Annual Report 2020

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CDP Equity

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Corporate bodies

Board of Directors

Chairman
Giovanni Gorno Tempini[2]

Chief Executive Officer
Pierpaolo Di Stefano

Director
Ilaria Bertizzolo

Board of Statutory Auditors[1]

Chairman
Cristiano Zanella

Standing Auditor
Stefano Podda
Francesca Busardò Armetta

Alternate Auditor
Paolo Ruffo
Fabio Guffanti

Independent Auditors

Deloitte & Touche S.p.A.

1 Appointed by the Shareholders' Meeting on 15 January 2021
2 Co-opted on 2 April 2020

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REPORT ON OPERATIONS

1. Company Profile

1.1 Role and mission of CDP Equity

CDP Equity S.p.A. (hereinafter also the "Company" or "CDP Equity") is the company name adopted on March 31, 2016 by the Fondo Strategico Italiano S.p.A. established on August 2, 2011.

CDP Equity is a public undertaking established by Legislative Decree, which carries out the business of acquiring equity investments in "companies of major national interest" [3] through venture capital investments in accordance with the market economy investor principle.

The Company mainly acquires minority stakes in companies of "significant national interest" that are in a stable situation of economic and financial balance and have adequate profitability and significant growth prospects, such as to generate value for investors.

CDP Equity is the CDP Group's point of reference for equity investments, operating through direct investments in companies and indirect investments by underwriting funds and also through infrastructure investments pursued through agreements to participate in newly established initiatives with industrial partners in the energy, digital and social fields.

1.2 Shareholding structure

At December 31, 2020, CDP Equity had a fully subscribed and paid-up share capital of Euro 2,890,583,470 entirely held by Cassa Depositi e Prestiti S.p.A. ("CDP") for a total of 289,058,347 ordinary shares.

1.3 Corporate bodies and Governance

In line with the provisions of the By-Laws, the Company is managed by a Board of Directors composed of three members, a Board of Statutory Auditors and a Supervisory Board as control bodies.

3 Companies operating in the following sectors are considered to be of "national significant interest" (as defined in the decrees of the Minister of Economy and Finance of 3 May 2011 and 2 July 2014, as well as of the By-laws):

I. in the sectors of defense, security, infrastructure, transport, communications, energy, insurance and financial brokerage, research and innovation with high technological content, and public services, tourism, hotels, agri-food and distribution as well as management of cultural and artistic assets;

II. outside of the aforementioned strategic sectors, which collectively present an annual net turnover of at least Euro 300 million and an average number of employees not less than 250. The size can be reduced up to Euro 240 million of turnover and 200 employees in the case of companies that perform relevant activities in terms of industry and benefits for the national economic and production system, also in terms of presence in the territory of production facilities.

Of "significant national interest" are also companies which, although not established in Italy, operate in the sectors previously mentioned under point I., and have subsidiaries or permanent establishments in Italy, which have in the same territory the following cumulative requirements: (i) annual net turnover not lower than Euro 50 million; (ii) average number of employees in the last fiscal year not lower than 250.

The Board of Directors, in office as from 29 April 2019 and whose term of office will expire with the approval of the financial statements for the year ended 31 December 2021, is currently made up of the Chairman, Dr. Giovanni Gorno Tempini, the CEO, Dr. Pierpaolo Di Stefano and Dr. Ilaria Bertizzolo. Dr. Gorno Tempini was co-opted on 2 April 2020 after the demise of Prof. Mario Nuzzo at the beginning of 2020.

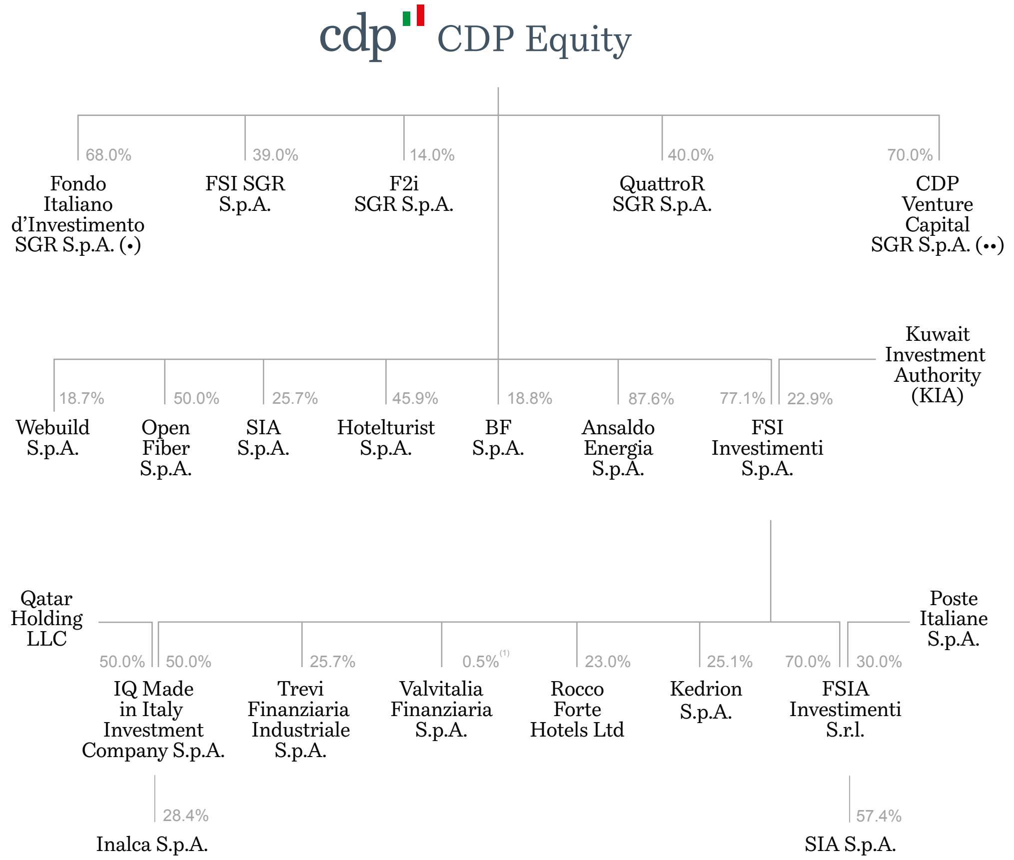
The Board of Statutory Auditors currently in office was appointed by the Shareholders' Meeting of 15 January 2021 and is made up of the Chief Statutory Auditor, Dr. Cristiano Zanella and the Standing Auditors, Dr. Stefano Poddo and Dr. Francesca Busardò Armetta. The term of office of the Board of Statutory Auditors will expire with the approval of the financial statements for the year ended 31 December 2023.

The Supervisory Board is made up of 3 members in compliance with the Company's By-Laws. On 26 February 2020, the Board of Directors of CDP Equity appointed the members of the Supervisory Board in the persons of Dr. Giuseppe Scammacca and Avv. Alessia Ferruccio as external members and confirmed Dr. Mara De Paola as an internal member.

2. Summary of the portfolio of CDP Equity

At 31 December 2020, CDP Equity, either directly or indirectly through its subsidiaries or joint ventures, had investments in its portfolio totalling Euro 4.2 billion and commitments of further Euro 1.8 billion for a total of Euro 6 billion in resources allocated to investments.

The graph below shows CDP Equity corporate structure with the equity investments held at 31 December 2020 either directly or through its subsidiaries and joint ventures.



Funds underwrited by CDP Equity:
(•) FoF Private Debt Italia (100%)
(••) Fondo Acceleratori (100%)
(••) FoF VenturItaly (93%)
(••) Fondo Boost Innovation (100%)

The table below shows the resources allocated to equity investments by CDP Equity at 31 December 2020, either directly or through its subsidiaries and joint ventures in terms of initial invested capital, net of any disposals, including partial disposals, and committed resources. The resources allocated through the subsidiaries and joint ventures are represented in their entirely, regardless of the CDP Equity shareholding in the investee company.

Categories of equity investments

(Euro millions)	Allocated resources	of which invested	of which committed
Direct investments - CDP Equity	4,045	3,069	976
Direct investments - though subsidiaries and joint ventures	1,045	1,045	-
Total direct investments	5,090	4,114	976
Investments in funds	675	25	650
Shareholdings and units in SGRs	24	24	-
Total indirect investments and SGRs	699	49	650
Total infrastructure investments	128	-	128
Total investments	**5,917**	**4,163**	**1,754**

Below is a detailed outline of: (i) companies and joint ventures set up by CDP Equity to carry out investments based on its mission, (ii) CDP Equity Direct Investments, including investments held through subsidiaries and joint ventures, (iii) indirect investments, i.e. in funds and SGRs, and (iv) strategic infrastructure investments.

2.1 Investee companies

FSI INVESTIMENTI

FSI Investimenti, established by CDP Equity on 20 June 2014, is a co-investment company in the form of a joint-stock company, open to the introduction of other investors for the joint completion of investments, without prejudice to CDP Equity's control. FSI Investimenti is 77.12% owned by CDP Equity and 22.88% owned by Kuwait Investment Authority (KIA).

At 31 December 2020, FSI Investimenti held the following equity investments: (i) 70% of FSIA; (ii) 50% of IQ; (iii) 25.06% of Kedrion; (iv) 25.7% of Trevi; (v) 23% of Rocco Forte Hotels (vi) 49.5% of Valvitalia, of which 0.5% directly and 49.0% through a Convertible Bond Loan, a proforma for its conversion.

IQ MADE IN ITALY INVESTMENT COMPANY

IQ is a joint venture with Qatar Holding LLC ("QH") incorporated in March 2013 with the aim of investing in companies operating in several typical Made-in-Italy sectors such as food, fashion and luxury goods, furniture and design, leisure, tourism and lifestyle.

In December 2014 IQ acquired 28.4% of Inalca’s share capital through the purchase of shares in the company, owned by Cremonini S.p.A. In 2017 the shareholders agreed to modify IQ mission and limit its scope solely to the management and improvement of its portfolio exclusively represented by the investment in Inalca.

On the basis of the investment agreements and shareholders' agreements signed, FSI Investimenti and QH hold joint control over the Company as defined in IFRS 11.

FSIA INVESTIMENTI

FSIA is a holding company, 70% owned by FSI Investimenti and 30% by Poste Italiane, established in 2014 to acquire and manage the investment in SIA equal to 57.4% of its capital.

On the basis of the agreements and shareholders' agreements signed, FSI Investimenti and Poste held joint control of FSIA until the acquisition of the controlling interest in SIA, which, according to the analyses carried out, is a subsidiary controlled by CDP Group through FSIA and FSI Investimenti. As of 4 November 2019, FSIA is therefore considered a subsidiary of FSI Investimenti exercising management and coordination activities.

Partly in consideration of the non-payment of dividends by SIA, on 26 June 2020, FSIA entered into two separate loan agreements with CDP Equity and Poste Italiane, under similar general terms and conditions, for a total amount of Euro 69 million, of which Euro 48.3 million granted by CDP Equity and Euro 20.7 million by Poste Italiane on 30 June 2020.

Concurrently with the stipulation of the aforementioned loan agreements, FSIA collected a total of Euro 5 million from its shareholders FSI Investimenti and Poste Italiane by way of capital contributions, resulting from the latter's commitment to provide financial support to FSIA in connection with the acquisition of additional shares in SIA, and intended for the payment of the resulting taxes.

In June, FSIA thus received a total of Euro 74 million used to repay in full the bank loan of Euro 44 million and pay the balance of current taxes for the 2019 financial year of Euro 28 million. The additional Euro 2 million remained in FSIA's liquidity to meet operational requirements.

FSIA is also involved in the SIA - Nexi - Nets company combination transaction in its capacity as reference shareholder of SIA.

On 10 February 2021, CDP Equity, as the indirect parent company of FSIA, and Poste Italiane, as the shareholder of FSIA, signed a Memorandum of Understanding aimed at defining the terms of the partial proportional spin-off of FSIA in order to complete the transaction to exclude Poste Italiane from the shareholding structure of FSIA. On 18 February 2021, Poste Italiane sent a communication to FSIA which, in recalling the agreements between the shareholders, requested the spin-off procedure to be completed in a short time in order to come to the approval of the Spin-off Project by the Board of Directors of FSIA by 18 April 2021. The spin-off shall become effective, in any case, by 31 December 2021 or the SIA-Nexi merger, whichever is earlier.

2.2 Direct investments

The table below shows the capital allocated for "direct investments", which includes the resources invested or committed in equity investments and in companies through other technical forms, in which the Group has a direct interest, or through its own subsidiaries and joint ventures, at 31 December 2020.

Company	Sector	% of shareholding	Held through	Allocated resources	of which invested	of which committed
Ansaldo Energia S.p.A.	Engineering, machinery - energy sector	87.6%	CDP Equity S.p.A.	1,191	1,141	50
Open Fiber S.p.A.	Telecom infrastructures	50.0%	CDP Equity S.p.A.	1,058	933	125
SIA S.p.A.	Transaction management and payment infrastructures	25.7%	CDP Equity S.p.A.	645	645	-
Webuild S.p.A.	Large complex infrastructure development	18.7%	CDP Equity S.p.A.	250	250	-
B. F. S.p.A.	Growing and sale of agricultural products	18.8%	CDP Equity S.p.A.	80	80	-
Hotelturist S.p.A.	Tourism and hotels	45.9%	CDP Equity S.p.A.	21	20	1
Euronext N.V.	Financial markets	-	CDP Equity S.p.A.	800	-	800
Total Direct investments - CDP Equity				4,045	3,069	976
SIA S.p.A.	Transaction management and payment infrastructures	57.4%	FSIA Investimenti S.r.l.	390	390	-
Inalca S.p.A.	Food production and distribution	28.4%	IQ Made in Italy Investment Company S.p.A.	165	165	-
Valvitalia Finanziaria S.p.A.	Production of components - energy sector	49.5%	FSI Investimenti S.p.A.	151	151	-
Trevi Finanziaria Industriale S.p.A.	Engineering, construction, mechanics - energy sector	25.7%	FSI Investimenti S.p.A.	140	140	-
Kedrion S.p.A.	Biopharmaceuticals	25.1%	FSI Investimenti S.p.A.	117	117	-
Rocco Forte Hotels Limited	Tourism and hotels	23.0%	FSI Investimenti S.p.A.	82	82	-
Total Indirect Investments - through subsidiaries and JVs				1,045	1,045	-
Total direct investments				**5,090**	**4,114**	**976**

Ansaldo Energia

ANSALDO ENERGIA

87.6%

Ansaldo Energia is an international leader in the sector of power generation, a key player that provides the industry with an integrated model, ranging from turnkey plants to single components (gas turbines, steam turbines, generators, microturbines) up to the support service and activities in the field of nuclear energy.

Through this transaction CDP Equity intends to support the growth and technological innovation of a company that is strategic for the Italian economy. CDP Equity's priority is to seek out partners to strengthen Ansaldo Energia's presence in the international markets and develop power generation products and technologies from renewable sources.

At 31 December 2020, CDP Equity had a shareholding of 87.6% in Ansaldo Energia, up from the 59.9% interest held at 31 December 2019. The increased interest results from the completion of the share capital increase from Euro 180,000 thousand to Euro 580,000 thousand approved by the Extraordinary Shareholders' Meeting of Ansaldo Energia S.p.A. held on 20 April 2020. This paid capital increase took place through the issue of 40,000,000 shares and was fully subscribed by CDP Equity, which also exercised its pre-emptive right on the unsubscribed portion by Shanghai Electric Company ("SEC") - currently a minority shareholder with a 12.4% interest.

In May 2019, CDP Equity also contributed with a shareholder loan to Ansaldo Energia for a total of Euro 200 million to support the company's investments and development plan.

50.0 %

Open Fiber

Open Fiber is a company whose objective is to build a nationwide fibre optic network open to all sector operators. In particular, the company's development plan includes: i) fiber-to-the-home coverage for 270 Italian cities.

CDP Equity's investment aims to achieve the objective of extending the fibre-optic network nationwide, opening it to all operators interested to participate as co-players in the development of a strategic infrastructure for the country with returns in line with the invested capital.

In 2020, the signing of a letter of intent between CDP Equity and TIM resulted in the CDP Group gave green light to the "Rete Unica" project concerning the development of a single national network company to boost Italy's digital transformation. The project includes the establishment of AccessCo, resulting from the merger of Open Fiber with FiberCop, combining TIM primary and secondary access networks.

At 31 December 2020 CDP Equity held 50% of Open Fiber capital along with Enel S.p.A. ("Enel"). In December 2020, Enel announced that its Board of Directors had resolved to start the procedures to transfer from a minimum of 40% to a maximum of 50% its shareholding in Open Fiber to Macquarie Infrastructure & Real Assets ("MIRA"). According to Enel, the consideration offered by MIRA would range between Euro 2,650 million in the event of a 50% transfer of the capital of Open Fiber and the shareholders' loan granted to the same company along with interest accrued and Euro 2,120 million in the event of a 40% transfer of the capital of Open Fiber along with a proportional share of the shareholders' loan and interest accrued.

In 2020, CDP Equity, in the framework of the equity commitment granted by the shareholders to Open Fiber, contributed a total of Euro 191.9 million, of which Euro 112.4 million in capital and Euro 79.5 million in shareholder loans.

The rights under the existing agreements with Enel allowed the Company to exercise active governance. Pursuant to IFRS 11, this investment qualifies as a jointly controlled investment.

83.1 %*

SIA

SIA is one of the European leaders in the design, implementation and management of infrastructure and technology services, dedicated to financial and central institutions, enterprises and Public Administrations in the areas of payments, e-money, network services and capital markets. SIA plays a strategic role in the Italian and European financial system, as it serves, among other things, as a National Interbank Network operator for the management of the Bank of Italy's clearing system and as an exclusive EBA-Step 2 (the international interbank clearing platform) manager on behalf of EBA.

Through its investment, CDP Equity is acting as a catalyst for (i) the organic growth of SIA, especially in foreign markets, (ii) the aggregation of other operators given the sector's fragmentation, (iii) playing an active role in the digitization process of the Public Administration, (iv) strengthening the strategic partnership with Borsa Italiana and the London Stock Exchange for the MTS and Montetitoli platforms, and (v) increasing the use of e-money in Italy.

In 2020, the CDP Group gave the go-ahead for the merger by incorporation of the subsidiary SIA into Nexi, aimed at creating a European leader in the payments sector. In October 2020, the parties signed a Memorandum of Understanding for the integration of the two groups to be achieved through the merger by incorporation of SIA into Nexi. In line with the terms and conditions set out in the memorandum, the final agreement was signed in February 2021. The

* 25.7% held by CDP Equity and 57.4% by FSIA Investimenti.

merger of SIA into Nexi was key to develop a technology infrastructure and services essential for the operation of payment systems and access to financial markets. These are fundamental elements to expedite Italy's digital transition. The new company will be in a position to develop an integrated range of solutions for the entire payment system, promoting the spread of electronic transactions to the benefit of citizens, enterprises, public administrations, and banks, with advantages in terms of systemic effects. The transaction also includes the other planned merger of Nexi into the Nets Group, which is aimed at further strengthening the resulting combined entity. CDP Equity will be the shareholder holding a relative majority of 25% in the new entity. This shareholding will be reduced to 17% after the acquisition of the Danish Nets by Nexi.

SIA is owned by CDP Equity directly with a shareholding equal to 25.7% and indirectly through FSIA Investimenti with an indirect shareholding equal to 57.4%.

Webuild

webuild

18.7 %

Webuild is an industrial group specialized in the construction of large complex infrastructures, operating in nearly 50 countries with over 35,000 employees. The sectors in which the Group operates are: dams and hydroelectric plants, hydraulic works, railways and subways, airports and highways, civil and industrial construction, including, in some cases, the construction of infrastructures to be subsequently operated under concession agreements.

The transaction, in line with CDP Equity's institutional mission, is intended to promote the relaunch of the national construction sector, through the launch of "Progetto Italia", a consolidation project dedicated to the construction industry promoted by Webuild. The project is key in contributing to the development of a national player that can compete in the major international markets. This will enable other Italian companies operating in the same sector to take advantage from Webuild's activities for orders to be completed also abroad. In this context, in 2020 Webuild completed the most significant acquisition transaction included in the Progetto Italia project, i.e. the acquisition of 65% of Astaldi through the underwriting of a capital increase in cash reserved to Webuild for Euro 225 million, partially allocated to the payment of privileged and pre-deductible payables and partially to support the ongoing concern plan. The transaction was completed by Webuild using the available liquidity resulting from the capital increase fully subscribed and paid in November 2019. CDP Equity's acquisition of a shareholding in Webuild is also intended to support the implementation of strategic infrastructure projects for the country.

At 31 December 2020, CDP Equity holds 18.7% of the capital of Webuild acquired through the subscription, in November 2019, of the company's capital increase with a payment of Euro 250 million corresponding to 166,666,666 shares.

The governance rights qualify the investment as an equity investment in a related party in accordance with the international accounting standards.

B.F. S.p.A.

18.8 %

B.F.

The B.F. Group was established and developed around Bonifiche Ferraresi S.p.A. Società Agricola, Italy's largest farm by land size and the only listed farm. From a traditional role oriented to the sale of commodities, the Group turned into a more evolved and innovative entity capable of managing consumer-oriented productions, generating value through the control of the entire agricultural, industrial and distribution chain. Moreover, the Group is at the forefront in the use of the most modern cultivation systems relying on innovative precision farming solutions.

The investment in B.F. was made in order to pursue a supply chain oriented and consolidation strategy in the farming sector. The investment was intended to provide financial support to the company's development plan, including the expansion of the cultivated land, the processing and distribution of farming products, and the provision of new consulting and knowledge-sharing services in the agri-tech sector.

At 31 December 2020, CDP Equity held a shareholding equal to 18.8% in B.F., down slightly from 20.1% at 31 December 2019, as a result of a reserved capital increase carried out in the last quarter of 2020, to which CDP Equity did not contribute.

Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, this investment qualified as an associated investment.

49.5 %

HotelTurist

HotelTurist (also "TH Resorts") is one of the leading tourist operators in Italy, with a successful leisure & hospitality model.

Tourism is a strategic sector for the national economy, with high potential in terms of tourist attraction and employment development. CDP Equity's investment, entirely referring to the capital increase, is intended to support the growth of TH Resort with the ambition to position it as a leader in its reference market.

At 31 December 2020, CDP Equity holds 45.9% of the HotelTurist capital. The remaining shares of Hotelturist are held by Solfin Turismo S.p.A. ("Solfin Turismo") (45.9%) and Istituto Atesino di Sviluppo S.p.A. ("ISA") (8.2%).

The rights under the existing agreements with Solfin Turismo and ISA allow the Company to exercise active governance. Pursuant to IFRS 11, this investment qualifies as a jointly controlled investment.

Euronext

In 2020, CDP Equity signed a binding agreement for the acquisition of a shareholding in Euronext in order to facilitate the simultaneous acquisition by the latter of Borsa Italiana. Euronext manages 6 stock exchanges in Belgium, France, Ireland, the Netherlands, Norway and Portugal with over 1,800 listed companies and a total market capitalisation of Euro 4,400 billion.

Upon satisfaction of the conditions to which the transaction is subject, CDP Equity will acquire approximately 7% of Euronext's share capital, along with Caisse des Dépôts et Consignations.

The transaction is consistent with CDP's mission to support the country's strategic infrastructure with a long-term perspective. In fact, Borsa Italiana is an essential financial infrastructure, representing the main hub for raising equity and bond capital from Italian entities, with 370 listed companies totalling capitalization exceeding 30% of the national GDP and numerous SMEs, to which the ELITE programme is dedicated. Moreover, Borsa Italiana is strongly committed to the promotion of listed companies and contributes to the circulation of financial education, also in partnership with intermediaries and other institutions. The integration of Borsa Italiana within a single pan-European liquidity pool is expected to increase the liquidity of the Italian capital market and the visibility of Italian issuers.

This project will also strengthen the role of Italy in the European capital market. As matter of fact, Italy will represent the single most relevant market in the new Euronext, with about one third of total revenues and employment.

Inalca

28.4%

Inalca is a leading group in beef processing in Europe and in food distribution abroad, especially in Russia and in many African countries. Food distribution covers a wide range of products (over 2,000), including local food products, typically Made in Italy products.

At 31 December 2020, IQ holds a 28.4% shareholding in Inalca. The acquisition of an equity interest by IQ in the capital of Inalca is consistent with the objective of investing in companies with growth potential in Italy and with international development potential, which also generates an increase in terms of related industries, added value and employment in Italy.

The financial resources derived from the capital increase were primarily used to support both overall organic growth and growth by acquisition of companies in Italy and abroad. Thanks to the support of IQ, Inalca is positioning itself as a catalyst for the development of the distribution of Italian food products abroad, with the aim of promoting Made in Italy food, whose potential is significant.

The rights entitled under the shareholders' agreements and investment agreements in force to allow IQ to exercise active governance at the company. Under IAS 28 and taking into account the analysis performed on IFRS 10, 11 and 12; for IQ the investment in Inalca qualifies as an associated investment.

Valvitalia finanziaria

49.5%

Valvitalia is one of the world's leading manufacturers of flow control components (shut-off, safety and control valves, actuators, fittings, flanges and complete systems) for the Oil & Gas, energy generation, desalination and shipbuilding sectors.

At 31 December 2020, FSI Investimenti held 0.5% (49.5% pro-forma post conversion of the Convertible Bond Loan) in Valvitalia Finanziaria S.p.A., which holds 100% of the share capital of Valvitalia S.p.A. The overall investment amounted to a total of Euro 151.2 million, of which Euro 1 million in capital increase corresponding to a 0.5% share and Euro 150.2 million through the underwriting of a convertible bond loan. The convertible bond will expire in June 2021, is fully convertible at any time at the sole choice of the bondholder (i.e. mandatory in case of IPO or other liquidity event) and has a coupon of 2%. In the event of conversion of the convertible bond, FSI Investimenti would hold an investment in Valvitalia Finanziaria equal to 49.5%.

Based on the agreements and the investment contract agreement signed and on the requirements identified by the international accounting standards, the equity investment classifies as a jointly controlled company.

25.7 %

Trevi finanziaria industriale

Trevi Group is a world leader in the field of underground engineering (special foundations, tunnels, soil consolidation, construction and marketing of industry specific machinery and equipment). Trevi Group is also active in the construction of automated underground car parks.

The investment aims to launch a new phase of growth and development for the Trevi Group, consolidating its international competitive position.

At 31 December 2020, FSI Investimenti holds a 25.67% shareholding in the capital of Trevi, increasing its 16.85% interest held at 31 December 2019 as a result of FSI Investimenti's contribution to the capital increase resolved by the company in 2019 and completed in the first half of 2020 in the context of an overall financial maneuver to strengthen the Trevi Group's capital, which included the issue of a capital increase resolved in 2019, approved by the Court in February 2020 and completed in May 2020, and, concurrently, the conversion by the lending banks of part of the receivables due from the Group.

Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, this investment qualifies as an associated investment.

25.1 %

Kedrion

Kedrion is Italy's largest operator and one of the world's largest players in the field of plasma-derived products, i.e. drugs developed from proteins extracted from human plasma and used to treat coagulation diseases, infectious diseases, primary immunodeficiencies, neuropathies, and other therapeutic areas.

FSI Investimenti's investment aims to develop a leading operator in the sector by making the company grow at the international level, both organically and through acquisitions.

At 31 December 2020, FSI Investimenti holds 25.06% of Kedrion.

Based on the agreements and the investment contract agreement signed and on the requirements identified by the international accounting standards, the shareholding classifies as an investee company.

23.0 %

Rocco Forte Hotels limited

The Rocco Forte Hotels Group is one of the world's largest operators of five-star hotels. Italy, where Rocco Forte Hotels is present in Rome, Florence and in Sicily, is the top country in terms of sales.

The main objective of the investment is the promotion of a hotel management company specialized in the luxury hotel segment, operating at a global level but with a significant presence in Italy. Italy is a tourist destination with a high potential thanks to its artistic and cultural heritage and consequent development of ancillary activities and employment. The partnership with the Rocco Forte Hotels Group is the first concrete step in the realisation of the Tourism Hub project.

At 31 December 2020, FSI Investimenti holds 23% of Rocco Forte Hotel Limited for a total of Euro 82 million.

The rights entitled under the shareholders' agreements and investment agreements in force to allow exercising active governance at the company. Under IAS 28, taking into account the analysis performed pursuant to IFRS 10, 11 and 12, this investment qualifies as an associated investment.

2.3 Indirect investments and SGRs

The following table shows CDP Equity's portfolio of investments in funds and funds of funds defined as "indirect investments" at 31 December 2020 and investments in asset management companies ("SGRs"). It should also be noted that on 15 January 2021 CDP Equity pledged Euro 100 million to Fondo Evoluzione, managed by CDP Venture Capital SGR.

Investee company (Euro millions)	Sector	% of shareholding	Held through	Allocated resources	of which invested	of which committed
VenturItaly Fund of Funds	Venture Capital	93.0%	CDP Equity S.p.A.	200	4	196
Private Debt Italy Fund of Funds	Private Debt	100.0%	CDP Equity S.p.A.	250	15	235
Acceleratori Fund	Venture Capital	100.0%	CDP Equity S.p.A.	75	6	69
Boost Innovation Fund	Venture Capital	100.0%	CDP Equity S.p.A.	50	0	50
Technology Transfer Fund	Venture Capital	100.0%	CDP Equity S.p.A.	100	0	100
Total Investments in funds				675	25	650
Fondo italiano di investimento SGR	Asset management company	68.0%	CDP Equity S.p.A.	10	10	-
CDP Venture Capital SGR	Asset management company	70.0%	CDP Equity S.p.A.	7	7	-
F2i SGR	Asset management company	14.0%	CDP Equity S.p.A.	5	5	-
FSI SGR	Asset management company	39.0%	CDP Equity S.p.A.	1	1	-
QuattroR SGR	Asset management company	40.0%	CDP Equity S.p.A.	1	1	-
Total Investments in SGRs				24	24	-
Total indirect investments and SGRs				**699**	**49**	**650**

Note: the interest held by CDP Equity in F2i does not qualify as an equity investment and is therefore classified as a financial asset.

Investments in funds

At 31 December 2020 CDP Equity had subscribed:

- Euro 200 million in the VenturItaly Fund of Funds, managed by CDP Venture Capital SGR, which invests in venture capital funds, including first time team/first time funds, with a view to generating new players in the market and new teams within the structure of fund managers already operating in the market, and supporting subsequent funds managed by existing managers;
- Euro 250 million for the Private Debt Italy Fund of Funds, managed by Fondo Italiano d'Investimento SGR, whose objective is supporting the development of the Italian private debt market dedicated to SMEs by means of investments in funds or other vehicles with investment policies focused on financial debt instruments issued by selected SMEs, which stand out at the national level for their stability and growth potential;
- Euro 75 million for the Acceleratori Fund, managed by CDP Venture Capital SGR, whose objective is contributing to the creation and/or development of vertical acceleration programs in strategic sectors by investing in the start-ups participating in the programmes supported by the fund. The fund will intervene, either directly or indirectly, to provide financial and/or managerial support to business accelerators and innovative high-tech content start-ups operating in sectors with high growth potential. The fund has initial assets for Euro 125 million;
- Euro 50 million for the Boost Innovation Fund, managed by CDP Venture Capital SGR, whose objective is supporting Italian companies in launching and funding start-ups with a strong innovative impact on their business and on the development of the markets in which they operate or are about to enter;
- Euro 100 million for the Technology Transfer Fund, including Euro 33 million in the direct component of the fund and Euro 67 million in the indirect component, managed by CDP Venture Capital SGR, whose objective is exploiting the results of research on the market through the creation of integrated Technology Transfer platforms specializing in certain areas of scientific and technological research with high potential for the competitiveness and innovation of the Italian industrial system.

CDP Venture Capital SGR

At 31 December 2020, CDP Equity holds 70% of CDP Venture Capital SGR. The SGR was set up in 2008 under the company name Invitalia Ventures SGR to accelerate growth in the Italian venture capital ecosystem elevating it among the best European countries and main comparable economies in terms of amount of capital invested and number and quality of operators. CDP Venture Capital SGR also aims to (i) expand direct and indirect investments, by also stimulating the establishment of new fund managers that invest in start-ups in the various stages of development, from the early stage segment to the growth capital segment; (ii) promote the development of new investment instruments that facilitate, for example, technology transfer processes from universities/research institutes, as well as the active involvement of Italian companies through corporate venture capital; (iii) support the overall growth of the venture capital market by promoting and facilitating the connection between national/international investors and start-ups, and creating opportunities for sharing and education about the potential and the challenges of this sector; (iv) promote contacts between start-ups and the companies in which the CDP Group has an interest, expanding opportunities for new companies to access customers and markets, and offering large Italian companies opportunities to access innovation-oriented operators.

Fondo Italiano di Investimento

At 31 December 2020, CDP Equity holds 68% of Fondo italiano di investimento SGR. Established in 2010 on the initiative of the Ministry of the Economy and Finance, Fondo Italiano d'Investimento SGR is owned by CDP Equity (68%) and by other Italy's leading institutions and banks for the remainder. Since the beginning, the distinctive feature of the initiative has been the combination of the objectives of economic return and development of the production system through the use of market instruments.

F2i SGR

At 31 December 2020, CDP Equity holds 14% of F2I SGR. Established in 2007, the SGR is Italy's largest independent manager of infrastructure funds, with *assets under management* of around Euro 5.5 billion. The companies that are part of the F2i network represent Italy’s main infrastructure platform, diversified into strategic sectors for the economic system: transport and logistics, The transition energy, energy distribution networks, telecommunications networks, and social and health infrastructures.

FSI SGR

At 31 December 2020, CDP Equity holds 39% of FSI SGR. Established in 2016, the SGR manages the FSI I fund which, by size, ranks among Europe’s largest venture capital investment funds focused on a single country. The fund's investor base is diversified by *asset class* and geographic region, including Cassa Depositi e Prestiti, the European Investment Fund, European banks, insurance companies and asset managers, banking foundations, pension funds, *family offices* of industrial groups and sovereign wealth funds from the Middle East, Far East and Central Asia. The fund offers investors the possibility to combine solid investment returns with unique access to Italian mid-market companies with growth potential in industries such as mechanic engineering, food production and distribution, luxury, fashion, design, pharmaceuticals and, in general, business services.

QuattroR SGR

At 31 December 2020, CDP Equity holds 40% of QuattroR SGR. The SGR started operations in late 2016, is an asset management company, controlled by its management. The SGR manages a fund specialising in investments in Italian companies experiencing a temporary financial imbalance. QuattroR fund subscribers are leading Italian institutional investors. QuattroR configures as a financial partner for the relaunch of medium and large Italian companies facing a temporary crisis but with solid industrial fundamentals.

2.4 Infrastructure investments

CDP Equity continued its activities to develop strategic infrastructure investments through the stipulation of agreements regarding new initiatives with industrial partners in the energy, digital and social sectors. The following table shows the commitments entered into by CDP Equity during the year in this sector.

Company	Sector	% of shareholding	Held through	Allocated resources	of which invested	of which committed
Renovit S.p.A.	Energy efficiency	-	CDP Equity S.p.A.	48	-	48
GreenIT	Energy	-	CDP Equity S.p.A.	41	-	41
CircularIT	Engineering, construction - energy sector	-	CDP Equity S.p.A.	39	-	39
Total infrastructure investments				**128**	**-**	**128**

Renovit

In 2020, CDP Equity entered into a binding agreement with Snam to acquire a 30% interest in Renovit (former Snam4Efficiency). The transaction was completed on 29 January 2021 with a total investment of approximately Euro 32.5 million, while maximum Euro 15 million are still pledged as a result of the earn-out included in the investment purchase agreement.

Renovit is the new Italian platform focused on energy efficiency for condominiums, companies and the public administration, promoting sustainable development and energy transition in Italy. Renovit qualifies as enabler of further growth in the sector, contributing to the achievement of national energy efficiency targets by 2030 and the decarbonization of the economic system.

GreenIT

In 2020, CDP Equity entered into a binding agreement with ENI for the establishment of the company GreenIT, dedicated to the production and wholesale supply of electricity generated from renewable sources. GreenIT was set up on 23 February 2021 through a shareholder payment totalling Euro 6 million as initial capital injection.

CircularIT

In 2020, CDP Equity entered a binding agreement with ENI for the establishment of the company CircularIT, dedicated to the development of plants for the production of biofuels and water for industrial and irrigation re-use, through the use of urban organic waste (FORSU) in line with a circular development model.

3. Results and significant events occurred in the period

3.1 Performance of operations

In 2020, the Company continued its activities aimed at implementing the corporate and Group strategies on risk capital investments in companies, both with reference to the development of the companies making up the corporate equity investment portfolio, monitoring the implementation of the business guidelines and strategies, and with reference to the pursuit of new projects for direct investment in companies through the development and subscription of investment funds and the development of agreements in newly established initiatives with industrial partners in the energy, digital and social segments.

With reference to the investment portfolio, as indicated in the previous paragraph, the main transactions completed in 2020 refer to: (i) the full subscription of the share capital increase of Ansaldo Energia, as part of the financial package to support the investee's strategic plan; (ii) the subscription, through the subsidiary FSI Investimenti, of the share capital increase of Trevi Finanziaria, as part of the Trevi Group's financial package; (iii) the support of the investee Open Fiber as part of the equity commitment signed and through the disbursement of shareholder loans and for the assessment of the "Rete Unica" project; and (iv) the support of SIA as part of the planned incorporation into Nexi. In addition, the Company stipulated a binding agreement for acquire an interest in Euronext B.V., a Dutch company, in order to enable the latter to raise the financial resources necessary to take over Borsa Italiana S.p.A. from the London Stock Exchange through a reserved capital increase. CDP Equity's maximum commitment in this transaction totals Euro 800 million and the transaction is expected to be completed in April 2021.

These transactions include investments totalling Euro 631 million, of which Euro 39 million through the investee FSI Investimenti, in addition to the aforementioned maximum commitment of Euro 800 million relating to the Euronext transaction.

The Company is also analysing various investment opportunities in line with the scope of its mission; these have yet to be defined as of the reporting date.

As for new investments, the Company pursued a number of investment projects, mainly in the infrastructure sector, and in particular stipulated agreements with leading industrial partners for the development of joint ventures in the infrastructure and energy sectors.

In addition, in 2020, the Company continued to develop the SGR business transferred from the Parent Company to CDP Equity in 2019 through the acquisition of 6 funds, all managed by the asset management companies in the portfolio, for a total of approximately Euro 675 million.

The aforementioned activities to develop the Company's portfolio continued in a national economic scenario characterised by the persisting health crisis. In 2020, the outbreak of Covid-19 spread to many countries around the world and the World Health Organization termed it a "pandemic" on 11 March 2020.

In Italy, the health crisis led to significant pressure on the country's health system and the Italian government was urged to enact a series of measures, which introduced unprecedented and restrictive measures to be applied to Public Administration activities, production facilities, the economy in general and the daily lives of Italian citizens, along with substantial economic measures to support households, workers and businesses.

At an economic level, the Company reflected the implementation of prudent measures concerning dividend payout policies, which resulted in the non-payment of dividends by some subsidiaries. In any case, the event did not cause any financial tensions on the part of the Company, as the financial resources available were sufficient to meet the expected financial requirements in the short term and guarantee margins of action even in the presence of particularly critical scenarios. The Company's activity remains focused on the careful monitoring and assessment of risks.

As far as portfolio investments are concerned, diversification and careful risk management policies have substantially allowed the Company to contain the potential impact. The investments in the portfolio, which represent shareholdings in companies of significant national interest, proved to be substantially resilient.

As matter of fact, the impairment tests carried out during the preparation process of these financial statements for the year ended at 31 December 2020 on the investments for which trigger events had been identified or which had been subject to impairment in previous years, confirmed the recoverable value of the investments recognised, without the need for making any value adjustments, except for the investee Hotelturist S.p.A., whose book value had to be reduced by approximately Euro 11 million. For greater details on the portfolio evaluation and the outcomes of the impairment tests reference should be made to the specific section in the Notes. This exercise was carried out on the basis of the latest information available, which reflects, where appropriate, the effects that the Covid-19 health crisis has had and may have on the economy and the sectors in which the companies included in the portfolio operate, even if a persisting situation of uncertainty regarding the future development of the pandemic results naturally in a lower degree of reliability of the estimates.

With regard to the other financial assets held by the Company, no critical issues were identified regarding the recoverability of their value, as it had already been appropriately adjusted for the purpose. The valuation of assets measured at fair value already reflects, where appropriate, the effects that the Covid-19 health crisis has had and may have on the economy and the sectors in which the companies included in the portfolio operate.

The Company implemented a series of actions aimed at guaranteeing the health and safety of its employees and collaborators by promptly putting in place safety and control preventive measures that are even more stringent than the ones issued by the national and regional authorities. In this way, the company intends to limit possible contagion and at the same time promote the continuity of company operations. CDP Equity promptly adopted a series of measures, which are still in force, by issuing specific Service Notices and Guidelines:
- adoption of smart working for the entire staff;
- access to the offices only subject to prior authorisation and after occupancy checks;
- removal of all documents/items from the desks to allow more effective sanitization;
- training to safety staff focused on the management of possible interventions during the Covid-19 health crisis;
- incentives to use private vehicles or cabs for home/work commuting;
- suspension of national and international business trips;
- meetings in video conference, meeting rooms closed, forbidden access to guests;
- measurement of body temperature and filling in of a self-certification at the reception before entering the premises;
- in the building: breakout areas forbidden and definition of routes on the floors to regulate enter / exit and ascent/descent flows;
- increased cleaning twice a day and weekly sanitization.

In consideration of the above, the Company assessed the applicability of the going concern assumption in the preparation of these financial statements and came to the conclusion that, despite the persisting situation of uncertainty on the future performance of the investments included in the portfolio, caused by the health crisis, there are no doubts on the going concern assumption.

In the sections below is an analysis of the accounting position at 31 December 2020, as proposed on the basis of statements reclassified according to management criteria, with the objective of reporting clearer results for the year. 2020 financial and economic data is compared to the corresponding values recorded as at 31 December 2019.

3.2 Economic performance

At 31 December 2020, the reclassified income statement included the following aggregate items:

Reclassified Income Statement

(Euro thousand)	2020	2019	Variation (+/-)	Variation (%)
Revenue from operations (A)	31,980	18,440	13,540	73%
Dividends	5,098	-	5,098	
Interest on SHL	26,881	18,440	8,441	46%
Costs from operations (B)	(22,330)	(310,851)	288,521	-93%
Due diligence and consultancy for investments	(6,253)	(3,480)	(2,773)	80%
Other expenditure for investments and Tobin tax on investments	(442)	(1,551)	1,109	-72%
Impairments on equity investments	(10,717)	(298,869)	288,152	-96%
Impairments IFRS 9 on shareholder loans	(4,918)	(6,951)	2,033	-29%
Net variation in the value of financial instruments (C)	(11,477)	(956)	(10,521)	>100%
Result from operations (D = A + B + C)	(1,827)	(293,367)	291,540	-99%
Financial income and expenses	(62)	32,999	(33,061)	>100%
Overhead costs	(14,196)	(9,652)	(4,544)	47%
Result from ordinary operations (E)	(14,258)	23,347	(37,605)	>100%
Other expenses and income (F)	5,505	6,033	(528)	-9%
Result for the year (G = D + E + F)	(10,580)	(263,987)	253,407	-96%
Income tax (H)	**51,499**	**(3,290)**	**54,789**	**>100%**
Profit (loss) for the year (G + H)	**40,919**	**(267,277)**	**308,196**	**>100%**

In 2020, the Group posted a profit of Euro 41 million, resulting from the negative result from operations equal to Euro 2 million and the negative result from operating activities equal to Euro 14 million, other operating income of Euro 5 million and positive taxes of approximately Euro 51 million.

The result from operations includes: (i) dividends received from Webuild and B.F. for a total of Euro 5 million (zero in FY 2019), (ii) interest income on shareholder loans from Ansaldo Energia for Euro 14 million (Euro 8 million in 2019), Open Fiber for Euro 13 million (Euro 10 million in 2019) and FSIA Investimenti for Euro 0.4 million, net of (iii) IFRS 9 impairments on the aforementioned loans for Euro 5 million (Euro 7 million in 2019), (iv) the variation in the fair value of the financial instruments in the portfolio, negative for Euro 11 million, which includes Euro 7 million attributed to the Open Fiber earn-out and Euro 4 million relating to the valuation of the portfolio funds (Euro 1 million in 2019), (v) impairments on equity investments of Euro 11 million relating to the adjustment of the book value of the investee Hotelturist (Euro 293 million in 2019 entirely related to the adjustment of the book value of the investee Ansaldo Energia), and (vi) investment advisory expenses of approximately Euro 7 million (Euro 5 million in 2019).

The increase in investment advisory expenses derives from the multiple portfolio development activities mentioned in the previous paragraph.

The result from operations was negative for Euro 14 million, down from the positive amount of Euro 23 million registered in the previous year. The reduction is attributable to the increased overhead costs mainly due to the increase in the company's headcount and seconded personnel and the fact that 2019 included the positive effect of the capital gain generated by the transfer of BTPs for Euro 27 million and the relevant interest income for Euro 5 million.

Other operating income and charges consisted mainly of income from service contracts between

CDP Equity and FSI Investimenti, FSIA Investimenti and IQ, as well as other minor items, totalling Euro 5 million; this item is in line with the amount reported at 31 December 2019.

Taxes show a positive balance of Euro 51 million; this amount includes approximately Euro 5 million in income from tax consolidation and the estimated IRAP charge for the year of Euro 1 million, as well as the benefit arising from the recognition of anticipated tax assets of Euro 140 million, of which Euro 138 million deriving from the redemption, against the payment of a substitute tax of Euro 92 million, of the higher value attributable to the controlling interest acquired by CDP Equity in SIA in 2019 with respect to the corresponding pro-rata shareholders' equity of SIA.

3.3 Equity and financial position

At 31 December 2020, the Balance Sheet assets included the following aggregate items:

(euro thousand) Assets	31/12/2020	31/12/2019	Variation (+/-)	Variation (%)
Non-current assets	3,387,796	2,574,467	813,329	31.6%
Equity investments	2,662,345	2,160,679	501,666	23.2%
Non-current financial assets	580,809	408,562	172,247	100.0%
Other non-current assets	144,642	5,225	139,416	>100%
Current assets	477,143	121,225	355,917	>100%
Cash and cash equivalents	460,975	109,064	351,912	>100%
Other current assets	16,168	12,162	4,006	32.9%
Total assets	**3,864,938**	**2,695,692**	**1,169,247**	**43.4%**

As of 31 December 2020, total assets amounted to Euro 3,865 million, up Euro 1,169 million compared to 31 December 2019.

“Non-current assets” included “Shareholdings” for Euro 2,662 million and “Non-current financial assets” for Euro 581 million and “Other non-current assets” for Euro 145 million.

In detail, the increase of Euro 502 million in item “Equity investments” is attributable to investments made in the period in relation to the subscription of the share capital increase in Ansaldo Energia for Euro 400 million and capital contributions made to the investee Open Fiber for Euro 112 million and the value adjustment following the impairment test carried out on Hotelturist for Euro 11 million.

“Non-current financial assets”, amounting to Euro 581 million, include shareholder loans granted to investee companies, comprising accrued interest of Euro 47 million and net of the IFRS 9 adjustment, equal to Euro 13 million, for Euro 553 million, the fair value of fund units subscribed amounting to Euro 21 million, and the fair value of the interest held in F2i SGR, totalling approximately Euro 7 million. The increase in this aggregate item is attributable to (i) the recognition of the loans granted in the period to Open Fiber for approximately Euro 80 million and FSIA Investimenti for Euro 48 million, (ii) interest accrued on loans to investee companies for approximately Euro 26 million, (iii) after deducting IFRS 9 adjustments for the period of approximately Euro 5 million, (iv) the recognition of the fair value of fund units held for approximately Euro 21 million and (iv) the fair value adjustment of F2i for Euro 2 million.

“Other non-current assets” amounted to Euro 145 million and included Euro 142 million of anticipated tax assets, Euro 2.3 million of leased capital goods, Euro 0.3 million of fixed assets and Euro 0.1 million of security deposits. Compared to 31 December 2019, the increase of Euro 139 million was mainly due to the recognition of anticipated taxes for the tax relief, against payment of the substitute tax, on the higher carrying amount of the controlling interest acquired by CDP Equity in SIA in 2019 compared to SIA's pro-rata equity.

“Cash and cash equivalents” report the balances of cash on deposit with a leading credit institute and CDP; the increase in cash and cash equivalents of Euro 352 million includes: (i) a negative cash flow from operations of Euro 43 million due to the disbursement of the shareholder loan to the subsidiary FSIA Investimenti and the collection of interest on the shareholder loan of Euro 0.4 million and dividends from Webuild and B.F. for Euro 5 million, (ii) a negative cash flow from investing activities for Euro 617 million, granted in favour of some of investee companies by way of capital increase (Ansaldo Energia) or capital account (Open Fiber) for Euro 592 million and in the framework of the subscription of funds for Euro 25 million, (iii) a negative cash flow from operating activities of Euro 107 million, including substitute taxes of Euro 93 million for the tax relief on the goodwill "implicit" in the carrying amount of SIA, offset by funding activities representing the resources provided by CDP for a total of Euro 1,118 million.

Variation in financial resources

(Euro thousand)	2020	
Total initial balance		109,064
Dividend collection	5,098	
Collection of interest on SHL FSIA	414	
SHL loan to FSIA	(48,300)	
Operations	(42,788)	
Used resources - Direct	(591,883)	
Used resources - Provisions	(25,199)	
Investment activity	(617,082)	
Operating activities	(106,519)	
Capital account payments	1,118,300	
Funding activity	1,118,300	
Total cash generated / (paid)		351,911
Total final balance		**460,975**

"Other current assets" amounted to Euro 12 million and mainly include receivables due from investee companies (almost all referring to the receivable due from companies for services rendered to FSI Investimenti in the framework of the service agreement), receivables due to CDP for tax consolidation, tax receivables and other minor items.

At 31 December 2020, the liabilities included the following aggregate items:

(euro thousand) Liabilities	31/12/2020	31/12/2019	Variation (+/-)	Variation (%)
Shareholders' equity	3,832,137	2,671,169	1,160,968	43.46%
Provision for risks and charges and other non-current liabilities	24,944	16,096	8,848	54.97%
Tax payables and other current liabilities	7,858	8,427	(569)	-7%
Total liabilities and Shareholders' equity	**3,864,939**	**2,695,692**	**1,169,247**	**43.37%**

As at 31 December 2020, shareholders' equity amounted to Euro 3,832 million, up approximately Euro 1,169 million compared to 31 December 2019; this increase is mainly attributable to capital contributions granted by CDP in the period of Euro 1,118 million and the recognition of the result for the period of Euro 41 million and the recognition of the positive adjustment of approximately Euro 2 million of the fair value of the interest held in F2i.

“Provisions for risks and charges and other non-current liabilities" amounted to Euro 25 million, including: (i) Euro 19 million resulting from the fair value of the Open Fiber earn-out (Euro 12 million at 31 December 2019), (ii) Euro 2 million resulting from liabilities recognized to reflect the use of leased assets following the adoption of IFRS 16 (Euro 3 million at 31 December 2019), (iii) approximately Euro 2 million from provisions for bonuses and employee severance indemnities (approximately Euro 1 million as at 31 December 2019), and (iv) approximately Euro 1 million from provisions for the estimated future charge related to the establishment, similarly to the provisions of the parent company CDP, of a scholarship for the children of deceased employees and from employee severance indemnities.

“Tax payables and other current liabilities” amount to Euro 8 million and consist of trade payables due to third parties and operating payables due to CDP in relation to the outsourcing of services provided by CDP to CDP Equity, sundry costs charged back in relation to seconded staff and the payable relating to the sublease agreement.

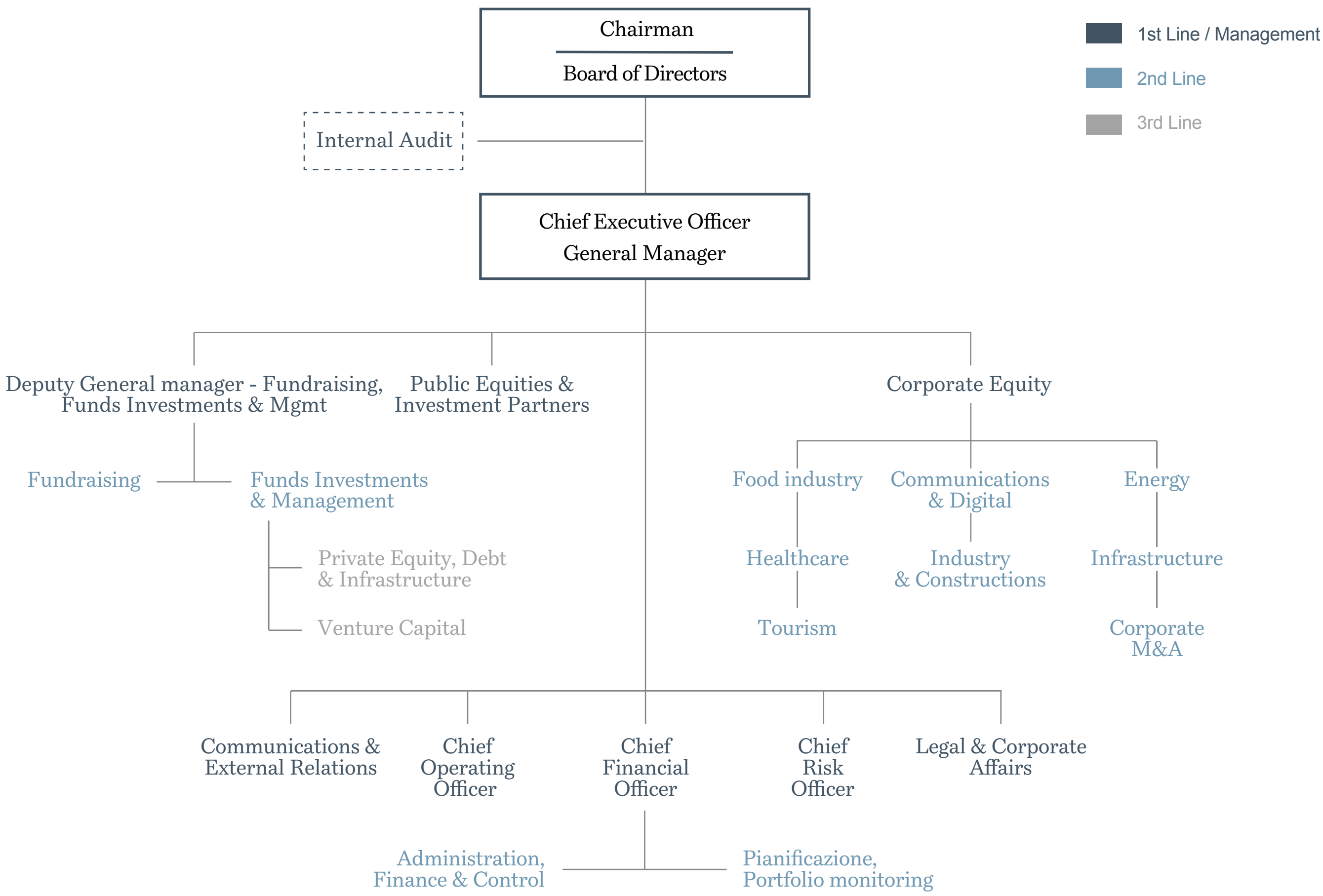
3.4 Equity transactions

No equity transactions were completed on CDP share capital in 2020. In 2020, the Company received a capital contribution of Euro 1,118,300 thousand from CDP.

4. Organisational structure and operations

4.1 Organisational structure of CDP Equity

The organisational structure of CDP Equity at 31 December 2020 is shown in the diagram below:



In 2020, with the aim of facilitating the pursuit of the Company's and the Group's strategies for venture capital investing and investment funds, both at the national and international level, the organisational structure of the Company's business was revised. With a view to facilitating the pursuit of corporate and Group strategies regarding venture capital investments and investment funds, the following operating structures were set up:

- "Corporate Equity", whose mission is ensuring the pursuit of corporate and Group strategies with regard to venture capital investments in businesses by (i) assessing and coordinating the completion of the related investment and divestment transactions and (ii) monitoring the implementation of the business policies and strategies of the individual companies that make up the corporate equity portfolio;
- "Fundraising, Funds Investments & Management", whose mission is ensuring (i) the struc-

turing of investment and divestment transactions in investment fund units, (ii) the management and development of portfolio investments of direct, indirect and venture capital funds; and (iii) the structuring of co-investment oriented fundraising transactions with institutional investors. The organisational structure is further broken down into the following newly established units: "Fundraising" and "Funds Investments & Management"; the latter also in turn is divided into two sub-units called "Private Equity, Debt and Infrastructure Funds" and "Venture Capital Funds";
- "Public Equities & Investment Partners", whose mission is ensuring the management of business relations with national and international investors and co-investors aimed at the development of co-investment initiatives;

At 31 December 2020, CDP Equity had a total of 68 employees, including seconded staff members, 29 more than the 39 employees registered at the end of 2019. The company adopts the National Collective Bargaining Agreements applicable to credit, financial and instrumental companies for both middle managers and professional staff members.

The average employee age is 36.5 years, with men accounting for 72% and women for 28%.

The revised organisational structure allows CDP Equity to fully accomplish its corporate mission, maximising the operational synergies with the sole shareholder. In this context, CDP Equity and CDP operate in close coordination with regard to the main corporate staff and support functions.

4.2 Risk management and compliance

CDP Equity risk management is based on the Risk Management Policy approved by the Board of Directors. The document defines the basic principles of operation and related guidelines, in order to identify, measure and manage the various types of risk CDP Equity may be subject to in carrying out its activities. These principles define, among other things, limits to risk-taking for CDP Equity also in the process of approval of the investments.

Risk management

In 2020, the CDP Equity Risk Management carried out activities in compliance with the of the principles of risk management established in the company's internal policy, summarised along three lines: (i) assessment of the risks in the process of approval of the investments and divestments; (ii) monitoring of the investments portfolio; (iii) preparation of quarterly update notes on risk management activities to be submitted to the Board of Directors.

In particular, in 2020, Risk Management expressed opinions on certain investment transactions regarding (i) companies already held in the company's direct investment portfolio, (ii) new investments in joint ventures and (iii) investment funds, as reported in the interim report.

In the period, Risk Management also collaborated with the business functions with regard to the analysis of transactions in the process of being defined and approved.

In addition to periodic reporting submitted by the companies included in the portfolio, equity investments are monitored also through specific in-depth analyses in order to update and verify company risk profiles. The main findings were brought to the attention of the Board of Directors through the quarterly reports.

CDP Equity's liquidity profile is solid, also because it is part of the CDP Group. The company has no borrowings and the available liquidity is substantial even with respect to its financial commitments.

In the period and in compliance with the existing risk policy, Risk Management also conducted audits on the impairment tests carried out on the investees as well as accounting valuations of the optional components associated with portfolio investments. The valuations of said optional components were carried out, in the fair value perspective, with the support of an independent expert consultant.

Compliance

In 2020, Compliance continued to implement the activities falling under its competence, relating, in particular, to the performance of second-level audits envisaged in the annual plan and the analysis of the reputational risk associated with direct and indirect investment transactions involving CDP Equity.

Moreover, Compliance was - and still is - involved in the adjustment and integration of corporate processes with a view to managing the risk of non-conformities resulting from the expansion of CDP Equity operations. In this context, Compliance is called upon to contribute to the definition of new processes and the integration of existing ones.

The findings of these activities are brought to the attention of the Corporate Bodies through periodic reporting.

5. Foreseeable outlook

In 2021, the Company is expected to continue searching for new investment opportunities, while managing, monitoring and enhancing the value of its equity investments.

On 28 January 2021, CDP resolved to provide the Company with additional financial resources in the amount of Euro 300 million by way of a capital contribution and implemented its resolution in February. As part of its investment fund operations, CDP Equity also asked for additional Euro 40 million to cover the commitments entered into when the funds were subscribed, an amount proportional to the expected drawdown for the first half of 2021.

In January 2021, CDP Equity acquired 30% of company Snam 4 Efficiency, which operates in the promotion of energy efficiency initiatives for condominiums, companies and the public administrations and promotes sustainable development and the country's energy transition. At the same time, the company changed its company name to Renovit.

Also, on 15 January 2021 CDP Equity pledged Euro 100 million to Fondo Evoluzione, managed by CDP Venture Capital SGR.

On 11 February 2021 CDP Equity and the subsidiary FSIA signed binding agreements to implement the SIA - Nexi - Nets combination transaction, which is expected to be completed in the fourth quarter of 2021, subject to a series of conditions precedent, including authorizations from various supervisory authorities and the Antitrust Authority.

In April 2021 the transaction for the acquisition of an interest in Euronext B.V. capital is also expected to be completed through a capital increase for a maximum amount of up to Euro 800 million.

After 31 December 2021, no significant events or events that would have required additional information, have occurred.

For considerations regarding the continued uncertainty on the future development of the Covid-19 health crisis, reference should be made to the information provided in the “Results and significant events occurred in the period" section.

6. Additional information pursuant to Article 2428 of the Italian Civil Code

With reference to the additional information required by article 2428 of the Italian Civil Code, it should be noted that: (i) the Company did not carry out any research and development activities in the period; (ii) the Company's relations, held in the period of reference, with subsidiaries, associated companies, parent companies and companies subject to the control of the latter are reported in Section V of the Explanatory Notes, to which reference should be made; (iii) the Company does not hold, nor has it acquired or transferred during the six months of reference, any of its own shares or shares in its parent company, either directly or through a trust company or third party; (iv) the Company opened a secondary office in Rome, Via Goito no. 4 at the Parent Company's offices.

Milan, 12 March 2021

Chief Executive Officer

Pierpaolo Di Stefano

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Financial statements at 31 December 2020

Form and content of the financial statements as at 31 December 2020

The financial statements at 31 December 2020 were prepared in accordance with the current regulatory provisions and are made up of:
- Balance sheet;
- Income statement;
- Statement of comprehensive income;
- Statement of changes in equity;
- Statement of cash flows;
- Explanatory notes.

The Explanatory notes include:
- Introduction
- I- Basis of preparation and accounting principles;
- II – Information on the Balance sheet;
- III – Information on the Income statement;
- IV – Information on risks and related hedging policies;
- V – Transactions with related parties.

The section “Annexes to the financial statements”, which forms an integral part of these annual financial statements at 31 December 2020, includes the separate financial statements at 31 December 2019 of the parent company Cassa Depositi e Prestiti S.p.A.

Contents

Financial statements at 31 December 2020

BALANCE SHEET

Assets (Euro units)	31/12/2020	31/12/2019	Notes
Non-current assets			
Property, plants and equipment	2,537,960	2,698,691	II.1.1.
Intangible assets	65,209	46,300	II.1.2.
Equity investments	2,662,344,880	2,160,679,115	II.1.3.
Non-current financial assets	580,808,969	408,562,023	II.1.4.
Deferred tax assets	141,919,556	2,355,964	II.1.5.
Other non-current assets	119,131	124,477	II.1.6.
Total non-current assets	3,387,795,705	2,574,466,570	
Current assets			
Receivables from investee companies	5,753,967	11,180,721	II.2.1.
Tax receivables	1,161,201	721,735	II.2.2.
Other current assets	9,393,332	259,335	II.2.3.
Cash and cash equivalents	460,975,144	109,063,540	II.2.4.
Total current assets	477,283,644	121,225,331	
Total assets	**3,865,079,349**	**2,695,691,901**	

Total liabilities and Shareholders' equity (Euro units)	31/12/2020	31/12/2019	Notes
Shareholders' equity			
Share Capital	2,890,583,470	2,890,583,470	II.3.1.
Reserves	1,417,443,113	297,394,132	II.3.2.
Profit (loss) carried forward	(516,808,266)	(249,531,213)	
Profit (loss) for the year (+/-)	40,918,498	(267,277,053)	
Total Shareholders' equity	3,832,136,815	2,671,169,336	
Non-current liabilities			
Provisions for risks and charges	3,000,000	1,284,694	II.4.1.
Staff Severance and Retirement	143,708	146,773	II.4.2.
Payables on leases	2,362,742	2,559,520	II.4.3.
Other financial liabilities	19,416,285	12,101,448	II.4.3.
Deferred tax liabilities	21,243	3,325	II.4.4.
Total non-current liabilities	24,943,978	16,095,760	
Current liabilities			
Tax payables	1,359,086	1,200,094	II.5.1.
Other current liabilities	6,639,470	7,226,711	II.5.2.
- *Payables due to suppliers*	*3,225,937*	*1,402,336*	
- *Payables due to social security institutions*	*238,577*	*162,155*	
- *Payables due to parent company*	*2,660,531*	*5,351,015*	
- *Other payables*	*514,425*	*311,205*	
Total current liabilities	7,998,556	8,426,805	
Total Liabilities and Shareholders' Equity	**3,865,079,349**	**2,695,691,901**	

INCOME STATEMENT

Items (Euro units)	2020	2019	Notes
Revenue from ordinary operations			
Dividends	5,098,437	-	III.1.1.
Interest on loans to investees	26,881,299	18,440,090	III.1.2.
Total revenue from ordinary operations	31,979,736	18,440,090	
Costs from ordinary operations			
Investment expenses	(6,694,848)	(5,030,862)	III.1.3.
Impairment of non-current assets	(15,634,869)	(305,820,586)	III.1.4.
Decreases in the value of financial instruments	(11,477,242)	(955,858)	III.1.5.
Total costs from ordinary operations	(33,806,959)	(311,807,306)	
Result from ordinary operations	(1,827,223)	(293,367,216)	
Financial income	3,754	33,071,760	III.2.1.
Financial expenses	(66,013)	(73,181)	III.2.2.
Administrative costs:	(13,814,366)	(9,202,441)	III.2.3.
- Personnel costs	*(11,226,816)*	*(6,758,871)*	
- Other administrative expenses	*(2,587,550)*	*(2,443,570)*	
Amortisation and depreciation and impairment of intangible and tangible assets	(381,672)	(449,140)	III.2.4.
Impairment and value reversals of current assets	(11,708)	379,531	III.2.5.
Result from ordinary operations	(14,270,005)	23,726,529	
Other operating income/expenses:	5,516,297	5,654,079	III.3.
- Other income	*5,543,943*	*5,672,899*	
- Other expenses	*(27,646)*	*(18,820)*	
Result before taxes	(10,580,931)	(263,986,607)	
Income, current and deferred taxes	51,499,429	(3,290,446)	III.4.
Profit (loss) for the year	**40,918,498**	**(267,277,053)**	

STATEMENT OF COMPREHENSIVE INCOME

Items (Euro units)	2020	2019
Profit (loss) for the year	40,918,498	(267,277,053)
Other income components net of taxes without reclassification to income statement	1,748,981	-
Tangible assets	-	-
Defined benefit plan	-	-
Equity securities at fair value with impact on comprehensive income	1,770,224	-
Tax effect	(21,243)	-
Other income components net of taxes with reclassification to income statement	-	-
Financial assets available for sale	-	-
Hedging of financial flows	-	-
Total other income components net of taxes	1,748,981	-
Comprehensive profitability	**42,667,479**	**(267,277,053)**

STATEMENT OF CHANGES IN EQUITY 31/12/2020

(Euro units)	Initial balance at 31/12/2019	Allocation of previous year's result		Changes in the period		Shareholders' equity at 31/12/2020
		Reserves	Dividends and other allocations	Changes in equity and reserves	Comprehensive profitability at 31/12/02020	
Share capital:						
ordinary shares underwritten and paid-up	2,890,583,470	-	-	-	-	2,890,583,470
Reserves						
a) profit	25,555,282	-	-	-	-	25,555,282
b) other	22,307,637	(267,277,053)	-	1,118,300,000	-	873,330,584
Valuation reserves:						
a) Financial assets valued at fair value through other comprehensive income	-	-	-	-	1,748,981	1,748,981
b) hedging of financial flows	-	-	-	-	-	-
c) other reserves	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Profit (loss) for the year	(267,277,053)	267,277,053	-	-	40,918,498	40,918,498
Shareholders' equity	**2,671,169,336**	**-**	**-**	**1,118,300,000**	**42,667,479**	**3,832,136,815**

STATEMENT OF CHANGES IN EQUITY 31/12/2019

(Euro units)	Initial balance at 31/12/2019	Allocation of previous year's result		Changes in the period		Shareholders' equity at 31/12/2019
		Reserves	Dividends and other allocations	Changes in equity and reserves	Comprehensive profitability at 31/12/02019	
Share capital:						
ordinary shares underwritten and paid-up	3,480,981,960	-	-	(590,398,490)	-	2,890,583,470
Reserves						
a) profit	(107,379,787)	(116,736,113)	-	249,671,182	-	25,555,282
b) other	-	-	-	22,307,637	-	22,307,637
Valuation reserves:						
a) Financial assets valued at fair value through other comprehensive income	-	-	-	-	-	-
b) hedging of financial flows	-	-	-	-	-	-
c) other reserves	-	-	-	-	-	-
Equity instruments	-	-	-	-	-	-
Treasury shares	-	-	-	-	-	-
Profit (loss) for the year	(116,736,113)	116,736,113	-	-	(267,277,053)	(267,277,053)
Shareholders' equity	**3,256,866,060**	**-**	**-**	**(318,419,671)**	**(267,277,053)**	**2,671,169,336**

STATEMENT OF CASH FLOWS (INDIRECT METHOD)

(Euro units)	31/12/2020	31/12/2019
A. OPERATIONS		
1. Operations	(77,174,942)	35,502,318
- profit for the year (+/-)	40,918,498	(267,277,053)
- capital gain/loss on financial assets held for trading and financial assets and valued at fair value (-/+)	11,477,242	955,858
- capital gain/loss on hedging activities (-/+)	-	-
- value adjustments/reversal on impairment (+/-)	4,917,807	6,571,946
- value adjustments/reversal on tangible and intangible assets (+/-)	381,672	449,140
- value adjustments/reversal on equity investments (+/-)	10,717,062	298,869,109
- net allowances to provisions for risks and charges and other costs/income (+/-)	(1,712,241)	817,872
- unpaid taxes (+)	(143,573,628)	3,290,446
- other adjustments (+/-)	(301,354)	(8,175,000)
2. Cash generated/paid on financial assets	(150,777,536)	215,661,406
- receivables due from parent company and banks - current portion	-	2,182,911
- receivables due from parent company and banks - non-current portion	-	-
- receivables due from associated companies - current portion	5,426,754	(84,132)
- receivables due from associated companies - non-current portion	(150,105,131)	-
- assets available for sale	(1,770,224)	-
- assets valued at fair value	-	-
- other current assets	(4,334,281)	(3,424,312)
- other non-current assets	5,346	216,986,939
3. Cash generated/paid on financial liabilities	(587,241)	484,226
- payables due to parent company and banks - current portion	-	-
- payables due to parent company and banks - non-current portion	-	-
- payables due to associated companies	-	-
- other financial liabilities	-	-
- other current liabilities	(587,241)	1,566,190
- other non-current liabilities	-	(1,081,964)
Net liquidity generated/paid on operating activities	(228,539,719)	251,647,950
B. INVESTMENT ACTIVITY		
1. Liquidity generated by	-	592,641,839
- disposal of equity investments	-	592,641,839
- disposal of tangible assets	-	-
- disposal of intangible assets	-	-
- disposal of business units	-	-
2. Liquidity paid on:	(537,847,701)	(981,340,682)
- acquisitions of equity investments	(512,382,827)	(981,251,349)
- Investments in funds	(25,289,398)	
- acquisitions of tangible assets	(119,625)	(89,333)
- acquisitions of intangible assets	(55,851)	-
Net liquidity generated/paid on investment activities	(537,847,701)	(388,698,843)
B. FUNDING ACTIVITY		
- emissions/acquisitions of equity instruments (payment/reimbursement of equity and reserves)	1,118,300,000	(590,398,490)
- dividend distribution and other purposes	-	271,978,819
Net liquidity generated/paid on funding activities	1,118,300,000	(318,419,671)
NET LIQUIDITY GENERATED/PAID IN THE YEAR	**351,912,579**	**(455,470,564)**

RECONCILIATION

Assets (Euro units)	31/12/2020	31/12/2019
Cash and cash equivalents at the beginning of the year	109,063,540	564,534,104
Total net liquidity generated/paid in the year	351,911,604	(455,470,564)
Cash and cash equivalents at year end	**460,975,144**	**109,063,540**

Explanatory notes

Introduction

Information on the company

As to the information on the Company, reference should be made to the Report on Operations.

Form and content of the annual financial statements

The annual financial statements of CDP Equity S.p.A. ("CDP" or the "Company") have been prepared according to International Accounting Standards IAS/IFRS, making use of the right, which is granted under Legislative Decree no. 38 of 28 February 2005, as amended by Decree Law 91/2014 ("Competitiveness Decree"), which extended the possibility to prepare the financial statements in accordance with International Accounting Standards ("IAS/IFRS") to all companies, other than those required to prepare financial statements according to the IAS/IFRS or in abbreviated form pursuant to article 2435-bis of the Civil Code (Legislative Decree 38/2005 article 4, paragraph 6).

The financial statements include the Balance Sheet, the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the Explanatory Notes, and are accompanied by the Directors' Report on Operations.

The annual financial statements have been prepared with clarity and provide a true and fair view of the equity and financial position and net economic result for the financial year. The financial statements are consistent with the company's accounting records, which fully reflect the transactions that occurred in the year.

All the schedules included in the annual financial statements and the tables in the Explanatory Notes have been prepared in Euro. In the Income Statement revenues were reported without any sign, while costs are shown in brackets. The rounded-off amount of the items has been obtained by adding the individual rounded-off amounts of the sub-items.

The Explanatory Notes provide, as detailed hereinafter, any and all information required by the IAS/IFRS regulations, as well as any additional information that is considered necessary to give a true and fair view of the Company's situation.

Audit of Accounts

The financial statements of CDP are subject to audit by the independent auditors Deloitte & Touche S.p.A. ("Deloitte") based on the resolution of the Shareholders' Meeting of 7 May 2020 which appointed the company to audit the financial statements for the 2020- 2022 period.

Management and Coordination by CDP

CDP Equity is a wholly-owned subsidiary of Cassa Depositi e Prestiti S.p.A. ("CDP") and is subject to direction and coordination by CDP. The General Principles on the exercise of direction and coordination currently in force were approved by CDP's Board of Directors on 3 August 2020. The standards on the exercise of direction and coordination activities identify and define the scope and procedures for the exercise of direction and coordination by CDP, the purpose of which is to coordinate the actions and activities undertaken by the Company and CDP in the interest of the Group. In any case, direction and coordination activities are carried out in such a way as not to violate European legislation on state aid and, in particular, the principles set out in European Commission Communication 2001/C 235/03 on "State aid and risk capital".

Exemption from Preparation of the Consolidated Financial Statements

The Company does not prepare consolidated financial statements in accordance with IFRS 10, as it falls within one of the cases of exemption provided for in paragraph 4 of IFRS 10; as CDP Equity is a subsidiary of CDP, which prepares consolidated financial statements, CDP Equity is not subject to the obligation of preparing consolidated financial statements.

I - Basis of preparation and accounting principles

I.1 Introduction

I.1.1 Basis of preparation and Statement of compliance with international accounting standards

The annual financial statements have been prepared in accordance with the accounting standards issued by the IASB (including the SIC and IFRIC) endorsed by the European Commission, pursuant to EU Regulation no. 1606 of 19 July 2002 at the reporting date of the financial statements, also taking into account the minimum information required by the Civil Code, if compatible with the standards adopted.

For interpretation and application purposes, the following documents, although not yet endorsed by the European Commission, have been taken into account:
- Framework for the Preparation and Presentation of Financial Statements of the International Accounting Standards Board (issued by the IASB in 2001);
- Implementation Guidance,Basis for Conclusions, IFRIC and any other documents prepared by the IASB or by the IFRIC as an addition to the Accounting Standards issued;
- Interpretations on the application of the IAS/IFRS in Italy, prepared by the Italian Accounting Board (Organismo Italiano di Contabilità, OIC).

If the information required by the International Accounting Standards is not considered to be sufficient to give a true and fair representation, the Explanatory Notes will provide any additional information that is required for this purpose.

In the preparation of the annual financial statements, the accruals principle has been correctly applied, on a going-concern basis. The general principles of relevance and significance of the information have also been taken into account, as well as the principle of substance over form.

In terms of the Company's going-concern assumption and compliance with the requirements for the same assumption of IAS 1 revised, CDP Equity has carried out an assessment of the ability to continue as a going concern, taking account of any and all information available in the medium term and weighing opportunely a number of instability factors resulting from the Covid-19 health crisis and outbreak of the pandemic with the relevant impacts on the macro-economic scenario. From the analysis of such information and on the basis of the results highlighted in previous years, CDP Equity deems it appropriate to evaluate the financial statements on a going-concern basis.

Assets and liabilities, revenues and costs have not been offset, unless expressly required or permitted by an accounting standard or by an interpretation.

New international accounting principles approved and effective in 2020

As required by IAS 8– "Accounting standards, Changes in Accounting Estimates and Errors", below are the new international accounting standards or amendments to standards already in force, the application of which became mandatory from 1 January 2020:
- Commission Regulation (EU) 2019/2014 of 29 November 2019, published in the Gazzetta Ufficiale L.318 of 10 December 2019, amending Regulation (EC) No.1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and of the Council as regards International Accounting Standard (IAS) 1 and 8. Organizations shall apply such amendments, at the latest, from the date of commencement of their first financial year starting on 1 January 2020 or later.
- Commission Regulation (EU) 2019/2075 of 29 November 2019, published in the Gazzetta Ufficiale L.316 of 6 December 2019, amending Regulation (EC) No.1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and of the Council as regards the International Accounting Standard (IAS) 1, 8, 34, 37 and 38 and the International Financial Reporting Standard (IFRS) 2, 3 and 6, the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) 12, 19, 20 and 22 and the Interpretation of the Standing Interpretations Committee (SIC) 32. Organizations shall apply such amendments, at the latest, from the date of commencement of their first financial year starting on 1 January 2020 or later.
- Commission Regulation (EU) 2020/34 of 15 January 2020, published in the Gazzetta Ufficiale L.12 of 16 January 2020, amending Regulation (EC) No.1126/2008, adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and of the Council as regards the International Accounting Standard IAS 39

and the International Financial Reporting Standard (IFRS) 7 and 9. Entities shall apply the amendments of Article 1 at the latest, from the date of commencement of their first financial year starting on 1 January 2020 or later. The main amendments concern the reform of the reference indices for interest rate determination.
- Regulation (EU) 2020/551 of the Commission of 21 April 2020, published in the Gazzetta Ufficiale L.127 of 22 April 2020, amending Regulation (EC) No.1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and the Council concerning the International Financial Reporting Standard 3 (Business Combinations). Entities shall apply the amendments of Article 1 at the latest from the date of commencement of their first financial year starting on 1 January 2020 or later.
- Regulation (EU) 2020/1434 of the Commission of 9 October 2020, published in the Gazzetta Ufficiale L.331 of 12 October 2020, amending Regulation (EC) No.1126/2008 of the Commission adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and the Council concerning the International Accounting Standard apply IFRS)) 16:

New accounting principles, amendments and interpretations already issued and approved by the European Union, but not yet in force (effective for the financial years starting from 1 January 2021)

Below are the new principles and interpretations already issued and approved, but not yet in force and therefore inapplicable to the drafting of the financial statements as at 31 December 2020:
- Regulation (EU) 2020/2097 of the Commission of 15 December 2020, published in the Gazzetta Ufficiale n. 425 of 16 December 2020, amending Regulation (EC) No.1126/2008 adopting certain international accounting standards in accordance with Regulation (EC) No.1606/2002 of the European Parliament and the Council concerning the International Accounting Standard 4;
- Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 Interest Rate Benchmark Reform – Phase 2 (issued on 27 August 2020).

Accounting standards, amendments and interpretations not yet approved by the European Union as at 31 December 2020

Below is a list of accounting standards, interpretations and amendments that have been issued by IASB, but which have not yet been approved by the European Union as at the date of these financial statements:
- IFRS 17 Insurance Contracts (issued on 18 May 2017) including Amendments to IFRS 17 (issued on 25 June 2020);
- Amendments to IAS 1 Presentation of Financial Statements: Classification of Liabilities as Current or Non-current (issued on 23 January 2020);
- Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements (issued 14 May 2020);

I.1.2 Events occurred after closure

During the period between the reporting date of these annual financial statements and the date of its approval by the Board of Directors (12 March 2021), no events occurred in addition to those already reported, which would have required adjustments to the data approved on said date, and no significant events occurred that would have required additional information.

On 28 January 2021, CDP resolved to provide the Company with additional financial resources in the amount of Euro 300 million by way of a capital contribution and implemented its resolution in February. As part of its investment fund operations, CDP Equity also asked for additional Euro 40 million to cover the commitments entered into when the funds were subscribed, an amount proportional to the expected drawdown for the first half of 2021.

In January 2021, CDP Equity acquired 30% of company Snam4Efficiency, which operates in the promotion of energy efficiency initiatives for condominiums, companies and the public administrations and promotes sustainable development and the country's energy transition. At the same time, the company changed its company name to Renovit.

Also, on 15 January 2021 CDP Equity pledged Euro 100 million to Fondo Evoluzione, managed by CDP Venture Capital SGR.

On 11 February 2021 CDP Equity and the subsidiary FSIA signed binding agreements to implement the SIA - Nexi - Nets combination transaction, which is expected to be completed in the fourth quarter of 2021, subject to a series of conditions precedent, including authorizations from various supervisory authorities and the Antitrust Authority.

In April 2021 the transaction for the acquisition of an interest in Euronext B.V. capital is also expected to be completed through a capital increase for a maximum amount of up to Euro 800 million.

After 31 December 2021, no significant events or events that would have required additional information, have occurred.

For considerations regarding the continued uncertainty on the future development of the Covid-19 health crisis, reference should be made to the information provided in the “Results and significant events occurred in the Period” section in the Report on Operations.

I.1.3 Other aspects

I.1.3.1 Use of accounting estimates

The application of the international accounting standards for the preparation of the annual financial statements requires the Company to make some accounting estimates on certain Balance Sheet items, which are considered to be reasonable and realistic based on the information available at the time when they were made and which affect the book value of assets and liabilities and the information on potential assets and liabilities as at the reporting date of the annual financial statements, as well as the amount of revenues and costs in the relevant period. Furthermore, any change in the conditions underlying the judgments, assumptions and estimates adopted may have an impact on the subsequent results.

The only items that are subject to an estimate at the date of these annual financial statements are connected to those related to current and deferred taxes, financial assets and liabilities and the determination of the provision for future costs, in addition to the recoverable amount of investments recorded at cost in order to assess whether there is evidence that the value of investments may be impaired.

For the purposes of drafting these financial statements, the best possible estimates were developed on the basis of the latest available information, reflecting, where appropriate, the effects that the Covid-19 health crisis could have in the upcoming years on the general economy and on the sectors in which the companies included in the portfolio operate.

With reference to the impairment test carried out on investee companies pursuant to IAS 36, the estimate of the recoverable value was calculated by taking into account the “Guidelines for impairment testing after the effects of the Covid-19 pandemic” contained in the Exposure Draft of the Italian Valuation Standards Board.

The performance of the test includes making estimates that depend on factors that may change over time, with consequent and sometimes significant effects on the valuations of the items subject to the impairment testing carried out in previous years.

I.1.3.2 Proposed allocation of the period result

CDP Equity closed the year with a profit of Euro 40,918,497.48; the proposal was submitted to the Shareholders’ Meeting that Euro 2,045,924.87 be allocated to legal reserve, as this reserve has not yet reached one-fifth of the share capital as required by Article 2430 of the Italian Civil Code. With regard to the remaining Euro 38,872,572.61, the allocation is left to the decision of the sole shareholder. In view of the fact that the Company’s shareholders’ equity shows losses carried forward amounting to Euro 516,808,265.59, the proposal is submitted to the Shareholders’ Meeting to cover such losses through the use of the capital reserve which, as at 31 December 2020, amounted to Euro 1,118,300,000.

I.1.3.3 CDP Group consolidated financial statements

The consolidated financial statements of the smaller group of companies to which CDP Equity belongs as a subsidiary company, are prepared by Cassa depositi e prestiti S.p.A., with registered office at Via Goito 4, Rome. The consolidated financial statements are available at the Parent Company's head office and on its institutional website.

I.2 Information on the main items in the financial statements

The accounting standards adopted in the preparation of the annual financial statements are described in the following pages.

Assets or liabilities have been classified as “current” when the trading, sale or discharge thereof is expected within twelve months from the reporting date of the financial statements or within the normal operating cycle of the company, if greater than twelve months; all other assets and liabilities have been classified as “non-current”.

Tangible assets

“Tangible assets” include both property, plant and equipment and any other tangible functional assets regulated by IAS 16, investment property (land and buildings) regulated by IAS 40, and tangible assets used under finance leases governed by IFRS 16 (for which reference should be made to the specific section of this note). This item includes also improvements and incremental expenses incurred on third-party assets, separate from the assets and with independent functionality and usability.

Tangible fixed assets are recognized at their acquisition cost, including additional charges, non-deductible VAT and costs for commissioning of the asset, increased by revaluations made in the application of specific laws. Ordinary maintenance and repair costs, incurred subsequent to initial recognition, resulting in an increase in future economic benefits, are recognized as increase of the value of assets. In the absence of future economic benefits, these costs are recognised in the Income Statement.

Financial expenses directly attributable to the acquisition, construction or production of an asset that justify capitalization under IAS 23 are capitalized on the asset as part of its cost.

The amount recognised in the financial statements express the accounting value of assets, net of depreciation, which have been calculated on the basis of rates that are considered to be adequate to represent the residual useful life of each asset or value.

Any newly-acquired assets are depreciated starting from the time when they are included in the production process and are therefore ready for use.

Each component of property, plant and equipment of material value of the overall value of the item to which it belongs, is recognised and depreciated separately.

Property, lands and buildings were treated as assets that can be separated and, therefore, are considered separately for accounting purposes, even if jointly acquired. Land is considered to have an indefinite life and, therefore, is not depreciated.

Any assets that are considered to be capital goods, either because of their destination or because of their nature, are depreciated in every financial year on a straight-line basis with reference to their residual possible use.

If, regardless of depreciation there is an impairment, the asset is written down, with subsequent reversal of the original value should the assumptions of the impairment no longer apply.

The “Fixed assets under construction and advances” are made up of advances or costs incurred for fixed assets and materials not yet completed, or waiting to be tested, which therefore have not yet been included in the production cycle of the company and for this reasons the depreciation is suspended.

The book value of an instrumental tangible asset is derecognised from the Balance Sheet upon disposal or when no future economic benefits are expected from its use or disposal.

Financial lease assets

Item “Tangible assets” includes “Financial lease assets” reflecting the value of the right of use of the assets for which the Company has a multi-year contract in place, recognised according to the provisions of IFRS 16. The scope of IFRS 16 includes all leases, without distinction between operating and financial, with the exception of the following cases, which are already within the scope of other Standards:
- leases for the exploration for or extraction of minerals, crude oil, natural gas and similar non-regenerative resources (IFRS 6 - Exploration for and Evaluation of Mineral Resources);
- leases of agricultural activities (IAS 41 - Agriculture) held by the lessee;
- service concession arrangements (IFRIC 12 - Service Concession Arrangements);
- intellectual property licenses granted by the lessor (IFRS 15 - Revenue);
- rights held by the lessee under licensing agreements for products such as films, video recordings, plays, literary works, patents and copyrights (IAS 38 - Intangible Assets).

According to IFRS 16, a lease is defined as an agreement that gives the final lessee the right to use a specified asset for a specific period of time in exchange for a fee, and therefore assumes a criterion based on the control of an asset as a discriminating factor to distinguish lease contracts from contracts for the provision of services. In addition, the following specific conditions must be met and be present in order to obtain the use of the asset:
- a specific activity;
- the right to obtain substantially all the economic benefits deriving from the use of the specified asset;

- the right to decide on the use of the asset.

The evaluation of whether a contract is, or contains a lease, is made at the beginning of the contract and is updated every time there is a change in the terms and conditions of the contract.

The accounting model defined by IFRS 16 envisages that an asset relating to the right of use of a leased asset be recognised under assets in the balance sheet and a liability for the lease rents still to be paid to the lessor be recognised, opportunely discounted, as a lease liability in the balance sheet. Charges relating to amortisation of the right of use and interest expense on the lease liability are recognised in income statement. At the time of payment, lease payments are recognised as a decrease in lease liabilities.

The Group decided to adopt some of the practical expedients and recognition exemptions provided for by IFRS 16. In particular, the accounting model defined by IFRS 16 excludes the following:
- contracts with a total or residual lease term shorter than or equal to 12 months;
- contracts with an irrelevant value of the underlying asset at the date of purchase (e.g. less than or equal to Euro 5,000);
- initial direct costs from the valuation of the right of use at the date of first application;
- leases of intangible assets (IFRS 16.4).

The lease term considered in determining the value of the right of use and the lease payable is the "non-cancellable" period, together with the effects of any extension or early termination clauses, the exercise of which is considered reasonably certain. Assets used under finance leases are amortised on the basis of a useful life equal to the lease term thus determined.

With regard to the discount rate, CDP Group decided to adopt an incremental borrowing rate to represent what the lessee "would expect to pay to borrow, for a similar term and with a similar value guarantee, the funds needed to obtain an asset of value similar to the right of use in a similar economic environment". The valuation was determined on the basis of an analysis of the identified leases, in which no implied interest rate was found. Taking into account the characteristics and requirements of the standard, the BTP curve was used to determine the discount rate.

Intangible assets

“Intangible assets” under IAS 38 are non-monetary assets, identifiable, without physical substance and consist mainly of concessions, licenses and trademarks, contractual relationships with customers, research and development costs and industrial patent intellectual property rights. Intangible assets include goodwill, under IFRS 3, equal to the difference between the amount incurred for a business combination and the fair value of the net identifiable asset acquired.

An intangible asset is recognized if all the following conditions are met:
- the asset is identifiable, i.e. it is separable from the rest of the company;
- the asset is controlled, i.e. it subject to the control of the company;
- the asset will generate future economic benefits.

The amortisation of any development costs recognised as intangible assets commences from the date on which the result generated by the project is marketable and is performed using the straight-line method.

Intangible assets are recognised at their acquisition or production cost, including any additional charges and are amortised for the period of their expected future use that, at the closing date of each financial year, is assessed for the purpose of verifying the fairness of the estimate.

An intangible asset is reported under Balance sheet assets only where it is established that:
- future economic benefits attributable to the asset in question will probably flow to the company;
- the cost of the asset can be assessed reliably.

If, regardless of depreciation there is an impairment, the asset is written down, with subsequent reversal of the original value should the assumptions of the impairment no longer apply.

Equity investments

“Investments” include investments in subsidiaries (IFRS 10), joint ventures (IFRS 11) and entities subject to significant influence (IAS 28), other than those under “Financial assets held for trading” and“Financial assets at fair value” in accordance with IAS 28, paragraph 18.

Subsidiaries are those in which more than half of the voting rights at a Shareholders' Meeting are directly or indirectly held for the purpose of appointing the Directors, or, in any case, regardless of the foregoing, when the power is exercised to determine the subsidiary's financial and management policies (inclusive of the *de facto* control cases). Joint controlled companies are those companies where control is shared with other parties as per contract. Associated companies are those companies in which at least 20% of the voting rights is held, either directly or indirectly, or in which, although with a lower share of voting rights, a significant influence exists, which is defined as the power to participate in the determination of the financial and management policies, without retaining control or joint control. Other equity interests are included in the item "Financial assets available for sale", the accounting of which will be described below.

In accordance with IAS 27, paragraph 10, the initial recognition and the subsequent valuation of equity investments are made at cost, on the settlement date, plus any directly attributable transaction costs or income. In the case in which the investment in not consolidated at higher levels, in the presence of coordination or joint control, the same is measured according to the equity method. Upon acquisition, the same provisions envisaged for business combination apply. Therefore, the difference between the purchase price and the equity interest acquired is subject to allocation based on the fair value allocation of the subsidiary's identifiable net assets. Any higher price which is not allocated represents goodwill. Any higher allocated price is not subject to a separate representation, but is summarised in the book value of the investee (so-called "synthetic consolidation").

In the presence of indicators that the value of an equity investment might have been impaired, the recoverable value is estimated in accordance with IAS 36.

Possible indicators of impairment are:
- the generation of negative economic results or in any case a significant variance from *budget* or multi-year plan objectives, if, following specific analyses, they prove to be relevant in terms of their effects on the estimate of expected flows;
- significant financial difficulties of the investee;
- probability that the investee declares bankruptcy or is subject to other financial restructuring procedures;
- a book value of the investment in the separate financial statements that exceeds, in the consolidated financial statements, the value of the corresponding portion of equity, including any goodwill;
- the distribution of a dividend greater than the profit for the period and existing profit reserves;
- the distribution of a dividend by investee companies greater than the profit for the period posted in the statement of comprehensive income.

The recoverable value is determined by taking into account the current value of future cash flows that the investment may generate, including the value of final disposal of the investment. If such value is less than the book value, the difference is recognized through the Income Statement as an impairment loss.

In case of absence of market values and valuation models, the value of the interest is prudentially adjusted for the loss resulting from the financial statements of the participated company, if such value is considered a reliable indicator of a permanent impairment loss.

Equity investments are derecognised from the Balance Sheet assets when contractual rights to the cash flows arising from such assets expire or when all related risks and rewards are substantially transferred along with the transfer of the financial asset.

Financial assets

1) Financial assets valued at *fair value* through profit or loss (FVTPL)

The following financial assets are included:
- financial assets held for trading[4];
- assets measured at fair value with the valuation results recognized in the income statement based on the option granted to companies under IFRS 9 (the so-called fair value option), which allows a financial asset to be irrevocably designated as measured at fair value with an impact on income statement if, and only if, by doing so, an inconsistent valuation is eliminated;
- other financial assets that must be measured at fair value, i.e. those assets other than those designated at fair value with an impact on income statement that do not meet the requirements for classification at amortized cost, at fair value with an impact on comprehensive income or that are not held for trading. They are essentially represented by those financial assets whose contractual terms provide for periodic flows that are not represented only by capital repayments and interest payments on the capital to be repaid (therefore characterized by failure to pass the SPPI test), or those assets that do not comply with the business model terms of the portfolio valued at amortized cost or at fair value with an impact on overall profitability.

Derivatives are classified as financial assets held for trading if their fair value is positive. Otherwise, they are classified as financial liabilities held for trading. The item also includes derivatives embedded in complex financial contracts, the primary contract of which is represented by a financial liability, which have been recognized separately because:
- the economic characteristics and risks are not strictly correlated to the characteristics of the underlying contract;
- the embedded instruments, even if separate, meet the definition of a derivative;
- the hybrid instruments to which they belong are not recognized at fair value and the relevant changes are recognized in the Income Statement.

Financial assets measured at fair value with an impact on the income statement are initially recognized on the trading date for derivative contracts, on the settlement date for debt securities, equity securities, OICR units and on the disbursement date for loans. Exceptions are securities whose delivery is not regulated on the basis of conventions envisaged by the reference market; therefore, their initial recognition occurs on the date of subscription.

Upon initial recognition, financial assets measured at fair value with an impact on the income statement are recognized at fair value, which generally corresponds to the consideration envisaged for the transaction, less transaction costs or income, which are immediately recognized in income statement.

The valuation subsequent to initial recognition is carried out at fair value, with valuation effects recognised in income statement. The fair value for the financial instruments listed on active markets is determined based on the official prices at the reporting date. The fair value of financial instruments, including equity instruments, that are not listed on active markets is determined on the basis of valuation techniques and data available on the market, such as prices of similar instruments on active markets, discounted cash flows, option pricing models and values reported in recent comparable transactions.

For equity securities and related derivative instruments not listed on an active market, the cost criterion is used as a fair value estimate only residually and limited to a few circumstances, i.e. in the case in which it is not possible to apply the valuation methods indicated above, or in the presence of a wide range of possible fair value measurements, where the cost represents the most accurate estimate.

If the fair value of a financial asset becomes negative, such asset is accounted for in the Balance Sheet liabilities.

Reclassifications to other categories of financial assets are not permitted unless the business model is changed in relation to financial assets held for trading. In this case, all financial assets involved will be reclassified based on IFRS 9.

Financial assets held to maturity, valued at fair value with an impact on income statement, are derecognised from the Balance Sheet upon collection or when the contractual rights related to the financial flows have expired or in the event of assignments to third parties which transfer all the risks and rewards attached to the ownership of the transferred asset. On the other hand, if a relevant portion of the risks and rewards attached to the financial assets transferred has been retained, the asset will continue to be recognized in the financial statements, even though it has actually been legally transferred.

4 A financial asset is classified as held for trading if: (i) it is acquired mainly with a view to being sold in the short term; (ii) it is part of a portfolio of financial instruments that are managed jointly and for which there is a strategy aimed at achieving profits in the short term; (iii) it is a derivative contract not designated as part of accounting hedging transactions, including derivatives with a positive fair value embedded in financial liabilities other than those measured at fair value with recognition of the income effects in income statement.

In the event that it is not possible to verify the substantial transfer of risks and benefits, financial assets are derecognised from the financial statements if no type of control has been retained over the same. Otherwise, any control, even if only partial, allows for the assets to be accounted for in the balance sheet to the extent of the residual involvement.

When financial assets are transferred, they are derecognised from the financial statements even if the contractual rights regarding the related cash inflows are retained in the presence of a simultaneous obligation to transfer these flows, and only them, without causing any significant delay to other third parties.

2) Financial assets valued at fair value through other comprehensive income (FVOCI)

This item includes all financial assets (debt securities, equity securities and loans) classified in the portfolio valued at fair value with an impact on comprehensive income.

Specifically, this portfolio contains the debt instruments and loans that meet both of the following conditions:
- the financial activity is managed according to a business model whose objective is achieved both through the collection of contractual financial flows and through the sale of financial assets;
- the contractual terms of the financial asset provide, at certain dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

This item also includes equity instruments that are not held for trading and do not represent potential compensation paid by a purchaser in a business combination to which IFRS 3 applies, for which the option, granted by the standard, to classify subsequent changes in the fair value of the instrument in the valuation reserve with an impact on comprehensive income (FVTOCI option[5]), was irrevocably exercised.

The initial recognition of this item occurs on the settlement date for debt securities and equity securities or on the disbursement date for loans.

The initial recognition of the financial assets for which the FVTOCI option is exercised is made at fair value, which generally corresponds to the transaction price, including any ancillary expenses and income attributable to the transaction.

In cases where this amount differs from the fair value at the time of initial recognition, the instrument is accounted for as follows:
- if the estimate of fair value uses only observable market data, then the difference is recognized in income statement;
- in all other cases, the difference is deferred as an adjustment to the carrying amount of the financial instrument.

The valuation subsequent to initial recognition, for financial instruments listed on active markets, is carried out at fair value determined on the basis of the official prices recorded at the reporting date. The fair value of financial instruments, including equity instruments, that are not listed on active markets is determined on the basis of valuation techniques and data available on the market, such as prices of similar instruments on active markets, discounted cash flows and values reported in recent comparable transactions. For equity securities not listed on an active market, the cost criterion is used as a fair value estimate only residually and limited to a few circumstances, i.e. in the case in which it is not possible to apply the valuation methods indicated above, or in the presence of a wide range of possible fair value measurements, where the cost represents the most accurate estimate.

Gains and losses arising from changes in the fair value of debt instruments and loans, with the exception of impairment gains and losses and foreign exchange gains and losses[6], are recognised in comprehensive income. Valuation reserves in shareholders' equity until the financial asset is derecognised.

If the financial assets in question are derecognised, the cumulative gain or loss previously recognised in other comprehensive income items is reclassified from equity to profit or loss for the period.

Interest on debt securities and receivables is recognised in income statement using the amortised cost method based on the effective interest rate, i.e. the rate that exactly discounts estimated future cash collections over the expected life of the financial instrument at the net book value of the financial asset.

These instruments are also subject to the impairment test envisaged by IFRS 9, with the consequent recognition of an adjustment value in income statement to cover expected losses. Specifically, instruments classified in stage 1 (i.e. financial assets at the origination date, if not impaired, and instruments for which there is no significant increased credit risk vs initial recognition) are subject to impairment test at the initial recognition date and at each subsequent reporting date with an expected impairment 12 months after the reporting date. Conversely, instruments classified in stage 2 (performing financial assets for which there is a significantly increased credit risk vs initial recognition) and in stage 3 (impaired exposures), an expected impairment is recognized

5 *Fair Value Through Other comprehensive Income option.*
6 Impairment gains and losses and foreign exchange gains and losses are recognised in profit or loss for the year.

over the entire residual life of the financial instrument.

The exercise of the option of *fair value through* OCI for equity instruments implies a different accounting with respect to debt securities, since:
- the values recognised in the valuation reserve are never reclassified in income statement, not even in case of derecognition;
- all exchange differences are recognised in the equity reserve and therefore recognised in comprehensive income;
- IFRS 9 impairment requirements do not apply to equity instruments.

Only dividends are recognised in income statement.

Reclassifications to other categories of financial assets are not permitted unless the business model is changed. In this case, all financial assets involved will be reclassified based on IFRS 9.

Financial assets held to maturity, valued at fair value with an impact on comprehensive profitability, are derecognized from the Balance Sheet upon collection or when the contractual rights related to the financial flows have expired or in the event of assignments to third parties which transfer all the risks and rewards attached to the ownership of the transferred asset. On the other hand, if a relevant portion of the risks and rewards attached to the financial assets transferred has been retained, the asset will continue to be recognised in the financial statements, even though it has actually been legally transferred.

In the event that it is not possible to verify the substantial transfer of risks and benefits, financial assets are derecognised from the financial statements if no type of control has been retained over the same. Otherwise, any control, even if only partial, allows for the assets to be accounted for in the balance sheet to the extent of the residual involvement.

When financial assets are transferred, they are derecognised from the financial statements even if the contractual rights regarding the related cash inflows are retained in the presence of a simultaneous obligation to transfer these flows, and only them, without causing any significant delay to other third parties.

3) Financial assets valued at amortised cost

This item includes debt instruments and loans that meet both of the following conditions:
- the financial asset is held as part of a business model whose objective is to collect contractual cash flows;
- the contractual terms of the financial asset provide, at certain dates, for cash flows represented solely by payments of principal and interest on the amount of principal to be repaid.

The following financial assets are included:
- loans to banks (current accounts, guarantee deposits, debt securities, etc.). Operating loans are included that relate to the provision of financial activities and services. Receivables towards Central Banks (e.g. mandatory reserve) are also included, other than demand deposits included under 'cash equivalents';
- loans to customers (loans, finance leases, factoring transactions, debt securities, etc.). This item also includes amounts due from Post Offices, variation margins with clearing agencies for transactions in derivative contracts and operating receivables related to the provision of financial services and activities.

“Financial assets valued at amortised cost” are initially recognized on the settlement date if they refer to debt or equity instruments or on the disbursement date if they refer to loans.

The initial recognition is made at fair value, which generally corresponds to the transaction price, including any ancillary expenses and income attributable to the transaction.

Subsequent to initial recognition, these assets are measured at amortised cost, equal to the value at which the financial asset is measured at the moment of the initial recognition less any capital repayments, plus or minus the cumulative amortisation, according to the criterion of the effective interest of any difference between this initial amount and the amount at maturity, adjusted for any provision to cover losses. The effective interest rate is the rate that discounts the flow of estimated payments over the expected life of the financial asset, in order to obtain the exact net book value at the time of initial recognition, which includes both directly attributable transaction costs and fees paid or received between the contracting parties.

In some cases, the financial asset is considered impaired at the time of the initial recognition when the credit risk is very high and, in the case of purchase, is acquired with significant discounts. In this case, for impaired financial assets acquired or originating at the time of the initial recognition, an effective interest rate adjusted for credit risk is calculated, including the expected losses on initial receivables in the estimated cash flows.

Amortised cost is not applied to short-terms loans and receivables for which the effect of discounting is immaterial. The same measurement criterion is adopted for loans without a defined maturity or upon revocation.

Assets measured at amortised cost are subject to a provision to cover expected losses in accordance with IFRS 9 and the amount of such losses is recognised in income statement. Specifically, instruments classified in stage 1 (i.e. financial assets at the origination date, if not impaired, and instruments for which there is no significant increased credit risk vs initial recognition) are subject to impairment test at the initial recognition date and at each subsequent reporting date with an expected 12 month impairment. Conversely, instruments classified in stage 2 (performing financial assets for which there is a significantly increased credit risk vs initial recognition) and in stage 3 (impaired exposures), an expected impairment is recognized over the entire residual life of the financial instrument.

For performing financial assets (stages 1 and 2), value adjustments are calculated based on the risk parameters represented by probability of default (PD), loss given default (LGD) and exposure at default (EAD). If, in addition to a significant increase in credit risk, there is also objective evidence of impairment (stage 3), the amount of the loss is measured as the difference between the cash flows provided for in the contracts and all the cash flows expected to be received, discounted at the original effective interest rate.

The amount of the loss to be recorded in income statement is defined on the basis of an analytical evaluation process or by homogeneous categories and therefore analytically attributed to each position, and takes into account forward looking information and possible alternative recovery scenarios.

Impaired assets include financial instruments that are classified as non-performing, probable default or past due/overdue by more than ninety days according to Bank of Italy's rules and consistently with IFRS regulations.

The expected cash flows take into account the expected recovery time and the estimated realisable value of any guarantees.

If the reasons for the loss in value are removed as a result of an event occurring after the initial recognition, the value is reinstated and recognised in income statement.

Financial assets valued at amortised cost are derecognised from the Balance Sheet upon collection or when the contractual rights related to the financial flows have expired or in the event of assignments to third parties which transfer all the risks and rewards attached to the ownership of the transferred asset. On the other hand, if a relevant portion of the risks and rewards attached to the financial assets transferred has been retained, the asset will continue to be recognised in the financial statements, even though it has actually been legally transferred.

In the event that it is not possible to verify the substantial transfer of risks and benefits, financial assets are derecognised from the financial statements if no type of control has been retained over the same. Otherwise, any control, even if only partial, allows for the assets to be accounted for in the balance sheet to the extent of the residual involvement.

When financial assets are transferred, they are derecognised from the financial statements even if the contractual rights regarding the related cash inflows are retained in the presence of a simultaneous obligation to transfer these flows, and only them, without causing any significant delay to other third parties.

It is also possible that during the life of financial assets, and specifically for financial assets valued at amortised cost, their contractual terms may be subject to renegotiation. In this case, it is necessary to verify whether the contractual amendments give rise to the derecognition of the original instrument from the financial statements and the recognition of the new financial instrument or not.

In order to define which changes give rise to derecognition of the original contract and recognition of a new contract, it is necessary to carry out a case-by-case analysis, sometimes by introducing significant elements of judgment.

In general, changes to a financial asset lead to its derecognition and to the recognition of a new asset when they are of a substantial nature. However, in the absence of specific indications to refer to in the IFRS accounting standard, a list of the main changes that entail a substantial modification to the terms of any existing contract has been identified, introducing a different nature of the risks and, consequently, entailing derecognition.

Below is the list:
- modification of the counterparty;
- change in the reference currency;
- replacement of debt to equity;
- *Datio in solutum*, in which repayment depends on the fair value of an asset;

- other cases of substantial change in the nature of the contract, such as the introduction of contractual clauses exposing the debtor to new risk components;
- changes granted to performing customers, who do not have economic or financial difficulties (thus not including the so-called "forborne" exposures) and which provide for the use of market parameters for the recalculation of the financial conditions of the loan contract, with the aim of retaining the customer.

In the case of non-significant changes, the gross value is re-determined by calculating the present value of the cash flows resulting from the renegotiation, at the original rate of the exposure.

The difference between the gross value of the financial instrument before and after the renegotiation of the contractual conditions, adjusted to take into account the associated changes in the cumulative value adjustments, is recognised in income statement as a gain or loss from contractual changes without derecognition.

Cash and cash equivalents

"Cash and cash equivalents" are measured at fair value. Liquidity is made up of the cash available with banks and with CDP against the execution of a deposit agreement, with returns in line with market conditions.

The cash available is increased by the interest accrued on it, even though not yet paid.

Current and deferred taxes

The accounting items of current and deferred taxes include: i) current tax assets, represented by tax advances and receivables for withholding taxes; ii) current tax liabilities, represented by tax payables to be paid according to the tax rules in force; iii) deferred tax assets, consisting of the amounts of taxes recoverable in future years in consideration of deductible temporary differences; iv) deferred tax liabilities, consisting of payables for taxes to be paid in future periods in respect of taxable temporary differences.

Current taxes, represented by corporate income tax (IRES) and regional tax on production activities (IRAP), are recognized on the basis of a realistic estimate of the negative and positive components for the semester and are determined on the basis of the respective current rates.

Deferred tax assets and liabilities are recognized at the tax rates that, on the basis of the legislation in force at the reporting date, are expected to apply to the year when the asset will be realized or when the liability will be settled, and are periodically reviewed in order to take account of any regulatory changes.

The term "deferred" tax refers, in particular, to the recognition, in terms of taxes, of the temporary differences between the value attributed to an asset or liability according to statutory criteria and the corresponding value assumed for tax purposes.

Deferred tax assets are recognized: i) under Tax assets if they refer to "deductible temporary differences", i.e. the differences between the statutory and tax values that will result in deductible amounts in future years, to the extent that there is probability of their recovery; ii) under Tax liabilities if they refer to "taxable temporary differences" representative of liabilities as related to accounting items that will become taxable in future tax periods.

"Deferred" taxation, if referred to transactions that affect the shareholders' equity, is recognized under equity.

Provisions for risks and charges

A provision is recognised under "Provisions for risks and charges" only in the case of:
- a present (legal or implicit) obligation resulting from an event that occurred in the past;
- the probability/expectation that a cost will be required in order to fulfill such obligation, (i.e. the use of resources capable of producing economic benefits);
- the possibility of making a reliable estimate of the amount of the obligation.

The provision, when the financial effect related to the time factor is material and the payment dates of the obligations can be estimated reliably, is represented by the current value (at the interest rates applicable at the reporting date of the financial statements) of the costs that are expected to be incurred to discharge the obligation.

The provisions are used only against the charges for which they were originally recognised. Should the cost for fulfilling the obligation be no longer considered likely, the provision is reversed through the Income Statement.

Provisions for risks and charges include liabilities relating to defined-benefit plans, other than for TFR (for example, recognition of seniority bonuses upon achievement of certain number of years of presence in the company or medical care after retirement), through which the Group undertakes to provide agreed benefits for current employees and former employees and incur the actuarial and investment risks associated with the plan. The cost of said plan is therefore not determined by the amount of contributions due for the semester, but re-determined with reference to demographic and statistical assumptions and wage trends. The methodology applied is "projected unit credit method".

Staff Severance and Retirement

The employee termination indemnity (TFR, Trattamento di Fine Rapporto) covers the entire liability accrued to employees at the end of the financial year, in compliance with the provisions of law (under article 2120 of the Civil Code) and with applicable labour agreements. Pursuant to IAS 19, the TFR represents a "Defined employee benefit plan" and, thus, entails the recognition of such liability to employees through the current value of the accruing and accrued obligation (respectively the current value of future payments expected in relation to the benefits accrued in the first half of 2019 and the current value of future payments resulting from the benefits accrued in previous financial years). Given the limited number of employees of the Company, the nominal value of the debt was considered as a reasonable approximation of the current value of the obligation.

Financial liabilities at *fair value*

Such financial instruments are recognised on the subscription date or on the issue date, at a value equal to the cost corresponding to the fair value of the instrument, without considering any transaction costs or proceeds directly attributable to such instruments.

In particular, this category of liabilities includes the negative value of derivative trading contracts, as well as the negative value of the derivatives embedded in complex contracts, but not strictly connected thereto.

All liabilities held for trading are measured at fair value and the result of such valuation is recognised through the Income Statement.

Financial liabilities held for trading are cancelled from the Balance Sheet when the contractual rights to the related financial flows expire, or when the financial liability is disposed and all risks and rewards resulting from the ownership thereof are substantially transferred.

Interest income and expense

Interest income and expense are recognized through the Income Statement for all instruments based on the amortised cost, according to the effective interest rate method.

Dividends

Dividends are recognised through the Income Statement in the financial year when the resolution for their distribution is passed. Dividends from companies accounted for using the equity method are deducted from the value of investments.

Transactions with related parties

The financial statements provide information concerning transactions with related parties identified according to the criteria defined pursuant to IAS 24.

Procedures for determining fair value criteria

This section includes the fair value disclosure as required by IFRS 13.

The fair value represents the amount that could be received to sell an asset or paid to transfer a liability in a regular transaction between market counterparties, at the measurement date. It is assumed to refer to an ordinary transaction between unrelated parties with a reasonable degree of knowledge of market conditions and relevant facts connected to the subject matter of the trading. An essential factor for the definition of fair value is that the entity must be in regular operating conditions and must not have any urgency to liquidate a position or reduce it to a significant extent. The fair value of an instrument reflects, amongst other factors, the credit quality of the instrument itself since it incorporates the risk of default of the counterparty or of the issuer.

International accounting standards provide for the classification of the fair value of a financial instrument in three levels ("fair value hierarchy"); the level at which the measurement of fair value is attributed depends on the observability and significance of the inputs used in the valuation model.

For financial instruments listed on active markets, the fair value corresponds to the market price on the valuation date, or as close as possible to it (Level 1).

A market is considered as active when the prices are promptly and regularly available through regulated markets, organised trading systems, listing services, etc., and if such prices may reasonably be considered as representative of effective and regular market transactions carried out around the valuation date.

The fair value of unlisted financial instruments classified in level 2 or 3 depend on whether the inputs used in the valuation model are observable or not and their significance in the model.

Level 2 inputs are prices available on active markets or inputs based on observable market data such as interest rates, credit spreads or yield curves. If used in the pricing of an instrument, they must be available for the remaining life of the same. The fair value of a financial instrument measured with techniques that use level 2 inputs is classified at the same level for purposes of hierarchy.

Level 2 inputs may require adjustments for their use also in consideration of the characteristics of the financial instrument being valued. If the adjustment is made on the basis of parameters that are not observable on the market or is more or less impacted by modelling choices required to do so (through the use of statistical or "expert-based" techniques on the part of the person making the assessment), the fair value measurement is classified in level 3, in relation to the inputs that are not observable on the market or not directly apparent.

This category also includes the parameters estimated on the basis of owned models or historical data and used for the fair value measurement of unlisted financial instruments, classified in the same level.

In selecting the valuation models applied for the Level 2 valuations, the Company takes the following considerations into account:
- a simpler valuation model is preferred to a more complex one, all other conditions being equal and provided it represents all the main features of the product, allowing a reasonable alignment with the practices and results of other players in the sector;
- a valuation model is consistently applied in time to uniform categories of instruments, unless where there are objective reasons for its replacement;
- all other conditions being equal, priority is given to standard models whose mathematical structure and implementation procedures are well known in the literature.

The identification of the input market parameters for Level 2 valuations is made on the basis of non-arbitrage or comparability relations that define the fair value of the financial instrument being measured as the relative fair value compared to that of financial instruments listed on active markets.

In some cases, the determination of the fair value requests the use of valuation models that require parameters which cannot be inferred directly from quantities available on the market, statistical or "expert based" estimates by the person performing the valuation (Level 3).

Also in the case of Level 3 valuations, a valuation model is consistently applied over time to uniform categories of instruments, unless there are objective reasons for its replacement. Likewise, the parameters which cannot be directly inferred by quantities obtainable on the market are applied according to temporal continuity.

II - Information on the Balance sheet

II.1 Non-current assets

II.1.1 Property, plants and equipment

The item includes the balance, net of accumulated depreciation, of tangible assets as of 31 December 2020 and includes Property, Plant and Equipment owned by the Company totalling Euro 243 thousand and Assets used under finance leases totalling Euro 2,295 thousand.

Tangible assets with a functional use: composition of assets valued at cost

(Euro units) Assets/Values	31/12/2020	31/12/2019
1. Owned assets	242,859	172,385
a) Land	-	-
b) Buildings	-	-
c) Furniture	54,401	62,014
d) Electronic systems	188,458	110,371
e) Other	-	-
2. Assets under finance lease	2,295,101	2,526,306
a) Land	-	-
b) Buildings	2,295,101	2,526,306
Total	**2,537,960**	**2,698,691**

As to Property, plants and equipment, compared to 31 December 2019, when the balance of this item was Euro 172 thousand, this item increased by approximately Euro 71 thousand, including Euro 120 thousand of new fixed assets partially offset by depreciation for the period of Euro 49 thousand.

Property, plants and equipment: composition

(Euro units)	31/12/2020	31/12/2019
a) Electronic systems	188,458	110,371
b) Furniture	54,401	62,014
Total	**242,859**	**172,385**

Assets under finance lease are properties used by the company based on a lease contract.

Financial lease assets: composition

(Euro units)	31/12/2020	31/12/2019
a) Properties	2,295,101	2,526,306
Total	**2,295,101**	**2,526,306**

Tangible assets: annual changes

(Euro units)	Land	Furniture	Electronic systems	Total
A. Gross initial balance	2,870,987	82,250	238,958	3,192,195
A.1 Total net impairments	(344,681)	(20,236)	(128,587)	(493,504)
A.2 Net initial balance	2,526,306	62,014	110,371	2,698,691
B. Increases	64,374	-	119,625	183,999
B.1 Acquisitions	64,374	-	119,625	183,999
B.2 Costs for capitalised improvements	-	-	-	-
B.3 Value recovery	-	-	-	-
B.4 Positive changes in fair value	-	-	-	-
B.5 Positive changes on currency	-	-	-	-
B.6 Transfers from owned property held for investment	-	-	-	-
B.7 Other changes	-	-	-	-
C. Decreases	295,579	7,613	41,538	344,730
C.1 Disposals	-	-	-	-
C.2 Amortisation and depreciation	295,579	7,613	41,538	344,730
C.3 Impairments	-	-	-	-
C.4 Negative changes in fair value	-	-	-	-
C.5 Negative changes on currency	-	-	-	-
C.5 Transfers	-	-	-	-
C.7 Other changes	-	-	-	-
D. Net final balance	**2,295,101**	**54,401**	**188,458**	**2,537,960**
D.1 Total net impairments	(640,260)	(27,849)	(170,125)	(838,234)
D.2 Gross final balance	2,935,361	82,250	358,583	3,376,194
E. Valuation at cost	-	-	-	-

II.1.2 Intangible assets

This item includes the balance, net of related amortisation, of software user licences and the capitalisation of design costs for the implementation of the equity investment management programme.

At 31 December 2020 this item totalled Euro 65 thousand; therefore, compared to 31 December 2019, the item increased by approximately Euro 19 thousand as a result of the new capitalisations partially offset by period amortisation.

Intangible assets: composition

(Euro units)	31/12/2020	31/12/2019
Software licences	-	4,599
Other intangible assets	65,209	41,701
Total	**65,209**	**46,300**

Tangible assets: annual changes

(Euro units)	31/12/2020	31/12/2019
A. Initial balance	184,219	242,872
A.1 Total net impairments	(137,919)	(137,919)
A.2 Net initial balance	46,300	104,953
B. Increases	55,851	-
B.1 Acquisitions	55,851	-
C. Decreases	36,942	58,653
C.1 Disposals	-	-
C.2 Value adjustments	36,942	58,653
- Amortisation	36,942	58,653
- Impairment	-	-
C.3 Negative changes in fair value	-	-
C.4 Transfers to non-current assets held for sale	-	-
C.5 Negative changes on currency	-	-
C.6 Other changes	-	-
D. Net final balance	**65,209**	**46,300**
D.1 Total net value adjustments	(137,919)	(137,919)
D.2 Gross final balance	203,128	184,219
E. Valuation at cost	-	-

II.1.3 Equity investments

The item "Equity investments" includes shareholdings in other companies, whether represented or not by securities that give rise to a relationship of control or association or a joint venture according to the combined provisions of IAS 28 and IFRS 10, 11 and 12.

It is recognised that in the case of the equity investments held by CDP Equity, the exemption envisaged under IAS 28R §17 was applied in relation to the application of the equity method. The initial and subsequent recognition is carried at cost, net of any impairments, in line with accounting standards.

The following is a breakdown of the investments held by CDP Equity at 31 December 2020.

Breakdown of equity investments

	Company Name	Location	Type of company	% of shareholding
	Investee company			
1.	FSI Investimenti S.p.A.	Milan	Subsidiary	77.1%
	Industrial shareholdings			
1.	Ansaldo Energia S.p.A.	Genoa	Subsidiary	87.6%
2.	SIA S.p.A.	Milan	Subsidiary	25.7%
3.	Open Fiber S.p.A.	Milan	Jointly controlled	50.0%
4.	Hotelturist S.p.A.	Padua	Jointly controlled	45.9%
5.	Webuild S.p.A. (Former Salini Impregilo S.p.A.)	Milan	Associated company	18.7%
6.	B.F. S.p.A.	Ferrara	Associated company	18.8%
	Investments in SGRs			
1.	Fondo Italiano di Investimento SGR S.p.A.	Rome	Subsidiary	68.0%
2.	CDP Venture Capital SGR S.p.A.	Rome	Subsidiary	70.0%
3.	FSI SGR S.p.A.	Milan	Associated company	39.0%
4.	QuattroR SGR S.p.A.	Milan	Associated company	40.0%

Equity investments: composition

	(Euro units) Company Name	31/12/2020	31/12/2019
1.	SIA S.p.A.	645,820,850	645,820,850
2.	Open Fiber S.p.A.	674,895,645	562,512,818
3.	Ansaldo Energia S.p.A.	595,878,795	195,878,795
4.	FSI Investimenti S.p.A.	386,938,255	386,938,255
5.	Webuild S.p.A.	249,999,999	249,999,999
6.	B.F. S.p.A.	79,947,898	79,947,898
7.	Hotelturist S.p.A.	9,682,938	20,400,000
8.	Fondo Italiano di Investimento SGR S.p.A.	10,298,000	10,298,000
9.	CDP Venture Capital SGR S.p.A.	6,912,500	6,912,500
10.	FSI SGR S.p.A.	1,170,000	1,170,000
11.	QuattroR SGR S.p.A.	800,000	800,000
Total		**2,662,344,880**	**2,160,679,115**

Equity investments: annual changes

(Euro units)	31/12/2020	31/12/2019
A. Initial balance	2,160,679,115	2,070,938,714
B. Increases	512,382,827	981,251,349
B.1 Acquisitions	512,382,827	981,251,349
B.2 Value recovery	-	-
B.3 Revaluations	-	-
B.4 Other changes	-	-
C. Decreases	10,717,062	891,510,948
C.1 Disposals	-	592,641,839
C.2 Value adjustments	10,717,062	298,869,109
C.3 Other changes	-	-
D. Final balance	**2,662,344,880**	**2,160,679,115**
E. Total revaluations	-	-
F. Total value adjustments	810,453,433	799,736,371

In 2020, item “Equity investments” recorded increases of Euro 512,283 thousand and decreases of Euro 10,717 thousand, resulting in an overall increase in the item by Euro 501,666 thousand.

Specifically, the transactions that generated the variation were the following: (i) the subscription of the share capital increase in Ansaldo Energia, fully subscribed by CDP Equity, for Euro 400,000 thousand, which increased the interest in the subsidiary from 59.94% to 87.57%, (ii) the payment of shareholders’ loans in capital contributions to Open Fiber for Euro 112,383 thousand.

The decreases, on the other hand, relate entirely to the impairment of the equity investment in Hotelturist as a result of the impairment test for Euro 10,717 thousand.

It should be noted that the investment portfolio held by CDP Equity was subject to an analysis in order to verify whether there were any indicators of impairment, in accordance with the requirements of IAS 36. For the purposes of carrying out the impairment test, the company has also adopted an internal Regulation, recalling the provisions of IAS 36, lists some indicators that must be considered. At 31 December 2020, considering the final results and the Covid-19 pandemic scenario, the Company activated impairment triggers on the main equity investments held in the portfolio. In particular, impairment indicators were identified for Webuild, Open Fiber, Hotelturist and FSI Investimenti. Therefore, these equity investments were subjected to impairment test and only the shareholding held in HotelTurist needed to be adjusted. Moreover, the recoverable value of the investment in Ansaldo Energia, already adjusted in previous years, was recalculated without identifying further impairment losses and, although the fair value identified by the independent appraiser was higher than the carrying amount, there were no grounds to reinstate the value of the investment due to the uncertainties relating to the potential risks associated with the execution of the Business Plan.

With reference to the estimate of the recoverable value of investments, considered as the greater between the fair value net of sales costs and value in use, CDP adopted an internal operating Policy including a series of key principles used in the impairment test and also taking into account the delicate historical moment resulting from the outbreak of the COVID-19 pandemic. Below are a few examples regarding the application of the aforementioned principles of impairment at 31 December 2020:
- the extension of the reporting period of stock exchange prices;
- the extension of the reporting period of risk free rates;
- the use of a Equity Risk Premium "consensus" in line with the average of the latest available measurements in place of the latest available point-in-time measurement.

The determination of the recoverable value confirmed the book value of all the equity investments subject to impairment, with the exception of the investment in Hotelturist, for which an impairment loss of Euro 10,717 thousand was recognised.

Moreover, CDP Equity carried out sensitivity analyses on each equity investment with respect to the main variables determining the value of the investment.

The table below summarises the valuation method applied to each equity investment that showed impairment indicators.

Company	Recoverable value	Method
1. Webuild S.p.A.	Value in use	DDM
2. Open Fiber S.p.A.	Fair value	Fair value (*)
3. Hotelturist S.p.A.	Fair value	DDM
4. FSI Investimenti S.p.A.	Fair value	NAV
5. Ansaldo Energia S.p.A.	Fair value	DDM

(*) Calculated by taking into account the binding offer presented by Macquarie to Enel.

As for the impairment which led to value adjustment, information relevant under IAS 36 is reported below.

Company	Carrying amount ante impairment test (M/euro)	Method	Motivations for trigger events	Value loss (M/euro)	Ke	Measured recoverable value (M/euro)	Sector
Hotelturist S.p.A.	20.4	Dividend Discount Model (DDM)	Significant deterioration in financial results severely impacted by the Covid-19 pandemic that heavily affected the hotel industry	10.7	11.4%	9.7	Tourism, hotels

II.1.4 Non-current financial assets

“Non-current financial assets" included:

- the financial receivable from Ansaldo Energia S.p.A. arising from the shareholders’ loan signed on 13 May 2019 for a total amount of Euro 200 million at a variable six-monthly rate equal to the six-month Euribor, with floor at zero, plus a margin of 675 basis points per year, corresponding, for the current period, to 6.75%; this loan is subordinated, also in the interest component, to the bank loans;
- the financial receivable from Open Fiber S.p.A. consisting of the shareholders’ loan for a total amount of approximately Euro 271 million granted as part of the broader financial support provided to the investee; the interest-bearing loan includes a fixed rate, defined at each date of use of the same and equal to 6.2% per year for the tranches disbursed in 2018 and 2019 and 5.2% for those disbursed in 2020. The repayment of principal and interest is due on maturity. This receivable increased during the year due to both the disbursement of an additional tranche of Euro 79,500 thousand and the accrual of the relevant interest;
- the financial receivable from FSIA Investimenti disbursed during the period totalling Euro 48 million at a floating rate equal to the six-month Euribor plus a margin of 195 basis points per annum. The principal is due to be repaid in September 2023;
- the value of the interest in the capital of F2i SGR S.p.A. which, following the transfer of the asset management business from CDP to CDP Equity, was classified as a financial asset measured at fair value.

Financial receivables from Ansaldo Energia, Open Fiber and FSIA Investimenti are recognised at amortised cost, as required by IFRS 9.

Non-current financial assets

(Euro units)	31/12/2020	31/12/2019
a) Receivable due to Open Fiber S.p.A.	291,582,085	200,776,956
b) Receivable due to Ansaldo Energia S.p.A.	212,956,741	202,643,397
c) Receivable due to FSIA Investimenti S.r.l.	48,231,255	-
d) F2i SGR capital stock	6,911,894	5,141,670
d) Investments in funds	21,126,994	-
Total	**580,808,969**	**408,562,023**

The increase in the item compared to 31 December 2019, is mainly due to the granting of new loans to Open Fiber and FSIA Investimenti, the recognition of interest income on shareholders’ loans granted and the change in the fair value of the equity interest in F2i, as well as the change in the adjustment provisions on receivables required under IFRS 9.

II.1.5 Deferred tax assets

The balance of "Deferred tax assets" refers to deferred tax assets relating to taxes calculated on temporary differences between statutory and tax values, which will be fiscally deductible in the financial years following that of their recognition in the financial statements.

Deferred tax assets have been fully recognised in Income Statement and do not relate to any changes against an entry under equity.

Deferred tax assets: composition

(Euro units)	31/12/2020	31/12/2019
Deferred tax assets	141,919,556	2,355,964
Total	**141,919,556**	**2,355,964**

Changes in deferred tax assets (with contra-entry to the income statement)

(Euro units)	31/12/2020	31/12/2019
1. Initial balance	2,355,964	648,540
Changes in opening balance		
2. Increases	139,949,565	2,054,191
2.1 Deferred tax assets in the period:	139,949,565	2,054,191
a) relating to previous years	-	-
b) due to changes in accounting criteria	-	-
c) value recovery	-	-
d) other	139,949,565	2,054,191
2.2 New taxes or increases in tax rates	-	-
2.3 Other increases	-	-
3. Decreases	385,973	346,767
3.1 Deferred tax assets cancelled in the period:	385,973	346,767
a) reclassification	385,973	346,767
4. Final balance	**141,919,556**	**2,355,964**

II.1.6 Other non-current assets

"Other non-current assets" refer to the security deposit paid in favour of the lessor, i.e. in favour of the parent company CDP, in relation to the lease agreement relative to the Company's new offices and, to a lesser extent, security deposits paid in accordance with the lease agreements for private homes used by certain employees as benefits. The item amounted to Euro 119 thousand , essentially in line with the amount recognised at 31 December 2019.

Other non-current assets: composition

(Euro units)	31/12/2020	31/12/2019
a) Deposits and advance payments due from third parties	21,211	26,557
b) Deposits and advance payments due to parent companies	97,920	97,920
Total	**119,131**	**124,477**

II.2 Current assets

II.2.1 Receivables from investee companies

(Euro units)	31/12/2020	31/12/2019
Receivables from investee companies	5,753,967	11,180,721
Total	**5,753,967**	**11,180,721**

Receivables from investee companies, equal to approximately Euro 5,754 thousand, included:

- Euro 5,069 thousand in fees accrued by CDP Equity and not collected at 31 December 2020 in connection with: (i) services provided in favour of FSI Investimenti, based on the terms of the investment agreement signed between CDP Equity and KIA, and (ii) services provided in favour of IQ and FSIA in relation to business, budget, planning and control, corporate secretary services and basic IT services;
- Euro 373 thousand in receivables for commissions on guarantees provided to Ansaldo Energia by Leonardo S.p.A. and governed by a specific agreement arising from the settlement signed between CDP Equity and Leonardo S.p.A. at the end of 2016;
- Euro 311 thousand as compensation for the participation of a number of CDP Equity employees in the Boards of Directors of the investee companies and related receivables for the charging back of out-of-pocket expenses to the investee companies and receivables for seconded personnel in the investee companies;

Compared to 31 December 2019, the item decreased by Euro 5,427 thousand mainly as a result of the collection of receivables from service agreements, partially offset by the recognition of service agreement receivables accrued in the period and commissions on guarantees provided by Ansaldo Energia for Euro 373 thousand.

Receivables from investee companies: breakdown

(Euro units)	31/12/2020	31/12/2019
a) Receivables due from FSI Investimenti	5,000,000	10,000,000
b) Receivables due from FSIA Investimenti	30,000	60,000
c) Receivables due from IQ	39,772	131,424
d) Receivables due from Ansaldo	373,110	780,065
e) Receivables due from other investees	311,085	209,232
Total	**5,753,967**	**11,180,721**

II.2.2 Tax receivables

The balance of "Tax receivables" included current tax assets, as better detailed in the table below. The change compared to 31 December 2019, when the balance amounted to Euro 722 thousand, was mainly attributable to the increase in advance payments for IRAP and IRES of Euro 258 thousand and an increase in the advance payment for VAT of Euro 61 thousand, partly offset by the settlement of the receivable on IRAP and IRES related to the previous year.

Tax receivables: composition

(Euro units)	31/12/2020	31/12/2019
a) Receivables due from the Revenue Office for TFR withholdings	477	511
b) VAT advance	93,876	23,139
c) Advance payments t/w the Revenue Office for IRAP/IRES	955,734	698,085
d) Other tax receivables	111,114	-
Total	**1,161,201**	**721,735**

II.2.3 Other current assets

"Other current assets" amounted to Euro 9,393 thousand and included receivables due from CDP for tax consolidation, totalling Euro 8,864 thousand, accrued income and prepaid expenses on operating costs for a total of Euro 410 thousand and other advances and minor receivables of Euro 119 thousand. The significant increase in the aggregate item was mainly attributable to the recognition of the receivable due from CDP as a result of tax consolidation, which amounted to zero at 31 December 2019.

Other current assets: composition

(Euro units)	31/12/2020	31/12/2019
a) Other receivables due from social security institutions	6,882	6,484
b) Accrued income and prepaid expenses	410,215	81,958
c) VAT advance	596	6,697
d) Receivables due from CDP for tax consolidation	8,864,143	-
e) Sundry receivables	111,496	164,196
Total	**9,393,332**	**259,335**

II.2.4 Cash and cash equivalents

"Cash and cash equivalents" of CDP Equity included deposits with CDP and a major credit institute.

The table below summarizes the "Cash and cash equivalents" of CDP Equity at December 31, 2020 compared to the amount at 31 December 2019; the variation shows an increase of Euro 351,912 thousand. In detail, the Company has:

- freed up resources of Euro 617,082 thousand, of which direct investments totalling Euro 591,883 thousand in favour of some of its investees by way of capital increase (Ansaldo Energia, Open Fiber) and disbursement of shareholders' loans (Open Fiber), and indirect investments of Euro 25,199 thousand relating to payments to subscribed funds;
- granted a loan to FSIA Investimenti for Euro 48,300 thousand;
- collected dividends of Euro 5,098 thousand (Webuild, B.F.) and interest of Euro 414 thousand (FSIA);
- paid operating costs, net of operating income, amounting to Euro 106,506 thousand, including substitute tax of Euro 92,707 thousand relating to the tax relief on SIA goodwill;
- received capital contributions of Euro 1,118,300 thousand.

Cash and cash equivalents: composition

(Euro units)	31/12/2020	31/12/2019
a) Banks	400,419,777	2,333,498
b) Free deposits with CDP	60,554,026	106,729,433
c) Cash	1,341	609
Total	**460,975,144**	**109,063,540**

II.3 Shareholders' equity

II.3.1 Share capital

Share capital: composition

(Euro units)	31/12/2020	31/12/2019
Share capital underwritten and paid-up	2,890,583,470	2,890,583,470
Total	**2,890,583,470**	**2,890,583,470**

CDP holds 289,058,347 ordinary shares, representing 100% of the share capital and voting rights of CDP Equity. No equity transactions were completed on CDP share capital in the period.

Share capital: breakdown

(Euro units) Item/Types	Ordinary	Privileged	%
A. Share capital	2,890,583,470	-	100.00%
CDP S.p.A.	2,890,583,470	-	100.00%
B. Paid-up capital	**2,890,583,470**	**-**	**100.00%**
C. Capital increases/decreases in the year		-	
D. Capital to be paid-up in the year	-	-	

At 31 December 2020, the Company did not hold any treasury shares, either directly or through third parties.

In 2019, the Company did not pay out dividends to its shareholders.

Capital - number of shares: changes

Item/Types	Ordinary	Other
A. Shares existing at the beginning of the year	289,058,347	-
- fully paid-up	289,058,347	-
A.2 Outstanding shares: initial balance	289,058,347	-
B. Increases	-	-
C. Decreases	-	-
D. Outstanding shares: final balance	289,058,347	-
D.2 Outstanding shares at the beginning of the year:	289,058,347	-
- fully paid-up	289,058,347	-

II.3.2 Reserves

At 31 December 2020, the Company showed the following amounts under “Reserves”:

Reserves: other information

(Euro units) Item/Types	31/12/2020	31/12/2019
Profit reserves:	**25,555,282**	**25,555,282**
Legal reserve	25,555,282	25,555,282
Other reserves:	1,140,138,851	21,838,851
Reserves for payments in capital contributions	1,118,300,000	-
Share premium reserve	21,978,820	21,978,820
Other reserves	(139,969)	(139,969)
Valuation reserves:	1,748,981	-
Valuation reserves of securities through FVOCI	1,748,981	-
Profit (loss) from past years	-	-

Revenue reserves comprised the legal reserve of Euro 25,555 thousand.

Other reserves include:
- the capital contribution received from CDP totalling Euro 1,368,300 thousand, including Euro 1,118,300 thousand received in the period;
- the share premium reserve that arose following the contribution of the SGR by the Parent Company, amounting to Euro 21,979 thousand;
- the reserve for the effects of th First Time Adoption of IFRS 9 amounting to Euro 140 thousand; this amount reflects the value adjustment made to the balance of cash and cash equivalents and the term deposit at 1 January 2018 to reflect the counterparty risk;
- the reserve for the revaluation of equity securities included in the FVOCI category of financial assets, net of the related tax

effect, amounting to Euro 1,749 thousand;
- losses and income brought forward totalling Euro 516,808 thousand.

Below is the information required by Article 2427, point 7-*bis*, of the Italian Civil Code in relation to the analytical breakdown of equity items, specifying their origin, their possible use and distribution and their use in previous periods:

(Euro units) Item/Value	Balance at 31/12/2020	Possible use (*)	Available share
Share capital	2,890,583,470		
Reserves	**1,415,694,132**		**1,393,855,281**
Legal reserve	25,555,282	B	25,555,282
Reserves for payments in capital contributions	1,368,299,999	A,B,	1,368,299,999
Share premium reserve	21,978,820	(**)	
Other profit reserves	(139,969)		
Valuation reserve	**1,748,981**		
Reserve on financial assets valued at fair value through other comprehensive income	1,748,981		
Profit (loss) from past years	-		
Total	**4,308,026,583**		**1,393,855,281**

(*) A = for capital increases; B = for loss coverage; C = for distribution to shareholders.
(**) Pursuant to Article 2431 of the Italian Civil Code, the share premium reserve cannot be distributed until the legal reserve has reached one-fifth of the share capital (cap established by art. 2430 of the Italian Civil Code).

II.4 Non-current liabilities

II.4.1 Provisions for risks and charges

“Provisions for risks and charges” at 31 December 2020 totalled Euro 3,000 thousand and included provisions for staff bonuses of Euro 2,250 thousand and provisions of Euro 750 thousand to cover the estimated future cost of setting up the "Chessa" scholarship for children of deceased employees, in line with the Parent Company CDP. The provision reflects the maximum possible future liability that the Company could face on the basis of actual cases.

(Euro units)	31/12/2020	31/12/2019
1. Company pension funds	-	-
2. Other provisions for risks and charges:	3,000,000	1,284,694
2.1 charges for personnel and directors	3,000,000	1,284,694
Total	**3,000,000**	**1,284,694**

Changes in the provisions for risks and charges during the year are shown below:

Provisions for risks and charges: changes in the period

(Euro units)	31/12/2020	31/12/2019
A. Initial balance	1,284,694	1,284,694
B. Increases	3,000,000	3,000,000
B.1 Provisions for the year	3,000,000	3,000,000
C. Decreases	1,284,694	1,284,694
C.1 Utilization in the year	540,515	540,515
C.2 Variations due to changes in the discount rate	-	-
C.3 Other changes	744,180	744,180
D. Final balance	**3,000,000**	**3,000,000**

II.4.2 Staff Severance and Retirement

For companies with less than 50 employees, as there is no provision for the payment of accrued termination benefits to the Treasury Fund managed by INPS, termination benefits (TFR) are subject to actuarial valuation in accordance with paragraphs 64-66 of IAS 19, i.e. using the "accrued benefits" method using the "Projected Unit Credit" (PUC) criterion. However, considering that the effect of applying IAS 19 is not significant for the purposes of preparing the financial statements as at 31 December 2020, the valuation of the provision was determined in a simplified manner in accordance with Italian law.

Item “Employee severance indemnity” decreased compared to 31 December 2019 as a result of personnel leaving during the year.

Staff Severance and Retirement

(Euro units)	31/12/2020	31/12/2019
Staff severance and retirement	143,708	146,773
Total	**143,708**	**146,773**

Staff Severance and Retirement: annual changes

(Euro units)	31/12/2020	31/12/2019
A. Initial balance	146,773	175,396
B. Increases	97,848	40,372
B.1 Provisions for the year	97,848	38,206
B.2 Other increases		2,166
C. Decreases	100,913	68,995
C.1 Staff severance indemnities paid	100,646	68,995
C.2 Other Decreases	267	-
D. Final balance	**143,708**	**146,773**

II.4.3 Lease payables and other financial liabilities

At 31 December 2020, item “Other financial liabilities” amounted to Euro 21,779 thousand and included the fair value of the earn-out liability generated by the investment in Open Fiber for Euro 19,416 thousand and lease payables for Euro 2,363 thousand, recognised for the first time as a result of the first-time application of IFRS 16. At 31 December 2019 the item amounted to Euro 14,661 thousand.

Other financial liabilities

(Euro units)	31/12/2020	31/12/2019
Earn out Open Fiber option	19,416,285	12,101,448
Payables on leases	2,362,742	2,559,520
Total	**21,779,027**	**14,660,968**

II.4.4 Deferred tax liabilities

The balance of “Deferred tax liabilities” refers to taxes calculated on temporary differences between book and tax values, which in future years will result in taxable amounts.

Deferred tax liabilities: composition

(Euro units)	31/12/2020	31/12/2019
Deferred tax liabilities with an impact to income statement	21,243	3,325
Total	**21,243**	**3,325**

Changes in deferred tax assets (with contra-entry to the income statement)

(Euro units)	31/12/2020	31/12/2019
1. Initial balance	3,325	14,795
2.Increases	-	-
3. Decreases	3,325	11,470
3.1 Deferred tax liabilities cancelled in the period	3,325	-
3.2 Decreases in tax rates	-	-
3.3 Other decreases		11,470
4.Final balance	**-**	**3,325**

Changes in deferred tax assets (with contra-entry to Shareholders' equity)

(Euro units)	31/12/2020	31/12/2019
1. Initial balance	-	-
2. Increases	21,243	-
2.1 Deferred tax assets in the period	21,243	-
3. Decreases	-	-
4. Final balance	**21,243**	**-**

II.5 Current liabilities

II.5.1 Tax payables

Item "Tax payables" refers to payables accrued at 31 December 2020 due to tax authorities and included VAT and withholding tax liabilities to be paid in the following month (January 2021). Other payables due to tax authorities include payables for withholdings on severance indemnities (TFR).

(Euro units)	31/12/2020	31/12/2019
a) Withholdings on employment income	327,595	120,565
b) Withholdings on self-employed personnel	67,763	16,474
c) Payables for IRAP	793,005	955,734
d) Payables for VAT	170,531	106,677
e) Other payables due to the Revenue Office	192	644
Total	**1,359,086**	**1,200,094**

II.5.2 Other current liabilities

"Other current liabilities" refer to short-term payables other than "Tax payables", still to be paid at year-end, details of which are given in the tables below.

Other current liabilities: composition

(Euro units)	31/12/2020	31/12/2019
a) Payables due to suppliers	3,225,937	1,402,336
b) Payables due to social security institutions	238,577	162,155
c) Payables due to parent company	2,660,533	5,351,015
d) Other payables	514,422	311,205
Total	**6,639,469**	**7,226,711**

Specifically:

Payables due to suppliers: composition

(Euro units)	31/12/2020	31/12/2019
a) Payables due to suppliers	333,626	204,765
b) Payables due to suppliers for invoices to collect	2,892,311	1,197,571
Total	**3,225,937**	**1,402,336**

Payables due to social security institutions: composition

(Euro units)	31/12/2020	31/12/2019
a) Payables due to social security institutions	157,605	117,809
b) Payables due to INPS for holidays accrued and not used	65,624	40,031
c) Payables due to INPS for solidarity contribution	15,348	4,315
Total	**238,577**	**162,155**

Payables due to parent company: composition

(Euro units)	31/12/2020	31/12/2019
Payables due to CDP	2,660,533	5,351,015
Total	**2,660,533**	**5,351,015**

The balance at 31 December 2020 relates to operating liabilities associated with the provision of outsourced services by CDP in favour of CDP Equity, sundry costs charged back in relation to seconded staff and employees performing corporate functions, and the payable on a sublease agreement for 2020. The lower amount recognised compared to 31 December 2019 relates to the different tax consolidation position, which at 31 December 2020, resulted in a receivable recorded under "Other current assets."

Other payables: composition

(Euro units)	31/12/2020	31/12/2019
a) Payables due to corporate bodies	6,537	13,196
b) Payables due to employees	303,222	203,034
c) Payables due to supplementary pension fund	84,811	42,997
d) Payables due to Funds	90,032	
e) Other payables	29,820	51,978
Total	**514,422**	**311,205**

The balance relates mainly to amounts accrued at the reporting date and not yet paid to employees and other corporate bodies.

The item showed an increase by Euro 203 thousand compared to the value of Euro 311 thousand registered at 31 December 2019. In fact, following the increase in the headcount analysed in the Directors' report on operations, an increase equal to Euro 100 thousand was recognised for payables to employees and related social security liabilities and the recognition of payables related to commissions due to funds subscribed and not yet settled, equal to Euro 90 thousand.

II.6. Information relevant for IAS/IFRS purposes on financial instruments

Assets and liabilities at fair value on recurring basis: breakdown by fair value levels

(Euro units) Financial assets/liabilities at fair value	31/12/2020			31/12/2019		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Non-current financial assets	-	-	28,038,887	-	-	5,141,670
Non-current financial assets	-	-	28,038,887	-	-	5,141,670
Current financial assets	-	-	-	-	-	-
Total	**-**	**-**	**28,038,887**	**-**	**-**	**5,141,670**
Non-current financial liabilities	-	-	19,416,285	-	-	12,101,448
Other financial liabilities	-	-	19,416,285	-	-	12,101,448
Current financial liabilities	-	-	-	-	-	-
Total	**-**	**-**	**19,416,285**	**-**		**12,101,448**

Annual changes in financial assets valued at fair value (level 3)

(Euro units)	Financial assets non-current
1. Initial balance	5,141,670
2. Increases	27,059,622
2.1 Purchases	25,289,398
2.2 Losses attributed to:	-
2.2.1 Income statement	-
- of which: capital gains	
2.2.2 Shareholders' equity	1,770,224
2.3 Transfer from other levels	-
2.4 Other increases	-
3. Decreases	4,162,405
3.1 Sales	-
3.2 Repayments	-
3.3 Losses attributed to:	4,162,405
3.3.1 Income statement	4,162,405
- of which: capital loss	*4,162,405*
3.3.2 Shareholders' equity	-
3.4 Transfer from other levels	-
3.5 Other decreases	-
4. Final balance	28,038,887

Annual changes in financial liabilities valued at fair value on recurring basis (level 3)

(Euro units)	Non-current financial liabilities
1. Initial balance	12,101,448
2. Increases	7,314,837
2.1 Issues	-
2.1 Losses attributed to:	7,314,837
2.2.1 Income statement	7,314,837
3. Decreases	-
4. Final balance	19,416,285

Assets and liabilities not valued at fair value or valued at fair value on a non-recurring basis: breakdown by fair value levels

(Euro units)	31/12/2020				31/12/2019			
Assets/Liabilities not valued at fair value or valued at fair value on a non-recurring basis: Breakdown by fair value levels	Book value	Level 1	Level 2	Level 3	Book value	Level 1	Level 2	Level 3
Non-current assets	552,889,212	-	-	552,889,212	403,544,830	-	-	403,544,830
Non-current financial assets	-	-	-	-	-	-	-	-
Other non-current assets	552,889,212	-	-	552,889,212	403,544,830	-	-	403,544,830
Current assets	460,973,803	-	-	460,973,803	109,062,931	-	-	109,062,931
Current financial assets	-	-	-	-	-	-	-	-
Cash and cash equivalents	460,973,803	-	-	460,973,803	109,062,931	-	-	109,062,931
Total	**1,013,863,015**	**-**	**-**	**1,013,863,015**	**512,607,761**	**-**	**-**	**512,607,761**
Non-current liabilities	-	-	-	-	-	-	-	-
Current liabilities	-	-	-	-	-	-	-	-
Total	-	-	-	-	-	-	-	-

Fair value measurement of optional components of equity investments

At 31 December 2020, the Company valued the earn out relative to the Open Fiber investment at fair value.

According to IFRS13, fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date:
a) in the main market of the asset or liability; or
b) in the absence of a main market, in the most advantageous market for the asset or liability.

All assets and liabilities for which the fair value is measured or recognised in the financial statements are classified according to the fair value hierarchy, as described below:
- Level 1 - quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2 - inputs other than the quoted prices included in Level 1, directly or indirectly observable for the asset or liability;
- Level 3 - valuation techniques for which the input data is not observable for the asset or liability.

Fair value is entirely classified in the same level of the fair value hierarchy in which the input of the lowest level of hierarchy used for the valuation is classified.

According to the fair value hierarchy, the valuations of said instrument fall within the Level 3 category.

In order to estimate the fair value of the Open Fiber earn-out, the Company applied a probabilistic valuation model using (i) a probability distribution calculated based on the expectations of the management to achieve the investment return targets (triggers) provided for in the contract and from which the earn-out payment is expected, and (ii) a pay-off discount rate associated with the occurrence of the assumed probabilistic scenarios, determined on a risk-adjusted basis.

Therefore, a sensitivity analysis of the earn-out was carried out in relation to an increase/decrease by 100 basis points in the pay-off discount rate associated with the occurrence of the assumed probabilistic scenarios:

(Euro units) OPEN FIBER Earn-out Sensitivity: +/- 1% discount rate variation	Target yield/ variation -1%	Target yield/ variation -0.5%	Target yield	Target yield/ variation +0.5%	Target yield/ variation +1%
	(20,435,749)	(19,906,853)	(19,416,285)	(18,970,130)	(18,489,008)

II.7 Other information

II.7.1. Guarantees issued and commitments

As to the guarantees and commitments issued by the company, it should be noted that CDP Equity pledged its shares in Open Fiber in favour of the lending banks. The pool of lending banks includes BNP Paribas, Société Générale and UniCredit, as Underwriters, Global Coordinators, Global Bookrunners and Initial Mandated Lead Arrangers, Cassa Depositi e Prestiti, the European Investment Bank, as well as - among Italian institutions - Banca IMI, Banco BPM, MPS Capital Services and UBI Banca, and - among international institutions - Crédit Agricole, ING, Caixa Bank, MUFG Bank, Natwest and Banco Santander, as Lenders. UniCredit also acts as Agent.

CDP Equity also resolved:
- the signing of an equity commitments of Euro 176 million in favour of the investee companies Ansaldo Energia, Open Fiber and Hotelturist;
- the signing of commitments to subscribed funds for a maximum of Euro 650 million;
- the signing of a binding commitment to become a shareholder of Euronext for a maximum of Euro 800 million;
- the signing of a binding commitment to set up Renovit for a maximum of Euro 48 million, of which Euro 32 million paid in January 2021;
- the signing of a binding commitment to set up a Green technology company with ENI with a maximum equity commitment of Euro 41 million from CDP Equity, of which Euro 6 million paid in February 2021;
- the signing of a binding commitment to set up a technology development company dedicated to the development of plants for the production of biofuels and water, for industrial and irrigation reuse, through the use of urban organic waste with ENI with a maximum equity commitment of Euro 39 million from CDP Equity;

III - Information on Income statement

In 2020 the "Result from operations" is negative for Euro 1,827 thousand, including dividends received from investee companies and interest income on loans granted to investee companies, offset by the negative effect of the impairment on the investment in Hotelturist, the negative change in the fair value of the financial instruments held by the company (in particular the Open Fiber earn-out), the increase in the provision for bad debts and operating costs.

III.1 Result from operations

III.1.1 Dividends

This item comprises the dividends paid out by Webuild and B.F. in the period. The table below details the dividends received in the period.

Dividends: composition

(Euro units)	2020	2019
Bonifiche Ferraresi S.p.A.	98,437	
Webuild S.p.A.	5,000,000	-
Total	**5,098,437**	**-**

III.1.2 Interest on loans to investees

Interest on loans to investees comprises the amount accrued in 2020 on loans granted to Ansaldo Energia, Open Fiber and FSIA Investimenti. The table below details interest income accrued in the half year period.

Interest on loans to investees: composition.

(Euro units)	2020	2019
Open Fiber	12,742,536	10,265,090
Ansaldo Energia	13,725,000	8,175,000
FSIA Investimenti	413,763	-
Total	**26,881,299**	**18,440,090**

III.1.3 Investment costs

Investment costs: composition

(Euro units)	2020	2019
a) Due diligence and consultancy for investments	6,253,247	3,479,515
b) Tobin TAX	-	1,291,642
c) Other investment costs	441,601	259,705
Total	**6,694,848**	**5,030,862**

In 2020, capital expenditure totalled Euro 6,695 thousand of which: (i) Euro 6,253 thousand from due diligence and advisory activities regarding investment transactions, (ii) Euro 442 thousand relating to other accessory expenses on investment activities. Compared to fiscal year 2019, when these expenses amounted to Euro 5,031 thousand, there was an increase of Euro 1,664 thousand due to the increased development of investment initiatives launched in the period and the management and enhancement of the equity portfolio.

III.1.4 Impairment of non-current assets

This item included the effects of equity investment valuations and impairments on receivables due from investee companies in accordance with IFRS 9.

Impairment of non-current assets: composition

(Euro units)	2020	2019
Impairment of equity investments	10,717,062	298,869,109
Value adjustments on financial loans	4,917,807	6,951,477
Total	**15,634,869**	**305,820,586**

At 31 December 2020, the Company carried out an analysis of its portfolio to check for impairment indicators in accordance with the provisions of the applicable international accounting standards and, in case of occurrence, performed an impairment test. The result of the impairment test revealed a loss totalling Euro 10,717 thousand resulting from the investment in Hotelturist. At 31 December 2019, the impairment test carried out on the investee companies included in the portfolio revealed a loss of Euro 298,869 thousand resulting from the investment in Ansaldo Energia.

At 31 December 2020 the Company subjected its credit positions to a recoverability risk analysis. As a result of this analysis, in compliance with the provisions of IFRS 9, a value adjustment was made to the value of receivables due from Ansaldo Energia for Euro 3,412 thousand, receivables due from Open Fiber for Euro 1,437 thousand and receivables due from FSIA Investimenti for Euro 69 thousand.

III.1.5 Decreases in the value of financial instruments

This item includes the change in the fair value of the Open Fiber earn out for Euro 7,315 thousand as well as the negative change in the fair value of the funds subscribed in the period for Euro 4,162 thousand. At 31 December 2019 the negative change amounted to Euro 956 thousand and was entirely related to the change in fair value of the Open Fiber earn-out as CDP Equity did not have any funds subscribed at the time.

Decreases in the value of financial instruments

	2020			2019		
(Euro units)	Capital loss	Loss from negotiation	Net result	Capital loss	Loss from negotiation	Net result
a) on debt securities	-	-	-	-	-	-
b) on stock securities	7,314,837	-	7,314,837	955,858	-	955,858
c) other	4,162,405	-	4,162,405	-	-	-
Total	**11,477,242**	-	**11,477,242**	**955,858**	-	**955,858**

III.2 Result from operations

III.2.1 Financial income

Financial income: composition

(Euro units)	2020	2019
a) interest accrued on bank current accounts	3,754	6,259
b) Profit from negotiation on debt securities	-	27,400,760
c) Interest accrued on securities	-	5,664,741
Total	**3,754**	**33,071,760**

Financial income refers to interest income accrued on the cash held in the company's current account.

In 2019, this item also included the gain on the transfer of government securities amounting to Euro 27,401 thousand and interest accrued on the latter amounting to Euro 5,665 thousand.

III.2.2 Financial expenses

Financial charges: composition

(Euro units)	2020	2019
a) Other interest due	1	13
b) Interest due on payables on leases	66,012	73,168
Total	**66,013**	**73,181**

This item includes financial expenses related to operations and interest expense accrued on the lease liability as required by IFRS 16 amounting to Euro 66 thousand. The balance of the item is substantially in line with the balance recognised in 2019.

III.2.3 Administrative costs

Administrative costs: composition

(Euro units)	2020	2019
Administrative costs:		
a) Personnel costs	11,226,816	6,758,871
b) Other administrative expenses	2,587,550	2,443,570
Total	**13,814,366**	**9,202,441**

"Personnel costs" amounted to Euro 11,227 thousand and included costs for salaries and services provided to employees, seconded staff and other operating staff for a total of Euro 10,881 thousand and remuneration paid to directors and statutory auditors amounting to Euro 346 thousand. The increase by Euro 4,468 thousand recorded over the previous year, when personnel costs totalled Euro 6,759 thousand, was mainly due to the increase in headcount resulting from the new organisation implemented in the second half of 2019 and confirmed in 2020.

Personnel costs: composition

(Euro units) Types of costs/values	2020	2019
1) Employees	8,816,396	5,310,765
a) Salaries and wages	6,933,428	3,971,267
b) Social charges	43,836	20,181
c) Staff severance	-	-
d) Social security contributions	939,995	593,709
e) Provision for staff severance	97,848	38,210
f) Provision for retirement and similar obligations	-	-
- defined contribution	-	-
- defined benefits	-	-
g) Payments to external supplementary pension funds:	322,866	230,759
- defined contribution	*322,866*	*230,759*
- defined benefits	-	-
h) Costs deriving from payment agreements based on own financial instruments	-	-
i) Other employee benefits	332,157	252,883
j) Travel costs, boarding and accommodation for seconded personnel	146,266	203,756
2) Other personnel in operation	297,678	46,571
3) Directors and Statutory Auditors	346,064	331,530
4) Laid-off personnel	-	-
5) Cost recovery for personnel seconded to other companies	(81,831)	(44,020)
6) Cost recovery for third party personnel seconded to the Company	1,848,509	1,114,025
Total	**11,226,816**	**6,758,871**

Number of employees and other workforce by category: composition

The Company has a limited number of employees: therefore, it was deemed more representative to show the number of employees as at 31 December 2020 comparing the number with the corresponding headcount of the previous year, rather than comparing the average values.

Type of cost/values	2020	2019
Employees:		
a) Executive managers	13	6
b) Total middle managers	19	12
- *of which: 3° and 4° level*	*8*	*10*
c) Other employees	19	12
Total	**51**	**30**
Other personnel	17	9

“Other administrative expenses” amounted to Euro 2,588 thousand, in line with fiscal 2019, and mainly include professional and financial services, outsourced administrative services and general and insurance services.

Other administrative costs: composition

(Euro units) Type of cost/values	2020	2019
a) Professional and financial services	1,240,866	1,267,435
b) CDP outsourcing	301,001	251,606
c) IT resources and database	149,623	113,323
d) Advertising and marketing costs	43,533	76,579
e) Information services	141,655	102,225
f) General services and insurances	304,342	462,578
g) Utilities, taxes and other costs	355,632	134,697
h) Costs for other corporate bodies	50,898	35,127
Total	**2,587,550**	**2,443,570**

The table below shows the fees paid to the independent auditors Deloitte & Touche S.p.A. as required by specific provisions of the Italian Civil Code. It should be noted that the aforementioned amount includes also the contribution due to Consob and VAT.

(Euro units)	Service provider	Fees paid in the period
Auditing and financial statements	Deloitte & Touche S.p.A.	104,854
Total		**104,854**

III.2.4 Amortisation and depreciation and impairment of intangible and tangible assets

This item mainly included depreciation and amortisation of tangible and intangible fixed assets. The decrease in value between the two financial years was essentially due to charges related to the amortisation of the right of use of lease contracts recognised following the application of IFRS16.

Amortisation and depreciation and impairment of intangible and tangible assets: composition

(Euro units)	2020	2019
a) Depreciation of tangible assets	344,730	390,487
b) Amortisation of intangible assets	36,942	58,653
Total	**381,672**	**449,140**

Amortisation and depreciation of intangible and tangible assets: composition:

(Euro units) Assets/Income components	Amortisation (A)	Value Adjustments for impairment (B)	Value recovery (C)	Net result (A+ B+ C)
A. Tangible assets	344,730	-	-	344,730
A.1 Functional use:	344,730	-	-	344,730
- owned	49,151	-	-	49,151
- rights of use acquired through leases	295,579	-	-	295,579
B. Intangible assets	36,942	-	-	36,942
B.1 Owned assets:				
- generated by the company	36,942	-	-	36,942
Total	**381,672**	**-**	**-**	**381,672**

III.2.5 Impairment and value reversals of current assets

This item included value adjustments made following the adoption of IFRS 9 and relating to current financial assets recognised in the balance sheet and shown net of these adjustments.

At 31 December 2020, this item includes the effect of the adjustment of the balance of cash and cash equivalents and the revaluation of deposits with CDP for a total negative effect of Euro 12 thousand. At 31 December 2019 this item also included the reinstated value of Euro 377 thousand relating to Government Securities (BTP).

Amortisation, depreciation and impairment of non-current assets: composition

(Euro units)	Value adjustments			Value reversals			
		Third level					
Transactions/income components	First and second level	Write-off	Other	First and second level	Third level	2020	2019
A. Receivables due from banks	(12,306)	-	-	-	-	(12,306)	1,697
- Loans	(12,306)	-	-	-	-	(12,306)	1,697
- Debt securities	-	-	-	-	-	-	-
B. Receivables due from customers	-	-	-	598	-	598	377,834
- Loans		-	-	598	-	598	1,167
- Debt securities	-	-	-	-	-	-	376,667
Total	**(12,306)**			**598**		**(11,708)**	**379,531**

III.3 Other operating income/expenses

"Other operating income and expenses" were positive for Euro 5,516 thousand and included mainly income from service contracts between CDP Equity and FSI Investimenti, FSIA Investimenti and IQ for Euro 5,062 thousand and commissions on guarantees provided to Ansaldo Energia for Euro 331 thousand; the value of this aggregate item was in line with 31 December 2019.

Other operating income/charges: breakdown

(Euro units)	2020	2019
a) Income for corporate offices recognised to employees	150,355	165,898
b) Income for services provided to investee companies	5,062,600	5,089,200
c) Other income	330,988	417,801
d) Other charges	(27,646)	(18,820)
Total	**5,516,297**	**5,654,079**

III.4 Income tax for the year

The estimated tax burden for 2020 amounted to Euro 51,499 thousand and is detailed in the following table:

Income tax: composition

(Euro units)	2020	2019
1. Current taxes (-)	(88,060,630)	(5,013,955)
of which:		
- IRAP for the period	*(793,005)*	*(955,735)*
- income/charges resulting from tax consolidation	*4,799,716*	*(4,058,220)*
- of which substitute tax for tax relief	*(92,067,341)*	-
2. Variations in current taxes of previous years (+/-)	(6,858)	4,615
3. Reduction in current taxes in the period (+)	-	-
4. Variation of anticipated taxes (+/-)	139,563,592	1,707,424
5. Variation of deferred taxes (+/-)	3,325	11,470
6. Income tax for the period (-) (-1+/-2+3+/-4+/-5)	**51,499,429**	**(3,290,446)**

"Current taxes" were negative for Euro 88,061 thousand and included the substitute tax for tax relief on the higher carrying amount of the controlling interest acquired by CDP Equity in SIA in 2019 for a total of Euro 92,067 thousand, IRES income resulting from the tax consolidation for a total of Euro 4,800 thousand and IRAP for a total of Euro 793 thousand.

Taxes also included deferred tax assets and liabilities with net income of Euro 139,567 thousand, including Euro 138,101 thousand arising from the tax relief on the higher carrying amount of the controlling interest in SIA.

The following tables show the reconciliation between the actual and theoretical tax charge for IRES and IRAP:

(Euro units)	2020	Tax rate
Profit (loss) before taxes	(10,580,931)	
IRES theoretical tax charge (24%)	2,539,423	-24.00%
Increases		
- temporary variations	(1,903,646)	
- permanent variations	(4,397,278)	
Tax decreases		
- dividends	1,162,444	
- capital gain on investments	-	
- other variations	316,179	
- ACE benefit	7,082,593	
IRES tax and actual budget charge	4,799,716	-45.36%

(Euro units)	2020	Tax rate
Difference between value and cost of production	(6,622,060)	
IRAP theoretical tax charge (5.57%)	368,849	-5.57%
Tax increases	(1,624,410)	
Tax decreases	462,556	
IRAP tax and actual budget charge	(793,005)	11.98%

IV - Information on risks and hedging policies

CDP Equity risk management is based on the Risk Management Policy approved by the Board of Directors. The document defines the basic principles of operation and related guidelines, in order to identify, measure and manage the various types of risk CDP Equity may be subject to in carrying out its activities. These principles define, among other things, limits to risk-taking for CDP Equity also in the process of approval of the investments.

Risk management

In 2020, the CDP Equity Risk Management carried out activities in compliance with the of the principles of risk management established in the company's internal policy, summarised along three lines: (i) assessment of the risks in the process of approval of the investments and divestments; (ii) monitoring of the investments portfolio; (iii) preparation of quarterly update notes on risk management activities to be submitted to the Board of Directors.

In particular, in 2020, Risk Management expressed opinions on certain investment transactions regarding (i) companies already held in the company's direct investment portfolio, (ii) new investments in joint ventures and (iii) investment funds, as reported in the interim report.

In the period, Risk Management also collaborated with the business functions with regard to the analysis of transactions in the process of being defined and approved.

In addition to periodic reporting submitted by the companies included in the portfolio, equity investments are monitored also through specific in-depth analyses in order to update and verify company risk profiles. The main findings were brought to the attention of the Board of Directors through the quarterly reports.

CDP Equity's liquidity profile is solid, also because it is part of the CDP Group. The company has no borrowings and the available liquidity is substantial even with respect to its financial commitments.

In the period and in compliance with the existing risk policy, Risk Management also conducted audits on the impairment tests carried out on the investees as well as accounting valuations of the optional components associated with portfolio investments. The valuations of said optional components were carried out, in the fair value perspective, with the support of an independent expert.

Compliance

In 2019, Compliance continued to implement the activities falling under its competence, relating, in particular, to the performance of second-level audits envisaged in the annual plan and the analysis of the reputational risk associated with direct and indirect investment transactions involving CDP Equity.

Moreover, Compliance was - and still is - involved in the adjustment and integration of corporate processes with a view to managing the risk of non-conformities resulting from the expansion of CDP Equity operations. In this context, Compliance is called upon to contribute to the definition of new processes and the integration of existing ones.

The findings of these activities are brought to the attention of the Corporate Bodies through periodic reporting.

Covid-19 health crisis

In 2020, the outbreak of Covid-19 spread to many countries around the world and the World Health Organization termed it a "pandemic" on 11 March 2020.

In Italy, the health crisis led to significant pressure on the country's health system and the Italian government was urged to enact a series of measures, which introduced unprecedented and restrictive measures to be applied to Public Administration activities, production facilities, the economy in general and the daily lives of Italian citizens, along with substantial economic measures to support households, workers and businesses.

At an economic level, the Company reflected the implementation of prudent measures concerning dividend payout policies, which resulted in the non-payment of dividends by some subsidiaries. In any case, the event did not cause any financial tensions on the part of the Company, as the financial resources available were sufficient to meet the expected financial requirements in the short term and guarantee margins of action even in the presence of particularly critical scenarios. The Company's activity remains focused on the careful monitoring and assessment of risks.

As far as portfolio investments are concerned, diversification and careful risk management policies have substantially allowed the Company to contain the potential impact. The investments in the portfolio, which represent shareholdings in companies of significant national interest, proved to be substantially resilient.

As matter of fact, the impairment tests carried out during the preparation process of these financial statements for the year ended at 31 December 2020 on the investments for which trigger events had been identified or which had been subject to impairment in previous years, confirmed the recoverable value of the investments recognised, without the need for making any value adjustments, except for the investee Hotelturist S.p.A., whose book value had to be reduced by approximately Euro 10,717 million. This exercise was carried out on the basis of the latest information available, which reflects, where appropriate, the effects that the Covid-19 health crisis has had and may have on the economy and the sectors in which the companies included in the portfolio operate, even if a persisting situation of uncertainty regarding the future development of the pandemic results naturally in a lower degree of reliability of the estimates.

With regard to the other financial assets held by the Company, there are no critical issues concerning the recoverability of their net book value, which has already been appropriately adjusted to reflect the recoverable value of the assets. The valuation of assets measured at fair value already reflects, where appropriate, the effects that the Covid-19 health crisis has had and may have on the economy and the sectors in which the companies included in the portfolio operate.

With regard to the actions taken by the Company in order to guarantee the safety and health of its employees and collaborators, the Company has acted promptly by arranging the safety and control measures considered appropriate to limit possible contagion while at the same time favouring the continuity of company activities. CDP Equity promptly adopted a series of measures, which are still in force, by issuing specific Service Notices and Guidelines:

- adoption of smart working for the entire staff;
- access to the offices only subject to prior authorization and after occupancy checks;
- removal of all documents/items from the desks to allow more effective sanitization;
- training to safety staff focused on the management of possible interventions during the Covid-19 health crisis;
- incentives to use private vehicles or cabs for home/work commuting;
- suspension of national and international business trips;
- meetings in video conference, meeting rooms closed, forbidden access to guests;
- measurement of body temperature and filling in of a self-certification at the reception before entering the premises;
- In the building: breakout areas forbidden and definition of routes on the floors to regulate enter / exit and ascent/descent flows;
- Increased cleaning twice a day and weekly sanitization.

In consideration of the above, the Company assessed the applicability of the going concern assumption in statements and came to the conclusion that, despite the persisting situation of uncertainty on the future performance of the investments included in the portfolio, caused by the health crisis, there are no doubts on the going concern assumption.

V - Transactions with related parties

V.1 Information on the fees due to executives holding strategic responsibilities

Compensation to directors and statutory auditors

(Euro units)	2020	2019
a) Directors	259,134	245,505
b) Statutory Auditors	86,930	86,025
Total	**346,064**	**331,530**

Compensation to other executive managers holding strategic responsibilities

(Euro units)	2020
a) Short-term benefits	293,576
b) Benefits after the termination of the employment relationship	40,791
Total	**334,367**

Compensation to directors and statutory auditors

(Euro units) First and last name	Office	Office period	Office expiry (*)	Emoluments for the office and bonuses disbursement	Notes
Directors					
Giovanni Gorno Tempini	Chairman	02/04/2020 - 31/12/2020	2021	29,889	
Pier Paolo Di Stefano	Chief Executive Officer	01/01/2020 - 31/12/2020	2021	150,000	
Pier Paolo Di Stefano	Director	01/01/2020 - 31/12/2020	2021	35,000	(**)
Ilaria Bertizzolo	Director	01/01/2020 - 31/12/2020	2021	35,000	(**)
Board of Statutory Auditors					
Cristiano Zanella	Chairman	(***)	2023	27,000	(***)
Stefano Podda	Standing Auditor	(***)	2023	20,000	(***)
Francesca Busardò Armetta	Standing Auditor	(***)	2023	20,000	(***)
Board of Statutory Auditors no longer in office					
Roberto Capone	Chairman	01/01/2020 - 31/12/2020	(****)	27,000	
Paolo Golia	Standing Auditor	01/01/2020 - 31/12/2020	(****)	20,000	
Ines Gandini	Standing Auditor	01/01/2020 - 31/12/2020	(****)	20,000	

(*) Date of reference of the last financial statements approved.
(**) Compensation paid to Cassa Depositi e Prestiti S.p.A.
(***) Appointed by the Shareholders' Meeting on 15 January 2021.
(****) In prorogatio regime until 15 January 2021.

V.2 Information on transactions with related parties

The Company is wholly owned by CDP and, as of the reporting date, the Chief Executive Officer is the Chief Investment Officer of CDP.

It should be noted that no atypical or unusual transactions were carried out with related parties, which, due to their significance, could impact the financial and economic position of the Company. All transactions carried out with related parties, in fact, are implemented at arm's length and fall within the scope of CDP Equity core operations.

Transactions with parent company

Transactions with CDP

In 2020, transactions with CDP mainly concerned:
- the irregular deposit agreement;
- the securities deposit agreement;
- directors' fees to be charged to CDP;
- costs for outsourced services provided by CDP to CDP Equity;
- the tax consolidation agreement with CDP;
- costs and security deposits related to the sublease of the company's headquarters;
- agreements for the partial secondment of CDP personnel to CDP Equity;
- agreements for the partial secondment of CDP Equity staff to CDP.

The transactions, on an arm's length basis, at 31 December 2020 and the related effects on the balance sheet and income statement (including VAT where applicable) are summarised below:

Transactions with CDP

(Euro units) Financial data	31/12/2020	31/12/2019
Non-current assets	**97,920**	**101,835**
Other non-current assets	97,920	101,835
Non-current liabilities	**2,306,794**	**2,549,675**
Other non-current liabilities	2,306,794	2,549,675
Current assets	**69,418,169**	**106,730,923**
Cash and cash equivalents	60,554,026	106,730,923
Receivables for tax consolidation	8,864,143	-
Current liabilities	**(2,660,533)**	**(5,662,220)**
Other current liabilities	(2,660,533)	(5,662,220)

(Euro units) Economic data	31/12/2020	31/12/2019
Income (charges) resulting from tax consolidation	4,799,716	(4,058,220)
Agreement with CDP - Service agreement	(292,883)	(251,606)
Rebilling of seconded personnel costs	(1,860,205)	(950,419)
Compensation for company offices rebilled to CDP	(85,000)	(68,522)
Other income and charges	(119,392)	-

Transactions with subsidiary companies

(Euro units) Balance sheet	FSI Investimenti S.p.A.	FSIA Investimenti S.p.A.	SIA S.p.A.	Ansaldo Energia S.p.A.	Total
Non-current assets	-	48,300,000	-	200,000,000	248,300,000
Financial receivable due from subsidiaries	-	48,300,000	-	200,000,000	248,300,000
Current assets	5,000,000	30,000	9,956	373,110	5,413,066
Receivables for services provided to subsidiary companies	5,000,000	30,000	-	-	5,030,000
Other receivables	-	-	9,956	373,110	383,066
Total	**5,000,000**	**48,330,000**	**9,956**	**200,373,110**	**253,713,066**

(Euro units) Income statement	FSI Investimenti S.p.A.	FSIA Investimenti S.p.A.	SIA S.p.A.	Ansaldo Energia S.p.A.	Total
Financial income	-	413,763	-	13,725,000	14,138,763
Interest on financial receivables	-	413,763	-	13,725,000	14,138,763
Other expenses/ income	5,000,000	30,000	9,956	327,889	5,367,845
Income from S.A. agreement	5,000,000	30,000	-	-	5,030,000
Other income	-	-	9,956	327,889	337,845
Total	**5,000,000**	**443,763**	**9,956**	**14,052,889**	**19,506,608**

Transactions with other related parties

The following table summarises the transactions with other related parties outstanding at 31 December 2020 and related valuation. Data included any impairments pursuant to IFRS 9.

	Balance sheet				
		Current assets			Current liabilities
	Non-current assets	Receivables from investee companies			
Legal entity	Financial assets - non-current	Receivables for activities relative to service agreements	Receivables for income resulting from corporate offices	Other receivables	Current liabilities
IQ MIIC	-	39,772	-	-	-
FSI Investimenti	-	5,000,000	-	-	-
FSIA Investimenti	48,300,000	30,000	-	-	-
QuattroR	-	-	1,230	-	-
Kedrion	-	-	24,030	-	-
Kedrion BioPharma	-	-	10,000	-	-
Valvitalia Finanziaria	-	-	-	54,870	-
Ansaldo Energia	200,000,000	-	56,696	316,414	-
Trevi	-	-	143,500	-	-
Inalca	-	-	20,000	-	-
SIA	-	-	-	9,956	29,825
Open Fiber	270,750,000	-	47,500	-	-
Bonifiche Ferraresi S.p.A.	-	-	-	-	-
Webuild	-	-	-	-	-
SACE SRV	-	-	-	-	7,581
CDP Industria S.p.A.	-	9,010	-	-	-
Total	**519,050,000**	**5,078,782**	**302,955**	**381,240**	**37,406**

VI - Information on public funding

In compliance with the provisions of Article 1, paragraph 125, of Italian Law No. 124 of 4 August 2017, we inform you that during the 2019 financial year the Company did not receive any amounts by way of grants, contributions, paid assignments and in any case economic advantages of any kind received from public administrations and other subjects specified in Article 1, paragraph 125 of the aforementioned law.

Income statement					
Dividends	**Financial income**	**Income generated by corporate offices**	**Other income**	**Income generated by service agreements**	**Costs for services**
-	-	-	-	32,600	-
-	-	-	-	5,000,000	-
-	413,763	-	-	30,000	-
-	-	1,230	-	-	-
-	-	60,000	-	-	-
-	-	-	-	-	-
-	-	27,650	-	-	-
-	13,725,000	11,475	316,414	-	-
-	-	-	-	-	-
-	-	20,000	-	-	-
-	-	-	9,956	-	-
-	12,742,536	30,000	-	-	-
98,437	-	-	-	-	-
5,000,000	-	-	-	-	-
-	-	-	-	-	7,581
-	-	-	-	9,010	-
5,098,437	**26,881,299**	**150,355**	**326,370**	**5,071,609**	**7,581**

Annexes to the financial statements

Separate financial statements as at 31 December 2019 of Cassa Depositi e Prestiti S.p.A.

- Balance sheet
- Income statement
- Statement of comprehensive income

Balance sheet

	Assets (Euro units)	31/12/2019	31/12/2018
10.	Cash and cash equivalents	2,945	4,968
20.	Financial assets valued at fair value through profit or loss	2,877,621,143	2,764,648,580
	a) Financial assets held for trading	132,354,188	71,025,547
	b) other financial assets mandatorily valued at fair value	2,745,266,955	2,693,623,033
30.	Financial assets valued at fair value through other comprehensive income	12,132,370,946	11,463,816,657
40.	Financial assets valued at amortised cost:	337,105,174,693	323,523,877,889
	a) due from banks	27,030,998,423	20,179,064,614
	b) due from customers	310,074,176,270	303,344,813,275
50.	Hedge derivatives	381,346,407	679,154,031
60.	Value adjustments of financial activities subject to generic hedging (+/-)	1,467,342,668	131,580,898
70.	Equity investments	30,708,619,338	30,316,282,467
80.	Tangible assets	352,570,349	322,660,563
90.	Intangible assets	30,778,670	20,946,199
100.	Tax assets:	470,532,581	480,439,453
	a) current	78,805,161	1,044,283
	b) anticipated	391,727,420	479,395,170
120.	Other assets	325,097,376	312,075,968
	Total assets	**385,851,457,116**	**370,015,487,673**

	Total liabilities and Shareholders' equity (Euro units)	31/12/2019	31/12/2018
10.	Financial assets valued at amortised cost:	356,166,295,137	342,568,459,670
	a) due from banks	30,219,811,671	30,429,338,747
	b) due from customers	305,895,813,522	293,196,243,128
	c) outstanding securities	20,050,669,944	18,942,877,795
20.	Financial liabilities held for trading	128,929,516	70,980,902
30.	Financial liabilities at fair value		500,023,869
40.	Hedge derivatives	2,682,554,691	656,432,622
50.	Value adjustments of financial activities subject to generic hedging (+/-)	18,698,844	26,033,402
60.	Tax liabilities:	285,024,331	394,012,110
	a) current	105,092,507	284,550,223
	b) deferred	179,931,824	109,461,887
80.	Other liabilities	789,434,298	753,397,724
90.	Staff Severance and Retirement	962,548	1,035,773
100.	Provisions for risks and charges:	828,826,174	250,773,280
	a) commitments and guarantees	219,382,082	120,441,569
	b) other provisions for risks and charges	609,444,092	130,331,711
110.	Valuation reserves	902,073,725	539,854,697
140.	Reserves	15,371,824,233	15,341,579,796
150.	Share premiums	2,378,517,244	2,378,517,244
160.	Share capital:	4,051,143,264	4,051,143,264
170.	Treasury shares (-)	(489,110,970)	(57,220,116)
180.	Profit (loss) for the year (+/-)	2,736,284,081	**2,540,463,436**
	Total liabilities and Shareholders' equity	**385,851,457,116**	**370,015,487,673**

Income statement

	Items (Euro units)	31/12/2019	31/12/2018
10.	Interest income and other income	6,988,054,591	7,849,429,210
	- *of which: interest income calculated with the effective interest method*	*7,242,285,057*	*8,074,651,562*
20.	Interest due and similar charges	(4,462,007,713)	(4,266,256,100)
30.	Interest margin	2,526,046,878	3,583,173,110
40.	Commissions accrued	391,782,321	396,384,656
50.	Commissions due	(1,483,724,319)	(1,537,340,203)
60.	Net commissions	(1,091,941,998)	(1,140,955,547)
70.	Dividends and other income	1,423,995,543	1,362,386,971
80.	Result from trading activities	(22,386,973)	2,852,174
90.	Result from hedge activities	(31,274,015)	(16,694,547)
100.	Profit (loss) from transfer or re-acquisition of :	743,604,178	16,977,220
	a) financial assets valued at amortised cost	632,736,830	53,948,941
	b) financial assets valued at fair value through other comprehensive income	110,867,348	(36,952,465)
	c) financial liabilities		(19,256)
110.	Result from other financial assets and liabilities valued at fair value with balancing impact in income statement:	(7,804,414)	(30,007,376)
	a) financial assets and liabilities at fair value	23,869	1,527,286
	b) other financial assets mandatorily valued at fair value	(7,828,283)	(31,534,662)
120.	Intermediation margin	3,540,239,199	3,777,732,005
130.	Value adjustments/reversal on credit risk vs:	76,749,381	(65,137,062)
	a) financial assets valued at amortised cost	80,839,149	(64,114,115)
	b) financial assets valued at fair value through other comprehensive income	(4,089,768)	(1,022,947)
140.	Profit/loss from changes in contracts without cancellations	(496,967)	(2,199,115)
150.	Result from financial activities	3,616,491,613	3,710,395,828
160.	Administrative costs:	(177,078,353)	(216,233,304)
	a) Personnel costs	(110,968,473)	(153,068,946)
	b) Other administrative expenses	(66,109,880)	(63,164,358)
170.	Net provisions for risks and charges:	(60,517,547)	(42,286,102)
	a) commitments and guarantees	(10,304,725)	(8,505,950)
	b) other net provisions	(50,212,822)	(33,780,152)
180.	Value adjustments/reversal on tangible and intangible assets	(9,057,661)	(4,352,487)
190.	Value adjustments/reversal on intangible assets	(5,678,147)	(3,198,155)
200.	Other expenses/ income	13,329,498	6,303,373
210.	Operating costs	(239,002,210)	(259,766,675)
220.	Profit (loss) from equity investments	61,346,965	(172,032,794)
250.	Profit (loss) from transfer of equity investments	(43,487)	(4,042)
260.	Profit (loss) from operations gross of taxes	3,438,792,881	3,278,592,317
270.	Tax income on operations for the period	(702,508,800)	(738,128,881)
280.	Profit (loss) from operations net of taxes	2,736,284,081	2,540,463,436
300.	**Profit (loss) for the year**	2,736,284,081	2,540,463,436

Statement of comprehensive income

	Items (Euro units)	2019	2018
10.	Profit (loss) for the year	2,736,284,081	2,540,463,436
	Other income components net of taxes without reclassification to income statement	61,837,532	(270,092,787)
20.	Equity securities at fair value with impact on comprehensive income	61,837,532	(270,092,787)
	Other income components net of taxes with reclassification to income statement	300,381,496	(243,914,971)
120.	Hedging of financial flows	(8,951,269)	(11,922,482)
140.	Financial assets (other than equity securities) valued at fair value through other comprehensive income	309,332,765	(231,992,489)
170.	Total other income components net of taxes	362,219,028	(514,007,758)
180.	**Comprehensive income (item 10 + 130)**	**3,098,503,109**	**2,026,455,678**

Independent Auditors' Report

Deloitte.

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INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010

To the sole Shareholder of
CDP Equity S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of CDP Equity S.p.A. (the "Company"), which comprise the balance sheet as at December 31, 2020, the income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matters

The financial statements of CDP Equity S.p.A. for the year ended as at December 31, 2019 were audited by other auditors, who expressed an unqualified opinion on those financial statements on April 20, 2020.

Pursuant to Article 2497-bis, first paragraph, of the Italian Civil Code, CDP Equity S.p.A. has disclosed that it is subject to management and coordination by Cassa Depositi e Prestiti S.p.A. and, therefore, has indicated in the notes to the financial statements the key financial data from the most recent financial statements of such company. Our opinion on the financial statements of CDP Equity S.p.A. does not extend to such data.

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

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and, 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 is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to

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modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of CDP Equity S.p.A. are responsible for the preparation of the report on operations of CDP Equity S.p.A. 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 the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of CDP Equity S.p.A. as at December 31, 2020 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of CDP Equity S.p.A. as at December 31, 2020 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Marco Miccoli
Partner

Milan, Italy
March 26, 2021

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

Report of the Board of Statutory Auditors

pursuant to Article 2429, par. 2 of the Italian Civil Code for the financial year ended at 31 December 2020

To the Sole Shareholder of CDP Equity S.p.A.

With reference to the financial year ended at 31 December 2020, it should be noted that the Board of Statutory Auditors was appointed during the Shareholders' Meeting held on 15 January 2021. With regard to the activities relating to the FY 2020, the Board of Statutory Auditors made reference to the minutes of the previous Board reported in the company books.

Our activity was inspired by the provisions of law and the Code of Conduct for Boards of Statutory Auditors issued by the National Council of Certified Accountants.

Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code.

The Board of Statutory Auditors monitored compliance with the law and the By-Laws as well as compliance with the principles of proper management.

We have attended the Shareholders' Meetings and the meetings of the Board of Directors, in relation to which, based on the available information, we did not find any breaches of the law or the By-Laws, nor any transactions that were manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of the company's assets.

During the meetings held, we have obtained information from the Directors on the general performance of operations and foreseeable evolution, as well as on the most significant transactions, by size or characteristics, carried out by the company and its subsidiaries and, based on the information obtained, we have no observations to report.

We have had meetings with the Independent Auditors Deloitte & Touche S.p.A., who have not been entrusted with any additional duties with respect to the auditing of the Company's accounts and, based on their information, no relevant data and information have emerged that would need to be reported here.

We have exchanged information with the former Statutory Auditors who we replaced by appointment dated 15 January 2021 and no significant data or information have emerged that would need to be reported here.

We have had meetings with the main corporate internal control functions, in particular Internal Auditing, Compliance and Risk Management, and no relevant data or information have emerged that would need to be reported here.

We have exchanged information with the Supervisory Body in order to obtain information on the 231/2001 organisational model, the procedures and the control activities carried out; we have examined the half-year reports and verified that there are no elements that could be indicative of infringements of the organisational model adopted by the Company, nor there are critical issues with regard to its correct implementation.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the Company's organisational structure, also by collecting information from the heads of departments, and , in this regard we have no observations to report.

We have acquired knowledge of and supervised, to the extent of our competence, the adequacy and functioning of the administrative and accounting system, its reliability in correctly representing management events, by obtaining information from the heads of functions and examining company documents, and in this regard we have no observations to report.

The Company did not receive any complaints from shareholders pursuant to Article 2408 of the Italian Civil Code, nor did it receive any from third parties. It should be noted that the Company has implemented a "whistleblowing" procedure to guarantee the receipt, analysis and processing of reports from Company employees concerning any conduct that is or may be unlawful. In 2020, the Company received no reports through the "whistleblowing" channels.

In the period, the previous Board of Statutory Auditors issued an opinion pursuant to Article 21.1 of the By-Laws and Article 2389, paragraph 3 of the Italian Civil Code concerning the remuneration of directors holding specific offices.

During the supervisory activities, as described above, no other significant events have emerged that would need to be reported.

Financial Statements

We have examined the draft financial statements for the year ended at 31 December 2020, which have been made available to us in accordance with the terms of Article 2429 of the Italian Civil Code. The draft financial statements show a profit of Euro 40,918,498 and shareholders' equity of Euro 3,832,136,815. In this respect we report the following:

The result from operations is negative and worsened due to increased overhead costs linked essentially to the increase in the company's headcount and secondment of personnel, rising from Euro 23,346,998 to Euro (14,258,297).

Profit for the year, in turn, increased from a loss of Euro 267,277,053 recorded in 2019 to a profit of Euro 40,918,498 in 2020. Shareholders' equity increased on a year-on-year basis thanks to the capital contributions received in the period from Cassa Depositi e Prestiti S.p.A. and the effects of the equity valuation of the interest in F2i, rising from Euro 2,671,169,366 to Euro 3,832,136,815.

Funding is still almost entirely provided by the Parent Company, Cassa Depositi e Prestiti S.p.A.

As we are not responsible for the legal auditing of the financial statements, we have supervised the general layout and compliance with the law as regards the form and structure and have no observations to report.

We have verified compliance with the legal provisions relating to the preparation of the directors' report on operations and have no observations to report.

To the best of our knowledge, the Directors, in preparing the financial statements, have not made exceptions from the law pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Consolidated financial statements

The Company is not required to prepare consolidated financial statements pursuant to IFRS 10, as it qualifies for one of the exemptions envisaged in IFRS 10, paragraph 4. It should be noted that CDP Equity S.p.A. is a subsidiary of Cassa Depositi e Prestiti S.p.A., which prepares the Group's consolidated financial statements.

Observations and proposals regarding the approval of the financial statements

Considering also the findings resulting from the auditing activity carried out by the independent auditors, contained in the relevant report on the financial statements dated 26 March 2021, the Board of Statutory Auditors submits to the Shareholders' Meeting the proposal to approve the financial statements for the year ended at 31 December 2020, as prepared by the Directors.

Milan, 2 April 2021

The Board of Statutory Auditors

Cristiano Zanella (Chairman)
Francesca Busardò Armetta
Stefano Podda

CDP Equity S.p.A.

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Via San Marco 21/A
20121 Milan - Italy

Tel. +39 02 46744333

cdpequity.it

Milan Register of Companies
Registered with the Milan Register of Companies under no. 07532930968
Registered with the Milan Chamber of Commerce (CCIAA) under REA
(Repertorio Economico Amministrativo, Economic Administrative Register) no. 1965330
Share capital of Euro 2,890,583,470.00, entirely paid up
Fiscal Code and VAT no. 07532930968

Company subject to the management and coordination
of Cassa Depositi e Prestiti S.p.A.
Via Goito No. 4 - 00185 Rome - Italy
Share capital of Euro 4,051,143,264.00, entirely paid up
Registered with the Rome Chamber of Commerce (CCIAA) under REA
(Repertorio Economico Amministrativo, Economic Administrative Register) no. 1053767
Tax code and registration with the Rome Register of Companies under n. 80199230584
VAT no. 07756511007

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