |
| Associates and joint ventures | 59,533 | 51,223 | 8,310 |
| Parents | 0 | 189 | (189) |
| Other investees | 10,248 | 9,841 | 407 |
| **Total** | **1,185,695** | **1,236,912** | **(51,217)** |

Trade payables net of non-recurring effects (approximately -€65 million) increased slightly by around €9 million. The non-recurring items include: (i) the reclassification of liabilities related to Russia and Honduras to liabilities directly associated with non-current assets held for sale (roughly -€95 million); and (ii) the increase in liabilities related to services provided by the advisers assisting the parent to implement the composition with creditors plan (approximately €30 million).

Net of such effects, the group's industrial activities remained essentially unaffected during the year, thus enabling it to punctually meet its obligations with suppliers and sub-contractors.
With regard to the areas of most strategic interest, there was a decrease in trade payables in Poland (roughly €40 million) and Chile (approximately 25 million), in contrast to an increase in Romania (around €18 million) and Italy (roughly €75 million).
The rise in Italy is mostly attributable to the start-up phases of some contracts performed in partnership (chiefly the high speed Apice-Hirpinia railway line) and the increase in payables for the recharging of costs related to the associate Metro C S.c.p.A..
The increase in Romania is chiefly attributable to railway works on lots 2A, 2B and 3 of the Curtici-Simeria line which made a considerable contribution to production of the year.

## 34 Tax liabilities: €61,845 thousand (€63,439 thousand)

This caption decreased by €1,594 thousand on 31 December 2018 as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Indirect tax liabilities | 13,590 | 13,154 | 436 |
| Direct tax liabilities | 39,764 | 39,907 | (143) |
| Withholding tax liabilities | 8,491 | 10,378 | (1,887) |
| **Total** | **61,845** | **63,439** | **(1,594)** |

The most significant changes include the fall in withholding taxes especially with regard to certain projects in Turkey.

## 35 Provisions for risks and charges: €104,451 thousand (€308,093 thousand)

This caption may be analysed as follows:

| | 31/12/2019 | 31/12/2018 | Variation |
|---|---|---|---|
| Provision for legal disputes | 43,067 | 41,553 | 1,514 |
| Provision for equity investments | 1,535 | 52,817 | (51,283) |
| Provision for tax disputes | 243 | 42 | 201 |
| Provision as per article 27 of the by-laws | 1,435 | 1,435 | 0 |
| Provision for onerous contracts | 58,171 | 212,246 | (154,075) |
| **Total** | **104,451** | **308,093** | **(203,642)** |

Provisions for risks and charges are commented on below:

- **The provision for legal disputes** of €43,067 thousand includes the expected costs resulting from the court and out-of-court settlement of disputes relating to contracts, mainly with suppliers and subcontractors, and claims for damages from third parties related to construction contracts. It mostly refers to accruals made for some disputes underway regarding contracts in Algeria, Italy and South America. The most significant items include (i) the dispute with Andritz Hydro in Peru[38] related to the Cerro Del Aguila hydroelectric project, and (ii) accruals made in Algeria for fees claimed by some subcontractors for additional work performed. Under the relevant contracts, such amounts will only be paid to the subcontractors upon receiving the customer's definitive approval of the variation orders.
- **The provision for equity investments** of €1,535 thousand includes the accruals for the parent's legal obligation to cover the losses exceeding the equity of the related investees. The decrease on the previous year end mainly refers to the reclassification of the provision for risks related to the joint venture Ic Içtaş Astaldi Ica Inşaat A.S. (the Moscow-St. Petersburg M-11 Motorway in Russia) to liabilities directly associated with non-current assets held for sale.
- **The provision for tax disputes** of €243 thousand refers to certain pending disputes with the taxation authorities mainly in Italy and Algeria.
- **The provision as per article 27 of the by-laws** of €1,435 thousand is increased by allocating part of the parent's profit for the year, as provided for by the relevant resolutions, and used for charitable

[38] Reference should be made to the notes to the consolidated financial statements at 31 December 2018 for more information.

donations.

- **The provision for onerous contracts** of €58,171 thousand refers to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in the US, Chile, Italy and Poland. One such accrual (€35,629 thousand) refers to probable liabilities for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of onerous contracts (chiefly in the US) that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal. The significant decrease in 2019 is basically due to the enforcement of guarantees related to the Muskrat Falls hydroelectric project in Canada (€66 million) and the road projects in Florida (€47 million).

# 36 Other contract liabilities: €48,893 thousand (€71,552 thousand)

This caption, amounting to €48,893 thousand at 31 December 2019, relates to estimated probable liabilities - assessed pursuant to IFRS 15 - Revenue from contracts with customers - for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of certain contracts[39]. Specifically, contract liabilities, net of contract assets, will only be definitively due when the relevant disputes have been defined and refer to (i) contracts that needed significant financial support in order to complete the works even though they will achieve break even over the contract term, along with (ii) contracts from which the parent has been unilaterally excluded from performing the works (basically due to the commencement of the composition with creditors procedure) by the relevant counterparties. The decrease in this caption is mostly due to the enforcement of performance bonds by customers on some contracts in Central and South America. Reference should be made to the notes to the consolidated financial statements at 31 December 2018 for more information.

# 37 Fair value measurement

The group's assets and liabilities are broken down by fair value level below:

| | Measurement date | Total | Fair value measurement | | |
|---|---|---|---|---|---|
| | | | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| **Assets at fair value** | | | | | |
| Subordinated loans[40] | 31/12/2019 | 321,931 | | 321,931 | |
| Non-controlling interests | 31/12/2019 | 47,820 | | 47,820 | |
| **Liabilities at fair value** | | | | | |
| Interest rate swaps | 31/12/2019 | (4,759) | | (4,759) | |

## 37.1 Valuation techniques and inputs used for fair value measurement purposes

### a) Assets and liabilities measured at fair value on a recurring basis

- **Interest rate swaps**

The group measured the fair value of derivatives using a pricing tool. It generated the forward rates for the

[39] Contracts that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal.

[40] Of which €200,616 thousand classified under non-current assets held for sale.

contractual deadlines to measure the leg indexed to the floating rate and then discounted its cash flows to their present value.
It measured the leg indexed to the fixed rate at the present value of its cash flows.
The forward and discount rates have been calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits) and long-term rates (swap rates) at 31 December 2019.
The carrying amount of the financial instrument is the difference between the present value of the floating and fixed components.
The group checks the effectiveness of the transactions using internal valuation techniques, based on the dollar offset method and the hypothetical derivative to calculate fair value changes in the underlying.

- **Subordinated loans (semi-equity)**

The group calculated the fair value of the subordinated loans using their expected cash flows (based on the related loan agreements) discounted with a market rate applied to similar instruments. Specifically, the discount rate was calculated considering each SPE's credit standing, interbank rate trends (mainly the LIBOR and EURIBOR) plus an additional spread (determined by reference to a market basket of the main providers) to reflect the subordination of the loans' repayment to the SPEs' debt with their lending banks.

- **Non-controlling interests**

The group calculated the fair value of the non-controlling interests using the dividend discount model, discounting the expected future dividends using the investees' cost of equity (ke)[41] rate as per the business plans drawn up by their boards of directors.

**b) Assets and liabilities measured at fair value on a non-recurring basis**

At the reporting date, there are no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures required by IFRS 13 - Fair value measurement.

**c) Transfers of financial instruments among the various levels of the fair value hierarchy**

During the year, there were no transfers among the different levels of the fair value hierarchy.

# 38 Information on risk management, financial instruments and guarantees

## Financial risk management

The Astaldi Group operates on international markets in different currencies. It uses external sources of funds in Euros and other currencies to finance its activities.

In order to protect its assets, the group issued guidelines for monitoring its exposure to market risks and its hedged positions.

## 38.1 Interest rate risk

The group's exposure to fluctuations in interest rates is mainly related to its floating rate financial debt, mostly incurred by the parent. As mentioned, in September 2018, the parent applied for authorisation for the composition with creditors procedure as per article 161.6 of the Bankruptcy Law. Therefore, under the specific legislation, regular or legal interest is no longer accrued on unsecured liabilities starting from the publication of such application with the company registrar. Accordingly, the group is not currently exposed to significant risks related to fluctuations in interest rates that could significantly impact its financial assets and liabilities or its net financial expense.

[41] Calculated based on market values.

## 38.2 Currency risk

The Astaldi Group hedges its exposure to currency risk in relation to specific foreign contracts, in order to mitigate the effect of fluctuations in exchange rates.

The group policy is aimed at hedging a percentage of its exposure to currency risk depending on the characteristics of the business and the particular volatility of certain currencies over the entire duration of the works regarding specific contracts or, if this is not possible, for a period of 12 months.

The group uses forward plain vanilla, cost zero cylinder and knock-in forward derivatives.

In those cases where, in connection with specific foreign currencies, especially those of emerging countries, financial markets do not allow for mitigation of the currency risk through derivatives, the Astaldi Group tends to protect the currency imbalance between trade receivables and payables in local currency through financial debt in the same currency ("natural hedges").

Given the group's particular financial situation and the limitations imposed by the composition with creditors procedure in terms of transactions not strictly related to industrial activities, the currency hedges which expired during the year were not temporarily renewed at 31 December 2019.

## 38.3 Liquidity risk

Liquidity risk is the possibility that the group might not be able to meet its contractual financial obligations and, more generally, its short-term financial obligations that could, in extreme circumstances, lead to insolvency and jeopardise the group's ability to continue to operate.

As described in great detail in these notes, Astaldi implemented a capital strengthening and refinancing manoeuvre in May 2017 to give it the necessary resources to carry out its strategic plan and support it in a refinancing process aimed at extending the due dates of its financial obligations. Subsequently, the parent presented an application for the composition with creditors procedure on 28 September 2018 as per article 161.6 of the Bankruptcy Law. Then, on 19 June 2019, it filed the composition plan and proposal, which were supplemented on 16 July, 20 July and 2 August 2020. The court accepted Astaldi's application for the composition with creditors on a going concern basis as per the Bankruptcy Law with its ruling of 5 August 2020. At the date of preparation of these consolidated financial statements, the composition with creditors proposal had been approved by the unsecured creditors with a large majority of 69.4%.

Pending the conclusion of the capital strengthening and refinancing manoeuvre and following the Rome Court's authorisation of the application presented as per article 182-quinquies.3 of the Bankruptcy Law, the parent issued pre-preferential bonds (in two separate issues) for a total of €200 million needed to support industrial activities. The composition plan also provides for the granting of a revolving credit facility by banks for €200 million, to be used after the composition with creditors procedure is authorised and the Webuild capital increase takes place, in order to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of any residual portion of the pre-preferential bonds.

## 38.4 Credit risk

Credit risk is the group's exposure to potential default by a counterparty.

The parent chiefly operates in a segment blighted by constant delays in the public sector's payment of works performed. However, the very nature of the customers, prevalently government and public bodies, which are, by their very nature, solvent, guarantees that receivables will be fully collected over time. The relevant departments constantly monitor receivables falling due. At 31 December 2019, past due trade receivables amount to €188.6 million, including €79.1 million past due by more than one year. The largest exposures of this latter bracket mainly refer to Italy (€33.4 million) and Poland (€17.2 million).

Furthermore, the group has trade receivables and contract assets due from the Venezuelan government totalling €433 million. These assets relate to activities carried out under contracts protected by an intergovernmental agreement signed by the Italian and Venezuelan governments, which provides additional protection to the measures that can be taken by resorting to local courts. Despite the above, given that Venezuela's macroeconomic situation has not improved nor is it expected to do so, but rather uncertainty

about the social and political situation continues to be extremely high while the country's short-term recovery is improbable, management considered it prudent to determine the financial assets' recoverable amount as €52 million.

## 38.5 Guarantees and sureties

**Personal guarantees**
Guarantees given amount to €3,029,138 thousand as follows:

- sureties of €96,176 thousand to open credit facilities to ensure regular cash flows for contracts, given on behalf of joint ventures (€11,912 thousand), associates and other investees set up for special purposes as per the current sector regulations;
- sureties of €2,884,250 thousand for contract work given on the group's behalf by banks and insurance companies to customers for the parent, its subsidiaries, joint ventures (€153,720 thousand), associates and other investees;
- other sureties of €48,712 thousand (joint ventures: €4,786 thousand) given for various reasons.

**Third party sureties given to the group**
Banks and insurance companies have given guarantees of €304,432 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the group.

**Guarantees to holders of pre-preferential bonds[42]**

The pre-preferential bonds[43] are secured by a series of guarantees given on the following assets held by Astaldi and its subsidiaries:

- a first demand mortgage on two buildings owned by Astaldi at Via Giulio Vincenzo Bona 65 and Via Agrigento 3/5 in Rome;
- collateral assignment of/pledge of/obligation to channel certain claims and loans and receivables of Astaldi and some subsidiaries related to projects performed in Italy, Romania, Poland, Algeria, Chile and Turkey;
- lien on the shares of Astaldi Concessioni S.p.A. and the newco Astaldi Concessions S.p.A.;
- recourse factoring of/obligation to channel future receivables arising from the sale of certain assets under concession;
- recourse factoring of shareholder loans granted to Astaldi Concessioni S.p.A.;
- personal guarantee given by Astaldi Canada Enterprise to the extent of the loans granted by Astaldi S.p.A. to such investee consisting of the proceeds from the use of the first bond issue;
- liens on certain current accounts[44] of Astaldi and some of its subsidiaries.

The combined amount of such guarantees is less than the nominal amount of the pre-preferential bonds including accrued unpaid interest, costs, charges and expenses.

[42] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[43] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[44] Current accounts encumbered by obligation to channel the proceeds deriving from claims and/or the sale of assets under concession.

# 39 Related party transactions and directors', statutory auditors' and general managers' fees

Astaldi - directly or via its subsidiaries - carries out commercial, financial and administrative transactions with related parties that qualify as legal entities belonging to the group (subsidiaries, jointly controlled entities, associates and joint ventures). These transactions generally take place in the normal course of business as part of the core business of each party involved.

The different types of related party transactions may be summarised as follows:

a) **Intragroup services:** Astaldi and/or certain companies controlled thereby provide industrial, corporate, administrative, financial and treasury, and information systems services to some group companies to support the performance and development of their activities.

b) **Development of concession contracts:** In order to streamline its financial investments and optimise the returns on its concession projects, Astaldi invests in the share capital of the operators (SPEs) with non-controlling interests that do not ensure control over such SPEs. Including via its subsidiaries, the parent makes the necessary investments to capitalise the SPEs (through equity loans and shareholder loans) in order to ensure its returns on the development of the concessions, also by the SPEs assigning work to Astaldi which it carries out directly or as part of a joint venture set up with other partners.

c) **Specialist activities (infragroup contract and subcontract services):** Astaldi and/or certain companies controlled thereby carry out specialist activities (i.e., plant engineering, maintenance, etc.) for other group companies as part of the construction and operation of works.

d) **Consortium companies and/or consortia:** Astaldi and/or certain companies controlled thereby develop some projects - mainly in the construction segment - jointly with other sector partners via specific vehicles (consortia and/or consortium companies) set up with the sole business object of coordinating the financial activities of the partners in such limited context. These vehicles periodically divide up the overall costs incurred in performing the works among the various partners (via cost recharging).

e) **Guarantees and counter-guarantees:** Astaldi generally gives guarantees and counter-guarantees on behalf of its subsidiaries, jointly controlled entities, associates and joint ventures in order to enable them to obtain more favourable financial conditions. Such guarantees include, inter alia: (i) sureties to open credit facilities to ensure regular cash flows for contracts; and (ii) sureties for contract work (bid bonds, performance bonds and advance payment bonds) given to customers by banks and insurance companies on behalf of the group.

f) **Sale of intragroup assets (e.g., machinery, plant and other property, plant and equipment items):** Group companies sometimes sell assets to each other (e.g., machinery, plant and other property, plant and equipment items).

All of the above transactions are carried out on an arm's length basis.

In accordance with IAS 24 and CONSOB communication no. 6064293 of 28 July 2006, the balances of related party transactions are presented below.

| Company | Contract assets | Loans, receivables and other assets | Financial assets | Non-current assets held for sale | Contract liabilities | Loans and borrowings and other liabilities | Financial liabilities | Liabilities directly associated with non-current assets held for sale | Operating revenue | Operating costs | Financial income (expense) | Revenue of discontinued operations |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parents** | | | | | | | | | | | | |
| Fin.Ast S.r.l. | 0 | 1 | 0 | 0 | 0 | 0 | 26,879 | 0 | 11 | 0 | 0 | 0 |
| **Joint ventures** | | | | | | | | | | | | |
| Ankara Etlik Hastane A.S. | 0 | 1,559 | 60,488 | 0 | 83,049 | 0 | 0 | 0 | 15,810 | 0 | 1,830 | 0 |
| Astaldi Bayindir J.V. | 0 | 203 | 0 | 0 | 0 | 394 | 0 | 0 | 0 | 0 | 0 | 0 |
| Consorzio A.F.T. Kramis | 0 | 5,403 | 578 | 0 | 0 | 287 | 0 | 0 | 0 | 10 | 5 | 0 |
| Etlik Hastane PA S.r.l. | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Ic Içtaş Astaldi Ica Inşaat Anonim Şirket | 0 | 0 | 0 | 11,257 | 0 | 0 | 0 | 2,033 | 0 | 0 | 0 | 112,852 |
| Other* | 0 | 14,990 | 0 | | 0 | 6,383 | 0 | 0 | 2,404 | 1,496 | 3 | 0 |
| | **0** | **22,155** | **61,066** | **11,257** | **83,049** | **7,064** | **0** | **2,033** | **18,214** | **1,506** | **1,838** | **112,852** |
| **Associates** | | | | | | | | | | | | |
| Brennero Tunnel Construction S.c.a.r.l. | 0 | 2,633 | 31,921 | 0 | 0 | 6,763 | 0 | 0 | 706 | 90,435 | 509 | 0 |
| Consorzio Iricav Due | 0 | 1,224 | 0 | 0 | 0 | 21,498 | 0 | 0 | 263 | 2,024 | 0 | 0 |
| Consorzio MM4 | 710 | 28,599 | 0 | 0 | 0 | 2,386 | 0 | 0 | 96,960 | 1,089 | 0 | 0 |
| Diga di Blufi S.c.r.l. in liq. | 0 | 6,845 | 0 | 0 | 0 | 5,503 | 0 | 0 | 0 | 2 | 3 | 0 |
| ICA Ic Ictas Astaldi ucuncu bogaz koprusu ve kuzey marmara otoyolu yatirim ve isletme AS | 0 | 626 | | 194,689 | 2,211 | 0 | 0 | 0 | 1,492 | 0 | 7,040 | 0 |
| METRO C S.c.p.a. | 0 | 643 | 0 | 0 | 0 | 13,252 | 0 | 0 | 504 | 31,319 | 0 | 0 |
| Otoyol Yatirim Ve Isletme A.S | 0 | 68 | 461 | 0 | 6,293 | 0 | 0 | 0 | 54,700 | 0 | 30 | 0 |
| Sociedad Concesionaria Metropolitana de Salud s.a. | 19,078 | 2,142 | | 5,927 | 0 | 656 | 0 | 0 | -97 | 11 | 343 | 0 |
| Other* | 0 | 4,140 | 5,771 | 1,434 | 0 | 6,488 | 0 | 173 | 114 | 610 | 93 | 0 |
| | **19,788** | **46,920** | **38,153** | **202,050** | **8,504** | **56,546** | **0** | **173** | **154,642** | **125,490** | **8,018** | **0** |
| **Total** | **19,788** | **69,076** | **99,219** | **213,307** | **91,553** | **63,610** | **26,879** | **2,206** | **172,867** | **126,996** | **9,856** | **112,852** |
| **As a percentage** | **0.09%** | **6.69%** | **40.16%** | **59.91%** | **27.73%** | **4.36%** | **0.87%** | **1.13%** | **11.73%** | **8.69%** | **21.47%** | **93.48%** |

* items with a unit amount of less than €5,000 thousand.

The main related party transactions in 2019 were:

- the development of construction works by the parent (also via specific joint ventures with other partners) on behalf of the SPEs in the construction segment, mainly referred to the: (i) Etlik Integrated Health Campus, Ankara (Ankara Etlik Hastane A.S., Turkey), (ii) Line 4 of the Milan Metro (Consorzio MM4, Italy) and (iii) Gebze-Orhangazi-Izmir Motorway (Otoyol Yatirim Ve Isletme A.S., Turkey). The relevant operating revenue, trade receivables and contract assets/liabilities were recognised in 2019;
- works performed by the parent (via the joint venture IC Ictas Astaldi Simple Partnership – M11 Project) on behalf of Ic Içtaş Astaldi Ica Inşaat A.S. for the Moscow-St. Petersburg M-11 Motorway project in Russia. The relevant operating revenue, trade receivables and contract assets were recognised in 2019;

- the consortium costs charged to the parent by Brennero Tunnel Construction S.c.a.r.l. for the performance of works for the construction of the Brenner Base Tunnel (lot "Mules 2-3");
- additional financing granted to the SPEs Ankara Etlik Hastane A.S. (€7,864 million) on the subordinated loan (semi-equity) under the relevant concession contract.
- The effects of the parent's lease of a TBM needed to bore the Brenner Base Tunnel from Brennero Tunnel Construction S.c.a.r.l. are recognised in these consolidated financial statements. The group recognised the relevant lease payments receivable and financial income in 2019.

The parent's directors', statutory auditors' and general managers' fees are set out in the following table. Reference should also be made to the Remuneration report prepared pursuant to article 123-ter of the Consolidated Finance Act for further information.

| | Fixed fees | Fees for committee meetings | Non-monetary benefits | Other fees | Total |
|---|---|---|---|---|---|
| Directors | 2,957 | 33 | 25 | 8 | **3,023** |
| Statutory auditors | 175 | 0 | 0 | 0 | **175** |
| General managers | 913 | 0 | 22 | 13 | **948** |

# 40 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment and are prepared using the same accounting policies used for the consolidated financial statements.

The following tables show the segment disclosures required by IFRS 8.

| **31/12/2019** | Italy | Europe | Americas | Africa | Asia | Other activities | Adjustments and eliminations | **Total** |
|---|---|---|---|---|---|---|---|---|
| Revenue | 689,219 | 583,375 | 460,858 | 10,259 | 5,715 | 0 | (380,599) | **1,368,827** |
| Share of profit of equity-accounted investees | | | | | | | | **30,671** |
| Operating profit (loss) | (1,931) | 24,173 | (30,847) | 3,143 | (3,304) | (33,477) | 51,991 | **9,747** |
| Net financial expense | | | | | | | | **(45,906)** |
| Loss before tax and non-controlling interests | | | | | | | | **(36,159)** |
| Income taxes | | | | | | | | **(27,804)** |
| Loss for the year | | | | | | | | **(72,000)** |
| **Assets and liabilities** | | | | | | | | |
| Segment assets | 2,110,349 | 2,203,775 | 816,963 | 254,591 | 31,735 | 3,174,701 | (4,744,943) | **3,847,170** |
| of which: equity investments | | | | | | 842,358 | (340,271) | **502,088** |
| Segment liabilities | (2,244,278) | (2,336,030) | (1,489,203) | (312,326) | (47,645) | (3,191,636) | 4,233,861 | **(5,387,258)** |
| **Other segment figures** | | | | | | | | |
| Property, plant and equipment | (9,497) | (29,986) | (48,799) | (385) | (241) | (36,658) | 25,628 | **(99,938)** |
| Intangible assets | (42,930) | (312) | (4,008) | 0 | (1) | (1,044) | 0 | **(48,295)** |
| Depreciation | (3,875) | (6,712) | (11,619) | (138) | (131) | (3,421) | 10,358 | **(15,538)** |
| Provisions | | | | | | 4,307 | | **4,307** |

| 31/12/2018* | Italy | Europe | Americas | Africa | Asia | Other activities | Adjustments and eliminations | Total |
|---|---|---|---|---|---|---|---|---|
| Revenue | 489,269 | 292,293 | 445,580 | (8,732) | (9,909) | (1,350) | (324,836) | **882,315** |
| Share of profit of equity-accounted investees | | | | | | | | **93,843** |
| Operating loss | (513,999) | (538,429) | (734,969) | (39,509) | (10,616) | (123,847) | 626,339 | **(1,335,029)** |
| Net financial expense | | | | | | | | **(181,489)** |
| Loss before tax and non-controlling interests | | | | | | | | **(1,516,518)** |
| Income taxes | | | | | | | | **76,677** |
| Loss for the year | | | | | | | | **(1,908,424)** |
| **Assets and liabilities** | | | | | | | | |
| Segment assets | 1,632,170 | 2,289,815 | 864,321 | 247,414 | 27,496 | 2,950,367 | (4,393,853) | **3,617,730** |
| of which: equity investments | | | | | | 814,133 | (326,363) | **487,770** |
| Segment liabilities | (1,791,653) | (2,416,660) | (1,544,856) | (318,005) | (39,336) | (2,897,864) | 3,951,770 | **(5,056,605)** |
| **Other segment figures** | | | | | | | | |
| Property, plant and equipment | (24,457) | (35,549) | (64,748) | (575) | (166) | (40,296) | 3,250 | **(162,541)** |
| Intangible assets | (46,735) | (488) | (4,547) | 0 | (4) | (1,967) | 0 | **(53,740)** |
| Depreciation | (2,872) | (10,858) | (15,117) | (498) | (62) | (3,918) | 7,938 | **(25,388)** |
| Provisions | | | | | | (190,279) | | **(190,279)** |

* The 2018 figures have been restated in accordance with IFRS 5 - Non-current assets held for sale and discontinued operations. With respect to the group's application of IFRS 16, it was not required to restate the related comparative figures given the transition method adopted.

# 41 Leases

## 41.1 Leases as lessee

The group is a lessee in various leases - as defined by the new standard IFRS 16 - mainly referring to core assets (plant, machinery and equipment) used to develop projects in progress in Italy and Chile, as well as buildings that will house the local offices of foreign branches and subsidiaries.

The group also has short-term leases and/or leases of low-value assets, namely IT equipment and site vehicles. The group has decided not to recognise the right-of-use assets and lease liabilities for such contracts.

### Right-of-use assets

This caption may be analysed as follows:

| | Land and buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machines | Total at 31/12/2019 |
|---|---|---|---|---|---|
| Historical cost | 11,320 | 22,825 | 36,740 | 2,747 | 73,631 |
| Acc. depreciation | -3,496 | -9,632 | -20,533 | -1,246 | -34,908 |
| **Total** | **7,824** | **13,192** | **16,207** | **1,501** | **38,724** |

## Lease liabilities

This caption is broken down by maturity date as follows:

| Leases as per IFRS 16 | 31/12/2019 Present value |
|---|---|
| Within one year | 23,948 |
| Between one and within five years | 16,370 |
| **Total** | **40,318** |

| Leases as per IAS 17 | 31/12/2018 Present value |
|---|---|
| Within one year | 23,354 |
| Between one and within five years | 20,423 |
| **Total** | **43,777** |

## Amounts taken to profit or loss

| Leases as per IFRS 16 | 2019 |
|---|---|
| Interest expense on lease liabilities | 3,868 |
| Depreciation of right-of-use assets | 27,636 |
| Costs for short-term leases and/or leases of low-value assets | 31,370 |

| Leases as per IAS 17 | 2018 |
|---|---|
| Interest expense on finance lease liabilities | 1,739 |
| Depreciation of leased assets | 5,168 |
| Costs from operating leases | 49,196 |

## Amounts recognised in the statement of cash flows

| | 2019 | 2018 |
|---|---|---|
| Payment of lease liabilities | (33,461) | (20,929) |

## Extension options

Some leases provide extension options for the group and/or the lessors. At the commencement of the lease term, the group assesses whether it is reasonably certain that it will exercise its option to extend the lease and reassesses this upon the occurrence of a significant event or a significant change in circumstances.

## 41.2 Leases as a lessor

The group has, in turn, sub-leased core assets under finance lease, specifically a TBM needed to bore the Brenner Base Tunnel to the associate Brennero Tunnel Construction S.c.a.r.l..
The group also leases some core assets under operating leases to investees or suppliers/sub-contractors in order to boost the efficiency of industrial activities on contracts in the construction segment. These are classified as operating leases from the point of view of a lessor, with the exception of one sub-lease which the group classifies as a finance lease as mentioned above.

### Amounts taken to profit or loss

| | 2019 | 2018 |
|---|---|---|
| Interest income on lease payments receivable | 509 | 1,836 |
| Income from operating leases classified among other revenue | 2,174 | 1,922 |

### Net investment in the lease

| | 31/12/2019 Present value | 31/12/2018 Present value |
|---|---|---|
| Within one year | 10,799 | 26,653 |
| Between one and within five years | 8,461 | 12,660 |
| **Present value** | **19,260** | **39,313** |

# 42 Other information

**Significant non-recurring events and transactions**
In 2019, the Astaldi Group's financial position and financial performance were not affected by significant non-recurring events and transactions as defined in CONSOB communication no. DEM/6064293.

**Atypical or unusual transactions**
In 2019, the Astaldi Group did not carry out any atypical or unusual transactions, as defined in CONSOB communication no. DEM/6064293.

## 42.1 Authorisation for publication

The parent's board of directors authorised the publication of these consolidated financial statements on 16 June 2020.

## 42.2 Events after the reporting date

**Composition with creditors on a going concern basis (updates after the reporting date)**

Important steps were taken after the reporting date in the composition with creditors on a going concern basis procedure commenced by the parent in September 2018[45].

[45] See the "Composition with creditors on a going concern basis as per article 186-bis of the Bankruptcy Law – Composition with creditors on a going concern basis" section.

On 28 November 2019, following the replacement of two judicial commissioners, as mentioned above, the Rome Court postponed the creditors' meeting to 26 March 2020. It then postponed the meeting to 9 April 2020 so that it could take place remotely as allowed by article 163.2.2-bis of the Bankruptcy Law on 23 March 2020, given the regulations and urgent measures adopted by the Italian government to contain and manage the Covid-19 epidemiological emergency.

As per the provisions of the composition plan and proposal, the agreement signed with Astaldi's partner ICTAS in June 2019 and subsequent amendments (already evaluated and authorised by the Rome Court as being the best way to protect the creditors under Astaldi's composition with creditors procedure underway) became effective in March 2020 transferring the entire investment in the SPE that holds the concession to build and operate the Third Bosphorus Bridge in Turkey. In full compliance with the agreements, the transaction entailed:

- selling Astaldi's entire investment in the Third Bosphorus Bridge operator and related receivables to ICTAS for USD315 million. The transaction price will be paid net of *a)* items offset with ICTAS as per point *(ii)*, *b)* repayments to other Turkish creditors (as the composition with creditors procedure is not recognised in Turkey) of roughly €142 million in accordance with the composition plan, and *c)* the relevant transaction costs;
- ICTAS waiving all claims to Astaldi under their partnership contracts as a result of Astaldi leaving such contracts (in both Turkey and Russia).

The transaction price, net of the items set out in point *(i)*, will be paid in one instalment when ICTAS collects the sale price that it is negotiating with a consortium of Chinese investors for the sale of a majority investment in the operator or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023.

On the basis of the votes validly cast at the creditors' meeting on 9 April 2020, 58.32% of creditors eligible to vote voted in favour of the composition with creditors proposal, thus exceeding the majority needed for approval. Subsequently, with its ruling of 4 May 2020, the Rome Court (i) set the hearing date and time for the authorisation of the composition with creditors as per article 180 of the Bankruptcy Law as 23 June 2020 at 11:00 am (CET), and (ii) acknowledged the completion of the voting process for the composition with creditors proposal, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, which account for claims of roughly €3,017 million. Such percentage comprises the votes validly cast at the creditors' meeting on 9 April 2020 (58.32%) along with additional votes validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.

On 25 May 2020, in accordance with the terms of the composition plan and proposal presented to the Rome Court and approved by the creditors, the parent's directors resolved to set up a separate unit for the sole purpose of satisfying the parent's unsecured creditors by selling all the assets, rights and judicial relationships transferred to the separate unit and allocating the net proceeds from the sale of the assets to holders of the participating financial instruments that the parent will issue to unsecured creditors once the composition with creditors procedure has been definitively authorised.

The composition with creditors plan and proposal were approved by a 69.4% favourable vote at the creditors' meeting and provide that the unsecured creditors be satisfied via the allocation, within 120 days of the definitive authorisation of the proposal, of (i) 12.493 new ordinary Astaldi shares for each €100 of unsecured claim filed and (ii) one participating financial instrument for each €1 of unsecured claim filed that gives the creditor the right to receive the net proceeds on the sale of the assets transferred to the separate unit. No split participating financial instruments will be issued, no adjustments will be made and, therefore, any remainders will be eliminated. The participating financial instruments will not have a nominal amount. They will be placed in the Monte Titoli S.p.A. central securities depositary system for dematerialised securities and can be freely traded via authorised brokers on such central management system. The regulation for the dividend and voting rights of the participating financial instruments was approved by the parent's board of directors in compliance with the composition with creditors proposal and is available, inter alia, in the Investor Relations - Composition with Creditors section of the website www.astaldi.com, as part of the documentation attached to the composition with creditors proposal filed on 19 June as subsequently amended.

The management and sale of the non-core assets to satisfy the unsecured creditors holding the participating financial instruments is the sole and exclusive activity for which the separate unit was set up. The net proceeds from the sale of such assets, no matter the amount, will be exclusively allocated to the unsecured creditors holding the participating financial instruments. Following the sale of the non-core assets, there shall be no remaining asset or liability items to be allocated to Astaldi's core assets. Therefore, the separate unit will, by definition, break even. As per article 2447-quinquies.4 of the Italian Civil Code, Astaldi will not be held jointly liable for obligations undertaken in relation to the specific transaction for which the separate unit was set up, notwithstanding that, by law, Astaldi will only be held liable for any obligations deriving from unlawful acts and except where recharged to the separate unit should such unlawful act occur as part of the specific transaction.

The assets to be sold are the non-core assets of Astaldi and Astaldi Concessioni S.p.A. following the demerger approved on 22 January 2020, which became effective on 8 June 2020 when the demerger deed (stipulated in May 2020) was registered with the company registrar. The assets transferred to the separate unit include: (i) the main concessions - the Third Bosphorus Bridge (which has already been sold), the Gebze-Orhangazi-Izmir Motorway (GOI), the Etlik Integrated Health Campus in Ankara, Turkey, and the Arturo Merino Benitez International Airport and the West Metropolitan Hospital in Santiago de Chile -, (ii) the receivables due from IFE (the Venezuelan government) and work in progress in Venezuela, and (iii) the parent's head offices in Rome.

In order to ensure it meets its commitments and to finance Astaldi Concessioni S.p.A. so that it can fulfil its commitments (for the Etlik Integrated Health Campus in Ankara, Turkey and the Arturo Merino Benitez International Airport in Santiago, Chile), as per the composition with creditors proposal, Astaldi will provide the separate unit with a maximum of €75,000,000.00 (seventy-five million/00) in order to complete work in progress and an additional €2,000,000.00 (two million/00) to cover costs incurred to manage the separate unit.

In accordance with the terms of the composition proposal, the parent's board of directors appointed Claudio Sforza as the proxy in charge of managing and selling the non-core assets. His curriculum vitae is available in the Governance-Composition Bodies section of the website www.astaldi.com. Claudio Sforza will be granted power of attorney as per article 1704 and following articles of the Italian Civil Code, which is irrevocable as per article 1723 of the Italian Civil Code, as it is granted in the interests of the unsecured creditors holding participating financial instruments, except in the cases of removal for just cause in accordance with the law which will be listed in the power of attorney contract. Once it has been signed, the contract will be filed with the company registrar.

The parent's directors also approved the financial plan of the separate unit for the 2020-2023 period, during which time the asset disposal plan is expected to be completed, as per the composition proposal and within the terms defined therein to protect the interests of the unsecured creditors.

The board of directors' resolution with all its attachments are being filed with the company registrar as required by law.

Therefore, setting up the separate unit is a key step in implementing the composition with creditors proposal (with the hearing for the latter's approval set for 23 June 2020).

**The spread of Covid–19 (the Coronavirus)**

At the date of preparation of these consolidated financial statements, the Italian and other EU and non-EU governments have applied extraordinary measures to curb the spread of the Covid-19 virus (the Coronavirus), declared a pandemic by the World Health Organisation.

Statistics show that Italy was the worst hit in Europe - and one of the worst globally - by the spread of the virus. This exposed the parent to risks generated by the extraordinary measures applied by the Italian government to prevent and/or curb the spread of the Coronavirus involving, inter alia, the temporary closure of industrial plants and construction sites, as well as restrictions to the movement of people and means of transport. In addition, the global spread of the pandemic exposed the group to risks arising from the extraordinary measures applied by governments in other countries, both in Europe and beyond, where the group operates or has offices or sites.

Specifically, the Italian government issued Decree law no. 6 of 23 February 2020, containing "urgent measures to contain and manage the Covid-19 epidemiological emergency", subsequently integrated with three Prime Minister's decrees on 1 March, 4 March and 8 March 2020. These measures essentially set a *cordon sanitaire* around Lombardy (where the parent has operating offices) and 14 provinces, imposing strict measures, including restrictions on leaving and entering such areas except for justified reasons of work or necessity, or for health reasons. With the Prime Minister's decree of 9 March 2020, such measures were extended to the entire country. The following decree issued on 11 March also ruled that all commercial businesses close (with the exception of essential businesses) all over the country, excluding industrial plants which were, however, required to comply with health protection regulations. Subsequently, the decree of 22 March ruled that all production activities shut down, with the sole exclusion of the essential activities set out in a specific list attached to the decree. Then a decree issued on 10 April allowed some non-essential commercial activities around the country to reopen without prejudice to that set out in the previous decrees. Moreover, it authorised the production activities of companies needed to keep the production chain running, linked to the activities allowed as per the decree of 10 April. A further decree issued on 26 April authorised the reopening of a series of production and industrial activities (including construction) as long as health protection regulations are complied with. Restrictions were maintained on travelling within regions, unless for justified reasons of various nature. Further measures were subsequently adopted at national and regional level.

In order to tackle this emergency, the parent actuated a series of actions and safeguards to promptly protect the health of all group employees, monitor the situation at production sites, preserve the value generated by production activities as much as possible and support operating continuity, seriously put to the test by the restrictions on the movement of people and goods on a global scale imposed via measures approved in Italy and abroad.

Specifically, the parent set up a specific committee at the end of February. Chaired by senior management, its members include the heads of all head-office and peripheral operating structures along with the heads of the parent's main departments involved, in order to monitor the spread of the virus at Italian and foreign production units, supervise measures to contain the risk of infection, activate channels to liaise with the Italian embassies in the countries where the group operates, as well as coordinate actions to safeguard contracts with customers against the impact of the pandemic on production activities.

The situation in Italy and abroad is summarised below.

In Italy, Astaldi and its subsidiaries implemented due precautionary measures, also related to safety and securing the health of employees, in compliance with the Prime Minister's decrees, ministerial circulars, orders from the national civil protection service, along with recommendations issued by other local authorities following the progressive spread of the virus.

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

Even before closing down the production units, the parent had drafted protocols introducing a series of measures (control, distancing, personal protection, sanitisation of the workplace and work tools, health monitoring, managing emergencies following detection of Covid-19 symptoms) to guarantee the safety of work areas in preparation for the resumption of activities.

These protocols were fully implemented with the gradual recommencement of production activities at the various sites starting in May as soon as restrictions around the country began to be lifted. At the date of preparation of these consolidated financial statements, production activities had partially resumed in Italy. Finally, in order to offer further protection to employees, starting from 1 March and for the whole of 2020, the parent has taken out a specific insurance policy covering Covid-19 risks for its employees and their family units.

Beyond Italy, considering the rapid spread of the virus, extraordinary measures were progressively adopted in some of the countries where the group operates to restrict the circulation of goods and people, with the closure of plants and commercial and production activities. Similarly to Italy, such measures, together with those implemented by the group to protect employee health, have made it difficult for the group to continue its ordinary production activities. This led to the slowdown or, in some cases, the suspension of production activities, with additional problems (due to restrictions on air traffic) for personnel trying to return home from abroad or personnel that had been off-site when the pandemic blew up trying to return to production sites that have remained open. At the date of preparation of these consolidated financial statements, most operating activities abroad continue to face slowdowns or suspensions.

However, despite this extremely uncertain situation, mitigating actions (discussed with all customers) have successfully been implemented in the short term to neutralise the negative effects, most importantly financial stress, of Phase 2 of lock-down (reopening work sites); specifically:

- accelerating payment of slow-moving items (mostly claims and variation orders);
- recovery of higher costs incurred for the new protocols adopted to guarantee employee health and safety in the workplace;
- payment of all progress reports issued and work in progress at the beginning of the lock-down;
- rescheduling progress reports' issue dates and related payments;
- possibly obtaining advances and/or payments on account on contracts and/or projects and supplies to cover the considerable financial costs of resuming work and simultaneously maintaining the supplier/subcontractor system.

In light of the above, at the date of preparation of these consolidated financial statements, the group cannot exclude that a lasting critical situation and the measures taken in Italy, Europe and all over the world may impact 2020. Indeed, it is currently assessing the possible effects that the current Covid-19 emergency could have on performance forecasts. Moreover, since it is a constantly evolving situation, it is still impossible to make reliable predictions about its impacts on 2020 operations and results. However, based on the information currently available, the group's performance is more or less in line with the business plan, assuming that any negative effects on 2020 will presumably be reabsorbed in 2021.

**Additional significant events**

**Astaldi on the short-list for the Edmonton LRT project in Canada** – In May 2020, in a joint venture with Webuild (formerly Salini Impregilo), Astaldi was included on the short-list for the awarding of an additional rail project in Canada worth CAD1.7 billion (€1.15 billion). The project covers the construction of the Valley Line West Light Rail Transit (LRT) in Edmonton, the second section of the 27 km Valley Line, which will run between the west and south-east areas of the city. The new light rail infrastructure will run over 14 km with 14 stops and two elevated stations, two bridge crossings, connections to transit centres and a transfer point with two current lines of the LRT system. The project will be awarded by mid-October, with work set to begin in 2021 and be completed within six years.

**New €356 million contract for Lot 5 of the Sibiu–Pitesti Motorway in Romania** – In May 2020, the Astaldi Group signed a contract worth €356 million for the construction of over 30 km of the Sibiu-Pitesti Motorway, the most important section under construction in Romania. The contract was signed in the presence of the

Prime Minister and the Minister of Transport of the Romanian Government. It is an EPC[46] 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 EU 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. Moreover, an advance payment is envisaged in the contract, both at the start of the design phase and at the start of construction. The customer is CNAIR, the state company owned by the Romanian Ministry of Transport and Infrastructure.

**Delivery of the works of mega lot 3 of the state road Jonica** – In May 2020, the group delivered the works of mega lot 3 of the state road Jonica following the approval of the executive design on 9 March 2020.

**Court hearing for the authorisation of the composition with creditors proposal** – On 23 June 2020, the bankruptcy section of the Rome Court is scheduled to meet to authorise Astaldi's composition with creditors proposal and issue the relevant ruling.

## 42.3 Fees to the independent auditors, KPMG, and their network pursuant to article 149-duodecies of the Issuer regulation

The fees paid in 2017 to KPMG, which was engaged by the shareholders for the 2011-2019 statutory audit of the separate and consolidated financial statements on 18 April 2011, are summarised below:

| | 2019 |
|---|---|
| **A) Audit services** | **900** |
| - Parent, Astaldi S.p.A. (*) | 537 |
| - Subsidiaries | 363 |
| **B) Attestation services (**)** | **638** |
| **C) Other services** | **143** |
| **Total** | **1,682** |

| | |
|---|---|
| (*) Fees including out-of-pocket expenses and CONSOB fees | 537 |
| (**) Parent, Astaldi S.p.A. | |
| of which: | |
| 1) Agreed-upon procedures, signing of tax returns and other attestation procedures | 638 |

**Filippo Stinellis**

***Chief Executive Officer***

**Paolo Citterio**

***Manager in charge of financial reporting***

[46] Engineering, Procurement and Construction.

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

# Certification of the Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and additions

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of financial reporting of Astaldi S.p.A., hereby certify:
   - the appropriateness in relation to the company's characteristics and
   - the actual application of administrative and accounting procedures used to formulate the 2019 consolidated financial statements.

2. The administrative and accounting procedures used to formulate the consolidated financial statements at 31 December 2019 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.

   There are no significant observations to be made in this regard.

3. This is also to certify that:

   3.1 The consolidated financial statements:

   a) were drafted in compliance with the applicable international financial reporting standards acknowledged within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) match the ledgers and accounting entries;
   c) are suitable for providing a truthful and accurate representation of the financial position and results of operations of the issuer and of all the companies included in the consolidation scope.

   3.2 The management report contains a reliable analysis of the operating performance and result, as well as of the situation of Astaldi S.p.A. and of all the companies included in the consolidation scope, together with a description of the main risks and uncertainties it is exposed to.

Rome, 16 June 2020

Signed **Filippo Stinellis**
***Chief Executive Officer***

Signed **Paolo Citterio**
***Manager in charge of financial reporting***

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

# Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

*To the shareholders of*
*Astaldi S.p.A.*

## Report on the audit of the consolidated financial statements

### Disclaimer of opinion

We have audited the consolidated financial statements of the Astaldi Group (the "group"), which comprise the statement of financial position as at 31 December 2019, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

Because of the effects of the uncertainties described in the "*Basis for disclaimer of opinion*" section of this report, we do not express an opinion on the consolidated financial statements of the Astaldi Group.

### Basis for disclaimer of opinion

The consolidated financial statements at 31 December 2019 show a loss for the year and a deficit attributable to the owners of the parent of €72 million and €1,542 million, respectively.

In the "Main risks and uncertainties – Going concern" section of the notes to the consolidated financial statements and the directors' report, the directors state that Astaldi S.p.A. (the "parent") filed an application as per article 161.6 of the Bankruptcy Law on 28 September 2018, thus commencing a process to turn around itself and its group based on an integrated going concern manoeuvre, as follows:

(i) Astaldi's continuation of activities in order to ensure its ability to continue as a going concern by directly managing the parent;

(ii) a capital strengthening and refinancing manoeuvre, mainly via: (a) capital increases initially of €323.65 million with possible additional capital increases following the exercise of warrants and other share issues as a result of the conversion of unsecured claims presented subsequently, and (b) new financing

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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granted and paid out for up to a maximum of €200 million by banks supporting the plan included in the composition with creditors proposal;

(iii) the sale of activities and assets excluded from the core assets scope and transferred to a separate unit set up in accordance with article 2447-bis of the Italian Civil Code to satisfy unsecured creditors.

Specifically, €225 million of the capital increases provided for in the composition with creditors proposal totalling €323.65 million will be reserved to Webuild S.p.A. (formerly Salini Impregilo S.p.A.) and paid for in cash. The remainder of €98.65 million will service the conversion into Astaldi shares of the total unsecured claims.

That being said, in the "Main risks and uncertainties – Going concern" section of the notes, the directors disclose the significant uncertainties that could lead to material doubts as to the parent's and the group's ability to continue as going concerns. These relate to:

- the Rome Court's issue of the authorisation for the composition with creditors;
- meeting the conditions precedent and other requirements of Webuild S.p.A.'s (formerly Salini Impregilo S.p.A..) binding offer described by the parent's directors;
- implementing the capital strengthening and refinancing manoeuvre provided for in the composition with creditors proposal mentioned above;
- meeting the targets set out in the composition plan, which also depends on future, uncertain variables that cannot be controlled, e.g., variables that could affect (i) the amount and timing of new contracts, (ii) the timing of collecting additional fees for variations, price revisions, incentives and claims compared to the contractually agreed amounts and (iii) the amount and timing of collecting advances from customers, estimated based on the parent's application for the benefits provided by urgent measures introduced to aid the liquidity of contractors under Decree law no. 34 of 19 May 2020 (the so-called "Relaunch Decree") issued following the Covid-19 emergency.

While acknowledging that overcoming such uncertainties depends only partly on variables and internal factors under management's control, the directors state that they assessed the reasonableness that all of the above circumstances could occur and, pending the positive definition and implementation of the composition with creditors procedure, the capital strengthening and refinancing manoeuvre and the related plan, they deemed it appropriate to prepare the consolidated financial statements under the going concern assumption.

The above shows that the group's ability to continue as a going concern is subject to many significant uncertainties with potential interactions and possible cumulative effects on the consolidated financial statements.

As a result of the above, the directors' use of the going concern basis of accounting was a key audit matter.

Our audit procedures included:

- discussing the assessment of the going concern assumption and any events and circumstances that, individually or as whole, may give rise to material doubts as to the group's ability to continue as a going concern with the parent's directors;
- understanding the process adopted to prepare the composition plan and its subsequent updates;

- understanding and analysing, including by involving our own specialists, the cash flows presented in the composition plan and its main underlying assumptions;
- analysing the documentation relating to the composition with creditors proposal, including Webuild S.p.A.'s (formerly Salini Impregilo S.p.A.) offer and correspondence exchanged with this industrial investor, as well as the commitment letters setting out the commitments undertaken by the banks involved in the capital strengthening and refinancing manoeuvre provided for in the composition with creditors proposal;
- analysing the documents issued by and communications exchanged with the bodies dealing with the composition with creditors procedure (Rome Court, judicial commissioners and the expert);
- analysing the events after the reporting date to gather useful information for the assessment of the going concern assumption;
- assessing the appropriateness of the disclosures provided in the notes about the group's ability to continue as a going concern.

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of the parent in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements.

Because of the matter described in this section, we have not been able to form an opinion on the group's consolidated financial statements.

## *Key audit matters*

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

In addition to that described in the "*Basis for disclaimer of opinion*" section, we have identified the following key audit matters to report herein.

### *Estimate of the recoverable amount of trade receivables and contract assets relating to work carried out in Venezuela and recognised as other non-current assets*

*Notes to the consolidated financial statements: section "Accounting policies – paragraphs Impairment of other financial instruments and Use of estimates", note 22.1 "Other non-current assets" and note 38.4 "Credit risk"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The consolidated financial statements at 31 December 2019 include trade receivables and contract assets totalling €52 million relating to work carried out in Venezuela and recognised as other non-current assets, net of impairment losses of €381 million. | Our audit procedures included:<br>— analysing the accounting policies used by the parent's directors to estimate the recoverable amount of trade receivables and contract assets relating to work carried out in Venezuela and recognised as other non-current assets; |

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| Estimating the recoverable amount of such exposure, carried out by the parent's directors including with the assistance of an external expert, entails a high uncertainty level due to Venezuela's complex situation, as described by the parent's directors in the section "Accounting policies – paragraph Impairment of other financial instruments" of the notes to the consolidated financial statements.<br>Therefore, we believe that the estimate of the recoverable amount of trade receivables and contract assets relating to work carried out in Venezuela and recognised as other non-current assets is a key audit matter. | — analysing, including by involving our own specialists, the method and reasonableness of the assumptions used to estimate the recoverable amount through discussions with the directors and the relevant internal departments and checking the supporting documentation, including the opinion of the external expert engaged by the parent;<br>— analysing the events after the reporting date to gather useful information for the measurement of trade receivables and contract assets relating to work carried out in Venezuela and recognised as other non-current assets;<br>— assessing the appropriateness of the disclosures provided in the notes about the estimate of the recoverable amount of trade receivables and contract assets relating to work carried out in Venezuela and recognised as other non-current assets. |

***Measurement of contract assets and liabilities and recognition of contract revenue***

*Notes to the consolidated financial statements: section "Accounting policies – paragraphs Contract revenue and Use of estimates", note 1 "Revenue from contracts with customers" and note 24 "Contract assets and liabilities, Costs capitalised to fulfil a contract"*

| Key audit matter | Audit procedures addressing the key audit matter |
|---|---|
| The consolidated financial statements at 31 December 2019 include contract assets of €794 million, contract liabilities of €384 million and contract revenue of €1,340 million recognised using the percentage of completion method based on incurred cost (cost to cost model).<br>Measuring contract assets and liabilities and recognising contract revenue are based on the total forecast contract revenue and costs to complete construction contracts in progress and related estimated stage of completion. These estimates are affected by many factors, including:<br>— claims for additional consideration for contract variations, price escalation clauses, incentives and claims compared to that contractually agreed; | Our audit procedures included:<br>— understanding the process for the measurement of contract assets and liabilities and recognition of contract revenue and the related IT environment and assessing the design and implementation of controls and procedures to assess the operating effectiveness of material controls.<br>— For a sample of contracts:<br>– analysing construction contracts in order to check that the significant factors have been appropriately considered by the group;<br>– checking the recognition of costs and their allocation to the contract work in progress by analysing supporting documentation; |

| Key audit matter | Audit procedures addressing the key audit matter |
| --- | --- |
| — disputes with customers for fines and compensation for damages;<br>— the contract activities' long timeframe, size and engineering and operating complexity;<br>— the risk profile of certain countries in which the work is carried out.<br>Therefore, we believe that the measurement of contract assets and liabilities and the recognition of contract revenue are a key audit matter. | – visiting work sites;<br>– analysing the reasonableness of the key assumptions underlying the calculation of contract budgets through discussions with contracts' project managers and controllers, stages of completion, correspondence with customers about claims for additional consideration, fines and compensation for damages and information set out in the technical and legal opinions issued by the experts engaged by the group;<br>– performing substantive analytical procedures for the most significant discrepancies between actual and forecast figures at the reporting date and at the previous year end and discussing the outcome with the relevant internal departments;<br>– analysing the events after the reporting date to gather useful information for the measurement of contract assets and liabilities and recognition of contract revenue;<br>— assessing the appropriateness of the disclosures provided in the notes about contract assets, liabilities and revenue. |

### *Recoverability of investments in associates and joint ventures*

*Notes to the consolidated financial statements: section "Accounting policies – paragraphs Impairment of equity investments, property, plant and equipment, goodwill and other intangible assets and Use of estimates", note 20.1 "Equity investments – Impairment testing"*

| Key audit matter | Audit procedures addressing the key audit matter |
| --- | --- |
| The consolidated financial statements at 31 December 2019 include investments of €454 million in associates and joint ventures.<br>They are measured using the equity method and, when there are indicators of impairment, they are tested for impairment, by discounting the cash flows that are expected to be generated by the investees using the dividend discount model to calculate their recoverable amount.<br>Impairment testing entails a high level of judgement, in addition to the uncertainty | Our audit procedures included:<br>— understanding the process adopted to prepare the impairment test approved by the parent's board of directors;<br>— analysing the reasonableness of the key assumptions used by the parent's directors to determine the investments' recoverable amount and the related forecast cash flows, as well as the assumptions used by the expert engaged by the parent to prepare the impairment test; |

| Key audit matter | Audit procedures addressing the key audit matter |
| --- | --- |
| inherent in any forecast, especially in relation to:<br>— the expected cash flows, calculated by taking into account the general economic performance and that of the investees' sector, the actual cash flows generated by the investees in the last few years and the projected growth rates;<br>— the financial parameters to be used to discount the above cash flows.<br>Therefore, we believe that the recoverability of investments in associates and joint ventures is a key audit matter. | — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the parent's directors;<br>— comparing the income and cash flows used for impairment testing to the flows forecast in the investees' plans and analysing any discrepancies for reasonableness;<br>— involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information;<br>— analysing the events after the reporting date to gather useful information for the measurement of investments in associates and joint ventures;<br>— assessing the appropriateness of the disclosures provided in the notes about the measurement of investments in associates and joint ventures. |

## *Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements*

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

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

## *Auditors' responsibilities for the audit of the consolidated financial statements*

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted

in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

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

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— evaluate the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express a conclusion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

### *Other information required by article 10 of Regulation (EU) no. 537/14*

On 18 April 2011, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2011 to 31 December 2019.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that this report is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

## Report on other legal and regulatory requirements

### *Disclaimer of opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98*

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2019 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have been engaged to perform the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2019 and their compliance with the applicable law and to state whether we have identified material misstatements.

Because of the significance of the matters described in the "*Basis for disclaimer of opinion"* section of our report on the audit of the consolidated financial statements, we are unable to express an opinion on the consistency of the directors' report and certain specific information presented in the report on corporate governance and ownership structure with the group's consolidated financial statements at 31 December 2019 or their compliance with the applicable law and to issue the statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity obtained through our audit.

### *Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16*

The directors of Astaldi S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Rome, 10 July 2020

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit

**Annex 5: Unaudited condensed interim consolidated financial statements at 30 June 2020 of the Astaldi Group and KPMG S.p.A. review report thereon**

# Condensed interim consolidated financial statements and notes thereto

# Consolidated financial statements

## Statement of profit or loss

| (€'000) | Note | H1 2020 |
|---|---|---|
| Revenue from contracts with customers | 1 | **607,020** |
| *of which: related parties* | | 42,227 |
| Other operating revenue | 2 | 49,763 |
| *of which: related parties* | | *1,376* |
| **Total operating revenue** | | **656,783** |
| Purchase costs | 3 | (86,342) |
| Service costs | 4 | (393,753) |
| *of which: related parties* | | *(47,371)* |
| Personnel expenses | 5 | (118,740) |
| Other operating costs | 6 | (17,779) |
| *of which: related parties* | | *(3)* |
| **Total operating costs** | | **(616,615)** |
| Change in costs capitalised to fulfil a contract | 7 | (33) |
| Share of profits (losses) from joint ventures and associates | 8 | 26,152 |
| **Gross operating profit** | | **66,288** |
| Amortisation, depreciation and impairment losses | 9 | (44,565) |
| Provisions | 10 | (17,031) |
| **Operating profit** | | **4,692** |
| Financial income | 11 | 31,840 |
| Financial expense | 12 | (81,629) |
| **Net financial expense** | | **(49,789)** |
| *of which: related parties* | | *2,260* |
| **Pre-tax loss from continuing operations** | | **(45,097)** |
| Income taxes | 13 | (4,515) |
| **Loss from continuing operations** | | **(49,613)** |
| **Loss from discontinued operations** | 14 | **(31,759)** |
| **LOSS FOR THE PERIOD** | | **(81,372)** |
| Loss attributable to the owners of the parent | | (83,789) |
| Profit attributable to non-controlling interests | | 2,417 |
| | | |
| **Profit (Loss) per share** | 15 | |
| Basic (€) | | (0.856) |
| Diluted (€) | | (0.856) |
| | | |
| **Profit (Loss) from continuing operations** | | |
| Basic (€) | | (0.532) |
| Diluted (€) | | (0.532) |

# Statement of comprehensive income

| *(€'000)* | Note | H1 2020 |
|---|---|---|
| **Loss for the period (A)** | | **(81,372)** |
| | | |
| Exchange differences from translation of financial statements in foreign currencies | | 32,278 |
| Change in fair value of financial assets measured at FVTOCI | | 16,741 |
| Share of other comprehensive expense of equity-accounted investees | | (33,025) |
| Share of other comprehensive income of discontinued operations | | 42,191 |
| Tax effect | | 2,482 |
| **Other comprehensive income, net of tax, that will be subsequently reclassified to profit or loss (B1)** | | **60,667** |
| | | |
| Change in fair value of equity instruments measured at FVTOCI | | (13,807) |
| Actuarial gains on defined benefit plans | | 27 |
| **Other comprehensive expense, net of tax, that will not be subsequently reclassified to profit or loss (B2)** | 30 | **(13,781)** |
| | | |
| **Total other comprehensive income, net of tax (B1)+(B2)=(B)** | | **46,886** |
| | | |
| **COMPREHENSIVE EXPENSE (A)+(B)** | 30 | **(34,486)** |
| | | |
| attributable to the owners of the parent | | (36,955) |
| attributable to non-controlling interests | | 2,469 |

# Statement of financial position

## Assets

| (€'000) | Note | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| **ASSETS** | | | |
| ***Non-current assets*** | | | |
| Property, plant and equipment | 16 | 95,324 | 99,938 |
| Right-of-use assets | 17 | 28,424 | 38,724 |
| Investment property | 18 | 124 | 127 |
| Intangible assets | 19 | 40,807 | 48,295 |
| Equity investments | 20 | 485,934 | 502,088 |
| *of which: equity-accounted investments* | | *447,322* | *454,269* |
| Non-current financial assets | 21 | 323,158 | 138,648 |
| *of which: related parties* | | *70,686* | *69,410* |
| Other non-current assets | 22 | 119,761 | 117,677 |
| Deferred tax assets | 13 | 276,152 | 275,466 |
| **Total non-current assets** | | **1,369,684** | **1,220,962** |
| ***Current assets*** | | | |
| Inventories | 23 | 40,239 | 38,231 |
| Contract assets | 24 | 966,405 | 794,098 |
| *of which: related parties* | | *1,251* | *19,787* |
| Costs capitalised to fulfil a contract | 25 | 2,786 | 2,868 |
| Trade receivables | 26 | 459,402 | 604,976 |
| *of which: related parties* | | *24,688* | *42,273* |
| Current financial assets | 21 | 120,871 | 110,388 |
| *of which: related parties* | | *20,128* | *17,304* |
| Tax assets | 27 | 74,813 | 68,620 |
| Other current assets | 22 | 330,673 | 336,936 |
| *of which: related parties* | | *28,206* | *26,599* |
| Cash and cash equivalents | 28 | 289,657 | 314,061 |
| **Total current assets** | | **2,284,846** | **2,270,179** |
| Non-current assets held for sale | 29 | 21,714 | 356,028 |
| *of which: related parties* | | *7,335* | *213,151* |
| **Total assets** | | **3,676,244** | **3,847,170** |

# Statement of financial position

## Equity and liabilities

| *(€'000)* | Note | 30/06/2020 | 31/12/2019 |
|---|---|---|---|
| EQUITY AND LIABILITIES | | | |
| ***Equity (Deficit)*** | 30 | | |
| Share capital | | 196,850 | 196,850 |
| Treasury shares | | (3,023) | (3,023) |
| Legal reserve | | 34,347 | 34,347 |
| Extraordinary reserve | | 198,597 | 198,597 |
| **Losses carried forward** | | (1,750,609) | (1,677,991) |
| Other reserves | | (86,793) | (86,793) |
| Other comprehensive expense | | (112,316) | (156,669) |
| Deferred tax on other comprehensive expense | | 27,338 | 24,857 |
| **Total capital and reserves** | | **(1,495,609)** | **(1,469,825)** |
| Loss for the period/year | | (83,789) | (72,000) |
| **Deficit attributable to the owners of the parent** | | **(1,579,398)** | **(1,541,825)** |
| Profit attributable to non-controlling interests | | 2,417 | 1,417 |
| Other comprehensive income attributable to non-controlling interests | | 122 | 70 |
| Capital and other reserves attributable to non-controlling interests | | 2,285 | 250 |
| **Equity attributable to non-controlling interests** | | **4,824** | **1,737** |
| **Total deficit** | | **(1,574,574)** | **(1,540,088)** |
| ***Non-current liabilities*** | | | |
| Non-current financial liabilities | 31 | 249,831 | 185,744 |
| Employee benefits | 32 | 6,920 | 6,998 |
| Deferred tax liabilities | 13 | 65,423 | 62,395 |
| Other non-current liabilities | 33 | 8,174 | 1,090 |
| **Total non-current liabilities** | | **330,347** | **256,227** |
| ***Current liabilities*** | | | |
| Contract liabilities | 24 | 407,464 | 384,063 |
| *of which: related parties* | | *84,881* | *91,552* |
| Trade payables | 34 | 1,162,729 | 1,185,695 |
| *of which: related parties* | | *54,693* | *59,531* |
| Current financial liabilities | 31 | 2,847,212 | 2,852,017 |
| *of which: related parties* | | *26,879* | *26,879* |
| Tax liabilities | 35 | 49,934 | 61,845 |
| Provisions for risks and charges | 36 | 95,439 | 104,451 |
| Other contract liabilities | 37 | 48,496 | 48,893 |
| Other current liabilities | 33 | 290,597 | 299,472 |
| *of which: related parties* | | *3,634* | *3,686* |
| **Total current liabilities** | | **4,901,869** | **4,936,435** |
| Liabilities directly associated with non-current assets held for sale | 29 | **18,601** | **194,596** |
| *of which: related parties* | | *174* | *2,207* |
| **Total liabilities** | | **5,250,818** | **5,387,258** |
| **Total deficit and liabilities** | | **3,676,244** | **3,847,170** |

# Statement of changes in equity in the first half of 2020

| *(€'000)* | *Share capital* | *Treasury shares* | *Legal reserve* | *Extraordinary reserve* | *Hedging reserve* | *Translation reserve* | *Actuarial reserve* | *Fair value reserve* | *Deferred taxes on OCI* | *Other reserves* | *Losses carried forward* | *Loss for the period/year* | Deficit attributable to the owners of the parent | *Non-controlling interests* | Total Deficit |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Opening balance** | **196,850** | **(3,023)** | **34,347** | **198,597** | **(93,651)** | **(72,377)** | **(321)** | **9,680** | **24,857** | **(86,793)** | **(1,677,991)** | **(72,000)** | **(1,541,825)** | **1,737** | **(1,540,088)** |
| Loss for the first half of 2020 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (83,789) | **(83,789)** | 2,417 | **(81,372)** |
| Other comprehensive income | 0 | 0 | 0 | 0 | (24,272) | 65,664 | 27 | 2,934 | 2,482 | 0 | 0 | 0 | **46,835** | 52 | **46,886** |
| **COMPREHENSIVE EXPENSE** | **0** | **0** | **0** | **0** | **(24,272)** | **65,664** | **27** | **2,934** | **2,482** | **0** | **0** | **(83,789)** | **(36,955)** | **2,469** | **(34,486)** |
| **Owner transactions and other changes in equity:** | | | | | | | | | | | | | | | |
| Allocation of 2019 loss from continuing operations | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (72,000) | 72,000 | **0** | 0 | **0** |
| Transactions with non-controlling investors | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | (618) | 0 | **(618)** | 618 | **0** |
| **Closing balance** | **196,850** | **(3,023)** | **34,347** | **198,597** | **(117,923)** | **(6,713)** | **(294)** | **12,614** | **27,338** | **(86,793)** | **(1,750,609)** | **(83,789)** | **(1,579,398)** | **4,824** | **(1,574,574)** |

# Statement of cash flows
## Operating activities

| *(€'000)* | **H1 2020** |
|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | |
| **Loss for the period** | **(81,372)** |
| Income taxes | 4,515 |
| **Pre-tax loss** | **(76,857)** |
| Amortisation and depreciation | 30,766 |
| Impairment losses | 13,773 |
| Effects of equity accounting | (26,152) |
| Post-employment benefits and defined benefit plan costs | 548 |
| Accrual to provisions for risks and charges | 11,673 |
| Fair value gains following adoption of fair value measurement and other | (1,517) |
| **Sub total** | **29,090** |
| Losses on disposals | 9,170 |
| Net interest income and expense and dividends received | 11,465 |
| **Sub total** | **20,635** |
| **Cash flows used in operating activities before changes in net working capital** | **(27,131)** |
| Trade receivables | 105,367 |
| *of which: related parties* | *17,585* |
| Inventories | (2,779) |
| Contract assets | (166,165) |
| *of which: related parties* | *18,537* |
| Costs capitalised to fulfil a contract | 82 |
| Trade payables | (30,427) |
| *of which: related parties* | *(4,918)* |
| Provisions for risks and charges | (20,858) |
| Contract liabilities | 24,035 |
| *of which: related parties* | *(8,433)* |
| Other operating assets | 5,176 |
| *of which: related parties* | *9,219* |
| Other operating liabilities | (8,040) |
| *of which: related parties* | *(242)* |
| Payment of post-employment benefits and defined benefit plans | (617) |
| **Sub total** | **(94,226)** |
| Exchange differences on the translation of financial statements of foreign operations | 74,744 |
| **Cash flows used in operating activities** | **(46,612)** |
| Interest and dividends received | 6,250 |
| Interest paid | (10,955) |
| Taxes paid | (9,313) |
| **A) Net cash flows used in operating activities** | **(60,630)** |
| **of which: net cash flows used by disposal groups** | **(1,544)** |

# Statement of cash flows
## Investing and financing activities

| *(€'000)* | **H1 2020** |
|---|---|
| Net investment in intangible assets | (60) |
| Investment in property, plant and equipment | (4,697) |
| Proceeds from the sale or reimbursement of property, plant and equipment | 11,063 |
| Change in financing of equity investments | (1,855) |
| Proceeds from the sale or reimbursement of investments in associates and other companies | 2,864 |
| Sale or purchase of securities | 3,411 |
| Change in other loan assets, net | 5,900 |
| **Total construction** | **16,628** |
| Change in financing of equity investments | (10,510) |
| *of which: related parties* | *(2,294)* |
| Payments to acquire investments or subscribe shares/quotas of associates and other companies | (4,447) |
| **Sub total concessions** | **(14,957)** |
| **Total concessions** | **(14,957)** |
| Consideration paid to acquire subsidiaries or other business units | (306) |
| **B) Cash flows generated by investing activities** | **1,365** |
| **of which: net cash flows generated by disposal groups** | **909** |
| Issue and other net changes in bonds | 63,900 |
| Net repayments of credit facilities | (160) |
| Changes in other financial liabilities | (4,497) |
| Payment of finance leases | (24,954) |
| Changes in non-controlling interests and other changes | (49) |
| **C) Cash flows generated by financing activities** | **34,240** |
| **of which: net cash flows generated by disposal groups** | **96** |
| **NET DECREASE IN CASH AND CASH EQUIVALENTS (A+B+C)** | **(25,025)** |
| **of which: net cash flows used by disposal groups** | **(539)** |
| **OPENING CASH AND CASH EQUIVALENTS*** | **314,823** |
| **CLOSING CASH AND CASH EQUIVALENTS*** | **289,799** |

* It includes bank deposits of €142 thousand (31 December 2019: €762 thousand) related to disposal groups

# Notes to the condensed interim consolidated financial statements

## General information

The Astaldi Group (the "group"), which has been operating for over ninety years in Italy and abroad in the design and construction of large civil engineering works, is one of the most important groups in the international construction sector and is a leading general contractor and promoter of project finance initiatives in Italy.

The Astaldi 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. It mostly operates as an EPC[1] contractor and delivers complex and integrated projects. It designs, develops and operates public infrastructure and large-scale civil engineering works.

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

At the date of preparation of these condensed interim consolidated financial statements, Astaldi S.p.A. is not managed or coordinated by any of its shareholders as its board of directors is responsible for taking all and the most suitable decisions regarding its management in a fully independent manner.

The parent's board of directors approved the condensed interim consolidated financial statements as at and for the six months ended 30 June 2020 during its meeting held on 11 October 2020.

## Foreword

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

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 which "*would not be in the best interests of the creditors*".

On 18 March 2020, as provided for by the composition with creditors proposal and plan presented to the Rome Court, the group implemented the agreement (as subsequently amended) of June 2019 entered into with its partner ICTAS (the "ICTAS transaction") and transferred its entire investment in the SPE[2] that owned the investment in the concession to build and operate the Third Bosphorus Bridge in Turkey (the "Third Bosphorus Bridge operator"). The ICTAS transaction, checked and authorised by the Rome Court with its ruling of 2 November 2019 as the best way to safeguard Astaldi's creditors as part of the procedure, included the settlement of all the outstanding amounts due between the two parties not only for the Third Bosphorus Bridge operator but also related to their joint business projects in Turkey and other foreign countries (specifically, Russia), which Astaldi had decided to discontinue. Therefore, these business transactions between Astaldi and ICTAS were discontinued (the "Other transactions with ICTAS"). The agreement included:

[1] Engineering, Procurement, Construction.
[2] Special Purpose Entity.

(i) selling Astaldi's entire investment in the Third Bosphorus Bridge operator and related receivables to ICTAS for USD315 million. The transaction price will be paid net of (a) items offset with ICTAS as per point (ii), (b) repayments to other Turkish creditors (as the composition with creditors procedure is not recognised in Turkey) of roughly €142 million in accordance with the composition with creditors plan, and (c) the relevant transaction costs;
(ii) ICTAS waiving all claims to Astaldi under their partnership contracts as a result of Astaldi leaving such contracts (in both Turkey and Russia);
(iii) that the transaction price, net of the items set out in point (i), will be paid in one instalment when ICTAS collects the sale price that it is negotiating with a consortium of Chinese investors (the "Chinese consortium") for the sale of a majority investment in the operator or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023.

With its ruling of 4 May 2020, the Rome Court (i) set the hearing date for the authorisation of the composition with creditors procedure as 23 June 2020, and (ii) acknowledged the completion of the voting process for the composition with creditors proposal, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, which account for claims of roughly €3,017 million. Such percentage comprises the votes validly cast at the creditors' meeting on 9 April 2020 (58.32%) along with additional votes validly cast over the 20 following days (11.08%) in accordance with the provisions of article 178 of the Bankruptcy Law.

Subsequently, on 24 May 2020, in accordance with the terms of the composition with creditors plan and proposal approved by the creditors, the parent's directors resolved to set up a separate unit in accordance with article 2447-bis and following articles of the Italian Civil Code, for the sole purpose of settling all of Astaldi's unsecured claims (the "unsecured claims"), that is of satisfying the parent's unsecured creditors by means of title or previous cause at 28 September 2018 (the "unsecured creditors") by selling all the assets, rights and judicial relationships transferred to the separate unit. The parent's 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 (as defined later). 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 which covers the four-year period from 2020 to 2023, during which the sale of the assets to be transferred to the 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 (more information about this regulation is available in the Investor Relations - Composition with creditors section of the parent's website www.astaldi.com);
(vi) to grant each unsecured creditor one participating financial instrument for each Euro of 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 Rome Court's authorisation of the composition with creditors procedure for a number of instruments equal to the

unsecured debt presented in the composition with creditors 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 composition with creditors liabilities or liabilities which were not provided for in the relevant provision for risks.

The unit received specific assets, rights and judicial relationships (active and passive) from the parent and Astaldi Concessioni S.p.A. ("Astaldi Concessioni", wholly owned by Astaldi) to be sold and comprising:

a) Astaldi's financial assets with Astaldi Concessioni and its 100% investment therein (the "AstCon investment") with all the financial assets and liabilities, including intragroup, and Astaldi Concessioni's investments in other companies (the "AstCon investees") and, mainly:
   (i) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Etlik Integrated Health Campus in Ankara, Turkey (Ankara Etlik Hastane Saglik Hizmetleri Isletme Yatirim A.Ş., "Etlik") and its 46% investment therein (the "Etlik investment");
   (ii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the Arturo Merino Benítez International Airport in Santiago, Chile (Sociedad Concesionaria Nuevo Pudahuel S.A., "NPU") and its 15% investment therein (the "NPU investment");
   (iii) Astaldi Concessioni's financial assets with the SPE holding the concession to build and operate the West Metropolitan Hospital in Santiago, Chile (Sociedad Concesionaria Metropolitana de Salud S.A., "Salud") and its 51% investment therein (the "Salud investment").

   The separate unit will take on all Astaldi's rights and obligations arising from its AstCon investment and with the AstCon investees. Similarly, it will take over all the active and passive relationships, rights, financial assets, obligations and costs of Astaldi Concessioni and the AstCon investees vis-à-vis all private and public sector third parties without limitation or exception, as well as any obligations arising from guarantees, counter-guarantees and hold harmless letters given by Astaldi to private or public sector third parties in conjunction with the obligations of Astaldi Concessioni and the AstCon investees;
b) all Astaldi's rights and obligations with its partner ICTAS, deriving from the sale of its 20% investment (the "Third Bosphorus Bridge investment") in the Third Bosphorus Bridge operator (Ica Ictas Astaldi Ucuncu Bogaz Koprusun ve Kuzey Marmana Otoyolu Yatirim ve Isletme A.Ş., defined earlier) to ICTAS. Sale of this investment was defined and settled as part of the more extensive ICTAS transaction (described earlier). As a result of this sale, the related consideration of USD315 million (the "Third Bosphorus Bridge financial asset") and the obligation to pay USD100 million to ICTAS as compensation (the "ICTAS compensation") to settle any reciprocal disputes and claims as well as any outstanding amounts due for the discontinuation of the other transactions with ICTAS are part of the separate assets. Pursuant to the terms of the composition with creditors plan and proposal, the separate unit has also taken over Astaldi's liabilities to Turkish commercial and financial creditors, solely in relation to the Third Bosphorus Bridge financial asset and certain assets located in Turkey;
c) the 18.14% investment in the SPE holding the concession to build and operate the Gebze-Orhangazi-Izmir Motorway in Turkey (Otoyol Yatirim ve Isletme A.Ş., "GOI") (the "GOI investment"). All the rights and obligations deriving from the GOI investment are transferred to the separate unit, which also has sole responsibility for the active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to GOI or to third parties to secure GOI's commitments or to third parties for obligations related to the GOI investment;
d) the 5% investment in Etlik (the "Etlik non-controlling interest"). All the rights and obligations deriving from the Etlik non-controlling interest are transferred to the separate unit, which also has sole responsibility for all the active and passive relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters given by Astaldi to Etlik or to third parties to secure Etlik's commitments or to third parties for obligations related to the Etlik non-controlling interest;
e) Astaldi's amounts due from Instituto de Ferrocarriles del Estado (the "Venezuelan financial assets") for the works to develop the Puerto Cabello-La Encrucijada, San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway lines (the "Venezuelan projects") carried out as part of a joint venture with Webuild and Ghella S.p.A. (the "joint venture") for a nominal approximate €433 million plus related costs. The separate unit has sole responsibility for the entire amount of the Venezuelan financial assets

and related costs as well as all the assets, costs and expenses necessary to complete the projects as well as the assets, costs and expenses of the arbitration proceeding commenced by the joint venture before the Paris International Chamber of Commerce against Instituto Autonomo di Ferrocarriles and Venezuela to obtain payment of its outstanding amounts due (including the Venezuelan financial assets) and related costs for the works carried out as part of the Venezuelan projects;

f) the office building in Via Giulio Vincenzo Bona 65, Rome, which houses the parent's registered and head offices (the "Rome offices"). The separate unit has sole responsibility for the title rights to the Rome office, the related obligations and costs of all kind related to title that can be opposed by the creditors.

The separate unit will also receive all the assets, rights and judicial relationships (active and passive) that may arise during its period of existence. Conversely, it does not include all the judicial relationships, rights, financial assets, costs and obligations, including guarantees, counter-guarantees and hold harmless letters of Astaldi for the performance of the projects assigned by Etlik, NPU, Salud, GOI and the Third Bosphorus Bridge operator directly to Astaldi or to joint ventures, consortia or other legally set-up companies that involve Astaldi.

As part of the plan to set up 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, mainly comprising the above concessions and the liabilities with Astaldi) and the core assets (transferred to a newco Astaldi Concessions). The activities transferred to Astaldi Concessions mainly relate to the O&M contracts, other minor concessions for which the ongoing construction work will be completed and other assets and liabilities with third parties.

In accordance with the composition with creditors plan and as provided for in the separate unit's business plan, Astaldi agreed to allocate financial resources (the "financing") to satisfy the obligations arising from the Etlik non-controlling interest and to finance Astaldi Concessioni and enable it to meet its obligations related to the Etlik and NPU investments (the "investment financing"), as well as to allow the start-up of the separate unit until the sale of the assets, rights and/or judicial relationships of the separate unit (the "initial cash financing"). The financing of a maximum of €77 million shall be used for the initial cash financing with the remaining €75 million (the investment financing) solely to be used to satisfy the obligations deriving from the Etlik non-controlling interest, the NPU investment and the Etlik investment as per the commitments taken on by Etlik and NPU with their third party financial backers to complete the projects.

On 23 June 2020, the hearing on the authorisation of Astaldi's composition with creditors procedure took place remotely after which the Rome Court authorised the procedure with its ruling no. 2900/2020 filed and published on 17 July 2020 (R.G. no. 26945/2020). The court found "*that the entire procedure had been performed correctly*" and that "*based on the votes cast, the majority for approval of the composition with creditors procedure was obtained*" as "*Astaldi S.p.A.'s composition with creditors proposal had been approved by 69.4% of the creditors eligible to vote*". As the sole challenge proposed by the creditors was discontinued, the authorisation ruling became definitive and effective from 17 July 2020. The performance of the composition with creditors plan and proposal was entrusted to the parent and the judicial commissioners (Enrico Proia, Vincenzo Mascolo and Piergiorgio Zampetti) will monitor that the procedure's terms are respected. The authorisation ruling is an important step for the achievement of Progetto Italia, the plan to consolidate the Italian construction sector launched by Webuild. It provides that, once the procedure had been authorised, Webuild will acquire a majority investment in Astaldi through a dedicated capital increase. The parent's shareholders' resolution approving this capital increase was taken on 31 July 2020.

# Main risks and uncertainties

## Going concern

The parent's management analysed the parent's and group's ability to continue as going concerns given their situations (described in detail in the 2019 separate and consolidated financial statements and the accompanying directors' reports) and the events that took place in 2020.

Specifically, when approving the draft condensed interim consolidated financial statements at 30 June 2020, the parent's board of directors made all the assessments required to ascertain the group's ability to continue as a going concern, taking into consideration all the information available on predictable future events.

With respect to the main uncertainties that could have generated significant doubts about the parent's and the group's ability to continue as going concerns (summarised in the notes to the 2019 financial statements), (i) on 17 July 2020, the Rome Court issued its definitive ruling authorising, as no challenges were made, the composition with creditors on a going concern basis procedure as per the related proposal presented by the parent, and (ii) on 15 September 2020, Webuild confirmed that it agreed with the parent that the conditions precedent and assumptions underpinning the binding offer of 15 July 2019 had been met, stating its commitment to subscribe the capital increase as provided for in its offer.

Therefore, the authorisation ruling and Webuild's (formerly Salini Impregilo S.p.A.) communication resolve the principal and most significant uncertainties about the application of the going concern assumption, confirming the parent's assessments. More information about this is provided later in this section.

The complex procedure, which was described exhaustively in the notes to the 2019 financial statements, is summarised below before presenting the parent's directors' assessments about the application of the going concern assumption.

Astaldi filed an application as per article 161.6 of the Bankruptcy Law on 28 September 2018, thus commencing a process to turn around itself and its group based on an integrated going concern manoeuvre over a period of five years (2019-2023), including four years after the date of authorisation of the composition with creditors proposal, as follows:

- (i) Astaldi's continuation of activities in order to ensure its ability to continue as a going concern by directly managing the parent;
- (ii) a capital strengthening and refinancing manoeuvre, mainly via: (a) capital increases initially of €323.65 million with possible additional capital increases following the exercise of warrants and other share issues as a result of the conversion of unsecured claims presented subsequently, and (b) new financing granted and paid out for up to a maximum of €200 million by banks supporting the composition with creditors procedure;
- (iii) the sale of activities and assets excluded from the core assets scope and transferred to a separate unit set up in accordance with article 2447-bis of the Italian Civil Code to satisfy unsecured creditors.

The above actions are part of an integrated manoeuvre under the composition with creditors proposal and are inextricably linked to one another. Therefore, the success of the entire manoeuvre depends on each individual transaction or event taking place.

In 2017 (see the 2017 Annual Report and Interim Financial Report at 31 March 2018 for further details), the parent began to look for potential industrial investors in order to acquire new resources to meet the financial requirements for the continuity of its contracts and exploit possible synergies with operators in the same sector.

Though the transaction has not yet been finalised, it should be noted that Astaldi, IHI Corporation and IHI Infrastructure Systems Co, a subsidiary of IHI Corporation, entered into an industrial strategic partnership agreement (the "**global partnership agreement**") on 15 May 2018 aimed at enhancing respective skills and strengths through synergies, including of a commercial nature. At the same time, Astaldi, its reference shareholders and IHI Corporation ("**IHI**") also signed an investment agreement (the "**investment agreement**"),

under which IHI will acquire an interest in the parent equal to approximately 18% of Astaldi's share capital and approximately 13% of its overall voting rights.

On 15 November 2018, Webuild S.p.A. issued a communication that, in short, set out its interest in acquiring an infrastructure construction business unit. On 13 February 2019, Webuild issued a binding offer, subsequently integrated on 28 March, 20 May, 18 June and 15 July 2019 ("Webuild's binding offer"), proposing to acquire an investment in Astaldi as part of its restructuring process. On 14 February 2019, the parent filed its composition with creditors proposal, prepared on the basis of Webuild's binding offer, together with the relevant documentation. Finally, on 19 June 2019, the parent filed a brief replying to the request for clarifications received from the Rome Court, simultaneously filing an updated version of the composition with creditors proposal, the composition with creditors plan and the related report, followed by further integrations on 16 July, 20 July and 2 August 2019.

Specifically, the composition with creditors proposal provides for:

1. the parent's continuation of its activities in order to ensure its ability to continue as a going concern by directly managing the business unit solely comprising Engineering, Procurement & Construction (EPC) activities, facility management and complex system management and certain minor concessions implicit in EPC activities;
2. a capital strengthening and refinancing manoeuvre, entailing:

a) a cash capital increase of €225 million reserved to Webuild, excluding a rights offering for the current shareholders, at an issue price of €0.23 each (twenty-three cents) per share;

b) a divisible capital increase of €98.65 million, excluding a rights offering for the current shareholders, to service the conversion into Astaldi shares of the total filed unsecured claims or potential unsecured claims, accrued in the provision for risks, that may be filed in the meantime, at a rate of 12.493 shares for each €100 of filed or potential unsecured claim against Astaldi (the equivalent of an issue price of €0.23 per share);

3. the issue - as per the financing agreements (cash and bonding facilities) underpinning the composition with creditors proposal - of warrants for Astaldi's lending banks (the "bonus warrants") to be exercised against payment at the terms and conditions set out in the regulation attached to Webuild's binding offer. The number of bonus warrants approved for issue shall be sufficient to allow Astaldi's lending banks to subscribe a number of ordinary Astaldi shares against consideration and during the established exercise window at a price of €0.23 per share for up to 5% of the share capital as it stands immediately after the two capital increases mentioned above;
4. Webuild's binding offer provides for a third possible divisible capital increase, excluding a rights offering for the current shareholders, of a maximum amount (to be decided subsequently) to satisfy additional unsecured creditors, not included in the composition with creditors plan, that present claims subsequently, if the amounts claimed are higher than the accruals to the provision for the unsecured claims as per the plan with the right to receive 12.493 ordinary shares for each €100 of the filed or potential unsecured claim. The impact of this possible capital increase is not included in the plan, but the possibility is provided for in order to clarify that any unsecured creditors not currently included in the plan will receive the same treatment as the other unsecured creditors. This complies with article 184 of the Bankruptcy Law as it enables all creditors existing before the application for the composition with creditors procedure is filed with the company registrar to be treated on like terms;
5. Webuild's binding offer also provides for the issue of anti-dilutive warrants to Webuild with the related possible issue of the parent's ordinary shares to ensure that its investment in Astaldi will not be diluted should other unsecured creditors that are not provided for in the composition with creditors plan present a claim ("anti-dilutive warrants"). The anti-dilutive warrants may not reverse any dilution of investments of all future Astaldi shareholders due to the exercise of the bonus warrants (and resulting share issue) by the banks involved in granting the new credit facilities;

6. a first issue of pre-preferential bonds on 12 February 2019 for €75 million (the "Fortress bonds" or "bonds") subscribed by Fortress and authorised by the court following the application presented by Astaldi as per article 182-quinquies.3 of the Bankruptcy Law;
7. actions taken by Webuild (via its wholly-owned newco Beyond S.r.l.) and illimity Bank S.p.A. to (i) repurchase the Fortress bonds (first issue amounting to €75 million), and (ii) subscribe an additional issue of the pre-preferential bonds for up to €125 million (second issue). €50 million was issued as part of the second issue on 2 December 2019 and €63.9 million on 10 February 2020 (for a total second issue of €113.9 million). Therefore, the total bond issue came to €188.9 million (first and second issues);
8. the granting of a revolving credit facility by banks for €200 million ("RCF 200"), to be used after the composition with creditors procedure is authorised and the Webuild capital increase is made, in order to fund Astaldi's ordinary activities, including the full redemption (with funds from the credit facility) of any residual portion of the pre-preferential bonds set out in points 6 and 7. The RCF 200 is a pre-preferential facility provided as per the composition with creditors procedure as per articles 111 and 182-quater of the Bankruptcy Law;
9. the granting of bonding facilities for a total of €384 million as per article 182-quinquies.1 of the Bankruptcy Law, aimed at providing Astaldi with the resources needed to issue guarantees for projects in progress and/or on stand-by or pending award (the contract was signed with banks on 10 August 2019);
10. the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities set out in the composition with creditors plan of 19 June 2019. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

The main assets to be transferred to the separate unit set up as resolved by Astaldi's board of directors on 24 May 2020 are:

a. Astaldi's gross amount due from IC Içtas Inşaat Sanayi ve Ticaret A.Ş. (ICTAS) for the sale of its 20% investment in Ica Ic Ictas Astaldi Ucuncu Bogaz Koprusun Ve Kuzey Marmana Otoyolu Yatirim Ve Isletme Anonim Sirketi (an SPE that holds the concession to build and operate the Third Bosphorus Bridge - the "Third Bosphorus Bridge operator") (the "Third Bosphorus Bridge receivable" and with regard to the original investment, the "Third Bosphorus Bridge investment") and the related shareholder loan. The deed of sale for the Third Bosphorus Bridge investment and the Third Bosphorus Bridge receivable, originally included in the composition with creditors proposal, was signed by Astaldi and ICTAS on 17 March 2020;

b. the shareholder loans and investments held directly by Astaldi in the operators of: *(i)* the Gebze-Orhangazi-Izmir Motorway in Turkey, and *(ii)* the Etlik Integrated Health Campus in Ankara, Turkey;

c. the shareholder loans and investments held indirectly by Astaldi, via Astaldi Concessioni S.p.A., in the operators of: *(i)* the Arturo Merino Benitez International Airport in Santiago, Chile, *(ii)* the West Metropolitan Hospital in Santiago, Chile, and *(iii)* the Etlik Integrated Health Campus mentioned above;

d. amounts due from Instituto de Ferrocarriles del Estado (IAFE) of Venezuela for the projects to build the Puerto Cabello-La Encrucijada and San Juan De Los Morros-San Fernando de Apure and Chaguaramas-Cabruta railway line sections (the "Venezuelan financial assets");

e. the building and appurtenance land in Via G.V. Bona 65, Rome, which houses the parent's current offices.

In accordance with the composition with creditors plan, as per the board of directors' resolution of 24 May 2020, the parent set up the separate unit[3] as per article 2447-bis of the Italian Civil Code, which will include the investee Astaldi Concessioni S.p.A. which was, in turn, partially proportionately demerged, under notary public Salvatore Mariconda's deed of 28 May 2020, in order to separate the non-core assets which remain

[3] The set up of the separate unit is legally effective from the date of authorisation of the composition with creditors procedure (17 July 2020).

with the demerged Astaldi Concessioni from the core assets to be transferred to a newco also fully controlled by Astaldi.

The composition with creditors proposal covers the settlement of the following claims at the reference date (28 September 2018) amounting to €3,598 million, including:

(i) pre-preferential claims totalling €67.8 million, mainly comprised of the fees of judicial commissioners and consultants involved in the procedure and provisions for pre-preferential claims;

(ii) preferential claims totalling €96.7 million, mainly (i) tax liabilities of €28.3 million, (ii) provisions for preferential claims (i.e., the provision for tax disputes) of €22.1 million, (iii) preferential trade payables (i.e., artisans and professionals) of €20.5 million, and (iv) payables to employees of €12.7 million;

(iii) unsecured claims totalling €3,433.5 million, mainly (i) bank loans and borrowings and payables to bondholders of €2,557.1 million, (ii) trade payables of €329.5 million, (iii) intragroup payables of €155.8 million, and (iv) provisions for unsecured claims totalling €378.6 million.

With regard to such total claims, the composition with creditors proposal provides that:

1. pre-preferential claims and management costs will be paid in full when due;
2. pre-preferential claims related to the loans agreed as per article 182-quinquies of the Bankruptcy Law will be settled in full;
3. preferential claims will be satisfied in full within one year of the authorisation of the composition with creditors procedure as per the moratorium under article 186-bis of the Bankruptcy Law;
4. unsecured claims (not broken down by class), including preferential claims downgraded to unsecured as per article 160.2 of the Bankruptcy Law, will be satisfied within 120 days of the authorisation date via:
    - new shares assigned to unsecured creditors at 12.493 new shares for each €100 of claim;
    - participating financial instruments that give creditors the right to receive the net proceeds on the sale of the assets transferred to the separate unit, in the ratio of one participating financial instrument for each euro of their unsecured claim;
5. the tax and social security liabilities will be settled within one year from the authorisation of the composition with creditors procedure at the terms and conditions set out in the proposal to settle such tax and social security liabilities as per article 182-ter of the Bankruptcy Law. This provides for, in short: (i) the full payment of the preferential tax/social security liabilities within 12 months from the authorisation date; (ii) the partial payment of any unsecured liabilities through the assignment of shares and participating financial instruments in the same ratio as that offered to the other unsecured creditors; and (iii) the complete elimination of the potential tax liability arising on the tax assessment (currently pending before the Campania Regional Tax Commission), without prejudice to that set out in point 3 above;
6. the subordinated claims will not be satisfied during the period of the composition with creditors plan.

The Rome Court accepted the parent's application for the composition with creditors procedure on 5 August 2019 and set the date for the creditors' meeting before the delegated judge as 6 February 2020. On 27 November 2019, the court postponed the meeting to 26 March 2020 and then postponed it further to 9 April 2020 on 23 March 2020.

After reading the minutes of the creditors' meeting of 9 April 2020 and the information provided by the judicial commissioners on the definitive outcome of the vote held on 30 April 2020, whereby the proposal was approved by a majority of 69.4% of the creditors eligible to vote, with its ruling of 4 May 2020, the court set the hearing date for the authorisation of the composition with creditors procedure to be attended by the parties involved and the judicial commissioners as 23 June 2020.

Based on the above, the parent's directors evaluated the going concern assumption. Specifically, they took into account (i) the definitive authorisation (as no challenges were made) as per the Rome Court's ruling of 17 July; (ii) Webuild's communication received on 15 September 2020 confirming that it agreed with the parent that the conditions precedent and assumptions underpinning Webuild's binding offer of 15 July 2019 had been met and its obligation to subscribe the capital increase as the terms of the offer had become effective, and (iii) all information available on predictable future events, considering all aspects characterised by significant uncertainty that could raise considerable doubts as to the ability of the parent and the group to continue as going concerns, as follows:

a. **Capital strengthening and refinancing manoeuvre:** the implementation of the capital strengthening and refinancing manoeuvre under the composition with creditors proposal described earlier provides for, in short: capital increases reserved to Webuild and unsecured creditors; obtaining revolving credit facilities of €200 million from banks; and the sale of specific assets excluded from the core assets scope and which will be transferred to a separate unit as per article 2447-bis of the Italian Civil Code along with other assets/liabilities. The proceeds from the sale of these assets will be used to satisfy the unsecured creditors through the allocation of participating financial instruments.

b. **Meeting the targets set out in the composition with creditors plan:** effectively reaching the financial and performance targets that will confirm the group's turnaround under the provisions of the plan. They also depend on future, uncertain variables that cannot be controlled, e.g., variables that could affect (i) the amount and timing of new contracts, (ii) the timing of collecting additional fees for variations, price revisions, incentives and claims compared to the contractually agreed amounts, and (iii) the amount and timing of collecting advances from customer, estimated based on the possibility for the parent to apply for the benefits provided by urgent measures introduced to aid the liquidity of contractors under Decree law no. 34 of 19 May 2020 (the "Relaunch Decree") issued following the Covid-19 emergency.

c. **Appeal to the Supreme Court pursuant to article 111 of the Italian Constitution and article 360 of the Code of Civil Procedure.**

   On 14 and 15 September 2020, Astaldi was informed notified of two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorising the composition with creditors procedure and cancel it.

In light of the above, the parent's directors duly requested and obtained the information needed to assess the reasonableness that all of the above circumstances could occur, i.e., the significant uncertainties that could lead to material doubts as to the group's ability to continue as a going concern. As a result, they deemed it appropriate to prepare the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption.

Specifically, the parent's directors based their conclusions on the following considerations, with reference to each of the elements of uncertainty listed above:

1. with regard to point a), the parent's directors deem it reasonable to assume that the capital strengthening and refinancing manoeuvre under the composition with creditors proposal will be successfully implemented. The project includes capital increases reserved to Webuild and unsecured creditors, in addition to revolving credit facilities of €200 million and bonding facilities of €384 million from banks to enable the parent's continuity. In this regard, as described in greater detail earlier, (i) the Rome Court issued its definitive ruling authorising the composition with creditors procedure, (ii) Webuild notified that the conditions precedent and the assumptions underpinning its binding offer have been met, confirming its commitment to subscribe the capital increase as provided for in its offer, and (iii) the banks involved in the manoeuvre, via specific commitment letters attached to Webuild's binding offer, formalised their commitment to grant revolving credit facilities of €200 million and bonding facilities of €384 million for the purposes of performing the projects in the parent's order backlog. In addition, Webuild completed its capital increase of €600 million on 12 November 2019. This is key to

Progetto Italia as one of the essential elements of the project is acquiring control of Astaldi once it has completed its capital strengthening and refinancing manoeuvre. Astaldi's planned capital increase is naturally also subject to CONSOB (the Italian commission for listed companies and the stock exchange) authorising the publication of the relevant prospectus to be issued for the capital increase following the shareholders' approval of the transaction on 31 July. With regard to the CONSOB authorisation, it seems reasonable to assume that it will be granted, also considering that: (i) the capital increase is imperative for the capital strengthening and refinancing manoeuvre; (ii) the latter has already been communicated to the market and CONSOB; (iii) the entire cash amount to be injected has already been guaranteed by Webuild; (iv) the company documentation required by ruling legislation to obtain the authorisation is already being drafted and finalising and sharing it with CONSOB should not be an issue for the parent;

2. with regard to point b) relating to uncertainties linked to the composition with creditors plan, the plan was certified by a professional appointed under the composition with creditors procedure in their reports dated 14 February 2019, 19 June 2019 and 16 July 2020. Based on this fact and the respective checks carried out, the feasibility of the plan was also approved by the judicial commissioners appointed by the Rome Court who issued their report as per article 172 of the Bankruptcy Law on 10 February 2020. At their meeting held on 9 April 2020, the creditors also approved the plan with a large majority (69.40%). This was formalised by the above-mentioned definitive authorisation in addition to Webuild's confirmation - as mentioned above - that the conditions precedent and the assumptions underpinning Webuild's binding offer had been met. Finally, the directors carefully monitored and assessed all subsequent events regarding the achievement of the plan targets, which is also impacted by the collection of slow-moving items and advances from customers as per the urgent measures introduced to aid liquidity under the Relaunch Decree issued following the Covid-19 emergency. The directors did not detect any critical issues further to the uncertainties mentioned previously. At the date of these condensed interim consolidated financial statements, a significant part of such advances from customers has already been collected for some of the group's main contracts in Italy;
3. finally, with regard to point c), also based on the preliminary opinions expressed by its legal advisers, the parent believes that such appeals are inadmissible and groundless.

   Furthermore, Astaldi states that the filing of the appeals does not affect the execution of the composition with creditors procedure as the ruling authorising the procedure is provisionally enforceable as per article 180.5 of the Bankruptcy Law. In addition, appeals do not have suspensive effects nor do they exempt the company under the procedure from meeting its commitments with creditors on a timely basis.

   In conclusion, though the actions described above entail significant uncertainties that could lead to material doubts as to the parent's and the group's ability to continue as going concerns, the parent's directors prepared the condensed interim consolidated financial statements at 30 June 2020 under the going concern assumption considering the positive development of events and, specifically, (i) the issuing of the ruling authorising the composition with creditors procedure, (ii) Webuild notifying that the conditions precedent and the assumptions underpinning Webuild's binding offer have been met and confirming its commitment to subscribe the capital increase, and (iii) the banks confirming their commitment to grant bonding facilities of €384 million which is enabling the parent to comply with the guarantees related to the projects in its order backlog. Based on the considerations listed above, the parent's directors deem it reasonable to assume that the tough situation that the parent and the group are facing can be overcome by defining and implementing the composition with creditors procedure and, specifically, the capital strengthening and refinancing manoeuvre and the related plan.

The existence and overcoming of such uncertainties depend only partly on variables and internal factors under management's control and also on external factors, most of which can be estimated using the available information, that have been assessed using the criteria of reasonableness set out above.

# Covid-19

The outbreak of Covid-19 (the Coronavirus), declared a pandemic by the World Health Organisation in March 2020, drastically changed the global macroeconomic playing field in the first half of this year and led governments around the world to bring in extraordinary measures to prevent and/or curb the spread of the virus to combat the related public health emergency. These measures included the temporary shuttering of industrial factories and work sites and strict restrictions on the movement of people and means of transport. The Coronavirus has had and, in some cases, continues to have a significant effect on the economies of the countries where the group operates to differing extents.

In order to tackle this emergency, the parent actuated a series of actions and safeguards to (i) promptly protect the health of all group employees, (ii) monitor the situation at production sites, (iii) preserve the value generated by production activities as much as possible, and (iv) support operating continuity, seriously put to the test by the restrictions on the movement of people and goods on a global scale imposed via measures approved in Italy and abroad starting from March 2020. These measures have been eased since July.

A very brief description of the measures introduced by the group during the period and their effects is provided below.

**Impact on operations**

Based on the WHO's statements, the countries worst hit by the pandemic at the date of preparation of these condensed interim consolidated financial statements are the US, India, Brazil, Russia, Peru, Colombia, Mexico, South Africa, Spain, Argentina, Chile and Iran. Of these countries, Astaldi only operates in the US with just one project, which has not been affected by the lockdown, India and Chile (where the pandemic has had a greater effect as described later). In addition, at the date of preparation of these condensed interim consolidated financial statements, all operating activities have been resumed in Italy and abroad, except for specific cases in Chile and India.

Covid-29 started to indirectly affect the progress of projects from the start of the year, especially in Italy, followed by Europe and North and South America.

Despite this extremely uncertain situation, mitigating actions (discussed with all customers) have already been successfully implemented in Italy and abroad to neutralise the negative effects, most importantly financial stress, of the lockdown and the shuttering/slowdown of the related activities. These actions included Astaldi's request with respect to contracts in Italy and abroad for:

(i) accelerated payment of slow-moving items (mostly claims and variation orders);

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

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

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

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

(vi) reviewing production cycles, to incorporate the new work site and procurement logistics and to ensure the efficient management of measures to protect the workers' health.

More information about the individual situations in the areas where the group operates at the date of preparation of these condensed interim consolidated financial statements is available in a later section.

Italy – Production slowed down during the six months and came to a standstill for roughly two months in some cases such as the Brenner Base Tunnel, the Cumana railway line and Capodichino Station of the Naples Metro, the Infraflegrea Project, the Marche-Umbria road system, the Nuovo Ospedale del Sud-Est Barese di Monopoli-Fasani, the NATO base in Sigonella and the Taranto Port. Work continued in full compliance with the safety measures to protect the health of the group employees and all the workers at the work sites on (i)

the projects being designed or started-up (like the high speed/high capacity Naples-Bari and Palermo-Catania railway line sections and the state road Jonica), and (ii) activities deemed essential for Italy despite the emergency as provided for in the government decrees (such as Line C of the Rome Metro). The Italian government introduced extraordinary measures such as the Covid-19 government-sponsored lay-off scheme (which the group availed of for 70% of its workforce), while its Decree law no. 34 of 19 May 2020 (the "Relaunch decree") and Decree law no. 76 of 16 July 2020 (the "Simplification decree") contained measures to bolster liquidity. Specifically, the first decree increased the contract advance up to a maximum of 30% (if certain conditions are met) with benefits for specific Italian contracts (the Marche-Umbria road system, the Brenner Base Tunnel and the state road Jonica).

Europe (including Turkey) – In Romania, Poland and Sweden, the work sites continued to be operational despite the pandemic, while it did not cause problems for the Etlik Integrated Health Campus in Ankara, Turkey as the project had already been suspended as a result of specific issues (subsequently resolved in September 2020, as described later).

The Americas – The foreign country where Covid-19 has had the greatest impact on its construction sector for the group is Chile. Work sites were shuttered (for more than two months in some cases such as the El Teniente Mine project) and a return to business has been very slow due to the strict safety procedures in place. These shut-downs entailed renegotiations of the repayment plans as part of the judicial debt restructuring procedure in that country (renegotiations unanimously approved by the Chilean creditors in September 2020 as described in more detail in the section on the composition with creditors and related procedures)[4]. At the date of preparation of these condensed interim consolidated financial statements, activities have resumed in Chile, mainly at the El Teniente Mine. The government also introduced shock absorbers on a nationwide basis. Similar restrictions slowed down work on the Brazo Aña Cuá project in Paraguay. The only active contract in the US, the I-405 Highway, was not put on hold although work did slow down. The situation is expected to normalise during the year. In Canada, only the group company TEQ based in Quebec, where the government introduced shock absorbers, was affected by Covid-19.

Other countries – The virus did not cause significant problems for the group's contracts in Algeria while, although the local situation is rather complex, the effect of Covid-19 on production in India was limited as the group's projects are only in start-up and/or design stages at the date of preparation of these condensed interim consolidated financial statements.

With regard to the differences between the actual and estimated figures, revenue was approximately €220 million lower than estimated mainly due to the Covid-19 triggered emergency. This affected the operating loss chiefly as a result of the unrealised profit margins.

# Basis of preparation

The condensed interim consolidated financial statements of the Astaldi Group as at and for the six months ended 30 June 2020, required by article 154-ter.2/3 of the Consolidated Finance Act, were drafted in compliance with the International Financial Reporting Standards (IFRS) endorsed by the European Union and in accordance with CONSOB regulations governing application of the IFRS. Said standards are supplemented by interpretations of the IFRIC (International Financial Reporting Interpretations Committee) and SIC (Standing Interpretations Committee), also endorsed by the European Union.

The interim consolidated financial statements were drafted in a condensed format, in compliance with IAS 34 – Interim financial reporting[5] and applying the same accounting policies adopted to prepare the annual consolidated financial statements at 31 December 2019, except for those described in the "Newly-issued and endorsed standards and interpretations, coming into effect as of 1 January 2020" section.

[4] See the directors' report for more information.

[5] As detailed later on, these condensed interim consolidated financial statements do not present the comparative figures required by IAS 34.

Therefore, the condensed interim consolidated financial statements do not include full disclosure (as described in IAS 1) and should be read together with the consolidated financial statements as at and for the year ended 1 December 2019.

The condensed interim consolidated financial statements are prepared in Euros, which is the parent's functional and presentation currency. The amounts are presented in thousands of Euros unless indicated otherwise. Consequently, there may be minor differences in the total amounts shown in some statements compared to the sum of the individual amounts comprising the total due to rounding.

These condensed interim consolidated financial statements at 30 June 2020 are reviewed as provided for by CONSOB Resolution no. 10867 of 31 July 1997. The findings of the review, carried out by the independent auditors KPMG S.p.A., will be published in compliance with applicable legislation.

# Financial schedules

These condensed interim consolidated financial statements comprise:

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

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

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

The statement of cash flows breaks down the cash flows for the period by operating, investing and financing activities. Cash flows from the operating activities are shown using the indirect method. Cash flows from investing activities are shown separately for the construction and concessions segments.

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

Corresponding figures for the first half of 2019 are not presented in relation to (i) the statement of profit or loss, (ii) the statement of comprehensive income, (iii) the statement of cash flows, and (iv) the statement of changes in equity as the group did not prepare condensed interim consolidated financial statements at 31 June 2019 for reasons relevant at that time.

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

# Translation of foreign currency transactions and financial statements of foreign operations

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

| Currency | Closing rate 30 June 2020 | Average rate H1 2020 | Closing rate 31 December 2019 | Average rate H1 2019 |
|---|---|---|---|---|
| Algerian dinar | 144.5298 | 136.9953 | 133.8916 | 134.4557 |
| New Bulgarian lev | 1.9558 | 1.9558 | 1.9558 | 1.9558 |
| Canadian dollar | 1.5324 | 1.5033 | 1.4598 | 1.5067 |
| Chilean peso | 918.7200 | 895.5652 | 844.8600 | 763.4348 |
| United Arab Emirates dirham | 4.1125 | 4.0473 | 4.1257 | 4.1493 |
| Indonesian rupiah | 16,184.4100 | 16,078.0210 | 15,595.6000 | 16,038.9237 |
| Moroccan dirham | 10.8740 | 10.7586 | 10.7810 | 10.8470 |
| Nicaraguan cordoba oro | 38.1870 | 37.4340 | 38.0375 | 37.0925 |
| Peruvian nuevo sol | 3.9526 | 3.7653 | 3.7255 | 3.7548 |
| Pound sterling | 0.9124 | 0.8746 | 0.8508 | 0.8738 |
| Polish zloty | 4.4560 | 4.4120 | 4.2568 | 4.2916 |
| Romanian new leu | 4.8397 | 4.8173 | 4.7830 | 4.7417 |
| Russian rouble | 79.6300 | 76.6692 | 69.9563 | 73.7264 |
| US dollar | 1.1198 | 1.1020 | 1.1234 | 1.1298 |
| New Turkish lira | 7.6761 | 7.1492 | 6.6843 | 6.3567 |
| Venezuelan bolivar soberano | 226,287.6115 | 132,204.4128 | 52,308.3738 | 4,422.8057 |

The exchange rates express the quantity of foreign currency required to buy €1.

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

# Seasonality effects

The turnover and financial performance of certain projects are subject to seasonal trends. Specifically, activity levels are impacted by weather conditions, usually more adverse during the winter months for countries in central-eastern Europe and northern US states. However, as the group operates in different parts of the world, these effects are offset - at least partially - by greater volumes recorded in projects in progress in the southern hemisphere. Furthermore, the group's financial performance for the first half of the year is impacted by the payment trends of public sector customers as they are usually concentrated in the second half of the year.

Accordingly, the results of the first six months may not be a faithful representation of the performance for the entire year.

# Use of estimates

IFRS financial reporting requires the formulation of estimates and assumptions affecting the carrying amounts of assets and liabilities and the disclosures on contingent assets and liabilities.

As specified in the notes to the consolidated financial statements at 31 December 2019, estimates are used, inter alia, to perform impairment tests and recognise the loss allowance, discounting of loans and receivables based on their estimated collection times, contract revenue, amortisation and depreciation, impairment losses on assets, employee benefits, taxes, other accruals and provisions.

Actual results may differ from these estimates. Estimates and assumptions are periodically reviewed and the effects of any changes are recognised in profit or loss when the change is made.

Specifically, taking into account the group's specific sector, which involves payment of an advance when the individual contracts are assigned, contract profits or losses systematically recognised in profit or loss may differ from those originally estimated. Such estimates may be influenced by numerous factors, including the following:

- claims for additional consideration for contract variations, price revisions, incentives and claims compared to that contractually agreed;
- disputes with customers for fines and compensation for damages;
- the long timeframe and engineering and operating complexity of construction contracts in progress;
- the risk profile of certain countries in which the construction contracts are carried out.

## Impairment of equity investments, property, plant and equipment and intangible assets

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

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

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

The impairment test is carried out by comparing the asset's (or group of assets') carrying amount to its recoverable amount[6]. Should the carrying amount be higher than the recoverable amount, the asset is impaired and the impairment loss is recognised in profit or loss. Should the reasons for a previously-recognised impairment loss cease to exist, the impairment loss is reversed to the extent of the asset's carrying amount. Any reversal of impairment loss is recognised in profit or loss. Conversely, impairment losses on goodwill or an intangible asset with an indefinite useful life are never reversed.

The following table shows the results of the impairment tests:

| Asset | Ref. | CGU | Description | Impairment indicators | Business segment | Carrying amount (€m) | Rate | Method |
|---|---|---|---|---|---|---|---|---|
| Investments in associates and joint ventures (IAS 28) | Note 20 | Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS | Concession for the Etlik Integrated Health Campus | External sources | Concessions | 31.8 | Ke 15.5% | DDM |
| Contractual right (IAS 38) | Note 19 | Infraflegrea project | Cumana and Monte Sant'Angelo (Naples) railway line | Internal sources | Construction | 21.5 | WACC 8.6% | UDCF |

Finally, as is customary, the parent's management utilised the services of an independent expert[7] to perform the impairment tests.

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

The results of the impairment tests and assumptions applied to carry out the individual tests are detailed later on in these notes.

[6] The recoverable amount is defined as the higher of an asset's (or cash-generating unit's) fair value less costs to sell and its value in use.

[7] An international network.

## Impairment of other financial instruments

Impairment of other financial instruments is tested using the forward-looking expected credit loss (ECL) model in accordance with IFRS 9 - Financial instruments.

Under such standard, regardless of any existing or contingent trigger event, an entity shall recognise the expected credit losses calculated using the ECL model on all financial assets (except those measured at FVTPL).

The group introduced an impairment model for its trade receivables and contract assets, which make up most of its credit exposure, based on the simplified approach allowed by IFRS 9 for these types of financial assets. Specifically, it split them assets into clusters that reflect the assets' nature, customer credit rating and geographical segment. Based on the information collected, it then calculated the reference parameters (PD[8], LGD[9] and EAD[10]) for each cluster to calculate the lifetime expected credit losses. It tested exposures related to customers with a less than adequate credit rating (speculative grade, non investment grade and high yield) and significant payment delays (over 12 months) individually for impairment using the parameters identified from time to time[11].

The group tested the other financial assets for impairment using the generalised approach provided for by IFRS 9, allocating the assets to various stages and estimating the expected credit loss using the PD, LGD and EAD risk parameters.

### Impairment of amounts due from the Venezuelan government

The group has three railway projects in Venezuela with Instituto de Ferrocarriles del Estado. At 30 June 2020, the group's total exposure (the "exposure") amounts to €433 million and relates to contracts entered into as part of an intergovernmental agreement (the "intergovernmental agreement") between Italy and Venezuela, which provides additional protection to the measures that can be taken by resorting to local courts. Despite this and starting from 2017, the parent prudently impaired its exposure by €381 million given the delays in collecting payments and the country's current and expected conditions. As a result, the recoverable amount of the group's exposure amounts to approximately €52 million.

**Valuation techniques**

The group estimated the expected credit losses on the Venezuelan assets in line with IFRS 9 considering all the information that was reasonably available at the date of approval of these condensed interim consolidated financial statements. Specifically, management tested the exposure's recoverable amount using market benchmarks given the country's economic and social context and the difficulties in making reliable estimates about expected cash flows.

Therefore, the group calculated the exposure by reference to the fair value of benchmarks deemed pertinent for the estimate, considering specifically:

- market returns and prices of the Venezuelan government bonds in the period prior to the reference date;
- market value of the spread of the credit default swaps (CDS), with the Venezuelan government's default as the underlying;
- recovery rate of the Venezuelan government bonds based on the mean of the related bonds' market prices at the reference date;
- recovery rates observed with reference to sovereign debt default events that have occurred from 1983 to 2020.

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8 PD: Probability of Default.

9 LGD: Loss Given Default.

10 EAD: Exposure At Default.

11 More information is available in the analysis of the recoverability of the amounts due from the Venezuelan government.

**Conclusions**

Based on the technical analyses performed (including with the assistance of an independent expert), management confirmed the financial assets' recoverable amount to be €52 million, as determined at 31 December 2019.

# Consolidation scope

At 30 June 2020, the consolidation scope includes:

| | Nature of investment | Recognition | Construction | Concessions and O&M | Plant engineering and facility management | Total |
|---|---|---|---|---|---|---|
| Subsidiaries | Control | Consolidation | 51 | 8 | 11 | 70 |
| - *of which: Italy* | | | *26* | *3* | *10* | *39* |
| Joint ventures | Joint control | Equity accounting | 14 | 4 | 0 | 18 |
| - *of which: Italy* | | | *10* | *0* | *0* | *10* |
| Associates | Significant influence | Equity accounting | 29 | 5 | 1 | 35 |
| - *of which: Italy* | | | *24* | *2* | *1* | *27* |

# Astaldi group companies

## Subsidiaries

| Construction | Registered office | Operating office | Share/quota capital/consortium fund Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investor |
|---|---|---|---|---|---|---|---|---|
| **Italy** | | | | | | | | |
| Afragola FS Società consortile a Responsabilità Limitata under composition with creditors procedure | Rome | Italy | €10,000 | EUR | 100.00% | 82.54% | 17.46% | NBI S.p.A. under composition with creditors procedure |
| AR.GI S.c.p.A. | Rome | Italy | €35,000,000 | EUR | 99.99% | 99.99% | 0.00% | |
| AS. M. S.c.r.l. | Naples | Italy | €10,000 | EUR | 75.91% | 75.91% | 0.00% | |
| Bussentina S.c.r.l. in liquidation | Rome | Italy | €25,500 | EUR | 78.90% | 78.90% | 0.00% | |
| C.Or.MES. in liquidazione S.r.l. | Rome | Italy | €20,000 | EUR | 55.00% | 55.00% | 0.00% | |
| Capodichino AS.M S.c.r.l. | Naples | Italy | €10,000 | EUR | 66.83% | 66.83% | 0.00% | |
| CO.ME.NA S.c.r.l. in liquidation | Naples | Italy | €20,658 | EUR | 70.43% | 70.43% | 0.00% | |
| CO.MERI S.p.A. | Rome | Italy | €35,000,000 | EUR | 99.99% | 99.99% | 0.00% | |
| Consorzio Stabile Operae | Rome | Italy | €500,000 | EUR | 99.00% | 98.00% | 1.00% | Sartori Tecnologie Industriali S.r.l. in liquidation and under composition with creditors procedure |
| Dirpa 2 S.c.ar.l. | Rome | Italy | €50,009,998 | EUR | 98.99% | 0.00% | 99.99% | Consorzio Stabile Operae |
| DMS DESIGN CONSORTIUM s.c.r.l. | Rome | Italy | €10,000 | EUR | 60.00% | 60.00% | 0.00% | |
| Forum S.c.r.l. | Rome | Italy | €51,000 | EUR | 79.98% | 79.98% | 0.00% | |
| Garbi Linea 5 S.c.a.r.l. in liquidation | Rome | Italy | €10,000 | EUR | 100.00% | 100.00% | 0.00% | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Infraflegrea Progetto S.p.A. | Naples | Italy | €500,000 | EUR | 51.00% | 51.00% | 0.00% | |
| Italstrade S.p.A. | Rome | Italy | €16,515,578 | EUR | 100.00% | 100.00% | 0.00% | |
| Messina Stadio S.c.r.l. in liquidation | Milan | Italy | €45,900 | EUR | 100.00% | 100.00% | 0.00% | |
| Nuovo Ospedale Sud Est Barese S.c.r.l. - NOSEB S.c.r.l. | Rome | Italy | €50,000 | EUR | 70.00% | 70.00% | 0.00% | |
| Ospedale del Mare S.C.r.l. in liquidation | Rome | Italy | €50,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Partenopea Finanza di Progetto S.c.p.A. | Naples | Italy | €9,300,000 | EUR | 99.99% | 99.99% | 0.00% | |
| Portovesme S.c.r.l. in liquidation | Milan | Italy | €25,500 | EUR | 99.98% | 99.98% | 0.00% | |
| S. Filippo S.c.r.l. in liquidation | Rome | Italy | €10,200 | EUR | 80.00% | 80.00% | 0.00% | |
| S.P.T. - Società Passante Torino S.C.r.l. | Rome | Italy | €50,000 | EUR | 82.50% | 82.50% | 0.00% | |
| Scuola Carabinieri S.C.r.l. in liquidation | Rome | Italy | €50,000 | EUR | 76.40% | 76.40% | 0.00% | |
| Sirjo Scpa | Rome | Italy | €30,000,000 | EUR | 60.00% | 60.00% | 0.00% | |
| Susa Dora Quattro S.c.r.l. in liquidation | Rome | Italy | €51,000 | EUR | 90.00% | 90.00% | 0.00% | |
| Toledo S.c.r.l. in liquidation | Naples | Italy | €50,000 | EUR | 90.39% | 90.39% | 0.00% | |

| Construction | Registered office | Operating office | Share/quota capital/consortium fund<br>Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investor |
|---|---|---|---|---|---|---|---|---|
| **Abroad** | | | | | | | | |
| AGN Haga AB | Gothenburg | Sweden | SEK500,000 | SEK | 40.00% | 40.00% | 0.00% | |
| Asocierii Astaldi S.p.A., Sc Somet sa, sc Tiab sa, sc Uti grup sa (Line 4 of the Bucharest Metro) | Bucharest (Romania) | Romania | - - - - | EUR | 40.00% | 40.00% | 0.00% | |
| Astaldi Algerie - E.u.r.l. | Algiers | Algeria | DZD54,979,619 | DZD | 100.00% | 100.00% | 0.00% | |
| Astaldi Arabia Ltd. | Riyadh | Saudi Arabia | SAR5,000,000 | USD | 100.00% | 60.00% | 40.00% | Astaldi International Ltd. |
| Astaldi Bulgaria LTD | Sofia | Bulgaria | BGN5,000 | BGN | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Design & Construction Inc. | Montreal | Canada | CAD100 | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |
| Astaldi Canada Enterprises Inc. | Montreal | Canada | CAD100 | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Canada Inc. | Montreal | Canada | CAD50,020,000 | CAD | 100.00% | 100.00% | 0.00% | |
| Astaldi Construction Corporation | Davie (Florida) | USA | USD18,972,000 | USD | 65.81% | 65.81% | 0.00% | |
| Astaldi de Venezuela C.A. | Caracas | Venezuela | VEF110,300 | EUR | 99.80% | 99.80% | 0.00% | |
| Astaldi India Services LLP | Mumbai | India | ----- | INR | 99.99% | 99.99% | 0.00% | |
| Astaldi International Inc. | Monrovia | Liberia | USD3,000,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Astaldi International Ltd. | London | United Kingdom | GBP2,000,000 | GBP | 100.00% | 100.00% | 0.00% | |
| Astaldi Mobilinx Hurontario GP Inc. | Montreal | Canada | ---- | CAD | 100.000% | 0.00% | 100.000% | Astaldi Canada Enterprises Inc. |
| Astaldi Polska Sp. z o.o. | Warsaw | Poland | PLN120,000 | PLN | 100.00% | 100.00% | 0.00% | |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Astaldi-Max Bogl-CCCF JV S.r.l. | Bucharest | Romania | RON40,000 | EUR | 66.00% | 66.00% | 0.00% | |
| Astalnica S.A. | Managua | Nicaragua | NIO2,000,000 | NIO | 98.00% | 98.00% | 0.00% | |
| ASTALROM S.A. | Calarasi | Romania | RON3,809,898 | RON | 99.68% | 99.68% | 0.00% | |
| Astur Construction and Trade A.S. | Ankara | Turkey | TRY35,500,000 | USD | 100.00% | 100.00% | 0.00% | |
| Constructora Astaldi Cachapoal Limitada | Santiago | Chile | CLP10,000,000 | CLP | 99.90% | 99.90% | 0.00% | |
| Italstrade CCCF JV Romis S.r.l. | Bucharest | Romania | RON540,000 | EUR | 51.00% | 51.00% | 0.00% | |
| Redo-Association Momentanée | Kinshasa | Democratic Republic of the Congo | CDF0.5 | EUR | 100.00% | 75.00% | 25.00% | Astaldi International Ltd. |
| Romairport S.r.l. | Rome (Italy) | Romania | €500,000 | EUR | 99.26% | 99.26% | 0.00% | |
| Seac S.p.a.r.l. in liquidation | Kinshasa | Democratic Republic of the Congo | CDF400 | EUR | 100.00% | 100.00% | 0.00% | |
| T.E.Q. Construction Enterprise Inc. | Montreal | Canada | CAD11,080,515 | CAD | 100.00% | 0.00% | 100.00% | Astaldi Canada Enterprises Inc. |

## Concessions and O&M

### Italy

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Astaldi Concessioni S.p.A. | Rome | Italy | €59,000,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Astaldi Concessions S.p.A. | Rome | Italy | €300,000 | EUR | 100.00% | 100.00% | 0.00% | |
| GE.SAT S.c. a r.l. | Prato | Italy | €10,000 | EUR | 53.85% | 35.00% | 18.85% | Astaldi Concessions S.p.A. |

### Abroad

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Mondial Milas - Bodrum Havalimani Uluslararasi Terminal Isletmeciligi Ve Yatirim A.S. | Ankara | Turkey | TRY37,518,000 | EUR | 100.00% | 0.00% | 100.00% | Astaldi Concessions S.p.A. |
| Sociedad Austral Mantenciones y Operaciones S.p.A. | Santiago | Chile | CLP1,000,000 | CLP | 100.00% | 0.00% | 100.00% | Astaldi Concessions S.p.A. 75% - NBI 25% |
| Sociedad Concesionaria Aguas de Punilla S.A. | Santiago | Chile | CLP40,000,000,000 | CLP | 99.998% | 0.00% | 99.998% | Astaldi Concessions S.p.A. |
| Transmisora del Sur S.p.A. | Santiago | Chile | CLP1,000,000 | CLP | 100.00% | 0.00% | 100.00% | Astaldi Concessions S.p.A. |
| Valle Aconcagua S.A. | Santiago | Chile | CLP17,132,991,411 | USD | 84.31% | 0.00% | 82.54% | Astaldi Concessions S.p.A. |

## Plant engineering and facility management

### Italy

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| 3E System S.r.l. in liquidation and under composition with creditors procedure | Bologna | Italy | €10,000 | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. under composition with creditors procedure |
| A10 S.c.a r.l. | Bologna | Italy | €10,000 | EUR | 62.52% | 0.00% | 62.52% | NBI S.p.A. under composition with creditors procedure |

| | | | | | | | | |
|---|---|---|---|---|---|---|---|---|
| Bielle Impianti S.c.r.l. in liquidation | Bologna | Italy | €100,000 | EUR | 75.00% | 0.00% | 75.00% | NBI S.p.A. under composition with creditors procedure |
| CO.VA S.c.r.l. in liquidation | Bologna | Italy | €10,000 | EUR | 60.00% | 0.00% | 60.00% | NBI S.p.A. under composition with creditors procedure |
| Consorzio Stabile Busi in liquidation | Bologna | Italy | €100,000 | EUR | 95.00% | 0.00% | 95.00% | NBI S.p.A. under composition with creditors procedure, 3E System S.r.l. |
| DEAS Società Consortile a Responsabilità Limitata | Bologna | Italy | €10,000 | EUR | 57.00% | 0.00% | 57.00% | NBI S.p.A. under composition with creditors procedure |
| LAGUNA S.c.a r.l. in liquidation | Bologna | Italy | €10,000 | EUR | 84.70% | 0.00% | 84.70% | NBI S.p.A. under composition with creditors procedure |
| NBI S.p.A. under composition with creditors procedure | Rome | Italy | €7,500,000 | EUR | 100.00% | 100.00% | 0.00% | |
| Sartori Tecnologie Industriali S.r.l. in liquidation and under composition with creditors procedure | Brindisi | Italy | €500,000 | EUR | 100.00% | 0.00% | 100.00% | NBI S.p.A. under composition with creditors procedure |
| Tione 2008 S.c.r.l. in liquidation | Bologna | Italy | €100,000 | EUR | 76.00% | 0.00% | 80.00% | Consorzio Stabile Busi |
| **Abroad** | | | | | | | | |
| NBI Elektrik Elektromekanik Tesisat Insaat Sanayi Ve Ticaret L.S. | Istanbul | Turkey | TRY10,720,000 | TRY | 100.00% | 0.00% | 100.00% | NBI S.p.A. under composition with creditors procedure Astur Construction and Trade A.S. |

## Key joint arrangements and associates*

| Joint ventures | Registered office | Operating office | Operating segment | Share/quota capital/consortium fund Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investor |
|---|---|---|---|---|---|---|---|---|---|
| Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim A.s. | Istanbul | Turkey | CO | TRY267,240,000 | EUR | 51.00% | 5.00% | 46.00% | Astaldi Concessioni S.p.A. |

| Joint operation | Registered office | Operating office | Operating segment | Share/quota capital/consortium fund Nominal amount | Functional currency | Investment % | Direct investment | Indirect investment | Indirect investor |
|---|---|---|---|---|---|---|---|---|---|
| Asocierea Astaldi – FCC – Salcef – Thales, Lot 2a | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| Asocierea Astaldi – FCC – Salcef – Thales, Lot 2b | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| Asocierea Astaldi S.p.A. – IHI Infrastructure Systems Co., Ltd | Bucharest | Romania | C | - - - - | RON | 60.00% | 60.00% | 0.00% | |

| | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| ASOCIEREA LOT 3 FCC-ASTALDI-CONVENSA | Bucharest | Romania | C | - - - - | RON | 49.50% | 49.50% | 0.00% | |
| OC 405 Partners Joint Venture | Santa Ana (California) | USA | C | - - - - | USD | 40.00% | 0.00% | 40.00% | Astaldi Construction Corporation |
| Gebze-Izmir Otoyolu Insaati (Nomayg) Adi Ortakligi | Ankara | Turkey | C | - - - - | USD | 17.50% | 17.50% | 0.00% | |
| UJV Astaldi S.p.A. Chilean branch, Vinci CGP Chilean branch and VCGP | Santiago | Chile | C | - - - - | CLP | 50.00% | 49.50% | 1.00% | VCGP - Astaldi Ingenieria y Construccion Limitada |
| **Associates** | | | | | | | | | |
| METRO C S.c.p.a. | Rome (Italy) | Italy | C | €150,000,000 | EUR | 34.50% | 34.50% | 0.00% | |
| Otoyol Yatirim Ve Isletme A.S. | Ankara | Turkey | CO | TRY4,180,000,000 | USD | 18.14% | 18.14% | 0.00% | |

* Key joint ventures and associates are those investments in which the group's investment's carrying amount exceeds €15 million and in joint operations with revenue exceeding €7.5 million

**C = Construction; CO = Concessions**

# Main changes in the consolidation scope

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

| Company name | Type of company | Event |
|---|---|---|
| Astaldi Concessions S.p.A. | Subsidiary | Incorporation |
| Metro Brescia S.r.l. | Associate | Sale |
| Ic Içtaş Astaldi Ica Inşaat A.S. | Joint ventures | Sale |
| Ica Astaldi -Ic Ictas WHSD Insaat AS | Joint operation | Sale |
| ICA Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu Yatirim Ve Isletme Anonim Sirketi | Associate | Sale |
| IC Ictas Astaldi Simple Partnership – M11 Project | Joint operation | Sale |
| ICA ICTAS – ASTALDI Joint Venture | Joint operation | Sale |

The main changes in the consolidation scope in the first half of 2020 were as follows:

- **Partial proportional demerger of Astaldi Concessioni S.p.A.:** As part of the composition with creditors plan and proposal, Astaldi Concessioni S.p.A. was partially proportionately demerged in the first half of 2020 in order to establish the scope of the non-core assets transferred to the separate unit (which remains with the demerged Astaldi Concessioni S.p.A.) and the core assets related to the operation & maintenance segment and certain other minor interests in concessions (transferred to a newco Astaldi Concessions S.p.A.) which will remain part of the Astaldi Group's industrial activities, including in the years to come.
- **Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu:** In March 2020, in line with agreements previously signed in 2019 and authorised in advance by the Rome Court, Astaldi finalised the sale of its entire investment[12] (including the shareholder loan) in the Third Bosphorus Bridge operator, Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu, to the operator's majority shareholder Ic Ictas Sanayi ve Ticaret A.Ş ("ICTAS"). The transaction price (USD315 million) will be paid in one instalment if ICTAS completes the sale of a majority investment in the operator to the Chinese consortium or, should no agreement be reached with the Chinese consortium, in annual instalments, along with interest, by the fourth quarter of 2023. Guarantees for exact and timely payment by ICTAS in the latter case comprise the transfer of the amounts due and falling due from the Third Bosphorus Bridge operator to repay the shareholder loan and the right to receive dividends along with the issue of five promissory notes (to

[12] Equal to 20% of the SPE's capital

an escrow agent) to be enforced if the payments are not made within the set deadlines. The income previously recognised in OCI and specifically in the translation reserve (€7.5 million) was reclassified at the date of the sale of the investment. There were no further significant gains or losses deriving from the sale of the investment as the carrying amount had already been substantially adjusted to its fair value less costs to sell in 2018 and 2019.

- **Disengagement from projects carried out in partnership with ICTAS:** as part of the sale of the investment in the Third Bosphorus Bridge operator, the parent agreed with ICTAS to simultaneously disengage from certain projects carried out in partnership in Russia (the Moscow-St. Petersburg M11 Motorway and the WHSD in St. Petersburg) and in Turkey (the EPC[13] contract to build the Third Bosphorus Bridge). At the date of the sale of the investments in the relevant SPEs and in accordance with the IFRS, the parent:

  a) derecognised the relevant assets and liabilities from the statement of financial position;
  b) recognised the total gain (€8.3 million) arising on the group's disengagement from such projects in profit or loss;
  d) reclassified the amounts previously recognised in OCI and specifically in the translation reserve (gain of €43 million) to profit or loss.

## Business combinations carried out in the first half of 2020

No business combinations were carried out in the first half of 2020.

## Newly-issued and endorsed standards and interpretations applicable to annual periods beginning on or after 1 January 2020

The EU regulations effective as of 1 January 2020 are summarised below.

**Commission Regulation (EU) no. 2019/2075 of 6 December 2019, published in Official Journal L 316 of 6 December 2019: adoption of the amendments to references in the conceptual framework in International Financial Reporting Standards. The objective of the amendments is to update existing references in several standards and interpretations to previous frameworks with references to the revised conceptual framework.**

Specifically, on 29 March 2018, the IASB published the revised Conceptual Framework for Financial Reporting. The main changes of a technical and presentation nature compared to the 2010 version include a new section on measurement, better definitions and guidance in particular on the definition of a liability as well as clarifications about important concepts such as stewardship, prudence and measurement uncertainty. Application of these amendments has not had any significant effects on the group's condensed interim consolidated financial statements.

**Commission Regulation (EU) no. 2020/551 of 21 April 2020, published in Official journal L 127 of 22 April 2020: adoption of "Definition of a business (Amendments to IFRS 3)"**

The amendments to IFRS 3 - Business combinations are designed to clarify the definition of a business. Adoption of the new amendments has not had any effects on the measurement of the condensed interim consolidated financial statements captions and disclosures.

## Endorsed standards and interpretations not adopted early by the group

At the date of preparation of these condensed interim consolidated financial statements, there are no newly-issued standards or interpretations with mandatory adoption from 1 January 2020.

[13] Engineering, Procurement, Construction.

# Notes to the condensed interim consolidated financial statements

## 1 Revenue from contracts with customers: €607,020 thousand

Revenue of €607,020 thousand was impacted by the slowdown of industrial activities due to the Covid-19 emergency in Italy and the Americas (as detailed in the "Covid-19" section). This caption may be analysed as follows:

| | H1 2020 |
|---|---|
| Contract revenue | 584,195 |
| Concessions - Commercial services under arrangement | 19,890 |
| Plant maintenance fees | 2,935 |
| **Total** | **607,020** |

Contract revenue is that arising from works performed and accepted by customers, including the portion of uncompleted long-term works carried out during the period.

Concessions – Commercial services under arrangement include the revenue from infrastructure operation services for the four Tuscan hospitals (€19,890 thousand).

Plant maintenance fees relate to activities performed by the subsidiary NBI during the period.

### 1.1 Revenue by geographical segment

A breakdown of revenue by geographical segment is as follows:

| | H1 2020 | % |
|---|---|---|
| Italy | 203,394 | 33.51% |
| Europe | 206,027 | 33.94% |
| Americas | 189,496 | 31.22% |
| Africa | 4,119 | 0.68% |
| Asia | 3,984 | 0.66% |
| **Total** | **607,020** | **100.00%** |

Production in Italy is mainly due to the development of industrial activities related to (i) Line 4 of the Milan Metro, (ii) the Brenner Base Tunnel, (iii) Line C of the Rome Metro, and (iv) the Naples-Cancello lots of the high speed/high capacity Naples-Bari railway line. Operation & Maintenance activities on the four Tuscan hospitals also made a positive contribution.

Production in Europe made a positive contribution thanks to progress made on contracts in Sweden (Haga Station and Kvarnberget Rock Tunnel), Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube) and Poland (the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój Expressway).

Production in the Americas is chiefly attributable to the development of projects in Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), the US (the I-405 Highway in California) and Canada (the Hurontario Light Rail Transit Project and civil construction work performed by the subsidiary T.E.Q. Construction Enterprise Inc.).

Foreign production also refers to contracts in Asia (the Versova–Bandra Sea Link in Mumbai and the Mumbai

Metro in India) and Africa (railway lots in Algeria).

## 1.2 Revenue by business segment

The following table shows a breakdown of revenue by business segment (construction and O&M) for the first half of 2020:

| | H1 2020 | % |
|---|---|---|
| Transport infrastructure | 491,175 | 80.90% |
| *- Railways and metros* | *251,217* | *41.40%* |
| *- Roads and motorways* | *174,173* | *28.70%* |
| *- Ports and airports* | *65,815* | *10.80%* |
| Hydraulic plants and energy production | 7,410 | 1.20% |
| Civil and industrial construction | 34,221 | 5.70% |
| Industrial plants | 51,066 | 8.40% |
| **Total construction** | **583,872** | **96.20%** |
| **Operation & maintenance** | **23,148** | **3.80%** |
| **Total** | **607,020** | **100.00%** |

### Construction

**Transport infrastructure**

Revenue from the transport infrastructure sub-segment in the first half of 2020 mainly refers to the following sub-segments:
**(i) Railways and metros**, mainly deriving from railway contracts in Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line), Haga Station for the Gothenburg Rail Link in Sweden and projects related to the high speed/high capacity Naples-Bari and Palermo-Catania railway lines, the construction of Line 4 of the Milan Metro, Line C of the Rome Metro and the Brenner Base Railway Tunnel in Italy;
**(ii) Roads and motorways**, chiefly related to the construction of the I-405 Highway in California, the Braila Bridge over the Danube in Romania, and the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój expressway in Poland.
(iii) **Ports and airports**, essentially related to the development of operating activities at the Arturo Merino Benítez International Airport in Santiago, Chile.

**Hydraulic plants and energy production**

Revenue from the hydraulic plants and energy production sub-segment in the first half of 2020 is chiefly due to the Ashbridges project in Canada and the Gdansk waste-to-energy plant in Poland.

**Civil and industrial construction**

Production in the civil and industrial construction sub-segment is chiefly attributable to activities by the Canadian subsidiary T.E.Q. Construction Enterprise Inc (the Trois-Rivières Hockey Arena, Quebec, the Sacré-Cœur Hospital in Montreal and the Quartier des Spectacles skating rink in Montreal).

**Industrial plants[14]**

Revenue from the industrial plants sub-segment in the first half of 2020 mainly relates to mining projects in Chile (the Chuquicamata Mine).

### Operation & maintenance

Revenue from the **operation & maintenance** segment in the first half of 2020 was entirely earned in the Italian healthcare sector via GE.SAT (the four Tuscan hospitals).

[14] Also includes revenue from mining projects.

Finally, like the other sector operators, the group complies with its performance obligations over time by mainly developing contract projects for complex activities that are part of the design, construction and operation of public infrastructure and large civil engineering works.

Note 40 - Segment reporting pursuant to IFRS 8 provides more information about this caption.

## 2 Other operating revenue: €49,763 thousand

Other revenue of €49,763 thousand includes items not directly related to the group's core business but accessory thereto. This caption may be analysed as follows:

| | H1 2020 |
|---|---|
| Revenue from the sale of goods | 643 |
| Services - third parties | 16,194 |
| Services - management of joint projects | 547 |
| Leases and rent | 921 |
| Gains on sales | 8,002 |
| Other | 23,456 |
| **Total** | **49,763** |

Services - third parties mainly refers to: (i) activities ancillary to the construction of works (leases of machinery and equipment and provisions of services) provided to suppliers and subcontractors of the construction segment (specifically in Chile, Sweden and Poland); (ii) industrial, administrative, procurement and engineering services provided by the parent to certain joint operations in Romania; in addition to (iii) the partial reimbursement by the customer of costs incurred by the subsidiary Astaldi Canada Enterprises Inc. for the study of certain commercial initiatives in Ontario.

Gains on sales of approximately €8 million mainly refer to the updated estimate of variable components related to the 2018 sale of 59.4% of Veneta Sanitaria Finanziaria di Progetto S.p.A. (Nuovo Ospedale di Venezia-Mestre). The transaction price, net of the costs to sell, included a fixed component recognised in prior consolidated financial statements (€46.4 million), and additional variable components to be paid to the group upon the outcome of the ongoing arbitration proceedings between the SPE and the grantor, ULSS 3 Serenissima. Given positive developments in the proceedings, the group updated the estimated transaction price that it expects to receive for the sale of such investment.

"Other" mainly includes (i) prior year income mainly related to the elimination of certain liabilities related to Chile and Romania that are no longer due (€20,433 thousand), and (ii) compensation from third parties (insurance companies and sub-contractors) for higher costs incurred by the group in previous years for the performance of contracts in the construction segment in Italy (€1,690 thousand).

## 3 Purchase costs: €86,342 thousand

Purchases of and changes in raw materials and consumables amount to €86,342 thousand for the first half of 2020.

| | H1 2020 |
|---|---|
| Purchase costs | 89,666 |
| Change in raw materials, consumables and supplies | (3,324) |
| **Total** | **86,342** |

The following table shows a breakdown of costs by geographical segment:

| | H1 2020 | % |
|---|---|---|
| Italy | 28,321 | 32.80% |
| Europe | 39,911 | 46.22% |
| Americas | 16,530 | 19.14% |
| Africa | 400 | 0.46% |
| Asia | 1,180 | 1.37% |
| **Total** | **86,342** | **100.00%** |

Purchase costs chiefly refer to contracts in progress in Italy (Line 4 of the Milan Metro and the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line) and Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube) which most contributed to production of the period.

# 4 Service costs: €393,753 thousand

Service costs amount to €393,753 thousand in the first half of 2020. They may be analysed as follows:

| | H1 2020 |
|---|---|
| Consortium costs | 47,835 |
| Subcontracts and other services | 256,880 |
| Technical, administrative and legal consultancy | 51,774 |
| Directors' and statutory auditors' fees | 1,289 |
| Utilities | 2,729 |
| Business trips and travel | 2,113 |
| Insurance | 8,792 |
| Leases and other costs | 13,829 |
| Lease and building management costs | 1,507 |
| Maintenance on third party assets | 200 |
| Other | 6,805 |
| **Total** | **393,753** |

The consortium costs incurred to carry out contracts with other construction companies amount to €47,835 thousand and are chiefly attributable to activities for the performance of works for the construction of the Brenner Base Tunnel (Lot "Mules 2-3") and Line C of the Rome Metro.

Subcontracts and other services amount to €256,880 thousand and are broken down as follows by geographical segment:

| | H1 2020 | % |
|---|---|---|
| Italy | 60,718 | 23.64% |
| Europe | 102,842 | 40.04% |
| Americas | 89,990 | 35.03% |
| Africa | 1,485 | 0.58% |
| Asia | 1,845 | 0.72% |
| **Total** | **256,880** | **100.00%** |

The variations in this caption are mainly due to production of the period which, as described in note 1 on revenue, recorded a concentration of industrial activities in countries where Astaldi has traditionally been most present, such as: (i) Italy (Line 4 of the Milan Metro, the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line and the four Tuscan hospitals for O&M activities); (ii) Romania (lots 2A, 2B and 3 of the Curtici-Simeria railway line and the Braila Bridge over the Danube); (iii) Poland (the Warsaw Southern Bypass and the Naprawa–Skomielna Biała section of the S-7 Krakow–Rabka Zdrój expressway); and (iv) Chile

(Arturo Merino Benítez International Airport in Santiago). Costs were also incurred for projects in Canada (civil construction) and the US (the I-405 Highway in California).

Technical, administrative and legal consultancy costs include a one-off component for the advisory services provided for the composition with creditors procedure, including court costs, amounting to €12.3 million. A significant portion of such costs were also incurred in: (i) Sweden (approximately €8 million) mostly attributable to design activities on Haga Station for the Gothenburg Rail Link; (ii) Italy (roughly €14 million) chiefly for design activities (the Apice-Hirpinia section of the high speed/high capacity Naples-Bari railway line and mega lot 3 of the state road Jonica) and legal costs incurred by the parent for the various disputes underway; (iii) Romania (approximately €5 million) attributable to the development of industrial activities on the Braila Bridge over the Danube and lots of the Curtici-Simeria railway line; and (iv) Chile (roughly €4 million) mainly related to Santiago Airport.

# 5 Personnel expenses: €118,740 thousand

This caption may be analysed as follows:

| | H1 2020 |
|---|---|
| Wages and salaries | 90,433 |
| Social security contributions | 13,363 |
| Other costs | 14,396 |
| Other post-employment benefits | 548 |
| **Total** | **118,740** |

Other personnel expenses mainly comprise costs incurred for bed and board and the transfer of personnel.

A breakdown of personnel expenses by geographical segment is as follows:

| | H1 2020 | % |
|---|---|---|
| Italy | 39,371 | 33.16% |
| Europe | 25,208 | 21.23% |
| Americas | 52,461 | 44.18% |
| Africa | 981 | 0.83% |
| Asia | 719 | 0.61% |
| **Total** | **118,740** | **100.00%** |

## 5.1 Average number of employees

The average number of employees by category is as follows:

| | H1 2020 |
|---|---|
| Managers | 163 |
| Junior managers | 156 |
| White collars | 1,793 |
| Blue collars | 1,725 |
| **Average number of employees** | **3,837** |

The average number of employees was 3,837 in the first half of 2020. On a combined basis, the workforce decreased considerably compared to 2019 (roughly 42.5%). In addition to the overall slowdown in production activities, the decrease is also due to the actions taken by the parent to adapt its organisational structure to its new operating situation following the composition with creditors procedure. Moreover, this was one of the key requirements underpinning the composition with creditors plan approved in 2019.

## 6 Other operating costs: €17,779 thousand

The other operating costs amount to €17,779 thousand. They are made up as follows:

| | H1 2020 |
|---|---|
| Prior year expense and fair value losses | 624 |
| Taxes and duties | 1,170 |
| Other administrative and sundry costs | 15,985 |
| **Total** | **17,779** |

Other administrative and sundry costs mainly include: (i) the losses realised by the parent due to its disengagement from the EPC contract related to the Third Bosphorus Bridge in Turkey (€10,079 thousand); (ii) the group's ordinary administration costs (stationery, photocopies, visas, etc.) (€1,576 thousand); (iii) the losses realised on the sale of machinery and equipment, mostly as part of contracts that are no longer active in Chile (€1,165 thousand).

## 7 Change in costs capitalised to fulfil a contract: €33 thousand

This caption of €33 thousand includes the change in costs capitalised for future performance obligations pursuant to IFRS 15.91-95.

## 8 Share of profits (losses) from joint ventures and associates: €26,152 thousand

The share of profits (losses) of equity-accounted investees is made up as follows:

| | H1 2020 |
|---|---|
| Associates | 29,845 |
| Joint ventures | (3,693) |
| **Total** | **26,152** |

The balance for the period mostly refers to the concessions segment in Turkey; specifically:

*(i)* Otoyol Yatirim Ve Isletme A.S. (the Gebze-Orhangazi-Izmir Motorway, €22,496 thousand);
*(ii)* Ankara Etlik Hastane A.S. (the Etlik Integrated Health Campus, -€3,634 thousand);
*(iii)* the reclassification, in accordance with IAS 28.22c, of the positive balance of the translation reserve of the SPE Ica Ic Ictas-Astaldi Kuzey Marmara Otoyolu sold in the first half of 2020, from other comprehensive income.

## 9 Amortisation, depreciation and impairment losses: €44,565 thousand

Amortisation, depreciation and impairment losses amount to €44,565 thousand. They may be analysed as follows:

| | H1 2020 |
|---|---|
| Amortisation | 7,546 |
| Depreciation | 5,811 |
| Depreciation of right-of-use assets | 17,410 |
| Other impairment losses on non-current assets | 1,292 |
| Impairment losses on loans and receivables | 12,507 |
| **Total** | **44,565** |

Amortisation mainly refers to the contractual rights acquired to develop works for maxi lot 2 of the Marche-Umbria road system (€894 thousand), the Infraflegrea[15] project (€2,005 thousand) and O&M activities for the Felix Bulnes Hospital (€3,720 thousand).

Depreciation chiefly refer to contracts in progress in (i) Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), (ii) the US (the I-405 Highway in California), (iii) Sweden (Haga Station and Kvarnberget Rock Tunnel), and (iv) Italy (Line 4 of the Milan Metro) which contributed significantly to production of the period.

Depreciation of right-of-use assets comprises depreciation of leased assets as per the new standard IFRS 16. It mainly refers to (i) operating assets (plant, machinery and equipment) used to develop projects in progress in Italy, Chile, Sweden and Romania, as well as (ii) buildings that will house the local offices of foreign branches and subsidiaries.

Impairment losses on loans and receivables is mainly attributable to the outcome of impairment tests on certain receivables related to the EPC contract to build the Third Bosphorus Bridge in Turkey (€13,339 thousand).

## 10 Provisions: €17,031 thousand

Provisions for risks and charges amount to €17,031 thousand. They may be analysed as follows:

| | H1 2020 |
|---|---|
| Accruals to the provision for onerous contracts | 3,651 |
| Accruals to the provision for equity investments | 7 |
| Accruals to the provision for legal disputes | 13,373 |
| **Total** | **17,031** |

The accruals to the provision for onerous contracts of €3,651 thousand refer to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Chile.

The accruals to the provision for legal disputes of €13,373 thousand chiefly refer to (i) the estimated contingent liability for the dispute involving the subsidiary NBI S.p.A. under composition with creditors procedure related to the contract in progress in South America and (ii) accruals made in Italy[16] for the arbitration against Astaldi by Metro C S.c.p.A. in order to obtain compensation for damage that it could incur from the parent's factoring agreement with Aosta Factoring.

[15] Cumana railway and the Monte Sant'Angelo railway connector in Naples.

[16] See note 36 "Provisions for risks and charges" for more information.

# 11 Financial income: €31,840 thousand

Financial income may be analysed as follows:

| | H1 2020 |
|---|---|
| Income from financial transactions with banks | 529 |
| Commissions on sureties | 709 |
| Exchange gains | 14,772 |
| Financial income on leases | 233 |
| Interest income on intragroup financing | 154 |
| Other financial income | 15,443 |
| **Total** | **31,840** |

Exchange gains are mainly due to fluctuations of the US dollar and the Polish zloty.

Other financial income mainly includes: (i) accrued interest on amounts due from customers for contracts in progress in Italy and abroad (€5,216 thousand), and (ii) interest on loans granted to associates and joint ventures (€5,488 thousand), in addition to (iii) fair value gains on subordinated loans (€2,919 thousand).

# 12 Financial expense: €81,629 thousand

Financial expense may be analysed as follows:

| | H1 2020 |
|---|---|
| Interest on bonds | 11,270 |
| Commissions on sureties | 15,140 |
| Expense on financial transactions with banks | 1,448 |
| Exchange losses | 45,359 |
| Fair value losses on derivatives | 75 |
| Financial expense on leases | 1,632 |
| Interest on payment extensions for trade payables | 1,343 |
| Non-recourse factoring of receivables | 71 |
| Interest on intragroup financing | 4,295 |
| Other financial expense | 996 |
| **Total** | **81,629** |

Interest on bonds refers to the pre-preferential financing[17], the use of which was specifically authorised by the Rome Court in accordance with article 182-quinquies of the Bankruptcy Law.

Commissions on sureties mainly refer to countries where Astaldi has traditionally been most present and where the group’s industrial activities have been mostly focused following the commencement of the composition with creditors procedure (Italy, Romania, Chile, Poland and Romania).

With regard to exchange losses, as part of the group’s disengagement from certain projects carried out in partnership with ICTAS in Turkey (the EPC[18] contract to build the Third Bosphorus Bridge), losses previously recognised in OCI and specifically in the translation reserve (€23 million) were reclassified to profit or loss during the period.

[17] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[18] Engineering, Procurement, Construction.

## 13 Income taxes: €4,515 thousand

The group estimated its tax expense on a provisional basis at the reporting date, based on the amount it expects to pay at period end, using the tax rates enacted by the different tax jurisdictions of the countries in which it operates.

| | H1 2020 |
|---|---|
| Current income taxes (*) | 2,068 |
| Deferred income taxes | 903 |
| IRAP, current | 261 |
| Prior year and other taxes | 1,283 |
| **Total** | **4,515** |

(*) The income taxes refer to IRES for Italy and equivalent taxes for abroad.

As is customary, the estimated income taxes also reflect the various tax regimes ruling in the countries where the group operates, also with reference to income tax regulations regarding long-term contracts.

At the date of preparation of these condensed interim consolidated financial statements, the group has recognised (i) deferred tax assets of €276,152 thousand (mainly related to non-deducted tax losses and interest expense as per article 96 of the Consolidated Income Tax Act and costs deductible in following years), and (ii) deferred tax liabilities of €65,423 thousand (mostly attributable to foreign components taxable in following years).

Furthermore, management believes the recoverability of the parent's deferred tax assets is reasonably based on the forecasts implicit in and deriving from the plan underpinning the composition with creditors procedure.

## 14 Profit (Loss) from discontinued operations: -€31,759 thousand

As provided for by the 2018-2023 business plan approved by its board of directors on 13 February 2019 and filed with the Rome Court together with the application for composition with creditors procedure on 14 February 2019, Astaldi initiated an in-depth analysis of its order backlog in order to progressively curtail the intrinsic risk in individual projects.

In line with the business plan, the solution found was cutting back the group's presence in countries considered higher risk and choosing more economically and financially sustainable projects.

Specifically, the new business plan clearly defined the order backlog in countries where the group's industrial activities will be focused and, thus, the countries (mainly Central American countries and Russia, with respect to the first half of 2020) where the parent will disengage from activities as they no longer meet the revised commercial and business planning strategies.
In line with the business plan guidelines, Astaldi:

- reached an agreement to fully transfer its activities in progress in Russia to its partner ICTAS, as part of the sale of the Third Bosphorus Bridge operator agreed on 20 June 2019 and effective as of March 2020;
- suspended the operations of its Honduras branch after the local judicial authorities appointed an administrator on 25 May 2019 in order to sell the branch's assets to satisfy its creditors;
- in 2019, discontinued its business activities in the other geographical segments identified under the parent's new business plan.

Based on the above and as the conditions set out in paragraph 32.a) and b) of IFRS 5 - Non-current assets held for sale and discontinued operations were deemed to have been met starting from 2019, the parent's directors reclassified its revenue and costs related to those geographical segments to discontinued operations.

The following table shows a breakdown of the revenue and costs of discontinued operations:

### Revenue of discontinued operations

| | H1 2020 |
|---|---|
| Revenue from contracts with customers | 2,155 |
| Other operating revenue | 5,721 |
| Financial income | 14,387 |
| **Total revenue of discontinued operations** | **22,263** |

### Costs of discontinued operations

| | H1 2020 |
|---|---|
| Operating costs | 5,612 |
| Personnel expenses | 1,400 |
| Other operating costs | 3,332 |
| Provisions and impairment losses | 898 |
| Financial expense | 42,617 |
| Income taxes | 163 |
| **Total costs of discontinued operations** | **54,022** |

The loss from discontinued operations (€32 million) is mainly due to: (i) the reclassification of losses of the M11 Motorway and the WHSD in St. Petersburg projects in Russia previously recognised in OCI and specifically in the translation reserve (€20 million) to profit or loss following the disposal of the relevant foreign operations; in addition to (ii) losses incurred on the same projects in the first quarter of 2020 mainly due to exchange differences arising on balances in Russian rouble (approximately €6 million).

## 15 Profit (Loss) per share: -€0.86

The basic loss per share is calculated as follows:

| | | H1 2020 |
|---|---|---|
| **Numerator (€'000)** | | |
| Loss from continuing operations attributable to the ordinary shareholders of the parent | **(a)** | (52,030) |
| Loss attributable to the ordinary shareholders of the parent | **(b)** | (83,789) |
| **Denominator (in units)** | | |
| Weighted average shares (ordinary) | | 98,424,900 |
| Weighted average treasury shares | | (551,834) |
| **Weighted average shares used to calculate basic loss per share** | **(c)** | **97,873,066** |
| **Basic loss per share - (€)** | **(b)/(c)** | **(€0.8561)** |
| **Basic loss per share from continuing operations - (€)** | **(a)/(c)** | **(€0.5316)** |

At the date of preparation of these condensed interim consolidated financial statements, a potential increase in the number of outstanding ordinary shares compared to the financial instruments issued by the parent would not have a dilutive effect.

## 16 Property, plant and equipment: €95,324 thousand (€99,938 thousand)

This caption may be analysed as follows:

| | Land and buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machinery | Assets under const. and payments on account | Total |
|---|---|---|---|---|---|---|
| Balance at 31 December 2019, net of depreciation (1) | 33,945 | 27,379 | 15,760 | 20,334 | 2,521 | 99,938 |
| Additions from acquisitions | 9 | 2,064 | 1,199 | 658 | 767 | 4,697 |
| **Gross amount** | **33,954** | **29,443** | **16,959** | **20,992** | **3,288** | **104,636** |
| Depreciation | (547) | (1,691) | (1,588) | (1,980) | 0 | (5,807) |
| Disposals | (269) | (1,421) | (828) | (216) | (816) | (3,548) |
| Reclassifications and transfers | (65) | (42) | 70 | 4 | 33 | 0 |
| Net exchange gains (losses) | 3 | (195) | (429) | (348) | (466) | (1,436) |
| Change in consolidation scope and other changes | 874 | (363) | 237 | (616) | 1,348 | 1,480 |
| **Balance at 30 June 2020, net of depreciation (2)** | **33,949** | **25,731** | **14,421** | **17,836** | **3,388** | **95,324** |
| | | | | | | |
| (1) of which: | | | | | | |
| Historical cost | 51,105 | 73,849 | 61,019 | 63,660 | 2,521 | 252,154 |
| Acc. depreciation | (17,160) | (46,470) | (45,260) | (43,326) | 0 | (152,216) |
| **Carrying amount** | **33,945** | **27,379** | **15,759** | **20,334** | **2,521** | **99,938** |
| | | | | | | |
| (2) of which: | | | | | | |
| Historical cost | 52,309 | 68,702 | 59,194 | 72,051 | 3,388 | 255,643 |
| Acc. depreciation | (18,361) | (42,971) | (44,774) | (54,214) | 0 | (160,319) |
| **Carrying amount** | **33,948** | **25,731** | **14,420** | **17,837** | **3,388** | **95,324** |

The more significant changes relate to:

- the increase of €4,697 thousand principally relating to investments made for the projects in progress in Italy (mega lot 3 of the state road Jonica and the Naples-Cancello lot of the high speed/high capacity Naples-Bari railway line) and the US (the I-405 Highway in California);
- depreciation for the period of €5,807 thousand;
- disposals of €3,548 thousand principally relating to the assets of contracts nearing completion in Poland and Turkey.

## 17 Right-of-use assets: €28,424 thousand (€38,724 thousand)

Right-of-use assets comprise leased assets as per the new standard IFRS 16. The caption mainly refers to operating assets (plant, machinery and equipment) used to develop projects in progress mainly in (i) Chile (Arturo Merino Benítez International Airport in Santiago and the Chuquicamata mining projects), (ii) the US (the I-405 Highway in California), (iii) Sweden (Haga Station and Kvarnberget Rock Tunnel), and (iv) Italy (Line 4 of the Milan Metro), in addition to (v) buildings that will house the local offices of foreign branches and subsidiaries.

This caption may be analysed as follows:

| | Land and buildings | Generic and specific plant | Excavators, power shovels and vehicles | Sundry equipment and machines | Total at 30/06/2020 |
|---|---|---|---|---|---|
| Historical cost | 11,048 | 14,750 | 37,032 | 3,017 | 65,847 |
| Acc. depreciation | (4,637) | (7,562) | (23,718) | (1,505) | (37,422) |
| **Total** | **6,411** | **7,188** | **13,313** | **1,512** | **28,424** |

The decrease is mainly due to ordinary depreciation (€17,410 thousand).

# 18 Investment property: €124 thousand (€127 thousand)

Investment property of €124 thousand includes buildings and land held for investment purposes. Though basically unchanged on the previous year end, the decrease is due to ordinary depreciation (€4 thousand). The caption is not measured at fair value as the indicators are not wholly reliable and the investment is immaterial.

# 19 Intangible assets: €40,807 thousand (€48,295 thousand)

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Contractual rights | 39,791 | 46,295 | (6,504) |
| Software applications | 386 | 516 | (130) |
| Other minor | 630 | 1,485 | (855) |
| **Total** | **40,807** | **48,295** | **(7,488)** |

Intangible assets at 30 June 2020 mainly comprise contractual rights acquired from third parties to perform the following contracts:

(i) construction works for maxi lot 2 of the Marche-Umbria road system (€15,357 thousand);
(ii) the Infraflegrea project (€21,574 thousand);
(iii) O&M activities on the four Tuscan hospitals (€1,617 thousand).

The decrease in intangible assets is mainly due to ordinary amortisation (€7,546 thousand).

Finally, taking into account the indicators of impairment[19] on the contractual rights for the Infraflegrea project, management prudently tested the related investment for impairment.

Specifically, the group estimated value in use by discounting the operating cash flows (using the UDCF method) calculated on the basis of the projections based on reasonable and sustainable assumptions reflecting parent management's best estimates. The cash flows of each year have been suitably discounted (mid-year convention) at a WACC of 8.6%.

### Impairment test results

**Infraflegrea project**

As is its usual practice, the group performed a separate impairment test on the recoverability of investments in the Cumana railway and Monte Sant'Angelo contracts. To this end, though these contracts are part of the Infraflegrea project, they are two separate cash-generating units which are separately monitored for management reporting purposes.

[19] Internal information about delays in the performance of works.

The impairment test did not show the need to recognise an impairment loss on intangible assets.

Furthermore, with regard to the sensitivity analysis:

- **Cumana railway contract** – the analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would confirm the recoverability of the investment. Similarly, an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would not affect their recoverability.
- **Monte Sant'Angelo contract** – the sensitivity analysis showed that (i) a change in the discount rate (+100 bps) or (ii) an assumed decrease of 10% in the annual gross operating profit on a linear basis in all years covered by the plan would lead to an adjustment of approximately €0.5 million to the carrying amount of the investment.

Finally, the caption does not include leased assets.

# 20 Equity investments: €485,934 thousand (€502,088 thousand)

Investments in associates, joint ventures and other companies amount to €485,934 thousand. They may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Equity-accounted investments | 447,323 | 454,267 | (6,944) |
| Non-controlling interests | 38,611 | 47,819 | (9,208) |
| **Total** | **485,934** | **502,088** | **(16,154)** |

In addition to the effects of the adoption of the IFRS[20], the decrease in equity investments is mainly attributable to the following reasons:

- the sale of the parent's 24.50% investment in Metro Brescia S.r.l. (€2,852 thousand);
- the equity loans granted to SPV Linea M4 S.p.A. (€809 thousand) and Sociedad Concesionaria Nuevo Pudahuel S.A (€3,638 thousand).

The carrying amounts of the equity investments are shown net of the capital proceeds to be paid in for shares and/or quotas subscribed, like at 31 December 2019.

## 20.1 Impairment testing

Due to the presence of impairment indicators linked to the decrease in cash flows due to the Turkish lira's depreciation, the carrying amount of the investment in the SPE Ankara Etlik Hastane Salik Hizmetleri Isletme Yatirim AS was tested for impairment.

### Impairment test results

With reference, in particular, to the valuation techniques applied for impairment testing purposes, the individual recoverable amount of the investment was calculated using the "Dividend Discount Model" (DDM), discounting the flows of future dividends expected from its operations. In order to apply this method, the group used the investee's business plans prepared by its relevant bodies, projected over the residual life of the individual concession.

The negotiations commenced in the second half of 2018 continued during 2020 with the lenders to remedy the defaults mostly related to agreement of the amounts of the variation orders with the customer, in order to obtain funding. The critical issues mostly relate to the non-compliance with the contractually-established completion date for the construction work, as well as the financial and currency crisis that affected the Turkish lira in August

[20] See notes 8 and 30 for more information.

2018 and commencement of the composition with creditors procedure by Astaldi in September 2018 (Astaldi is a major player in the joint venture set up for this project). At the date of preparation of these condensed interim consolidated financial statements, the negotiations with the lenders and the customer to remedy the existing defaults and return the project to an operating status had been successfully completed. A rider has been signed to reflect the new regulation. Accordingly, the investee's business plan used in preparing the impairment test took into account the outcome of the negotiations with the customer and the lenders, along with the effects of the depreciation of the Turkish lira on cash flows. The impairment test confirmed the full recoverability of the investment. Therefore, the group did not recognise an impairment loss thereon.
Furthermore, the sensitivity analysis showed that a reasonable change in the financial parameters used to calculate the discount rate (+100 bps) would substantially confirm the headroom. Similarly, an assumed decrease of 10% in the dividend flows on a linear basis in all years covered by the plan would confirm the recoverability of the carrying amount of the investments.

## 20.2 Non-controlling interests

The group decided to avail of the option as per paragraph 5.7.5 of IFRS 9 - Financial instruments to designate some non-controlling interests (i.e., investments in concession SPEs) as assets at FVTOCI[21], in order to take into account the fact that the valuation of such investments, related to projects developed over a long period of time, can be influenced by external elements[22] - mainly temporary in nature - that do not entail a definitive increase/decrease in equity. Management deemed that recognising these effects in profit or loss would thus impact the proper presentation of the group's income and expense as they only refer to a temporary accounting presentation. The following table provides a summary of the key figures of the main investments recognised at FVTOCI:

| Company name | Fair value | Cost | Variation | Impact on OCI HI 2020 | Investment % | Ke[23] | Valuation method |
|---|---|---|---|---|---|---|---|
| SPV Linea M4 S.p.A. | 20,019 | 23,120 | (3,100) | (2,685) | 9.63% | 8.38% | DDM |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | 15,506 | 31,646 | (16,139) | (11,122) | 15.00% | 9.24% | DDM |

The fair value of the investment in Sociedad Concesionaria Nuevo Pudahuel S.A. was calculated using the dividend discount model (DDM), i.e., by discounting the expected future dividend flows inferred from the investee's financial projections which also reflect the possible effects of the Covid-19 pandemic. The SPE, which operates the Arturo Merino Benitez International Airport in Santiago, inevitably recorded a considerable drop in commercial services provided due to fewer numbers of passengers travelling through the terminal as a result of the pandemic. In addition, at the date of publication of these condensed interim consolidated financial statements, the SPE has commenced talks with the customer in order to find the most suitable ameliorative solutions to ensure that the concession is financially viable.

[21] Alternatively, IFRS 9 allows entities to measure non-controlling interests at fair value through profit or loss.
[22] Variations in exchange rates and discount rates
[23] Calculated based on market values.

# 21 Financial assets

## 21.1 Non-current financial assets: €323,158 thousand (€138,648 thousand)

The following table gives a breakdown of non-current financial assets:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Non-current loan assets | 152,641 | 121,316 | 31,325 |
| Securities | 6,766 | 5,567 | 1,199 |
| Other financial assets - investees | 838 | 838 | 0 |
| Other financial assets - third parties | 157,939 | 2,478 | 155,461 |
| Lease payments receivable | 6,307 | 8,461 | (2,154) |
| Loss allowances | (1,333) | (12) | (1,321) |
| **Total** | **323,158** | **138,648** | **184,510** |

Non-current loan assets mainly relate to the subordinated loans (semi-equity) granted to the SPEs in the concessions segment.

The amounts granted to the main investees are summarised below:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Ankara Etlik Hastane A.S. | 74,134 | 60,488 | 13,646 |
| Metro 5 S.p.A. | 1,289 | 1,828 | (539) |
| Otoyol Yatirim Ve Isletme A.S. | 477 | 461 | 16 |
| Sociedad Concesionaria Nuevo Pudahuel S.A. | 42,835 | 31,845 | 10,990 |
| SPV Linea M4 S.p.A. | 33,907 | 26,694 | 7,213 |
| Veneta Sanitaria di Progetto S.p.A. | (1) | 0 | (1) |
| **Total** | **152,641** | **121,316** | **31,325** |

The changes for the period mainly relate to the following: (i) the additional amounts granted to the SPEs Ankara Etlik (€765 thousand), Sociedad Concesionaria Nuevo Pudahuel (€3,511 thousand) and SPV Linea M4 S.p.A. (€3,785 thousand), in addition to (ii) the change in the fair value of such financial instruments (totalling €22 million).

Securities refer to bonds[24] issued by the joint venture OC 405 Partners, in accordance with the terms and conditions of the relevant contract, to guarantee the customer that the obligations undertaken with regard to the works to upgrade the I-405 Highway in California would be fulfilled.

Other financial assets - third parties grew by roughly €157.6 million mainly related to the fair value of the receivable for the sale of the shareholder loan (semi-equity) of the Third Bosphorus Bridge operator to ICTAS. The lease payments receivable relate to the contract with the associate Brennero Tunnel Construction S.c.a.r.l. for the lease of a tunnel boring machine ("TBM") needed to bore the Brenner Base Tunnel. The decrease on the previous year end is due to the reclassification of the principal payments due within the first half of 2020 to current financial assets.

Reference should be made to note 39 on related party transactions for information on the other financial assets - investees.

[24] Highly rated corporate bonds (investment grade) issued by the parent.

### 21.2 Current financial assets: €120,871 thousand (€110,388 thousand)

Current financial assets of €120,871 thousand are made up as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Securities in portfolio | 15,380 | 19,990 | (4,610) |
| Current loan assets | 106,834 | 90,732 | 16,102 |
| Impairment losses on current loan assets | (1,104) | (304) | (800) |
| Loss allowances | (240) | (30) | (210) |
| **Total** | **120,871** | **110,388** | **10,483** |

Securities in portfolio refer specifically to the temporary investment of the joint venture for the I-405 Highway project in California, OC 405 Partners' liquidity in highly rated corporate bonds (investment grade). The decrease on the previous year end is due to the partial redemption of the bonds that matured in the first half of 2020.

Current loan assets increased by €16,102 thousand on 31 December 2019 mainly in relation to the current portion of the consideration received on the sale of the semi-equity loan related to the Third Bosphorus Bridge in Turkey.

## 22 Other assets

### 22.1 Other non-current assets: €119,761 thousand (€117,677 thousand)

This caption may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Indirect taxes | 16,679 | 10,590 | 6,089 |
| Direct taxes | 6,548 | 7,444 | (896) |
| **Tax assets** | **23,227** | **18,034** | **5,193** |
| Advances to suppliers and subcontractors | 26 | 0 | 26 |
| Guarantee deposits | 26,898 | 36,678 | (9,780) |
| Prepaid insurance premiums | 14,458 | 7,636 | 6,822 |
| Prepaid surety commissions | 1,144 | 1,187 | (43) |
| Other prepayments | 1,076 | 2,049 | (973) |
| Amounts due from social security institutions | 56 | 56 | 0 |
| Other sundry loans and receivables | 52,876 | 52,036 | 840 |
| **Other assets** | **96,534** | **99,642** | **(3,108)** |
| **Total** | **119,761** | **117,677** | **2,084** |

The increase in indirect taxes is mostly due to the VAT assets claimed for reimbursement during the period by the parent and the subsidiary Dirpa 2 S.c.r.l..
The decrease in guarantee deposits is mainly attributable to the partial release of amounts issued as guarantees to the customer for the Chuquicamata mining projects in Chile (Contract C13 and the El Teniente contract).
Other sundry loans and receivables mainly include receivables and contract work in progress of the Venezuelan railway projects, net of the related loss allowances.

Considering the country's persisting serious political, economic and social crisis, management prudently recognised a recoverable amount of €52 million[25] for such assets in previous years.

## 22.2 Other current assets: €330,673 thousand (€336,936 thousand)

The following table gives a breakdown of other current assets:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Receivables for the sale of goods and/or services | 182,705 | 190,360 | (7,655) |
| Amounts due from non-controlling shareholders | 1,051 | 0 | 1,051 |
| Advances to suppliers and subcontractors | 99,900 | 91,352 | 8,548 |
| Amounts due from personnel | 754 | 738 | 16 |
| Amounts due from social security institutions | 2,557 | 2,577 | (20) |
| Credit notes from suppliers | 17,843 | 17,976 | (133) |
| Prepaid insurance premiums | 8,898 | 11,349 | (2,451) |
| Prepaid surety commissions | 5,116 | 5,112 | 4 |
| Other prepayments | 939 | 1,198 | (259) |
| Other sundry loans and receivables | 11,665 | 16,982 | (5,317) |
| Allowance for contract losses to complete | (755) | (708) | (47) |
| **Total** | **330,673** | **336,936** | **(6,263)** |

Receivables for the sale of goods and/or services of €182,705 thousand mainly relate to:

- activities ancillary to the construction of works (leases of machinery and equipment, sales of goods and provisions of services) provided to suppliers and subcontractors of the construction segment (€149,348 thousand);
- receivables of €34,407 thousand from associates, joint ventures and joint operations for *(i)* industrial, administrative, procurement and engineering services, and *(ii)* commissions for guarantees given by the parent to obtain the performance and advance payment bonds required by the individual contracts.

Advances to suppliers grew above all due to the development of industrial activities in Italy and Sweden.

# 23 Inventories: €40,239 thousand (€38,231 thousand)

This caption may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Raw materials, consumables and supplies | 40,900 | 39,321 | 1,579 |
| Allowance for inventory write-downs | (8,846) | (8,867) | 21 |
| Finished goods | 3,381 | 1,978 | 1,403 |
| Goods and materials in transit | 4,804 | 5,799 | (995) |
| **Total** | **40,239** | **38,231** | **2,008** |

More or less unchanged on the previous year end, the allowance for inventory write-downs relates to some countries in the Americas where the group has decided to discontinue its operations. To calculate the write-downs, the group used the realisable amount of the goods and materials in stock estimated considering (i) the economic situation in such countries, and (ii) its intention to discontinue its operations there.

[25] See the "Impairment of other financial instruments" section for more information on the criteria adopted to calculate the recoverable amount of such financial assets.

The next table gives a breakdown of inventories by geographical segment:

| | 30/06/2020 | % | 31/12/2019 | % | Variation |
|---|---|---|---|---|---|
| Italy | 7,980 | 19.83% | 6,495 | 16.99% | 1,485 |
| Europe | 24,471 | 60.81% | 24,673 | 64.54% | (202) |
| Americas | 7,563 | 18.80% | 6,808 | 17.81% | 755 |
| Africa | 225 | 0.56% | 255 | 0.67% | (30) |
| **Total** | **40,239** | **100.00%** | **38,231** | **100.00%** | **2,008** |

The increase in Italy is mostly attributable to the subsidiary NBI S.p.A. under composition with creditors procedure and refers to the finalisation of the agreements signed in previous years for the purchase of property to be subsequently resold.
The increase in inventories of the following foreign contracts: (i) Arturo Merino Benítez International Airport in Santiago, Chile and (ii) Haga Station and Kvarnberget Rock Tunnel in Sweden, is due to the roll out of certain work stages that require the gradual procurement of materials needed to perform the works.
This effect was mostly offset by the decrease recorded in (i) Turkey, following the parent's disengagement from the EPC contract to build the Third Bosphorus Bridge, and (ii) Poland (the S-7 Expressway between Naprawa and Skomielna Biała).

## 24 Contract assets: €966,405 thousand (€794,098 thousand) Contract liabilities: -€407,464 thousand (-€384,063 thousand)

These captions may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Contract work in progress | 15,300,028 | 13,949,486 | 1,350,542 |
| Progress payments from customers | (14,179,822) | (13,042,021) | (1,137,801) |
| Fines for contract terminations | (37,292) | (38,774) | 1,482 |
| Contractual advances | (115,673) | (73,670) | (42,003) |
| Loss allowances | (836) | (923) | 87 |
| **Contract assets** | **966,405** | **794,098** | **172,307** |
| | | | |
| Contract work in progress | 3,486,725 | 5,587,481 | (2,100,756) |
| Progress payments from customers | (3,681,903) | (5,693,536) | 2,011,633 |
| Contractual advances | (212,285) | (278,007) | 65,722 |
| **Contract liabilities** | **(407,464)** | **(384,063)** | **(23,401)** |

Net contract work in progress[26], recognised separately under contract assets and contract liabilities, increased by roughly €123 million on the previous year end, mainly due to the development of industrial activities for the contracts which most contributed to production of the period in (i) Italy (Line C of the Rome Metro), (ii) Romania (the Braila Bridge over the Danube), (iii) Chile (Arturo Merino Benítez International Airport in Santiago) and (iv) the US (the I-405 Highway in California).

Contractual advances decreased by a total of €24 million mainly due to the partial utilisation of advances following the progress of work during the period in Poland, Romania and Chile.

[26] Contract work in progress less progress payments from customers.

## 25 Costs capitalised to fulfil a contract: €2,786 thousand (€2,868 thousand)

This caption comprises pre-operating costs - capitalised as per IFRS 15.91-95 - referring to bidding costs[27] incurred to generate or enhance resources that will be used to fulfil the relevant contracts (i.e., preliminary and/or final design of works, geognostic surveys, topographical surveys, etc.).

## 26 Trade receivables: €459,402 thousand (€604,976 thousand)

Trade receivables decreased by approximately €145,574 thousand and are made up as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Customers | 441,432 | 611,234 | (169,802) |
| Investees | 25,538 | 27,973 | (2,435) |
| Loss allowances | (7,568) | (34,232) | 26,664 |
| **Total** | **459,402** | **604,976** | **(145,574)** |

The decrease in loss allowances is mainly attributable to the derecognition of certain credit-impaired exposures (net of the relevant loss allowance) related to the EPC contract to build the Third Bosphorus Bridge in Turkey (€26 million).

The next table gives a breakdown of the caption by geographical segment:

| | 30/06/2020 | % | 31/12/2019 | % | Variation |
|---|---|---|---|---|---|
| Italy | 300,773 | 65.47% | 380,198 | 62.85% | (79,425) |
| Europe | 85,709 | 18.66% | 139,030 | 22.98% | (53,321) |
| Americas | 72,021 | 15.68% | 84,139 | 13.91% | (12,118) |
| Africa | 635 | 0.14% | 1,435 | 0.24% | (800) |
| Asia | 264 | 0.06% | 174 | 0.03% | 90 |
| **Total** | **459,402** | **100.00%** | **604,976** | **100.00%** | **(145,574)** |

Based on the table above:

- the decrease in Italy is due to the partial collection of contract consideration for Line 4 of the Milan Metro and Line C of the Rome Metro projects;
- the decrease in Europe is mostly due to the near completion of Line II, East extension of the Warsaw Metro project in Poland and the parent's disengagement from the EPC contract to build the Third Bosphorus Bridge in Turkey;
- the contraction in the Americas is chiefly attributable to the collection of amounts due in relation to works to build the New Linares Hospital in Chile at 31 December 2019.

## 27 Tax assets: €74,813 thousand (€68,620 thousand)

This caption may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Indirect tax assets | 68,730 | 62,382 | 6,348 |
| Direct tax assets | 6,281 | 6,436 | (155) |
| Loss allowances | (198) | (198) | 0 |
| **Total** | **74,813** | **68,620** | **6,193** |

[27] Mainly in Italy and Canada.

Indirect tax assets increased by €6,348 thousand on the previous year end due to the invoicing of consideration to customers affected during the period by temporary delays in certain contractual milestones being certified, mostly in Romania and Italy.

## 28 Cash and cash equivalents: €289,657 thousand (€314,061 thousand)

This caption decreased by €24,404 thousand over 31 December 2019 as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Bank and post office accounts | 289,431 | 313,733 | (24,302) |
| Cash-in-hand and cash equivalents | 225 | 327 | (102) |
| Cheques | 1 | 1 | 0 |
| **Total** | **289,657** | **314,061** | **(24,404)** |

A breakdown of this caption by geographical segment is as follows:

| | 30/06/2020 | % | 31/12/2019 | % | Variation |
|---|---|---|---|---|---|
| Italy | 171,065 | 59.06% | 156,995 | 49.99% | 14,070 |
| Europe | 63,125 | 21.79% | 95,515 | 30.41% | (32,390) |
| Americas | 48,689 | 16.81% | 54,423 | 17.33% | (5,734) |
| Africa | 1,695 | 0.59% | 3,053 | 0.97% | (1,358) |
| Asia | 5,083 | 1.75% | 4,075 | 1.30% | 1,008 |
| **Total** | **289,657** | **100.00%** | **314,061** | **100.00%** | **(24,404)** |

## 29 Non-current assets held for sale: €21,714 thousand (€356,028 thousand)

## Liabilities directly associated with non-current assets held for sale: -€18,601 thousand (-€194,596 thousand)

Non-current assets held for sale and liabilities directly associated with non-current assets held for sale may be analysed as follows:

### Non-current assets held for sale

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Property, plant and equipment | 1,750 | 8,882 | (7,132) |
| Equity investments | 2,895 | 69,473 | (66,578) |
| Non-current financial assets | 5,470 | 200,616 | (195,146) |
| Other non-current assets | 3,269 | 3,929 | (660) |
| Deferred tax assets | 18 | 31 | (13) |
| Inventories | 561 | 884 | (323) |
| Contract assets | 517 | 6,659 | (6,142) |
| Trade receivables | 4,054 | 33,351 | (29,297) |
| Current loan assets | 0 | 590 | (590) |
| Other current financial assets | 0 | 356 | (356) |
| Tax assets | 315 | 1,533 | (1,218) |
| Other current assets | 2,722 | 28,962 | (26,240) |
| Cash and cash equivalents | 142 | 762 | (620) |
| **Total non-current assets held for sale** | **21,714** | **356,028** | **(334,314)** |

## Liabilities directly associated with non-current assets held for sale

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Non-current financial liabilities | 0 | (4,486) | 4,486 |
| Employee benefits | (129) | (122) | (7) |
| Provisions for risks and charges | 0 | (56,893) | 56,893 |
| Contract liabilities | 0 | (9,498) | 9,498 |
| Trade payables | (12,712) | (95,255) | 82,543 |
| Current financial liabilities | (4,019) | (22,555) | 18,536 |
| Tax liabilities | (1,068) | (2,408) | 1,340 |
| Other current liabilities | (674) | (3,379) | 2,705 |
| **Total liabilities directly associated with non-current assets held for sale** | **(18,601)** | **(194,596)** | **175,995** |

The net carrying amount of disposal groups (€3,113 thousand at 30 June 2020) mainly comprises:

- the interest (including the shareholder loan) in the Chilean SPE Sociedad Concesionaria Metropolitana de Salud S.A. amounting to €8,366 thousand. In 2016, through the subsidiary Astaldi Concessioni, the group signed a preliminary agreement with the infrastructure fund Meridiam Latam Holding S.L. for the sale of an investment in the subsidiary Sociedad Concesionaria Metropolitana de Salud S.A. (SCMS). The agreement provided for the transfer of the investment in three different transactions. On 27 February 2017, in accordance with the terms of the preliminary agreement, the parties signed the final agreement for the sale of a first investment of 49%. At the date of preparation of these condensed interim consolidated financial statements, though the conditions precedent provided for by the agreement for the sale of the remaining investment have been satisfied, reciprocal disputes[28] have been raised by the parties in relation to the timely fulfilment of the relevant contractual obligations assumed. As required by IFRS 5, at the reporting date, the investment in SCMS has been measured at the lower of its carrying amount and fair value less costs to sell, also taking into consideration the uncertainties linked to the settlement of the related dispute.
- the deficit related to the Honduras branch (€5,251 thousand). Given the parent'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[29]. In light of the above and considering that the industrial activities in progress in the country were interrupted upon the appointment of the administrator, management classified the assets and liabilities of the Honduras branch under 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 condensed interim consolidated financial statements, the assets have been measured at the lower of their carrying amount and fair value less costs to sell[30]. The analyses performed did not indicate the need to recognise any impairment losses further to those recognised in prior years.

The main variations on the previous year end were as follows:

- the sale of the 20% interest (including the shareholder loan) in the Third Bosphorus Bridge SPE Ica Ic Ictas Astaldi Kuzey Marmara Otoyolu amounting to €259,415 thousand at 31 December 2019;
- the parent's full disengagement from activities carried out in partnership with ICTAS in Russia which led to the settlement of the deficit of such activities amounting to €102,001 thousand at 31 December 2019.

[28] Resulting in ICC arbitration proceeding no. 24735/JPA on 4 September 2019.

[29] Reference should be made to the notes to the consolidated financial statements at 31 December 2019 for more information.

[30] Measured considering the market analyses performed on equivalent assets.

# 30 Equity (Deficit): -€1,574,574 thousand (-€1,540,088 thousand)

## 30.1 Share capital: €196,850 thousand (€196,850 thousand)

The parent's subscribed and fully paid-in share capital consists of 98,424,900 ordinary shares, without a nominal amount, and totals €196,850 thousand.

In accordance with article 127-quinquies of Legislative decree no. 58 of 24 February 1998 (the Consolidated Finance Act), the parent introduced a loyalty share mechanism allowing more than one voting right per share in 2015. In compliance with the applicable legislation and the specific provisions of the parent's by-laws, FIN. AST. S.r.l. and other non-controlling investors progressively received loyalty shares.

At the reporting date, according to the shareholders' register and other related information (which is mandatory by law - article 120 of Legislative decree no. 58/98), the parent's shareholders with investments of more than 3% are as follows:

| DIRECT SHAREHOLDER | No. of shares | Investment % | Number of voting rights | % of voting rights |
|---|---|---|---|---|
| Fin.Ast S.r.l. | 51,933,462 | 52.765% | 103,866,924 | 69.03% |
| **Total shareholders with a significant investment** | **51,933,462** | **56.765%** | **103,866,924** | **69.03%** |
| Treasury shares | 553,834 | 0.563% | 553,834* | 0.368% |
| Market | 45,937,604 | 46.672% | 46,048,130 | 30.602% |
| **Total** | **98,424,900** | **100.000%** | **150,468,888** | **100.000%** |

*Pursuant to article 2357-ter.3 of the Italian Civil Code, the voting rights attached to treasury shares are suspended.

At the reporting date, outstanding shares number 97,871,066, unchanged compared to 31 December 2019.

## 30.2 Other financial instruments giving the right to subscribe newly issued shares

At the date of preparation of these condensed interim consolidated financial statements, there are no financial instruments giving the right to subscribe newly issued shares. To this end, following the parent's presentation of the composition with creditors proposal, the equity-linked bonds of €140 million due in 2024 are included among the unsecured liabilities that shall be satisfied within the terms and conditions of such proposal.

## 30.3 Treasury shares held by the parent: €3,023 thousand (€3,023 thousand)

The parent holds 553,834 treasury shares, equal to 0.563% of its share capital, with a carrying amount of €3,023 thousand at the reporting date.

## 30.4 Reserves: -€1,689,436 thousand (-€1,663,652 thousand)

The following table shows the reserves:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Legal reserve | 34,347 | 34,347 | 0 |
| Extraordinary reserve | 198,597 | 198,597 | 0 |
| Losses carried forward | (1,750,609) | (1,677,991) | (72,618) |
| Other reserves | (86,793) | (86,793) | 0 |
| Other comprehensive expense | (112,316) | (156,669) | 44,353 |
| Deferred tax on other comprehensive expense | 27,338 | 24,857 | 2,481 |
| **Total** | **(1,689,436)** | **(1,663,652)** | **(25,784)** |

The most significant changes in the reserves include:

- the carry forward of the 2019 loss;
- the decrease in other comprehensive expense (€44,353 thousand) attributable to:
  (i) the reclassification of the translation reserve gradually accrued for the foreign operations[31] related to the projects carried out with ICTAS in Turkey and Russia to profit or loss following the sale of the relevant investments (roughly €36 thousand);
  (ii) the fair value gain on the semi-equity loan granted to the SPEs in the concessions segment (mainly Ankara Etlik Hastante A.S.) (approximately €18.3 million);
  (iii) the fair value loss recognised in the hedging reserve of the Turkish SPEs Otoyol Yatirim Ve Isletme A.S and Ankara Etlik Hastante A.S. (€26 million);
  (iv) the fair value loss on the non-controlling interests held in the SPEs in the concessions segment (mainly Sociedad Concesionaria Nuevo Pudahuel S.A.) (€13.8 million).

Other reserves may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Stock grant reserve | 2,407 | 2,407 | 0 |
| IFRS FTA reserve | (88,217) | (88,217) | 0 |
| Reserve for treasury shares | 2,213 | 2,213 | 0 |
| Other | (3,196) | (3,196) | 0 |
| **Total** | **(86,793)** | **(86,793)** | **0** |

The stock grant reserve includes the value of the shares assigned to employees but not yet delivered, calculated in line with the current regulation and related actuarial appraisal.
The IFRS FTA reserve comprises all the adjustments made in the opening statement of financial position of the first set of financial statements prepared pursuant to the IFRS and the amount recognised after subsequent endorsements of new standards compared to the FTA.
The reserve for trading in treasury shares shows the gains and losses arising from the buyback plan.
The caption "Other" includes small items related to the measurement of investments in certain associates using the equity method.

### 30.5 Equity attributable to non-controlling interests: €4,824 thousand (€1,737 thousand)

The increase in equity attributable to non-controlling interests is mostly due to other comprehensive income (€2,469 thousand).

## 31 Financial liabilities

After the presentation of the application for the composition with creditors procedure on 28 September 2018 as per article 161.6 of the Bankruptcy Law, the financial liabilities directly related to the parent at such date were classified under current liabilities.

### 31.1 Non-current financial liabilities: €249,831 thousand (€185,744 thousand)*

[31] (i) ICA Ictas Astaldi Ucuncu Bogaz Koprusu Ve Kuzey Marmara Otoyolu A.S.; (ii) Ic Içtaş Astaldi Ica Inşaat A.S.; (iii) Ica Astaldi -Ic Ictas WHSD Insaat AS; (iv) IC Ictas Astaldi Simple Partnership – M11 Project; and (v) ICA ICTAS – ASTALDI Joint Venture.

This caption increased by €64,087 thousand and may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Super senior secured bonds | 197,138 | 130,572 | 66,566 |
| **Bonds - nominal amount** | **197,138** | **130,572** | **66,566** |
| **Total bonds** | **197,138** | **130,572** | **66,566** |
| Bank loans | 6,623 | 8,065 | (1,442) |
| Collateralised loans | 1,302 | 1,333 | (31) |
| Lease liabilities | 12,605 | 16,370 | (3,765) |
| **Bank loans and borrowings and lease liabilities - nominal amount** | **20,531** | **25,768** | **(5,237)** |
| **Total bank loans and borrowings and lease liabilities** | **20,531** | **25,768** | **(5,237)** |
| Loans and borrowings from other financial backers | 32,162 | 29,201 | 2,961 |
| Associates, joint ventures and other investees | 0 | 202 | (202) |
| **Total** | **249,831** | **185,744** | **64,087** |

(*) Included in net financial debt for €250,090 thousand (31 December 2019: €185,541 thousand).

The increase in non-current financial debt compared to the previous year end is chiefly due to: (i) the drawdown of the final part of the second instalment of the urgent[32] interim financing (€63.9 million); in addition to (ii) additional shareholder loans received by the joint venture carrying out the works on Arturo Merino Benitez International Airport in Santiago, Chile from the shareholder Vinci (roughly €3 million), and (iii) the reduction of finance lease liabilities by roughly €3.7 million.

## 31.2 Current financial liabilities: €2,847,212 thousand (€2,852,017 thousand)*

This caption decreased by €4,805 thousand on the previous year end and may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Bonds | 908,576 | 908,031 | 545 |
| Issue and placement fees | (1,026) | (585) | (441) |
| **Total bonds** | **907,550** | **907,446** | **104** |
| Current portion of bank loans | 1,823,295 | 1,807,657 | 15,638 |
| Current portion of non-current loans | 27,327 | 26,961 | 366 |
| Current portion of collateralised loans | 2,807 | 2,784 | 23 |
| Lease liabilities | 18,564 | 23,948 | (5,384) |
| **Bank loans and borrowings and lease liabilities - nominal amount** | **1,871,993** | **1,861,350** | **10,643** |
| Accrued interest on bank loans | 16,080 | 14,140 | 1,940 |
| Hedging derivatives | 7,049 | 7,115 | (66) |
| **Total bank loans and borrowings and lease liabilities** | **1,895,122** | **1,882,605** | **12,517** |
| **Loans and borrowings from other financial backers** | **44,540** | **61,966** | **(17,426)** |
| **Total** | **2,847,212** | **2,852,017** | **(4,805)** |

(*) Included in net financial debt for €2,840,163 thousand (31 December 2019: €2,844,906 thousand).

The main variations in the caption during the period were: (i) the increase in loans and borrowings attributable to the effects of the completion of the road projects in Florida[33] (roughly €22 million); this effect was mostly neutralised by (ii) the decrease following the offsetting of the promissory notes related to the Menemen contract in Turkey as part of the sale of the parent's investment in the Third Bosphorus Bridge operator to its partner ICTAS.

[32] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[33] Related to the subsidiary Astaldi Construction Corporation.

## Bonds

This caption refers to the bond issues placed by the parent; specifically:

- equity-linked bonds with a nominal amount of €140,000 thousand [ISIN code XS1634544248] traded on the Vienna Stock Exchange;
- senior unsecured bonds with a nominal amount of €750,000 thousand [ISIN code XS1000393899] traded on the Luxembourg Stock Exchange;
- interest payable of €131 thousand on the equity-linked bonds accrued on 28 September 2018;
- interest payable of €16,936 thousand on the senior unsecured bonds accrued on 28 September 2018;
- interest payable of €1,509 thousand on the super senior secured pre-preferential bonds accruing on 30 June 2020.

Based on market prices observed on 30 June 2020, the fair value of the equity-linked and senior unsecured bonds is €14,274 thousand and €67,440 thousand, respectively.

Accordingly, the total fair value of issued bonds at 30 June 2020 is €81,714 thousand.

## Bank loans and borrowings and lease liabilities - nominal amount

The following table shows the main loans and borrowings at the reporting date:

| Type of loan | Type | Company | Outstanding 30/06/2020 |
|---|---|---|---|
| Bilateral - Cariparma | Committed | Astaldi S.p.A. | 50,000 |
| Bilateral - BNP Paribas | Committed | Astaldi S.p.A. | 45,000 |
| Bilateral - Banca Popolare dell'Emilia Romagna_bis | Committed | Astaldi S.p.A. | 25,000 |
| Bilateral - Banca Ubae | Committed | Astaldi S.p.A. | 25,000 |
| Bilateral - Credito Valtellinese | Committed | Astaldi S.p.A. | 20,000 |
| Bilateral - Credito Valtellinese | Committed | Astaldi S.p.A. | 10,000 |
| Bilateral - ICBC | Committed | Astaldi S.p.A. | 10,000 |
| Bilateral - Factorit | Committed | Astaldi S.p.A. | 8,327 |
| Bilateral - Banca del Mezzogiorno | Committed | Astaldi S.p.A. | 6,580 |
| Bilateral - Banca Popolare dell'Emilia Romagna | Committed | Astaldi S.p.A. | 5,000 |
| Bilateral - Banca Popolare di Spoleto | Committed | Astaldi S.p.A. | 5,000 |
| Bilateral - BPM loan | Committed | Astaldi S.p.A. | 2,784 |
| Bilateral - Banca Carige | Committed | Astaldi S.p.A. | 1,478 |
| Syndicate - RCF €500 million | Committed | Astaldi S.p.A. | 500,000 |
| Syndicate - RCF €120 million | Committed | Astaldi S.p.A. | 120,000 |
| Syndicate - Cacib_Bbva | Committed | Astaldi S.p.A. | 15,000 |
| Unicredit S.p.A. | Uncommitted | Astaldi S.p.A. | 45,000 |
| Intesa SanPaolo S.p.A. | Uncommitted | Astaldi S.p.A. | 38,000 |
| Syndicate - BPM €9 million Line A | Committed | NBI S.p.A. | 6,008 |
| Syndicate - BPM €8 million Line B | Committed | NBI S.p.A. | 8,000 |
| Enforcements of guarantees | | | 421,904 |
| Other borrowings | | | 485,349 |
| **Total bank loans and borrowings** | | | **1,853,429** |
| Finance leases | | | 18,564 |
| **Total bank loans and borrowings and lease liabilities (*)** | | | **1,871,993** |

**(*) Does not include accruals and hedging derivatives**

## Loans and borrowings from other financial backers

Other loans and borrowings, amounting to €44,540 thousand, mainly refer to:

- approximately €20.2 million: loan agreed with Astaldi's parent, FINAST, in May 2018;
- approximately €6.8 million: amount due to Simest S.p.A. for the acquisition of a non-controlling interest in Astaldi Construction Corporation ("ACC"). Specifically, in 2017, Simest S.p.A. participated in ACC's capital increase and became a new shareholder with a stake of 34.19% paying USD7.5 million. The investment agreement between the parent and Simest S.p.A. provides for, inter alia, the parent's commitment to reacquire Simest S.p.A.'s investment in ACC according to the contractually-agreed methods and also establishes the minimum sale price that takes into account Simest S.p.A.'s initial investment and the timing of the transaction;
- the shareholder loans received by (i) the joint venture performing the works for the Ogra Campia Turzi project in Romania (approximately €12.4 million), and (ii) the subsidiary Sirjo S.c.p.A. (€5.2 million).

## 31.4 Net financial debt

The following table shows the group's net financial debt and a breakdown of its main components as required by CONSOB communication no. DEM/6064293 of 28 July 2006 which is based on the European Securities and Markets Authority's (ESMA, former CESR) recommendation of 10 February 2005:

| | | | 30/06/2020 | 31/12/2019 |
|---|---|---|---|---|
| A | Cash | | 289,657 | 314,061 |
| **C** | **Cash and cash equivalents** | | **289,657** | **314,061** |
| | Current loan assets | | 112,281 | 100,012 |
| | *of which: related parties* | | *18,686* | *15,863* |
| **D** | **Current loan assets** | | **112,281** | **100,012** |
| E | Current portion of bank loans and borrowings | | (1,573,232) | (1,568,807) |
| F | Current portion of bonds | | (907,550) | (907,446) |
| | of which: related parties | | (6,689) | (6,689) |
| G | Current portion of non-current debt | | (30,134) | (29,745) |
| H | Other current loans and borrowings | | (329,247) | *(338,905)* |
| | *of which: related parties* | | *(20,189)* | (20,189) |
| **J** | **Current financial debt** | **(E+F+G+H)** | **(2,840,163)** | **(2,844,903)** |
| **K** | **Net current financial debt** | **(J+D+C)** | **(2,438,224)** | **(2,430,830)** |
| L | Non-current bank loans and borrowings | | (7,926) | (9,398) |
| M | Bonds | | (197,138) | (130,572) |
| N | Other non-current financial liabilities | | (45,026) | (45,571) |
| **P** | **Non-current financial debt** | **(L+M+N)** | **(250,090)** | **(185,541)** |
| **Q** | **Net financial debt from continuing operations** | **(K+P)** | **(2,688,314)** | **(2,616,371)** |
| **R** | **Net financial position of disposal groups** | | **1,593** | **179,412** |
| | *of which: related parties* | | *5,470* | 200,616 |
| **S** | **Net financial debt** | **(Q+R)** | **(2,686,721)** | **(2,436,959)** |
| | Non-current loan assets | | 165,345 | 14,015 |
| | Subordinated loans | | 152,641 | *121,316* |
| | *of which: related parties* | | *74,611* | 60,949 |
| **T** | **Total non-current loan assets** | | **317,986** | **135,331** |
| **U** | **Total financial debt** | **(S+T)** | **(2,368,735)** | **(2,301,628)** |

Total financial debt includes the net financial debt (line S of the above table) calculated as recommended by the ESMA in its recommendation of 10 February 2005, and the non-current loan assets.

Lastly, the net financial debt at the reporting date and previous year end does not include hedging derivatives as they do not qualify as financial items given their nature.

### 31.4 Compliance with covenants and negative pledges

The presentation of the application for the composition with creditors procedure qualified as a significant event as per the group's corporate loan contracts and bond regulations at 28 September 2018 and, hence, triggered activation of the acceleration clause. Furthermore, under the specific provisions of the Bankruptcy Law (articles 55 and 169), Astaldi's financial liabilities are in any case considered due upon presentation of the application, regardless of the relevant contractual terms.
With regard to the bonds issued on 12 February 2019 (Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022), though they do not provide for financial covenants, they do include a negative pledge clause and a limitation to the assumption of further indebtedness, except in the case of some specific exceptions under the relevant bond regulation. Such clauses have been complied with at the reporting date.

## 32 Employee benefits: €6,920 thousand (€6,998 thousand)

This caption and related changes for the period are summarised in the following table:

| | Defined benefit plans | Termination benefits | 30/06/2020 |
|---|---|---|---|
| **a) Opening balance** | **6,995** | **3** | **6,998** |
| b) Increases | | | |
| b.1) Current service cost | 524 | 0 | 524 |
| b.2) Interest cost | 24 | 0 | 24 |
| b.3) Actuarial losses | (27) | 0 | (27) |
| c) Utilisations and exchange differences | (600) | 0 | (600) |
| **d) Defined benefit obligation** | **6,917** | **3** | **6,920** |

### 32.1 Defined benefit plans

This caption mostly includes the post-employment benefits governed by article 2120 of the Italian Civil Code.

The main assumptions used for the actuarial valuation of post-employment benefits at 30 June 2020 are set out below:

- annual discount rate: 0.74%
- annual inflation rate: 1.20%
- annual growth rate of the benefits: 2.4%
- annual salary increase rate:
  - managers: 2.50%
  - junior managers/white collars/blue collars: 1.00%

### 32.2 Termination benefits

Termination benefits show the estimated cost of the agreements signed in 2014 with eight employees based in Italy for the consensual early termination of employment (based on the provisions of article 4.1-7-ter of Law no. 92 of 2012 - the "Fornero law"). Specifically, the residual amount at 30 June 2020 (€3 thousand) refers to social security contributions to be paid on remuneration for the final months of the plan.

## 33 Other liabilities

### 33.1 Other non-current liabilities: €8,174 thousand (€1,090 thousand)

This caption of €8,174 thousand (31 December 2019: €1,090 thousand) mainly refers to the long-term portion of liabilities for various insurance policies (all risk/subsequent decennial liability/policy for designers) taken out for contracts in progress in Italy and abroad. The increase in the caption during the period is mainly due to the

commencement of works on mega lot 3 of the state road Jonica in Italy.

### 33.2 Other current liabilities: €290,597 thousand (€299,472 thousand)

This caption of €290,597 thousand comprises:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Associates and joint ventures | 3,641 | 4,053 | (412) |
| Other companies | 280 | 1,438 | (1,158) |
| Personnel | 22,577 | 21,043 | 1,534 |
| Social security institutions | 17,702 | 16,222 | 1,480 |
| Accrued expenses and deferred income | 28,601 | 29,545 | (944) |
| Other | 217,796 | 227,172 | (9,376) |
| **Total** | **290,597** | **299,472** | **(8,875)** |

"Other" mainly comprises:

- amounts due to customers related to the return of contractual advances on certain contracts excluded from the core assets scope[34] (€6 million);
- amounts due to customers related to (i) an award against the parent (pending the appeal ruling) as well as (ii) payments made by customers to suppliers and sub-contractors, mainly in Poland and Canada (roughly €100 million);
- advances from customers for the sale of goods and assets (approximately €5 million);
- amounts due to the taxation authorities for interest and fines accrued on tax liabilities from the composition with creditors procedure (approximately €12 million);
- the remaining balance refers to amounts due to partners for joint projects.

The decrease during the period is mostly due to the partial offsetting of amounts due to customers for payments made by the latter against consideration invoiced by the local branch for the performance of works in progress.

Reference should be made to note 39 on related parties for information about liabilities with associates and joint ventures.

As in the previous period, subscribed capital of associates and joint ventures not yet called up by the individual boards of directors have been reclassified as a direct deduction in the carrying amount of the related equity investments.

## 34 Trade payables: €1,162,729 thousand (€1,185,695 thousand)

This caption may be analysed as follows.

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Suppliers | 1,103,612 | 1,115,914 | (12,302) |
| Associates and joint ventures | 54,552 | 59,533 | (4,981) |
| Other investees | 4,565 | 10,248 | (5,683) |
| **Total** | **1,162,729** | **1,185,695** | **(22,966)** |

Trade payables decreased considerably by approximately €22,966 thousand showing the gradual recommencement of the group's industrial activities and renewed support given to commercial partners both in Italy and abroad.

The most significant variations refer to (i) the decrease recorded in Italy (roughly €12 million[35]), in Chile

[34] As defined in the business plan underpinning the composition with creditors proposal.

[35] This balance is even more significant considering the one-off effects linked to the rise in pre-preferential claims related to services provided by the advisers assisting the parent to implement the composition with creditors plan (approximately €13 million).

(approximately €12 million) and by the Canadian subsidiary T.E.Q. Construction Enterprise Inc. (approximately €16 million); offset by (ii) a slight increase recorded for certain projects carried out in partnership in Romania (the Braila Bridge over the Danube, approximately €10 million) and the US (the I-405 Highway in California, roughly €5 million).

## 35 Tax liabilities: €49,934 thousand (€61,845 thousand)

This caption decreased by €11,911 thousand on 31 December 2019 as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Indirect tax liabilities | 12,495 | 13,590 | (1,095) |
| Direct tax liabilities | 27,320 | 39,764 | (12,444) |
| Withholding tax liabilities | 10,119 | 8,491 | 1,628 |
| **Total** | **49,934** | **61,845** | **(11,911)** |

The decrease in tax liabilities is mainly due to the payment of income taxes by Astaldi's Turkish branch for 2019 which had included the effects of the completion of certain important projects carried out in Turkey in that year. Specifically, the local tax regime provides that taxes on long-term contracts shall only be definitively paid after the related contracts have been completed, which is when the customer issues the taking over certificate.

## 36 Provisions for risks and charges: €95,439 thousand (€104,451 thousand)

This caption may be analysed as follows:

| | 30/06/2020 | 31/12/2019 | Variation |
|---|---|---|---|
| Provision for legal disputes | 56,688 | 43,067 | 13,621 |
| Provision for equity investments | 1,517 | 1,535 | (18) |
| Provision for tax disputes | 200 | 243 | (43) |
| Provision as per article 27 of the by-laws | 1,435 | 1,435 | 0 |
| Provision for onerous contracts | 35,598 | 58,171 | (22,573) |
| **Total** | **95,439** | **104,451** | **(9,012)** |

Provisions for risks and charges are commented on below:

- **The provision for legal disputes** of €56,688 thousand includes the expected costs resulting from the court and out-of-court settlement of disputes relating to contracts, mainly with suppliers and subcontractors, and claims for damages from third parties related to construction contracts. It mostly refers to accruals made for some disputes underway regarding contracts in Algeria, Italy and South America. The most significant items include (i) the dispute with Andritz Hydro in Peru related to the Cerro Del Aguila hydroelectric project, and (ii) accruals made in Algeria for fees claimed by some subcontractors for additional work performed. Under the relevant contracts, such amounts will only be paid to the subcontractors upon receiving the customer's definitive approval of the variation orders. With regard to the variations of the period, the accruals of approximately €5.5 million made in Italy for the arbitration against Astaldi by Metro C S.c.p.A. ("Metro C") in order to obtain compensation for damage that it could incur from the parent's factoring agreement with Aosta Factoring[36]. In August and September 2020, the parties finalised the related deeds settling their claims, which confirmed the amounts provided for in these interim condensed consolidated financial statements. In addition, with regard to the foreign operations, accruals of roughly €8.5 million were made by the subsidiary NBI S.p.A. under composition with creditors procedure for certain probable liabilities related to a dispute underway in Chile.

[36] See the directors' report for more information.

- **The provision for equity investments** of €1,517 thousand includes the accruals for the legal obligation of group companies to cover the losses exceeding the equity of the related investees.
- **The provision for tax disputes** of €200 thousand refers to certain pending disputes with the taxation authorities mainly in Italy.
- **The provision as per article 27 of the by-laws** of €1,435 thousand is increased by allocating part of the parent's profit for the period, as provided for by the relevant resolutions, and used for charitable donations.
- **The provision for onerous contracts** of €35,598 thousand refers to estimates, pursuant to paragraphs 66-69 of IAS 37 - Provisions, contingent liabilities and contingent assets, of costs needed to fulfil certain contracts (net of the relevant economic benefits) mainly in Chile, Italy and Poland. One such accrual (€14,053 thousand) refers to probable liabilities for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of onerous contracts (chiefly in Italy). The significant decrease during the period is basically due to the enforcement of guarantees related to the road projects in Florida (roughly €22 million).

## 37 Other contract liabilities: €48,496 thousand (€48,893 thousand)

This caption, basically unchanged on the previous year end, relates to estimated probable liabilities - assessed pursuant to IFRS 15 - Revenue from contracts with customers - for the reimbursement to customers of the greater costs and damage incurred due to the termination (that has already taken place or is expected to take place) of certain contracts[37]. Specifically, such contract liabilities - which will only be definitively due when the relevant disputes have been defined - refer to (i) contracts that needed significant financial support in order to complete the works even though they will achieve break even over the contract term, along with (ii) contracts from which the parent has been unilaterally excluded from performing the works (basically due to the commencement of the composition with creditors procedure) by the relevant counterparties.

## 38 Fair value measurement

The group's assets and liabilities are broken down by fair value level below:

| | | | Fair value measurement | | |
|---|---|---|---|---|---|
| | Measurement date | Total | Quoted prices in active markets (Level 1) | Significant observable inputs (Level 2) | Significant unobservable inputs (Level 3) |
| Assets at fair value | | | | | |
| Subordinated loans | 30/06/2020 | 158,111 | | 158,111 | |
| Non-controlling interests | 30/06/2020 | 38,611 | | 38,611 | |
| Liabilities at fair value | | | | | |
| Interest rate swaps | 30/06/2020 | (7,049) | | (7,049) | |

[37] Contracts that are not included in the core assets scope as defined in the business plan underpinning the composition with creditors proposal.

## 38.1 Valuation techniques and inputs used for fair value measurement purposes

### a) Assets and liabilities measured at fair value on a recurring basis

- **Interest rate swaps**

The group measured the fair value of derivatives using a pricing tool. It generated the forward rates for the contractual deadlines to measure the leg indexed to the floating rate and then discounted its cash flows to their present value.
It measured the leg indexed to the fixed rate at the present value of its cash flows.
The forward and discount rates have been calculated starting from the zero coupon rates implicit in the curve of short-term rates (deposits) and long-term rates (swap rates) at 30 June 2020.
The carrying amount of the financial instrument is the difference between the present value of the floating and fixed components.

- **Subordinated loans (semi-equity)**

The group calculated the fair value of the subordinated loans using their expected cash flows (based on the related loan agreements) discounted with a market rate applied to similar instruments. Specifically, the discount rate was calculated considering each SPE's credit standing, interbank rate trends (mainly the LIBOR and EURIBOR) plus an additional spread (determined by reference to a market basket of the main providers) to reflect the subordination of the loans' repayment to the SPEs' debt with their lending banks.

- **Non-controlling interests**

The group calculated the fair value of the non-controlling interests using the dividend discount model, discounting the expected future dividends using the investees' cost of equity (ke)[38] rate as per the business plans drawn up by their boards of directors.

### b) Assets and liabilities measured at fair value on a non-recurring basis

At the reporting date, there are no assets and liabilities measured at fair value on a non-recurring basis making it necessary to provide the additional disclosures required by IFRS 13 - Fair value measurement.

### c) Transfers of financial instruments among the various levels of the fair value hierarchy

During the period, there were no transfers among the different levels of the fair value hierarchy.

# 39 Related party disclosures

## 39.1 Transactions with related parties that qualify as legal entities belonging to the group[39]

Astaldi - directly or via its subsidiaries - carries out commercial, financial and administrative transactions with related parties. These transactions generally take place in the normal course of business as part of the core business of each party involved. All of such transactions are carried out on an arm's length basis.

In accordance with IAS 24 and CONSOB communication no. 6064293 of 28 July 2006, the balances of related party transactions are presented below:

[38] Calculated based on market values.

[39] Parents, associates and joint ventures.

| Company | Contract assets | Loans, receivables and other assets | Financial assets | Non-current assets held for sale | Contract liabilities | Loans and borrowings and other liabilities | Financial liabilities | Liabilities directly associated with non-current assets held for sale | Operating revenue | Operating costs | Financial income (expense) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Parents** | | | | | | | | | | | |
| Fin.Ast S.r.l. | 0 | 7 | 0 | 0 | 0 | 0 | 26,879 | 0 | 5 | 0 | 0 |
| **Joint ventures** | | | | | | | | | | | |
| Ankara Etlik Hastante A.S. | 0 | 1,565 | 63,902 | 0 | 80,728 | 0 | 0 | 0 | 2,331 | 0 | 1,536 |
| Consorzio A.F.T. Kramis | 0 | 5,549 | 578 | 0 | 0 | 297 | 0 | 0 | 0 | 15 | 0 |
| Other* | 0 | 10,837 | 156 | 0 | 1,848 | 6,332 | 0 | 0 | 174 | 2 | 283 |
| | **0** | **17,951** | **64,636** | **0** | **82,576** | **6,629** | **0** | **0** | **2,505** | **17** | **1,819** |

| Company | Contract assets | Loans, receivables and other assets | Financial assets | Non-current assets held for sale | Contract liabilities | Loans and borrowings and other liabilities | Financial liabilities | Liabilities directly associated with non-current assets held for sale | Operating revenue | Operating costs | Financial income (expense) |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Associates** | | | | | | | | | | | |
| BTC SCARL | 0 | 3,399 | 19,881 | 0 | 0 | 6,763 | 0 | 0 | 407 | 34,084 | 233 |
| Consorzio Iricav Due | 0 | 1,445 | 0 | 0 | 0 | 21,610 | 0 | 0 | 222 | 947 | 0 |
| Consorzio MM4 | 1,251 | 15,668 | 0 | 0 | 0 | 1,588 | 0 | 0 | 34,495 | 463 | 0 |
| Diga di Blufi S.c.r.l. in liq. | 0 | 6,846 | 0 | 0 | 0 | 5,505 | 0 | 0 | 1 | 1 | 1 |
| METRO C S.c.p.a. | 0 | 1,451 | 0 | 0 | 0 | 7,868 | 0 | 0 | 245 | 11,374 | 0 |
| Otoyol Yatirim Ve Isletme A.S | 0 | 61 | 477 | 0 | 2,305 | 0 | 0 | 0 | 7,047 | 0 | 15 |
| Sociedad Concesionaria Metropolitana de Salud s.a. | 0 | 2,071 | | 5,470 | 0 | 1,745 | 0 | 0 | (1,472) | 0 | 145 |
| Other* | 0 | 3,996 | 5,820 | 1,864 | 0 | 6,620 | 0 | 174 | 150 | 489 | 46 |
| | **1,251** | **34,937** | **26,178** | **7,335** | **2,305** | **51,699** | **0** | **174** | **41,094** | **47,357** | **441** |
| **Total** | **1,251** | **52,895** | **90,814** | **7,335** | **84,881** | **58,328** | **26,879** | **174** | **43,603** | **47,374** | **2,260** |
| **As a percentage** | **0.13%** | **5.81%** | **20.45%** | **33.78%** | **20.83%** | **3.99%** | **0.87%** | **0.94%** | **6.64%** | **7.68%** | **4.54%** |

*items with a unit amount of less than €5,000 thousand.

The main related party transactions in the first half of 2020 were:

- the development of construction works by the parent (also via specific joint ventures with other partners) on behalf of the SPEs in the concession segment, mainly referred to the: (i) Etlik Integrated Health Campus, Ankara (Ankara Etlik Hastane A.S., Turkey), (ii) Line 4 of the Milan Metro (Consorzio MM4, Italy) and (iii) Gebze-Orhangazi-Izmir Motorway (Otoyol Yatirim Ve Isletme A.S., Turkey). The relevant operating

revenue, trade receivables and contract assets/liabilities were recognised in these condensed interim consolidated financial statements;
- the consortium costs charged to the parent by (i) Brennero Tunnel Construction S.c.a.r.l. (lot “Mules 2-3” of the Brenner Base Tunnel), and (ii) Metro C S.c.p.A (Line C of the Rome Metro);
- the parent recognised the effects of the lease of a TBM needed to bore the Brenner Base Tunnel from Brennero Tunnel Construction S.c.a.r.l. in these condensed interim consolidated financial statements.

## 39.2 Directors’, statutory auditors’ and general managers’ fees

The parent’s directors’, statutory auditors’ and general managers’ fees for the first half of 2020 are set out in the following table:

| | Fixed fees | Fees for committee meetings | Non-monetary benefits | Other fees | Total |
|---|---|---|---|---|---|
| Directors | 1,254 | 20 | 11 | 3 | **1,288** |
| Statutory auditors | 91 | 0 | 0 | 0 | **91** |
| General managers | 510 | 0 | 11 | 6 | **527** |

# 40 Segment reporting

The operating segments are defined based on the reports used by senior management for decision-making purposes. Specifically, these reports are split by geographical segment and are prepared using the same accounting policies used for the condensed interim consolidated financial statements.

The following tables show the segment disclosures required by IFRS 8.

| **H1 2020** | Italy | Europe | Americas | Africa | Asia | Other activities | Adjustments and eliminations | **Total** |
|---|---|---|---|---|---|---|---|---|
| Revenue | 334,504 | 204,985 | 192,694 | 4,119 | 3,984 | 0 | (133,265) | **607,020** |
| Share of profits (losses) of equity-accounted investees | | | | | | | | **26,152** |
| Operating profit (loss) | 15,995 | 11,009 | (968) | 133 | (917) | (22,943) | 2,382 | **4,692** |
| Net financial expense | | | | | | | | **(49,789)** |
| Loss before tax and non-controlling interests | | | | | | | | **(45,097)** |
| Income taxes | | | | | | | | **(4,515)** |
| Loss for the period | | | | | | | | **(83,789)** |

The “Operating profit (loss)” amount shown in the “Other activities” column mainly consists of the one-off effect for the advisory services provided for the composition with creditors procedure including court costs (roughly €2.3 million), in addition to general costs incurred by the parent.

# 41 Other information

## 41.1 Guarantees and sureties

**Personal guarantees**
Guarantees given amount to €2,649,722 thousand as follows:

- sureties of €22,996 thousand to open credit facilities to ensure regular cash flows for contracts, given

on behalf of joint ventures (€833 thousand), associates and other investees set up for special purposes as per the current sector regulations;

- sureties of €2,578,254 thousand for contract work given on the group's behalf by banks and insurance companies to customers for the subsidiaries, joint ventures (€112,600 thousand), associates and other investees;
- other sureties of €48,473 thousand (joint ventures: €4,787 thousand) given for various reasons.

**Third party sureties given to the group**

Banks and insurance companies have given guarantees of €351,009 thousand on behalf of Italian and foreign suppliers and subcontractors with respect to their contractual commitments with the group.

**Guarantees to holders of pre-preferential bonds[40]**

The pre-preferential bonds are secured by a series of guarantees given on the following assets held by Astaldi and its subsidiaries:

- a first demand mortgage on two buildings owned by Astaldi at Via Giulio Vincenzo Bona 65 and Via Agrigento 3/5 in Rome;
- collateral assignment of/pledge of/obligation to channel certain claims and loans and receivables of Astaldi and some subsidiaries related to projects performed in Italy, Romania, Poland, Algeria, Chile and Turkey;
- lien on the shares of Astaldi Concessioni S.p.A. and Astaldi Concessions S.p.A.;
- recourse factoring of/obligation to channel future receivables arising from the sale of certain assets under concession;
- recourse factoring of shareholder loans granted to Astaldi Concessioni S.p.A.;
- personal guarantee given by Astaldi Canada Enterprise to the extent of the loans granted by Astaldi S.p.A. to such investee consisting of the proceeds from the use of the first bond issue;
- liens on certain current accounts[41] of Astaldi and some of its subsidiaries.

The combined amount of such guarantees is less than the nominal amount of the pre-preferential bonds including accrued unpaid interest, costs, charges and expenses.

## 41.2 Events after the reporting period

This section provides a brief description of the significant events after the reporting period. More information is available in the Media - Press releases section of the parent's website www.astaldi.com.

17 July 2020 – The Rome Court authorised Astaldi's composition with creditors procedure with its ruling after it had checked the procedure's correctness and the results of the creditors' voting. The ruling, handed down with no challenges as per article 180.3 of the Bankruptcy Law, cannot be appealed and, therefore, is to be considered irrevocable and immediately effective. Performance of the composition with creditors plan is assigned to the parent and the judicial commissioners will supervise the proper implementation of the plan. Moreover, the ruling authorising the procedure eliminates the main uncertainty expressed by directors about the going concern assumption in the 2018 and 2019 annual reports approved by the board of directors on 17 June 2020.

31 July 2020 – The shareholders *(i)* approved the financial statements as at and for the years ended 31 December 2018 and 2019, appointed a board of directors and assigned the statutory audit engagement for the years from 2020 to 2028 to PricewaterhouseCoopers, in their ordinary section, and *(ii)* provided for the implementation of the transactions envisaged in the composition with creditors proposal, in the extraordinary section.

31 July 2020 – The new board of directors, which took office upon the conclusion of the shareholders' meeting,

[40] Bonds issued on 12 February 2019 (*Euro 75,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*) of €75 million, subsequently increased and modified to €190 million on 27 November 2019 (*up to Euro 190,000,000.00 Super-senior Secured PIYC Floating Rate Notes due 12 February 2022*).

[41] Current accounts encumbered by obligation to channel the proceeds deriving from claims and/or the sale of assets under concession.

confirmed Paolo Astaldi as chairman and Filippo Stinellis as CEO and appointed Alessandro De Rosa as deputy chairman via its resolution of 31 July 2020. Appointed for the next three years, the new board sent out a sign of continuity, reconfirming the top positions and the directors Michele Valensise and Nicoletta Mincato, while also introducing new elements focusing on the future, with the appointment of Andrea Gemma, Flavia Insom, Maria Raffaella Leone and Teresa Naddeo as new members, in addition to the new deputy chairman.

August 2020 – RFI (Gruppo FS Italiane) signed an agreement to roll out the works for the construction of the new high speed/high capacity Verona-Padua railway line (the signing ceremony will be held on 10 August 2020). The contract includes the design (definitive and executive) and construction of the Verona-Vicenza section of the high speed/high capacity Verona-Padua railway line to be built by IRICAV DUE consortium (general contractor comprising Astaldi (37.49%), Webuild (45.44%), Hitachi Rail STS (17.05%), Fintecna and Lamaro (0.01%)). The contract is worth €2,470 million. This first functional lot, to be completed by 2027, will develop along a 44.2 km route, quadrupling the existing line and increasing its integration with the European network. The project has two construction lots, the first of which (worth €874 million) to be commenced immediately, and the second lot of €1,596 million to be funded within 12 months. Once this agreement is signed, the contract already included in the order backlog (at the original consideration) will be increased by €164 million in the second half of 2020.

10 September 2020 – The negotiations with the lenders and the customer for the project to build and operate the Etlik Integrated Health Campus in Ankara, Turkey were completed successfully. The signed agreement remedies the existing defaults of the projects (as mentioned earlier) and allows the project to be continued.

14 and 15 September 2020 – On 14 and 15 September 2020, Astaldi was notified of two separate appeals to the Supreme Court pursuant to article 111 of the Constitution and article 360 of the Code of Civil Procedure presented by some holders of the bonds issued by the parent. They requested the Supreme Court overrule, with or without postponement, the Rome Court's ruling authorising the composition with creditors procedure and cancel it. See the going concern section for more information.

15 September 2020 – The inauguration ceremony of Line 5 of the Bucharest Metro was held in Romania.

28 September 2020 – As described in detail in the directors' report (see the "Significant contractual events - El Salvador // Investigations related to the El Chaparral hydroelectric project" paragraph in the Main risks and uncertainties section), with respect to the criminal investigation underway in El Salvador involving an agent and an employee of the group and related to an agreement entered into with the customer on 11 July 2012 for the El Chaparral project, on 28 September 2020, the Salvadoran court handed down a precautionary attachment order for Astaldi's assets up to USD227 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. As far as it is aware, this ruling is groundless and, given the information available to it and the opinions of its advisors, Astaldi believes that the measure cannot affect the core assets scope, as any claims that may be recognised in conjunction with the investigation would be treated similarly to those of the unsecured creditors in the composition with creditors proposal. Moreover, based on the rules regulating composition with creditors procedures, the Salvadoran court's precautionary measures would not be applicable as the alleged unrecognised claims refer to the period before the parent's presentation of its application for a composition with creditors procedure as per article 161 of the Bankruptcy Law. Although the criminal proceedings in El Salvador are still at a preliminary stage, the parent's directors have assessed the risk that it may be found guilty of the alleged crimes to be remote as there is no real immediate risk of a conviction which would trigger the parent's civil liability for the related damage, should the crime be proven. Based on these considerations and the opinions of its advisors (including those based in El Salvador), while the criminal proceedings still have to be completed, the parent's directors believe the risk of its involvement and liability is remote. Therefore, they have not made any provision for this risk in the condensed interim consolidated financial statements at 30 June 2020.

## 41.3 Authorisation for publication

On 11 October 2020, the parent's board of directors approved this interim financial report pursuant to the ruling regulations and authorised its issue.

**Filippo Stinellis**

***Chief Executive Officer***

**Paolo Citterio**

***Manager in charge of financial reporting***

Translation from the Italian original, that remains the definitive version.

# Statement on the Condensed Interim Consolidated Financial Statements pursuant to Article 154-bis of Legislative Decree No. 58/98 and Article 81-ter of CONSOB Regulation No. 11971 of 14 May 1999 and any subsequent amendments and integrations

1. Taking into account the provisions contained in Article 154-bis, subsections 3 and 4 of Legislative Decree No. 58 of 24 February 1998, the undersigned Filippo Stinellis, in the capacity of Chief Executive Officer, and Paolo Citterio, in the capacity of Manager in charge of Financial Reporting of Astaldi S.p.A., hereby certify:
   - the appropriateness in relation to the company's characteristics and
   - the actual application of administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements for HY1 2020.

2. The administrative and accounting procedures used to draft the Condensed Interim Consolidated Financial Statements at 30 June 2020 were formulated and their appropriateness assessed on the basis of provisions and methodologies defined by Astaldi S.p.A. in compliance with the Internal Control – Integrated Framework model issued by the Committee of Sponsoring Organizations of the Treadway Commission (so-called CO.S.O. Report) which represents a reference framework for internal audit systems generally accepted at an international level.
   There are no significant observations to be made in this regard.

3. This is also to certify that:
   3.1 The Condensed Interim Consolidated Financial Statements at 30 June 2020:
   a) were drafted in compliance with the applicable international financial reporting standards endorsed within the European Community pursuant to (EC) Reg. No. 1606/2002 of the European Parliament and Council of 19 July 2002;
   b) tally with ledgers and account entries;
   c) are appropriate for providing a truthful and accurate representation of the financial position and results of operations of the Parent and of all the companies included in the consolidation scope.

   3.2 The Interim Report on Operations at 30 June 2020 includes a reliable analysis of the most significant events that occurred during the first six months of the year, and their impact on the Condensed Interim Consolidated Financial Statements, combined with a description of the main risks and uncertainties for the remaining six months of the year. The aforementioned Interim Report on Operations also includes a reliable analysis of key transactions with related parties.

Rome, 11 October 2020

| **Filippo Stinellis** | **Paolo Citterio** |
| --- | --- |
| ***Chief Executive Officer*** | ***Manager in charge of Financial Reporting*** |

KPMG S.p.A.
Revisione e organizzazione contabile
Via Ettore Petrolini, 2
00197 ROMA RM
Telefono +39 06 80961.1
Email it-fmauditaly@kpmg.it
PEC kpmgspa@pec.kpmg.it

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

# Report on review of condensed interim consolidated financial statements

*To the shareholders of*
*Astaldi S.p.A.*

## Introduction

We have reviewed the accompanying condensed interim consolidated financial statements of the Astaldi Group, comprising the statement of financial position as at 30 June 2020, the statements of profit or loss, comprehensive income, changes in equity and cash flows for the six months then ended and notes thereto. The directors are responsible for the preparation of these condensed interim consolidated financial statements in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union. Our responsibility is to express a conclusion on these condensed interim consolidated financial statements based on our review.

## Scope of the review

We conducted our review in accordance with Consob (the Italian Commission for Listed Companies and the Stock Exchange) guidelines set out in Consob resolution no. 10867 dated 31 July 1997. A review of condensed interim consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (ISA Italia) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion on the condensed interim consolidated financial statements.

## Basis for qualified conclusion

The condensed interim consolidated financial statements at 30 June 2020 prepared by the directors do not present the comparative figures for the six months ended 30 June 2019, which are required by IAS 34.

KPMG S.p.A. è una società per azioni di diritto italiano e fa parte del network KPMG di entità indipendenti affiliate a KPMG International Cooperative ("KPMG International"), entità di diritto svizzero.

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## Conclusion

Based on our review, except for the effects of the matter described in the "*Basis for qualified conclusion*" section hereof, nothing has come to our attention that causes us to believe that the condensed interim consolidated financial statements of the Astaldi Group as at and for the six months ended 30 June 2020 have not been prepared, in all material respects, in accordance with the International Financial Reporting Standard applicable to interim financial reporting (IAS 34), endorsed by the European Union.

## Material uncertainties about going concern

We draw attention to that disclosed by the directors in the "Going concern" section of the notes to the condensed interim consolidated financial statements about events and circumstances that indicate that there are material uncertainties that may cast significant doubt on the group's ability to continue as a going concern and the reasons why the directors deemed it appropriate to prepare the condensed interim consolidated financial statements at 30 June 2020 on a going concern basis. Our conclusion is not qualified in this respect.

Rome, 12 October 2020

KPMG S.p.A.

(signed on the original)

Marco Mele
Director of Audit