

Itínere Infraestructuras, S.A.

Auditor's report

Annual accounts at December 31, 2020

Management report



This version of our report is a free translation of the original, which was prepared in Spanish. All possible care has been taken to ensure that the translation is an accurate representation of the original. However, in all matters of interpretation of information, views or opinions, the original language version of our report takes precedence over this translation.

Independent auditor's report on the annual accounts

To the shareholders of Itínere Infraestructuras, S.A.,

Opinion

We have audited the annual accounts of Itínere Infraestructuras, S.A. (the Company), which comprise the balance sheet as at December 31, 2020, and the income statement, statement of changes in equity, cash flow statement and related notes for the year then ended.

In our opinion, the accompanying annual accounts present fairly, in all material respects, the equity and financial position of the Company as at December 31, 2020, as well as its financial performance and cash flows for the year then ended, in accordance with the applicable financial reporting framework (as identified in Note 2 of the notes to the annual accounts), and in particular, with the accounting principles and criteria included therein.

Basis for opinion

We conducted our audit in accordance with legislation governing the audit practice in Spain. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the annual accounts* section of our report.

We are independent of the Company in accordance with the ethical requirements, including those relating to independence, that are relevant to our audit of the annual accounts in Spain, in accordance with legislation governing the audit practice. In this regard, we have not rendered services other than those relating to the audit of the accounts, and situations or circumstances have not arisen that, in accordance with the provisions of the aforementioned legislation, have affected our necessary independence such that it has been compromised.

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

Most relevant aspects of the audit

The most relevant aspects of the audit are those that, in our professional judgment, were considered to be the most significant risks of material misstatement in our audit of the annual accounts of the current period. These risks were addressed in the context of our audit of the annual accounts as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these risks.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
<p data-bbox="261 512 743 568">Assessing possible impairment of equity instruments</p> <p data-bbox="261 604 836 725">At 31 December 2020, the balance of equity instruments in group companies and associates amounted to 2,301,710 thousand euro and represented 98% of total assets (note 10).</p> <p data-bbox="261 757 836 1182">The Company assesses the possible indications of impairment and calculates the recoverable amount of such investment. This entails a complex process (notes 2 (c) and 4 (f) (i)) requiring the use of estimates that include judgements and significant assumptions by management when preparing the impairment testing. Such judgements and estimates relate, among others, to: discount rates influenced by macroeconomic variables, traffic estimates, the inflation rate, disbursement for future investments, operation costs and specially, in year 2020, the traffic recovery caused by COVID-19.</p> <p data-bbox="261 1214 836 1335">As a result of the calculations made, the Company has not deemed it necessary to make any value adjustments with respect to equity instruments.</p> <p data-bbox="261 1366 836 1487">Given the significance of these investments and the high level of judgement required, assessing their possible impairment is considered a most relevant aspects of the audit.</p>	<p data-bbox="865 604 1461 725">We gained an understanding of the evaluation process carried out by management in relation to the recoverable amount, as well as the supporting controls.</p> <p data-bbox="865 757 1439 813">We carried out the following procedures, among others:</p> <ul data-bbox="865 844 1477 2002" style="list-style-type: none"> <li data-bbox="865 844 1439 934">• Obtaining the financial model used in the impairment testing approved by management. <li data-bbox="865 965 1407 1021">• Verifying the arithmetic accuracy of the financial model. <li data-bbox="865 1052 1461 1173">• Comparison of projected annual cash flows estimated in previous years with cash flows obtained in 2020 and considering impacts caused by COVID-19. <li data-bbox="865 1205 1461 1326">• Comparison of methodology used, discount rate and other market data such as the interest rate curve and the inflation rate, using the auditor's experts. <li data-bbox="865 1357 1477 1796">• Obtaining the report used by an independent expert on the traffic estimates, on which we performed the following procedures, among others. <ul data-bbox="944 1491 1477 1796" style="list-style-type: none"> <li data-bbox="944 1491 1445 1648">- Verification of the expert's competence, capacity and independence by obtaining confirmation and corroborating its professional standing in the market. <li data-bbox="944 1671 1477 1796">- Performing selective tests to verify the accuracy of the most relevant data provided by management to the independent expert. <li data-bbox="865 1827 1391 1883">• Obtaining the sensitivity analysis with respect to the main assumptions. <li data-bbox="865 1915 1461 2002">• Performing selective tests to check the reasonableness of the business and market assumptions used by management.

Most relevant aspects of the audit	How our audit addressed the most relevant aspects of the audit
	<p>Finally, we verified that the disclosures and information included in the notes to accounts are appropriate.</p> <p>Based on the procedures carried out, we consider that management's approach and conclusions and the information disclosed in the financial statements are reasonable and consistent with the evidence obtained.</p>

Other information: Management report

Other information comprises only the management report for the 2020 financial year, the formulation of which is the responsibility of the Company's directors, and does not form an integral part of the annual accounts.

Our audit opinion on the annual accounts does not cover the management report. Our responsibility regarding the management report, in accordance with legislation governing the audit practice, is to evaluate and report on the consistency between the management report and the annual accounts as a result of our knowledge of the Company obtained during the audit of the aforementioned financial statements, as well as to evaluate and report on whether the content and presentation of this part of the management report is in accordance with applicable regulations. If, based on the work we have performed, we conclude that material misstatements exist, we are required to report that fact.

On the basis of the work performed, as described above, we have verified that the information mentioned in the management report is consistent with that contained in the annual accounts for the 2020 financial year, and its content and presentation are in accordance with applicable regulations.

Responsibility of the directors for the annual accounts

The Company's directors are responsible for the preparation of the accompanying annual accounts, such that they fairly present the equity, financial position and financial performance of Itínere Infraestructuras, S.A., in accordance with the financial reporting framework applicable to the entity in Spain, and for such internal control as the directors determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Company's 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 the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the annual accounts

Our objectives are to obtain reasonable assurance about whether the annual accounts 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 legislation governing the audit practice in Spain 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 annual accounts.

As part of an audit in accordance with legislation governing the audit practice in Spain, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, 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 Company's directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the 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 annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Company's directors 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.

From the significant risks communicated with the Company's directors, we determine those matters that were of most significance in the audit of the annual accounts of the current period and are, therefore, considered to be the most significant risks.

We describe these risks in our auditor's report unless law or regulation precludes public disclosure about the matter.

PricewaterhouseCoopers Auditores, S.L. (S0242)

Original in Spanish signed by
Goretti Álvarez González (20208)

May 5, 2021

ITÍNERE INFRAESTRUCTURAS, S.A.

**Annual Accounts and Directors' Report
31 December 2020
(together with the Audit Report)**

ITÍNERE INFRAESTRUCTURAS, S.A.

Balance sheet at 31 December 2020 and 2019 (in euros)

	Note	2020	2019
ASSETS			
NON-CURRENT ASSETS		2,302,947,085.14	2,302,467,933.82
Intangible fixed assets	5	747.21	5,663.92
Computer software		747.21	5,663.92
Property, plant and equipment	6	847,537.47	247,460.80
Technical facilities and other property, plant and equipment		844,932.37	59,104.84
Assets under construction and advances		2,605.10	188,355.96
Investment property	7	310,739.54	385,919.54
Lands and buildings		310,739.54	385,919.54
Non-current investments in group companies and associates	10	2,301,709,699.08	2,301,709,699.08
Equity instruments		2,301,709,699.08	2,301,709,699.08
Non-current financial investments	9	63,305.07	100,369.53
Other financial assets		63,305.07	100,369.53
Deferred tax assets	18	15,056.77	18,820.95
CURRENT ASSETS		57,414,204.15	60,641,431.85
Trade and other receivables	11	40,854,913.75	44,351,826.36
Group companies and associates, receivables	9 and 19	39,553,252.85	34,278,033.71
Sundry receivables	9	20,674.14	30,931.94
Staff	9	6,708.10	1,331.73
Current tax assets	18	1,274,278.66	10,041,528.98
Current accruals		192,916.47	160,821.04
Cash and cash equivalents	12	16,366,373.93	16,128,784.45
Liquid assets		16,366,373.93	16,128,784.45
TOTAL ASSETS		2,360,361,289.29	2,363,109,365.67

The accompanying notes 1 to 29 form a comprehensive part
of the Annual Accounts at 31 December 2020

ITÍNERE INFRAESTRUCTURAS, S.A.

Balance sheet at 31 December 2020 and 2019 (in euros)

	Note	2020	2019
EQUITY AND LIABILITIES			
EQUITY		1,195,161,540.30	1,215,589,587.66
Capital and Reserves		1,195,160,743.59	1,215,586,437.17
Capital	13	227,402,912.73	227,402,912.73
Issue premium	13	1,038,559,639.56	1,038,559,639.56
Legal reserve	13	29,756,242.20	29,756,242.20
Other reserves	13	493,226,295.35	493,226,295.35
Own shares and equity holdings	13	(211,717.44)	(211,717.44)
Prior years' profit/loss		(573,146,935.23)	(550,917,286.18)
Profit/loss for the year		(20,425,693.58)	(22,229,649.05)
Subsidies, donations and bequests received	14	796.71	3,150.49
NON-CURRENT LIABILITIES		1,143,513,985.54	1,120,631,591.10
Non-current payables	9	589,599,916.28	587,497,827.73
Debentures and Other Marketable Securities	15	19,950,309.38	17,790,393.37
Debt with financial institutions	16	569,649,606.90	569,707,434.36
Non-current payables to group companies and associates	9 and 19	553,914,069.26	533,132,712.93
Deferred tax liabilities	18	-	1,050.44
CURRENT LIABILITIES		21,685,763.45	26,888,186.91
Current payables	9	4,994,177.83	5,045,319.43
Debt with financial institutions	16	4,993,427.83	5,044,569.43
Other financial liabilities		750.00	750.00
Current payables to group companies and associates	9 and 19	10,552,305.65	9,760,125.39
Trade and other payables		6,029,019.91	11,985,662.65
Sundry payables	9	441,564.82	426,743.22
Staff	9	184,950.19	4,712,858.17
Other payables to public administration	17	5,402,504.90	6,846,061.26
Current accruals		110,260.06	97,079.44
TOTAL EQUITY AND LIABILITIES		2,360,361,289.29	2,363,109,365.67

The accompanying notes 1 to 29 form a comprehensive part
of the Annual Accounts at 31 December 2020

ITÍNERE INFRAESTRUCTURAS, S.A.

Income statement for the year ended 31 December 2020 and 2019 (in euros)

	Note	2020	2019
Net Revenues	20	6,280,064.54	5,600,708.12
Rendering of services		6,280,064.54	5,600,708.12
Other operating income		383,900.00	438,367.07
Sundry and other current operating income		379,114.23	438,367.07
Operating subsidies for the year		4,785.77	-
Personnel expenses	23	(3,222,121.60)	(3,087,762.66)
Wages, salaries and similar expenses		(2,978,357.45)	(2,861,616.32)
Employer contributions		(243,764.15)	(226,146.34)
Other operating expenses		(3,051,038.64)	(2,469,163.31)
External services	21	(3,009,546.10)	(2,423,563.87)
Taxes		(41,492.54)	(45,599.44)
Amortization and depreciation	5, 6 and 7	(155,868.51)	(166,323.85)
Other profit/loss	21	4,546,554.45	49,230.65
OPERATING PROFIT/LOSS		4,781,490.24	365,056.02
Financial income		186,904.04	6,323.71
From negotiable securities and other financial instruments		186,904.04	6,323.71
From third parties		186,904.04	6,323.71
Financial expenses	22	(28,477,285.41)	(26,398,009.20)
On debt with group companies and associates	19	(13,134,030.53)	(11,525,372.34)
On debts to third parties		(15,343,254.88)	(14,872,636.86)
Allocation of financial subsidies, donations and bequests	14	3,404.22	7,746.14
Exchange differences		(485.23)	(68.88)
NET FINANCE INCOME / (EXPENSE)		(28,287,462.38)	(26,384,008.23)
PROFIT/LOSS BEFORE TAX		(23,505,972.14)	(26,018,952.21)
Income Tax	18	3,080,278.56	3,789,303.16
PROFIT/LOSS FOR THE YEAR	3	(20,425,693.58)	(22,229,649.05)

The accompanying notes 1 to 29 form a comprehensive part
of the Annual Accounts at 31 December 2020

ITÍNERE INFRAESTRUCTURAS, S.A.

Statement of Changes in Equity for the year ended 31 December 2020 and 2019 (in euros)

STATEMENT OF INCOME AND EXPENSES RECOGNISED IN EQUITY

	Note	2020	2019
A) Income statement		(20,425,693.58)	(22,229,649.05)
Ingresos y gastos imputados directamente al patrimonio neto			
Subsidies, donations and bequests received		265.85	-
Tax effect		(66.47)	-
B) Total income and expenses recognised directly in equity		199.38	-
Amounts transferred to the income statement			
Subsidies, donations and bequests received	14	(3,404.22)	(7,746.14)
Tax effect		851.06	1,936.52
C) Total amounts transferred to the income statement		(2,553.17)	(5,809.63)
TOTAL RECOGNISED INCOME AND EXPENSES (A + B + C)		(20,428,047.36)	(22,235,458.68)

STATEMENT OF TOTAL CHANGES IN EQUITY

	Registered capita	Reserves	(Own shares and equity holdings)	Prior years' profit/loss	Profit/loss for the year	Subsidies, donations and bequests received	TOTAL
BALANCE, END OF YEAR 2018	227,402,912.73	1,561,542,177.11	(211,717.44)	(530,886,829.28)	(20,030,456.90)	8,960.11	1,237,825,046.33
Total recognised income and expenses	-	-	-	-	(22,229,649.05)	(5,809.63)	(22,235,458.68)
Other changes in equity	-	-	-	(20,030,456.90)	20,030,456.90	-	-
Transfer between net asset items	-	-	-	(20,030,456.90)	20,030,456.90	-	-
BALANCE, END OF YEAR 2019	227,402,912.73	1,561,542,177.11	(211,717.44)	(550,917,286.18)	(22,229,649.05)	3,150.49	1,215,589,587.66
Total recognised income and expenses	-	-	-	-	(20,425,693.58)	(2,353.78)	(20,428,047.36)
Other changes in equity	-	-	-	(22,229,649.05)	22,229,649.05	-	-
Transfer between net asset items (note 3)	-	-	-	(22,229,649.05)	22,229,649.05	-	-
BALANCE, END OF YEAR 2020	227,402,912.73	1,561,542,177.11	(211,717.44)	(573,146,935.23)	(20,425,693.58)	796.71	1,195,161,540.30

The accompanying notes 1 to 29 form a comprehensive part
of the Annual Accounts at 31 December 2020

ITÍNERE INFRAESTRUCTURAS, S.A.

Statement of Cash Flows for the year ended 31 December 2020 and 2019 (in euros)

	Note	2020	2019
CASH FLOW FROM OPERATING ACTIVITIES		950,370.61	625,570.83
Profit/loss for the year before taxes		(23,505,972.14)	(26,018,952.21)
Adjustments to profit/loss		28,443,330.89	26,550,332.08
Depreciation and amortisation charge (+)	5, 6 and 7	155,868.51	166,323.85
Financial income and allocation of financial subsidies (-)	14	(190,308.26)	(14,069.85)
Financial expenses (+)	22	28,477,285.41	26,398,009.20
Exchange differences (+/-)		485.23	68.88
Changes in working capital		(8,307,223.39)	1,157,786.44
Trade and other receivables (+/-)		(10,767,299.47)	(9,907,542.64)
Other current assets (+/-)		(32,095.43)	28,095.14
Trade and other payables (+/-)		(5,957,127.97)	1,363,886.04
Other current liabilities (+/-)		805,360.88	43,021.17
Other non-current assets and liabilities (+/-)		7,643,938.60	9,630,326.73
Other cash flow from operating activities		4,320,235.25	(1,063,595.48)
Interest paid (-)		(13,211,519.39)	(12,438,975.86)
Interest received (+)		186,904.04	3,708.00
Income tax received (paid) (+/-)	18	19,868,336.62	16,280,843.27
Other payments (collections) (-/+)		(2,523,486.02)	(4,909,170.89)
CASH FLOW FROM INVESTING ACTIVITIES		(697,217.98)	(53,860.00)
Payments for investments (-)		(697,217.98)	(53,860.00)
Intangible fixed assets	5	(7,713.75)	-
Property, plant and equipment	6	(726,568.69)	-
Other financial assets		37,064.46	(53,860.00)
CASH FLOW FROM FINANCING ACTIVITIES		(15,563.15)	(105,978.49)
Proceeds from and payments for financial liabilities		(15,563.15)	(105,978.49)
Redemption and repayment of:			
Debt with credit institutions (-)	16	(15,563.15)	(105,978.49)
NET INCREASE / DECREASE IN CASH AND CASH EQUIVALENTS		237,589.48	465,732.34
Cash and cash equivalents at the start of the year		16,128,784.45	15,663,052.11
Cash and cash equivalents at the end of the year	12	16,366,373.93	16,128,784.45

The accompanying notes 1 to 29 form a comprehensive part
of the Annual Accounts at 31 December 2020

ITÍNERE INFRAESTRUCTURAS, S.A.

Notes to the Annual Accounts

1. NATURE AND MAIN ACTIVITIES

(a) Nature and main activities

ITÍNERE INFRAESTRUCTURAS, S.A. (hereinafter, ITÍNERE or the Company, formerly EUROPISTAS, C.E.S.A. -), was incorporated as a Limited Liability Company on 21 May 1968.

Its registered office is located at calle Capuchinos de Basurto, 6; 4ª planta, Bilbao, Spain. It is registered in the Mercantile Registry of Biscay in volume 4916 of the companies book, folio 21, page number BI-519148 and in the tax roll of the Ministry of Economy and Finance with tax identification code: A-28200392.

The Company's corporate purpose is as follows:

- Development and execution of the construction, conservation and operation of all types of toll roads, highways, tunnels and stretches thereof, under a regime of administrative concession, of which it is the successful bidder, including the construction of road infrastructures, other than the concessions awarded to it, having an influence thereon or that are carried out within their area of influence or that are necessary for the organisation of traffic, when the execution design or only the execution thereof is imposed on the concessionary company as a consideration, in addition to activities for the operation of the service areas of the toll roads, tunnels and highways whose concession has been granted to it, and all supplementary activities of the foregoing, such as petrol stations and comprehensive transport and parking centres, provided that all of the foregoing are within the area of influence of such infrastructures, as established by the applicable legal provisions.
- Design, construction, execution, operation, management, administration, conservation and promotion of all types of infrastructure and construction work, both public and private, whether directly or through a stake in companies, joint ventures, consortia or any other similar legal form permitted by law in the country in question.
- Operation and rendering of all types of services relating to urban and inter-urban transport infrastructures, whether by land, sea or air, and the operation and management of all classes of supplementary construction works and services on offer in the areas of influence of public and private construction works and infrastructures.
- Rendering of conservation, repair, maintenance, refurbishment and cleaning services relating to all types of construction work, installations and services to both public and private companies.
- Preparation of all types of architectural and engineering designs, studies and reports, as well as the management, supervision and provision of consultancy services in the performance of all types of construction work.
- Acquisition, possession, use, administration and disposal of all classes of securities for its own account, excluding all the activities which the special legislation and, in particular, the Spanish Securities Market Act, attribute exclusively to other companies.
- Management of public water supply, sewerage and purification services and administrative construction work and service concessions.
- Operation and development of mineral deposits, mines and quarries and the acquisition, use and enjoyment of mining permits, concessions, licences and authorisations and all other mining-related rights, and the marketing and distribution of mineral products. All activities relating to minerals of strategic interest are excluded.
- Manufacture, purchase, sale, supply, import, export, lease, installation, distribution and operation of all types of machinery, tools, vehicles, plants, materials, equipment and furniture, including construction materials and elements and those for use therein.

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- Acquisition, operation in whatsoever manner, marketing, assignment and disposal of all types of intellectual property rights and patents and all other industrial property modalities.
- Direction and management of Spanish and foreign subsidiaries and investee companies, through participation in their administrative bodies. Strategic and administrative management of their subsidiaries in Spain and abroad and the provision of legal, economic, accounting, labour, budgetary, financial, tax, commercial and IT consultancy services to such companies, constituting its main activity at this moment.

The Company can perform the activities referred to in the foregoing paragraphs (including participation in any tender), both in Spain and abroad, either directly or indirectly through its subsidiaries or investees.

The main shareholder of ITÍNERE is ARECIBO SERVICIOS Y GESTIONES, S.L. (hereinafter, ARECIBO) which, at 31 December 2020 and 2019, had a 52.87% stake in the capital of ITÍNERE (note 13).

As a consequence of the foregoing, as per the terms of article 42 of Spain's Code of Commerce, the Company belongs to a group of companies, the holding company of which, in Spain, is ARECIBO, which was incorporated on 27 April 2009 and has its registered office in Bilbao. On 29 April 2020, ARECIBO drafted its consolidated annual accounts and directors' report for the financial year ended 31 December 2019, which were filed at the Mercantile Registry in Bilbao. At the date of preparing these annual accounts, ARECIBO had not yet drafted its consolidated annual accounts for 2020, being scheduled for 24 March 2021.

ITÍNERE is the parent company of a Group of companies that submits consolidated annual accounts separately from these individual annual accounts. The aforesaid consolidated accounts, prepared in accordance with the International Financial Reporting Standards adopted by the European Union, show total assets at 31 December 2020 of 3,805,512 thousand euros, equity of 977,477 thousand euros and a consolidated loss attributable to the parent company of 48,078 thousand euros (3,899,876 thousand euros, 1,025,632 thousand euros and a loss of 18,518 thousand euros, respectively, corresponding to the 2019 financial year's comparative figures, which appear in the consolidated annual accounts of said year).

(b) Background

In 2000, the Company merged with EUROVÍAS C.E.S.A., a 35% owned company, through the absorption by EUROPISTAS C.E.S.A. of the latter company, which was terminated without liquidation. The merger was approved by both companies' General Meetings of Shareholders and placed on record in a public document in that financial year. In this respect, the annual accounts for the year ended 31 December 2000 include detailed information on the aforesaid merger process.

On 1 October 2007 and, within the framework of a corporate restructuring operation implemented by EUROPISTAS, C.E.S.A., the Company made a non-monetary contribution of a business activity as disbursement of the capital increase carried out by the company AP-1 EUROPISTAS, C.E.S.A.U., of which the Company was a direct shareholder (this stake is currently held indirectly through its 100% subsidiary, ENAITINERE, S.A.). The aforementioned contribution entailed the transfer of all personnel and assets related to the AP-1 toll road activity at that date.

Prior to making the aforesaid contribution, the corporate purpose of EUROPISTAS, C.E.S.A. included, among others, the construction, operation and conservation of the AP-1 Burgos-Armiñón toll road under an administrative concession regime.

On 31 December 2007, with accounting effect as from 24:00 hours, the deed of merger of EUROPISTAS C.E.S.A. with ITÍNERE INFRAESTRUCTURAS, S.A.U. was formalised, as per the resolution of both companies' administrative bodies adopted on 17 April 2007, comprising the absorption of ITÍNERE INFRAESTRUCTURAS, S.A.U. by EUROPISTAS C.E.S.A. with the

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Notes to the Annual Accounts

termination, through the dissolution without liquidation of the former and the block transfer of all its assets to the latter which, on 1 January 2008, acquired, through sole succession, the rights and obligations thereof. As a consequence of this merger, EUROPISTAS, C.E.S.A., the absorbing company, amended its corporate name, adopting that of the absorbed company, that is, ITÍNERE INFRAESTRUCTURAS, S.A. The annual accounts corresponding for the year ended 31 December 2008 include detailed information on the aforesaid merger process.

(c) Business combinations

On 30 November 2008, an undertaking agreement was executed for the formulation and acceptance between Sacyr Vallehermoso, S.A. (currently called Sacyr, S.A.) and Citi Infrastructure Partners L.P. of a takeover bid for the shares of ITÍNERE, subject to conditions precedent, by virtue of which and once these conditions had been fulfilled, in 2009 a change in the Company's controlling shareholder took place, which then became Pear Acquisition Corporation, S.L.U., a company set up to implement this undertaking, owned by ARECIBO. The details of this operation are set forth in the annual accounts corresponding to financial year 2009.

On 15 July 2009, the directors of ITÍNERE drew up a mutual absorption-based merger project between ITÍNERE as the absorbing company and Pear Acquisition Corporation, S.L.U., owned by ARECIBO, Avasacyr, S.L.U., 100% owned by ITÍNERE and SyV Participaciones II, S.L.U., a company belonging to the Sacyr Vallehermoso Group (currently the Sacyr Group), through which the latter maintained its stake in ITÍNERE together with CaixaGalicia and Caixanova (subsequently merged under the name of NCG Banco, S.A., currently Abanca) and Cajastur (currently Liberbank), as absorbed companies.

This merger consisted in the absorbed companies' dissolution without liquidation and the block transfer of all their assets and liabilities to the absorbing company, which acquired, through sole succession, the rights and obligations thereof. In this respect, a reverse merger was carried out by virtue of which ITÍNERE absorbed its shareholders, Pear Acquisition Corporation S.L.U. and SyV Participaciones II, S.L.U., thereby allowing these companies' shareholders to participate directly in the absorbing company's share capital, with each one receiving a number of shares of ITÍNERE proportional to their interests, as established in the swap equation. Similarly, a current merger was implemented, through which ITÍNERE absorbed its subsidiary, Avasacyr, S.L.U.

As a consequence of this merger, a difference arose corresponding to the excess between the purchase price of ITÍNERE for the part acquired by the merged companies and the book value of the acquired assets and assumed liabilities on the transaction date, which was assigned to certain investments in group companies identified as cash-generating units.

The annual accounts for the financial year ended 31 December 2009 include detailed information on the aforesaid merger, as well as a detailed description of that excess value.

2. BASIS OF PRESENTATION

(a) True and fair view

These annual accounts were obtained from the Company's accounting records and are presented in accordance with the prevailing mercantile legislation and the standards established in the Spanish General Chart of Accounts with the aim of giving a true and fair view of the equity and financial position at 31 December 2020 and results of its transactions, changes in equity, and cash flow for the year ended on that date.

These annual accounts, which were authorised for issue by the Company's directors, will be submitted for approval by the General Ordinary Shareholders' Meeting and are expected to be approved without any changes. The 2019 annual accounts were approved by the shareholders at the general meeting held on 25 June 2020.

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The figures included in the notes to these Annual accounts are shown in thousands of euros, which is the Company's functional and reporting currency.

(b) Impact of COVID-19

The pandemic situation caused by COVID-19 in which we are immersed brought about a severe impact on the evolution of the world economy during 2020. Throughout the year, the governments of the countries affected by the pandemic have been forced to take measures, on the one hand, by establishing restrictions on mobility and closing businesses to control the disease's spread and, on the other hand, to alleviate the economic slowdown caused by the virus. The effects of the aforementioned restrictions have led to an unprecedented global crisis that has brought about a deep economic recession.

The prospects for the recovery of the world economy are still uncertain, although estimates made by international organisations predict that in 2021 there will be a recovery, the intensity of which will depend on the availability of adequate tools for States to have true control of the pandemic, likewise depending on when virus-related restrictions can be permanently lifted.

The restrictions on mobility that the Spanish government imposed in 2020, following the state of emergency declared on 14 March, have had a huge impact on traffic levels on toll roads operated by ITÍNERE affiliated companies and consequently on their income.

The overall average daily traffic (ADT) for all of the toll roads operated by ITÍNERE subsidiaries during 2020 was 13,925 vehicles (19,073 vehicles in 2019). This means that traffic fell 26.99% compared to the same period in the previous year (29.47% down for light vehicles and 9.96% for heavy vehicles). Traffic levels plummeted during the first few weeks of the state of emergency that the Government declared in March, with daily falls of over 90% in April. As restrictions were relaxed and there was a progressive reopening of the economy --and mainly in the summer months--, more moderate falls were recorded, which intensified again with the declaration of the second state of alarm on 25 October under which new limitations were imposed on mobility.

This reduction in the ADT of the toll roads operated by ITINERE's investee companies led to a significant decrease in their income at the end of 2020 compared to the previous year, which has had a significant impact on the rest of said companies' financial figures.

The impact that the crisis brought on by COVID-19 will have on the future profits of the company and/or its financial and equity situation will depend, as already mentioned above, on the ability of the governments to truly control the pandemic as well as the duration of the restrictions imposed.

In this regard, as a consequence of the situation arising from the COVID-19 crisis and, as mentioned in note 10 (a), the Company has carried out an analysis of the recoverable amount of its investments in group companies, doing so with the purpose of verifying the need to log a corresponding value adjustment as of 31 December 2020 -- said analysis not having revealed such a need.

Considering the regulatory framework that is applicable thereto, the concession companies in which ITINERE has a stake have asked their respective governmental grantors to reestablish the economic and financial balance of their concession contracts, a claim that as of the date of drafting of these annual accounts has not yet been decided on. The legal basis of this request is the exercise of a contractual right to maintain the aforementioned economic and financial balance, based on the appearance of unforeseeable and extraordinary circumstances, as well as being based on the adoption --by the different governmental administrations-- of measures that have made it impossible to execute the concession contracts under the foreseen terms, as the concession companies have kept up with their full business activity because they are critical transport infrastructures. Notwithstanding the foregoing, the aforementioned companies --in accordance with the provisions of their concession contracts and the applicable legal framework-- continue with risk (demand risk of the concessionaire) and the risk of maintaining an economic and financial balance.

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The company's Directors and Management constantly monitor the evolution and effects of the situation caused by the pandemic.

(c) Critical factors for measuring and estimating uncertainties

When preparing the Company's annual accounts, the Directors made estimates based on past experience and other factors which, in accordance with current circumstances, are deemed to be fair and constitute the basis for establishing the carrying amount of the assets and liabilities whose value cannot easily be established from other sources. The Company reviews its estimates in an ongoing way and, as and when applicable, their effects are recognised prospectively. However, given the uncertainty inherent to them, there is an important risk of adjustments arising in the future in the values of the affected assets and liabilities should there be a significant change in the assumptions, facts and circumstances on which they are based. One of the consequences of COVID-19 is the higher level of uncertainty surrounding estimates and forecasts that the Company uses to determine the value of some assets and liabilities (see note 2 (b)).

The key assumptions concerning the future and other relevant data on the uncertainty of estimates at the reporting date that present a risk of significant changes in the value of assets and liabilities are as follows:

▪ *Impairment of non-financial assets*

Every year, the Company analyses whether there are impairment indicators for non-financial assets (intangible fixed assets, property, plant and equipment, property investments and investments in Group companies). Where appropriate, it carries out the appropriate impairment tests and proceeds to determine the recoverable value of the aforementioned assets.

As a consequence of the merger process referred to in note 1 (c), an amount for goodwill arose and was allocated to the net assets that constitute the cash-generating units to which the cash-generating capacity corresponding to the aforesaid goodwill can be attributed, which the Company subjects to an annual impairment test. The establishment of the recoverable value of these cash-generating units (hereinafter, CGUs) to which goodwill has been allocated involves the use of estimates. This recoverable value is the value in use of these cash-generating units, which corresponds to investments in Group companies (see note 10). In general, the Company uses cash flow discounting methods for establishing these values that take into account past experience and represent the best estimate as to their future performance.

▪ *Deferred tax assets*

Recognition of deferred tax assets is made on the basis of future estimates made by the Company in connection with the likelihood of future tax gains being available to permit their recovery.

▪ *Provisions*

The Company makes provision for risks based on judgements and estimates of the probability of them materialising, and their amounts. Provision is made when the risk is considered probable.

▪ *Calculation of fair value, value in use and present value*

The calculation of fair value, value in use and present value may require assumptions regarding the future cash flows and their future amounts, and the discount rates applicable thereto. These estimates and related assumptions are based on past experience and other

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factors deemed to be fair, in accordance with the circumstances surrounding the activity conducted by the Company.

- (d) Comparison of information

As required by article 35.6 of the Spanish Code of Commerce and for the purposes of uniformity and comparability, the annual accounts for 2020 include comparative figures for 2019.

3. DISTRIBUTION OF PROFIT

- (a) The proposal to apply the results for the year ended 31 December 2020, formulated by the Directors and pending approval by the General Shareholders' Meeting, consists of the transfer of the total losses for 2020 in the amount of 20,425,693.58 euros to negative results from previous years.
- (b) The distribution of profit for the year ended 31 December 2019, carried out during 2020, is shown in the statement of total changes in equity, which forms an integral part of these annual accounts.

4. RECOGNITION AND MEASUREMENT STANDARDS

The main recognition and measurement standards applied by the Company in the preparation of the Annual accounts for the year ended on 31 December 2020 were as follows:

- (a) Intangible fixed assets

Includes computer software, which are stated at cost of acquisition minus any accumulated amortisation and eventual impairment adjustments.

These intangible fixed assets have a defined useful life and will be systematically amortised within an estimated 5-year period. Their recoverability is analysed when events or changes occur that indicate that the carrying amount might not be recoverable. Amortisation methods and periods are reviewed at each year end and adjusted prospectively, as required.

- (b) Property, plant and equipment

Property, plant and equipment are stated at cost of acquisition or production minus any accumulated depreciation and impairment adjustments.

Depreciation is provided on a straight line basis over the estimated useful lives of the assets as follows:

	Years
Other facilities, fixtures and furniture	5 - 10
Other property, plant and equipment	3 - 6

Repairs and maintenance costs which do not improve the related assets or extend their useful lives are expensed when incurred.

At each year end, the Company reviews the useful lives and depreciation methods of its property, plant and equipment and, if necessary, adjusts them prospectively.

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(c) Investment property

Investment property is comprised of land and buildings that are leased or available for lease to third parties. Buildings are depreciated on a straight-line basis over an estimated useful life of 33 years.

The measurement standards described for property, plant and equipment are fully applicable to investment property.

Assets are transferred to investment property only when a change occurs in the use of these assets.

(d) Impairment of non-financial assets

The carrying amount of non-financial assets recognised by the Company is reviewed at each reporting date to determine if there are indications of impairment and recognise any impairment if applicable. For this purpose, the recoverable amount of the assets is estimated, which is the higher of their fair value minus the cost of sale and their value in use.

In determining value in use, future expected cash flows are discounted to their present value using a pre-tax discount rate that reflects current market estimates in regard to the time value of money and the specific risks of the asset. In the case of assets that do not generate highly independent cash flows, the recoverable amount is determined for the cash-generating units to which the assets being valued belong.

Likewise, and regardless of the existence or otherwise of signs of value impairment, on a yearly basis at least, the Company checks any potential value impairment that could affect goodwill and intangible assets with an undefined useful life.

At the same time, if the Company has reasonable doubts as to the technical success or financial and commercial profitability of the research and development projects in progress, the amounts registered on the balance sheet are recognised directly as losses from intangible assets in the income statement and are not reversible.

Impairment losses are recognised for all assets, or, where applicable, for the cash generating units to which they belong, when their carrying amount exceeds their estimated recoverable amount. These impairment losses are recognised in the income statement and reversed if the circumstances in which they were recognised no longer exist. The reversal of impairment is recognised in the income statement and only up to the limit of the carrying amount of the asset net of amortisation and depreciation had impairment not been recognised. Impairment losses corresponding to goodwill are not reversible.

(e) Operating leases

Income and expenses from operating leases are charged to the income statement in the year accrued.

Any collection or payment that might be made when arranging an operating lease will be treated as a prepaid lease collection or payment, which will be allocated to the income statement over the lease term as the benefits of the leased asset are received or given.

(f) Financial instruments

Financial instruments are classified at the time of their initial recognition as a financial asset, a financial liability or an equity instrument, depending on the contractual agreement's economic base and the definitions of financial assets, financial liabilities and equity instruments.

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The Company classifies financial instruments in the different categories on the basis of their characteristics and the Company's intentions at the time of their initial recognition.

(i) Financial assets

The Company's financial assets are classified as follows:

- Equity investments in group companies and associates: Investments in group companies, jointly controlled entities and associates are initially measured at cost, plus any directly attributable transaction costs.

Similarly, as a consequence of the acquisition price distribution carried out within the framework of the business combination implemented during the 2009 financial year, the value of the "equity investments in group companies and associates" line-item has been adjusted so as to reflect the fair value of the acquired identifiable assets, whose value is reasonably measurable. The methodology applied to establish the fair value of these investments is based on the discounting of cash flows after debt service contributed by the identified cash-generating units, amongst which the aforesaid distribution was made.

- Loans and receivables: Loans and receivables are financial assets that derive from goods sold and services rendered as part of the Company's ordinary business. This category also includes non-trade receivables defined as financial assets of a fixed or determinable amount that are not equity instruments or derivatives and are not traded in an active market.

These financial assets are initially measured at their fair value, including the transaction costs directly attributable to them, and, subsequently, at their amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

Nevertheless, the trade payables falling due within one year which do not have a contractual interest rate are measured at their nominal amount, provided that the effect of not discounting the cash flow is not material.

- Available-for-sale financial assets: comprise debt securities and equity instruments of other companies not classified in any other category of financial assets.

These assets are initially recognised at fair value without deducting the transaction costs. In absence of evidence to the contrary, this is the transaction price, which is equivalent to the fair value of the consideration received, plus directly attributable transaction costs.

They are subsequently measured at fair value. Any changes in the fair value are recognised in equity until the assets are sold or have been subject to stable or permanent impairment, at which time the cumulative balance of the adjustments to fair value previously recognised in equity is taken to the income statement.

When there is objective evidence that an asset has been impaired as a result of events occurring after initial recognition and leading to a reduction or delay in estimated future cash flows, the Company adjusts its carrying amount with a charge to the income statement.

Investments in group companies, jointly controlled entities and associates are adjusted for impairment if there is objective evidence that the carrying amount will not be recovered. Impairment is calculated as the difference between the carrying amount and the recoverable amount, the latter understood as the higher of the fair value less costs to sell and the present value of future cash flows from the investment, estimated by the Company as its share in the cash flows expected to be generated by the investee, as a result of its ordinary activity,

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disposal or derecognition.

In the case of financial assets recognised in the accounts at their amortised cost, the impairment loss is the difference between their carrying amount and the present value of the future cash flows that it is estimated are going to be generated, discounted at the effective interest rate calculated at the moment of their initial recognition. For variable interest financial assets, the effective interest rate at the reporting date is used, in accordance with contractual terms.

The reversal of value adjustments due to impairment is recognised in the income statement with the limit of the carrying amount of the credit or, as and when applicable, the investment that would have been recognised at the reversal date had the value impairment not been recognised.

Financial assets, or part thereof, are derecognised when the contractual rights to the cash flows from the financial asset expire or have been transferred and it has transferred substantially all the risks and rewards of ownership.

Gains or losses on derecognition of a financial asset form part of the profit/loss for the year in which the asset is derecognised and are calculated as the difference between the consideration received, net of attributable transaction costs, considering any new asset obtained less any new liability assumed, plus any cumulative amount recognised directly in equity.

(ii) Financial liabilities

Financial liabilities held by the Company are classified as debts and payables. This category includes financial liabilities arising on the purchase of goods and services in the course of the Company's trade operations as well as non-trade payables other than derivatives.

They are measured initially at their fair value minus the transaction costs directly attributable to them, as and when applicable and, subsequently, at their amortised cost. Accrued interest is recognised in the income statement using the effective interest rate method.

Nevertheless, amounts payable from commercial transactions with maturity not above one year and that do not have a contractual interest rate, the amount of which it is expected will be paid in the short term, are valued at their nominal value when the effect of not updating the cash flows is insignificant.

A financial liability is derecognised when the resulting obligation has been cancelled. In exchanges of debt instruments with substantially different terms, or when there are substantial changes to the current terms of a liability, the original financial liability is derecognised and the new financial liability recognised. In an exchange of debt instruments that do not have substantially different terms, the original financial liability is not derecognised. Fees and commissions paid are accounted for as an adjustment to the carrying amount.

Gains or losses on derecognition of a financial liability form part of the profit/loss for the year and are determined as the difference between the carrying amount of the financial liability and the consideration paid, including attributable transaction costs, and any asset transferred which differs from the cash or liability assumed is recognised.

(g) Equity instruments

The own shares held by the Company at 31 December 2020 and 2019 is recognised under the "own shares and equity holdings" line-item on the attached balance sheet and are valued at their average acquisition cost. The costs of these transactions are recognised directly in equity

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as lower reserves.

(h) Cash and cash equivalents

This line-item includes cash in hand, amounts in current accounts and deposits and the temporary acquisition of assets that meet all the following requirements:

- They are convertible into cash.
- Their maturity does not exceed three months from their acquisition date.
- They are not subject to a significant risk of changes in value.
- They form part of the Company's usual cash management policy.

(i) Foreign currency transactions

The Company's functional currency is the euro. Consequently, any transactions in non-euro currencies are considered a foreign currency and are recognised according to the exchange rates in force on the transaction dates.

At year-end, the monetary assets and liabilities stated in a foreign currency are converted by applying the exchange rate prevailing on the balance sheet date. The profit and loss on that measurement are recognised directly in the income statement in the year in which they occur.

The non-monetary items measured at historical cost are measured by applying the exchange rate on the transaction date.

The non-monetary items measured at their fair value are measured by applying the exchange rate of the date on which the fair value is determined. Exchange differences are recognised directly in equity if the monetary item is measured in equity and in the income statement if measured in profit and loss.

(j) Income tax

Expenses or revenues relating to income tax include both current and deferred taxes.

The financial year's corporate income tax expense or income is calculated as the sum of the current tax, which results from applying the corresponding tax rate to the financial year's tax base after applying the existing rebates and deductions, and the variation in deferred tax assets and liabilities recorded in the accounts.

The deferred tax income or expense corresponds to the recognition or cancellation of deferred tax assets and liabilities. These arise as a result of the different valuation, either accounting or fiscal, attributed to the assets and liabilities and certain Company equity instruments, insofar as they have a future fiscal effect, as well as the negative tax bases recognised or applied.

Current income tax assets and liabilities are measured at the amounts expected to be paid to or recovered from the tax authorities, in accordance with the regulations and rates in force or approved and pending publication at year-end.

Current and deferred income tax is recognised in the income statement, unless it comes from a transaction or economic event that has been recognised in the same year or in another year under equity or a business combination.

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(i) Recognition of deferred tax liabilities

The Company recognises the deferred tax liabilities in all cases, except when they arise from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and does not affect the carrying amount or the tax base at the transaction date.

(ii) Recognition of deferred tax assets

Deferred tax assets are only recognised insofar as it is considered likely that the Company is going to have future tax gains to offset the aforementioned assets or when the tax legislation envisages the possibility of the future conversion of deferred tax assets into a credit enforceable vis-à-vis the Public Administration.

The Company recognises the conversion of a deferred tax asset into a credit payable to the Public Administration when this is enforceable in accordance with the provisions of the prevailing tax legislation. For these purposes, the deferred tax asset is recognised with a charge to deferred income tax expense and the account receivable is credited to current income tax. Likewise, the Company recognises the swap of a deferred tax asset for public debt securities when their ownership is acquired.

In the absence of proof to the contrary, it is not considered probable that the Company will have future taxable profits when it is foreseen that their future recovery will occur more than ten years from the closing date of the fiscal year. This is regardless of the nature of the deferred tax asset or if they are credits arising from deductions and other fiscal advantages pending tax application due to insufficient quota, when the activity has taken place or the yield resulting from the right to the deduction or allowance has been obtained, there are reasonable doubts about compliance with the requirements to make them effective.

The Company only recognises the deferred tax assets arising from tax losses qualifying for carryforward insofar as it is likely that future tax gains will be obtained that will offset them within the period established in the applicable tax legislation, with a maximum of ten years, unless there is proof that they will be recovered within a longer deadline, when the tax legislation enables the carryforward in a longer period or does not establish any time limits regarding the carryforward.

On the other hand, it is considered likely that the Company will have sufficient tax gains to recover the deferred tax assets when there is a sufficient amount of taxable timing differences related to the same tax authority and referring to the same taxpayer, whose reversal is expected to be in the same tax year as the reversal expected of the deductible timing differences or in the years in which a tax loss, arising from a deductible timing difference, can be offset with prior or subsequent gains.

The Company recognises the deferred tax assets that have not been recognised because they exceed the ten-year recovery period insofar as the future reversal period does not exceed ten years from the year-end of the financial year or when there is a sufficient amount of taxable timing differences.

To determine the future tax gains, the Company takes into account the tax planning opportunities provided that it plans or is likely to adopt them.

(iii) Measurement of deferred tax assets and liabilities

Deferred tax assets and liabilities are measured based on the tax rates expected at the time of their reversal, in accordance with the approved standard in force, and according to the form in which the deferred tax asset or liability is rationally expected to be recovered or paid. For such purposes, the Company considers the deduction for reversal of the temporary measures implemented in transitional provision thirty-seven of Income Tax Act 27/2015 of 27 November

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as an adjustment to the tax rate applicable to the deductible timing difference associated with the non-deductibility of the redemptions made in 2013 and 2014.

Adjustments to the deferred tax asset and liability measurements are allocated to the income statement, except to the extent that the affected deferred tax assets and liabilities have their origin in book entries made directly to equity.

(iv) Offsetting and classification

Deferred tax assets and liabilities are recognised on the balance sheet as non-current assets and liabilities, regardless of the expected realisation or settlement date.

(v) Consolidated tax system

Since 1 January 2009, the Company has filed its taxes as part of the consolidated tax Group 36/09 where it is the parent company. This Group was created after the exclusion of ITÍNERE and its subsidiaries from the consolidated tax group of which Sacyr, S.A. (formerly Sacyr Vallehermoso, S.A.) is the controlling company and in which the aforesaid companies were included until, with the materialisation of the takeover bid referred to in note 1 (c), they ceased to meet the requirements established for that purpose.

Since the Company files its corporate income tax under the consolidated tax system, it recognises the corporate income tax balances in the accounts with group companies and associates on the attached balance sheet. The corporate income tax expense or income of the companies filed under the tax consolidation system is established by taking into account not only the parameters to be considered in the case of individual taxes, as indicated above, but also the following:

- The timing and permanent differences as a result of cancelling the profit or loss on transactions between group companies, deriving from the process of establishing the consolidated tax base.
- The rebates and deductions and the tax losses that correspond to each company in the tax group that pay tax under the consolidated tax return system will be attributed to the company that carried out the activity or obtained the necessary income to earn the right to the tax rebate or deduction.

The timing differences arising from eliminating the profit between the companies in the same tax group are recognised by the company that generates the results and measured by the applicable tax rate.

Regarding the tax losses from some group companies that have been offset by the other companies in the consolidated group, a reciprocal credit and debit arises between the corresponding companies and the companies that offset them. If there is a tax loss that cannot be offset by the other companies in the consolidated tax group, such tax credits losses for carryforward are recognised as deferred tax assets, considering the tax group as the taxpayer for their recovery.

(k) Income and expenses

Income and expenses are allocated based on the actual flow of goods and services that they represent and regardless of when the monetary or financial flow deriving from them takes place.

Income is recognised when the Company is likely to obtain a profit or economic reward from the transaction and the amount of the income and the costs incurred or to be incurred can be measured reliably.

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Income is measured at the fair value of the consideration received or receivable, minus any discounts, price rebates or other similar reductions granted by the Company, and any interest on the nominal amount of receivables. The indirect taxes on transactions which are passed on to third parties do not form part of income.

Income from services rendered are recognised by considering the degree of completion of the service at the balance sheet date, provided that the transaction result can be estimated reliably.

(l) Environmental assets

Based on the type of activity conducted by the Company, no environmental actions are required.

(m) Subsidies, donations and bequests received

This line-item recognises the difference between the fair value at which certain loans granted to the Company at zero interest rate have been recognised and the amount at which they were granted, on the grounds that this difference is an interest-rate subsidy.

The allocation of the aforesaid grant to profit or loss is made in the same proportion as that by which these loans are updated at a discount rate considered appropriate, depending on the contractually established time schedule for their amortisation.

(n) Related-party transactions

Related-party transactions are recognised at the fair value of the consideration given or received, in accordance with the above-mentioned measurement standards.

(o) Current and non-current assets and liabilities

Assets and liabilities are classified as current and non-current in the balance sheet. Assets and liabilities are classified as current when: they are linked to the Company's normal operating cycle and they are expected to be sold, consumed, realised or settled within this period; when they are expected to mature or be disposed of or realised within a maximum of one year, or; they are held for trading or comprise cash and cash equivalents to be used within a 12-month period.

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5. INTANGIBLE FIXED ASSETS

The detail and movement are as follows:

Thousands of euros	Computer software
Cost at 31 December 2018	82
Additions	-
Cost at 31 December 2019	82
Accumulated amortisation at 31 December 2018	(72)
Additions	(4)
Accumulated amortisation at 31 December 2019	(76)
Net book value at 31 December 2019	6
Cost at 31 December 2019	82
Disposals	(21)
Cost at 31 December 2020	61
Accumulated amortisation at 31 December 2019	(76)
Additions	(4)
Disposals	20
Accumulated amortisation at 31 December 2020	(60)
Net book value at 31 December 2020	1

At 31 December 2020, the Company has fully depreciated intangible fixed assets totalling 74 thousand euros (69 thousand euros at 31 December 2019).

At 31 December 2020 and 2019, no intangible fixed assets have been pledged as collateral, are subject to reversal or have ownership restrictions.

All of the Company's assets are used in its activity and are located in Spain.

6. PROPERTY, PLANT AND EQUIPMENT

The detail and movement are as follows:

Thousands of euros	Other facilities, fixtures and furniture	Other property, plant and equipment	Assets under construction and advances	Total
Cost at 31 December 2018	1,044	1,156	-	2,200
Additions	3	20	188	211
Cost at 31 December 2019	1,047	1,176	188	2,411
Accumulated amortisation at 31 December 2018	(955)	(1,122)	-	(2,077)
Additions	(73)	(14)	-	(87)
Accumulated amortisation at 31 December 2019	(1,028)	(1,136)	-	(2,164)
Net book value at 31 December 2019	19	40	188	247
Cost at 31 December 2019	1,047	1,176	188	2,411
Additions	85	44	548	678
Disposals	(809)	(982)	-	(1,791)
Transfers	733	-	(733)	-
Cost at 31 December 2020	1,056	238	3	1,298
Accumulated amortisation at 31 December 2019	(1,028)	(1,136)	-	(2,164)
Additions	(58)	(19)	-	(77)
Disposals	809	982	-	1,791
Accumulated amortisation at 31 December 2020	(277)	(173)	-	(449)
Net book value at 31 December 2020	779	66	3	848

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Additions to property, plant and equipment in progress and advances mainly include refurbishment work for offices that the Company leases through a lease agreement signed on 24 September 2019. This work was completed during 2020 (see note 8).

At 31 December 2020, the Company has fully depreciated property, plant and equipment totalling 2,125 thousand euros (2,408 thousand euros at 31 December 2019).

At 31 December 2020 and 2019, no property, plant and equipment have been pledged as security or are subject to ownership restrictions.

All of the Company's assets are used in its activity and are located in Spain.

The Company has taken out insurance policies to adequately cover the risks to which its property, plant and equipment are exposed.

7. INVESTMENT PROPERTIES

The detail and movement are as follows:

Thousands of euros	Lands and buildings
Cost at 31 December 2018	2,535
Additions	-
Cost at 31 December 2019	2,535
Accumulated amortization at 31 December 2018	(2,074)
Additions	(75)
Accumulated amortization at 31 December 2019	(2,149)
Net book value at 31 December 2019	386
Cost at 31 December 2019	2,535
Additions	-
Cost at 31 December 2020	2,535
Accumulated amortization at 31 December 2019	(2,149)
Additions	(75)
Accumulated amortization at 31 December 2020	(2,224)
Net book value at 31 December 2020	311

The investment properties registered at 31 December 2020 and 2019 refer to two business premises located in Bilbao and Vitoria that are owned by the Company. At 31 December 2020, the Bilbao location is partially available for lease.

The expenses derived from the Company's investment property consist of the annual depreciation and other maintenance expenses, which amounted to 48 thousand euros in 2020 (51 thousand euros in 2019). All the expenses are recognised in the income statement on an accrual basis.

At 31 December 2020 and 2019, the Company had fully depreciated investment property totalling 54 thousand euros.

There are no restrictions on property investments or on income derived therefrom.

There are no contractual obligations for the acquisition, construction or development of investment property, or for their repair, maintenance or improvement.

The Company has taken out insurance policies to adequately cover the risks to which its property, plant and equipment are exposed.

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8. LEASES

At 31 December 2020, the Company had entered into an operating lease agreement for offices as the lessee with the company Inverlasa S.L. as the lessor. This agreement expires in November 2029.

Details of the minimum instalments derived from previous agreements, according to the terms and conditions in force, excluding the re-invoicing of the building's expenses and, future CPI-based increases, are as follows:

Maturity	Thousands of euros
Up to one year	314
Between one and four years	1,186
More than four years	1,173
Total maturities	2,673

9. FINANCIAL INSTRUMENTS

FINANCIAL ASSETS

The breakdown of the financial assets by category at 31 December 2020 and 2019 is as follows:

Thousand of euros

Class Category	Equity instruments		Credits and receivables	
	2020	2019	2020	2019
Loans and accounts receivable	-	-	63	100
Assets available for sale	-	-	-	-
Non-current financial assets:	-	-	63	100
Loans and accounts receivable	-	-	39,581	34,310
Current financial assets	-	-	39,581	34,310
Total financial assets	-	-	39,644	34,410

The aforementioned financial assets are broken down on the attached balance sheet as follows:

Thousands of euros

FINANCIAL ASSETS	Equity instruments		Credits and receivables	
	2020	2019	2020	2019
Non-current financial assets:				
Non-current financial investments	-	-	63	100
Equity instruments	-	-	-	-
Other financial assets	-	-	63	100
Total non-current financial assets	-	-	63	100
Current financial assets:				
Trade and other receivables	-	-	39,581	34,310
Group companies and associates, receivable (notes 11 and 19)	-	-	39,553	34,278
Sundry debtors (note 11)	-	-	21	31
Staff (note 11)	-	-	7	1
Total current financial assets	-	-	39,581	34,310
Total financial assets	-	-	39,644	34,410

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At 31 December 2020 and 2019, the carrying amount of financial assets does not differ significantly from their fair value.

Assets available for sale

Their detail at 31 December 2020 and 2019 is as follows:

Thousands of euros	2020	2019
Tacel Inversiones, S.A.	3,130	3,130
Equity instruments	3,130	3,130
Tacel Inversiones, S.A.	(3,130)	(3,130)
Impairment losses	(3,130)	(3,130)
Assets available for sale	-	-

At 31 December 2020 and 2019, the Company has a 9.36% stake in Tacel Inversiones, S.A., which is the sole partner of Autopista Central Gallega, C.E.S.A. (hereinafter, ACEGA), the concession holder for the construction, maintenance and operation of the Santiago-Alto de Santo Domingo section of the Santiago de Compostela-Ourense toll road. The Company was incorporated for a limited duration of time in line with the concession period, which will end on 25 November 2074.

In 2012, the Company recognised impairment of 100% of the value of its investment in Tacel Inversiones, S.A. as a result of the impairment test carried out at that year-end, which estimated the current value of the future cash flows expected to be obtained from the Autopista Central Gallega, C.E.S.A. project. This impairment was due to the impact on the business forecasts of the decline in traffic levels that significantly affected the project's development.

Details of the interests in available-for-sale assets at 31 December 2020 are as follows:

Thousands of euros

Name of the Company	% Stake	Capital	Reserves	Other changes in equity	Operating profit/loss	Profit/loss for the year	Equity	Carrying amount	Dividends received
Tacel Inversiones, S.A.	9.36%	33.450	(177)	-	(9)	(7)	33.266	-	-

Tacel Inversiones, S.A. is audited by Deloitte, S.L.

Name of the Company	Activity	Address
Tacel inversiones, S.A.	Holding of concessions (Stake in ACEGA)	C/ Feal -San Mamede de Ribadulla, Vedra, A Coruña - España

The Company has informed this investee of the percentage stake held in it.

Loans and receivables

(a) Other financial assets

At 31 December 2020 and 2019, this item mainly refers to the deposits handed over by the Company in connection with the current leases of its offices of each year (see note 8).

(b) Loans to third parties

On 28 December 2006, Tacel Inversiones, S.A. arranged a participating loan of 13,000 thousand euros with its shareholders. The Company extended 1,217 thousand euros of this amount. The loan was subordinated to the main credit contract signed by ACEGA with several lenders and whose maturity is for 2024. The loan was extended so that the borrower could meet its payment commitments with the temporary joint venture constructing the toll road and accrues interest based on the rise in traffic of the borrowing company. In 2020 and 2019, the conditions established for this purpose were not met and, therefore, no interest accrued.

At 2012 year-end, the Company wrote off this loan entirely for the same reasons as explained previously for the impairment of its ownership interest that was recorded in 2012.

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FINANCIAL LIABILITIES

A breakdown of financial liabilities, comprising debts and payables, is provided in the accompanying balance sheets, as follows:

Thousands of euros

FINANCIAL LIABILITIES	Debentures and Other Marketable Securities		Debt with financial institutions		Trade creditors and other payables		Other		Total	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Current financial liabilities:										
Non-current payables	19,950	17,790	569,650	569,707	-	-	-	-	589,600	587,497
Debentures and other marketable securities (note 15)	19,950	17,790	-	-	-	-	-	-	19,950	17,790
Debt with credit institutions (note 16)	-	-	569,650	569,707	-	-	-	-	569,650	569,707
Non-current payables to group companies and associates (note 19)	-	-	-	-	-	-	553,914	533,133	553,914	533,133
Total non-current financial liabilities	19,950	17,790	569,650	569,707	-	-	553,914	533,133	1,143,514	1,120,630
Current financial liabilities:										
Current payables	-	-	4,993	5,045	1	1	-	-	4,994	5,046
Debt with credit institutions (note 16)	-	-	4,993	5,045	-	-	-	-	4,993	5,045
Other financial liabilities	-	-	-	-	1	1	-	-	1	1
Current payables to group companies and associates (note 19)	-	-	-	-	-	-	10,552	9,760	10,552	9,760
Trade and other payables	-	-	-	-	627	5,140	-	-	627	5,140
Sundry payables	-	-	-	-	442	427	-	-	442	427
Staff	-	-	-	-	185	4,713	-	-	185	4,713
Total current financial liabilities	-	-	4,993	5,045	628	5,141	10,552	9,760	16,173	19,946
Total financial liabilities	19,950	17,790	574,643	574,752	628	5,141	564,466	542,893	1,159,687	1,140,576

At 31 December 2020 and 2019, the carrying amount of financial liabilities does not differ significantly from their fair value.

- (a) Average period for payments to suppliers. Additional provision three. "Duty to provide information" of Act 15/2010 of 5 July.

The average period for payments to suppliers in 2020 and 2019 is shown below:

	2020	2019
	Days	Days
Average period for payments to suppliers	4	2
Ratio of transactions paid	3	2
Ratio of transactions pending payment	21	20
Thousands of euros	Amount	Amount
Total payments made	5,329	3,848
Total payments pending	61	34

At 31 December 2020 and 2019, the Company does not have any amounts pending payment on commercial transactions that accumulate a deferment in excess of the legal deadline as per the provisions of Act 3/2004 of 29 December and its subsequent amendments through Act 15/2010 of 5 July and Royal Decree Law 4/2013 of 22 February.

10. INVESTMENTS IN GROUP COMPANIES AND ASSOCIATES

Their breakdown and movement at 31 December 2020 and 2019 are as follows:

Thousands of euros	Balance at 31/12/2018	Additions	Balance at 31/12/2019	Additions	Balance at 31/12/2020
Enaitinere, S.A.U.	2,583,966	-	2,583,966	-	2,583,966
Equity investments in group companies	2,583,966	-	2,583,966	-	2,583,966
Bip&Drive, E.D.E., S.A.	2,408	-	2,408	-	2,408
Equity investments in associates	2,408	-	2,408	-	2,408
Enaitinere, S.A.U.	(284,664)	-	(284,664)	-	(284,664)
Impairment losses	(284,664)	-	(284,664)	-	(284,664)
EQUITY INSTRUMENTS	2,301,710	-	2,301,710	-	2,301,710
TOTAL	2,301,710	-	2,301,710	-	2,301,710

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(a) Equity investments in group companies

The breakdown of the stakes in Group companies at 31 December 2020 is as follows:

Thousands of euros

Name of the Company	% Stake	Capital	Reserves	Other changes in equity	Operating profit/loss	Profit/loss for the year	Equity	Carrying amount (*)	Dividends received
Enaitinere, S.A.U. (*)	100.00%	139,062	1,126,252	-	(119)	39,131	1,304,446	2,299,302	-

(*) Includes the allocation of goodwill resulting from the business combination in 2009 (see note 1 (c)).

Name of the Company	Activity	Address
Enaitinere, S.A.U.	Holding of concessions	Calle Poeta Joan Maragall, 1 Edificio Eurocentro Madrid - España

The activity of ENAITINERE is the rendering of services to trading corporations and the purchase and sale of commercial companies and their assets. As of 31 December 2020, it is the owner of the following assets:

- 100% of the capital of ENA infrastructures, S.A.U (hereinafter ENA), parent company of the Group of the same name whose main activity is the direction and coordination of management, the implementation of common policies, as well as the management of the debt and the accounts of its subsidiary companies AUTOPISTAS DEL ATLÁNTICO CONCESIONARIA ESPAÑOLA, S.A.U. (AUDASA), AUTOPISTA CONCESIONARIA ASTUR-LEONESA, S.A.U. (AUCALSA), AUTOPISTAS DE NAVARRA, S.A. (AUDENASA), AUTOESTRADAS DE GALICIA, AUTOPISTAS DE GALICIA, CONCESIONARIA DE LA XUNTA DE GALICIA, S.A. (AUTOESTRADAS). The respective concession contracts of the companies in which ENAITINERE has a stake expire between 2029 (AUDENASA) and 2050 (AUCALSA).
- 100% of the capital of AP-1 EUROPISTAS CONCESIONARIA DEL ESTADO, S.A.U., beneficiary of the administrative concession contract for the construction, maintenance and operation of the AP-1 Burgos-Armiñón toll road, whose completion took place on 30 November 2018 and which since 1 December 2018 and until 15 December 2019 carried out maintenance and exploitation work on the AP-1 motorway under the six-month Emergency Contract signed with the Ministry of Transport, Mobility and Urban Agenda. This Company maintains, in turn, a 55% stake in the capital of GESTION DE INFRAESTRUCTURAS DE BIZKAIA, S.A., whose activity consists in the maintenance and exploitation of the AP-8 in the section that runs through the historical territory of Bizkaia.

o Investments in group companies and associates

The crisis brought about by COVID-19 (see note 2 (b)) meant that in financial year 2020 traffic and activity levels were down for the concession companies in which ITÍNERE holds a stake. This points to a possible impairment in investments in Group companies. According to accounting standards, the Company has performed an impairment test on those investments. It used the discounted cash flow valuation method to estimate the recoverable amount (the higher of fair value less costs of disposal and value in use).

To carry out this impairment test, the Company has projections from which it obtained the value in use of its investments, which are based on the economic-financial plans of each of the concession companies for which the Company is the Sole Shareholder. These economic-financial plans provide for the full recovery of the investment made by the various companies, as well as the repayment of the debt subscribed, throughout their respective concession periods.

To determine the present value of future cash flows, the following variables are taken into account:

- ◇ The estimated term for the generation of the concession companies' cash flows, which coincides with the term of the corresponding concession agreements.

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- ◇ The income and expenses projection based on the following criteria:
 - The income that will be generated by these companies throughout the concessions periods has been estimated based on the forecasted evolution in Consumer Price Index (CPI), taking into consideration other variables, such as the maturity level of each of the concession companies and any other specific aspects that could affect their future activity. The traffic estimates of each one of the concession companies for the remaining concession terms up to the estimated date of reversion to the granting administrations have been taken into account. Such estimates have been made on the basis of a traffic study carried out by an independent expert which included the estimated impact on traffic caused by the COVID-19 crisis.
 - The expenses have been estimated based on the estimated CPI and activity (traffic, technical enhancements, etc.).
- ◇ As regards to future investments, which include infrastructure maintenance and replacement activities, the best estimates available to the companies have been used, based on their experience and the expected performance of their activity.
- ◇ Calendar of debt repayment and refinancing according to estimated flows.
- ◇ Shareholders dividend distribution policy.
- ◇ An estimated discount rate of 8.5%, resulting from increasing the cost of money in the long term, the country risk assigned by the market, the risk premium assignable to the business and the financial structure.

In 2012, the Company recorded an impairment loss in relation to its subsidiary ENAITINERE, for an amount of 284,664 thousand euros. The aforesaid impairment was the consequence of the fall in levels of traffic on the toll roads operated by the investees and the consequent impact on future estimates; changes in the fiscal rules, particularly Royal Decree Law 12/2012 and the regulations for its application, which introduced limitations on the extent to which financial expenses can be deducted that affect the Group's financing structure and whose forecast evolution differs from the initial projections; the tightening of financial market conditions and their impact on future projections.

The analysis shows that on 31 December 2020 the fair value of investments in group companies covers the carrying amount. The company did not therefore need to change the recorded valuation adjustment.

(b) Equity investments in associates

The breakdown of the stakes in associates at 31 December 2020 is as follows:

Thousands of euros

Name of the Company	% Stake	Capital	Reserves	Other changes in equity	Operating profit/loss	Profit/loss for the year	Equity	Carrying amount	Dividends received
Bip&Drive, E.D.E., S.A.	20.00%	4,613	4,977	-	2,032	1,631	11,221	2,408	-

Bip&Drive, E.D.E., S.A. is audited by PricewaterhouseCoopers Auditores, S.L.

Name of the Company	Activity	Address
Bip&Drive, E.D.E., S.A.	Telematic collection for the right of access to any infrastructure	Calle Serrano, 45; Planta 2. Madrid - España

On 18 March 2014, BIP&DRIVE, S.A., now BIP & DRIVE, E.D.E., S.A., was incorporated. At 31 December 2020 and 2019, ITÍNERE held a 20% stake in its share capital. It provides management services for the collection of the right of access to any infrastructure, in addition to the promotion, marketing, sale, management and operation of telematic products and services and associated equipment.

The Company has informed this investee of the percentage stake held in it.

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At the end of 2020, the Company has verified the value in use of its investments in associates, and the need to modify the already recorded valuation correction has not been made clear.

11. TRADE AND OTHER RECEIVABLES

Details of trade and other receivables at 31 December 2020 and 2019 are as follows:

Thousands of euros	2020	2019
Group companies and associates, receivable (note 19)	39,553	34,278
Sundry receivables	21	31
Staff	7	1
Current tax assets (note 18)	1,274	10,042
Trade and other receivables	40,855	44,352

At 31 December 2020, Current tax assets included 1,274 thousand euros, for the income tax assessment for financial year 2020 under the consolidated taxation system (see note 18).

At 31 December 2020 and 2019, no impairment of trade and other receivables has been recognised.

12. CASH AND CASH EQUIVALENTS

At 31 December of 2020, this heading includes bank deposits within which the debt service reserve account related to the syndicated loan subscribed by the Company is recorded (see note 16), which at the end of 2020 amounts to 6,588 thousand euros (6,660 thousand euros at year-end 2019).

13. CAPITAL AND RESERVES

Their breakdown and movement are shown in the statement of changes in equity, which forms an integral part of the attached annual accounts.

(a) Subscribed capital

On 25 September 2012, the Company increased its share capital by 116,533 thousand euros, plus a premium of 825,250 thousand euros, by offsetting the participating and simple loans granted to the Company by its main shareholders. The details of the capital increase are included in the annual accounts for the year ending 31 December 2012.

On 17 October 2018, the purchase and sale agreement for shares and the assignment of loans, which was signed between Abanca Corporación Industrial y Empresarial, SL as seller, and Globalvía Inversiones S.A.U. as a buyer, in relation to its holding in ITÍNERE. On that same date, a purchase and sale agreement for shares and the assignment of loans between Globalvía Inversiones, S.A.U., as the seller, and its subsidiary Global Rail Sur, S.L., as the buyer, was signed, through which the transfer to the latter of participation units in ITÍNERE was carried out. In addition, on 19 October 2018, the company Global Rail Sur, S.L., changed its corporate name to Globalvía GVIT, S.L.U.

On 31 October 2018, the Company carried out a capital increase of 5,529 thousand euros through the issue of 11,282,707 new ordinary shares in order to meet the voluntary conversion of the 1,705 convertible debentures of which Sacyr Concesiones, S.L. was holder and whose expiration took place on that date (see note 15).

On 21 February 2019, Liberbank Capital, S.A. proceeded with the sale of its shareholding in ITÍNERE, representing 5.67% of its share capital, to Estivo Investments Holding, B.V.

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On 27 February 2019, Sacyr, S.A. and its subsidiary Sacyr Concesiones, S.L. proceeded with the joint sale to Itínere Investco, B.V. of all the shares held in the Company, representing 15.13% and 2.43%, respectively.

On 27 September 2019 and 28 February 2020, Globalvía GVIT, S.L.U. purchased a total of 1,354,463 and 1,012,447 shares, respectively, after which at 31 December 2020, it held an interest of 23.74% of the share capital of ITÍNERE (23.53% at 31 December 2019).

As a result of the transfers of previous shares, which do not imply a change in the controlling shareholder of the Company, the composition of its capital stock at 31 December 2020 and 2019 is as follows:

	2020		2019	
	Number of shares	% Stake	Number of shares	% Stake
Arecibo Servicios y Gestiones, S.L.	245,367,361	52.87%	245,367,361	52.87%
Globalvía GVIT, S.L.U.	110,193,647	23.74%	109,181,200	23.53%
Itínere Investco, B.V.	81,498,852	17.56%	81,498,852	17.56%
Estivo Investments Holding, B.V.	26,297,965	5.67%	26,297,965	5.67%
Other shareholders	676,288	0.15%	1,688,735	0.36%
Treasury stock	53,464	0.01%	53,464	0.01%
TOTAL	464,087,577	100.00%	464,087,577	100.00%

At 31 December 2020 and 2019, the share capital of ITÍNERE is represented by 464,087,577 registered shares with a par value of 0.49 euros each, fully subscribed and paid up.

At 31 December 2020 and 2019, the Company holds treasury stock for a value of 212 thousand euros comprised of 53,464 shares with a par value of 0.49 euros each and an average acquisition price of 3.96 euros per share.

(b) Share premium

At 31 December 2020 and 2019, the share premium stands at 1,038,560 thousand euros. This reserve can be used at will, to the extent that the resulting capital and reserves are not less than the share capital.

(c) Legal reserve

Companies are required to transfer at least 10% of profit for the year to a legal reserve until this reserve reaches 20% of share capital. This reserve is not distributable to shareholders and may only be used to offset losses, provided no other reserves are available. At 31 December 2020 and 2019, the Company has provisioned this reserve for an amount of 29,756 thousand euros.

(d) Other reserves

At 31 December 2020 and 2019 it includes voluntary reserves amounting to 486,946 thousand euros at 31 December 2017 and 2016, as well as others derived from the first application of the General Accounting Plan in effect since 1 January 2008, amounting to 6,280 thousand euros. The aforementioned reserves are freely available unless the distribution of the net assets is less than the share capital of the Company.

Profit recognised directly in equity cannot be distributed either directly or indirectly.

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14. SUBSIDIES, DONATIONS AND BEQUESTS RECEIVED

The breakdown of and movement in capital subsidies at 31 December 2020 and 2019 are as follows:

Thousands of euros	2020	2019
Balance at 1 January	3	9
Recognised in profit/loss (*)	(2)	(6)
Balance at 31 December	1	3

(*) Net from tax effect

At 31 December 2020 and 2019, this line-item includes the difference between the fair value at which the zero interest rate loans granted to the Company by the Ministry of Industry, Commerce and Tourism have been recorded and the amount granted, on the understanding that this difference is an interest-rate subsidy (note 16). Until 31 December 2020, income amounting to 280 thousand euros had been transferred to the consolidated income statement, of which 3 thousand euros correspond to the 2020 financial year (6 thousand euros in 2019).

15. DEBENTURES AND OTHER MARKETABLE SECURITIES

On 29 July 2014, the Company carried out an issue of 11,000 convertible subordinated debentures with a par value of 5,000 euros each, issued at par, which was fully subscribed and paid up on that date. The purpose of the issue was to meet the payment of the tax obligations resulting from the divestment process in Chile implemented during 2014, not being able to allocate the issue funds to any other purpose and having the obligation of using any amount not applied to such purpose for their compulsory partial early repayment. Pursuant to the issue terms and conditions, on 2 January 2015 the Company implemented the mandatory partial repayment in advance of the amount not allocated to the intended purpose, proceeding to the repayment of an amount of 2,842.20 euros per debenture, in addition to the payment of the corresponding interest at a 10% annual compound rate. Consequently, the Company paid out a total amount of 32,573 thousand euros.

It is envisaged that, on the issue's maturity date, the debentures will be amortised in full in cash for an amount equal to the outstanding balance plus the accumulated interest, except in the case of the debentures whose title-holders choose their conversion into shares. The aforesaid conversion shall take place solely at the election of the debenture holders, who will be able to request the conversion of all or part of their debentures into ordinary shares, in the terms and conditions established in the issue deed. The debentures are remunerated at an effective 12% annual compound interest rate, while the debentures corresponding to the tranche which was amortised early and on a mandatory basis in 2015 accrued a remuneration of 10% compounded annually.

Within the framework of the refinancing process completed in February 2016 (see note 16), the final due date of 84.5% of the issue was extended and will take place in October 2025. The rest of the issue, which includes the 1,705 debentures signed by Sacyr Concesiones, S.L., matured on 31 October 2018, which is when this company opted to convert its debentures into shares (see note 13). The details of this operation are set forth in the annual accounts corresponding to financial year 2018.

In the framework of the agreement for the purchase and sale of shares and the assignment of loans concluded between Abanca Corporación Industrial e Empresarial, S.L. and Kutxabank S.A (shareholder company of ARECIBO as of the date) as sellers, and Globalvía Inversiones S.A.U. as a buyer, on 17 October 2018, the endorsement was carried out of the convertible debentures of which the aforementioned selling companies were holders, to Globalvía Inversiones, S.A.U. who on the same date endorsed them to Global Rail Sur, S.L., currently Globalvía GVIT, S.L.U. and holder, as of 31 December 2020 and 2019, of a total of 4,399 convertible debentures (see note 13).

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On 21 February 2019, Pear Luxembourg Investment S.á.r.l. sold the 4,177 convertible bonds it held to Estivo Investments Holdings, B.V.

Furthermore, within the framework of the contract for the purchase and sale of shares and the assignment of credit rights signed between the parties, on 21 February 2019, Liberbank Capital, S.A. transferred the 638 convertible bonds it held to Estivo Investments Holding, B.V.

On 28 February 2020, Caser S.A. sold the 38 convertible bonds it held to Globalvía GVIT S.L.

The nominal amount of the outstanding debentures at 31 December 2020 and 2019 is 20,057 thousand euros, corresponding to 9,295 debentures with a unit par value of 2,157.80 euros.

In 2020, financial expenses were allocated to the income statement in application of the effective interest rate method for an amount of 4,481 thousand euros (3,986 thousand euros in 2019) (note 22).

The breakdown of the debts for convertible debentures per subscriber, including accrued interest, at 31 December 2020 and 2019, is as follows:

Thousands of euros	2020				2019			
	No. of debentures	Non-current		TOTAL	No. of debentures	Non-current		TOTAL
		Other Group companies	Other related parties			Other Group companies	Other related parties	
Subscriber								
Estivo Investments Holding, B.V.	4,815	21,539	-	21,539	4,815	19,225	-	19,225
Globalvía GVIT, S.L.U.	4,437	-	19,848	19,848	4,399	-	17,564	17,564
Caser, S.A.	-	-	-	-	38	-	152	152
Consejeros, Alta Dirección y otros	43	-	192	192	43	-	171	171
Valuation adjustment at amortised cost	-	(97)	(90)	(187)	-	(104)	(97)	(201)
TOTAL	9,295	21,442	19,950	41,392	9,295	19,121	17,790	36,911

The movement for debentures in 2020 and 2019 is as follows:

Thousands of euros	2020	2019
Balance at beginning of period	36,911	32,925
Accrued interest	4,466	3,976
Valuation adjustment at amortised cost	15	10
Balance at end of period	41,392	36,911

16. DEBTS WITH CREDIT INSTITUTIONS

The breakdown of the current and non-current balances held with credit institutions at 31 December 2020 and 2019 is as follows:

Thousands of euros	Current		Non-current		Total	
	2020	2019	2020	2019	2020	2019
Debt with financial institutions	61	77	569,650	569,707	569,711	569,784
Borrowing costs	4,932	4,968	-	-	4,932	4,968
Debt with financial institutions	4,993	5,045	569,650	569,707	574,643	574,752

The breakdown of the balances held with credit institutions at 31 December 2020 is as follows:

Thousands of euros	Description/agent	Original amount	Currency	Date		Interest rate	Principal		Total
				From	Maturity		Current	Non-current	
	Syndicated loan	571,082	EUR	2016	2025	Euribor 6M + Margen	-	569,650	569,650
	Ministry of Industry, Commerce and Tourism	678	EUR	2007	2021	Tipo cero	61	-	61
	Borrowing costs	-	-	-	-	-	4,932	-	4,932
	Loans	571,760					4,993	569,650	574,643
	Debt with financial institutions						4,993	569,650	574,643

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On 3 July 2014, the Company proceeded to the non-extinguishing modifying novation of the finance contract signed in August 2011 and according to which the final maturity of the loan was extended until 31 October 2018. The loan accrued a variable interest rate pegged to 6-month Euribor plus a 4% margin and envisaged the capitalisation of the part of the accrued interest.

On 6 October 2015, this loan was novated, subject to a condition precedent, among which the conditions envisaged were the accrual of interest in accordance with a variable interest rate pegged to 6-month Euribor plus a 2% spread until February 2019 and from that date of 2.25% until February 2022 and 2.5% from then until its expiration. The settlement of interest is scheduled on the end date of each interest period and its expiration will take place in October 2025.

On 16 February 2016, once the condition precedent was met, establishing, among others, the distribution of a dividend charged to voluntary reserves worth 50,000 thousand euros by the investee ENAITINERE and, which was to be allocated to the amortisation of the loan, the entry into force of the novation took place, placing the principal of the loan at that date at 571,082 thousand euros.

During 2017, 1,432 thousand euros were amortised and no additional amortisations were made during subsequent financial years, so that at 31 December 2020 and 2019, the nominal amount of the loan amounts to 569,650 thousand euros.

As indicated in the loan agreement, the Company has agreed to comply with a number of obligations throughout the lifetime thereof, highlighting, among others, those associated with the following aspects:

- Pledge on the balance of the reserve account and operating accounts.
- Pledge on the credit rights resulting from the collection of royalties from its investees and those from the consolidation of the tax group.
- Limits on the level of indebtedness undertaken by the Company and its investees, both overall and individually. The Company has a limited possibility of distributing dividends.

On 5 June 2007, the Ministry of Industry, Commerce and Tourism granted ITÍNERE an interest-free preferential repayable loan of 678 thousand euros, for the execution of a project for the analysis of telecommunications systems applied to tolls by satellite positioning. This loan's final maturity is 30 June 2021 and 11 partial repayments have been planned (see note 14).

In 2008, the Ministry of Industry, Commerce and Tourism granted ITÍNERE an interest-free preferential repayable loan of 441 thousand euros for the execution of a project for the development of an independent power system. The final maturity was 30 December 2020 (see note 14).

The breakdown of the maturity of non-current debt with credit institutions at 31 December 2020, is as follows:

Maturity	Thousands of euros
2025	569.650

The interest accrued and pending payment at 31 December 2020 amounts to 4,932 thousand euros (4,968 thousand euros at 31 December 2019). These amounts are shown under "debts with credit institutions" under the "current liabilities – debts with credit institutions" heading on the attached balance sheets.

In 2020, financial expenses were allocated to the income statement in application of the effective interest rate method for an amount of 13,176 thousand euros (12,950 thousand euros in 2019) (see note 22).

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17. PUBLIC ENTITIES

The breakdown of the credit balances with the Public Administration at 31 December 2020 and 2019 is as follows:

Thousands of euros	2020	2019
Payable to Public Treasury:		
For tax withholdings	616	493
For VAT	4,771	6,338
Payable to the Social Security	16	15
Public Entities	5,403	6,846

The Company taxes Value Added Tax under the special provisions for groups of entities (REGE), forming part, as of 1 January 2010, of Group No. 0157/10, of which it is the parent company, and which is integrated by ITÍNERE and the companies resident in Spanish territory that meet the requirements to be part of the group for the purposes of this tax (note 19).

18. TAX SITUATION

As stated in note 4(j), since 1 January 2009, the Company has filed its taxes as part of the consolidated tax group 36/09 from which it is the parent company and formed by ITÍNERE and the companies resident in Spanish territory, which comprise its consolidated tax group.

The companies that make up the tax consolidation group at 31 December 2020 are as follows: ITÍNERE INFRAESTRUCTURAS, S.A., ENAITINERE, S.A.U., ENA INFRAESTRUCTURAS, S.A.U., AUTOPISTAS DEL ATLÁNTICO, C.E.S.A., AUTOPISTA CONCESIONARIA ASTUR LEONESA, S.A., AUTOESTRADAS DE GALICIA, A.G., C.X.G., S.A., and AP-1 EUROPISTAS, C.E.S.A.U.

Income Tax Act 27/2015 of 27 November, published in the Spanish Official Gazette (BOE) on 28 November 2014, includes, inter alia, the modification of the general income tax rate, which stands at 25% for years beginning on 1 January 2016.

At 31 December 2020, the Company recognised an income tax expense of 3,080 thousand euros (3,789 thousand euros at 31 December 2019).

Under the consolidated taxation system, on 31 December 2020 the Company had recorded a credit against the Treasury totalling 1,274 thousand euros, for the income tax assessment for financial year 2020, (see note 11).

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The reconciliation between the net amount of the year's income and expenses and the corporate income tax base, which the Company expects to contribute to the 2020 financial year's consolidated tax return and that contributed to the 2019 financial year's tax return, is as follows:

Thousands of euros	2020			2019		
	Income statement	Income and expenses recognised directly in equity	Total	Income statement	Income and expenses recognised directly in equity	Total
Balance of income and expenses in the year	(20,426)	(3)	(20,429)	(22,230)	(6)	(22,236)
Income tax	(3,080)	(1)	(3,081)	(3,789)	(2)	(3,791)
Permanent differences:	11,053	-	11,053	10,866	-	10,866
Non-deductible financial expenses	11,053	-	11,053	10,863	-	10,863
Other	-	-	-	3	-	3
Timing differences:	(13)	3	(10)	(13)	8	(5)
Arising in prior years	(13)	-	(13)	(13)	-	(13)
Reversal of the limit to the deductibility of redemptions	(13)	-	(13)	(13)	-	(13)
Arising in the year	-	3	3	-	8	8
Subsidies	-	3	3	-	8	8
Taxable income	(12,466)	(1)	(12,466)	(15,166)	-	(15,166)
Total amount (tax result)	(3,117)	-	(3,117)	(3,791)	-	(3,791)
Deductions and other	(1)	-	(1)	(2)	-	(2)
Net tax payable	(3,118)	-	(3,118)	(3,793)	-	(3,793)

Pursuant to the provisions of article 16 of Act 27/2014, there is a limitation on the extent to which financial expenses can be deducted, with the result that only net financial expenses up to an amount of 30% of the financial year's operating profit can be deducted. Any net financial expenses not deducted may be deducted in the following tax years, along with those of the relevant tax period, with the limit envisaged in that article.

At 31 December 2020, the Group accumulates net financial expenses that it has not been able to deduct because they exceed the limit established by the aforesaid article, for an amount of 163,872 thousand euros (152,819 thousand euros at 31 December 2019). The Company has chosen not to recognise the tax credits arising from the application of the aforementioned limitation, although it is expected that future recovery is possible.

A reconciliation of the income tax revenue with the result of applying the pertinent tax rate to total recognised income and expense, differentiating between current and deferred tax, is as follows:

Thousands of euros	2020			2019		
	Income statement	Income and expenses recognised directly in equity	Total	Income statement	Income and expenses recognised directly in equity	Total
Profit/loss before taxes from continued operations	(23,506)	(4)	(23,510)	(26,019)	(8)	(26,027)
Permanent differences	11,053	-	11,053	10,866	-	10,866
Applicable tax rate	25%	25%	25%	25%	25%	25%
Theoretical tax burden	(3,113)	(1)	(3,114)	(3,788)	(2)	(3,790)
Effect of:						
Deductions and other	-	-	-	(1)	-	(1)
Effective tax expense	(3,113)	(1)	(3,114)	(3,789)	(2)	(3,791)
Detail:						
Current	(3,117)	-	(3,117)	(3,791)	-	(3,791)
Deferred	36	-	36	2	-	2
Income tax	(3,081)	-	(3,081)	(3,789)	-	(3,789)

Details of tax recognised directly in equity at 31 December 2020 and 2019 are as follows:

Thousands of euros	2020			2019		
	Increase	Decrease	Total	Increase	Decrease	Total
Arising in the year:	-	1	1	-	2	2
Subsidies	-	1	1	-	2	2
Arising in the year:	-	1	1	-	2	2
Subsidies	-	1	1	-	2	2

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The breakdown of and movement in deferred taxes at 31 December 2020 and 2019 are as follows:

	ASSETS			LIABILITIES	
	Other deductible timing differences	Pending deductions	TOTAL	Subsidies and others	
Thousands of euros					
Balance at 31 December 2018	18	4	22	3	3
Disposals	(2)	(1)	(4)	(2)	(2)
Balance at 31 December 2019	16	3	19	1	1
Disposals	(3)	(1)	(4)	(1)	(1)
Balance at 31 December 2020	13	2	15	-	-

In accordance with Royal Decree-Law 3/2016 of 2 December, effective from 2016, the consolidated tax group to which the Company belongs has a limit for offsetting tax losses of 25% of the tax loss prior to that offset and a limit to the double tax deduction envisaged in transitional provision 23 of Act 27/2014, which cannot exceed 50% of the consolidated tax group's gross tax payable.

Act 16/2012 of 27 December sets a limit of 70% on the deductibility of amortisation and depreciation of intangible assets, property, plant and equipment and investment property for tax periods beginning in 2013 and 2014. Furthermore, non-tax deductible accounting amortisation and depreciation shall be deducted on a straight-line basis over a period of 10 years or the useful life of the asset, as of the first tax period beginning in 2015. Consequently, at 31 December 2020 the Company had recognised a deferred tax asset of 13 thousand euros in this respect (16 thousand euros at 31 December 2019).

In relation to the deferred tax asset derived from the limit to the deductibility of amortisation and depreciation, set out by Act 16/2012 of 27 December, transitional provision 37 of Act 27/2014 of 27 November states that companies can deduct from income tax payable 5% of the amounts included in taxable income for the tax period, resulting from the tax reversal of the expense adjusted for non-deductible amortisation and depreciation charges in 2013 and 2014 (2% deduction in 2015). Therefore, as a result of the above, at 31 December 2020 the Company had recognised deductions pending application amounting to 2 thousand euros for reversal of the temporary measures (3 thousand euros at 31 December 2019).

Under current legislation, taxes cannot be deemed to have been finally settled until the tax returns filed have been inspected by the tax authorities or until the four-year statute-of-limitations period has expired. However, due to the extraordinary COVID-19 measures approved by the Government, the period from 18 March 2020 to 3 June 2020 does not count towards the expiry period.

On 5 July 2019, the Company received notification from the tax authorities of the commencement of tax audits and investigations into corporate income tax for 2013 to 2016, inclusive, and value added tax, withholdings on income from employment and business activities and withholdings on movable property for the period from July 2015 to December 2017, inclusive. Furthermore, on 14 February 2020, the company received notification of the extension of the aforementioned actions, incorporating the concept of withholding taxes on the income of non-residents corresponding to the periods from January 2016 to December 2017.

Accordingly, generally and without considering the suspension of the expiry period caused by COVID-19, the Company companies generally have all the main taxes applicable thereto since 01 January 2017 open for review by the tax authorities (year ended 31 December 2013 for corporate income tax, periods from July 2015 onwards for value added tax, withholdings on income from employment and business activities and withholdings on movable capital). Nevertheless, the Administration's right to check or investigate the tax losses that are offset or available for carryforward, the double taxation deductions and the deductions to incentivise certain activities applied or pending application has a statute of limitations of 10 years starting from the day after that on which the period established for filing the return or self-settlement corresponding to the tax period

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in which the right to offsetting or application was generated. Once that period has elapsed, the Company must accredit the tax losses or deductions by submitting the tax return or self-settlement and the accounting records, with accreditation of their deposit during that period in the Mercantile Registry. As a result of the different possible interpretations of the tax legislation in force and other factors, additional liabilities may arise due to an inspection. The directors believe that those liabilities, if they occur, will not have a material impact on the annual accounts.

On 11 June 2013, the Tax Agency initiated inspection and verification activities regarding income tax corresponding to the 2007 and 2008 financial years, periods in which the Company formed part of the 20/02 tax group, the parent company of which was Sacyr, S.A., formerly Sacyr Vallehermoso, S.A. (see note 1 (c)). As a result of these inspections, the corresponding declarations of conformity and non-conformity have been issued to the parent company of said tax group. According to information from Sacyr, S.A., the declaration of conformity was settled in 2016, while the declarations of non-conformity was appealed. On 11 February 2021, Sacyr, S.A. filed a lawsuit to the National Court, which is pending of resolution as of the date of formulation of these annual accounts.

In any case, and in relation to potential contingencies related to the periods in which the Company formed part of the tax group of Sacyr, S.A. (until 2008), the parent company of that tax group undertakes to hold ITÍNERE and its investees harmless under the terms and conditions established in the undertaking contract drafting and accepting the takeover bid for the shares of ITÍNERE signed in November 2008 between Sacyr Vallehermoso, S.A. and Citi Infraestructure Partners L.P. (note 1 (c)).

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19. BALANCES AND TRANSACTIONS WITH GROUP COMPANIES, ASSOCIATES AND OTHER RELATED PARTIES

Receivables from and payables to group companies, jointly controlled entities, associates and other related parties at 31 December 2020 and 2019 are as follows:

Thousands of euros	2020		2019	
	Other group companies	Other related parties	Other group companies	Other related parties
Trade and other receivables (note 11)	39,553	-	34,278	-
Enaitinere, S.A.U.	816	-	816	-
Ena Infraestructuras, S.A.	112	-	1	-
Ena Infraestructuras, S.A., VAT group	410	-	211	-
Autopistas del Atlántico, C.E.S.A.	4,924	-	668	-
Autopistas del Atlántico, C.E.S.A., Consolidated tax	10,976	-	11,032	-
Autopistas del Atlántico, C.E.S.A., VAT group	11,149	-	13,060	-
Autopista Astur Leonesa, S.A.	1,212	-	70	-
Autopista Astur Leonesa, S.A., VAT group	4,039	-	3,793	-
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U.	632	-	167	-
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U., Consolidated tax	2,117	-	1,260	-
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U., VAT group	2,709	-	1,092	-
AP-1 Europistas Concesionaria del Estado, S.A.U.	8	-	60	-
AP-1 Europistas Concesionaria del Estado, S.A.U., Consolidated tax	394	-	769	-
AP-1 Europistas Concesionaria del Estado, S.A.U., VAT group	-	-	1,225	-
Gestión de Infraestructuras de Bizkaia, S.A.	55	-	54	-
Current debit balances with Group, Multi-group and Associated companies	39,553	-	34,278	-
Non-current payables - Convertible Debentures (note 15)	21,442	19,950	19,121	17,790
Globalvía GVIT, S.L.	-	19,848	-	17,564
Estivo Investments Holding, B.V. ⁽¹⁾	21,539	-	19,225	-
Caser, S.A.	-	-	-	152
Directors, Senior Management and other	-	192	-	171
Valuation adjustment at amortised cost	(97)	(90)	(104)	(97)
Non-current payables - Other payables	532,472	-	514,012	-
Estivo Investments Holding, B.V.	-	-	3,393	-
Ena Infraestructuras, S.A.	102,971	-	99,321	-
Enaitinere, S.A.U.	422,482	-	406,179	-
AP-1 Europistas Concesionaria del Estado, S.A.U.	5,223	-	5,119	-
Autopista Astur Leonesa, S.A.	1,796	-	-	-
Non-current credit balances with Group, Multi-group and Associated companies	553,914	19,950	533,133	17,790
Current payables - Other payables	3,822	-	129	-
Estivo Investments Holding, B.V.	3,822	-	129	-
Trade and other payables	6,730	-	9,631	-
Enaitinere, S.A.U., Consolidated tax	4,335	-	7,965	-
Enaitinere, S.A.U., VAT Group	-	-	2	-
Autopista Astur Leonesa, S.A., Consolidated tax	2,330	-	281	-
Ena Infraestructuras, S.A., Consolidated tax	65	-	1,381	-
Autopistas del Atlántico, C.E.S.A.	-	-	1	-
Gestión de Infraestructuras de Bizkaia, S.A.	-	-	1	-
Current credit balances with Group, Multi-group and Associated companies	10,552	-	9,760	-

At 31 December 2020 and 2019, the Company has a credit with ENAITINERE for an amount of 816 thousand euros, corresponding to certain expenses relating to the purchase of ENA, which were originally borne by ITÍNERE and which are still pending payment.

At 31 December 2020 and 2019, the Company has trade receivables with its investees deriving from comprehensive management services rendered during the aforementioned years by virtue of the contracts signed by the parties.

At 31 December 2020 and 2019, ITÍNERE has credits and debits with the companies in its Group integrated under the consolidated taxation regime relating to income tax (see note 18).

At 31 December 2020 and 2019, ITINERE maintains credits and debits with the companies of its Group attached to the special arrangements for the group of entities in relation to the Value Added Tax, in which the integrated companies are taxed since 1 January 2010, and of which ITÍNERE is the parent company (notes 11 and 17).

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On 21 February 2019, Pear Luxembourg Investment, S.á.r.l. transferred to Estivo Investments Holding, B.V. the rights to recovery of debts from ITÍNERE arising from the loan agreement signed on 20 July 2012. The principal of this loan at 31 December 2020 amounted to 3,681 thousand euros (3,393 thousand euros at 31 December 2019, of which Pear Luxembourg Investment, S.á.r.l. was the lender). This loan has a maturity date of 31 March 2021 and its remuneration consists of a fixed annual interest rate of 8.5%. Said contract provides for the capitalisation of any unpaid interest at the end of the settlement period. In 2020, the loan accrued interest for an amount of 300 thousand euros, of which 141 thousand euros had not yet matured (276 thousand euros in 2019 of which, at the end of that reporting period, 129 thousand euros had not yet matured).

On 16 February 2016, the Company entered into a loan agreement with ENA that matures in October 2025 and whose remuneration is referenced to 1-year Euribor plus a spread. At 31 December 2020 the capital provision for the aforementioned loan amounts to 102,971 thousand euros (99,321 thousand euros at 31 December 2019), a new provision having been made in July 2020 amounting to 1,607 thousand euros corresponding to balances of a fiscal nature (provision having been made in July 2019 amounting to 2,789 thousand euros). This loan provides for the capitalisation of any unpaid interest at the end of the settlement period. The interest accrued in 2020 amounts to 2,043 thousand euros (1,826 thousand euros in 2019), which have been capitalised.

On 16 February 2016, the Company signed a loan with its investee ENAITINERE to replace the one originally formalised on 29 June 2009 by PARTICIPACIONES AP-1 EUROPISTAS, S.L. and assigned by it to ENAITINERE during the merger process of both companies in 2015 and based on which 324,182 thousand euros had been drawn down at 31 December 2019. The aforementioned agreement covers the settlement of interest on an annual basis and its calculation is referenced to 1-year Euribor plus a margin. In addition, interest outstanding at the end of the settlement period will be capitalised. That loan will mature on 31 October 2025. In 2020, the Company capitalised tax balances amounting to 7,937 thousand euros (14,737 thousand euros in 2019) and unsettled interest payable totalling 6,690 thousand euros (5,896 thousand euros in 2019), so the balance of that loan stood at 338,809 thousand euros at 31 December 2020. That loan accrued interest of 6,689 thousand euros in 2020 (5,896 thousand euros in 2019).

On 24 June 2019, the non-extinctive novation of the loan agreement that the Company signed with AP-1 EUROPISTAS SL. on 30 November 2018 took place. This amended some of the terms and conditions, establishing yearly interest settlement pegged to the 12-month Euribor plus a spread and maturity on 31 October 2025, and capitalisation of interest at the end of the settlement period if this has not been paid. As regards capital reduction and distribution of voluntary reserves by AP-1 EUROPISTAS C.E.S.A.U., and distribution of dividends against the profit/loss for financial year 2018 approved on 24 June 2019 by its Sole Shareholder, ENAITINERE, totalling 81,340 thousand euros, and in payment of these, on 10 July 2019, AP-1 EUROPISTAS C.E.S.A.U. partially assigned the loan that it held with ITÍNERE to ENAITINERE, who thereby assumed the position of lender against ENAITINERE for the aforementioned amount. Consequently, on 31 December 2020, the loan between the Company and AP-1 EUROPISTAS C.E.S.A.U. totalled 5,223 thousand euros (5,119 thousand euros in 2019). In 2020, the aforementioned loan accrued interest, which has been capitalised, for an amount of 105 thousand euros (805 thousand euros during the 2019 financial year).

Effective as of 10 July 2019, the Company is the borrower in a loan with ENAITINERE with an initial amount of 81,340 thousand euros. That loan envisages that the interest will be settled on a yearly basis and is pegged to 1-year Euribor plus a 2% spread. In addition, interest outstanding at the end of the settlement period will be capitalised. That loan will mature on 31 October 2025. In 2020, interest payable totalling 1,676 thousand euros were capitalised (657 thousand euros in 2019), so the balance of said loan stood at 83,672 thousand euros on 31 December 2020 (81,997 thousand euros in 2019). That loan accrued interest of 1,676 thousand euros in 2020 (657 thousand euros in 2019).

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With effect 31 December 2020, the Company subscribed a loan agreement with AUTOPISTA ASTUR LEONESA, C.E.S.A for an amount of 1,796 thousand euros, which accrues a variable interest rate pegged to a year Euribor plus a spread; if the interest is not paid at the end of the settlement period, it will be capitalised; and its maturity is October 2025. This loan did not accrue interest during financial year 2020.

The breakdown of transactions with group companies, jointly controlled entities and other related parties in 2020 and 2019 is as follows:

Thousands of euros	2020				2019			
	Other group companies	Jointly controlled entities	Total	Other related parties	Other group companies	Jointly controlled entities	Total	Other related parties
Financial expenses - Convertible Debentures (notes 15 and 22)	2,321	-	2,321	2,160	2,065	-	2,065	1,921
Estivo Investments Holding, B.V.	2,313	-	2,313	-	2,060	-	2,060	-
Globalvía GVIT, S.L. ⁽¹⁾	-	-	-	2,132	-	-	-	1,882
Caser, S.A.	-	-	-	-	-	-	-	16
Directors, Senior Management and other	-	-	-	21	-	-	-	18
Valuation adjustment at amortised cost	8	-	8	7	5	-	5	5
Financial expenses - Other payables (note 22)a 22)	10,813	-	10,813	-	9,460	-	9,460	-
Estivo Investments Holding, B.V.	300	-	300	-	276	-	276	-
AP-1 Europistas Concesionaria del Estado, S.A.U.	105	-	105	-	805	-	805	-
Ena Infraestructuras, S.A.	2,043	-	2,043	-	1,826	-	1,826	-
Enaitinere, S.A.U.	8,365	-	8,365	-	6,553	-	6,553	-
Total expenses	13,134	-	13,134	2,160	11,525	-	11,525	1,921
Management or collaboration contracts (note 20)	5,631	-	5,631	-	4,991	-	4,991	-
Autopistas del Atlántico, C.E.S.A.	3,836	-	3,836	-	1,902	-	1,902	-
Ena Infraestructuras, S.A.	-	-	-	-	1,574	-	1,574	-
Gestión de Infraestructuras de Bizkaia, S.A.	546	-	546	-	542	-	542	-
Autopista Astur Leonesa, S.A.	878	-	878	-	524	-	524	-
AP-1 Europistas Concesionaria del Estado, S.A.U.	-	-	-	-	254	-	254	-
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U.	371	-	371	-	195	-	195	-
Rendering of services and other income	863	153	1,016	-	883	153	1,036	-
Autopistas de Navarra, S.A.	-	153	153	-	-	153	153	-
Autopista Astur Leonesa, S.A.	92	-	92	-	78	-	78	-
Autopistas del Atlántico, C.E.S.A.	338	-	338	-	299	-	299	-
AP-1 Europistas Concesionaria del Estado, S.A.U.	7	-	7	-	210	-	210	-
Gestión de Infraestructuras de Bizkaia, S.A.	29	-	29	-	20	-	20	-
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U.	37	-	37	-	31	-	31	-
Ena Infraestructuras, S.A.	359	-	359	-	244	-	244	-
Enaitinere, S.A.U.	1	-	1	-	1	-	1	-
Total income	6,494	153	6,647	-	5,874	153	6,027	-

(1) Until 28 February 2020, the holders of the convertible bonds currently held by Globalvía GVIT, S.L.U., were Caser S.A. (38 bonds).

The transactions with related parties refer to the Company's normal business and are carried out on an arm's length basis.

20. NET REVENUES

The breakdown of net revenues in 2020 and 2019 is as follows:

Thousands of euros	2020	2019
Income from services rendered	5,631	4,991
Autopistas del Atlántico, C.E.S.A.	3,836	1,902
Ena Infraestructuras, S.A.	878	524
Gestión de Infraestructuras de Bizkaia, S.A.	546	542
Autopista Astur Leonesa, S.A.	371	195
AP-1 Europistas Concesionaria del Estado, S.A.U.	-	1,574
Autoestradas de Galicia, Autopistas de Galicia, C.X.G., S.A.U.	-	254
Other services for group companies, jointly controlled entities and other related parties	649	610
Net revenues	6,280	5,601

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By virtue of the various contracts signed by the Company with certain Group companies, a total of 5,631 thousand euros was invoiced in 2020 (4,991 thousand euros in 2019), for technical, operational, financial and legal advisory services. In this regard, on 1 June 2019, ITÍNERE signed support service agreements with group companies Autopistas del Atlántico, C.E.S.A., Autopista Concesionaria Astur Leonesa, S.A. and Autoestradas de Galicia, A.G., C.X.G., S.A., to replace the one it had entered into with ENA Infraestructuras, S.A. which was terminated.

When the concession agreement of which AP-1 EUROPISTAS, C.E.S.A. was the holder ended on 30 November 2018, the service provision agreement that this company had entered into with ITÍNERE matured, which was then extended until completion of the services that this company provided until 15 December 2019 by virtue of the Emergency Agreement signed with the Ministry of Transport, Mobility and Urban Agenda (note 10 (a)).

The revenues recorded by the Company in 2020 and 2019 was obtained in Spain.

21. EXTERNAL SERVICES AND OTHER PROFIT/LOSS

The breakdown of external services at 31 December 2020 and 2019 is as follows:

Thousands of euros	2020	2019
Leasing and royalties	440	378
Repairs and maintenance	47	32
Services of independent professionals	1,303	862
Insurance premiums	732	698
Bank services and similar	46	45
Advertising, propaganda and public relations	40	24
Supplies	74	73
Other services	328	312
External services	3,010	2,424

At 31 December 2020, the Company had recorded an extraordinary item totalling 4,547 thousand euros for the reversion of an allocation of staff not used for the purpose for which it was created.

22. FINANCIAL EXPENSES

Details of financial expenses in 2020 and 2019 are as follows:

Thousands of euros	2020	2019
Interest on debts with group companies, jointly controlled entities and associates (note 19)	13,134	11,525
Interests on debentures (note 15)	2,321	2,065
Other payable interests	10,813	9,460
Interest on debts (note 16)	13,177	12,950
Interest on debentures with other related parties (notes 15 and 19)	2,160	1,921
Other financial expenses	6	2
Financial expenses	28,477	26,398

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23. PERSONNEL EXPENSES

The average headcount in 2020 and 2019, broken down by category, is as follows:

	2020	2019
Managers	7	7
Technical staff	3	2
Administrative staff	1	1
Total	11	10

At 31 December 2020 and 2019, the breakdown of the Company's headcount by category and gender is as follows:

	Men		Women		Total	
	2020	2019	2020	2019	2020	2019
Managers	7	7	-	-	7	7
Technical staff	1	1	2	1	3	2
Administrative staff	-	-	1	1	1	1
Total	8	8	3	2	11	10

In 2020 and 2019, the Company did not have any employees with a disability of 33% or higher.

At 31 December 2020 and 2019, the Company's Board of Directors is made up of 10 men and 2 women.

Likewise, of the amount of social security contributions for 2020, 164 thousand euros correspond to the company's social security cost (149 thousand euros in 2019).

24. INFORMATION ABOUT COMPANY DIRECTORS AND SENIOR MANAGEMENT

The Articles of Association establish that the directors will not receive any remuneration, except in cases where, in the latter, they are allowed.

The only remunerations paid out in 2020 are those of the Chairman and the Chief Executive Officer, who have risen by all the concepts considered in the articles of association (salaries, remuneration, cash or in kind, indemnities, pensions and compensation of any kind) to 250 thousand euros (205 euros in 2019) and 849 thousand euros (841 thousand euros during 2019), respectively. The rest of the directors have not received any remuneration for any reason. Likewise, in 2020 and 2019, the individuals who represented the Company on the boards of directors of the investees did not receive any remuneration for the performance of this function.

Additionally, in 2020 the Company has paid out the members of the Company's Senior Management that are not part of its Board of Directors remunerations for a total amount of 1,627 thousand euros (1,623 thousand euros during 2019). In 2019, a new member was incorporated into the Senior Management.

No liabilities have been undertaken relating to pensions or life insurance payments in favour of the members of the Board of Directors or Senior Management staff, who, in the case of insurance, do not form part of the remuneration indicated in the previous paragraph. At 31 December 2020 and 2019 here are also no debit or credit balances with the Company, other than those mentioned above in notes 15 and 19. In 2020, the Company paid civil liability insurance premiums to directors and managers in the amount of 89 thousand euros corresponding to corporate civil liability policies which cover the directors and managers of the Company itself and the directors and managers of the Group companies representing it (65 thousand euros in 2019).

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In 2020 and 2019, the Company's directors did not carry out any transactions with the Company or any other of the Group Companies outside their ordinary business or in conditions other than on an arm's length basis. Similarly, the Company's directors and the persons related or linked to them have not been involved in any situation of conflict of interest that, pursuant to the provisions of article 229 of the consolidated text of Corporate Enterprises Act, needs to be notified.

25. GUARANTEES UNDERTAKEN WITH THIRD PARTIES AND OTHER CONTINGENT LIABILITIES

(a) Guarantees to third parties

At 31 December 2020, the Company had set up guarantees with several public bodies effective until 2021, totalling 77 thousand euros (244 thousand euros at 31 December 2019), and in relation to the office lease agreement that the Company signed as the lessee, during the year, totalling 155 thousand euros (see note 8).

The Company's directors are of the opinion that no liabilities will arise as a consequence of these bonds, commitments and guarantees.

In addition, by virtue of the financial agreement signed by the Company, certain undertakings exist, as referred to in note 16.

(b) Other Contingent Liabilities

Superstrada Pedemontana Veneta S.p.A

One of the agreements established in the undertaking contract drafting and accepting the takeover bid for the shares (see note 1 (c)) was that the stake that ITÍNERE had at the time in the tender process under way would be transferred to the Sacyr Vallehermoso Group (currently the Sacyr Group), holding ITÍNERE and the buyer completely harmless. One of the projects included "Pedemontana-Veneta" with respect to which Sacyr, ITÍNERE and Pear Acquisition Corporation, S.L.U. (the buyer) signed on 29 July 2009 a document that includes the "Agreement regulating ITÍNERE'S stake in the Pedemontana-Veneta toll road project" which regulates, among others, ITÍNERE'S exit from the project as soon as possible and Sacyr's commitment that, until ITÍNERE does not leave the project, it will hold ITÍNERE and the buyer completely harmless of any costs or damages that ITÍNERE may suffer directly or indirectly as a result of its stake in the project. The agreement specifically envisages ITÍNERE'S harmlessness in the event that the project company receives subsidies from the granting administration.

To carry out the project, the concession company Superstrada Pedemontana Veneta S.p.A. was created to which ITÍNERE contributed a capital of 10 euros (which was completely provisioned from the start) and currently represents 0.000005% of its share capital, while the remaining 99.999995% is owned by CONSORZIO STABILE SIS S.c.p.A.; since the signature of that agreement, ITÍNERE has not participated in any way whatsoever in the project or held any responsibility on its board of directors. Since the start of the project, ITÍNERE has notified Sacyr on several occasions that it wants to leave the project but this has not yet been specified. In 2016, ITÍNERE was notified that the concession company received the aforementioned subsidies from the granting administration as "contributo pubblico a fondo perduto in fondo costruzione", for which ITÍNERE and CONSORZIO STABILE SIS are jointly and severally liable since they are the partners fostering the project. In addition, in 2017 ITÍNERE also learnt of the closure of the financing of this project, which was signed on 29 November, through a bond issue.

The Directors did not deem it necessary to allocate a provision for this project given that ITÍNERE has become aware that at least 25 km of the 96 km initially planned would have been opened to traffic - which confirms completion of the construction works and the probable provisional acceptance thereof between November 2021 and February 2022 according to the latest Project timeline, a milestone whereupon ITINERE is no longer jointly and severally liable -, and given that

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the aforesaid "Agreement regulating ITÍNERE'S stake in the Pedemontana-Veneta toll road project and supplementary agreements remain in force.

26. ENVIRONMENT

Based on the type of activity conducted by the Company, no environmental actions are required. Therefore, it has not incurred any environmental expense in 2020 and 2019 and no provision is considered necessary to cover possible expenses or risks relating to environmental actions.

The Company's Directors declare that there are no items that need to be included in the separate environmental information document provided for in Order JUS/206/2009 of 28 January.

27. INFORMATION ABOUT THE NATURE AND RISKS OF FINANCIAL INSTRUMENTS

To a large extent, the Company's financial risk management policies and, consequently, the instruments for their achievement are determined by the nature of its activity and by the situation in the financial markets at any given time.

Thus, the structure, type of financing, hedges, guarantees and, in short, the most appropriate financing instruments are selected in accordance with the nature and risks inherent in the projects to be financed, with a view to their mitigation to the extent that this is possible.

The management and financial policy of ITÍNERE is determined and executed, with prior approval by the company's senior management, by the Company's Finance Division, in a manner consistent with the financial structure and cash flows of the Group as a whole and being, in terms of financial risk management, succinctly, the following:

- **Interest rate risk:** At 31 December 2020 and 2019, practically all of the financial debt contracted by the Company is remunerated at a variable interest rate referenced to Euribor. At present, the Company has not contracted financial instruments to hedge interest rates, although the evolution of the markets is constantly monitored and, if considered appropriate, the contracting of such instruments can be studied.

A possible variation of ± 100 basis points in the interest rate prevailing at year-end would have a quantitative effect which would mean a lower net result for the year of 6,505 thousand euros if the interest rate increases and a higher net result of 4,049 thousand euros if it decreases.

- **Exchange rate risk:** The Group's policy is to arrange its indebtedness in the same currency as the one in which its business flows are produced. Likewise, no transactions are made in non-euro currencies. Consequently, there is currently no exchange rate risk.
- **Credit risk:** Given the characteristics of the activity conducted by ITÍNERE (holding of a Group of concessionary companies), the major part of its income is obtained from the rendering of services to these companies. Consequently, due to the nature of the business conducted by the Group, the risk of non-payment is low.
- **Refinancing risk:** As stated in note 16, effective as of February 2016, the Company proceeded to the non-extinguishing modifying novation of the financing agreement entered into by the Company in August 2011, which has involved, among other modifications, the extension of the maturity date of said loan agreement until 6 October 2025. As a consequence, practically all of ITÍNERE's debt is non-current, so the Company directors believe that this risk is moderate.
- **Liquidity risk:** Due to the particular characteristics of the Company as well as cash flow generation estimates, there are sufficient funds for the Company to meet its payment commitments. Consequently, the Company's directors are of the opinion that this risk is low.

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- **Price risk:** This risk is low since ITÍNERE's income is associated with the activity of its investees, which are not exposed to this risk, as they operate in a regulated market in which the tariffs applied are reviewed based on the variation of the CPI, thus this risk is mitigated.

28. OTHER INFORMATION

The auditors of the annual accounts of the Company, PricewaterhouseCoopers Auditores, S.L., have rendered professional services to the Company during the year ended 31 December 2020 totalling 74,000 euros (71,000 euros at 31 December 2019).

These amounts correspond to total audit fees for 2020 and 2019, irrespective of the date of invoice.

PricewaterhouseCoopers Auditores, S.L. has provided the Company with accounting verification services for financial year 2020, with fees amounting to 3,500 euros (3,500 euros for 2019 euros).

At the same time, no subsidiary companies of the PwC network invoiced the Company for amounts during the 2020 and 2019 financial years.

29. SUBSEQUENT EVENTS

No significant subsequent events have taken place.

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1. COMPANY BUSINESS PERFORMANCE AND POSITION

The 2020 financial year was marked by the situation brought on by the COVID-19 pandemic -- a situation which has had a severe impact on the evolution of the world economy, forcing the governments of the affected countries to take measures, on the one hand, by establishing restrictions on mobility and closing businesses to control the disease's spread and, on the other hand, to alleviate the economic slowdown caused by the virus. The effects of the aforementioned restrictions have led to an unprecedented global crisis that has brought about a deep economic recession.

The restrictions on mobility that the Spanish government imposed in 2020, following the state of emergency declared on 14 March, as well as those implemented by the different Administrations, have had a huge negative impact on traffic levels on toll roads operated by ITÍNERE INFRAESTRUCTURAS, S.A. affiliated companies and consequently on their income.

In relation with the aforementioned and considering the regulatory framework that is applicable thereto, the concession companies in which ITÍNERE has a stake have asked their respective granting administrations to re-establish the economic and financial balance of their concession contracts, a claim that as of the date of drafting of these annual accounts has not yet been decided on. The legal basis of this request is the exercise of a contractual right to maintain the aforementioned economic and financial balance, based on the appearance of unforeseeable and extraordinary circumstances, as well as being based on the adoption --by the different administrations-- of measures that have made it impossible to execute the concession contracts under the foreseen terms, as the concession companies have kept up with their full business activity because they are critical transport infrastructures. Notwithstanding the foregoing, the aforementioned companies --in accordance with the provisions of their concession contracts and the applicable legal framework-- continue with risk (demand risk of the concessionaire) and the risk of maintaining an economic and financial balance. The deadlines for the completion of the respective concession contracts continue to be as provided for initially, unless they were exceptionally extended as a result of the rebalancing requests submitted.

The activity of ITÍNERE INFRAESTRUCTURAS, S.A. in 2020 mainly focused on the management and development of its investees, as well as in the search for new opportunities in the concession market and in the management and conservation of transport infrastructures. In this regard, during the 2020 financial year, ITÍNERE has continuously monitored the effects of COVID-19 on the Group's business, evaluating at all times the pandemic's possible effects on the results and/or financial and equity situation. Despite the extraordinary situation caused by the pandemic, neither ITÍNERE nor any of its investee companies have (i) required any type of modification or to request exceptions of any kind in terms of their financing; (ii) experienced liquidity tensions or resorted to additional indebtedness; (iii) deferred payments or commitments stemming from operations; (iv) had their collection rights impaired or delayed; or, (v) adopted measures of a business nature through agreements with the employees' representatives to bring about the implementation of workforce adjustment actions.

At 31 December 2020, ITÍNERE is participating in a total of 4 toll road concessionaires, all of which are in operation (totalling 468.1 kilometres). In addition, it participated in AP-1 EUROPISTAS, which was also a concession company until 30 November 2018, when its concession contract ended. From that date and until 15 December 2019, an Emergency Contract was mainly provided for the maintenance and upkeep of the AP-1 toll road to the Administration. On the other hand, through GEBISA, it manages the operation of another toll road in Biscay. Added to this is its participation in another company whose purpose is the provision of collection management services by the electronic toll system, BIP & DRIVE, E.D.E., S.A., which is a leader in its sector.

During the 2020 financial year, and despite the situation generated by the pandemic, ITÍNERE was able to manage, coordinate, and develop the Group companies, which in turn undertook their activities without incidents or interruptions in their operations as they are considered critical

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transport infrastructures. The positive trend that traffic had been showing since 2014 based on the good general evolution of the economy after a period of generalised economic crisis has been interrupted by the effects of the health crisis on the economy, which has led to a significant reduction in the number of vehicles that are circulating on the toll roads.

Of the most relevant events of the year, it is important to highlight the following:

- Royal Decree 803/2017, dated 28 July, entailed the modification of the agreement between the General Tax Administration, the regional government of Galicia and AUDASA, approved by Royal Decree 633/2006, dated 19 May, which established a shadow toll system for Vigo-O Morrazo and A Coruña-A Barcala journeys financed by both Administrations. Said modification not only affects the compensation calculation system but also the way of invoicing and the recipient, which exclusively becomes the Ministry of Transport, Mobility and Urban Agenda. In this regard, AUDASA has filed a contentious claim before the Supreme Court against the Ministry of Transport, Mobility and Urban Agenda's decision, on the grounds that it represented a unilateral and unjustified amendment of an agreement signed between the parties.

On 19 February 2020, the Supreme Court agreed that (i) Royal Decree 803/2017 of 28 July was null and void and (ii) the consideration system was applicable to the concession operator as approved by Royal Decree 633/2006 of 19 May; (iii) AUDASA's situation be re-established, recognising its right to be compensated for the damages caused by the implementation of the remuneration system of the aforementioned Royal Decree 803/2017, and the right to be paid the interest that legally corresponds thereto from the time of right to payment accrued in accordance with Royal Decree 633/2006 and until it is actually paid; and (iv) order the General State Administration to pay AUDASA for compensation and interest resulting from the effects that may arise from the commitments agreed in 2006. The State Attorney filed an appeal for annulment which the Supreme Court rejected in a Ruling on 14 October 2020, ordering the General State Administration to pay court costs.

On January 15, 2021, the Ministry of Transport, Mobility, and Urban Agenda and the Regional Government of Galicia were informed that the amounts of the Vigo-O Morrazo and A Coruña-A Barcala routes (and vice versa) which must be paid to AUDASA for the period from July 2017 to December 2019 amount to a total of 25.4 million euros (VAT included). On that same date, the invoice corresponding to the amounts of the Vigo - O Morrazo and A Coruña - A Barcala routes and vice versa was issued for the year 2020 -- amounts which, in application of Royal Decree 633/2006, of 19 May, must be paid to AUDASA.

With regard to the 2017, 2018, and 2019 annuities, both administrations have been asked to indicate as soon as possible how the corresponding amounts should be invoiced, doing so in order to comply with the aforementioned legal decisions so that payment is made of said amounts and the corresponding legal interest from the time the right to collection came about (in accordance with the aforementioned Royal Decree 633/2006) and until the amount's collection transpires.

- On 8 May 2019, AUDASA was notified of the ordinary lawsuit filed by the Prosecutor's Office against the company, followed at the Court of First Instance of Pontevedra with Ordinary Proceeding number 344/18, exercising the collective action of cessation, defence of the undefined interests of consumers and users, nullity of the abusive practice and accessory refund of the amounts received in such concept, and claim for damages.

The lawsuit filed by the Public Prosecutor makes AUDASA responsible of to the fact that for at least three years (between 27 February 2015 and June 2018), the execution of the works in the access section to Vigo, including the Rande bridge, had a relevant and significant effect on the toll road's traffic flow, and said works caused traffic jam and delays for users, in addition to reducing the road's safety conditions, in spite of which, the toll road's concessionaire company left the collection of toll rates unchanged.

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In relation to this procedure, with trial held on 11 and 12 February 2020, the Court having admitted, and the Ministry of Transport, Mobility and Urban Agenda being present through the State Attorney, the Directors believe, and so has it been defended by the company and the Ministry of Transport, Mobility and Urban Agenda through the State Attorney's Office, that AUDASA has acted at all times in accordance with its concession contract, with the knowledge and authorisation of the responsible Bodies (Ministry of Transport, Mobility and Urban Agenda, Government Delegation, Directorate General of Traffic, etc.), that the works have been performed in accordance with the regulations in force, guaranteeing the safety of users and workers, and, in any case, with the least possible effect on traffic.

On 21 February 2020, the Court partially upheld the claim, ordering the company to reimburse users for the amount paid in tolls to travel on the affected sections on the dates and within the time slots in which the 81 incidents detailed in the ruling occurred.

The ruling was appealed by the concession company, the Prosecutor's Office and the En-Colectivo association. Since the ruling is in the process of being appealed, it is not final at the time of preparing these annual accounts.

The Company's Directors believe that if the ruling is enforced it will not affect the annual accounts significantly, because it refers to 81 minor incidents over relatively short periods of time that only give the right to a refund of the amount paid by the affected user.

The Directors also believe that if a second-instance final conviction is passed, the Company would appeal it and it would not affect the annual accounts significantly because the Ministry of Transport, Mobility and Urban Agenda have expressly granted the Company the right to pass on any amount ordered to pay under a ruling against AUDASA to the State.

Revenues corresponds mainly to the invoicing of services to investee companies and amounts to 6.3 million euros, 12.1% higher than the previous year, as a result of the increase in the percentage of invoicing from 2% in 2019 to 3% in 2020, as well as the additional amount added to the income accounted for by AUDASA in 2020 stemming from the nullity of Royal Decree 803/2017, offset by the fall in income of the concessionaires as a whole in relationship with the COVID-19 crisis. Current operating expenses are estimated at 6.3 million euros, increasing by 12.9% compared to the previous year. EBITDA in 2020 shows a positive result of 4.9 million euros -- 9.3 times higher than in 2019.

As established in the accounting standards, at 2020 year-end the Company has not identified any signs of impairment in its financial investments, so it has not been deemed necessary to recognise any additional value impairment changes over and above those already registered in previous financial years.

The financial result presents a negative figure of 28.3 million euros, which corresponds mainly to the financial expenses of the corporate debt, both with third parties and other inter-company debts. Financial expenses are 7.2% higher than the previous year, mainly due to the increase in the margin of the syndicated loan by 0.25%.

As we all know, since the 2012 financial year there is a limit on the tax deductibility of finance expenses according to which only net finance expenses up to an amount of 30% of the financial year's operating profit can be deducted, with it being possible for the net financial expenses not deducted in the financial year to be deducted in the following financial years with no time limit and with the same percentage limitation. The calculation of corporate income tax for the year shows an income of 3.1 million euros.

All of the above means that the 2020 financial year result stands at a loss of 20.4 million euros.

The restrictions on mobility that the Spanish government imposed in 2020, following the state of emergency declared on 14 March, have had a negative impact on traffic levels on toll roads operated by ITÍNERE affiliated companies. The overall average daily traffic (ADT) for all of the

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toll roads operated by ITÍNERE subsidiaries during 2020 was 13,925 vehicles (19,073 vehicles in 2019). This means that traffic fell 26.99% compared to the same period in the previous year (29.47% down for light vehicles and 9.96% for heavy vehicles). During the first weeks of the state of alarm decreed by the Government in March, traffic fell drastically, reaching daily reductions of more than 90% in the month of April. As restrictions were relaxed and there was a progressive reopening of the economy --and mainly in the summer months--, more moderate falls were recorded, which intensified again with the declaration of the second state of alarm on 25 October under which new limitations were imposed on mobility.

The Group's revenues in 2020 amounts to 180.9 million euros, 20.1% less than the comparative figure for the 2019 fiscal year, as a result --mainly-- of the fall in toll income stemming from the crisis caused by the pandemic. On a positive note, we must mention the impact of Royal Decree 803/2017's invalidity. The consolidated EBITDA in 2020 amounts to 139.7 million euros, which represents a 77.2% margin over the indicated revenues --2.4 percentage points more than in 2019-- and represents a fall of 19.8% compared to the same period in 2019 -- the result of the fall of toll income despite lower operating costs. If we consider the proportional contribution of AUDENASA and we exclude the contribution of AP-1, whose emergency contract ended on 15 December 2019, the consolidated revenues and EBITDA would have decreased by 18.4% and 19.3% respectively.

The global pandemic caused by Covid-19 profoundly marked the world and Spanish economy in 2020; this has been the year of temporary workforce adjustment plans, a historical drop in GDP of 11%, the collapse of tourism, the increase of the deficit and debt, the implementation of targeted monetary and fiscal policies designed to contain the worrying macroeconomic figures, the expansive intervention of central banks, etc. -- and we must not forget the high cost in human lives.

The positive evolution of the Spanish economy shown in previous years has been truncated in this adverse context -- a context which has had a greater negative impact than in neighbouring countries due to the structural deficiencies of our economy and the relevant contribution to GDP from sectors like tourism and domestic demand which have experienced sharp setbacks.

The public administrations' deficit has risen to figures equivalent to 6.8% of the GDP and, in turn, the need for financing has led to an escalation in public debt to a record high of 1.3 billion (millions of millions) euros. Likewise, the closure of borders and lockdowns have caused one of the bases of the Spanish economy, tourism, to decline to the point of losing 64.5 million tourists (-77.3%). Trade and exports followed the same path with significant drops (-10%). Despite the temporary workforce adjustment mechanism implemented by the Government to stop job destruction, the unemployment rate reached levels of 16.2%.

Economic evolution in 2021 is still subject to conditioning factors (which include health-related factors), although recovery will be supported by a relevant set of factors. Thus, the prolongation of expansionary measures already in place in fiscal and monetary matters and that of central banks, the Recovery and Resilience Facility (a key instrument of the European Recovery Funds) can be viewed as a clear opportunity to reactivate economic activity. The rate of the Spanish economy's recovery during 2021 and the next few years will depend, among other things, on the speed with which the European Recovery Funds are implemented and the degree to which they are used to strengthen growth over the medium and long term.

Within this general context, we will now discuss on the specific financial activity carried out by ITÍNERE and its investees. In addition to meeting the financial needs of the different Group companies at any given moment, the activity in this area is permanently focused on the analysis and prospecting of possible Group debt financing transactions that add value and improve its structure, and this under the prism of the characteristics of the concession business and the future generation of cash flows.

The 2020 financial year, after the significant debt refinancing carried out in previous years, specially in 2016, both in qualitative and quantitative terms, corresponding to the companies

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ITÍNERE, ENAITINERE, AUDASA and AUCALSA (refinanced and novated debt amounting to 1,749.2 million euros) and the refinancing of AUCALSA in 2019 (229.4 million euros) that enabled an increase in the Group's financial stability over the long term. Two financing operations, both in AUDASA, have been carried out during the year:

- On 1 April 2020, the company signed a syndicated loan agreement for 400 million euros formalised on 16 December 2019 to meet the redemption of the issue of fiscally subsidised bonds maturing on that date. The repayment of such loan bears interest equivalent to 6-month Euribor plus a 1.15% spread, and it was scheduled to mature in November 2024. The improvement in the conditions of this refinancing should also be noted, given that the previous bond issue had a cost of 4.75%. This loan is guaranteed by ENA.
- In November 2020, the syndicated loan outlined in the previous paragraph was voluntarily and partially repaid in advance to the amount of 100 million euros, doing so through a new issuance of tax-exempt bonds for the same amount whose maturity will transpire in November of 2024. Said issuance, which is guaranteed by ENA, was successfully subscribed and has a coupon of 1.6% per annum.

During the 2020 financial year, the following milestones in the financial area can also be highlighted:

- Amortisation of debt amounting to 49.5 million euros with regard to ENAITINERE.
- The average rate of the Group's financial debt at 31 December 2020 is 3.1% (3.6% during financial year 2019) and the average life of its debt is 4 years.
- The nominal amount of the gross financial debt is 2,65.1 million euros, of which 42.8% is at fixed interest rate and which represents the financing associated with projects, meaning that 77.8% of the total financial debt is without recourse to the parent company. Net financial debt is 2,562.5 million euros.

The amounts paid by the Company to the various public administrations for taxes, social security contributions, etc. totalled 30.4 million euros in 2020.

In financial year 2020 the average workforce of the Company increased by 0.8 average theoretical staff.

At 31 December 2020, the company does not have any amounts pending payment on commercial transactions that accumulate a deferment in excess of the legal deadline as per the provisions of Act 3/2004 of 29 December and its subsequent amendments through Act 15/2010 of 5 July and Royal Decree Law 4/2013 of 22 February. The average payment period to suppliers in 2020 was 4 days.

2. SUBSEQUENT EVENTS

No significant subsequent events have taken place.

3. COMPANY OUTLOOK

The activity to be conducted by ITÍNERE in the coming years will focus, on one hand, on the management and development of its investee companies, within the framework of the respective concession contracts, and on the other hand on the search for opportunities in the sector.

During 2021, the usual replacement and maintenance tasks will be performed by the investee companies, meaning a constant improvement of the service for users, which is a fundamental objective of the management. Likewise, if necessary, the requirements of the granting

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authorities will be met, maintaining, in any case, the economic and financial balance of the concessions.

At a financial level, it is important to point out that, after the process of the joint and simultaneous refinancing and novation of the debt of ITÍNERE and its investee ENAITINERE, which materialised in 2016 and which involved the extension of the maturity until October 2025, and the refinancing undertaken in AUDASA and AUCALSA in 2018, 2019 and 2020, 95% of the Group's debt is non-current. During the 2021 fiscal year, there are two significant contractual maturities of financial debt in the Group, corresponding to the issuance of bonds by AUDASA and AUCALSA for amounts of 66.1 million euros and 50.6 million euros, respectively, with both maturing in May, the refinancing of which was being undertaken at the date of drafting of these Annual Accounts.

With regard to the debt maturities and refinancing scheduled for the coming years, it should be noted that the Group has extensive experience in all types of refinancing operations and that, even in such adverse situations as those that occurred in the financial markets during the years of the economic crisis that began in 2008 and those related with the COVID-19 crisis, the Group was able to maintain its financial stability through bond issues and bank borrowings.

Based on the foregoing, the Directors are reasonably confident that this debt will be refinanced at its maturity in the coming years, although the specific circumstances of the financial markets at each time will influence the refinancing process.

In what regards the debts of ITÍNERE and ENAITINERE and the novation and refinancing operations that concluded in 2016 and represented a non-current financial stability, all opportunities that allow the financial structure of the Company and its Group to be continuously improved will continue to be analysed so as to maintain the high degree of soundness and solvency that has made it possible to meet all of its commitments over the entire lifetime of the Company and of its investees.

In application of the respective procedures for the review of tariffs and tolls on the Group's toll roads (in the case of those owned by the State Administration, that established in Act 14/2000 of 29 December; in the case of those for which the regional governments are responsible, that established in the specific applicable legislation), with effect 01 January 2021, the review of the tolls to be applied has been authorised which, in the case of the toll roads owned by the Ministry of Transport, Mobility and Urban Agenda (AUDASA and AUCALSA), has involved a 0.08% reduction in tariffs. In the case of AUDASA, in addition to the ordinary review, the increase of 1% corresponding to Royal Decree 1733/2011 is also applied, resulting in a total increase of 0.92%. The toll roads owned by the regional governments (AUDENASA and AUTOESTRADAS) had a negative review of 0.76%. The concessionary companies for which the regional governments are responsible review their tariffs on the basis of 95% of the inter-annual fluctuation in the CPI at October, whereas the concessionary companies for which the Ministry of Transport, Mobility and Urban Agenda is responsible carry out the toll rate review on the basis of the average variation in the CPIs of the period between the months of October of the previous and current years, also taking into account a correction factor based on deviations between the forecast ADT and the figure actually obtained.

4. MAIN RISKS AND UNCERTAINTIES

The future of the toll road concession sector and, consequently, of ITÍNERE's investees is undoubtedly affected by both the overall economic situation and changes in legislation that can significantly affect the forecasts. In addition to the above, and as a consequence of the situation caused by the COVID-19 pandemic, the evolution over the short and medium term of the business activities carried out by the companies that make up the ITÍNERE group is conditioned on the success of the measures that different administrations may impose to control the pandemic, possibly allowing for the permanent lifting of the restrictions that affect mobility and, therefore, the return to full normalcy in said business activities.

Directors' Report

With regard to potential market risk, ITÍNERE'S toll road concession investees operate in accordance with the concession contracts with the State, which establish the right to redress the financial balance should circumstances beyond the control of the concession operator arise, significantly limiting the risks associated with the activity. To that end, and as a result of the effects caused by the COVID-19 crisis, the companies in which ITÍNERE has a stake have asked their respective governmental grantors to re-establish the economic and financial balance of their concession contracts under the regulatory framework applicable thereto -- a claim that as of the date of drafting of these annual accounts has not yet been decided on (see note 2 (b) of the attached report).

However, some risk factors can be identified, as summarised below:

- **Demand risk:** In toll road concessions, the tolls collected by concession companies, which are their main source of income, depend on the number of vehicles using the road and its capacity to attract traffic. Average traffic and toll income also depend on a number of factors, including the quality, condition, comfort and travel time of alternative toll-free roads or non-Group toll roads, economic conditions, fuel prices, weather conditions, environmental legislation (including measures to restrict use of motor vehicles to reduce pollution), natural disasters and the viability or presence of alternative forms of transport such as air routes, railways and other intercity transport. The current characteristics of ITÍNERE's portfolio (mature and widely consolidated business) mitigate this risk.
- **Regulatory risk:** The Group's companies are required to comply with sector-specific and general legislation (accounting, environmental, employment, data protection, tax, etc.), whose stability and guarantee is fundamental in a highly regulated sector. As occurs in all highly regulated sectors, changes in the regulations can have a negative effect on the Company's business; it is not possible to assess which actions the concession grantor may take over a protracted period of time, so it is difficult to address them. In the case of significant regulatory changes (including tax modifications), which could have an effect on income in the short term or obligate them to bear new costs or investments, the Group's concessionary companies would have the right to amend the terms and conditions of the concession arrangement or negotiate with the responsible Administration certain changes in them to obtain financial and economic restitution, so the effects of the potential legal or regulatory changes must be neutral.
- **Risks associated with international expansion:** No specific projects for expansion into other countries are currently envisaged. Nevertheless, should ITÍNERE decide to expand its business to other countries, in the belief that this would contribute to its future growth and profitability, an in-depth field analysis would be carried out prior to authorising an investment of this type. Although there is always a risk in any expansion to new geographical areas, the management team's experience in this type of international development would help to mitigate these risks.

As mentioned previously, the year 2020 has been marked by the serious health and financial crisis brought on by the COVID-19 pandemic -- crises in which we still find ourselves.

The prospects for the recovery of the world economy are still uncertain, although estimates made by international organisations predict that in 2021 there will be a recovery, the intensity of which will depend on the availability of adequate tools for States to have true control of the pandemic, likewise depending on when virus-related restrictions can be permanently lifted.

The impact that the crisis brought on by COVID-19 will have on the future profit/loss of the company and/or its financial and equity situation will depend on the ability of the governments to truly control the pandemic as well as the duration of the restrictions imposed. More specifically, the impact on said profit/loss will depend on how the crisis situation in which we find ourselves affects the companies in which ITÍNERE holds a stake.

Directors' Report

Other risks to which the Group companies are exposed are as follows:

- Risks from damage caused during infrastructure maintenance work or construction or expansion work.
- Risks associated with workplace health and safety;
- Risks from loss of assets.

ITÍNERE and its investees have appropriate control systems to identify, quantify, assess and mitigate all of these risks, thus minimising or eliminating their impact. The Group also has a policy of taking out and maintaining insurance policies to cover these areas, among others.

5. FINANCIAL RISK MANAGEMENT POLICIES

To a large extent, and as far as the concessionary companies are concerned, the financial risk management policies of the Company and Group and, therefore, the instruments for their achievement, are determined by the specific legislation and regulations of the infrastructure concession sector of activity, the respective concession agreements, each project's degree of maturity, the remaining years of the concession and the nature of the business, without forgetting, of course, the situation that reigns in the financial and capital markets at any given moment.

Thus, the structure, type of financing, hedges, guarantees and, in short, all the other most suitable financing instruments are selected on the basis of the nature of and the risks for the Group's companies, which are inherent in each project to be financed, so as to mitigate them as far as is possible, without ignoring the balance between cost, risk, guarantees and term.

Financing of the concessionary and vehicle companies in which ITÍNERE has stakes is without recourse to the Company.

The financial policy and management of ITÍNERE is decided and executed by the Company's finance department subject to the approval of its senior management and, if applicable, by the pertinent government bodies. Briefly, this policy, as regards financial risk management, is as follows:

- **Interest rate risk:** Of the Group's total consolidated financial debt, a substantial part, 42.8%, is at a fixed rate, which reduces the businesses' exposure to rising benchmark interest rates. This debt, both that associated with projects and corporate debt, is made up of tax-deductible debenture issues with a single amortisation at maturity (representing 39.6% of project debt at fixed interest rates and a term of between 4 and 10 years) and other debts. This fixing of bank debt interest rates, when applicable, is materialised through financial hedge instruments, such as interest rate swaps (IRS) or CAP. At present, the Company has not contracted financial instruments to hedge interest rates, although the evolution of the markets is constantly monitored and, if considered appropriate, the contracting of such instruments can be studied. A possible variation of ± 100 basis points in the interest rate prevailing at year-end would have a quantitative effect which would mean a lower net result for the year of 6,505 thousand euros if the interest rate increases and a higher net result of +4,049 thousand euros if it decreases.
- **Exchange rate risk:** The Group's policy is to arrange its indebtedness with financial institutions in the same currency as the one in which its business flows are produced. Likewise, no transactions are made in non-euro currencies. Consequently, there is currently no exchange rate risk.
- **Credit risk:** Given the characteristics of the activity conducted by ITÍNERE (holding company of a Group of concessionary companies), most of its income is obtained from the

Directors' Report

rendering of services to its investees. Consequently, due to the nature of the business conducted by the Group, the risk of non-payment is low. As far as this risk in its investees is concerned, it is virtually non-existent owing to the fact that income is received in cash or through credit card or electronic means of payment, the non-payment risk of which is assumed by the management companies. Likewise, part of the income derives from the payments that the various concession-granting administrations as well as the regional and central governments make in accordance with the terms and conditions of the respective concession agreements.

- **Refinancing risk:** As stated in note 16, effective as of 16 February 2016, ITÍNERE and ENAITINERE have proceeded to the non-extinguishing modifying novation of the refinancing of their respective syndicated loans, which has involved, among other modifications, the extension of the maturity dates of said loan agreements until 6 October 2025. During 2021, there are two contractual maturities of the Group's financial debt, corresponding to an issue of AUDASA and AUCASA bonds amounting to 66.1 million euros and 50.6 million euros, respectively, both due in May. As of the date of this annual accounts, refinancing is in an advanced state. More specifically, the companies have the required authorisation from the General Directorate of the Treasury and Financial Policy for the respective 2021 financing plan, which considers the capture of 66.1 million euros and 50.6 million euros, respectively. At the date of preparation of these annual accounts, AUCALSA has formal approvals from financial institutions to take out a loan for an aggregate amount of 50.6 million euros, to be paid out on 17 May 2021, maturing in June 2024, while AUDASA is in the final phase of the process of obtaining formal approvals from financial institutions and selecting offers for the hiring of a loan for an aggregate amount of 66.1 million euros, to be paid out on 31 May 2021 and maturing in May 2026. Both loans are expected to be formalised once the corresponding documentation processes have been completed.

As a consequence, the rest of the Group's debt is non-current, so the Company directors believe that this risk is low. In any case, and in relation to the maturities in subsequent years, this risk is mitigated since the businesses have recurring income and the concession periods are non-current.

- **Liquidity Risk:** Due to the particular characteristics of the Company and the structure of its current liabilities, as well as debt refinancing and cash flow generation estimates, there are sufficient funds for the Company to meet its payment commitments. At the same time, within the different concessionary companies that make up ITÍNERE, the liquidity risk is low due to the nature and characteristics of their collections and payments, their EBITDA margin, the projects' financial structure, toll systems and a predictable and systematic replacement investment programme. During the 2020 financial year, despite the exceptional circumstances due to mobility restrictions, neither the Company nor any of its investee companies have experienced liquidity tensions or required additional financing, which backs up what was commented above.

At 31 December 2020, the current liabilities include the current transfer of debt issued by AUDASA (66.1 million euros) and AUCALSA (50.6 million euros), which will mature on 31 and 17 May 2020, respectively. At the date of preparation of these annual accounts, the refinancing processes that are being carried out are in an advanced stage. Consequently, the Company's directors are of the opinion that this risk is low. Consequently, the Company's directors are of the opinion that this risk is low.

- **Price risk:** This risk is very low given the fact that the income of ITÍNERE is associated with the activity of its investees. These companies, in turn, are not exposed to this risk either, because they operate in a regulated market in which the prices applied are reviewed on the basis of the variation in the Consumer Price Index (CPI), which mitigates this risk.

ITÍNERE INFRAESTRUCTURAS, S.A.

Directors' Report

6. RESEARCH AND DEVELOPMENT ACTIVITIES

ITÍNERE and its dependent companies are not engaged in any R&D programmes that might, owing to their significance and expected results, substantially transform its business activity.

7. ACQUISITION OF OWN SHARES

The Company did not acquire its own shares in 2020. As a consequence of the acquisitions in previous financial years, at 31 December 2020 it owns 53,464 shares, representing 0.01% of its corporate capital. These acquisitions were made in accordance with the resolution adopted by the General Meeting of Shareholders held on 24 June 2009, authorising the derivative acquisition of own shares by the Company and/or its subsidiaries, with the limits and requirements established by the prevailing legislation.

ITÍNERE INFRAESTRUCTURAS, S.A.

**PROPOSED DISTRIBUTION OF PROFIT
FOR 2020**

The result for the financial year 2020 was a loss of 20,425,693.58 euros that will be transferred in its entirety to negative results from previous years.

ITÍNERE INFRAESTRUCTURAS, S.A.

ONE: Pursuant to the requirements of article 253 of the Corporate Enterprises Act and article 37 of the Spanish Code of Commerce, the directors of **ITÍNERE INFRAESTRUCTURAS, S.A.** have prepared the attached Annual Accounts comprised of the balance sheet, income statement, statement of changes in equity, cash flow statement and notes thereto, the directors' report and the proposed distribution of profit for the year ended 31 December 2020, which are presented on pages 1 to 53 of this document, and signed by the secretary to the board of directors.

TWO: The Company directors state that the accounting records on which the accompanying annual accounts are based do not reflect any item that should be included in a separate document on environmental information as set forth in Ministry of Economy Order JUS/206/2009 of 28 January.

Signed in Madrid on 24 March 2021.

Mr. Juan María Nín Génova
Chairman

Mr. Hari Rajan
Vicechairman

Mr. Francisco Javier Pérez Gracia
CEO

ARECIBO SERVICIOS Y GESTIONES, S.L.,
represented by Ms. Vicky Chan
Director

Mr. Rene Defize
Director

Ms. Amy Marie Knapp
Director

Mr. Mark Edwin Lorkin
Director

Mr. Michael Osborne
Director

Ms. Cynthia Joan Praschnik
Director

Mr. Antonio Herrera Bustamante
Director

Mr. Arjan Reinders
Director

Mr. Laurens-Jan Sipma
Director

Mr. Santiago del Pino Aguilera
Secretary, non Director