



Argentina – Hydraulic tunnel Rio Subterraneo in Lomas (Aysa)

**FINANCIAL REPORT AS AT
DECEMBER 31, 2020**

**Cooperativa Muratori & Cementisti
CMC di Ravenna**
Registered offices at Via Trieste 76, Ravenna
Tax code and VAT no.: 00084280395
Ravenna Companies Register no. 014-567
Ravenna Chamber of Commerce no. 1660

CMC IN THE WORLD



In the past

Botswana	Lybia
Burkina Faso	Malaysia
Belgium	Morocco
Bulgaria	Nepal
Chile	Saudi Arabia
Colombia	Singapore
Czech Republic	Somalia
Eritrea	Sudan
Ethiopia	Swaziland
Germany	Sweden
India	Taiwan
Ivory Coast	Tanzania
Lebanon	Zimbabwe

Today

Algeria	Pakistan
Angola	South Africa
Argentina	Thailand
China	The Philippines
Dominicana Rep.	USA
France	Zambia
Italy	
Kenya	
Laos	
Lesotho	
Malawi	
Mozambique	
Namibia	

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BUSINESS AREAS

CMC Group has a proud record of delivering world-class infrastructural projects, with a focus on the following business areas:

Transport

Roads, motorways
Tunnels, bridges and viaducts
Railways and underground
Airports

Water and irrigation works

Dams
Hydroelectric plant
Tunnels
Aqueducts
Irrigation channels

Ecology and environment

Water treatment and sanitation services
Sewage systems
Treatment of toxic waste

Building projects

Civil and public buildings (hospitals and clinics, schools, sport structures, correctional facilities)
Executive and service buildings (hypermarkets, shopping malls, post offices)
Hotels and resorts
Industrial plants (power stations, silos)
Maintenance and refurbishment

Water control and marine works

Coastal protection, piers and jetties, dredging

Integrated territorial development projects

ORGANISATION CHART

Domestic operations

Overseas operations

CMC Immobiliare Spa (Real estate)

CORPORATE GOVERNANCE

Board of Directors ¹

Chairman

Alfredo Fioretti

Deputy

Costanzo di Gioia

Chief Executive Officer

Davide Mereghetti

Advisors

Lorenzo Pattuelli

Andrea Sanulli

Managing Director

Paolo Porcelli

Statutory Auditors ¹

Chairman

Luc Borella

Auditors

Carmine Cozzolino

Aspro Mondadori

Independent Auditors ²

Deloitte & Touche S.p.A.

Audit Committee ¹

ex art. 6 Legislative Decree 231/2001

Chairman

Desiree Fondaroli

Members

Riccardo Suprani

¹ In charge until approval of the 2022 financial statements

² In charge until approval of the 2022 financial statements

³ On May 27, 2021 the Board of Directors accepted the resignation of the CEO Mr. Davide Mereghetti and will co-opt Mr. Romano Paoletti with the resolution of May 28, 2021.

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DIRECTORS' REPORT ON OPERATIONS IN 2020

INTRODUCTION

Cooperativa Muratori Cementisti - C.M.C. di Ravenna ("CMC" or "the Company" or the "Parent Company") is the Parent Company of the CMC Group, and carries out construction activities directly or indirectly in Italy and abroad.

As discussed in greater detail in the section on "Principal events during the period", on 29 May 2020 the Court of Ravenna issued its decree of approval of CMC's composition with creditors. This event was made possible by the favourable vote expressed in March and April 2020 by 78.15% of the Cooperative's creditors on the composition proposal and the underlying composition plan filed with the Court of Ravenna on 18 December 2019.

In this regard, it is worth recalling that under the composition with creditors proposal ("Composition Proposal"), CMC took the following commitments:

- a) regular payment of pre-deduction costs and the costs of the procedure, which the proposal estimated at a total of Euro 57,887,566 and the Judicial Commissioners adjusted to Euro 57,943,082;
- b) full payment, within one year of the decree approving the composition with creditors, to creditors with special and general privileges, estimated at Euro 91,346,634 and adjusted by the Judicial Commissioners to Euro 88,256,109; the plan provides for the downgrading to unsecured, within the capacity limits pursuant to art. 160.2 BL, of the VAT recourse credit and of tenants' receivables;
- c) full payment of strategic unsecured suppliers contained in Class 1 - meaning those creditors whose services are considered essential by the applicant in the interests of business continuity and the consequent generation of cash flows - estimated at Euro 34,351,941 and adjusted by the Judicial Commissioners to Euro 34,510,125, to be carried out within two years from the decree of approval of the composition with creditors;

As regards indebtedness to unsecured creditors, it has been divided into classes as follows:

- Class 2) effective unsecured financial creditors, estimated at Euro 931,758,768;
- Class 3) effective unsecured non-financial creditors, estimated at Euro 474,854,389;
- Class 4) unsecured creditors guaranteed by CMC, estimated at Euro 153,789,095;
- Class 5) potential unsecured creditors - Provisions for risks estimated at Euro 289,127,728;
- Class 6), to subordinated unsecured creditors estimated at Euro 9,142,427.

As a result of the above mentioned authorisation, the following effects have occurred:

- full extinction (*datio in solutum*) of the payables in classes 2), 3), 4) and 5) through the assignment (envisaged in two distinct tranches equal to a nominal satisfaction of 20% of the initial credit) of participatory financial instruments convertible into bonds (PFIs) whose regulation provides for privileged access to the annual distribution of dividends and reserves equal to the minimum effective guaranteed amount of 10% of the amount of the receivables subject to conversion by 30 June 2031. In this regard, it should be remembered that the distributions envisaged in favour of the holders of PFIs will take place after the execution of the plan, thereby extinguishing the debt by assigning the participatory financial instruments;
- on the assumption of subsequent conversion of the PFIs into bonds, a fixed repayment of 10% plus interest is envisaged, by virtue of the "Annual Mandatory Early Repayments" and the "Redemption at the due date" of 31 December 2026. In this regard, note that the conversion of the PFIs into bonds does not relate to the execution of the composition, as it is a right that can be exercised post approval on the part of the PFI holder, whose receivable has already been extinguished by the *datio in solutum* of the PFIs (at the ratio mentioned previously);
- full extinction of the receivables entered in Class 6) for which no satisfaction is expected.

Following the approval decree, the financial statements at 31 December 2020 reflect the above effects, which led to coverage of the capital deficit shown in the financial statements at 31/12/2019.

In the continuation of this Report and in the explanatory notes, extensive information will be given on their impact on the Cooperative's financial position.

This report shows the performance of the Cooperative during the 2020 financial year.

Unless stated otherwise, the figures are shown in millions of euro in order to facilitate their comprehension and clarity.

KEY EVENTS

- ❑ On 24 January 2020, CMC's Shareholders' Meeting approved the financial statements at 31 December 2018.
- ❑ On 25 January 2020, the Commissioners appointed by the Delegated Judge filed with the Court of Ravenna the Report pursuant to ex. art. 172 BL for the benefit of creditors.
- ❑ In January 2020, the union consultation procedure for the start of the CIGS was initiated at the Ministry of Labour and Social Policies in Rome, a procedure that ended successfully in February 2020, with the signing of a Minutes of Agreement. CIGS was obtained from February 2020 until August 2020.
- ❑ As known, starting from January 2020, the national and international scenario has been characterised by the spread of the virus called "COVID19" and by the consequent restrictive measures for its containment, put in place by the public authorities of the countries concerned. These circumstances, extraordinary in nature and extent, have had direct and indirect repercussions on economic activity, creating a situation of general uncertainty and difficulty.

Starting from March 2020, work on Italian building sites was blocked or took place at a reduced rate in accordance with the provisions of the government's decrees and recourse was made to the CIGS for construction site personnel. As far as the central structure is concerned, remote work was used in addition to holidays and social safety nets also in consideration of the still limited operations of the company. Subsequently, activity gradually resumed with the reopening of the construction sites and the central structure.

As regards abroad, there were no particular repercussions on construction sites.

As already mentioned, the Company has put in place all actions aimed at managing the health risks due to the pandemic. All measures have been put in place to guarantee safety in the workplace in order to contrast the possibility of contagion, such as providing masks and gloves available to all staff, distributing disinfectant for cleaning hands and surfaces, the disclosure of rules of conduct, the distancing of workstations, shift staff to avoid excessive concentration of personnel.

In economic and financial terms, the analysis of the economic and financial flows of orders have already taken into account the slowdowns in activities that occurred at the level of works management. At the level of overhead costs, on the other hand, government interventions have made possible to extend the benefits deriving from the use of CIGS for the whole of 2020, improving the cost reduction forecasts formulated at the time. We also assessed the impact of the current situation on the figures recorded in fixed assets and on whether the company can continue as a going concern. (please read the comments in the notes to the relevant paragraphs).

- ❑ On 4 March 2020, the Commissioners filed with the Court of Ravenna a supplement to their Report pursuant to ex. art. 172 BL.
- ❑ On 6 March 2020, the CMC Bondholders' Meeting decided by a majority the vote to express at the creditors' meeting of the CMC composition procedure scheduled for 11

March 2020, delegating their Common Representative (The Law Debenture) for the "voting procedure".

- ❑ In March, the redundancy procedure linked to the effects of Covid-19 was obtained for a period of 9 weeks by suspending the execution of the CIGS recognized in February 2020.
- ❑ On 11 March 2020, despite the restrictions to contain the contagion, a meeting of creditors was held at the Ravenna Court. At the end of the proceedings, the Delegated Judge extended the meeting until 25 March, to allow the vast audience of creditors to cast their vote.
- ❑ The meeting of creditors of the CMC composition ended on 25 March 2020. As per the law, the Delegated Judge granted creditors an additional of 20 days, therefore until 14 April 2020 to cast their vote.
- ❑ On 22 April 2020, the Court of Ravenna communicated the official result of the vote, which had a favourable outcome with 78.15% of the votes in favour and 1.75% of the votes against. The Court convened the hearing for the approval of the Composition of CMC for 20 May 2020.
- ❑ In view of this hearing, the Commissioners filed their final favourable opinion pursuant to ex. art. 180 BL, not finding any reason why they should not approve the proposal. At the same time, certain objections were received by the Court of Ravenna (12 in total) and during the hearing they were discussed in cross-examination with the applicant and the Judicial Commissioners, as well as the other creditors who intervened. The Public Prosecutor gave a definitive opinion in favour of the approval and the outcome of the hearing, the Delegated Judge reserved the right to report to the entire Bench.
- ❑ After an in-depth analysis of the merits of the objections, the Court of Ravenna decided that the objections presented did not affect the contents of the plan and not even the votes of the different classes of merit, since as demonstrated in numerous judgements the objections will be decided in separate civil cases. As there were no further obstacles to pronounce the approval of the composition with creditors of CMC, on 29 May 2020 the Court of Ravenna issued its decree of approval of the composition with creditors presented by CMC. Debt relief will be effective in 2021. In order to simulate the accounting effects, pro-forma financial statements have been prepared at 31 December 2019, which are provided and commented in the notes.
- ❑ In May 2020, the CIGS lay-off procedure linked to the effects of Covid-19 was obtained for a further period of 9 weeks, still suspending execution of the CIGS authorised in February 2020, which at this point will finish at the end of 2020.
- ❑ In the first days of June 2020 in the presence of the President of Argentina (Alberto Fernandez), the President of the Province of Buenos Aires (A. Kichillof), the Presidents of the Argentine Parliament (M. Kirchner and S. Massa), the Italian Ambassador (Giuseppe Manzo), all the mayors of the southern area of Buenos Aires and all the directors of Aysa, the lowering of the TBM called "Eva" into the launch shaft was carried out. The President of the Republic has repeatedly congratulated the representatives of CMC for what has been done up to now and for the quality of the work, achieved in such a difficult context. He was also very impressed by the history of our Cooperative.
- ❑ In June 2020, recognition of an extension of the lay-offs linked to the effects of Covid-19 for a further period of 5 weeks was obtained, always suspending the execution of the CIGS recognized in February 2020, so social safety nets will continue to be available until the end of 2020.
- ❑ In the first days of July 2020, the assessment report for completion of the works on the SS 640 Strada degli Scrittori was signed, relating to the Caltanissetta Agrigento Lot 1 Empedocle scpa section. The construction site, by continuing to work even during the

period of stoppage of all work activities due to Covid 19, managed to meet the deadline for final delivery on 22.06.2020.

- ❑ On 14 July 2020, the Cooperative's Members' Meeting called to approve the financial statements at 31/12/2019 appointed a new Board of Directors and Board of Statutory Auditors for the three-year period 2020-2022 and Independent Auditors for the years 2020-2021-2022. The new members of the Board of Directors are: Alfredo Fioretti, Costanzo Di Gioia, Lorenzo Pattuelli and Andrea Sanulli. In addition to them, Davide Mereghetti was appointed as a Director by Coopfond, a financing member. The members of the Board of Statutory Auditors are: Luca Borella (Chairman), Alberto Camellini (Acting Auditor), Andrea Morandi (Acting Auditor), Carmine Cozzolino (Alternate Auditor) and Aspro Mondadori (Alternate Auditor). Deloitte & Touche Spa was appointed as Independent Auditors.
- ❑ At its first meeting on 16 July 2020, the new Board of Directors appointed by the Members' Meeting of 14 July elected the Chairman, Deputy Chairman and Managing Director of the Cooperative, in accordance with the Articles of Association. Alfredo Fioretti was confirmed as Chairman, while the newly elected Director, Costanzo Di Gioia, was appointed as Deputy Chairman. Davide Mereghetti was also confirmed as Managing Director and Paolo Porcelli as General Manager.
- ❑ In July 2020, the new composition plans of the two subsidiaries Empedocle 2 Scpa and Bolognetta Scpa were presented, in order to reflect the changes caused by the spread of Covid-19, which affected the valuation of the progress made on the two projects. It should be remembered that the creditors' meetings for both procedures were scheduled for 21 October 2020.
- ❑ In August 2020, the creditors' meeting of the composition procedure relating to our subsidiary SIC Spa ended with a very satisfactory outcome of the voting, exceeding the threshold of 70% of the votes in favour. Now all of the documents are being prepared for the approval decree by the Court of Ravenna. It should be remembered that SIC's composition procedure envisaged the sale of the company to third parties through a competitive tender, as required by bankruptcy law. This was carried out in June 2020 and ended with a single offer for an amount in line with the Plan.
- ❑ In August 2020, the Luxembourg Stock Exchange announced that it had ordered the delisting of all the listed bonds issued by the Cooperative, as they had been extinguished by the approval of the composition procedure.
- ❑ In September 2020, a contract was signed with Kway SPV Srl for the securitisation of some claims linked to Italian bids for a total consideration of Euro 24 million, thereby achieving one of the important objectives of the cash composition plan.
- ❑ On 28 September 2020, the Board of Directors of the Cooperative approved the issue of Participatory Financial Instruments for an amount, rounded up, of 340 million euro deriving from an unsecured debt of 1,700 million euro.
- ❑ On Friday, 30 October 2020, the Cooperative's Members' Meeting approved the Extraordinary Financial Statements of the Cooperative at 30 June 2020.
- ❑ On 10 November 2020, the Board of Directors of the Cooperative, in relation to the issue and subsequent sending of the paper securities of the Participatory Financial Instruments, approved a specific resolution that brings the value of the PFIs to approximately 323 million euro against an unsecured debt of approximately 1,615 million euro, divided between actual, disputed and suspended PFIs.
- ❑ On 11 December 2020, the Board of Directors of the Cooperative approved the issue of a bond loan for a total amount of Euro 170 million, in accordance with the provisions of the specific Regulations for Participatory Financial Instruments and Bond Loans, respecting the dictates of art. 2412 of the Italian Civil Code, using the extraordinary

financial statements of the Cooperative at 30 June 2020, approved by the members' meeting of 30 October 2020.

UPDATE ON KEY RELEVANT MARKETS

In order to provide a complete picture of the Cooperative's performance, one cannot ignore the current global and national context, badly hit by the Covid-19 pandemic. In fact, when the Cooperative was moving towards a phase of recovery of its business after the difficulties encountered in 2019, it had to face a new emergency throughout 2020, which continues to this day.

In fact, at the end of 2019, the Italian economy showed evident signs of stagnation, only partially mitigated, at the beginning of 2020, by some positive signals for industrial production and foreign trade. Since the end of February 2020, the spread of the COVID-19 epidemic and the consequent containment measures decided by the Government had a profound impact on the economy, altering the choices and possibilities of production, investment and consumption and the functioning of the labour market. Furthermore, the rapid spread of the epidemic on a global level drastically reduced international trade and therefore the foreign demand addressed to our companies.

General economic market factors: figures worldwide and in Italy

Due to the Covid-19 pandemic, 2020 was therefore a difficult year around the world: According to analyses by the International Monetary Fund (IMF), almost all countries registered either a contraction in GDP or a significant slowdown in growth. From an initial estimate of 2020 figures globally, Gross Domestic Product fell by about 4.2% compared with 2019, but a rebound of 6.0% is expected in 2021.

Among the major global economies, only China's GDP did not decrease (+2.3%). Argentina, on the other hand, was the country that suffered the most (-10%), with the government having to file for bankruptcy for the ninth time in its history. Italy turned in a -8.9%. On 6 April 2021, the International Monetary Fund published its forecasts for the world economy in the new "*World Economic Outlook*", estimating growth in world GDP that is expected to rise to 6% from 5.5% of the last January.

In 2022, the increase should be 4.4%, 0.2% more than the previous forecast. However, the Fund warns that "there is considerable uncertainty about these estimates" and even if growth accelerates "the future holds difficult challenges". In fact, the pandemic has not yet been defeated and the spread of infections is different in the various countries, so the recovery is taking place at different speeds.

According to the forecasts, the recovery will be mainly triggered by China (which could reach +8.6% this year and then drop to +5.6% next year) and by the United States, thanks also to the massive plan to support and relaunch the economy introduced by the White House. In 2021, US GDP is expected to rise by 6.4% and then slow to +3.5% in 2022.

The estimate for the euro area is of an economy expanding by 4.4% in 2021 and 3.8% in 2022. Estimates for the euro area were also adjusted upwards slightly (+0.2%). The Fund also improved the numbers for Italy: GDP is expected to grow by 4.2% this year, 1.2% more than estimated in January 2021. GDP is expected to increase by 3.6% in 2022. This year, the public deficit should reach 8.8% of GDP and then drop to 5.5% next year. Debt is expected to come in at 157.1% this year. Unemployment forecasts have also been revised for the better, but are still worrying. This year the rate of people looking for a job will stabilise at 10.3% (11.8% the previous estimate) but a further increase is expected for 2022 at 11.6%, more than three percentage points higher than the euro area average.

Even the Bank of Italy, in its economic bulletin of 16 April 2021, underlines how the global picture is improving, while many uncertainties remain; particularly in the short term, doubts remain about the pandemic's evolution and its repercussions on the economy, due to delays in vaccination campaigns and the spread of new variants. According to the Bank of Italy, the resilience of the Italian economy has been confirmed, but the increase in infections weighs heavily. In the fourth quarter of 2020, the fall in output, although significant, was less than expected. According to available indicators, economic activity seems to have remained almost stable in the first three months of this year: a strengthening in industry is accompanied by a still weak trend in services. These estimates remain subject to high uncertainty, linked to the impacts of the pandemic. According to the bulletin of the Bank of Italy:

- companies plan to start investing again during the rest of the year. Households interviewed by the Bank of Italy indicate a gradual recovery in consumption intentions, but the propensity to save remains high; most of the savings accumulated in 2020, which are concentrated among households least affected by the pandemic, would not be spent this year;
- in the fourth quarter of 2020, Italian exports of goods grew in line with world trade. They returned to levels slightly lower than those prior to the pandemic, offsetting the fall in international tourist flows, which fell again after recovering in the summer. Foreign demand for Italian securities strengthened; following the current account surplus, Italy's net foreign credit position increased;
- inflation turned positive due to the trend in energy prices. The change in consumer prices, having been negative in the latter part of 2020, rose to 0.6% in March. The trend was influenced by the trend in energy prices. Core inflation returned to lower figures, after being affected by the postponement of seasonal sales in the first two months of the year. Pressures on prices at source are modest; households and businesses have revised their inflation expectations upwards, which however remain low;
- conditions on the financial markets continue to be relaxed. The upward pressure on Italian government bond yields from US markets was countered by the decisions taken by the ECB's Governing Council and by a reduction in the sovereign risk premium. Business credit continues to expand at a solid pace, mainly reflecting still high demand for secured loans; the terms of the offer are accommodating.

In the face of the new interventions to limit contagion, in March the Government launched further support measures, above all for households and businesses. Additional resources were also allocated to strengthening the vaccination plan and other actions to combat the pandemic in the health field. Other interventions may be decided in the light of the new authorisation to increase the net debt that the Executive has requested from Parliament. Furthermore, as part of the financial tool for the recovery of the European Union (Next Generation EU), the Government is also preparing its National Recovery and Resilience Plan (NRRP). According to initial indications, the available resources would amount to almost 192 billion, of which about 123 in the form of loans: a share of 13% should become available as pre-financing after the Plan has been approved by the European Council.

Economic factors specific to the environment in which the Cooperative operates: the construction market in Italy

The XXIX Economic and Forecast Report of CRESME (Centre for social economic market research for construction and the territory) was presented in December 2020 and described how the second wave of the pandemic would lead to another slowdown for the Italian economy. At the same time it described how the Construction industry is looking to the future with hope, even if "there is no lack of risk that the mountain of incentives may give birth to a mouse". Incentives, policies, resources and new operational scenarios mix the positions within the supply chain, designing the start of a new phase of profound reconfiguration, with new actors and new operating models entering the field.

The signs that the Construction market gave after the first lockdown in 2020 were positive; construction reacted and expectations became those of a ferment fuelled by incentives (which in 2020 did not have any concrete effects on the market), by spending programmes for public works, by investments that can reach cities and territories, building and infrastructure.

But the rapid growth of infections at the end of 2020 and in March 2021, as well as the new measures to limit the activity have drawn a picture that has become less certain; so much so as to ask the question, to which we will try to answer, if it really will be the construction sector that will drive Italy's economy, after more than a decade of crisis.

Emerging from the health crisis is taking longer and longer, affecting a good part of 2021 as well. The pressure on the economy has grown even heavier. Whole sectors of activity have been dramatically affected by the collapse in demand (tourism, hotel, catering, air transport, culture) and the new restrictions have aggravated the situation. Digitisation and working from home have redesigned organisational models in the tertiary sectors, including the relationship between surface area and employee. The central districts of cities are paying a price for this reorganisation and a new concept of territoriality will condition markets. The incentives activated with the superbonuses have market potential on paper that could be defined out of scale, but for 2020 they have actually postponed the redevelopment activities of the existing assets due to the activation times of the new model: it is hoped that this potential will become a real market in 2021 and 2022. Another aspect is that the sector is required to make a qualitative leap, in its results and in the demonstration of results, and the financial and contractual part has called in new operators.

THE COOPERATIVE'S PERFORMANCE

In light of the foregoing, the Cooperative's performance in 2020 was heavily influenced by the measures implemented by the Government and the Public Administrations in relation to the action to combat the spread of the Covid-19 virus.

In fact, in compliance with these measures, the Company provided for the substantial closure and securing of most of its construction sites, especially in Italy, as early as March 2020, blocking work as a result. All of the health and safety measures required by law to combat the spread of the virus in the workplaces were also implemented.

Building sites were slowly reopened and work resumed in May 2020.

The pandemic obviously affected the Cooperative's performance, resulting in a significant drop in turnover compared with the forecasts included in the CMC Composition Plan filed with the Court of Ravenna in December 2019.

Against these scenarios, the Cooperative has tried to react to contain the negative effects generated by this uncertain situation which has never been faced before, making use of the social safety nets already used in 2019 and expanded by the new measures enacted by the Prime Minister's Office. In addition to these measures, Management increased its efforts to reduce overheads, which was already foreseen in the Composition Plan.

That being said, the Cooperative continued to operate in Italy and abroad through some selected orders already in portfolio and within the scope of business continuity indicated in the composition plan.

At the same time, negotiations continued with some important contracting entities for the definition of requests for additional fees and/or expert appraisals submitted in previous years and negotiations have begun for the sale of some claims for which it is considered inefficient to take legal action directly against the customers.

Despite the difficulties generated by the global health crisis, the Cooperative intends to continue offering its services as a highly specialized company in certain specific areas (tunnel excavations and harbour works, in particular). The skills and professionalism of the CMC staff are the basis for continuing the activities on some key construction sites.

During 2020, the Cooperative took steps in an attempt to acquire new contracts again. These actions concern:

- initiating contacts with leading companies in the sector to offer itself as a specialist partner for the execution of large-scale contracts;
- looking for agreements with financial institutions to obtain the unsecured credit lines to participate in tenders autonomously;
- reactivating contacts with primary consortia of cooperatives and companies in the sector for joint participation in tenders in areas in which the Cooperative has specific skills and references;
- defining agreements for the disposal of the Group's real estate assets which also include the assignment to the Cooperative of a contract for the execution of future works.

At the date of this report, these initiatives have not led to significant results. However, the Group still benefits from a significant backlog, amounting to Euro 870 million at 31 December 2020. During 2021, works already awarded to the Cooperative in previous years are expected to commence. Giving the go-ahead to these initiatives should allow for a significant recovery in the value of production as early as 2022.

REVIEW OF RESULTS AS AT DECEMBER 31, 2020

Please note that the following measures, including operating margin and EBITDA are alternative performance indicators not defined by Italian Accounting Standards or by IFRS, but used by management to monitor and evaluate the Company's operating performance; they should not, therefore, be considered a substitute measure for evaluating the trend in the Company's financial result. Furthermore, these measures may not be comparable with those used by other companies.

As previously mentioned, the results of the 2020 financial statements were hit by the following effects:

- cancellation of a number of contracts in 2019, to a certain extent already foreseen in the financial statements at 31 December 2019, but which also affect 2020 results;
- impact of the limited operations of the Cooperative in 2020 following the Covid-19 pandemic;
- impact of the debt relief process following the decree approving CMC's composition procedure published by the Court of Ravenna on 29 May 2020.

The table below sets out the income statement items for the years ended 31 December 2020 and at 31 December 2019 and the percentage change between the two periods:

	Twelve months ended December 31,		% of change
	2020 (8)	2019	
	(€ in million)		
Revenue ⁽¹⁾	112.0	203.3	(44.9)
Work in progress ⁽²⁾	(64.3)	(24.5)	162.4
Other income and proceeds ⁽³⁾	196.0	9.6	1,941.7
Total turnover	243.7	188.4	29.4
Raw materials, consumables and goods ⁽⁴⁾	(9.5)	(14.7)	(35.4)
Services, lease and hire ⁽⁵⁾	(78.4)	(117.4)	(33.2)
Personnel	(31.2)	(47.0)	(33.6)
Provisions for risk and charges ⁽⁶⁾	-	(20.3)	(100.0)
Other operating costs	(9.3)	(8.3)	12.0
EBITDA	115.3	(19.3)	(697.4)
Depreciation, amortisation and write-offs of receivables	(5.3)	(8.9)	(40.4)
Operating profit	110.0	(28.2)	(490.1)
Net financial income and charges ⁽⁷⁾	1,296.7	(0.2)	(648,450.0)
Income before tax	1,406.7	(28.4)	(5,053.2)
Income taxes	(2.0)	(3.0)	(33.3)
Income before minority interests	1,404.7	(31.4)	(4,573.6)

- (1) It includes revenues from the sales and services.
- (2) Includes (i) changes in work in progress, changes in semi-finished and finished products and, (ii) change in contract work in progress.
- (3) Includes, among other things, the economic result resulting from the debt relief process following the approval decree issued on 29/05/2020, capitalisation of deferred charges, internal construction of fixed assets, gains on the disposal of fixed assets, use of provisions, compensation for damages, recharge of expenses to subcontractors, proceeds from insurance claims and sundry income.
- (4) Represents the sum of purchases of raw and ancillary materials, consumables and goods and changes in the related inventories, as reported in our financial statements.
- (5) Includes (i) service costs and (ii) lease and rental costs.
- (6) Includes provisions for risks.
- (7) Includes, among other things, the economic result resulting from the debt relief process following the approval decree issued on 29/05/2020, (i) net financial income and charges and (d) adjustments to financial assets.
- (8) The values of the economic aggregates normalized by the debt relief effect are as follows:

Total turnover	euro 101.4 million
EBITDA	euro (27.0) million
Operating profit	euro (32.3) million

Value of production

In 2020, the value of production increased by Euro 55.3 million, from Euro 188.4 million in 2019 to Euro 243.7 million, mainly due to the effects of the debt relief. Not considering the effect of the debt relief, the Value of Production is equal to Euro 98.7 million.

The table below provides a breakdown of our turnover by category:

	Twelve months ended December 31,		% of change
	2020 (8)	2019	
	(€ in million)		
Revenue	112.0	203.3	(44.9)
<i>Construction revenue</i>	108.6	199.1	(45.5)
Revenue from other activities	3.4	4.2	(19.0)
Work in progress ⁽²⁾	(64.3)	(24.5)	162.4
Other income and proceeds	196.0	9.6	1,941.7
Increases in fixed assets for internal work	0.2	0.1	100.0
<i>Other</i>	195.8	9.5	1,961.1
Total turnover	243.7	188.4	29.4

Two groups of projects are identified in the Composition Plan:

- perimeter projects that include those contracts that the Group intends to pursue and conclude on a continuity basis;
- projects outside the perimeter which includes all those contracts that have already been terminated, suspended or interrupted, which only involve dismantling construction sites and closing administrative and contractual matters that are pending.

The backbone of the Composition Plan for the first years is therefore made up of the first group of projects, to which will be added further acquisitions in Italy and abroad as a result of participating in public tenders compatibly with the company situation and the availability of endorsement credits, which are essential for companies operating in our sector.

Current and future orders in continuity will contribute to providing the financial flows to satisfy the creditors, both privileged and unsecured, as well as the "creditors in pre-deduction", obviously, as they have first claim.

It should be noted that the perimeter of the continuity projects includes the works of the SS640 Agrigento-Caltanissetta road (lot 2), the SS121 Palermo-Lercara Friddi road in Sicily following the request for a composition with creditors presented by the special purpose companies set up to do the Empedocle 2 Scpa and Bolognetta Scpa works. Subsequently, the composition plans of the two companies were presented to the Court of Ravenna representing a situation of business continuity. At the end of 2019 the Court of Ravenna issued the decrees of admission to the bankruptcy proceedings, scheduling the creditors' meetings on 2 July 2021. The breakdown of the Orderbook by geographical area at 31 December 2020 is the following:

- Italy around Euro 575 million;
- Abroad around Euro 295 million.

Cost of production

With reference to the costs incurred during the period, in addition to the reduction in direct production costs as a result of the Covid-19 pandemic, it is worth mentioning the benefit derived from the containment of overheads compared with the forecast in the Composition Plan, thanks in particular to the CIGS (temporary lay-offs) procedure obtained for 2020, to which the lay-offs for Covid-19 was added, the company reorganisation and the cost optimisation policies launched by the Company. At 31 December 2020 the Cooperative employees were 689 compared with 941 as at 31 December 2019.

KEY BALANCE SHEET AND CASH FLOW ITEMS

Net working capital

Net working capital is the sum of cash and cash equivalents, inventories, receivables, payables and other elements of working capital, as detailed in the following table, which compares its composition at 31 December 2020 and at 31 December 2019.

	December 31, 2020	December 31, 2019
	(€ in million)	
Inventories ⁽¹⁾	6.8	6.1
<i>Raw materials and consumables</i>	6.8	6.1
Contract work in progress	160.3	246.6
Receivables from clients	76.7	49.6
Receivables from non-consolidated affiliates ⁽²⁾	486.9	702.5
Other current assets ⁽³⁾	77.7	92.7
Cash and cash equivalents ⁽⁴⁾	27.2	10.7
Total current assets	835.6	1,108.2
Contractual advances payments from clients	56.2	87.9
Advances	17.1	17.4
Trade payables to suppliers	30.7	321.8
Payables to non-consolidated affiliates	437.0	762.3
Other current liabilities ⁽⁴⁾	120.3	178.5
Reserves for risks and charges	149.6	373.0
Total current liabilities	811.0	1,740.9
Net Working Capital	24.6	(632.7)

(1) Represents inventories excluding contract work in progress, which is disclosed separately, and advances, which have been included in other current assets.

(2) Includes receivables from subsidiary and associated companies shown under current assets and the amounts due from subsidiary and associated companies classified as financial fixed assets.

(3) Includes tax receivables, deferred tax assets, other current receivables recorded under current assets, accrued income and prepayments, advances and receivables due from others classified among non-current financial assets.

(4) Includes tax payables, social security payables, other payables, accrued expenses and deferred income.

Following approval by the Court of Ravenna on 29 May 2020, the Company expects positive scenarios and a slow recovery, without forgetting the obligations deriving from the approved composition procedure, in particular in terms of compliance with the obligations to satisfy pre-deduction, privileged and unsecured creditors. The latter are satisfied through the issue of participatory financial instruments (PFIs).

Following the issuance of the PFIs, the financial statements reflect the accounting effect of the debt relief, which substantially impacts the Cooperative's equity, covering the losses incurred in 2018 and 2019 and returning equity to positive values.

Net working capital passed from a negative figure of Euro 632.7 million at 31 December 2019 to a positive figure of Euro 24.6 million at 31 December 2020 with an improvement of Euro 657.3 million.

Total current assets decreased by Euro 272.6 million compared with 2019.

Total current liabilities at 31 December 2020 decreased by Euro 929.9 million compared with 31 December 2019, mainly due to the effect of the debt relief.

Trade payables and other current operating liabilities include:

- Debts owed to privileged creditors arising before the date of admission to the composition with creditors for a total of Euro 91.3 million in the composition plan and adjusted by the GC to Euro 88.3 million at the creditors' meeting held in March 2020, of which Euro 36 million relating to provisions for risks. A part of these debts have been and will be the subject of deferred repayment agreements. The amount that is expected to be repaid on the date set by the composition procedure (31 May 2021, subsequently postponed to 30 November 2021 due to the provisions of Law 27 of 2020) therefore amounts to approximately Euro 20-25 million. This last amount is shown net of a debt of approximately Euro 21 million for which a dispute is pending regarding the actual existence of a privilege. In the event of a positive outcome, this debt would be subject to the debt relief procedure reserved for unsecured creditors (with consequent issuance of additional PFIs). It should also be noted that on 9 March 2021, during a parliamentary hearing, the CNDCEC affirmed the need for a further extension of the terms for fulfilling the arrangements with creditors of the restructuring agreements, the settlement agreements of the crisis and the plans of the approved consumers expiring after 23 February 2020, previously extended by six months, given the ongoing situation of serious economic difficulty and the delay in any return to normality. This extension would allow for an additional financial benefit in relation to the payment of the privileged creditors.
- Residual debt to strategic unsecured creditors that also arose before the date of the request for admission to the composition procedure for a non-significant amount within 2 years from the date of approval.

The remaining debts arose after the date of the request for admission to the composition procedure. They are entirely in pre-deduction.

Capital expenditure

The Cooperative is progressively divesting investments in tangible and financial assets that are no longer strategic.

Net financial position

Net financial indebtedness consists of total financial debt, less cash and cash equivalents and other securities, while adjusted net financial indebtedness consists of net financial indebtedness plus shareholder loans.

It is worth pointing out that the financial measures indicated below, including the net adjusted financial indebtedness and net financial indebtedness represent alternative performance indicators not defined by Italian Accounting Standards or by IFRS, but used by management to monitor and evaluate the Company's operating performance; they should not, therefore, be considered a substitute measure for evaluating the trend in the Company's financial result. Furthermore, these measures may not be comparable with those used by other companies.

The table below sets out our net financial position as at 31 December 2020 and 2019, as well as the adjustments necessary to arrive at adjusted net financial indebtedness.

	December 31, 2020	December 31, 2019
	(€ in million)	
Cash and cash equivalents ⁽¹⁾	(26.8)	(10.3)
Short-term financial assets ⁽²⁾	(0.4)	(0.4)
Liquid assets	(27.2)	(10.7)
Short-term bank loans and borrowings	0.9	313.8
Revolving Credit Facility	-	165.0
Notes issued on July 2017	-	255.9
Notes issued on November 2017	-	335.7
Other short-term debt	8.6	14.0
Shareholder loans	0.2	8.3
Current financial debt	9.7	1,092.7
Net current financial debt	(17.5)	1,082.0
Notes issued on December 2020	26.5	-
Other non-current loans	18.8	25.0
Non-current financial debt	45.3	25.0
Total financial debt	55.0	1,117.7
Net financial position⁽³⁾	27.8	1,107.0

(1) Cash and cash equivalents include cash and bank and post office deposits.

(2) Includes negotiable securities held by CMC.

(3) The reported total financial debt does not include performance or similar guarantees or other types of guarantees issued pro-rata on behalf of subsidiaries and other entities.

Net financial position as at 31 December 2020 amounted to Euro 27.8 million, Euro 1,079 million lower than the balance at 31 December 2019.

Following the recourse to the composition procedure and the approval of the composition plan by the Court, the Cooperative is engaged in the search for cash and endorsement lines of credit, obtaining in 2019 access to medium-term financing of Euro 25 million from Cooperare spa, while the Cooperative has engaged in various negotiations with leading banks for endorsement lines. The Cooperative is currently negotiating with financial institutions the granting of credit lines needed to obtain advances from certain customers and to participate in tenders for the assignment of new contracts.

The financial debt relates exclusively to:

- an unsecured medium-term loan signed in 2019 with Cooperare Spa of Euro 25 million to be repaid in the years 2021 and 2022. This loan, granted at a market rate, derives from a settlement agreement reached with the counterparty to define pre-existing positions.
- The debt for the obligations that arose from the conversion of PFIs requested by some creditors of the Cooperative. At the date of preparing this document, the bond loan amounts to approximately Euro 75 million, of which Euro 26.5 million reflected in the financial statements at 31 December 2020 as they relate to requests for conversion notified by that date. The increase to Euro 75 million derives from additional conversion requests received in the first months of 2021. The deadline for exercising the conversion request has been extended to 30 September 2021. Note that if the conversion

requests exceed the threshold of 70% of the total value of the issued PFIs, a full conversion into bonds of all PFIs would take place. Currently, on the basis of the conversion requests received, equal to approximately 47% of the total convertible, the Directors believe the possibility of full conversion is remote.

Cash and cash equivalents increased during 2020 due to some extraordinary transactions that took place in the first part of the year concerning:

- in September 2020 a contract was signed with Kway SPV Srl for the securitisation without recourse of some claims related to Italian tenders for a total consideration of Euro 24 million.
- Collection of Empodocle claim for Euro 30 million

INFORMATION RELATING TO THE ENVIRONMENT AND RISKS RELATED TO CLIMATE CHANGE

The activities carried out by the Cooperative present environmental risks that are carefully assessed by Management, firstly in order to mitigate them and secondly in consideration of the growing attention to the consequences of climate change worldwide and the potential economic, social and environmental impacts, which today companies are required to evaluate, on the business that they will potentially have to face in the medium term. For these reasons, the Company is committed to a constant search for solutions aimed at ensuring a responsible use of natural resources and efficiency in energy consumption.

The attention to environmental issues is confirmed by the fact that the Cooperative has been certified in accordance with the international standard ISO14001 for several years.

The Cooperative has dedicated considerable efforts to the development and dissemination of the culture of sustainability among its employees with particular attention to the following objectives:

- minimise the environmental impact by reducing energy consumption, atmospheric emissions and the production of waste;
- continually improve the systems for identifying, assessing risks and environmental impacts and implementing the necessary prevention and mitigation measures related to them.

RISK MANAGEMENT

The complex and detailed process of risk management is of strategic importance to the Parent Company, so that our objectives can be met in terms of maximising and safeguarding value for our members.

The diversity of the Parent Company's operations, both in core sectors and those held for disposal, poses varying challenges for management whose outcome, in many cases, is difficult to predict. Specific strategies have been devised for managing the various types of operations and for constantly monitoring the related risks that may arise, with a view to limiting as far as possible any fluctuations in the economic and cash flows deriving from changes in the situations found on a case-by-case basis.

In this regard, the analysis of performance by sector of activity discusses the current areas of risk, providing information to facilitate comparison with the financial statements for the prior year, together with details any new situations identified at the time of preparing these financial statements.

This list of specific risks is followed by further, more general considerations about the physiological risk associated with the complexity of the Company's activities. In this regard, the following principal types of risk are identified and monitored:

- (i) operational risk, associated with the performance of work and relations with the individual principals;
- (ii) risk of non-acquisition of new jobs due to the economic and financial situation of the Cooperative
- (iii) financial risk, comprising:
 - risk of obtaining the endorsement lines of credits needed to receive contractual advances from customers for works already obtained or to participate in tenders for obtaining new orders
 - market risk deriving from the exposure to exchange rates between the euro and the other currencies in which the Parent Company and the Group operate;

- credit risk deriving from exposure to possible losses due to the failure of principals to meet their obligations;
- liquidity risk should the financial resources available to the Company be insufficient to meet outstanding obligations on the agreed basis and due dates. In particular, the risk of non-compliance with the obligations assumed following the approval of the arrangement with reference to the repayment of debts to privileged creditors and strategic unsecured creditors should be noted. Failure to comply with these commitments could result in the revocation of the arrangement and, consequently, recourse to another insolvency procedure
- risk of currency restrictions, should difficulties be encountered in transferring available liquid funds from foreign locations to the parent company.

COVID-19 EMERGENCY

On 24/03/2020 the "Shared Protocol for the regulation of measures to contrast and contain the spread of the Covid-19 virus in the workplace of the construction sector" was signed by the Social Partners (employers' associations and trade unions). This document contains guidelines to assist companies in adopting anti-contagion safety protocols in order to counter and contain the spread of the Covid-19 virus in the workplace. Upstream of this document, the essential behavioural measures to be followed were contained in the document "Covid-19 CMC Ravenna Operating Instructions issued on 30/03/2020, without prejudice to what is already prescribed by the document integrating the company's risk valuation document (RVD) issued on 25/02/2020.

The document, to be considered an integral part of the company's RVD to which it is attached, has been distributed to all workers, and to anyone who enters the areas or premises that are part of the headquarters and to each operating unit (building sites), using the most suitable and effective methods (for example by delivering and/or posting visible signs at the entrance to the building site and in the places most frequented that indicate the correct way to behave).

However, the maximum use of remote working remains prevalent for all the activities that can be carried out from home or remotely.

Meetings (gatherings of staff) are not allowed. In the event that they are necessary and urgent, and a remote connection is impossible, the necessary participation must be minimized and, in any case, interpersonal distancing must be guaranteed as well as adequate cleaning/ventilation of the premises and the use of the PPE envisaged (FFP2/FFP3 masks).

It is also recommended that movements within the sites are limited as much as possible and access to common areas is limited.

In addition to the staff to whom the CIGS has been extended, remote working is maintained as preferable by all the staff that the Company Departments indicated, in order to limit as far as possible the number of the first group of persons returning to the offices, again with the aim of protecting and safeguarding the health and safety of all members and employees.

For all personnel who have been called to go back to the offices, we recommended caution and compliance with the anti-contagion measures and all instructions that have been issued.

Intercompany transactions

Relations between the Cooperative and the other Group companies, both as part of vertically-integrated production and with regard to the provision of services, are settled at normal market terms. More specifically:

- sales and purchases at arm's-length terms;
- rentals at property market terms;
- interest at rates applied in banking practice.

These transactions primarily comprise:

- services supplied by central department:

- operational services giving technical and organisational support;
- administrative, fiscal, corporate and insurance-related services.
- trade transactions consisting of the purchase of machines, spare parts, raw materials and other materials needed for the performance of contracts.

Note that there have not been any atypical or unusual transactions.

RESEARCH & DEVELOPMENT

In compliance with the requirements of art. 2428 of the Italian Civil Code, please note that research and development activities were undertaken in 2020, the costs of which are reflected in the financial statements.

In particular, during 2020, the actions relating to the progress of the SICS project (Integrated Smart Shipyard System) continued. The general objective of the project is to introduce advanced ICT solutions applied to the management of construction sites in order to make the construction process more transparent towards the customer and the contracting entities, to implement the level of security documented on the construction site and to optimize and innovate the quality and control procedures of the building process.

Another project developed during the year is RIGERS, or 'Regeneration of cities: intelligent buildings and networks'; it is a national project selected and admitted to the MIUR (Ministry of Education, University and Research) facilities.

The project proposes to create an integrated system to support the sustainable regeneration of cities, buildings and networks, in order to increase energy efficiency and at the same time to reduce emissions. A tool capable of managing data relating to the operation of buildings and city networks in real time and capable of communicating with other information systems already in use at the various PAs.

CONCLUSIONS

Following the approval granted by the Court of Ravenna on 29 May 2020, positive but slow recovery scenarios are now in sight for the Company, without forgetting the obligations deriving from the approved bankruptcy procedure, particularly compliance with the obligations to satisfy pre-deduction, privileged and unsecured creditors.

The bankruptcy procedure involves the following obligations:

- a) regular payment of pre-deduction costs and the costs of the procedure, which the proposal estimated at a total of Euro 57,887,566 and the Judicial Commissioners adjusted to Euro 57,943,082;
- b) full payment, within one year of the decree approving the composition with creditors, to creditors with special and general privileges, estimated at Euro 91,346,634 and adjusted by the Judicial Commissioners to Euro 88,256,109; the plan provides for the downgrading to unsecured, within the capacity limits pursuant to art. 160.2 of the Bankruptcy Law, of the VAT recourse credit and of tenants' receivables;
- c) full payment of strategic unsecured suppliers contained in Class 1 - meaning those creditors whose services are considered essential by the applicant in the interests of maintaining business continuity and the consequent generation of cash flows - estimated at Euro 34,351,941 and adjusted by the Judicial Commissioners to Euro 34.510.125, to be carried out within two years from the decree of approval of the composition with creditors;
- d) partial and non-monetary satisfaction of the remainder of the unsecured creditors divided into classes and detailed as follows:
 Class 2) effective unsecured financial creditors, estimated at Euro 931,758,768; Class 3) effective unsecured non-financial creditors, estimated at Euro 474,854,389; Class 4) unsecured creditors guaranteed by CMC, estimated at Euro 153,789,095; Class 5) potential unsecured creditors -

Provisions for risks, estimated at Euro 289,127,728 through the assignment (envisaged in two separate tranches equal to a nominal satisfaction of 20% of the initial credit) of participatory financial instruments convertible into bonds (PFI) whose regulation provides for the "reimbursement" of the instruments assigned to unsecured creditors, through the annual distribution of dividends and reserves to the minimum effective guaranteed amount of 10% of the amount of the receivables subject to conversion by 30 June 2031. In the event that the subsequent conversion of the PFI into bonds takes place, a fixed repayment of 10% plus interest is envisaged, by virtue of the "Annual Mandatory Early Redemptions" and the "Redemption at maturity date" of 31 December 2026. The proposal specifies that conversion of the PFIs into bonds does not relate to the execution of the composition, as it is a right that can be exercised post approval on the part of the PFI holder, whose receivable has already been extinguished by the *datio in solutum* of the PFIs (at the ratio mentioned previously); it is further specified that, for the same reason, the distributions and reimbursements envisaged in favour of the holders of PFIs and bondholders respectively are also considered as events subsequent to execution of the plan, extinguishing the debt by assigning the participatory financial instruments, as required by art. 160.1 BL, as foreseen by the plan: *"the restructuring of debts and the satisfaction of creditors through any form, including through the sale of assets, takeover or other extraordinary operations, including the attribution to the creditors, as well as to companies in which they participate, of shares, quotas, or bonds, also convertible into shares, or other financial instruments and debt securities"*.

- e) lastly, the proposal does not provide for any satisfaction of Class 6), the subordinated unsecured creditors, estimated at Euro 9,142,427.

The Plan foresees that CMC will take steps to a) *"continue the business in order to generate positive cash flows (including claims relating to contracts in progress) in excess of the financial needs of current operations such as to allow.... full payment of the creditors in pre-deduction, privileged creditors and strategic suppliers, and to ensure... the best possible satisfaction of creditors and, naturally, the continuation of employment and commercial relations"*; b) *"collect all receivables for claims under completed job contracts, as well as for commercial or other types of contracts"*; c) *"transfer to third parties ... certain assets not instrumental to the business (in particular, properties, both of CMC and CMC Immobiliare S.p.A., in part after their completion and enhancement)"*; d) *"issue in two tranches - the first immediately after the approval (within 90 days), the second in the period between the 12th and 18th month following the approval - participatory financial instruments (PFIs) convertible into bonds to be assigned to unsecured creditors in classes 2, 3, 4 and 5, thus extinguishing the related liabilities; the positive results expected from business continuity will contribute to enhancing the PFIs intended to satisfy the aforementioned unsecured creditors, or, if converted, to repay the bonds"*.

In particular, the sale of some real estate assets is foreseen by the plan as a side activity with respect to the other activities to continue the core business and to collect commercial receivables and claims, in order to better guarantee the execution of distributions in favour of the creditors both strategic (to which in any case all the net flows produced in the financial years up to the first half of 2021 are reserved as a priority, as for pre-deduction and privileged creditors) and holders of PFIs or - following conversion - of bonds (respectively, until 12/31/2030 in the first case and until 12/31/2026 in the second).

As discussed more fully in the notes, the Directors of the Cooperative have initiated a series of actions aimed at guaranteeing both the fulfilment of the commitments undertaken through the composition proposal and the satisfaction of the Cooperative's obligations deriving from day-to-day business activities. The actions launched concerned:

- the relaunch of activities on construction sites, albeit in a context made particularly difficult by the Covid emergency;
- the sale of assets of the Cooperative and/or subsidiaries;
- the attempt to formalise agreements for the definition of revenues linked to requests for additional payments on orders;

- the definition of agreements for the deferral of maturities relating to payables registered as being due to privileged creditors or strategic suppliers.

Despite various successes achieved through the actions taken, the Directors highlight in the notes persistent situations of uncertainty mainly linked to:

- positive definition of a series of disputes on which depends the realization of claims needed to comply with the commitments foreseen in the composition proposal;
- achievement of the objectives set in the management of job orders within the perimeter in terms of economic results and the generation of cash flows envisaged in the composition with creditors plan, also in consideration of the negative effects generated by the Coronavirus pandemic;
- approval of the bankruptcy proposals defined by the subsidiaries Empedocle 2 and Bolognetta, whose terms for the meeting with creditors were deferred to July 2021 in order to incorporate some changes to the proposals made originally;
- the possibility of obtaining new bank credit lines in order to present the guarantees needed to participate in new tenders and the Cooperative's ability to be awarded a sufficient amount of work to guarantee the objectives in terms of volumes in 2021 and 2022;
- conclusion in favour of the Cooperative in the disputes initiated by some suppliers requesting recognition of the privileged status of their receivables and/or by contracting authorities for the recognition of penalties to be charged to the Cooperative;
- positive evolution of the negotiations for the disposal of some corporate assets in line with the objectives set by the composition with creditors proposal.

Furthermore, it should be noted that in the early months of 2021 the continuation of the pandemic crisis led to a still slower trend in activities on construction sites, as well as postponement of the start of works on contracts already awarded to the Cooperative. Despite the actions taken to contain costs, this situation has led to a significant worsening of the Cooperative's cash situation which, at the date of this report, amounts to approximately Euro 9.2 million, of which Euro 6.1 million at foreign branches which Management is taking steps to have transferred to Italian banks.

The Directors would like to point out that, despite these situations of uncertainty, heavily influenced by the Covid-19 pandemic crisis, the Cooperative will be able to fulfil its obligations within a period of twelve months from the date of preparation of this document, taking into account that:

- pursuant to Law 27 of 2020, the Cooperative benefited from a six-month postponement of the terms established for the fulfilment of the composition obligations;
- in March 2021 the sale of the real estate complex held through the subsidiary CMC Immobiliare S.p.A. was awarded through an auction. This operation will involve the realization of approximately Euro 20 million;
- the agreement for the transfer to a financial company of claims by the Cooperative from customers in relation to works being completed is being substantially defined;
- An updated cash plan was prepared to assess the Cooperative's ability to fulfil its obligations over a period of time from the date of this report until 30 June 2022. This analysis highlights that actions are being taken which should allow the achievement of this objective but that, at the same time, the outcome of these actions is subject to multiple uncertainties considering that their result does not depend exclusively on the Cooperative.

In addition to the above, we would point out that the entry of Mr. Romano Paoletti, a manager of proven competence and experience, as a member of the Board of the Cooperative and the appointment of an Advisory Board led by Mr. Pier Luigi Ungania, senior partner of Studio La Croce, and which also includes Mr. Augusto Machirelli and Mr. Mattia Berti, is a signal that the Cooperative intends to give of an important reorganisation.

The work group will have the task of supporting the Cooperative in all corporate and board activities in ordinary management, in relations with the procedural bodies, with financial institutions and with stakeholders with the aim of fulfilling its obligations over a period of twelve months from the date of this document.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2020**

**BALANCE SHEET
INCOME STATEMENT
CASH FLOW STATEMENT**

A S S E T S	December, 31 2020		December, 31 2019	
A) RECEIVABLE FROM SHAREHOLDERS FOR PAYMENTS DUE				
I) Subscribed capital not paid up		8,125		8,800
Total receivable from shareholders		8,125		8,800
B) FIXED ASSETS				
I) Intangible fixed assets				
1) plant and expansion costs		-		-
2) development costs		-		-
3) industrial patent rights and intellectual property rights		1,113,483		1,684,773
4) concessions, licences, trade-marks and similar rights		-		-
5) goodwill		-		-
6) fixed assets in progress and advances		-		-
7) others		-		-
a) contracts' deferred charges	-	-	-	-
Total intangible fixed assets		1,113,483		1,684,773
II) Tangible fixed assets				
1) land and buildings		8,929,033		8,974,493
2) plant and machinery		27,086,034		29,842,027
3) industrial and commercial equipment		5,954,899		5,428,628
4) other assets		92,389		127,842
5) fixed assets in progress and advances		10,139,332		10,451,679
Total tangible fixed assets		52,201,687		54,824,669
III) Financial assets				
1) investments in		113,487,331		111,970,498
a) subsidiary companies	209,463,271		203,428,467	
b) associated companies	24,782,220		24,523,118	
c) parent companies				
d) controlled by parent companies				
d bis) other companies	40,559,838		40,559,837	
- investments write off	(161,317,998)		(156,540,924)	
2) receivables from		79,134,843		169,676,644
a) subsidiary companies		56,716,014		145,849,746
1) due within 12 months	56,716,014		145,849,746	
b) associated companies		9,250,249		9,259,639
1) due within 12 months	9,250,249		9,259,639	
c) parent companies		-		-
d) controlled by parent companies		-		-
1) due within 12 months	-		-	
2) due after 12 months	-		-	
d bis) others		13,168,580		14,567,259
1) due within 12 months	12,139,079		13,278,219	
2) due after 12 months	1,029,501		1,289,040	
3) other securities		-		-
Total financial fixed assets		192,622,174		281,647,142
Total fixed assets		245,937,344		338,156,584
C) CURRENT ASSETS				
I) Inventories				
1) raw materials and consumables		6,823,554		6,149,912
2) work in progress and semi-finished products		-		-
3) contracts in progress		160,337,110		246,564,615
4) finished products and goods		-		-
5) advances		9,513,683		12,988,749
Total inventories		176,674,347		265,703,276
II) Receivables from				
1) clients		83,255,395		58,583,372
a) due within 12 months	76,712,095		49,622,762	
b) due after 12 months	6,543,300		8,960,610	
2) subsidiary companies		404,664,441		516,783,097
a) due within 12 months	404,664,441		516,783,097	
b) due after 12 months	-		-	
3) associated companies		16,231,383		30,587,809
a) due within 12 months	16,231,383		30,587,809	
b) due after 12 months	-		-	
5 bis) taxes		11,845,192		22,311,373
a) due within 12 months	11,845,192		22,311,373	
b) due after 12 months	-		-	
5 ter) pre-paid taxes		2,965		-
a) due within 12 months	2,965		-	
b) due after 12 months	-		-	
5 quater) others		38,367,887		40,778,355
a) due within 12 months	38,367,887		40,778,355	
b) due after 12 months	-		-	
Total receivables		554,367,263		669,044,006
III) Financial assets				
5) other securities		379,249		379,249
Total financial assets		379,249		379,249
IV) Cash and cash equivalents				
1) bank and postal accounts		26,745,702		10,223,353
2) cheques		-		-
3) cash on hand		61,633		78,763
Total Cash and cash equivalents		26,807,335		10,302,116
Total Current Assets		758,228,194		945,428,647
D) ACCRUED INCOME AND PREPAYMENTS		4,757,178		3,295,548
TOTAL ASSETS		1,008,930,841		1,286,889,579

LIABILITIES	December 31, 2020		December 31, 2019	
A) SHAREHOLDERS' EQUITY				
I) Capital		11.458.377		14.883.242
1) Shared capital	11.458.377		14.883.242	
II) Paid-in capital		-		-
III) Revaluation reserve		-		-
IV) Legal reserve		87.515.550		87.515.550
V) Statutory reserves		-		-
VI) Other reserves		314.020.423		16.493.029
1) extraordinary reserve	32.047.692		32.047.692	
2) conversion reserve	(20.613.268)		(22.713.285)	
3) reserve ex art. 2426 c.c.	7.158.622		7.158.622	
4) reserve after conversion of PFIs into bonds	26.492.893		-	
5) Participatory Financial Instruments' reserve	268.934.484		-	
VII) Cash flow hedge reserve		-		-
VIII) Retained earnings		(1.705.875.660)		(1.674.424.792)
IX) Profit (loss) for the year		1.404.698.508		(31.450.869)
Total Shareholders' Equity		111.817.198		(1.586.983.840)
B) RESERVES FOR RISKS AND CHARGES				
1) for pension payment and similar obligation		-		-
2) for taxes		1.163.617		1.218.338
3) derivatives financial instruments		-		-
4) other		170.423.547		376.383.787
a) contractual risks	125.862.650		188.174.516	
b) overseas operations	40.107.361		140.305.122	
c) other risks and charges	4.453.536		47.904.149	
Total funds for risks and charges		171.587.164		377.602.125
C) SEVERANCE INDEMNITY		9.360.656		10.597.134
D) PAYABLES				
1) bond		26.492.893		591.561.439
a) due within 12 months	-		591.561.439	
b) due after 12 months	26.492.893		-	
2) convertible debentures		-		-
3) shareholders loan		155.111		8.266.407
a) due within 12 months	155.111		8.266.407	
b) due after 12 months	-		-	
4) banks		877.905		478.843.245
a) due within 12 months	877.905		478.843.245	
b) due after 12 months	-		-	
5) other loans		27.188.339		39.017.889
a) due within 12 months	8.438.339		39.017.889	
b) due after 12 months	18.750.000		-	
6) advances		17.141.981		17.431.862
a) due within 12 months	17.141.981		17.431.862	
b) due after 12 months	-		-	
7) suppliers		30.705.738		321.788.370
a) due within 12 months	30.705.738		321.788.370	
b) due after 12 months	-		-	
8) payables represented by credit instruments		-		-
9) payables to subsidiary companies		413.702.018		707.346.945
a) due within 12 months	413.702.018		707.346.945	
b) due after 12 months	-		-	
10) payables to associated companies		23.285.215		55.022.976
a) due within 12 months	23.285.215		55.022.976	
b) due after 12 months	-		-	
11 bis) controlled by parent companies		-		-
a) due within 12 months	-		-	
b) due after 12 months	-		-	
12) taxes		15.033.230		18.699.784
a) due within 12 months	15.033.230		18.699.784	
b) due after 12 months	-		-	
13) payables to social security and welfare institutions		10.255.719		11.171.333
a) due within 12 months	10.255.719		11.171.333	
b) due after 12 months	-		-	
14) other		92.005.135		144.534.451
a) due within 12 months	92.005.135		144.534.451	
b) due after 12 months	-		-	
15) advance payments from clients and customers		56.233.823		87.895.731
a) due within 12 months	56.233.823		87.895.731	
b) due after 12 months	-		-	
Total payables		713.077.107		2.481.580.432
E) ACCRUED LIABILITIES AND DEFERRED INCOME		3.088.716		4.093.728
TOTAL LIABILITIES		1.008.930.841		1.286.889.579

INCOME STATEMENT		December 31, 2020		December 31, 2019	
A) VALUE OF PRODUCTION					
1)	revenues from sales and services		111.963.386		203.274.043
2)	variations in inventories of work in progress, semi-finished and finished products		-		-
3)	variations in contracts in progress		(64.267.874)		(24.453.731)
4)	increases in fixed assets for internal work		224.765		41.542
5)	other income and proceeds		195.814.602		9.549.808
a)	capitalisation of deferred charges	67.897		174.757	
b)	use of reserves	4.689.445		521.508	
c)	other income	191.057.260		8.853.543	
Total value of production			243.734.879		188.411.662
B) PRODUCTION COSTS					
6)	raw materials, consumables and goods		(10.850.015)		(15.447.906)
7)	services		(68.794.753)		(95.126.278)
8)	lease and hire		(9.637.349)		(22.267.451)
9)	personnel		(31.211.590)		(47.034.641)
a)	wages and salaries	(22.713.027)		(35.583.034)	
b)	social security contributions	(6.790.653)		(8.949.373)	
c)	severance indemnity	(1.666.649)		(2.367.050)	
d)	pension payments and similar obligations	-		-	
e)	other costs	(41.261)		(135.184)	
10)	depreciation, amortization and writedown of receivables		(5.326.751)		(8.896.566)
a)	intangible fixed assets	(667.911)		(738.582)	
b)	tangible fixed assets	(4.647.622)		(7.648.198)	
c)	other fixed asset writeoffs	-		-	
d)	writedowns of receivables included in current assets	(11.218)		(509.786)	
11)	variations in inventories of raw materials, consumables and goods		1.306.625		801.746
12)	provisions for risks		-		(20.326.944)
13)	other provisions		-		-
14)	other operating costs		(9.257.513)		(8.351.584)
Total production costs			(133.771.346)		(216.649.624)
Difference between value and cost of production (A-B)			109.963.533		(28.237.962)
C) FINANCIAL INCOME AND CHARGES					
15)	income from investments		1.313.167		59.655
a)	in subsidiary companies	1.264.055		-	
e)	in other companies	49.112		59.655	
16)	other financial income		1.304.296.100		4.053.278
a)	from receivables entered in the fixed assets		-		-
b)	from securities entered in the fixed assets that do not constitute investments		-		-
c)	from securities entered in the current assets that do not constitute investments		-		-
d)	other income		1.304.296.100		4.053.278
1)	from subsidiary companies	3.577.200		3.866.784	
2)	from associated companies	-		3.282	
7)	from others	1.845.119		183.212	
8)	from debt relief	1.298.873.781			
17)	interest and other financial charges		(6.571.107)		(6.338.772)
a)	from subsidiary companies	(2.219.599)		(2.651.738)	
b)	from associated companies	(931)		(2.754)	
d)	from others	(4.350.578)		(3.684.280)	
17 bis)	exchange profits and losses		(1.320.681)		2.183.380
a)	exchange profits	45.956.571		33.387.705	
b)	exchange losses	(47.277.252)		(31.204.325)	
Total Financial Income and Charges (15+16-17±17bis)			1.297.717.479		(42.459)
D) ADJUSTMENTS TO VALUE OF FINANCIAL ASSETS AND LIABILITIES					
18)	revaluation		-		-
a)	of investments	-		-	
d)	of derivatives financial instruments	-		-	
19)	devaluation		(1.010.802)		(176.271)
a)	of investments	(1.010.802)		(176.271)	
c)	of securities entered in the current assets that do not constitute investments	-		-	
Total Adjustments to Value of Financial Assets (18-19)			(1.010.802)		(176.271)
Income before tax (A-B+C+D+E)			1.406.670.210		(28.456.692)
20)	income tax		(1.971.704)		(2.994.177)
a)	current	(1.669.464)		(2.265.584)	
b)	previous periods	(54.064)		(728.593)	
c)	advance/deferred	(248.176)		-	
21)	Net income (loss)		1.404.698.508		(31.450.869)

Cash Flow (indirect method)	December 31, 2020	December 31, 2019
A. Cash flows from operating activities		
Profit (loss) for the year	1,404,699	(31,451)
Income tax	1,972	2,994
Financial (Income)/Charges/Rate exchange	1,149	2,285
Debt relief	(1,298,874)	-
(Dividend collected)	(1,313)	(60)
1. Income before tax, interests, dividends	107,633	(26,231)
Other adjustments		
Net change funds for risks and charges	(135,783)	20,301
Net change severance indemnity	(1,236)	2,367
Technical assets depreciation	4,648	7,648
Intangible assets depreciation	668	739
Write-down of receivables	11	-
Devaluation of financial assets	1,011	-
	(130,681)	31,055
2. Cash Flow before NWC changes	(23,048)	4,824
Decrease/(increase) inventories	89,029	24,573
Decrease/(increase) clients	(24,683)	69,698
Decrease/(increase) receivables from group companies	215,618	(68,758)
Decrease/(increase) receivables from others	14,275	4,568
Decrease/(increase) accruals&deferred	(1,462)	2,672
Increase/(decrease) advances	(290)	8,619
Increase/(decrease) payables to suppliers	1,331	(56,449)
Increase/(decrease) payables to group companies	(148,270)	31,555
Increase/(decrease) accrued liabilities and deferred income	(1,005)	2,171
Increase/(decrease) payables to others	(16,341)	29,173
	128,202	47,822
3. Cash Flow after NWC changes	105,154	52,646
Other adjustments		
Financial Income/(Charges)/Rate exchange	(1,149)	(2,285)
Income tax paid	(5,696)	(10,250)
Dividend collected	1,313	60
Decrease in reserve for risks	(70,178)	(50,905)
	(75,710)	(63,380)
CASH FLOW FROM OPERATING ACTIVITIES (A)	29,444	(10,735)
B. CASH FLOWS FROM INVESTMENTS		
Tangible fixed assets net (investments)/disinvestments	(2,025)	(6,280)
Intangible fixed assets net (investments)/disinvestments	(97)	(224)
Financial assets net (investments)/disinvestments	(2,528)	(11,834)
Other securities net (investments)/disinvestments	-	-
CASH FLOW FROM INVESTMENTS (B)	(4,650)	(18,337)
C. CASH FLOWS FROM FINANCING ACTIVITIES		
<u>Third party financing</u>		
Increase/(Decrease) payables to banks	848	-
Increase/(Decrease) bonds payables	-	-
Increase/(Decrease) payables to other loans	2,066	23,955
<u>Equity financing</u>		
Decrease/(increase)receivables from shareholders for payments due	1	13
Increase/(Decrease) shared capital	(3,426)	(2,408)
Increase/(Decrease) payables in shareholders loan	(7,779)	(4)
Other Increase/(Decrease) in shareholders equity	-	(425)
(Dividend paid)	-	-
CASH FLOW FROM FINANCING ACTIVITIES (C)	(8,290)	21,131
Increase/(Decrease) Cash and Cash Equivalents	16,505	(7,941)
Cash and Cash Equivalents as of January, 1st	10,302	18,243
CASH AND CASH EQUIVALENTS AS END OF THE PERIOD	26,807	10,302

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 2020

(in thousands of Euro)

GROUP ACTIVITIES

Cooperativa Muratori Cementisti - C.M.C. di Ravenna (also CMC or "the Company" or the "Parent Company") is the Parent Company of the CMC Group, and carries out directly construction activities in Italy and abroad. Pursuant to and for the purposes of articles 163 and 171, paragraph 2, BL, and in accordance with article 54 of Regulation (EU) 2015/848 of the European Parliament and of the Council of 20 May 2015, relating to insolvency proceedings, it is recalled that the Court of Ravenna with a decree issued on 29 May 2020, filed on the same date in the Bankruptcy Registry - to close the procedure started on 4 December 2018 with presentation of the appeal pursuant to ex. art. 161, paragraph 6, BL. - declared the approval of the Composition with Creditors Procedure of C.M.C. DI RAVENNA SOC. COOP., with registered office in Via Trieste 76, Ravenna, registered in the Ravenna Company Register under no. 00084280395.

FORMAT AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements as at 31 December 2020, and these notes have been prepared pursuant to the Italian Civil Code on financial statements as revised by Decree Law 139/15 in application of the European Directive 2013/34.

The law has been integrated and interpreted, where necessary, on the basis of the accounting principles set out by the Italian Accounting Body (OIC) and, where missing, by those of the International Accounting Standards Board (IASB), to the extent that they are compatible with Italian law.

The purpose of the explanatory notes is to provide, analyse, explain and, in some cases, supplement the information reported on the face of the financial statements. They contain the disclosures required by art. 2427 of the Italian Civil Code which are consistent with the amendments introduced by Decree Law 139/15 and with other standards recommended by the Italian Accounting Profession.

Consistent with the requirements of the Italian Civil Code and the approach adopted in the prior year, new captions have been added to the financial statements if their content is not covered by any of the captions specified in arts. 2424 and 2425. The preparation of these financial statements has taken account of any contingencies or losses relating to the year, even if they became known after year end.

Going-concern assumption subject to significant uncertainties

This section aims, on the one hand, to identify uncertainties also in light of the economic and financial situation of the Cooperative and the Group and, on the other, to identify the measures that have been found and shared by the Directors to remedy them, as well as the stage of completion and the probability that these measures will be adopted and will be implemented within the times scheduled. In light of this, considerations regarding the going-concern assumption used to draw up these financial statements will be developed.

As mentioned in previous years' financial statements, the Company had to face a situation of serious financial strain in the last few months of 2018 which led to the presentation of a request for a composition with creditors "with reserve" pursuant to art. 161, sixth paragraph of Royal Decree 267/1942. On 29 May 2020, the Court of Ravenna issued the decree approving CMC's composition with creditors, accepting the favourable opinion of the Judicial Commissioners and the favourable vote of 78.15% of the Cooperative's creditors to the composition proposal and the underlying composition plan filed with the Court of Ravenna on 18 December 2019.

In this regard, it is worth recalling that under the composition with creditors proposal ("Composition Proposal"), CMC took the following commitments:

- a) regular payment of pre-deduction costs and the costs of the procedure, which the proposal estimated at a total of Euro 57,887,566 and the Judicial Commissioners adjusted to Euro 57,943,082;
- b) full payment, within one year of the decree approving the composition with creditors, with an extension of 6 months granted by Law 40/2020, to creditors with special and general privileges, estimated at Euro 91,346,634 and adjusted by the Judicial Commissioners to Euro 88,256,109;
- c) full payment of strategic unsecured suppliers contained in Class 1 - meaning those creditors whose services are considered essential in the interests of business continuity and the consequent generation of cash flows -

estimated at Euro 34,351,941 and adjusted by the Judicial Commissioners to Euro 34,510,125, to be carried out within two years from the decree of approval of the composition with creditors;

As regards indebtedness to unsecured creditors, it has been divided into classes as follows:

- Class 2) effective unsecured financial creditors, estimated at Euro 931,758,768;
- Class 3) effective unsecured non-financial creditors, estimated at Euro 474,854,389;
- Class 4) unsecured creditors guaranteed by CMC, estimated at Euro 153,789,095;
- Class 5) potential unsecured creditors - Provisions for risks estimated at Euro 289,127,728
- Class 6), to subordinated unsecured creditors estimated at Euro 9,142,427

As a result of the above mentioned authorisation, the following effects have occurred:

- full extinction (*datio in solutum*) of the payables in classes 2), 3), 4) and 5) through the assignment (envisaged in two distinct tranches equal to a nominal assignment of 20% of the initial credit) of participatory financial instruments convertible into bonds (PFIs) whose regulation provides for privileged access to the annual distribution of dividends and reserves equal to the minimum effective guaranteed amount of 10% of the amount of the receivables subject to conversion by 30 June 2031. In this regard, it should be remembered that the distributions envisaged in favour of the holders of PFIs will take place after the execution of the plan, thereby extinguishing the debt by assigning the participatory financial instruments
- on the assumption of subsequent conversion of the PFIs into bonds, a fixed repayment of 10% plus interest is envisaged, by virtue of the "Annual Mandatory Early Repayments" and the "Redemption at the due date" of 31 December 2026. In this regard, note that the conversion of the PFIs into bonds does not relate to the execution of the composition, as it is a right that can be exercised post approval on the part of the PFI holder, whose receivable has already been extinguished by the *datio in solutum* of the PFIs (at the ratio mentioned previously);
- full extinction of the receivables entered in Class 6) for which no satisfaction is expected

The financial statements at 31 December 2020 reflect the accounting for the aforementioned effects, making it possible to achieve the objective of covering the previous losses, recorded in the financial statements at 31 December 2018 and 2019.

The composition with creditors proposal approved by the creditors and recently approved by the Court provides that compliance with the commitments undertaken by the Cooperative takes place through business continuity and the consequent generation of positive cash flows (including those relating to job contracts in progress) in excess of the financial needs of the current management, ensuring the best possible satisfaction of creditors, as well as continuation of employment and commercial relations. In addition to the cash flows of contracts in progress and to be acquired, the proposal as submitted envisages the collection and realization of other assets such as:

- Claims against customers following contractual variations or higher non-contractual charges incurred by CMC;
- Receivables from Italian and foreign clients, not included in the perimeter of contract continuity
- Other receivables, such as those of a fiscal nature;
- Receivables from investee companies, net of legal compensation;
- Buildings held directly or indirectly;
- Plant, machinery and equipment not used in ongoing contracts;

During 2020, the Coronavirus pandemic has resulted in a significant slowdown in activities on construction sites. This situation led to a drastic reduction in revenues compared with those envisaged by the Composition Plan and, consequently, to a result for the year that was lower than expected. The aforementioned situation continued during the first months of 2021 for the same reasons.

Furthermore, it should be noted that the Cooperative's equity, Euro 112 million at 31 December 2020, decreased in the first few months of 2021 by Euro 50 million due to the request for conversion of PFIs into bonds presented by some of the company's creditors. Equity could decline further, also as a result of other requests for conversion by creditors. Although the Directors consider this event to be remote, considering that the conversion currently amounts to 46.6% of the total, a conversion request that brings the total amount above the threshold of 70% of total PFIs issued, would result in the automatic full conversion of the PFIs into bonds which, in turn, would lead to the emergence, based on the figures at 31 December 2020, of a capital deficit of approximately Euro 25 million. Should this occur, the Directors believe that the value of equity could increase and remain positive in the face of out-of-period gains not yet recorded, which the company may realise thanks to ongoing negotiations with suppliers and disputes that are expected to be concluded in a favourable manner for the Company.

The complex situation of the Group described above required Management of the Cooperative to carry out particularly careful assessments regarding the going-concern assumption. In particular, in the context of the approval of the draft of the financial statements at 31 December 2020, the Board of Directors proceeded to carry out all the necessary assessments regarding the existence of the going-concern assumption, taking into account, for this purpose, all the information available relating to foreseeable future events and, in particular, in the future at least - but not limited to - of twelve months after the balance sheet date for the financial year ended 31 December 2020.

Although the approval of the composition with creditors proposal (hereinafter the Composition Proposal) represents an essential step on the path for the Cooperative to overcome the crisis, the Directors have described the significant uncertainties and risk profiles that still exist in relation to the Cooperative's ability to generate sufficient cash flows, not only to guarantee operations over a twelve-month period from the date of approval of the financial statements, but also for the purpose of satisfying privileged creditors, strategic suppliers and pre-deduction payables according to the methods foreseen in the Composition Proposal.

These uncertainties concern in particular:

- the reduction in cash and cash equivalent existing at 31 December 2020 and up to the date of preparing these financial statements. The cash flow plan for the period from the date of these financial statements until 30 June 2022 confirms the existence of sufficient cash both for the fulfilment of current obligations and for the satisfaction of the composition obligations, but this result is subject to certain events that in some cases have high profiles of uncertainty, including:
 - A significant recovery in production volumes in the second half of 2021 and in the early months of 2022, in order to bring them to the levels envisaged by the Plan, which will depend in particular on:
 - Overcoming the current pandemic phase with the consequent return to full operation of all active construction sites;
 - The start of work on the Milan Metrotranvia contract, for which the operational planning phase has been substantially completed, from which a significant volume of revenues and collections are expected from September;
 - The resumption of work on the Catania contract, currently suspended following ongoing investigations by the local authorities to verify the connection between the stability problems of some buildings and the vibrations produced by the mole. The restart of the works should allow the development of a significant volume of revenues and collections between the second half of the year and the first months of 2022.
 - The definition of agreements with customers and third parties from which significant collections are expected in the coming months. In particular, we would mention that:
 - Finalisation by the end of October of an agreement for the assignment of further claims against foreign customers, making income of at least Euro 18 million immediately available. At present, in the face of various expressions of interest, a leading financial company has been granted the opportunity to negotiate exclusively and to proceed with a due diligence of the positions currently in progress.
 - Completion by the end of 2021 of the sale of machinery relating to a contract completed in the Far East from which at least Euro 4 million of cash is expected to be generated. Negotiations are currently underway;
 - Finalisation of a settlement agreement with a multinational in the energy sector for the definition of the compensation due to CMC Africa Austral for cancellation of two important contracts for work to be carried out in Mozambique, due to security problems in the northern area of that country. Negotiations are currently underway which are expected to produce cash flows by 2021 that can be made immediately available to the parent company for at least Euro 5.5 million;
 - The conclusion of an agreement with a leading insurance company for the issue of an advance bond necessary to collect Euro 5.8 million as a down payment on the Rome 3 contract;
 - Completion of the sale of areas owned by the Cooperative in the surroundings of Ravenna, raising at least Euro 8 million. Also in this case, expressions of interest were received from various entities;
 - The completion of other agreements for the disposal of equity investments and fixed assets from which significant cash flows are expected;
 - The creation of conditions to make available to the Cooperative the cash amounts necessary for the fulfilment of its obligations. In particular, it should be noted:
 - The release by the Argentine authorities of the ban on the transfer abroad of financial surpluses generated by the business carried out by the local branch of the Cooperative. In particular, it expects to be able to transfer funds for at least Euro 5 million to the central coffers of the Cooperative by the end of 2021.
 - The collection in the coming months of an advance on the Metrotranvia Milano contract, following the start of the works, for at least Euro 6 million;
 - The release of receivables relating to the Catania contract, expected at the same time as the resumption of work, for approximately Euro 3 million.

- the approval and possible homologation of the bankruptcy proposals prepared by the subsidiaries Empedocle 2 and Bolognetta, whose terms were deferred to July 2021, which will allow the Cooperative not to suffer additional losses and negative cash flows in the coming years, while avoiding the risk of the guarantees given being enforced;
- the Company's ability to reacquire credibility on the market within a reasonably short time, already confirmed by invitations to participate in tenders with other partners both nationally and internationally, a necessary condition to guarantee the production levels expected in 2022 and 2023;
- the Company's ability to obtain the endorsement lines of credit needed to acquire new contracts;
- the positive conclusion for the Cooperative of the disputes initiated by some suppliers requesting recognition of the privileged status of their claims and/or by contracting entities for the recognition of penalties to be charged to the Cooperative or initiated by the Cooperative to obtain the collection of its receivables and/or the recognition of additional payments.
- The possibility, already commented on, that creditors request full conversion of the PFIs into bonds. This hypothesis would lead to the emergence of a capital deficit.

In light of the above, the Board of Directors has requested and obtained the information needed to assess the reasonableness of all the above circumstances, considering appropriate the use of the going-concern assumption in preparing these financial statements. In particular, the Board of Directors based its conclusions on the basis of the following considerations, with reference to each of the elements of uncertainty set out above:

- Despite the effects of the Coronavirus pandemic, the uncertainties and difficulties of the construction market - particularly the Italian market, not yet affected by the expected benefits of the PNRR - Recovery Fund - have significantly slowed down construction site production in Italy and abroad, reducing turnover by 70% compared with the expectations of the Composition Plan, the Cooperative was able to meet the payments of the pre-deduction credits, as well as those that arose after 3 December 2018.
- The progress of the vaccination campaign and the gradual reduction of restrictions suggest that it should be possible to effectively bring the management of construction sites back to normal, starting from the second half of 2021.
- It has been possible to maintain a certain regularity in payments of suppliers in pre-deduction and of wages and salaries, followed by regular payment of social security contributions that allowed the Cooperative to always have a regular DURC and therefore be able to collect receivables from clients.
- During 2020 and in the first months of 2021, claims were defined and collected both in Italy and abroad which generated significant positive cash flows for a total of Euro 60 million. Furthermore, in the same period, the Cooperative began to participate in numerous tenders in Italy and abroad.
- On the financial side, considering that the collection of certain claims has allowed the normal course of day-to-day operations, the Company is continuing negotiations to obtain endorsement credit lines useful to the specific needs of individual orders. The Directors believe that, despite the uncertainties linked to the situation of the pandemic and to the persistent operational difficulties of the Cooperative, the actions described above should have a positive conclusion within the foreseen time frame, guaranteeing the cash flows necessary to fulfil its obligations. In particular, on the basis of the information currently available, the Directors believe that the negotiations for the sale of company assets, freeing up collection of receivables and advances and obtaining the green light for the start of works already under contract should have a positive outcome in compliance with the time scales set out in the cash flow plan.
- the legislative measures permitted an extension of the payment deadline for privileged creditors initially scheduled for May 2021 and postponed to November 2021. It should also be noted that on 9 March 2021, during a parliamentary hearing, the CNDCEC affirmed the need for a further extension of the terms for fulfilling the arrangements with creditors of the restructuring agreements, the settlement agreements of the crisis and the plans of the approved consumers expiring after 23 February 2020, previously extended by six months, given the ongoing situation of serious economic difficulty and the delay in any return to normality.

In the light of these considerations, the Directors have adopted the going-concern assumption in preparing the financial statements for the year ended 31 December 2020, as they consider it reasonable that the exit path from the crisis is proceeding according to the lines planned by Management.

In summary, they believe that, even in a context characterised by significant uncertainties, it is reasonable to expect that:

- As a result of the Coronavirus pandemic, some assumptions and objectives reflected in the composition plan and envisaged in 2019 and 2020 have been deferred to the next few years. it is therefore believed that those relating to the acquisition of new works, claims and the divestment of non-strategic assets and the reduction of overhead costs are realisable, allowing compliance with the commitments undertaken with creditors;
- The assumptions and objectives of the cash plan prepared by the Directors (particularly for the period of twelve months from the date of approval of these draft financial statements) are reasonably achievable, particularly as regards obtaining the cash and endorsement lines of credit and the timing of settling claims, as well as the restart of works on certain sites that suffered from blockages or slowdowns during 2020.

It should be noted that failure to meet the commitments undertaken through the Composition Plan within 2 years of approval would inevitably entail revocation of the Plan and the start of a different bankruptcy procedure, with the consequent loss of the status as a going concern and recognition of significant adjustments to the assets and further liabilities not reflected in the financial statements at 31 December 2020 such as, for example those relating to the enforcement of sureties issued by banks and insurance companies in the interest of the Cooperative.

It should also be acknowledged that the existence and overcoming of the situations of uncertainty mentioned above depends only partially on internal variables and factors that can be controlled by Management, whereas in other respects it depends on external factors that have been assessed according to the reasonableness criteria explained above.

ACCOUNTING POLICIES

The principal accounting policies adopted for the preparation of the financial statements are described below:

Intangible fixed assets

Intangible fixed assets are recorded at purchase cost including directly-related charges, at their contributed value; ie at the cost directly incurred to create them; they are amortised over their expected useful lives.

Incorporation and expansion costs, goodwill (recorded with the consent from the Board of Statutory Auditors), patents and intellectual property rights, concessions, licences and trademarks are amortised on a straight-line basis over five years, as required by Italian Civil Code.

Deferred charges related to contracts, such as start-up costs, construction site costs, studies and designs, and the costs for contractual guarantees are valued and classified under contract work in progress.

The costs for participating in tenders still awaiting an outcome are valued and classified under contract work in progress.

Research and development costs are charged to income in the year they are incurred.

If an asset is found to be impaired after its initial recognition at purchase or production cost, it is written down accordingly; if the reasons for writedowns cease to apply in subsequent years, the original value is reinstated, net of amortisation, with the exception of goodwill and deferred charges for which the reversal of an impairment loss is prohibited.

Tangible fixed assets

Tangible fixed assets are recorded at purchase cost, including related charges, or at their construction cost, comprising the direct costs incurred plus a reasonable allocation of indirect costs, adjusted in accordance with specific monetary revaluation laws. Amounts are stated net of the related accumulated depreciation.

If an asset is found to be impaired after its initial recognition at purchase or production cost, it is written down accordingly; if the reasons for writedowns cease to apply in subsequent years, the original value is reinstated, net of depreciation.

Repairs and maintenance costs are charged to income in the year they are incurred; the cost of upgrades and improvements that extend the useful life of an asset are capitalised and depreciated at the rate applicable to the asset in question.

Additions relating to fixed assets produced in-house are measured in accordance with the actual usage of materials, internal labour and general expenses.

Related costs, such as transport, freight, insurance and customs charges pertaining to the transfer of machinery are capitalised as "ordinary deferred charges" and are amortised based on the stage of completion of the related contract. Operating assets with a unit cost of less than Euro 500 are subject to considerable wear and tear and are depreciated in full in the year of purchase.

Repairs and maintenance costs are charged to income statement in the year they are incurred; the cost of upgrades and improvements that extend the useful life of an asset are capitalised and depreciated at the rate applicable to the asset in question.

Depreciation is calculated on a systematic basis using rates deemed representative of the residual useful lives of the assets concerned.

The rates applied by asset category are set out below:

Land and buildings		Industrial and commercial equipment	
- Industrial buildings	3.0%	- Excavators and loaders	20.0%
Plant and machinery		- Transport vehicles	20.0%
- Temporary construction	12.5%	- Motor cars, motor vehicles and similar	25.0%
- General plant	10.0%	- Ordinary office furniture and machines	12.0%
- Specific plant and machinery	15.0%	- Electronic office machines	20.0%
- Formwork and metal sheet piles	25.0%	- Hardware	20.0%
- Sundry equipment	40.0%		

When an asset enters into service, depreciation is charged in proportion to the number of days it is used in the first year. Finance leases are accounted by charging the fees to the income statement on an accrual basis, and recording the asset at the redemption value at the end of the lease itself.

Regardless of the depreciation recorded, if an asset is found to be impaired subsequent to its initial recognition at purchase or production cost, it is written down accordingly; if the reasons for writedowns cease to apply in subsequent years, the original value is reinstated, net of depreciation.

Finance leases

Finance leases are accounted for according to the balance sheet method, recording the fees paid in the income statement in accordance with the accrual principle. A specific section of the note provides the additional information required by law relating to the representation of finance leases according to the financial method, where significant.

Financial fixed assets

Equity investments are valued using the cost method, with the exception of the more significant subsidiaries and associates, for which the equity method is used.

For equity investments valued using the cost method, the book value in the financial statements is determined on the basis of the purchase or subscription price or the value attributed to the assets transferred. Cost is written down in the case of impairment, when the investments have incurred losses that are unlikely to be recovered from profits earned in the immediate future. The original value is reinstated in subsequent years if the reasons for the write-down no longer apply.

In the cases of application of the equity method, the investments in subsidiaries and associates are entered in the balance sheet for an amount equal to the corresponding fraction of equity resulting from the last balance sheet drawn up in compliance with arts. 2423 and 2423 bis of the Italian Civil Code, after deducting dividends and making the adjustments required by the accounting policies applied in drawing up the financial statements. The profit is recognized among the "Adjustments to financial assets: revaluations of equity investments", therefore in item D.18.a., with as the contra-entry an increase in "Financial fixed assets: equity investments" in the balance sheet. Conversely, the loss is recognized among the "Adjustments to financial assets: provision for equity investments" (item D.19.a) and leads to a reduction in the "Financial fixed assets: equity investments" indicated above.

The other financial fixed assets comprising receivables are stated at their estimated realisable value.

Inventories

Inventories of raw and ancillary materials are stated at the lower of weighted-average purchase or production cost (including related charges and direct cost allocations) or their corresponding market value.

Inventories related to direct property initiatives, classified as "Work in progress", are measured with reference to the costs incurred, represented by the purchase cost of the land and related charges, plus construction costs, adjusted, if necessary, to bring them into line with their estimated realisable value.

Long-term contract work in progress, classified as "Contract work in progress", is essentially measured on a stage-of-completion basis that recognises the total agreed revenues using the cost-to-cost method.

Progress reports approved by principals are recognised as revenue in the period and are deducted from the value of inventories. Closing inventories, measured on the basis described above, represent the production carried out since the last approved progress report.

Contract work in progress with a duration of less than one year is recognised on a "completed contract basis". Revenue is recognised solely on completion of the contract. Previously, closing inventories were measured with reference to the costs actually incurred.

As previously explained in the paragraph on "Intangible fixed assets", deferred charges attributable to contracts, such as start-up costs, site preparation, studies and design work and contract warranties and which, up until the financial statements for the year ended 31 December 2015, were capitalised in the year when incurred and amortised on a stage-of-completion basis with reference to the individual projects concerned, have been reclassified to and recognised as contract work in progress.

Similarly, the costs of participation in tenders, the outcome of which is unknown and which, up until the financial statements for the year ended 31 December 2015, were capitalised as assets in process of formation in the year when incurred, as long as they were specifically incurred for contracts considered winnable with reasonable certainty, have been reclassified to and recognised as contract work in progress.

Claims for additional revenue not yet approved by the customers are accounted for on the reasonable expectation represented by the relevant company structure. This expectation of reimbursement of the higher costs incurred for the construction of the works or the collection of the higher revenues requested are accounted for as a deferral of costs or recognition of revenues, limited to the amounts whose manifestation and quantification are considered reasonably certain. In this regard, reasonable certainty is usually deemed to exist if the claim is collected prior to the approval of the financial statements and/or if the claim is subject to a dispute where the counterparty has still recognised the right to additional payment and only the amount needs to be settled; or when there are both internal and external elements (such as reports from site managers or authoritative opinions of third parties - lawyers, consultants, etc. - which allow the Directors to assume favourable outcomes for outstanding disputes).

Receivables

Receivables are measured at amortised cost as long as the impact of the application of this measurement criterion does not significantly differ from nominal value, taking into account the time factor and the estimated net realisable value. In particular, receivables are initially measured at face value, net of allowances, discounts and rebates and inclusive of any costs directly attributable to the transaction that has generated the receivable. Transaction costs, any commission receivable or payable and any difference between the initially recognised amount and the face value at the due date are included in the computation of amortised cost using the effective interest method.

An allowance for doubtful accounts has been set up to cover the risk of non-collection of receivables, the adequacy of which is verified periodically and, in any event, every year end, taking into account any existing uncollected amounts or balances unlikely to be collected, as well as the general economic conditions of the sector and of the country concerned.

Receivables sold without recourse are derecognised from the balance sheet.

Cash and cash equivalents

Cash and cash equivalents are booked at their nominal amount.

Accruals and deferrals

These items comprise costs and revenues relating to more than one year, which are recognized in accordance with the matching principle.

Provisions for risks and charges

The provisions for risks and charges are recovered to cover known or likely losses and liabilities, the timing and extent of which cannot be determined at year end. The provisions reflect the best possible estimate based on the information available.

Contingencies that only might give rise to a liability are described in the explanatory notes, without recording any related provisions.

Provisions are also recorded to cover contract risks arising in relation to still incomplete work in progress for third parties in Italy and abroad.

Employee termination indemnities

Employee termination indemnities are recorded by the Group's Italian companies to cover the entire liability to employees accrued in accordance with current legislation and collective and in-house payroll agreements. Law 296 dated 27 December 2006 (2007 Finance Law) introduced new rules for the termination indemnities accruing from 1 January 2007.

Pursuant to the reform of supplementary pensions:

- the termination indemnities accumulated up to 31 December 2006 are retained by the company;
- the amounts accruing from 1 January 2007 are, depending on the explicit or tacit choices made by each employee:
 - a) paid to a supplementary pension fund;
 - b) retained by the business, which pays them into the INPS treasury fund.

The amounts accruing from 1 January 2007 are charged, as before, to the "Employee termination" caption of the income statement. In the balance sheet, the "Employee termination indemnities" caption represents the residual balance of the provision outstanding at 31 December 2006, as appropriately revalued using official indices. The "Payables to social security and welfare institutions" caption includes the accrued termination indemnities not yet paid over to the pension funds and other welfare institutions.

Payables

Payables are measured at amortised cost as long as the impact of the application of this measurement criterion does not significantly differ from nominal value, taking into account the time factor and the estimated net realisable value. In

particular, receivables are initially measured at face value, net of transaction costs and allowances, discounts and rebates directly attributable to the transaction that gave rise to the payable. Transaction costs, any commission receivable or payable and any difference between the initially recognised amount and the face value at the due date are included in the computation of amortised cost using the effective interest method.

Derivative contracts

Financial derivatives are booked at fair value. Changes in fair value measurement are recognised in the income statement, or, if the instrument is used to hedge changes in future cash flows from another financial instrument or another planned transaction, they are recognised directly in equity as a positive or negative equity reserve; this reserve is transferred to the income statement to the extent of and in the period corresponding to the occurrence of or the change in cash flows from the hedged instrument or on the occurrence of the hedged transaction. If the fair value at the reference date is positive, it is recognised as a financial derivative asset in financial fixed assets or in current financial assets. If the amount is negative, it is recognised as a financial derivative liability in provisions for risks and charges.

Foreign currency translation methods

Receivables and payables originally denominated in foreign currencies are recorded using the exchange rates ruling on the transaction dates. The exchange differences realised on the collection of receivables and the settlement of payables denominated in foreign currencies are recognised in the income statement. At the balance sheet date, foreign currency receivables and payables and foreign currency monetary amounts are reported using the closing rate. Profits and losses deriving from the translation using year-end rates of current receivables and payables, including the current portion of long-term receivables and payables, and of liquid funds held in foreign currencies, are respectively credited and debited to the income statement as components of financial income (caption C.17 bis). Any net profit deriving from the alignment of foreign currency balances using the year-end exchange rates is initially recognised as part of income for the year. On approval of the financial statements and the related allocation of results, any such profits not absorbed by losses are credited to a non-distributable reserve until they have been realised, pursuant to para. 8-bis of Art. 2426 of the Italian Civil Code.

With regard to forward contracts used to hedge the exchange rate risk on a specific long term contract, the work in progress is translated to Euro using the exchange rate at the date of execution of the forward contract used as a hedge, without exceeding the hedged amount. The exchange rate fluctuation relating to forward contracts between the date of execution of the forward contract and the forward exchange rate provided for by the contract is recognised in the income statement on an accrual basis over the length of the forward contract, in accordance with Accounting standard 26.

Costs and revenues

These are recognised in accordance with prudence and matching principles. In particular, revenue from long term contracts is recognised in accordance with the criteria previously described in relation to the measurement of contract work in progress inventory. Revenue from short term contracts and from other services is recognised when the service is rendered; revenues from sales of goods are recognised upon transfer of ownership, which generally coincides with the delivery or shipment of the goods; Revenue from and the cost of services are recognised when the service is rendered; lastly, financial revenues are recognised on an accrual basis over time.

Dividends

Dividends received, with the exception of companies carried at equity, are accounted for when the right to collection by the participating company arises as a consequence of the resolution passed by the Shareholders' Meeting of the investee company to distribute the profit or reserves.

Income taxes

These are based on the taxable income estimated with reference to current regulations, taking account of applicable exemptions and available tax credits. Deferred tax assets and liabilities are also recognised on the temporary differences arising between the carrying amounts for assets and liabilities and their values for fiscal purposes. In particular, deferred tax assets are recognised when they are likely to be recoverable against future taxable income.

Commitments and risks

Risks relating to the provision of secured and unsecured guarantees on behalf of third parties are stated at the amount of the guarantee provided.

Presentation of the figures

For the sake of clarity and understandability, all the amounts reported in the notes and in the attachments are stated in thousands of Euro.

Preparation of the consolidated financial statements

The Company holds controlling interests and will prepare the Group's consolidated financial statements, which represent an addition to the financial statements for the purpose of providing adequate disclosure on the equity, financial and economic situation of the Company and the Group. These financial statements, together with the report on operations and report of the control bodies, will be available to the public in accordance with the law.

Exemptions pursuant to paragraph four of Art. 2423 of the Civil Code.

Confirmation is hereby given that, with respect to the attached financial statements, no exemptions were availed of, pursuant to paragraph four of Art. 2423 of the Civil Code.

Subsequent events.

- ❑ On 21 January 2021, the subsidiary CMC Immobiliare decided to launch a competitive procedure for the sale and development of the CMC area in the Ravenna dock. This procedure ended with the award of the tender to the only company making an offer: CIA - Conad Soc. Coop.
- ❑ On 7 March 2021, the Cooperative's 120th birthday was celebrated.
- ❑ On 20 April 2021, Mr. Raffaele Celia was appointed with DPCM as the Commissioner for the job SS-640 degli Scrittori Tratto Agrigento Caltanissetta, second lot, carried out by the subsidiary Empedocle 2 SCpA.
- ❑ In May 2021, the Managing Director, Davide Mereghetti, resigned.
- ❑ On 27 May 2021 the Board of Directors accepted the resignation of the Managing Director and co-opted Mr. Romano Paoletti on 28 May 2021.
- ❑ On 28 May 2021, during an important reorganisation, the Board of Directors of CMC appointed an advisory board headed by Mr. Pier Luigi Ungania, senior partner of Studio La Croce. The team of professionals also includes Mr. Augusto Machirelli, Mr. Mattia Berti, as well as Mr. Romano Paoletti, a manager of proven competence and experience who took on the position of Managing Director. The working group will have the task of supporting the Cooperative in all company and board activities in ordinary management, in relations with the procedural bodies, with financial institutions and with stakeholders.
- ❑ On 28 May 2021, it was decided to extend the terms for the exercise of the option to convert the PFIs into bonds from 29 May 2021 to 30 September 2021.

COMMENTS ON THE MAIN ITEMS IN THE FINANCIAL STATEMENTS

ASSETS

Due from members

The balance relates to amounts due from members for shares subscribed but not yet paid.

Fixed assets

The legally-required information about intangible and tangible fixed assets is presented in schedules attached to these explanatory notes.

Intangible fixed assets

"Industrial patents and intellectual property rights" comprises the cost of acquiring the rights to use applications software. The related changes are reported in the attached schedule.

The item "Assets in process of formation and advance payments" mainly includes the costs and advances incurred for the acquisition of intangible assets that have not yet entered into operation. In particular, this item includes the capitalisation of software that is being implemented.

Deferred charges related to contracts, such as start-up costs, construction site costs, studies and designs, and the costs for contractual guarantees are valued and classified under contract work in progress.

Tangible fixed assets

Land and buildings mainly refer to two plots of land located in Ravenna (one in Porto Fuori and one in via dell'Idrovora) of Euro 8 million and two commercial-industrial complexes located in San Martino and Sant'Arcangelo of Euro 0.6 million. The carrying value of the land located in Ravenna was not subject to any write-down as it is considered recoverable, also on the basis of the results of an appraisal prepared by an independent professional which justifies its value.

For the other items that make up tangible fixed assets, there are no significant changes, apart from plant and machinery which decreased by 2.8 million, mainly due to completion of the works on the projects carried out in China and the Philippines.

The Directors have had higher value assets subjected to an expert appraisal. These appraisals were prepared by independent professionals who estimated the selling value of the assets concerned or their expected market value at the end of the contract.

As regards the net book value of the assets not covered by an appraisal, also taking into account the allocation reflected in the provisions for risks and charges to cover risks associated with the recovery of the value, the recoverability of the value and any further necessary write-downs were considered when estimating the final costs of the contracts where these assets are used and in the related valuation of work in progress or, alternatively, internal appraisals on the recoverability of the value have been considered.

Much of the carrying value of equipment and plant and machinery relates to assets located in foreign countries and used for specific contracts. Their carrying amount is deemed to be recoverable from contract revenue and/or, in certain cases, from compensation payable by the principal in the event of the work being suspended.

Pursuant to Art. 10 of Law 72/83, disclosure is hereby made of assets that have been revalued in previous years.

Revaluations	Law 576/75	Law 72/83	Law 413/91	Total
<i>Building at Via Faunia – Roma</i>	-	-	242	242
<i>Factory complex at S. Arcangelo (RN)</i>	1	111	151	263
Total	1	111	393	505

At 31 December 2020 the depreciation accumulated in relation to these revaluations amounts to about Euro 0.3 million.

With respect to the disclosures required by paragraph 22, Art. 2427 of the Civil Code for lease transactions, reference should be made to the attachments to the explanatory notes.

It should also be noted that the Cooperative's properties are not being used as collateral.

Financial fixed assets

Equity investments

The provision for equity investments at 31 December 2019 amounting to Euro 157 million, has been adjusted at 31 December 2020. The breakdown between subsidiaries, associates and others is shown in the following table.

<i>Investments</i>	<i>Subsidiaries</i>	<i>Associates</i>	<i>Others</i>	<i>December 31, 2020</i>
<i>Book value</i>	209,463	24,782	40,560	274,805
<i>Investment write-off</i>	(135,494)	(22,856)	(2,968)	(161,318)
<i>Net book value</i>	73,969	1,926	37,592	113,487

a) Subsidiary companies

The following table provides a comparison between the carrying value and the corresponding portion of equity, as derived from the latest approved financial statements of subsidiary companies and adjusted in accordance with paragraph 4 of Art. 2426 of the Civil Code concerning the preparation of consolidated financial statements.

Subsidiaries	CMC stake %	Gross book value 2020	Allowance for doubtful accounts 2020	Net book value 2020 (B)	Equity	Equity quota (A)	Profit (loss) for the year	Diff. (A) - (B)	Notes
CMC IMMOBILIARE S.P.A.	96%	35,716,723	-20,887,826	14,828,897	15,446,768	14,828,897	-3,414,385	0	
INIZIATIVE IMMOBILIARI SICILIANE SRL	100%	6,414,002	-3,414,002	3,000,000	976,430	976,430	701,854	-2,023,570	(b) (d)
JV CMC / CCC	66%	13,200	-13,200	0	20,000	13,200	0	13,200	(b)
COLFIORITO SOC. CONS. A R.L.	52%	5,201	-5,201	0	10,000	5,201	0	5,201	
ACQUAPURA S.C. A R.L.	100%	12,000	-12,000	0	-118,830	-118,830	-138,830	-118,830	(b) (d)
SIDE INVESTMENTS (PTY) LTD	100%	85,621	-85,621	0	-866,309	-866,309	-173,996	-866,309	(b) (d)
CMC HOLDING OVERSEAS SPA	100%	29,100,433	-12,100,433	17,000,000	17,000,000	17,000,000	-3,027,193	0	
MAZARA HOSPITAL Scarl	60%	6,000	0	6,000	10,000	6,000	0	0	(b)
CMC BOMAR - ZAMBIA	100%	4,518,664	-4,518,664	0	236,006	236,006	194,760	236,006	(b)
PADIGLIONI EXPO SCRL	51%	25,250	0	25,250	25,307	12,780	-24,693	-12,470	(b) (d)
ITALIA 61 SCRL	100%	29,997	-29,997	0	0	0	0	0	(b)
IPER TRE Ravenna scarl	70%	14,000	-14,000	0	20,000	14,000	0	14,000	
CONCRETE FINANCE SRL	55%	27,500	-27,500	0	-63,973	-35,185	-58,960	-35,185	(b) (d)
MONTEFIORE S.C.A.R.L.	100%	8,500	-8,500	0	0	0	0	0	(b)
CMC AFRICA AUSTRAL LDA	100%	33,441,977	-28,211,544	5,230,433	5,230,433	5,230,433	-6,005,964	0	
CMC OTESA JV - NAMIBIA	100%	7,844,079	-7,844,079	0	-2,060,296	-2,060,296	-2,120,927	-2,060,296	(b) (d)
CMC Ltd Song Da JV - LAOS	40%	9,401,076	-9,401,076	0	9,555,915	3,822,366	-6,503,613	3,822,366	
G.E.D. S.R.L.	80%	1,277,653	-1,277,653	0	0	0	0	0	(b)
S.I.C.-SOC.ADRIATICA IMPIANTI E CAVE SPA	88%	781,545	-781,545	0	-3,483,994	-3,048,495	3,587,243	-3,048,495	(b) (d)
BOLOGNETTA S.C.P.A.	80%	16,000,000	-16,000,000	0	-15,523,492	-12,418,794	0	-12,418,794	(e)
VILLAMARINA S.CONS. A R.L.	100%	100,000	-51,000	49,000	-183,840	-183,840	-283,840	-232,840	(b) (d)
SOLARMAAS S.R.L.	51%	35,700	-35,700	0	0	0	0	0	(b)
CMC DI RAVENNA EURL (ALGERIA)	100%	1	-1	0	-960,356	-960,356	-548,560	-960,356	(b) (d)
CMC DI RAVENNA - MALAYSIA SDN BHD	100%	1	-1	0	0	0	0	0	(b)
CMC DI RAVENNA FRANCE SARL	100%	4,745,340	-1,245,340	3,500,000	4,468,903	4,468,903	-8,133	968,903	
CMC RAILWAY J.V. (PTY) LTD (SWAZ.)	100%	1	-1	0	0	0	0	0	(b)
BE INFRASTRUTTURE S.R.L.	70%	70,000	-70,000	0	-87,743	-61,420	15,974	-61,420	(b) (d)
EMPEDOCLE S.C.P.A.	100%	30,000,000	0	30,000,000	29,714,038	29,714,038	-285,962	-285,962	(b) (d)
OSPEDALE DEI CASTELLI SOC. CONS. A R.L.	50%	25,050	0	25,050	49,999	25,049	0	-1	(b) (d)
RAVENNA TUNNEL S.C.P.A.	99%	118,800	-118,800	0	24,744	24,497	-95,256	24,497	(b)
LETIMBRO SOC. CONS. A R.L.	51%	51,000	-51,000	0	-15,225,788	-7,765,152	0	-7,765,152	(b) (d)
FONTANA NUOVA SCRL	100%	10,201	-10,200	1	20,000	20,000	0	19,999	(b)
LMH CMC JV 04 MBTA (USA)	49%	519,682	-519,682	0	0	0	0	0	(c)
ALVISI S.R.L.	100%	2,291,908	-2,291,908	0	-74,845	-74,845	-115,917	-74,845	(b) (d)
NOVABALA JV CORPORATION	50%	293,424	0	293,424	2,861,168	1,430,584	1,200,441	1,137,160	
CE.DI.R. S.C.A R.L. in liquidazione	86%	1	-1	0	-40,537	-34,862	-590	-34,862	(b) (d)
GRUPPO IMMOBILIARE S.R.L.	100%	100,000	-100,000	0	-2,949,528	-2,949,528	-148,639	-2,949,528	(b) (d)
EMPEDOCLE 2 S.C.P.A.	82%	24,600,000	-24,600,000	0	-50,569,443	-41,466,943	0	-41,466,943	(e)
NORTE SOC. CONS. A R.L.	54%	5,449	0	5,449	10,000	5,449	0	0	
AUSA S.C.A.R.L.	52%	5,245	0	5,245	10,000	5,245	0	0	(b)
CMC EMBASSY S.R.L.	100%	1,663,007	-1,663,007	0	-877,650	-877,650	-69,742	-877,650	(b) (d)
CMC DI RAVENNA - ITINERA JV S.C.P.A.	51%	51,000	-51,000	0	-182,432	-93,040	-282,432	-93,040	(b) (d)
CMC DI RAVENNA USA,INC	100%	704	-704	0	0	0	0	0	(b)
CM STROY LLC - MOSCA	100%	228	0	228	0	0	0	-228	(b) (d)
ANCONA NEWPORT SOC. CONS. A R.L.	53%	53,100	-53,100	0	0	0	0	0	(b)
CMCAEDILSIDER CMCAE EDILSIDER JV CE	100%	1	-1	0	263,256	263,256	-127,790	263,256	
CMCGRC CMC GRC JV Pakistan	60%	1	-1	0	0	0	0	0	(b)
CERONS Ltd (Santo Domingo)	50%	1	-1	0	0	0	0	0	(b)
CMC di RA - Impregilo - PG Mavundla JV	51%	1	-1	0	0	0	0	0	(b)
CMCBOTJHENG CMC Botjheng JV	100%	1	-1	0	0	0	0	0	(b)
Groupement GRIEA	100%	1	-1	0	0	0	0	0	(b)
Total		209,463,270	-135,494,293	73,968,977					

- (a) The equity shown in the financial statements (latest approved or in draft) after deducting dividends and making the adjustments required by the consolidation principles.
- (b) Company in liquidation/bankruptcy/insolvency proceedings/dormant
- (c) Valued within CMC Holding Overseas S.p.A.
- (d) The differential has not been allocated to the provision for risks as the Directors do not believe there will be additional costs to be incurred, in addition to those recorded to write off the value of the investment.
- (e) The Directors believe that this difference will be recovered through a discharge at the end of the composition procedure.

The changes compared with the previous year mainly derive from the valuation at adjusted net equity of CMC Holding Overseas, CMC Immobiliare S.p.A. and CMC AA.

Details of the most significant equity investments are shown below:

Empedocle 2 S.c.p.A. - Equity investment valued at cost with financial statements at 31.12.20 not yet approved by the members' meeting. It should be noted that the investee has submitted an application for a composition with creditors with reserve pursuant to art. 161 para.6 of the BL on 04/02/2019 at the Court of Ravenna; On 24/12/2019 it obtained the decree of admission and the creditors' meeting has been scheduled for 02/07/2021. Note that this investment is part of an agreement between CMC, the Integra Consortium and the Company, as commented on more fully under "Trade receivables".

CMC Immobiliare S.p.A. - Equity investment valued at equity with financial statements as of 31.12.20 not yet approved by the members' meeting. The sale of the main areas held by the company is currently being formalised following the end of the auction called by the subsidiary. During the year, a financial lease contract stipulated in previous years was also renegotiated in order to align its financial flows with those of the property lease. Furthermore, negotiations are underway for the sale of the Cesena property which is the subject of a further financial lease contract. No greater losses are expected from the performance of the aforementioned negotiations than those already reflected in the financial statements of the subsidiary. The carrying amount of the investment was aligned with the net equity resulting from the draft financial statements of the investee at 31 December 2020, adjusted to take into account the measurement of the lease contracts according to the financial method and the results of the auction. This alignment led to a further write-down of the investment of approximately Euro 1.2 million in the current year.

Bolognetta S.c.p.A. - Equity investment valued at cost with financial statements as of 31.12.20 not yet approved by the members' meeting. It should be noted that the investee has submitted an application for a composition with creditors pursuant to art. 161 c.6 of the BL on 04/02/2019 at the Court of Ravenna. The application was accepted on 06/02/2019, on 24/12/2019 it obtained the admission decree and on 02/07/2021 the creditors' meeting was scheduled. The measurement of the equity investment was carried out assuming the creditors' approval of the investee's composition plan with a forecast of repayment of the unsecured creditors to an extent that allowed CMC not to suffer further economic-financial effects from the investment, also taking into account what is envisaged by the agreement between CMC, Consorzio Integra and the company, as more fully commented on under the heading "Trade receivables".

C.M.C. Holding Overseas S.p.A. - Equity investment valued at equity with financial statements as of 31.12.20 not yet approved by the members' meeting.

It is a holding company which holds the investments of LMH CC, CMC NY and Sulbrita. Taking into account the allocation of approximately Euro 7 million reflected in the provisions for risks and charges, the book value is substantially in line with the sum of the estimated realizable values of the three equity investments. In particular, we would mention that:

- In 2019, in concert with the parent company CMC, CMC Holding Overseas worked to find a solution to the serious crisis situation of LMH CC by entering into a series of negotiations with the main creditors of the company, in particular Zurich NA, Unicredit NY, Mc Court Legal Advisor. In this context, it was essential to receive a formal offer to purchase all of the shares of LMH CC, which made it less costly than to seek a general agreement with the various counterparties. The expectations of a positive outcome of this situation are currently quite strong, taking into account the willingness shown by the various parties involved and it is confident that a conclusion can be reached for CMC Holding Overseas in 2021. Also in light of this offer, the book value of LMH CC has been fully written down by the Directors and is substantially aligned with the value of its adjusted equity and its estimated realizable value.
- With reference to CMC NY, note that the company holds a 49% stake in DiFazio Industries llc. The carrying amount of the investment in DiFazio Industries llc in the financial statements of CMC NY substantially reflects the presumed realisable amount that the Directors expect to realise following formalisation of an agreement for the sale of these shares currently being prepared for a consideration of USD 2.5 million, collection of which was foreseen by the cash flow plan for next July. The carrying amount of CMC NY represents the adjusted net equity of its financial statements at 31.12.2020, which includes the considerations on the investment in DiFazio Industries llc.

Empedocle S.p.A. Equity investment valued at cost with financial statements at 31.12.20 not yet approved by the shareholders' meeting. The investment is carried at Euro 30 million (increase of Euro 6 million compared with the previous year as a result of the purchases of minority interests' quotas). This valuation is based on the assumption that, given the substantial completion of the work and the definition of reserves with the client, which led to the collection of the additional amounts, the subscribed and unpaid capital of Euro 22.5 million will not be called up. The net value of Euro 7.5 million is deemed by the Directors to be recoverable on the basis of the assessment of the subsidiary's assets and liabilities.

CMC Africa Austral - Investment valued at adjusted net equity. Alignment with this adjusted equity led to a further write-down of the investment by approximately Euro 2.6 million in the current year. The investee company encountered significant difficulties during the year following the cancellation of the two main contracts in progress due to the security problems arising in the northern area of Mozambique which forced the client (a leading multinational company operating in the energy sector) to abandon ongoing projects. The company is currently negotiating with the counterparty an indemnity for the early termination of contracts. As mentioned previously, the negotiations are expected to be closed shortly and it should generate sufficient cash flows to guarantee a transfer of approximately Euro 5.5 million to the Cooperative. In the meantime, the investee is divesting most of its assets, downsizing the structure in order to contain costs and taking steps to collect the significant overdue receivables owed by a contracting authority wholly controlled by the Mozambican government. At present, taking into account the uncertainties associated with the country's financial situation, no further losses are expected that might require settlement by the subsidiary.

b) Associated companies

The following table provides a comparison between the carrying value and the corresponding portion of equity, as derived from the latest approved financial statements of associated companies and adjusted in accordance with paragraph 4 of Art. 2426 of the Italian Civil Code:

Associated	CMC stake %	Gross book value 2020	Allowance for doubtful accounts 2020	Net book value 2020 (B)	Equity	Equity quota (A)	Profit (loss) for the year	Diff. (A) - (B)	Notes
AUTOSTRADA ROMAGNA 1 S.C.P.A.	60%	600,000	0	600,000	932,221	559,332	-67,779	-40,668	(b) (d)
UNDER WATER ANCHORS S.R.L.	33%	49,663	-49,663	0	258,411	86,128	-25,665	86,128	
ANTARES S.C. A.R.L.	28%	840,000	0	840,000	3,776,444	1,057,404	716,153	217,404	
MIRANDOLA S.C. A.R.L.	45%	9,020	-9,020	0	20,000	9,020	0	9,020	(b)
CONSTRUCTORA NUEVO MAIPO SA (Cile)		9,644	-9,644	0	0	0	0	0	(b)
SISTEMA 3 SCARL	41%	12,300	-12,300	0	-547,000	-224,270	0	-224,270	(b) (d)
PACO SRL	49%	8,375	0	8,375	0	0	0	-8,375	(b) (d)
BAGLIO LA CAMPERIA S.P.A.	20%	100,000	-100,000	0	0	0	0	0	(b)
LODIGIANI-CMC SDN BHD (MALAYSIA)	50%	6,804	-6,804	0	0	0	0	0	(b)
ELAION SOC. CONS. A.R.L.	41%	4,051	-4,050	0	-225,619	-91,376	-235,619	-91,376	(b) (d)
ITACA SOC. CONS. A.R.L. in liquidazione	35%	3,574	-3,574	0	10,329	3,574	0	3,574	(b)
FDA S.R.L. in liquidazione	20%	857,018	-652,164	204,854	0	0	0	-204,854	(b) (d)
HOLCOAP S.P.A.	15%	16,665	-16,665	0	0	0	0	0	
VENAUS S.C. A.R.L.	48%	235,280	0	235,280	100,000	47,820	0	-187,460	(b) (d)
SISTEMA 2 SOC. CONS. A.R.L.	37%	11,100	-11,100	0	23,521	8,703	-24,277	8,703	(b)
VAL DI CHIANTI S.C.P.A.	30%	21,304,080	-21,304,080	0	70,000,000	21,301,000	0	21,301,000	
MOLFETTA NEWPORT S.C. A.R.L.	39%	19,251	0	19,251	0	0	0	-19,251	(b) (d)
PIOMBONE S.C.A.R.L.	49%	49,000	-49,000	0	44,127	21,622	-55,873	21,622	(b)
GRANAROLO IMMOBILIARE S.P.A.	30%	605,291	-605,291	0	-2,538,628	-761,588	-211	-761,588	(b) (d)
CONSORZIO JV CB	50%	10,000	-10,000	0	20,000	10,000	0	10,000	(b)
OPERA 3 SOC. CONS. A.R.L.	65%	19,501	-10,401	9,100	30,000	19,599	0	10,499	(b)
TRENTO TRE S.C.A.R.L.	45%	9,000	0	9,000	20,000	9,000	0	0	
CONSORZIO JV CB	50%	2,602	-2,602	0	0	0	0	0	(b)
		24,782,220	-22,856,360	1,925,860					

- (a) The equity shown in the financial statements (latest approved or in draft) after deducting dividends and making the adjustments required by the consolidation principles.
- (b) Company in liquidation/bankruptcy/insolvency proceedings/dormant
- (c) The differential has not been allocated to the provision for risks as the Directors do not believe there will be additional costs to be incurred, in addition to those recorded to write off the value of the investment.
- (d) The differential has not been allocated to the provision for risks as the Directors do not believe there will be additional costs to be incurred, in addition to those recorded to write off the value of the investment.

There are no significant changes compared with the previous year. Details of the most significant equity investments are shown below:

VAL DI CHIANTI S.c.p.a – In previous years, the investee started a lawsuit against the client for the recognition of reserves on the work carried out. Although the company had won in the first two proceedings, the claim was denied by a subsequent ruling by the Court of Cassation. The equity investment was therefore written down in full in the previous year, while receivables from the investee for Euro 16.3 million and payables to the investee of Euro 35.7 million were recorded in the financial statements.

In 2019 following the bankruptcy of COCI, the holding was divided pro-quota among the shareholders and CMC increased its holding from 28% to 30.43%. The increase was prudently written down in line with the rest of the investment in that year and the carrying amount of this investment is zero without any change in 2020.

c) Other companies

Details are provided below of equity investments in other companies:

Other companies	Net book value 2020
CONSORZIO PEDELOMBARDA 2 (A 1/2 CCC)	-
CONSORZIO COSTRUTTORI TEEM	1,648
COOPERARE SPA	52,998
CONSORZIO CO.RI.R.E. in liquidazione	-
CONSORZIO LEC LIBYAN EXPRESSWAY CONTR.	-
AEROPORTO DELLA ROMAGNA S.P.A.	-
NUOVA QUASCO S.C. A R.L.	535
IMMOBILIARE RIMINESE MALATESTA S.R.L.	-
CFI-COOPERAZIONE FINANZA IMPRESA SCPA	5,570
NOMISMA S.P.A.	11,100
CONSCOOP (FO)	50,000
FINCOOPER S.C.R.L. in liquidaz. volont.	-
ICIE SOC. COOP. (Istit.Coop. x l'Innov.)	-
CONSORZIO COOP. VIRGILIO in liquidazione	-
COOP.CULTURALE L. LUZZATTI	-
CONSORZIO COOP.VE COSTR. (CCC-BO)	-
KOSTRUTTIVA S.C.P.A.	-
COOPERATIVA SERVIZI CULTURA	-
CONSORZIO CAVET (CONS.ALTA VELOCITA')	611,095
IGEI S.P.A. in liquidazione	-
CONS.TOSCANO COOP.-C.T.C. SOC.COOP.	-
TERREMERSE SOC. COOP.	3,099
DELTA 2000 SOC.CONS.A R.L.	-
SCS AZIONINNOVA S.P.A.	11,004
C.C.F.S.-CONS.COOP. FINANZ. PER LO SVIL.	7,515
ISI SERVICE E. ROMAGNA SOC. CONS. A R.L.	-
AZIENDA LIBICO - ITALIANA (ALI)	-
SOPED S.P.A.	-
FEDERCOOP ROMAGNA SOCIETA' COOP.	64,402
PASSANTE DI MESTRE S.C.P.A.	666,666
EUROLINK S.C.P.A.	19,500,000
TANGENZIALE ESTERNA S.P.A.	15,040,971
SAPIR - PORTO INTERMOD. RAVENNA SPA	353,575
CONSORZIO MITECO	-
IMMOFIL S.R.L.	-
CNS-CONSORZIO NAZION. SERV. SOC. COOP.	12,314
SAT LAVORI SOC. CONS. A R.L.	-
CONSORZIO INTEGRA SOC. COOP.	1,200,000
	37,592,491

Eurolink S.c.p.A. - Consortium company created to carry out the contract for the construction of the Bridge over the Straits of Messina: this work was never carried out due to termination of the contract decided unilaterally by the public sector client and the subsequent liquidation of the client company Stretto di Messina S.p.A.

The equity investment is recorded for Euro 19.5 million. Its carrying value, net of the unpaid subscribed capital due of Euro 14.6 million, amounts to Euro 4.9 million and was not written down, taking into account: the probability of collecting the related claim from customers. The Directors believe that such subscribed and unpaid capital will not be called up. Agreements to transfer some claims, including those relating to Eurolink, to a financial company are currently being finalized.

TE S.p.A. The carrying value has not been written down, as it is not expected that impairment losses will emerge from the imminent sale of the investment. Negotiations are underway to dispose of the investment, which should be completed soon. In fact, the cash flow plan envisages the inflow of cash flows in July 2021, which includes both the sale of the investment and collection of the residual receivables from it.

Consorzio Integra - The equity investment was not written down, as there are no elements to suggest that there are impairment losses.

CCC - The equity investment was written down to bring its book value to zero, as there are elements that suggest that there are permanent losses in value.

Financial receivables

<i>Financial receivables</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
Subsidiaries	56,716	145,850
Associated companies	9,250	9,260
Other	13,218	14,567
Total	79,184	169,677

The amounts due to/from subsidiaries and associates are analysed in an attachment and commented in the paragraph on relationships with Group companies.

Financial receivables from subsidiaries and associates have been written down in previous years together with trade receivables by a total of Euro 42 million. Given that this write-down also takes into account the adjustments made to trade receivables from subsidiaries and associates, the provision was recorded in full to reduce the carrying value of trade receivables (see the section on trade receivables).

The decrease in financial receivables from subsidiaries of Euro 89 million is mainly due to the offsetting of intercompany receivables/payables relating to CMC Africa Austral and CMC Botjheng (Lesotho).

Other financial receivables consist of the following:

<i>Other financial receivables</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>Guarantee deposits</i>	641	1,050
<i>Loans to other companies</i>	5,801	6,083
<i>Contributions to associations and/or entities</i>	24	24
<i>Other</i>	6,752	7,410
Total	13,169	14,567

CURRENT ASSETS

Closing inventories

These consist of the following:

<i>Inventories</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>Raw materials and consumables</i>	6,823	6,150
<i>Contract work in progress</i>	160,337	246,565
<i>Advances</i>	9,514	12,988
<i>Total</i>	<i>176,674</i>	<i>265,703</i>

a) Raw, ancillary and consumable materials

These mainly consist of raw materials used at construction sites for the fulfilment of a contract. The most significant amounts are attributable to contracts in Italy, Argentina, China and Philippines. The amount of Euro 6,823 thousand at 31 December 2020 is net of the allowance for doubtful accounts of Euro 7 million.

b) Inventories of contract work in progress

The decrease in work in progress is mainly attributable to:

- the securitisation defined in 2020 with Kway SPV of the claims from Anas Savona, Anas Tangenziale FO and Lyon Turin Ferroviarie which resulted in a collection of Euro 24 million, higher than the book value of the claims recorded previously.
- the following claims were defined and collected during the year: i) Regione Sicilia Ente Sviluppo Agricolo – Reti idriche Basso Verdura and, in part ii) Mercati Agro Alimentari Sicilia – MAAS for a total of Euro 3.4 million.
- The valuation of the work in progress already reflects the effects of a further claim securitisation transaction which is expected to be defined in 2021.

At 31 December 2020, the valuation of contract work in progress took into account requests for additional payments not yet approved by the client (claims) for a total of Euro 70 million which the relevant company structure believes represent a prudential estimate of the amounts that will be recognised, taking into account the advances already collected and reflected in liabilities. The book balances, net of advances received and the specific provisions for risks reflected in liabilities, are currently being negotiated and are at an advanced stage.

Among the situations of uncertainty related to the recovery of claims accounted for as at 31 December 2020, the following should be noted:

- The work in progress relating to the SS 640 Lot 2 contract takes into account the expected recognition of a variant appraisal and additional fees that the Directors have put at Euro 18 million. These amounts are currently the subject of discussions with the Contracting Authority which also see the involvement of local authorities. The Directors believe that the amount of work in progress accounted for, also taking into account the allocations reflected in the provisions for risks and charges, represents a prudent estimate of the overall consideration due by the Cooperative.
- The claim recorded for Euro 25 million in relation to a contract in Algeria, gross of advances already collected for Euro 17 million as commented on below. Agreements are being defined for the transfer of the order to another company to be carried out subcontracting all of the works. This agreement, in addition to guaranteeing CMC a profitability in the face of future progress of the order, should also entail the definition of requests for additional payments made to the client.

Please refer to the paragraph on provisions for risks for further assessments on the risks associated with the work in progress of some projects.

Contract work in progress for Euro 160 million are representative of the production carried out by the Company and not yet invoiced to customers. In some cases it also includes requests from customers for variations and additional fees, which historically arise during the execution of the works.

Despite the uncertainty linked to the outcome of the disputes initiated to obtain recognition of these amounts, Management of the Cooperative believes that their realization is reasonably certain after an examination of the documentation relating to these proceedings.

The comparison table with the figures at 31 December 2020 is shown below:

<i>Principal</i>	<i>Description</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>	<i>Var.</i>
ANAS SPA	SS 640 AGRIGENTO CALTANISSETTA ROAD SECTION 2	13,331	37,611	(24,280)
RIFT WALLEY WATER SERVICES BOARD (RVWSB)	HYDRO PROJECT ITARE DAM (KENYA)	17,960	30,970	(13,010)
CIRCUMETNEA	MONTE PO/STESICORO STATION	6,343	31,088	(24,745)
A.G.A. (AG. GESTION AUTOROUTES)	CONSTRUCTION SERVICES FOR AUTOROUTE SECTION EST (ALGERIE)	25,054	24,519	525
ANAS SPA	SAVONA HUB	--	17,414	(17,414)
SHANXI MIDDLE YELLOW RIVER WATER RESOURCE DEVELOPMENT CO. LTD.	HYDRO PROJECT IN SHANXI RIVER (CINA)	9,239	9,366	(127)
ISTITUTO NAC. ESTRADA DE ANGOLA	AUTOROUTE LUANDA SOYO (ANGOLA)	7,881	8,608	(727)
MINISTERO DELLE INFRASTRUTTURE	METROTRANVIA MILANO	9,100	7,811	1,289
ANP-AGENCE NATIONAL DES PORTS - MAROCCO	MAROCCO-PORT OF MOHAMMEDIA	4,426	4,426	--
REGIONE CALABRIA	METROTRANVIA COSENZA-RENDE	4,521	4,604	(83)
NHPC LIMITED	INDIA-PARBATI HYDROELECTRIC TUNNEL	3,454	3,454	--
ANAS SPA	SS 121 - PALERMO LERCARA FRIDDI	3,490	8,120	(4,630)
PROVINCIA AUTONOMA TRENTO	WATER TREATMENT	--	1,283	(1,283)
HERA SpA	AUSA WATER TREATMENT	1,574	3,078	(1,504)
ALTO MAIPO S.p.A.	HYDROELECTRIC TUNNEL AND PLANT (CILE)	13,125	13,902	(777)
KVDA - CMC-ITINERA JV	ARROR AND KIMWARER DAMS (KENYA)	--	5,315	(5,315)
OTHER		40,839	34,996	5,843
TOTAL		160,337	246,565	(86,228)

c) Advances

"Advances" decrease by Euro 3.5 million because of the production carried out during the year.

Receivables

These consist of the following:

<i>Receivables</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>From cutomers:</i>		
- for works and supplies	182,167	204,040
- less allowance for doubtful accounts	(98,912)	(145,457)
- for interests on overdue payments	1,370	1,370

- less allowance for interest on overdue payments	(1,370)	(1,370)
Total from customers	83,255	58,583
<i>Due from subsidiaries</i>	404,664	516,783
<i>Due from associated companies</i>	16,231	30,587
<i>Receivables from tax authorities</i>	11,845	22,311
<i>Deferred tax</i>	3	
<i>Other</i>	38,368	40,778
Total receivables	554,367	669,044

Due from customers

The increase in "Due from customers" of Euro 25 million is mainly attributable to the Argentina Rio Lomas and Philippine contracts, as well as to the effects of the exchange rate difference partly covered by the allowance for doubtful accounts.

The "Allowance for doubtful accounts", set aside in previous years, reflects the risk of non-collection of certain disputed third party receivables or cases where a counterparty is experiencing financial difficulties. It was partly used in 2020. This provision is considered adequate for aligning the receivables to their estimated realisable value, taking into account the advances already received from some contracting parties and the allocations reflected in the provisions for risks and charges.

There are the following situations of uncertainty relating to receivables outstanding at 31 December 2020:

M.A. KHARAFI (MALAWI BRANCH) - This is a receivable relating to a contract for the construction of a highway that was completed several years ago. The receivable of Euro 3.0 million at 31 December 2020 was written down in previous years by Euro 2.0 million as collection terms were uncertain. The part of the receivable not written down corresponds to the payable that the Company has towards a subcontractor (Herbo) for approximately Euro 1.0 million. In any case, legal action is underway to collect all of this receivable, even the part that has been written down.

Melamchi Water Supply Development Board – M.W.S.D.B. (Nepal Branch) - This is a receivable relating to a contract for the excavation of approximately 20.5 km of tunnels to divert water from the Melamchi River. This project has been terminated. The receivable of Euro 5.5 million at 31 December 2020 was partially written down in previous years by Euro 3.4 million.

Grandi Lavori Fincosit S.p.A. – The balance at 31 December 2020 of Euro 31.8 million refers almost entirely to the costs passed on to Grandi Lavori Fincosit S.p.A. (GLF) based on an agreement between CMC and GLF of 2010 under which CMC passed on to GLF part of the costs in the Val di Chienti budget that were up to CMC. Although GLF is involved in the composition with creditors, the Cooperative also has a debtor position of 30.4 million towards this company. For this reason, Management believes that the receivable is fully collectable and has therefore not made any provision.

Due from subsidiary companies

At 31 December 2020, receivables from subsidiaries amounted to Euro 405 million, a decrease of Euro 112 million compared with the previous year. The company compensated receivables and payables as illustrated in the tables attached to these notes.

In this regard, attention is drawn to the creditor balance with the subsidiary CMC Africa Austral which, taking into account the value of the shareholding and net of the payables recorded towards this company, amounts to a total of Euro 60 million. As previously mentioned, this company has significantly reduced its activity due to the cancellation of some contracts due to safety problems in an area of Mozambique where the construction sites had been opened.

Realisation of the net exposure towards the subsidiary is subject to collection of Euro 45 million of receivables from a company wholly owned by the Mozambican government which has confirmed the existence of these receivables, but

which is currently encountering financial difficulties that prevent it from honouring its commitments. The Directors of the Cooperative are confident that the action taken will allow these balances to be collected in the medium term.

Due from tax authorities

These consist of the following:

Receivables form tax authorities	December 31, 2020	December 31, 2019
Income tax		
- Italy	645	625
- Overseas	4,384	4,984
VAT		
- Italy	4,082	14,167
- Overseas	2,564	2,187
Withholding tax (IRPEF)		
- Italy	114	265
- Overseas	--	11
Other taxes		
- Italy	52	52
- Overseas	3	19
Total	11,845	22,311

The Italian VAT credit accrued following application of the split payment system under art. 1 paragraph 629 of Law 2014/190 is usually requested every three months as a reimbursement by the Tax Authorities.

Deferred tax liabilities and deferred tax assets

Due to CMC's crisis situation, starting from 2018, deferred tax assets in Italy and abroad were eliminated, net of deferred tax liabilities, with the net effect on the income statement. The same prudential criterion continued also in 2020.

Due from others

Amounts "due from others" mainly include receivables from subsidiaries, partners in joint ventures, employees and social security institutions.

Receivables are analysed by geographical area below, as required by art. 2427 of the Italian Civil Code:

Receivables	ITALY	AFRICA	ASIA	EUROPE	SOUTH AMERICA	TOTAL
<i>From customers</i>	94,675	46,156	39,685	109	2,911	183,537
<i>From Subsidiaries</i>	338,706	63,407	2,552	--	--	404,664
<i>Form Associated</i>	16,231	--	--	--	--	16,231
<i>Taxes</i>	4,893	2,591	2,663	-7	1,705	11,845

<i>Deferred tax assets</i>	--	3	--	--	--	3
<i>Others</i>	33,569	2,116	2,528	40	115	38,368
Total	488,074	114,273	47,428	142	4,731	654,649
<i>Allowance for doubtful accounts</i>	(57,641)	(19,853)	(22,787)	--	--	(100,282)
Total	430,433	94,420	24,641	142	4,731	554,367

Cash and cash equivalents

"Cash and cash equivalents" include the cash balances and equivalents held by the head office and at the various construction sites.

This item (cash and cash equivalents translated into Euro and referred to the current account of Branches and Parent Company) is made up as follows:

Details of cash and cash equivalents	December 31, 2020	December 31, 2019
CMC Head Office	17,889	5,331
Overseas branches	8,909	4,972
Total	26,807	10,302

The change in this caption with respect to the previous year is analysed in the statement of cash flows.

Accruals and deferrals

The composition of the item is as follows:

Accrued income and prepayments	December 31, 2020	December 31, 2019
Accrued income		
- <i>Interest</i>	1	
- <i>other</i>		
Deferred costs		
- <i>insurance</i>	2,579	1,880
- <i>guarantee</i>	1,080	125
- <i>interest</i>	392	-
- <i>rental fees</i>	119	273
- <i>leasing fee</i>	27	57
- <i>others</i>	560	961
Total	4,757	3,296

LIABILITIES AND EQUITY

As explained in the "Report on operations", the Court of Ravenna issued its decree of approval of CMC's composition with creditors on 29 May 2020. This event was made possible by the favourable vote expressed in March and April 2020 by 78.15% of the Cooperative's creditors on the composition proposal and the underlying composition plan filed with the Court of Ravenna on 18 December 2019.

Following this event, the debt relief process was carried out with a significant impact on most of the liability items, as shown in the following sections.

Equity

A statement of changes in equity as a result of the debt relief process is included as an attachment.

Share capital

The share capital consists of 228,815 shares with a par value of Euro 50 each, in addition to some Euro 20 thousand of fractional shares due to revaluation.

Legal reserve

It includes the allocation of the results for the period as envisaged by the Company's Articles of Association.

Extraordinary reserve

It includes the allocation of the results for the period as established by the shareholders' resolutions.

Cumulative translation adjustment

It includes the net effect deriving from the conversion into Euro of the balances relating to permanent organizations abroad which have a high management autonomy and which adopt multi-currency accounting.

Reserve ex. art. 2426 Italian Civil Code, paragraph 1.4)

It includes the effects of the valuation with the equity method of some categories of investments in subsidiaries and associates.

Valuation reserve for foreign currency assets and liabilities

In accordance with Art. 2426, paragraph 1.8- bis) of the Italian Civil Code, this reserve includes the net gain arising from adoption of the previous year-end exchange rates for the translation of assets and liabilities in foreign currencies.

Reserve for participatory financial instruments

This reserve includes the effects of issuing the participatory financial instruments (PFIs) envisaged in the composition proposal to which reference should be made for further details. In this regard, it should be noted that the assignees of the PFIs, relating to the tranche issued in 2020, can - within 6 months of the approval - ask for them to be converted into a bond repayable in a single instalment in 2026. We point out that the SFP regulations are published on the Cooperative's website.

As mentioned above, at the date of preparing these notes this reserve was reduced by Euro 50 million due to the request for conversion of PFIs into bonds made by some assignees of these instruments. There is a residual reserve for PFIs for Euro 160 million which, if the conversion threshold of 70% of PFIs was reached, would be reduced by 50% against a corresponding recognition of further payables to bondholders, but this is a hypothesis that the Directors consider remote.

The value of equity could increase even further in the face of out-of-period gains not yet recorded, which the company may realise thanks to ongoing negotiations with suppliers and disputes that are expected to be concluded in a favourable manner for the Company.

Changes in the membership base in 2020 are as follows:

	Active shareholders	Retired shareholders	Financing shareholders	Total
Year beginning	251	476	1	728
New members	-	-	-	-
Leavers	(72)	(9)	-	(81)
Retirements	-	-	-	-
As of December 31, 2020	179	467	1	647

Regarding the information required by art. 2427 of the Italian Civil Code art. 4 and 7-bis relating to the equity items, please refer to the "Attachments" to these notes, which also provide information on the possibility of using the reserves, the unrestricted portion and the uses made in the three previous years.

Provisions for risks and charges

Provisions for risks and charges	December 31, 2020	December 31, 2019
<i>Contract risks</i>	125,863	188,175
<i>Overseas/foreign operations</i>	40,107	140,305
<i>Other risks and charges</i>	4,453	47,904
<i>Taxes</i>	1,164	1,218
Total	171,587	377,602

The provisions shown in these financial statements have been recorded mainly for the costs that are expected to be incurred in relation to:

- Losses on contracts in progress in Italy and abroad for approximately Euro 39 million and residual risks of enforcement of guarantees for approximately Euro 28 million;
- Writedown of fixed assets for assets held by certain foreign branches, also through lease contracts, deemed no longer recoverable, for approximately Euro 22 million;
- Writedowns of claims reflected in the inventories of work in progress for which we believe that the conditions do not exist to consider their collection reasonably certain for approximately Euro 30 million;
- Charges that will derive from the closure of certain branches and from the settlement of disputes in progress with clients, suppliers and authorities both in Italy and in some foreign countries for approximately Euro 7 million;
- Other provisions relating to risks of bankruptcy liabilities still outstanding for Euro 44 million.

The decrease in the provision set aside compared with what is reflected in the financial statements at 31 December 2020 is mainly attributable to the use of provisions previously made for Euro 145 million, especially against the risk of enforcing guaranteed which, in light of the most recent developments, is considered unlikely;

Although in the context of uncertainty based on the analyses carried out and the related probability of losing, in light of the information available at the date of these financial statements, taking into account the opinion of their legal and tax consultants and after having analysed in detail the situation of the contracts in progress, the Directors believe that the provision allocated to the financial statements represents the best estimate of the potential liabilities that could emerge on settlement of current disputes.

The Cooperative is part to a number of disputes arising in the ordinary course of business. In particular, we would mention that:

- in relation to the Headrace Tunnel of Hydroelectric Plant project in Alto Maipo (Chile), carried out in collaboration with Hochtief Solutions AG, through the vehicle company Constructora Nuevo Maipo SA (of which we hold a 30% stake), on 7 June 2017, the client and owner of the land, Alto Maipo S.p.A., a Chilean company, delivered a notification of complaint concerning the violation of various contractual obligations by Constructora Nuevo Maipo SA, simultaneously filing an arbitration request before the International Chamber of Commerce, claiming alleged damage. Consequently, Alto Maipo S.p.A. activated the guarantees on the performance obligations granted in relation to this project, for a total of Euro 79.5 million, 30% of which was counter-guaranteed by UniCredit S.p.A. which should have had recourse against us. Execution was initially suspended (Constructora Nuevo Maipo SA received an injunction from the local Chilean court), but in the end the suspension order was revoked on 10 July 2017. Consequently, we agreed to waive the suspension order that we had obtained on 13 June 2017 from the Civil Court of Ravenna, following our petition for an urgent precautionary injunction on 12 June 2017 against UniCredit S.p.A., and in the end we paid the Italian counter-guarantor an amount of Euro 19.5 million. Constructora Nuevo Maipo SA has filed a counterclaim for damages against Alto Maipo S.p.A. with the ICC (International Chamber of Commerce) for unlawful termination of the Alto Maipo contract, also requesting reimbursement of the amounts taken by Alto Maipo from the existing bank guarantees. The exchange of the pleadings between the parties began on 3 August 2018. Work on the pleadings and questions then continued during 2018 and the oral hearing before the ICC's court of arbitration was held in from 21 to 30 May 2019 in Santiago. The arbitration award is expected in the third quarter of 2021. We intend to continue supporting Constructora Nuevo Maipo SA in its dispute with Alto Maipo and AES Gener.
- with a summons issued in February 2017, the Public Prosecutor of Ravenna ordered the referral to trial of Massimo Matteucci, former chairman of CMC's Board of Directors, Dario Foschini, CMC's former Managing Director, Guido Leoni, CMC's former deputy chairman, Maurizio Fucchi, CMC's former deputy chairman and Alfredo Fioretti, at the time of the facts CMC's deputy chairman, accused, together with others, of the crimes referred to in arts. 256 paragraph 1 letter a), paragraphs 2 and 4, and paragraph 3 of Legislative Decree 152/06. The allegations concerned the handling of materials from dredging works contracted by the Port Authority of Ravenna to CMC. The first instance ended with the acquittal of Matteucci, Leoni and Fioretti, and the conviction of Fucchi and Foschini. The lawyers have appealed against the sentence handed down against Fucchi and Foschini, while the Prosecutor's Office appealed against the acquittal of Fioretti. With a sentence of March 2021, the Court of Appeal of Bologna confirmed the acquittal at first instance for Fioretti and also acquitted the others accused of the crime ascribed to them.
- In October 2013, the public prosecutor's office of the Court of Trani commenced a criminal investigation into the award of the contract for work relating to the construction of the new Molfetta port. The contract was awarded in 2006 to a consortium headed up by the Company. The accusation against the Company is that it knowingly participated in a project organised fraudulently by Molfetta Municipality. The investigation includes, among others, the previous Chairman of our Board of Directors (now deceased) and our former Managing Director as the legal representatives of CMC and Molfetta Newport S.c.a.r.l. The precautionary measures requested by the public prosecutor against the Company and its employees (inclusive of the request for interdiction prohibiting the continuation of its operations pursuant to Decree 231/2001) were rejected and revoked by the competent Court. With the sentence of 20.12.2019 filed in April 2020, the Company was acquitted along with all of the employees involved.
- With regard to the criminal proceedings brought against the C.A.V.E.T. Consortium and certain individuals, including some former managers of the Consortium, the appellate proceedings ended with a decision handed down on June 27, 2011, which reversed in full the lower court's decision, thus reversing the convictions handed down by the lower court and finding both the Consortium and the indicted individuals not guilty of any of the charges. The Public Prosecutor of the Court of Florence appealed this decision to the Court of Cassation, which, on March 18, 2013, set aside in part the decision of the Florence Court of Appeals ordering that the case be returned to the Court of Appeals. The reinstated proceedings before the Florence Court of Appeals got under way on January 30, 2014 and, on March 21, 2014, the Court of Appeals handed down a decision by which it rejected most of the charges levied by the Public Prosecutor, but upheld them in some important cases. The ruling of the Courts of Appeal of Florence was challenged by all the defendants and by C.A.V.E.T., as a party liable under civil law and, in September 2014, the related appeals were filed for Cassation. On 21 April 2016, Criminal Chamber IV of the Court of Cassation handed down a decision by which it annulled without reinstatement the decision handed down on 21 March 2014 by the Florence Court of Appeal with respect to all criminal charges and most of the civil aspects, allowing recourse to the competent civil Court of Appeal only for some of the civil aspects. The Ministry of the Environment has in fact brought proceedings before the Florence Civil Court of Appeals, seeking a ruling on the existence of environmental damage and thus to order CAVET and certain individuals already charged in the criminal proceedings to adopt necessary remedial measures that have still to be determined.
- In June 2012, the public prosecutor's office of the Court of Latina commenced a criminal investigation against, among others, the Chairman of the Company's Board of Directors and the Managing Director, with reference

to an alleged violation of art. 256 of Decree 152/2006 relating to the handling and transport of non-hazardous materials. A judgement was issued against the Chairman not to proceed following the death, while the proceedings against the pro-tempore Managing Director (Dario Foschini) continued. The proceedings are still pending.

The Directors do not believe that these proceedings will lead to any liabilities for the Company.

- In July 2011, following the death of one of the Cooperative's workers in December 2010, the public prosecutor's office of the Court of Perugia initiated criminal proceedings against one of the Cooperative's managers for an alleged violation of art. 2010 of Decree 81/2008 and of art. 589 of the Italian Penal Code. The proceedings are still pending.
The Directors do not believe that these proceedings will lead to liabilities for the Cooperative.
- In July 2019 the Public Prosecutor of Nairobi requested the start of criminal proceedings against, among others, the Joint Venture CMC - Itinera s.c.p.a., a company set up by CMC and Itinera S.p.A. for the execution of construction works for the Arror and Kimwarer dams in Kenya entrusted by the Kerio Valley Development Authority (a government agency) and its chairman Paolo Porcelli, who holds the position of General Manager of the Cooperative. The charges brought against Porcelli and the JV, later extended to the Cooperative and its administrative body in office in 2014, allege "conspiracy to defraud" and "fraudulent acquisition of public property" against the State of Kenya. At present, no elements or evidence have emerged to support these accusations and the Cooperative has made every effort to demonstrate its extraneousness to the crimes that its representatives are alleged to have committed. In May 2021, the Public Prosecutor requested the termination of proceedings against foreign natural and legal persons which will continue separately from the main proceedings, which now only involve Kenyan public officials.
- On 6 May 2019, an employee of the Cooperative was given notice of conclusion of the preliminary investigations relating to the public contract for the construction of the Cosenza light metro. The alleged offence was auction disturbance pursuant to art. 353 of the Italian Penal Code. The company has made every effort to demonstrate its extraneousness to the disputed facts and believes that it is extraneous to the accusations raised. The proceedings are still pending.
- During 2019, the Ravenna Public Prosecutor's Office launched a criminal investigation concerning the hypothesis of commission of the offences p.p. of the articles 110 Criminal Code 236, paragraph 2, in relation to art. 224 and 217 no. 4, 219, paragraph 1, Royal Decree 267/42 towards members and former members of the Board of Directors and managers and former managers of the Company (the related notice of extension of the investigations was notified in November 2020). On 4 March 2021, the Public Prosecutor also executed a search and seizure decree concerning documents and information connected to the crimes alleged by the same Prosecutor. The investigations are still going on and there are no known indictments. The company and the directors in office at the time of the facts being disputed took action by granting a mandate to their lawyers and trusted professionals in order to demonstrate the groundlessness of the allegations in the appropriate courts.
- With appeal pursuant to art. 702 bis of the Italian Code of Civil Procedure notified on 31 March 2021 SACE turned to the Court of Rome to request the reclassification of the credit claimed by it of Euro 20,610,984.34 as a privileged creditor in CMC's composition procedure. Deeming SACE's requests to be unfounded as its credit is based on the previous claim, the Cooperative has entrusted its defence to the law firm of Prof. Avv. Valerio Di Gravio to contest SACE's claims. The judgement is expected to extend beyond 2021.
- With a provisionally enforceable injunction on the appeal of a former advisor of the Company, the Court of Modena ordered the payment of Euro 6,349,331.50, of which € 4,812,558.40 immediately. Subsequently, the creditor notified various foreclosures from third parties both to banks and debtors of the Cooperative. The Company filed an opposition to the decree and on 26 May 2021 obtained the suspension of the executive effectiveness of the decree, following which all the foreclosures were also suspended. The discussion of the case will continue at the hearing on 29 June 2021. However, the parties intend to open a negotiating table to find an amicable solution to the dispute.
- With an application filed in January 2021, CMC Itinera, the JV CMC-Itinera scpa, have started an arbitration against KVDA, the client of the two projects for the construction of the Arror and Kimwarer dams in Kenya, to request compensation and indemnities relating to the suspension of the two contracts, for a total of approximately 124 million dollars. The State of Kenya appeared as a replacement of KVDA by filing a counterclaim. The arbitration is in the initial phase and is expected to end in the last quarter of 2022 or the first half of 2023.
- At the end of 2020, MEC the supplier of the Cabot Yard contract in the USA requested the start of an arbitration against the JV Lane-JV LMH-CMC, Lane, LMH and CMC to request compensation for all damages deriving from non-payment of the works carried out under the contract signed with the JV in August 2018, as well as compensation for loss of earnings, for an estimated amount of approximately 9 million dollars. The arbitration is still in the initial stages and the parties have requested adjournments to attempt an amicable resolution of the matter.
- Lane, partner in the Cabot Yard project, has also started arbitration against the JV LMH-CMC, LMH and CMC individually, to seek compensation for damages and losses incurred for the management of the Cabot Yard

contract. A mediation sub-procedure was initiated to attempt an amicable resolution of the dispute. Lane has not submitted an estimate of the damages requested, reserving the right to specify it in the course of the proceedings. Out of court, it had filed claims for reimbursement of losses for approximately US dollar 33-34 million.

- In July 2020 CMC and Itinera filed a second lawsuit against ANAS in relation to the tender contract referring to the Savona contract for the Aurelia bis contract, for a total amount of approximately 90-100 million. The legal case will probably be joined to the previous one, also brought by CMC and Itinera referring to the first reservations, whose expert witness had closed with an amount in favour of the contractor of about 35 million euro. However, the judge ordered a new court-appointed witness's expert report, which is why it was asked for the two proceedings to be unified. ANAS filed a counterclaim for the application of penalties and compensation for damages for the interruption of the contract following the arrangement with CMC. In any case, for CMC, any convictions will be included as unsecured receivables in the composition plan.

Despite the uncertainty arising from the fact that certain of the proceedings are at a preliminary stage, based on the information available at the reporting date and taking into account the laws in force, the Directors believe that the provisions recorded in the financial statements represent a best possible estimate of the potential risk that could arise from the closure of these proceedings.

On the other hand, no proceeds have been recorded in relation to the claims promoted by the Cooperative in connection with the unjustified cancellation of certain overseas orders and the consequent enforcement of the guarantees against the Cooperative. The Directors believe that these amounts can only be reflected when they are definitively agreed with the counterparties.

As mentioned above, negotiations are underway for the sale of certain claims to specialised companies. As mentioned above, where receivables and/or work in progress had been entered in relation to the activities subject to litigation, the possible effects deriving from the negotiations currently in progress have been taken into consideration. In the other cases, however, no income has yet been accounted for pending finalisation of the negotiations.

The provision for current and deferred taxes is equal to Euro 1.2 million and mainly refers to an estimate of the current taxes of some foreign branches.

Employee termination indemnities

The changes in the period can be summarised as follows:

<i>Severance indemnity</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
Year beginning	10,597	13,064
Accrual	1,667	2,367
<i>Paid over</i>	<i>(2,903)</i>	<i>(4,834)</i>
As of December 31, 2020	9,361	10,597

Employee termination indemnities are a privileged receivable claimed by employees from the Cooperative. They will be reimbursed on termination of the employment relationship and/or where the conditions provided for by law for the payment of advances to an employee are met.

Payables

Due to members for loans

	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>Shareholders' loan account</i>	155	8,266

The change with respect to the previous year is attributable to the effects of the debt relief process.

Bonds

	<i>December 31, 2020</i>	<i>December 31, 2019</i>
Bonds	26,493	591,561

The change with respect to the previous year is attributable to the effects of the debt relief process. The 2020 balance refers to the request to convert the PFIs into a bond issued on 11 December 2020.

We point out that the regulation of the Bond Loan is published on the Cooperative's website.

Due to banks

	<i>December 31, 2020</i>	<i>December 31, 2019</i>
Payables due to banks	878	478,843

The change with respect to the previous year is attributable to the effects of the debt relief process. The remaining amount is due to amounts due to banks for charges on sureties. These amounts were paid in the first months of 2021.

Due to other providers of finance

Details of these payables are as follows:

<i>Due to other financiers</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>Cooperare</i>	25,000	25,000
<i>AMCO-Ex Carige</i>	--	12,675
<i>LUNA ex Unicredit</i>	1,366	--
<i>KERMA ex Intesa</i>	699	--
<i>Coop Servizi Cultura</i>	--	1,220
<i>Others</i>	123	123
Total	27,188	39,018

The change with respect to the previous year is attributable to the effects of the debt relief process.

Interest at market rates accrues on the Cooperare loan of Euro 25 million. This loan is partly repayable in 2021 and partly in 2022. The loan does not include amounts due beyond five years.

The change with respect to the previous year is attributable to the effects of the debt relief process. The residual amount refers to some payables (Luna and Kerma) for commissions.

Payments on account from customers and principals

For the comment on this item, refer to what is indicated in "Accounting policies" and to the comment on "Inventories".

Advances from customers and principals

Advances from customers consist of the following:

<i>Advance from customers and principals</i>	<i>December 31, 2020</i>	<i>December 31, 2019</i>
ITARE DAM (KENYA)	13,010	36,130
ALGERIA -AGA AUTOSTRADA EST	17,158	17,617
ANGOLA – GABINETO TECNICO DE INVESTIMENTOS PUBLICOS	7,882	5,672
NEPAL SOLU KHOLA (DUDH KOSHI) IMPIANTO IDROELETTRICO	--	7,223
ARGENTINA - RIO SUBTERANEO A LOMAS	2,323	3,305
ZAMBIA-MILLENNIUM CHALLENGE DRAINAGE PROJECT	5,297	5,786
CINA – SHANXI	3,936	4,054
CINA – QINGHAI XINING	2,860	2,896
REGIONE SICILIA E.S.A.	1,221	2,442
COMMERCianti INDIPENDENTI ASS.	236	236
NEPAL – MELAMCHI WATER SUPPLY DEVELOPMENT BOARD	812	837
PROVINCIA AUTONOMA DI TRENTO	414	826
LTF TORINO – LIONE	166	166
OTHERS	919	706
TOTAL	56,234	87,896

This item mainly comprises advances received for work still to be performed and does not include any amounts due beyond five years. The change with respect to the previous year is attributable to the effects of the debt relief process.

Trade payables

These consist of the following:

	<i>December 31, 2020</i>	<i>December 31, 2019</i>
<i>Payables to suppliers</i>	<i>30,706</i>	<i>321,788</i>

The change with respect to the previous year is attributable to the effects of the debt relief process. The Directors believe, supported by their legal advisors, that the actions brought by some Italian and foreign creditors to challenge the provisions of the composition proposal will not have significant effects on the financial statements.

This item includes debts that arose prior to the application for admission to the composition procedure towards privileged creditors of Euro 18 million. For more details, refer the above comments.

Due to subsidiaries and associates

Details of this item are provided in the table attached to the notes. These payables mainly refer to commercial transactions relating to the "cost transfers" received from consortium companies and consortia in which the Cooperative participates

for the construction of works, as well as amounts due to them in relation to the commitments undertaken to cover losses made by them. The portion falling due after twelve months refers to payables to companies in liquidation, which partially offset receivables from the same companies, which will only be settled at the end of the liquidations. The change with respect to the previous year is attributable to the effects of the debt relief process and compensations.

Due to tax authorities

These consist of the following:

Due to tax authorities	December 31, 2020	December 31, 2019
VAT		
- Italy	30	30
- Overseas	2,579	3,481
Income tax		
- Italy	3,601	1,489
- Overseas	5,945	7,028
Withholding tax (IRPEF)		
- Italy	1,453	4,695
- Overseas	91	651
Other taxes		
- Italy	904	909
- Overseas	430	416
Total	15,033	18,700

See the comment on "Due from tax authorities".

As regard relationship with the Italian tax authorities, all tax years are closed up till the year ended 31 December 2015 both for direct taxes (Art. 43 DPR 600/73) and for VAT (Art. 57 DPR 633/72).

Other payables

Other payables are summarized below:

Other payables	December 31, 2020	December 31, 2019
<i>Subscribed capital to be paid</i>	14,925	14,925
<i>Sundry amounts due to partners in JV</i>	49,200	53,970
<i>Employees for unpaid payroll</i>	17,576	17,562
<i>Ristori</i>	493	493
<i>Others</i>	9,811	57,584
Total	92,005	144,534

The change in "other payables" with respect to the previous year is attributable to the effects of the debt relief process and compensations.

This item includes debts that arose prior to the application for admission to the composition procedure towards privileged creditors. For more details, please refer to what has been commented previously.

Accruals and deferrals

The composition of the item is as follows:

Accrued liabilities and deferred income	December 31, 2020	December 31, 2019
Accrued expenses:		
- interest charge	386	385
- insurance expensive	1,309	1,112
- guarantee charges	297	1,949
- other	449	-
Deferred income:		
- interest	648	648
Total	3,089	4,094

The decrease in "accruals and deferrals" relates to guarantee charges.

Commitments and guarantees

A characteristic feature of our construction activities is that we are generally required to provide performance guarantees to guarantee the full and due performance of the contract. We are also required to issue these same guarantees on behalf of our subsidiaries and associated companies as well as other guarantees relating to contractual advances, the release of retentions and price revisions. At 31 December 2020, the total amount of these guarantees was Euro 517 million, compared with Euro 583 million in December 2019.

Income Statement

Revenue from sales and services consists of the following:

Revenue from sales and services	Italy	Overseas	2020 (Annual)	2019 (Annual)
<i>Contract revenues</i>	74,956	21,915	96,871	154,309
<i>Sundry services</i>	8,865	5,695	14,560	48,902
<i>Sales of materials</i>	81	451	532	63
Total	83,902	28,061	111,963	203,274

As regards the fees for contracts, reference should be made to the section on "Accounting policies".

The item "Revenues from other services", totalling Euro 8.8 million, mainly consists of capital gains on the disposal of goods, damage reimbursements and the remaining part mainly of charges to Group companies and sale of materials.

Other income and proceeds	2020 (Annual)	2019 (Annual)
<i>Capitalisation of deferred charges</i>	68	175
<i>Use of reserves</i>	4,689	521
<i>Other income</i>	191,057	8,854
Total	195,815	9,550

Following the approval of the composition with creditors by decree of the Court of Ravenna of 29 May 2020 and the issue of the first tranche of PFIs, provisions made previously for Euro 181 million were released to the income statement in the item Other income.

The total amount of "Cost of services" comprises:

Cost of services	2020 (Annual)	2019 (Annual)
<i>Sub-contracts</i>	10,280	16,435
<i>Services for works in JV</i>	40,437	45,248
<i>Transport, lease and hire</i>	1,271	1,430
<i>Travel costs and canteen</i>	1,095	2,187
<i>Consultancy, lawyers and notaries</i>	5,727	10,929
<i>Utilities</i>	1,463	3,284
<i>Studies and design</i>	626	954
<i>Other services</i>	7,897	14,659
Total	68,795	95,126

The breakdown of personnel costs is already provided in the income statement.

At 31 December 2020 there were 689 employees compared with 941 at 31 December 2019.

It should be noted that the total average number of employees, both members and non-members, employed in the Cooperative, is 815.

"Other operating expenses" are made up as follows:

Other operating expenses	Italy	Overseas	2020 (Annual)	2019 (Annual)
<i>Insurance and custom duties</i>	2,566	1,129	3,695	3,638
<i>Social activities</i>	140	59	198	243
<i>Taxes</i>	306	221	528	428
<i>Performance bond</i>	1,338	1	1,339	1,938
<i>Indemnity</i>	15	1	16	656
<i>Other</i>	1,774	1,707	3,481	1,449
Total	6,140	3,117	9,258	8,352

"Other operating costs" mainly include the expenses involved in the stipulation of contracts, both relating to works acquired and to other types of contracts (financial, insurance, consultancy, etc.), and the costs incurred for participation in Italian and international tenders.

The item "C16d) - Income other than the above" includes the overall effect of the debt relief process equal to Euro 1,298,874.

"Other financial income" is made up as follows:

Financial income	2020 (Annual)	2019 (Annual)
<i>Interest income – customers</i>	144	-
<i>Interest income – banks</i>	764	67
<i>Other income</i>	937	116
Total	1,845	183

"Other financial charges" are made up as follows:

Other financial charges	2020 (Annual)	2019 (Annual)
<i>Interest expenses – banks</i>	198	572
<i>Guarantee charges</i>	702	2,422
<i>Other financial cost</i>	310	262
<i>Interest expense – other providers of finance</i>	3,141	428
Total	4,351	3,684

The balance of "Other financial charges" increased by Euro 667 thousand mainly attributable to interest expense accrued on the loan taken out with Cooperare.

Details of the "Adjustments to financial assets and liabilities" are given in the following table:

<i>Adjustment to financial assets and liabilities</i>	<i>2020 (Annual)</i>	<i>2019 (Annual)</i>
<u>Write-down financial assets</u>		
OTHERS	(1,011)	(176)
TOTAL	(1,011)	(176)

Income taxes

"Current and deferred income taxes" of Euro 2.0 million, include Euro 1.7 million of current taxes, Euro 0.3 million of deferred tax assets and liabilities.

Considering the negative result recorded in the 2018 and 2019 financial statements, which determined a tax loss, which reduces the positive result for the year 2020, no provision for Italian taxes (IRAP and IRES) has been made, whereas provisions have been made for the various foreign branches, based on their local financial statements.

Remuneration of directors, board of statutory auditors and independent auditors

For 2020, the Cooperative's Board of Statutory Auditors received a total amount of remuneration of Euro 66 thousand, duly recognised in the income statement.

The independent auditors received fees in 2020 of Euro 95 thousand for the audit of the statutory and consolidated financial statements of the Cooperative and a fee of Euro 17 thousand for the accounting control.

The remuneration of the Directors is Euro 1.0 million.

ATTACHMENTS

- CHANGES IN INTANGIBLE FIXED ASSETS
- CHANGES IN TANGIBLE FIXED ASSETS
- CHANGES IN FINANCIAL FIXED ASSETS
- INFORMATION EX ART. 2427 CC N. 22 (LEASING)
- RECEIVABLES AND PAYABLES DUE FROM/TO NON- CONSOLIDATED ASSOCIATED COMPANIES
- INFORMATION EX ART. 2427 Italian CC N. 5 (EQUITY INVESTMENTS)
- STATEMENT OF CHANGES IN EQUITY
- INFORMATION EX ART. 2427 CC N. 7 BIS (RESERVES)
- CERTIFICATE OF PREVALENCE

STATEMENT OF CHANGES IN INTANGIBLE FIXED ASSETS

<i>Industrial patents</i>	<i>Concessions licenses and trademarks</i>	<i>Asset in process of formation and advance payments</i>	<i>Contracts' deferred charges</i>	<i>Total</i>
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December 31, 2019

<i>Cost</i>		13,290	-	-	-	13,290
<i>Acc. Amortization</i>		(11,605)	-	-	-	(11,605)
<i>Net Book Value</i>		1,685	-	-	-	1,685

Movements 2020

<i>Increases</i>	<i>Cost</i>	97	-	-	-	97
<i>Decreases</i>	<i>Cost To dare amortization</i>	-	-	-	-	-
<i>Amortization</i>		(668)	-	-	-	(668)
<i>Exchange and Recl. difference</i>		-	-	-	-	-

December 31, 2020

<i>Cost</i>		13,387	-	-	-	13,387
<i>Acc. Amortization</i>		(12,273)	-	-	-	(12,273)
<i>Net Book Value</i>		1,114	-	-	-	1,114

STATEMENT OF CHANGES IN TANGIBLE FIXED ASSETS

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Industrial and Commercial equipment</i>	<i>Other assets</i>	<i>Construction in progress and advances</i>	<i>Total</i>
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December 31, 2019

Cost	9,822	140,147	53,437	128	26,157	229,691
Acc. write-down	(18)	(13,830)	(11,175)	-	(15,706)	(40,729)
Acc. Depreciation	(829)	(96,475)	(36,833)	-	-	(134,137)
Net Book Value	8,975	29,842	5,429	128	10,451	54,825

Movments 2020

<i>Increases</i>	-	2,176	1,809	70	797	4,852
<i>Decrease</i>	-	(14,927)	(994)	(106)	(1,109)	(17,136)
Write-down	-	14.129	180	-	-	14,309
<i>Depreciation</i>	(46)	(4,134)	(468)	-	-	(4,648)

December 31, 2020

Cost	9,822	127,396	54,252	92	25,845	217,407
Acc. write--down	(18)	299	(10,995)	-	(15,706)	(26,420)
Acc. Depreciation	(875)	(100,609)	(37,301)	-	-	(138,785)
Net Book Value	8,929	27,086	5,955	92	10,139	52,202

STATEMENT OF CHANGES IN FINANCIAL FIXED ASSETS

	<i>December 31, 2020</i>	<i>Revaluation / (Devaluation)</i>	<i>Other</i>	<i>December 31, 2019</i>
Investments in:				
- subsidiaries	209,463	-	6,035	203,428
- associated	24,782	-	259	24,523
- other	40,560	(1,011)	1,011	40,560
Investment writ-off	(161,318)	-	(4,778)	(156,540)
	113,487	(1,011)	2,527	111,971
Financial credit	79,135	-	(90,541)	169,676
Total	192,622	(1,011)	(88,014)	281,647

INFORMATION PURSUANT TO EX ART. 2427 N. 22 C.C. (ITALIAN CIVIL CODE)

	2020 Amount in Euro/000	2019 Amount in Euro/000
a) Assets		
Current contracts		
Goods on financial lease at the end of the previous financial year, net of overall depreciation.	14,531	25,047
+ Goods purchased on financial lease during the year	-	-
- Goods on financial lease redeemed during the year	-	-
- Depreciation of the year	(5,180)	(10,516)
+/- Value adjustment/recovery for goods on financial lease	-	-
Goods on financial lease at the end of the year, net of overall depreciation	9,351	14,531
b) Liabilities		
Debts incurred for financial leasing operations at the end of the previous financial year	12,690	12,690
+ debts incurred during the year	-	-
- Repayment of capital shares and redemptions during the year	(9,637)	-
Debts incurred for financial leasing operations at the end of the year	3,053	12,690
c) Overall gross effect at the end of the year (a-b)	6,298	1,841
d) Fiscal effect	-	-
e) Effect on net financial standing at the end of the year (c-d)	6,298	1,841
The effect on the Profit and Loss Account can be represented as follows		
Rent offset for financial leasing operations	9,637	10,229
Financial expenses entries for financial leasing operations	(147)	(383)
Entries for:		
- Depreciation rates:		
- on current contracts	(5,180)	(10,516)
- on redeemed goods	-	-
- Value adjustment/recovery for goods on financial lease	-	-
Effect on pre-tax result	4,310	(670)
Fiscal effect entry	-	-
Effect on year-end result of the entries for leasing operations calculated according to the financial method	4,310	(670)

RECEIVABLES AND PAYABLES FROM/TO SUBSIDIARY COMPANIES

Receivable/Payables – Subsidiary companies	Financial Receivables	Trade Receivables	Financial Payables	Trade Payables	Total 2020	Total 2019
Acquapura Srl	1,309	1,307	-	(2,616)	0	(453)
ACR Srl	-	-	-	-	-	-
Alvisi Srl	157	783	(80)	(12)	848	818
Ancona Newport Srl	-	-	-	(219)	(219)	(87)
Ausa Srl	-	2,793	-	(3,564)	(770)	(1,541)
Autostrada SARC 3 Srl	-	-	-	-	-	-
BE Infrastrutture Srl	-	1,178	-	(1,072)	106	138
Bolognetta Scpa	-	21,912	-	(26,771)	(4,859)	(25,526)
C.F.C. JV	-	944	-	-	944	803
Cedir Srl (winding up)	39	251	-	-	290	290
CMC Africa Austral Lda	23,124	49,675	-	(17,591)	55,208	50,339
CMC Algeria Eurl	3,498	954	-	(3,179)	1,272	378
CMC Bomar JV	424	50	-	(2,406)	(1,932)	(1,903)
CMC Botjheng JV	-	-	-	-	0	6,135
CMC di Ravenna - Impregilo - PG Mavundla JV	-	30,747	-	(30,998)	(251)	(151)
CMC di Ravenna France Srl	96	-	-	(251)	(155)	(156)
CMC di Ravenna Mota-Engil JV (Liwonde-Naminga)	-	-	(766)	-	(766)	(837)
CMC Embassy Srl	1,575	298	-	-	1,873	1,839
CMC Engoa Groupement	-	-	-	(1)	(1)	(1)
CMC GRC JV	-	1,907	-	(81)	1,826	1,238
CMC Holding Overseas Spa	-	18	-	(20)	(2)	133
CMC Immobiliare Spa	-	445	-	(706)	(261)	(4,181)
CMC ltd Song Da JV	-	1,528	-	(180)	1,348	1,174
CMC Itinera Kenya JV	-	749	-	(17,430)	(16,681)	(16,932)
CMC Malaysia Sdn Bhd	738	75	-	(693)	121	129
CMC Mavundla Eastern Basin JV	-	4,033	-	(4,021)	12	14
CMC NY Construction Llc	2,006	32	-	(13)	2,026	2,211
CMC OTESA JV	-	7,828	-	(732)	7,096	6,041
CMC Razel JV	-	-	-	(65)	(65)	(65)
CMC Swaziland (Pty) by pass	-	13	-	(68)	(56)	(54)
CMC Tamega JV	-	-	-	-	-	-
CMC Tecrover	-	3,690	-	(315)	3,375	1,967
CMC USA Inc.	-	-	-	(1)	(1)	(1)
CMC Wbho JV	-	-	-	-	-	(2)
Colfiorito Srl	-	-	-	-	-	(10,167)
Conero Srl	-	1,519	-	(0)	1,519	1,484
Consorzio Nazionale Servizi	-	60	-	-	60	60
Cooncrete Finance Srl	-	167	-	(89)	78	(238)
Coopre Srl	-	-	-	-	-	-
Empedocle 2 Scpa	-	118,581	-	(122,693)	(4,111)	(60,573)
Empedocle Scpa	-	88,310	-	(111,238)	(22,928)	15,722
Esino Srl (winding up)	-	-	-	-	-	-
Fontana Nuova Srl	-	95	-	(53)	43	43
G.T.R.E.K. Groupement CMC di Ravenna	-	85	-	-	85	2,225
Ged Srl	-	85	-	(190)	(105)	(10,831)
Ghilina Srl (winding up)	-	1	-	-	1	1
Groupement G.R.I.E.A.	-	1,646	-	-	1,646	3,948
Gruppo Immobiliare Srl	936	1,887	-	-	2,823	2,823
Iniziativa Imm.ri Siciliane Srl	-	1,510	(694)	(3,164)	(2,348)	(2,347)
Iper Tre Ravenna Srl	-	562	-	(593)	(31)	(31)

<i>Italia 61 Scrl</i>	8,825	27,397	-	(32,916)	3,306	(12,447)
<i>JV CMC/CCC</i>	-	20,462	-	(15,246)	5,216	5,271
<i>La Quercia 2 Scrl</i>	-	94	-	-	94	94
<i>Le Vigne Scrl</i>	-	-	-	-	-	-
<i>Letimbro Scrl</i>	-	366	-	(3,239)	(2,873)	(17,225)
<i>LM Heavy Civil Construction Llc</i>	1,865	-	(407)	(109)	1,348	1,390
<i>LMH CMC USA JV</i>	-	186	-	-	186	186
<i>Lovon Samverkan AB</i>	-	-	-	-	-	-
<i>Macrodue 2002 Scrl</i>	-	-	-	-	-	-
<i>Mazara Hospital Scrl</i>	-	397	-	(288)	109	109
<i>Montefiore Scrl</i>	-	461	-	(1,457)	(995)	(995)
<i>Norte Scrl</i>	521	2,473	-	-	2,994	1,929
<i>Ospedale dei Castelli Scrl</i>	-	57	-	(1,185)	(1,128)	1,023
<i>Padiglioni Expo Scrl</i>	-	31	-	(31)	0	1
<i>Polis Trento Scrl (winding up)</i>	-	1	-	-	1	1
<i>Ravenna Tunnel Scpa</i>	-	263	-	(388)	(125)	(124)
<i>Side Investment Pty Ltd</i>	3,946	1,404	(330)	(2,268)	2,752	2,997
<i>Sidebar Manufacturing Pty Ltd</i>	3,132	-	-	-	3,132	3,184
<i>Società Adriatica Impianti e Cave Spa</i>	3,144	3,625	-	(1,748)	5,021	5,027
<i>Solarmaas Srl</i>	-	7	-	-	7	7
<i>Sulbrita Lda</i>	1,381	1,045	(202)	(977)	1,246	1,337
<i>Triclinio Scrl</i>	-	-	-	-	-	-
<i>Villamarina Scrl</i>	-	676	-	(345)	330	(355)
TOTAL	56,716	404,664	(2,480)	(411,222)	47,678	(44,714)

RECEIVABLES AND PAYABLES FROM/TO ASSOCIATED COMPANIES

<i>Receivables/Payables – Associated companies</i>	<i>Financial Receivables</i>	<i>Trade Receivables</i>	<i>Financial Payables</i>	<i>Trade Payables</i>	<i>Total 2020</i>	<i>Total 2019</i>
ACR s.r.l.	-	645	-	-	645	645
Antares Scrl	-	84	-	(113)	(29)	384
Arabia Saudita JV	1,201	-	-	-	1,201	1,201
Autostrade Romagna 1 Scpa	-	-	-	(618)	(618)	(351)
Baglio la Camperia Spa	70	-	-	-	70	70
CMC Ltd Song Da JV	-	269	-	-	269	269
Colispa Scrl (winding up)	-	-	-	(21)	(21)	(21)
Consorzio C.G.L. (winding up)	-	1	-	-	1	1
Consorzio Costruttori TEEM	-	-	-	-	-	-
Consorzio JV CB	65	117	-	(44)	138	178
Consorzio Lybian Expressway Contractors	-	-	-	(42)	(42)	(7)
Constructora Nuevo Maipo SA	34	135	-	(1,903)	(1,735)	(1,769)
Elaion Scrl	30	711	-	(348)	393	346
Eurolink Scpa	-	-	-	(109)	(109)	(109)
Fda Srl	-	-	-	(143)	(143)	(143)
Gammon CMC JV	-	-	-	-	-	-
Granarolo Immobiliare Spa	100	6	-	-	106	106
Habitur	0	-	-	-	0	0
Holcoap Spa	-	-	-	(57)	(57)	(57)
Itaca Scrl	-	143	-	(96)	47	47
ITARE Srl	-	2	-	-	2	2
LMH CMC JV04	-	-	-	(183)	(183)	(183)
Lodigiani-CMC Malaysia Sdn Bhd	792	33	-	-	825	825
Lovon Samverkan AB	1,870	569	-	-	2,439	2,439
Mirandola Scrl	-	150	-	(128)	23	23
Molfetta New Port Scrl	-	3,638	-	(2,336)	1,302	1,319
Opera 2 Scrl	-	0	-	(0)	0	0
Opera 3 Scrl	-	31	-	(25)	5	9
PACO Srl	-	-	(8)	-	(8)	(8)
Passante di Mestre Scpa	-	-	-	-	-	-
Piombone Scrl	-	-	-	(70)	(70)	(70)
Pizzarotti-CMC Ra Sep	53	-	-	(16)	36	(16)
Rodano Scrl	-	-	-	-	-	-
S.C.S. Consulting Spa	-	-	-	(5)	(5)	(5)
Sistema 2 Scrl	-	57	-	(15)	42	49
Sistema 3 Scrl	-	2,499	-	(2,399)	100	(1,003)
Trento Tre Scrl	81	2,207	-	(2,355)	(66)	(991)
Under Water Anchors Srl	-	-	-	-	-	99
Val di Chienti Scpa	-	1,990	-	(5,700)	(3,710)	(19,391)
Venaus Scrl	4,954	2,944	(478)	(6,071)	1,348	936
TOTAL	9,250	16,230	(487)	(22,799)	2,196	(15,176)

STATEMENT OF CHANGES IN EQUITY

	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	NET PROFIT	EQUITY
YEAR END 2017	25,203	86,985	18,243	1,770	132,201
Share capital					
- new subscriptions	37	-	-	-	37
- additional subscriptions	-	-	-	-	0
- ristorni	467	-	-	-	467
- paid off	(8,698)	-	-	-	(8,698)
Allocation of net income:					
- revaluation of share capital	282	-	-	(282)	0
- legal reserve	-	531	-	(531)	0
- extraordinary reserve	-	-	904	(904)	0
- conversion reserve	-	-	(2,229)	-	(2,229)
- dividends	-	-	-	-	0
- mutual fund	-	-	-	(53)	(53)
ex. Art. 2426 C.C. co.1, n.4	-	-	-	-	0
Net profit of the period	-	-	-	(1,674,425)	(1,674,425)
December 31, 2018	17,291	87,516	16,918	(1,674,425)	(1,552,700)

	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETEINED EARNINGS (LOSSES)	NET PROFIT	EQUITY
YEAR END 2018	17,291	87,516	16,918	0	(1,674,425)	(1,552,700)
Share capital						
- new subscription	-	-	-	-	-	-
- additional subscription	-	-	-	-	-	-
- "ristorni"	-	-	-	-	-	-
- paid off	(2,408)	-	-	-	-	(2,408)
	-	-	-	-	-	-
Allocation of net income:						

- revaluation of share capital	-	-	-	-	-	-
- legal reserve	-	-	-	-	-	-
- extraordinary reserve	-	-	-	-	-	-
- conversion reserve	-	-	(425)	-	-	(425)
- dividends	-	-	-	-	-	-
- mutual fund	-	-	-	-	-	-
- Retained earnings (losses)	-	-	-	(1,674,425)	1,674,425	-
ex. Art. 2426 C.C. co.1, n.4	-	-	-	-	-	-
Net profit of the period	-	-	-	-	(31,450)	(31,450)
December 31, 2019	14,883	87,516	16,493	(1,674,425)	(31,450)	(1,586,983)

	SHARE CAPITAL	LEGAL RESERVE	OTHER RESERVES	RETEINED EARNINGS (LOSSES)	NET PROFIT	EQUITY
YEAR END 2019	14,883	87,516	16,493	(1,674,425)	(31,450)	(1,586,983)
Share capital						
- new subscription	-	-	-	-	-	-
- additional subscription	-	-	-	-	-	-
- "ristorni"	-	-	-	-	-	-
- paid off	(3,425)	-	-	-	-	(3,425)
	-	-	-	-	-	-
Allocation of net income:						
- revaluation of share capital	-	-	-	-	-	-
- legal reserve	-	-	-	-	-	-
- extraordinary reserve	-	-	-	-	-	-
- conversion reserve	-	-	2,100	-	-	2,100
- PFIs reserve	-	-	295,427	-	-	295,427
- dividends	-	-	-	-	-	-
- mutual fund	-	-	-	-	-	-
- Retained earnings (losses)	-	-	-	(31,450)	31,450	-
ex. Art. 2426 C.C. co.1, n.4	-	-	-	-	-	-
Net profit of the period	-	-	-	-	1,404,698	1,404,698
December 31, 2020	11,458	87,516	314,020	(1,705,875)	1,404,698	111,817

INFORMATION EX ART.2427 Italian CC N. 7 BIS

<i>Description</i>	<i>Balance as at December 31, 2020</i>	<i>Distributable</i>	<i>Distributable Quota</i>	<i>Application in lthe last 3 years</i>	
				<i>to cover losses</i>	<i>other</i>
Share capital					
- Share capital	11,458	-	-	-	-
Reserves					
- Legal reserve	87,516	B	-	-	-
- Extraordinary reserve	32,048	B	-	-	-
- Conversion reserve	(20,613)	-	-	-	-
- Reserve ex art. 2426 c.c. co. 1, n. 4	7,159	A, B	-	-	-
- Reserve after conversion of PFIs into bonds	26,493	B	-	-	-
- PFIs reserve	268,934	B	-	-	-
- Valuation reserve for foreign currency assets and liabilities	-	-	-	-	-
Total	412,994	-	-	-	-

Legend:

A: for increase in capital

B: to cover losses

C: for distribution to the members

Pursuant to art. 56 of the current Articles of Association, the "Legal reserve" is not distributable and cannot be divided among the members during the life of the Cooperative nor upon winding up.

The "Extraordinary reserve" includes the portion of profits of the Cooperative subject to taxation, as required by the tax reform introduced by the new Consolidated Act currently in force.

The "Currency translation reserve" reflects the net effect of the conversion on the basis of current exchange rates at the end of the year of the balance sheet and income statement figures relating to the permanent organizations abroad that adopt multi-currency accounting.

The "Reserve, Art. 2426 Italian Civil Code paragraph 1.4" comprises the impact of accounting for investee companies under the equity method, as previously indicated.

The "Valuation reserve for foreign currency assets and liabilities" incorporates the difference between the positive and negative exchange rate adjustments relating to the previous year, of a non-distributable nature as it consists of gains that have not yet been realized, but can be used to hedge losses.

CERTIFICATE OF PREVALENCE PURSUANT TO ARTICLES 2512 AND 2513 OF THE ITALIAN CIVIL CODE

In 2019 the Cooperative again respected all the subjective requirements and the objective prevalence conditions referred to in art. 2513 of the Italian Civil Code, with a percentage of activity carried on with members equal to 57.70% of the overall activity. The technical peculiarities of the prevalence condition for 2019 are analysed below.

To verify the status of a "Cooperative with prevailing mutuality", it has to refer to three types of requirements:

- the existence - already from 2004 - of the subjective conditions referred to in article 2514 of the Italian Civil Code, adaptation of the articles of association by the 31 March 2005 deadline, as required by article 223-duodecies of the implementation provisions of the Italian Civil Code;
- registration (by 31 March 2005) in the Register of Cooperative Companies, held at the Ministry of Productive Activities, in the appropriate section of cooperatives with prevailing mutuality;
- the existence of the objective mutual exchange conditions prevailing with the cooperative members (article 2513 of the Italian Civil Code) as measured by the income statement for the year.

With reference to the first requirement, the Cooperative, at the Extraordinary Meeting of Members on 27 November 2004, amended its Articles of Association in compliance with the new regulations implemented by legislative decree No. 6/2003 comprising those set out in article 2514 of the Civil Code.

With regard to the second requirement, our Cooperative is registered in the Register of Cooperative Companies in the section of cooperatives with prevailing mutuality, under number A108053, category of Production and Work Cooperatives, as prescribed by article 2512 last paragraph of the Italian Civil Code.

For the purpose of calculating the prevalence indicated in the third and final point, and of the specific preparatory need for the division of the cost of labour relating to the work of the members with respect to that recorded for third parties, in accordance with the requirements of article 2513, paragraph 1 letter b) of the Italian Civil Code, the following comparisons were made:

- as regards subordinate employment relationships, to the comparison of the cost attributable to members accounted for separately using payrolls and any other document required by current legislation relating to employee members, as noted in item B9) Personnel costs of members, referred to in letters a), b), c), d) and e), with respect to the total of item B9 of the income statement;
- as regards self-employment relationships and services for collaborators, no comparison was made as the articles of association of our Cooperative expressly provide in article 11 paragraph 1.d) "Individuals who at the time of submission of the application for admission are to all intents and purposes hired at the Company's registered office in Ravenna with an open-ended employment relationship".
- as regards the cost of workers who are non-members, we separated those of foreign nationality employed in local foreign businesses. Decree of the Ministry of Productive Activities of 30 December 2005, in fact, specifies, in derogation from the criteria for defining the prevalence referred to in art. 2513 of the Italian Civil Code, that "in work cooperatives - for the sole purpose of calculating the prevalence - the personnel cost (B9) is not calculated for the labour costs of non-member workers of foreign nationality employed in activities carried on by the cooperative outside the borders of the Italian Republic".

Therefore, the prevalence condition is documented, with reference to the provisions of article 2513 of the Italian Civil Code, paragraph 1.b), from the relationship between the following accounting figures:

		2020 (Annual)	2019 (Annual)
B9) – Personnel	Euro	31,211,590	47,034,641
B13) – Other costs	Euro	-	-
Less overseas personnel	Euro	(6,786,791)	(9,783,105)
Net labour cost	Euro	24,424,799	37,251,536

Members cost	Euro	14,092,554	20,243,040
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Result		57.70%	54.34%
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With the approval of the financial statements as at 31 December 2015, the Cooperative had lost the status of cooperative with prevalent mutuality since neither in 2014 nor in 2015 did it reach the objective prevalence parameters envisaged in art. 2513 of the Italian Civil Code.

Having issued financial instruments, the Cooperative was therefore required to draw up the extraordinary financial statements referred to in paragraph 2 of art. 2545 octies of the Italian Civil Code.

The financial statements have been prepared with reference date 31 December 2015 as indicated in the circular of the Ministry of Productive Activities no. 648 of 13 January 2006 and approved by the shareholders' meeting of 16 September 2016.

In 2020, the cost of the members is therefore 58% of the total labour cost referred to the art. 2425 of the Italian Civil Code and, after the fourth consecutive year, a failure to achieve the "objective" prevalence conditions from 2014 to 2018, the company has again the status of cooperative with prevailing mutuality.

**INDEPENDENT AUDITOR'S REPORT PURSUANT TO ARTICLE 14
OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010
AND TO ARTICLE 15 OF THE LAW No. 59 OF JANUARY 31, 1992**

**To the Shareholders of
Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa**
Via Trieste, 76
48122 Ravenna

and to **Lega Nazionale Cooperative e Mutue**
Ufficio Certificazioni

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Disclaimer of opinion

We have audited the financial statements of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa (the Company), which comprise the balance sheet as at December 31, 2020, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

We do not express an opinion on the financial statements of the Company due to the effects of the uncertainties described in the paragraph *Multiple significant uncertainties over the going concern* included in the section *Reasons for Disclaimer of Opinion*, while considering the matters highlighted in the paragraph *Other findings* of the same section of this report.

Reasons for Disclaimer of Opinion

Multiple significant uncertainties over the going concern

The Directors disclosed in the paragraph "Going concern assumption subject to significant uncertainties" of the Explanatory Notes that, notwithstanding the approval of the composition proposal on May 29, 2020 ("Composition Proposal") represented a basic prerequisite within the path to overcoming the company's crisis, significant uncertainties remain regarding the effective ability of the Company to satisfy the commitments undertaken under the composition agreement and, therefore, to ensure the fulfilment of its obligations over the twelve months subsequent to the date of preparation of the financial statements. These significant uncertainties particularly concern (i) the possibility that the 70% threshold of applications for conversion into bonds of the Participatory Financial Instruments issued to execute that set out in the composition agreement will be exceeded, entailing the emergence of an equity deficit;

(ii) the possibility that the outcome of the negotiations and the events upon which certain significant cash inflows under the plan for the twelve-month period subsequent to the date of the preparation of the financial statements by company's Management may not match the forecasted amounts and timeframes; (iii) the risk that the forecasts for a significant recovery in revenues and cash collection in H2 2021 and in H1 2022 may not effectively materialise; (iv) the approval of the composition agreement regarding two consortium subsidiaries; (v) the settlement and collection of claims for additional revenues; (vi) the acquisition by the company of cash and signature credit lines as estimated in the Composition Plan and (vii) the positive conclusion of the disputes with a number of suppliers, which require the recognition of a privilege status of their receivables and/or with contracting entities for the recognition of penalties to be charged to the Company.

The Directors, in highlighting the existence of such significant uncertainties which may give rise to significant doubts upon the ability of the Company to continue to operate as a going concern over the foreseeable future, have outlined the reasons for which they consider it appropriate to draw up the financial statements at December 31, 2020 on a going concern basis. In particular, they disclose that the conclusion of the pandemic should allow for a recovery of the company operations and that the actions taken to settle and collect claims have already had positive outcomes in 2020 and in the initial months of 2021.

The Directors have also highlighted that the failure to meet the commitments assumed through the Composition Proposal would entail the withdrawal of the composition agreement and, inevitably, the beginning of a differing bankruptcy procedure, resulting in the loss of the ability to continue as a going concern and the recognition of significant adjustments to the carrying value of assets and additional liabilities not reflected in the financial statements at December 31, 2020, such as, for example, those from the enforcement of the sureties issued by the banks and insurance companies on behalf of the Company.

That stated above highlights that the going concern assumption is subject to multiple significant uncertainties with potential interactions and possible cumulative effects on the financial statements.

Other findings

The financial statements at December 31, 2019 included a provision for risks and charges of approx. Euro 24 million (Euro 30 million at December 31, 2018), accounted against the estimated costs to be incurred for the management of the composition procedure, even though no obligations were in place at that date. Therefore, our auditors' report on the financial statements at December 31, 2019 was qualified with respect to this provision with the indication that the loss for 2019 and the equity deficit at December 31, 2019 were respectively underestimated by Euro 6 million and overestimated by Euro 24 million, gross of the relative difficult-to-quantify tax effects. Following the approval of the composition agreement, in 2020 the conditions matured for the recognition of the fees related to the above procedure. Therefore, the net result for the year ended on December 31, 2020 was overestimated by Euro 24 million, gross of the relative difficult-to-quantify tax effect.

The financial statements at December 31, 2020 include the value of the investment in the subsidiary CMC Africa Austral and credit and debit balances with respect to this company. Due to local organisational difficulties, the audit of the financial statements of the subsidiary has not been completed yet by the appointed audit firm. As a consequence, as it was not possible to undertake alternative procedures, we are not able to conclude on the correctness of the amounts reflected in the financial statements at December 31, 2020 for the above items with regards to the subsidiary CMC Africa Austral.

We have performed our audit in compliance with international audit standards (ISA Italy). Our responsibilities in accordance with these standards are described in greater detail in the *“Responsibility of the independent audit firm for the audit of the statutory financial statements”* section of this report. We are independent from the company in compliance with the ethical and independence rules and principles applicable under Italian law for the auditing of financial statements. However, because of the matters described in this section, we were unable to form an opinion on the Company's financial statements.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with Italian law governing financial statements and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit, in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Evaluate the appropriateness of management's use of going concern basis and, based on the audit evidence obtained, the possible existence of significant uncertainties regarding events or circumstances that may give rise to significant doubts on the Company's ability to continue to operate as a functioning entity.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Disclaimer of opinion pursuant to Art.14 par.2 (e) of Legislative Decree 39/2010

The Directors of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa are responsible for the preparation of the report on operations of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa as at December 31, 2020, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in Auditing Standard (SA Italia) no. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatements.

Given the importance of the matters described in the *Reasons for disclaimer of opinion* section of the Report on the Audit of the Financial Statements, we are unable to express an opinion on the consistency of the report on operations with the financial statements of Cooperativa Muratori & Cementisti - C.M.C. di Ravenna Società Cooperativa as at December 31, 2020 and on its compliance with the law, as well as to make a statement in terms of Article 14(2)(e) of Legislative Decree 39/2010 on the basis of the knowledge and understanding of the business and related environment obtained in the course of the audit.

Compliance with legal requirements and the articles of association on the matter of cooperation

The Directors are responsible for compliance with legal requirements and the articles of association on the matter of cooperation and, specifically, with the requirements contained in Articles 4, 5, 7, 8, 9 and 11 of Law no. 59 of January 31, 1992, where applicable, as well as with statements made in terms of Article 2513 of the Italian Civil Code.

As required by the Decree of the Ministry of Economic Development dated November 16, 2006, we have verified the Company's compliance with the abovementioned requirements for the year ended December 31, 2020.

DELOITTE & TOUCHE S.p.A.

Signed by
Alberto Guerzoni
Partner

Bologna, Italy
July 2, 2021

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