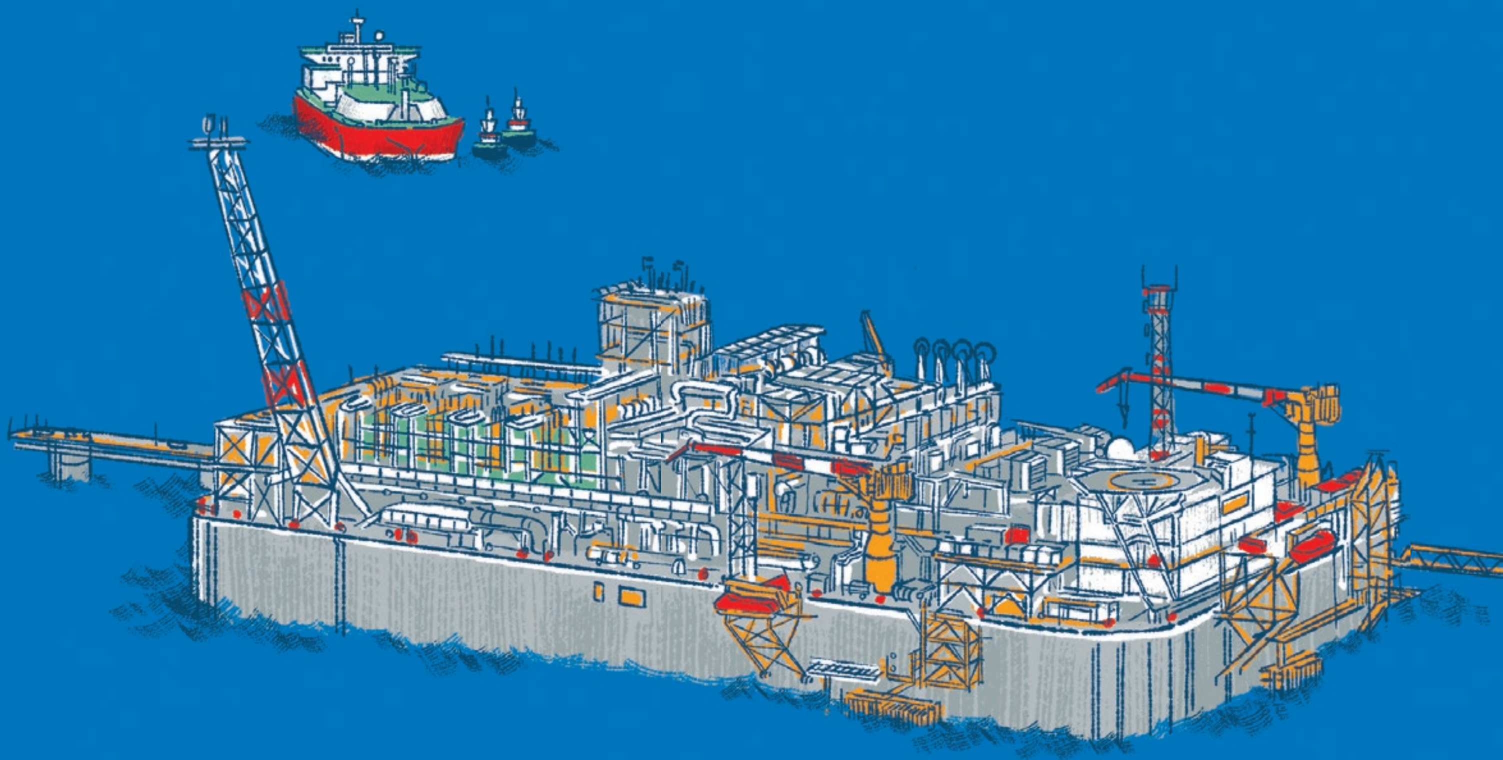
Reports on Operation and Financial Statements

at December 31, 2020



Adriatic LNG

Report on Operation and Financial Statements

at December 31, 2020

(pursuant to articles 2428 and 2423 of the Civil Code and following)
(Courtesy Translation)

Terminale GNL Adriatico S.r.l.

Registered office: Via Santa Radegonda, 8 - 20121 Milan
Capital stock: 200,000,000 euro fully paid up
Milan REA no. 1788519
Tax code and VAT no. 13289520150

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1.0

Operating report

Company Management

Terminale GNL Adriatico S.r.l. is managed pursuant to art. 2475 of the Italian Civil Code and following, and sections IV and V of the By-laws, which govern the methods for appointment, duration of office, powers, meetings, and quorums for passing resolutions of the Board of Directors and the Sole Statutory Auditor.

Boars of Directors

The members of the Board of Directors, appointed pursuant to section IV article 20 of the By-Laws and following sections, which approve this Report on Operations and Financial Statements, are the following:

Chairman	Mohamed Ibrahim A. Al Sada
Managing Director	Timothy Kelly
Director	Dominic B.K. Genetti Ali Abdulla Al Mana Jagir Baxi Giovanni Murano Joseph A. Pergler
Sole Statutory Auditor	Maurizio de Magistris

External auditors

On June 15, 2020, the Quotaholders' meeting appointed PricewaterhouseCoopers S.p.A. as external auditors for the financial years 2020 to 2022.

2020 highlights

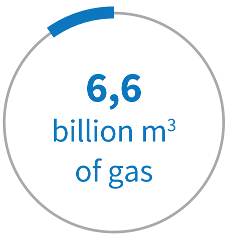
Dear Quotaholders,

the year 2020 highlights include:

- effectively managed COVID-19 pandemic securing workforce's health and safety while ensuring Terminal's operations continuity;
- zero Lost Time Incident (LTI) and 1 recordable incident;
- no spills nor damages to the facilities;
- 75 carriers safely berthed and unloaded;
- 6.6 billion cubic meters of gas delivered into the national grid (representing 10.25% of gas imports to the Italian market and 9.65% of the total gas supply);
- 25.9M Euro dividend paid and 52.5M Euro equity reserve "Versamento Soci in conto capitale" returned to the Quotaholders thanks to positive earnings and cash generation.

The Financial Statements at December 31, 2020 report net profit of 3,462,666.36 Euro.

75 carriers
safely berthed and unloaded



delivered into the national grid, representing 10.25% of gas imports to the Italian market

2020 Operating and financial data

		2020	2019	Abs. change	% Change
Operations highlights					
LNG cargos unloaded	[#]	75	88	(13)	(15%)
Volumes of gas redelivered	[M Standard m3]	6,557	7,648	(1,091)	(14%)
Regassification reliability	[%]	99.8%	99.4%	0.4%	0.4%
Financial highlights					
Net profit	[kEuro]	3,463	25,829	(22,366)	(87%)
Income before taxes	[kEuro]	4,825	36,015	(31,190)	(87%)
Gross revenues	[kEuro]	166,805	245,297	(78,492)	(32%)
Gross operating margin	[kEuro]	77,736	113,113	(35,377)	(31%)
Net assets addition	[kEuro]	939	1,192	(253)	(21%)
Safety and environmental highlights					
Total recordable incidents	[#]	1	3	(2)	(67%)
Process safety incidents	[#]	-	-	-	n.a.
Spills/exceedences	[#]	-	-	-	n.a.
CO_2 emissions	[kTon]	91	93	(2)	(2%)

Company history and overview

Terminale GNL Adriatico S.r.l. ("Adriatic LNG", "ALNG" or the "Company") was established in 2005 to develop and operate the off-shore gravity based LNG receiving terminal ("Terminal") located in the Adriatic Sea. Since the November 2, 2009 start-up, Adriatic LNG has achieved significant milestones in terms of operations reliability, regasifying and redelivering volumes into the national gas grid with 807 LNG carriers, the majority of which have been received under a 25 years service agreement with Edison S.p.A. for 80% of the Company's regasification capacity.

During 1997 and 1998 Edison Gas commenced a feasibility study for the construction of an LNG terminal in the Northern Adriatic Sea. The positive outcome of these studies led the Company to begin the procedures to obtain the necessary authorizations to build and operate it.

Adriatic LNG has launched a public consultation on the procedure, known as the Open Season, for the assignment of long-term regasification capacity.

On December 15, 2000, the company Edison LNG S.p.A. was incorporated. On November 20, 2003, in Doha – Qatar, the so-called. "Participation Agreement" was signed, whereby Edison Gas S.p.A, Qatar Petroleum and ExxonMobil expressed their intent to become Quotaholders of Edison LNG S.p.A.

On May 2, 2005, the various agreements to develop and operate the Terminal were executed and Qatar Terminal Limited and ExxonMobil Italiana Gas S.r.l. became Quotaholders of Edison LNG S.r.l. with a joint control. At the same time the Company changed its name to Terminale GNL Adriatico S.r.l.

Terminale GNL Adriatico S.r.l. (or the "Company") completed the design and built offshore of Porto Levante (located in the Rovigo's province), about 15 kilometers off the coastline, a liquefied natural gas (LNG) regasification terminal with a nominal capacity of 8 billion cubic meters/year – 775 million cubic feet per day, that can cover more than 10% of the national demand for natural gas – the first concrete Gravity Based Structure (GBS) in the world for LNG regasification. The regasification terminal project included construction of a 40 kilometers gas pipeline, part underwater and part onshore, and the Cavarzere Metering Station. The Company is set up to operate until October 2052 under the fifty-year maritime concession issued by the Ministry of Infrastructures and Transport in October 2002.

On May 2, 2005, ALNG executed with Edison S.p.A. a 25 years regasification service agreement (expiring in 2034) for 80% of the regasification capacity to regasify the LNG imported from Qatar. The Company commenced commercial operations on November 2, 2009. By the end of 2020, 807 LNG carriers had been discharged and terminal capacity utilization in 2020 was about 82%, significantly higher than the average utilization factor of LNG terminals in Europe.

On October 13, 2017, Edison S.p.A. and Snam S.p.A. announced the respective sale and purchase of the 7.297% equity quota of Terminale GNL Adriatico S.r.l. Current Quotaholders include Snam S.p.A. along with Qatar Terminal Limited and ExxonMobil Italiana Gas S.r.l.

On February 2, 2021, the Company launched a public consultation on the procedure known as *Open Season,* for the allocation of long-term LNG regasification capacity.

1.1 Adriatic LNG regasification terminal – Main characteristics

The Adriatic LNG terminal is the first offshore concrete structure in the world designed for the reception, storage and regasification of LNG. The terminal is located offshore of Porto Levante, in the northern Adriatic Sea, standing on the seabed at about 15 kilometers offshore of the Veneto coastline, in the province of Rovigo. The structure is 375 meters long and 115 meters wide; the main deck is 18 meters above sea level.

A 30-inch diameter 40-km long pipeline transports the gas to the entry point of the national transportation grid at the Cavarzere metering station, in the province of Venice. From here another pipeline, owned by Snam through Infrastrutture Trasporto Gas S.p.A., carries the gas a further 84 km to the Minerbio's hub, in the province of Bologna.

The Adriatic LNG terminal is the first offshore concrete structure in the world designed for the reception, storage and regasification of LNG.

The main element of Adriatic LNG terminal is the large concrete structure (Gravity Based Structure or GBS) built with 90,000 cubic meters of concrete and 30,000 tons of steel frames, resting on the seabed at a depth of about 29 meters. Inside the GBS there are two LNG storage tanks, each one with an operational capacity of 125,000 cubic meters, made of 9% nickel steel to withstand the extremely low temperatures needed for storage of LNG.

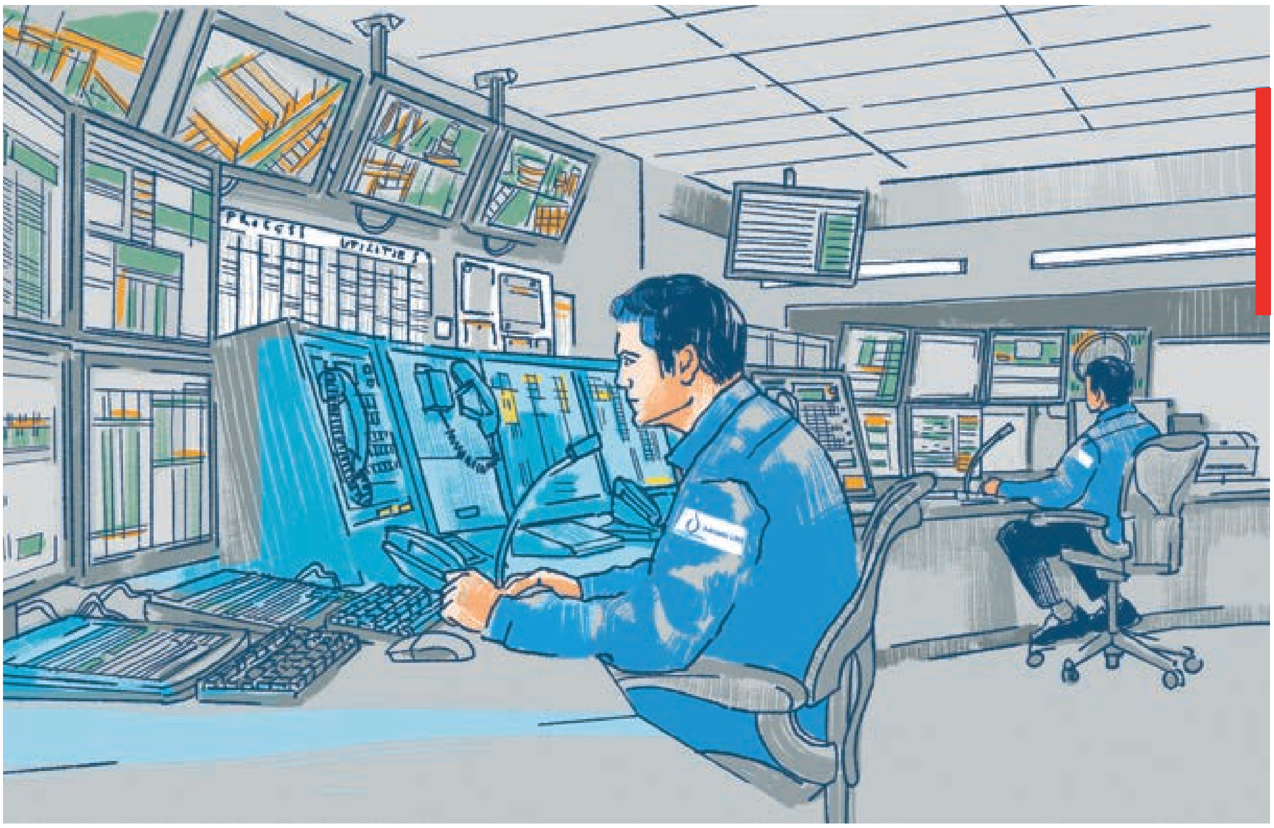
The regasification plant is located on top of the GBS and includes four LNG Open Rack Vaporizers, which use the heat naturally contained in the seawater to warm up the LNG, a Waste Heat Recovery Vaporizer, which uses heat from the gas turbine exhausts, two boil-off gas compressors, four pumps for discharging LNG from the storage tanks, and five high-pressure booster pumps, to send the LNG to the vaporizers at enough pressure to allow the gas to flow into the national grid.

The terminal also houses auxiliary equipment, such as the module for generation of

electricity with three gas turbines and the electrical and instrumental substation.
The LNG is discharged from the carriers to the storage tanks via four unloading arms installed on the north side of the terminal.
The terminal includes the LNG carrier mooring structures, the so-called “Mooring Dolphins”. Each mooring structure consists of a base, a concrete box of about 7 meters high, surmounted by two columns of reinforced concrete (about 28 meters high), connected between them by a steel bridge (about 63 meters long and 8.5 meters wide).
The personnel that operate the terminal reside in living quarter designed to provide a safe and comfortable environment. This facility accommodates up to sixty people to support 24 hours a day, 7 days a week operation and also includes the control room, from which operators monitor the terminal, the pipeline and the gas metering station in Cavarzere.

The shore base

The shore base is a building located along the Po di Levante, in the municipality of Porto Viro, in the province of Rovigo. It plays a key role in supporting the offshore terminal and coordinates all the logistics and warehousing activities, including the transport of supplies, material, and personnel, either employees or contractors, to and from the terminal.
This base is equipped with its own helideck and mooring dock for crew supply vessels and includes a warehouse for supplies and spare parts, and offices and telecommunication systems with connection to the terminal.



1.2 Operating environment and outlook

1.2.1 Commercial performance – Market regulatory

In 2020 Adriatic LNG delivered 6.6 billion cubic meters of gas into the national transportation grid.

Under the TPA allocation regime, the Company launched in April 2020 a new marketing policy for short term capacity allocation. Among the results of the new policy, the Company received and safely offloaded large scale LNG carriers with new clients including some Q-Flex-type carriers hence expanding the flexibility of the Terminal berthing facilities.

On February 2, 2021, the Company launched a public consultation on the procedure known as Open Season for the allocation of long-term LNG regasification capacity.

01.

The following section provides details over the commercial performance and market regulated environment in which the Company operates, and describes the recent evolutions of Italian gas market.

Overview on commercial performance

The expiration of the long-term BP contract in December 2019 has been partially offset by the capacity allocated through the new short term capacity marketing launched in April 2020.
During 2020, Adriatic LNG terminal utilization, based on send-out, was approximately 82% of its total capacity berthing 75 carriers.
In 2020 Adriatic LNG delivered 6.6 billion cubic meters of gas into the national transportation grid at the Cavarzere metering station, contributing for about 10.25% of the total import.
On February 2, 2021, the Company launched a public consultation on the procedure known as *Open Season* for the allocation of long-term LNG regasification capacity. In compliance with the decree of the Italian Ministry of Economic Development of July 8, 2020 (Official Gazette No. 181 of July 20, 2020) and respective resolutions from the Italian Regulatory Authority for Energy, Networks and Environment (Autorità di Regolazione per Energia Reti e Ambiente, ARERA), through the *Open Season*, Adriatic LNG will be able to offer products with a duration up to 25 years, starting from the procedure closing date.
The capacity offered through the *Open Season*, the one of the largest regasification volumes ever auctioned, could reach 153 billion cubic meters per year.

Overview on market regulated environment

The Company markets and manages its regasification capacity within the rules defined by the Ministry of Economic Development and by the Italian Regulatory Authority for Energy, Networks and Environment.
In 2004, the Ministry of Economic Development, upon positive opinion of the EU Commission, granted to the Company a 25-year exemption from the "Third-Party Access" rules for 80% of the terminal regasification capacity, while the remaining 20% of the capacity (1.6 bcm/y) is fully regulated including the maximum tariff for the regasification service, approved by the Authority. The exempted TPA capacity has been allocated long term to Edison S.p.A., the regulated TPA capacity is on the market, offered and allocated to the market operator through the TPA rules.
The Regasification Code implements the regulation for the access to the regasification services as well as the management of the capacity once allocated (eg. LNG carriers scheduling and redelivery of gas). Users requesting access to the services offered by the Company must comply with, and maintain, the requirements provided for in the Regasification Code. The Regasification Code was cleared by ARERA with the resolution ARG/gas 57/11 pursuant to art. 24, paragraph 5, of Legislative Decree 164/2000 on May 12, 2011 as subsequently amended. The Regasification Code defines its amendment

process, whose modifications are cleared by ARERA upon the Company's proposal and public consultation process. The version from time to time in force of the Code is published on the Company's website.

Regulated tariffs

ARERA defines all regulated services' tariffs including the one for regasification services[1]. The regulated tariff approved by ARERA is a maximum tariff that can be discounted by the LNG terminal operator[2].
Tariff definition is a two-step process where first ARERA defines the framework of the regulated tariff for the multi-year regulatory period and then a tariff per unit (for regasification) or the whole market (for gas transportation or storage) is approved - or defined unilaterally - by ARERA on yearly basis. The tariff provides a remuneration based, among others but mainly, on the Weighted Average Cost of Capital (WACC). Regasification tariffs, including the percentage of gas discharged that regasification capacity users provide in kind to cover the terminal's losses and consumption, are published on the Company website.
The ARERA, as part of its drive to unbundle the businesses, in order to promote competition in the energy market has separated gas measurement activities from those of regasification and transportation[3].

Market regulatory context - Capacity allocation and use

On September 28, 2017, the ARERA, with the resolution 660/2017/R/Gas, adopted new rules on regasification capacity allocation whereby, among others, the short-term capacity is allocated through competitive auctions.
On July 8, 2020, the Ministry of Economic Development adopted a new law decree on long term capacity allocation. The main features of the new law decree are:

- auction of all the available capacity;
- 25 years duration contract;
- premium for the greatest volume requested;
- continuity (i.e. premium for single user vs multiple users);
- premium for the availability to invest in additional capacity;
- premium for the bidders who own at the time of the bid less than 25% of import capacity (regasification and pipeline) in Italy.

Such decree has been implemented by ARERA through *ad hoc* regulation (e.g. Resolution n. 576/2020/R/Gas dated December 22, 2020) and the Company through amendments to the regasification code to be completed in year 2021. The long term allocation of capacity through the new process is expected to be completed by the end of 2021. This last new long term allocation is carried out in the wave of successful long

[1] According to Law n. 481 dated November 14, 1995.
[2] The LNG terminal operator can discount the tariff if it does not perceive the revenue guarantee factor per applicable tariff and access to the service regulation.
[3] Source: ARERA Resolution n. 11/07.

term regasification capacity allocation in 2019 and 2020 by LNG terminals in Belgium, France and the U.K.

Since April 2020, the Company has been implementing a new short and mid-term regasification capacity marketing policy through a new Company in house process, in compliance with ARERA resolution n. 97/2020/R/Gas.

The good results are highlighted by 6 slots allocated, among which 3 very large-scale carriers (>210.000 m^3 LNG carriers), purchased by new customers. This represented a milestone as it was the very first time in the history of the gas market that such LNG carriers berthed in Italy putting the country at the global competitive level and enhancing competition in the Italian market at the same time.

Security of supply - Peak Shaving

The National Gas Emergency Plan provides a set of actions to be carried out in case of major interruption of gas supply during a period of high demand, including the LNG regasification terminals among the assets which can provide support. Such support request is decided year on year by the National Gas Emergency Committee (where the Company is represented) based on the expected market and supply conditions in

the coming winter. ARERA is requested to define for each winter season the reserve prices for the LNG terminals Peak Shaving service, which envisages the possibility for a supplier to store its LNG in a LNG terminal for the January-March period and make it available to the Transmission System Operator. The transmission operator can request the stored LNG regasification on short notice, in order to cover any gas supply shortage.
The Company made itself available to provide the service, but no Peak Shaving service availability has been requested for the winter 2020/2021 by the Ministry of Economic Development.

Market overview

(a) Demand and offer

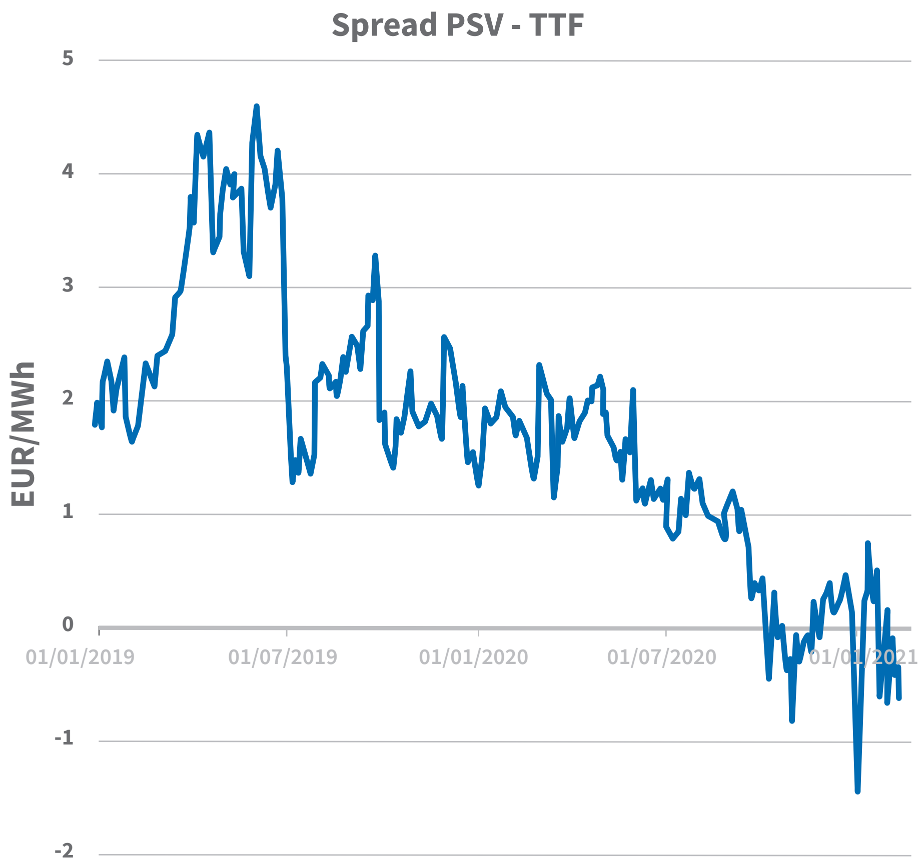
Italy is the second largest gas market after Germany in the European Union, the third in Europe after Germany and U.K.[4] and the first importing country after Germany[5]. Italy is heavily dependent on imports for its gas supply (93% full year 2020).
National production is in constant decline over the years and in 2020 was accounting only for around 7% of total demand[6]. Natural gas imports via regasification terminals keep increasing compared to 2019, with a share on the total import of 18% (+2%)[7].

Italian gas demand in 2020 was at 70.7 bcm. The decrease versus 2019 (3.8 bcm/y) is caused mainly by the effect of the COVID-19 pandemic situation.

The gas market is generally seasonal, with peak demand occurring during the first quarter of the year when gas storage fields are almost depleted and household heating system are at maximum.
Italian gas demand in 2020 was at 70.7 bcm. The decrease versus 2019 (3.8 bcm/y) is caused mainly by the effect of the COVID-19 pandemic situation.
It is worth nothing that the spread between the price of wholesale gas in NW Europe and Italy is a

[4] Source: https://www.indexmundi.com/map/?v=137&r=eu&l=it.
[5] Source: https://www.indexmundi.com/map/?v=139&r=eu&l=it.
[6] Source: GME Newsletter January 2021.
[7] Source: GME Newsletter January 2021.

key driver to import gas in Italy, i.e. if there's a substantial premium for Italy it is worth importing. From this perspective the market trend was critical in 2020 because the spread PSV-TTF decreased significantly over 2020, becoming negative in Q4 2020 and in early 2021.



Sources: elaboration on ICIS (database); Energymarketprice.com; ICIS (PSV-TTF front month gas price spread to remain tight on strong LNG); S&P Global Platts (Turning on TAP: a shift in the European gas landscape); Gas Infrastructure Europe.

Please note that a premium PSV-TTF lower than 1 €/MWh is below the level considered profitable to import gas from NW Europe. Notwithstanding the critical market conditions the Company was successful in allocating the capacity according to the new marketing policy.

(b) Import infrastructures (pipeline and LNG terminals)

The import infrastructures for the Italian gas market are: (i) six pipelines from North-West Europe (Transitgas), Russia (TAG and Gorizia interconnection point), Libya (Greenstream), Algeria (TTPC) and Azerbaijan (TAP) and (ii) three LNG terminals GNL Italia (3.5 bcm/y), OLT Offshore LNG Toscana (3.75 bcm/y) and Adriatic LNG (8 bcm/y). In 2020 Italy's major supplier was Russia, with about 42.9% of natural gas imports injected into the national network at the TAG and Gorizia interconnection point. The second most important supplier is Algeria with 18.2%[8].

In addition to the Company, two other LNG terminals are operating in Italy: OLT Offshore LNG Toscana (3.75 bcm/y) and GNL Italia S.p.A. (3.5 bcm/y). The first is jointly controlled by Snam S.p.A. and First State Investment; the second is fully controlled by Snam S.p.A. Both LNG terminals are fully regulated TPA and have revenue almost fully guaranteed by the gas system/State per applicable tariff regulation.

Entry points[9]

Entry	Points	Type Capacity 2020 (bcm/a)(*)	Volume 2020 (bcm)	Share of imports (%)
TARVISO	Pipeline	41.5	28.4	42.9%
MAZARA DEL VALLO	Pipeline	23.0	12.0	18.2%
PASSO GRIES	Pipeline	41.6	8.6	13.0%
ROVIGO - CAVERZERE	**LNG**	**8.0**	**6.8**	**10.2%**
GELA	Pipeline	18.0	4.5	6.7%
OLT LIVORNO	LNG	3.8	3.3	5.0%
PANIGAGLIA	LNG	3.5	2.6	3.9%
GORIZIA	Pipeline	0,8	-	-
+ tap (since 2021)	Pipeline	8.0	n.a.	n.a.
Total		**140.1 + 8.0**	**66.2**	

[8] Source: https://dgsaie.mise.gov.it/gas_naturale_bilancio.php.
[9] Sources: Italy's Ministry of Economic Development – Statistics on 2020 imported volumes; Platts.
Note: (*) Capacity is calculated as the maximum technical daily capacity multiplied by 365.25 days, except for LNG terminals for which the figure displayed is the annual capacity as reported by Snam.

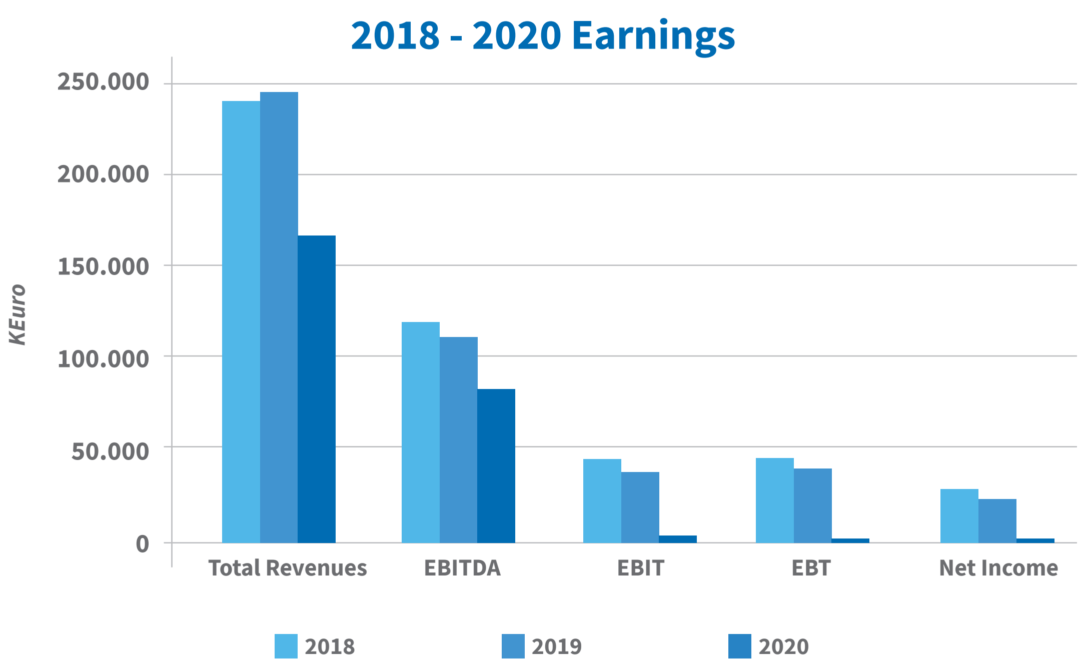
1.2.2 Current year overview

2020 earnings were equal to 3,463k Euro, 87% lower than 2019, mainly due to the expiration of a long-term regulated TPA regasification service agreement, partially offset by additional revenues generated by new merchant short/mid-term capacity allocation activities and lower operating expenses, despite 1.4M Euro cost pressure from securing continued operations in the COVID-19 pandemic situation.

- ***78M Euro cash flow generated from operations***
- ***78.4M Euro cash distributed to Quotaholders through dividend and equity reserve repayment.***

The following analysis of Company financial results are intended to provide an overview and to highlight the significant business events that occurred during the year. Company statements in this analysis are based on a forward-looking basis. Some of the financial indicators are included with the aim to enhance the description of 2020 performance and are more detailed in the "2.4 Notes to Financial Statements".

In the graph below, the 2020 financial performance is compared with the previous two years.



Summary financial information

Summary Income Statement

The Income Statement is reclassified following the value-added approach.

Reclassified income statement (Thousands of Euro)	2020	2019	Abs. change	% Change
A. Sales revenue				
Revenue from sales and services	166,497	244,829	(78,332)	(32%)
Other revenue	308	468	(160)	(34%)
Net revenue	**166,805**	**245,297**	**(78,492)**	**(32%)**
Inventory change for raw materials, semi-finished and finished goods	-	-	-	-
Increase in capitalized expenses for internal works	-	-	-	-
Total revenues	166,805	245,297	(78,492)	(32%)
B. Cost of goods sold				
Material and services consumption (-)	(74,282)	(116,567)	42,285	(36%)
Other expenses (-)	(2,446)	(3,139)	693	(22%)
Risk and charges provision allocation (-)	-	-	-	-
Inventory change	293	81	212	262%
Total cost of goods sold	(76,435)	(119,625)	43,190	(36%)
C. Added value	**90,370**	**125,672**	**(35,302)**	**(28%)**
Labor costs (-)	(12,634)	(12,559)	(75)	1%
D. Gross operating margin (EBITDA)	**77,736**	**113,113**	**(35,377)**	**(31%)**
Depreciation and amortisation (-)	(72,906)	(77,448)	4,542	(6%)
E. Net operating income (EBIT)	**4,830**	**35,665**	**(30,835)**	**(86%)**
Net financial income (expenses)	(5)	350	(355)	(101%)
Dividends	-	-	-	-
Revaluation (devaluation) of financial assets	-	-	-	-
F. Earnings before taxes (EBT)	**4,825**	**36,015**	**(31,190)**	**(87%)**
Income tax for the period	(1,362)	(10,186)	8,824	(87%)
G. Profit (loss) for the period	**3,463**	**25,829**	**(22,366)**	**(87%)**

Revenues

Gross revenues were 166,805k Euro in 2020, 78,492k Euro lower than 2019, mainly due to the expiration of a long-term regulated TPA regasification service contract in December 2019 for about 45 million euro, only partially offset by revenues generated by the new merchant activities. The drop in national grid revenues vs. prior year had no earnings impact as it was fully offset by a corresponding lower cost passed through the capacity users, due to the change in the regulatory framework occurred in 2020.

Costs (Thousands of Euro)	2020	2019	Absolute change	Relative change
A. Revenue from sales				
Revenues related to regasification service (*)	143,578	184,972	(41,394)	(22%)
Subtotal regasification related services	*143,578*	*184,972*	*(41,394)*	*(22%)*
National grid revenues	22,919	59,858	(36,939)	(62%)
Subtotal national grid	*22,919*	*59,858*	*(36,939)*	*(62%)*
Revenues from ordinary operations	**166,497**	**244,829**	**(78,332)**	**(32%)**
Other revenues and income	**308**	**468**	**(160)**	**(34%)**
Total production value	**166,805**	**245,297**	**(78,492)**	**(32%)**

(*) Including Use & Loss in kind from Users

Costs

The 2020 production cost was 161,975k Euro, 47,658k Euro lower than 2019, despite 1.4M Euro operating expenditures (OpEx) incurred to secure continued operations in the COVID-19 pandemic situation. The 2020 OpEx reduction was mainly due to the drop in the national grid costs passed through the capacity users following the change in the regulatory framework. Lower volumes regasified and number of carriers triggered a decrease in both in kind and marine services costs. Furthermore, as shown in the table below, a 4.5M Euro drop in yearly depreciation resulted from the full depreciation of assets that reached the end of their 10-year economic life period in 2019.

Costs (Thousands of Euro)	2020	2019	Absolute change	Relative change
B. Costs of production				
Consumption of raw materials and services	(74,282)	(116,568)	(42,286)	(36%)
of which:				
Third party costs of raw materials	(4,254)	(4,823)	(569)	(12%)
Costs of services (*)	(38,287)	(41,956)	(3,669)	(9%)
National grid costs	(22,919)	(59,858)	(36,939)	(62%)
Marine services costs	(8,822)	(9,931)	(1,109)	(11%)
Labour costs	(12,634)	(12,559)	75	1%
Other costs	(2,446)	(3,139)	(693)	(22%)
Depreciation and amortisation	(72,906)	(77,448)	(4,542)	(6%)
Inventory variation	293	81	(212)	262%
Total production costs	**(161,975)**	**(209,633)**	**(47,658)**	**(23%)**

(*) Including Use & Loss in kind from Users

Summary Balance Sheet

The Company Balance Sheet is reclassified following the “functional criteria”. This approach applies the concept that the Company solvency is based on its ability to generate the necessary and sufficient resources, in quantity, quality and time to meet its financial needs. The reclassified balance sheet compares the net investments against total of Equity and net financial position.

SUMMARY BALANCE SHEET (Thousands of Euro)	2020	2019	Abs. change
A. Capital assets			
Intangible	2,257	2,239	18
Tangible	1,770,339	1,842,325	(71.986)
Financial	-	-	-
	1,772,596	**1,844,564**	**(71,968)**
B. Net working capital			
Inventory	15,923	15,630	293
Receivables	11,854	20,726	(8,872)
Other assets	2,360	2,211	149
Payables (-)	(11,508)	(21,431)	9,923
Other liabilities (-)	(4,665)	(2,019)	(2.646)
Provision for risks and charges (-)	-	-	-
	13,964	**15,117**	**(1,153)**
C. Invested capital excluded liabilities for the period (A+B)	**1,786,560**	**1,859,681**	**(73,121)**
D. Provision for staff severance indemnity (-)	**(490)**	**(550)**	**60**
E. Net capital invested (C-D)	**1,786,070**	**1,859,131**	**(73.061)**
Financed by:			
F. Net equity	**1,808,059**	**1,882,937**	**(74,878)**
G. Net financial borrowing (availabilities):			
Mid and long-term loans	-	-	-
Short-terms loans	-	-	-
Cash (-)	(21,989)	(23,806)	1,817
	(21,989)	**(23,806)**	**1,817**
H. Total sources of funding (F+G)	**1,786,070**	**1,859,131**	**(73.061)**

Net invested capital as at December 31, 2020 was 1,786,070k Euro, down by 73,061k Euro from previous year. The decrease is primarily due to the reduction in fixed assets net book value (71,968k Euro), mainly reflecting the yearly depreciation.

Capital assets

During the year, minor project activities were undertaken for approximately 1,086k Euro, mainly related to equipment and spare parts to preserve the reliability of operations and compliance with safety, health and environmental regulations. Fixed asset disposals amounted to 147k Euro in net book value. In 2020 the Company started technical activities related to assets design life extension up to the license to operate expiration date, with the aim of optimizing life-cycle costs and defined long term maintenance strategies ensuring long term reliability of key equipment on the topside facilities, while sustaining strategy for capacity increase.

Equity

Quotaholders' Equity was 1,808,059k Euro, down by 74.9M Euro from 2019. Equity reduction was mainly due to the partial refund to Quotaholders of the Equity reserve "Versamento Soci in conto capitale" totaling 52.5M Euro, to the distribution of 2019 result for 25.9 million and by the 2020 net profit decrease.
Partial refund of the Equity reserve, without prejudice to creditors, and dividends payment were in line with Quotaholders' resolutions passed on January 27, 2020 and June 15, 2020 and as detailed in the 2020 Financial Plan approved by Board of Directors' resolutions of October 2, 2019 and June 22, 2020.

Equity (Thousands of Euro)	2020	2019	Abs. change
Capital stock	200,000	200,000	-
Legal reserve	40,000	40,000	-
Reserve for Quotaholders capital contributions	1,553,802	1,606,302	(52,500)
Other reserves	10,794	10,806	(12)
Retained earnings /(losses)	-	-	-
Gain/(loss) for the period	3,463	25,829	(22,366)
Total	**1,808,059**	**1,882,937**	**(74,878)**

Tax matters

The overall taxes and levies balance at year-end shows a credit of 2,767k Euro and it is included in the Balance Sheet, section B Other assets.

The 2020 tax expense provision equals to 1,362k Euro of which 1,204k Euro for Corporate Income Tax (IRES), 142k Euro related to regional tax on productive activities (IRAP) and 16k Euro for prepaid taxes.

1.2.3 Future years overview

The Company's management will continue to be fully committed in achieving all targets as set out in the most recent multi-year plans.

To ensure long-term reliability with maturing asset after ten year of operations, the Company is increasing focus on maintenance activities to preserve the asset and to guarantee the integrity of various equipment.
The investment plans for 2021 include projects for operations, ordinary maintenance, and process digitalization. The terminal shut-down associated with the 10 years regulatory-driven integrity verifications of pressure equipment was rescheduled to the Summer 2022 due to the COVID-19 impact on business continuity.
Planned investment activities will be funded by the anticipated positive cash flow in line with the assumptions of the 2021 Financial Plan.
In the first quarter of 2021, no significant deviations on costs and revenues were noted. The Company will continue to operate with focus on safety, health, care for the environment and business controls.

1.2.4 Human resources and industrial relations

Since 2019 the Company has started implementing an organizational evolution to align with significant business and environment changes. This project will be completed within 2021, ensuring a smooth transition.

As at December 31, 2020 the Company had 113 employees, of which one seconded to SARPOM refinery in Trecate (in Novara province), excluding 1 hat contractor.
The table below shows 2020 employee movements and Company headcount at year-end 2020.

	31.12.2019	Incoming	Outgoing	Reclassified	31.12.2020
Managers	3	0	0	0	3
Supervisors	21	0	(3)	1	19
Professional employees	79	0	(3)	(1)	75
Technicians/wage workers	9	0	0	0	9
Secondee from Quotaholders or their affiliates[10]	7	0	(1)	0	6
Secondee to Quotaholders or their affiliates	1	0	0	0	1
Total	**120**	**0**	**(7)**	**0**	**113**

[10] The 6 resources seconded from the Quotaholders or their affiliates (1 foreigners and 5 Italians) include 4 in managerial positions.

The identification of the key resources to drive the implementation phase was crucial. In fact, the organizational transformations require empowerment and participation at all levels with the engagement of those resources who are able to build a new company culture.

During the whole year, systematic performance assessments and job rotations have been held to ensure that direct hires are gradually exposed and equipped with the professional skills and experience required for assuming positions of increasing supervisory and potentially managerial responsibility, gradually replacing secondees from the main Quotaholder.

Employment contracts applied to managers is the Managers of Producers of Goods and Services Companies National Labor Collective Agreement and, for other employees, the Energy and Petroleum National Labor Collective Agreement (NLC). The Energy & Oil NLC renegotiation at national level for the period 2019/2021 has been renewed with base salary increase in line with expected rates.

Company welfare program has been enhanced granting additional health and care services to support employees and their families during pandemic crisis.

Company agreement signed in 2017 was expiring by the end of 2019. In 2020 activities for the renegotiation of the new company agreement (2020-2022) started, including the definition of the new productivity premium, for each of the Company locations.
Due to COVID-19 pandemic, negotiation was forced to stop thus focusing on pandemic crisis management. For the above, 1 year contract rollover has been agreed at same previous terms while a specific COVID-19 agreement has been negotiated for the Terminal to determine the temporary hitch, allowing a safer POB (personnel on board) thus ensuring adequate social distance, and swab test protocol required before embarkation.
Furthermore, due to COVID-19 pandemic, massive use of work from remote for “office based daily employees” has been implemented.
Finally, company welfare program has been enhanced granting additional health and care services to support employees and their families during pandemic crisis.

With regards to the training activity, in 2020 the soft skills training program has been put on hold due to the COVID-19 pandemic situation.

In the area of compensation and benefits, a job evaluation of the new roles - driven by the ALNG organization evolution - has been performed to grant internal equity among positions and to ensure proper external job positions benchmark.

1.2.5 Safety, Security, Health and Environment (SSHE)

2020 SSHE highlights include:

- ***1 Total Recordable Incidents (-2 vs 2019), due to 1 Restricted Work Incident (RWI);***
- ***no spills or exceedances;***
- ***no process safety incidents;***
- ***no security incidents or damage to the facilities;***
- ***CO_2 emissions steady.***

New SSHE & Regulatory organization was implemented within the organization evolution process.

Company’s first priority is to systematically control risk by ensuring the effectiveness of the Company’s integrated Safety, Security, Health & Environmental Management System (SHEMS).
Within the organization evolution process, a new SSHE & Regulatory organization is being implemented, with the key objectives to optimize SSHE activities with an agile organization, set a strong safety culture, oversee safety across the entire organization, favoring sharing of SHE skills across the organization and ensure on-going regulatory alignment with the SHEMS systems.

Safety

During 2020, no Lost Time Incident were recorded during the year while the Company experienced 1 Restricted Work Incident (RWI) which occurred on the crew supply vessel fully chartered to the Company; incident have been fully investigated and actions have been put in place to prevent reoccurrence. 2020 Total Recordable Incident Rate (TRIR) is 0.6.
The Company will maintain high focus also on high potential near losses and ensure the learnings are understood and broadly shared.

Security

The Company sustained its systematic approach to security through application of its *Security Manual and Plans, which describe the security responsibilities, and counter measures and procedures. No security incidents occurred at Company sites during* 2020.
A Security ISPS Audit executed by Chioggia Harbor Master provided outcome of zero non conformances.
Selected cyber security items related with harmful consequences to the security of

operation technology assets affecting regasification activities have been embedded into SHEMS; a procedure has been developed to report and notify cyber security incidents.
The Company will continue to monitor the security environment and threat level.

Health

Legislative Decree n. 81/2008 provides for the general safety and health protection measures of workers at work. Main health-related measures and activities undertaken in 2020, in the account of the COVID-19 related constraints, were:

- health exposure monitoring campaigns;
- health surveillance plan for employees, which continued in 2020 with medical examinations carried out periodically by Company's competent doctor, to check the workers' fitness for duty.

The safety law decree 81/08 training program has been applied, covering new hires and personnel in new roles. Training and information to workers will continue to be an ongoing activity at all locations over the coming years.
During 2020, a COVID-19 specific protocol has been implemented, regulating the following key topics:

- travel and transfer policy and access to Company sites;
- general norms of behavior (e.g. use of face masks);
- organization of work activities;
- working environments hygiene and sanitization;
- medical surveillance and competent doctor special support.

Specifically, a solid "sanitized corridor" has been established and maintained within ALNG areas of control. Prior to Terminal boarding, swab tests are executed for all personnel as main preventive measure, and POB planning is optimized as per operational needs.
Shore base attendance is currently limited to essential functions (e.g. logistics), and Milan office is still closed. "Home working" arrangement noted as effective at both interested sites, ergonomics home working training was delivered to all interested personnel. A pandemic business continuity plan has been developed on the basis of the approach adopted in response of the COVID-19 outbreak.

Environment

The Company's operations from an environmental perspective are regulated by environmental monitoring plans established in accordance with 5 Environmental Impact Assessment (EIA) decrees. Air emissions and water discharges, as well as waste management, are regulated by the Integrated Pollution Prevention & Control (IPPC) permit (Autorizzazione Integrata Ambientale, AIA) issued in 2009 and renewed in 2016 for a ten-year period. The Company monitors environmental parameters according to the IPPC permit.

The Company is subject to the European Union Emissions Trading System (ETS), as the Terminal's turbine generators burns fuel gas for power, mainly used for LNG regasification activities. The ETS phase III covers the period 2013-2020; for this period the Company has been granted free allowances, as per Ministry of Environment (MoE) deliberation n. 29/2013 dated December 20, 2013 that decreases the free allowance allocation for the Company each year until reaching 33% of the 2013 level in 2020. In 2020, CO_2 emissions were equal to 90.7 thousand tons, in line with prior year.

Since 2010, an extensive marine environment monitoring campaign was implemented by the environmental national watchdog Istituto Superiore per la Protezione e la Ricerca Ambientale (ISPRA) around the Terminal and along the pipeline to collect sample and monitor the impacts of terminal operations on marine ecosystems as per the EIA decree requirements. In 2017, a new 5-year environmental impact monitoring plan was issued by ISPRA and executed by Istituto Nazionale di Oceanografia e di Geofisica Sperimentale (OGS), a public institute specialized in marine and ecosystems monitoring, particularly of the Adriatic Sea.
The Company will maintain a strong and constant focus on environmental regulatory compliance, operations integrity, and surveillance, in order to prevent nonconformities, spills and exceedances.

1.3 Risk management and controls environment

Management is regularly monitoring those areas of risk to which the Company could be exposed, and controls bodies have been appointed for this purpose.

The Company established a set of standards and policies and continues to develop strategies and specific goals and expectations at different organizational levels, while, at the same time, providing the necessary resources to operate in an environment of integrity, security, and control.
The Company operating and financial results, as well as efficiency and controls, are constantly stewarded by the Management Team, which is led by the Managing Director and includes all department managers.
The Controls Integrity Management System (CIMS) has been implemented to provide a structured, common process for conducting business in a well-controlled manner. This includes establishing effective controls, monitoring, and enforcing compliance continuously, and resolving control weaknesses in a timely manner.
The sustainability of Adriatic LNG's sound controls environment is supported by:

- strong leadership and personnel commitment on controls;
- policies, guidelines, and procedures in-place;
- Controls Integrity Management System (CIMS) permanent control activities and interim assessments functioning as expected;

- Governance, which established to provide effective compliance oversight and to ensure controls weaknesses are addressed timely, stewarded and sustained.

In accordance with regulations, the Compliance Team/Compliance Officer (Organismo di Vigilanza per D.Lgs 231/01) and Guarantor (ARERA resolution ARG/gas 11/07) have been appointed and regularly conduct their reviews and perform required verifications with periodical reporting to the Board of Directors and to the interested bodies.
The following sections provide information on the main corporate and/or non-corporate risks, including those related to litigation and the mitigating controls that the Company has put in place.

1.3.1 Credit risk

The Company considers the credit risk to be limited. In fact, the terminal users are primary companies in the energy sector.
Any potential credit risk associated with the regasification activity is managed by the responsible department and subject to specific assessment and control procedures, under the Regasification Code prior to capacity allocation. Specifically, the Regasification Code requires bank guarantees to any user with Moody's rating below Baa3, S&P rating below BBB or Fitch rating below BBB. The Company also uses procedures which provide, where applicable, advance payment clauses (e.g. provision of marine services).
For the aforementioned reasons, no specific reserve has been recorded and no provisions made for bad debts.

1.3.2 Liquidity risk

The fulfillment of the Company's financial obligations is tied to the users' payment regularity. In case of non-fulfillment of obligations by counterparts, liquidity risk hedging is guaranteed by the Quotaholders.

1.3.3 Foreign exchange and interest rate risks

The Company does not operate on the currency market and the foreign exchange rate risk is limited to normal currency variations related to operating contracts in foreign currencies, primarily connected to payables in US Dollars. Transactions in foreign currencies were 199 in 2020, for approximately 3.6M Euro and about 1.6% of the total value of the year outgoing payments. During the year, unfavorable exchange rate fluctuations resulted in a net loss of 6k Euro.
The Company is not exposed to interest rate fluctuations, as it neither operates with derivatives nor incurs interest expenses, having been largely financed through capital contributions from Quotaholders. As discussed in a previous section, the cash flow generated by operating activities funds the Company's financial requirements.

1.3.4 Regulatory risks

The Company operates in a continuously evolving regulated environment: a constant monitoring of the development and introduction of new applicable regulations is critical to ensure Company operations meet related requirements.
The Company's management continuously reviews potential or newly introduced requirements and is in contact with the relevant authorities and agencies to ensure that new standards are implemented correctly and in accordance with the general principle of cost effective management. As required, Company's management participates in regulatory consultation processes.

1.3.5 Risks involved in legal disputes

During its business, until the end of December 2020, the Company was directly or indirectly part of the proceedings in disputes that are managed by the Legal Department, with assistance from external lawyers.
The following list provides an analysis of ongoing court litigation for the Company.

Challenges filed by Terminale GNL Adriatico S.r.l. with Administrative Regional Court (TARs)

- On January 31, 2014 and October 24, 2014, the Company has filed two challenges against the Energy Markets Authority (ARERA) with administrative court *TAR Lombardia* for the same issue: the unilateral reduction by ARERA of the maritime services tariff through resolutions n. 604/2013/R/Gas and n. 335/2014/R/Gas. Because the Company needs have been satisfied by the Energy Market Authority, the Company did not pursue the case: the first has already been dismissed and, pending some administrative work, the second one will be dismissed.
- On October 29, 2015, the Company has filed a challenge with administrative court *TAR Lazio* against the Ministry of Environment against its warning for alleged noncompliance with IPPC decree dated August 11, 2015 and ISPRA related reports dated August 4, 2015 and September 23, 2015. In December 2020, *TAR Lazio* served the Company with a notice requesting the Company to file a hearing instance in the following 180 days, in the event that it had still interest in the decision of the appeal.
- On November 4, 2019, the Company has filed a challenge with Administrative Court *TAR Lazio* against the Ministry of Environment, against its warning for alleged noncompliance with current IPPC decree in relation to the monitoring of an informative parameter, and ISPRA and ARPAV related reports. No hearing scheduled.

Challenges filed by other parties with TARs

- On July 2, 2020, Edison S.p.A. filed a challenge with administrative court *TAR Lombardia* against ARERA for the annulment of the resolution No. 97/2020, approving changes to Company's Regasification Code regarding the acceptance of large-scale LNG carrier (including QFlex vessels) and allowing the Company to adopt temporary rules applicable to the auctions for the allocation of its infra-annual regasification capacity and the Temporary Rules themselves. The Company has partaken in the case as interested party. Hearing scheduled on May 28, 2021.
- Challenges filed by BP Energy Europe Ltd (BP) vs. ARERA with administrative court *TAR Lombardia*. BP Energy Europe Ltd, former long-term user of the regasification service, has challenged resolution n. 653/2017 on regasification tariffs and n. 660/2017 on allocation of capacity and some ARERA resolutions implementing that resolutions. The Company has been notified as interested party. The Company has partaken in the case. On July 7, 2020 *TAR Lombardia* fully rejected all the challenges filed by BP which means ARERA, and the Company were victorious. The decision has not been appealed by BP.
- Challenges filed by BP Energy Europe Ltd vs. Ministry of Economic Development (MED) with administrative court *TAR Lombardia*. BP Energy Europe Ltd, a user of the regasification service, has challenged the MED decree dated February 25, 2016 and the resolution of the Energy Authority n. 77/2016/R/GAS dated February 29, 2016 on the tender for the allocation of so-called "integrated service" for 2016 (short term bundled regasification and storage services). Within the same proceedings, BP Energy Europe Ltd notified additional briefs in February, April and June 2017, to challenge some MED decrees and ARERA resolutions connected to the so-called "integrated service" and/or implementing the previous resolutions. The Company has partaken in the case. No hearings scheduled to date.

Considering the opinions expressed by the Legal Department, based on the available information, and the due diligence analysis of the above pending cases, supported by external law firms, it was concluded that contingent potential liabilities and applicable accounting principle do not require setting up a provision for these risks for year 2020.

1.3.6 Operating risks

The risks related to the Company activity of managing an offshore regasification terminal may cause damages to its profitability, efficiency, or reputation.
The major accident hazards, including those that could arise from events outside the control of the Company and beyond its will such as, explosions, fires, earthquakes and similar, are taken into consideration by the management of the Company in the Safety Case, according to the Seveso Law for the purposes of prevention and control.
The integrated Safety, Security, Health and Environmental Management System (SHEMS) framework is the cornerstone of our approach to managing safety, security, health, and environmental risks, the status of which is detailed in section "1.2.5 Safety, Security, Health and Environment (SSHE)".

All major equipment installed on the terminal - turbines, LNG and seawater pumps, Open Rack Vaporizers and BOG compressors - have installed spare to allow for maintenance without affecting the nominal send-out. A ten-year major equipment and facility maintenance and inspection plan is utilized to ensure consistent reliability in meeting Company's long-term commercial objectives.
The terminal consists of interdependent processing modules and any risk of malfunction of the units and systems involved in regasification as well as the loss or damage to technical components and/or equipment installed or being installed on the terminal may cause impacts to personnel safety/health, impacts to the environment, or service interruptions with potential effects on the Company profitability.

1.3.7 Strategic risks

The Company is exposed to the risks associated with the political and regulatory framework, and domestic and international competition. This may affect the ability to attract new LNG users when regasification capacity is available.
A strategy is pursued to improve revenues from 2020 and onwards and support the recoverability of Company's assets. The return on investment at a reasonable discount rate is currently influenced by the tariff regulation and the predetermined tariff methodology agreed with Edison S.p.A. in the Foundation Capacity Agreement. To monitor the main variables and related impacts of this situation, long term models will be updated incorporating available objective information, as well as any other necessary medium- and long-term assumptions.

1.3.8 1.3.8 Information Technology

The Company has maintained stable computer systems for key business processes, such as process control and monitoring of terminal operations, gas measurement and inventory management, cost control, procurement, and invoicing. The risk of service disruption due to system failure was considered, and solutions have been implemented to mitigate the risk of system failure (redundancy) as well as to minimize information loss (regular back-up and business continuity plans).
The Company is continuously focusing on cyber security risks and exposures by adopting an integrated approach and constantly increasing levels of attention through periodic trainings and implementing cyber-security programs and barriers leveraging external IT provider expertise.

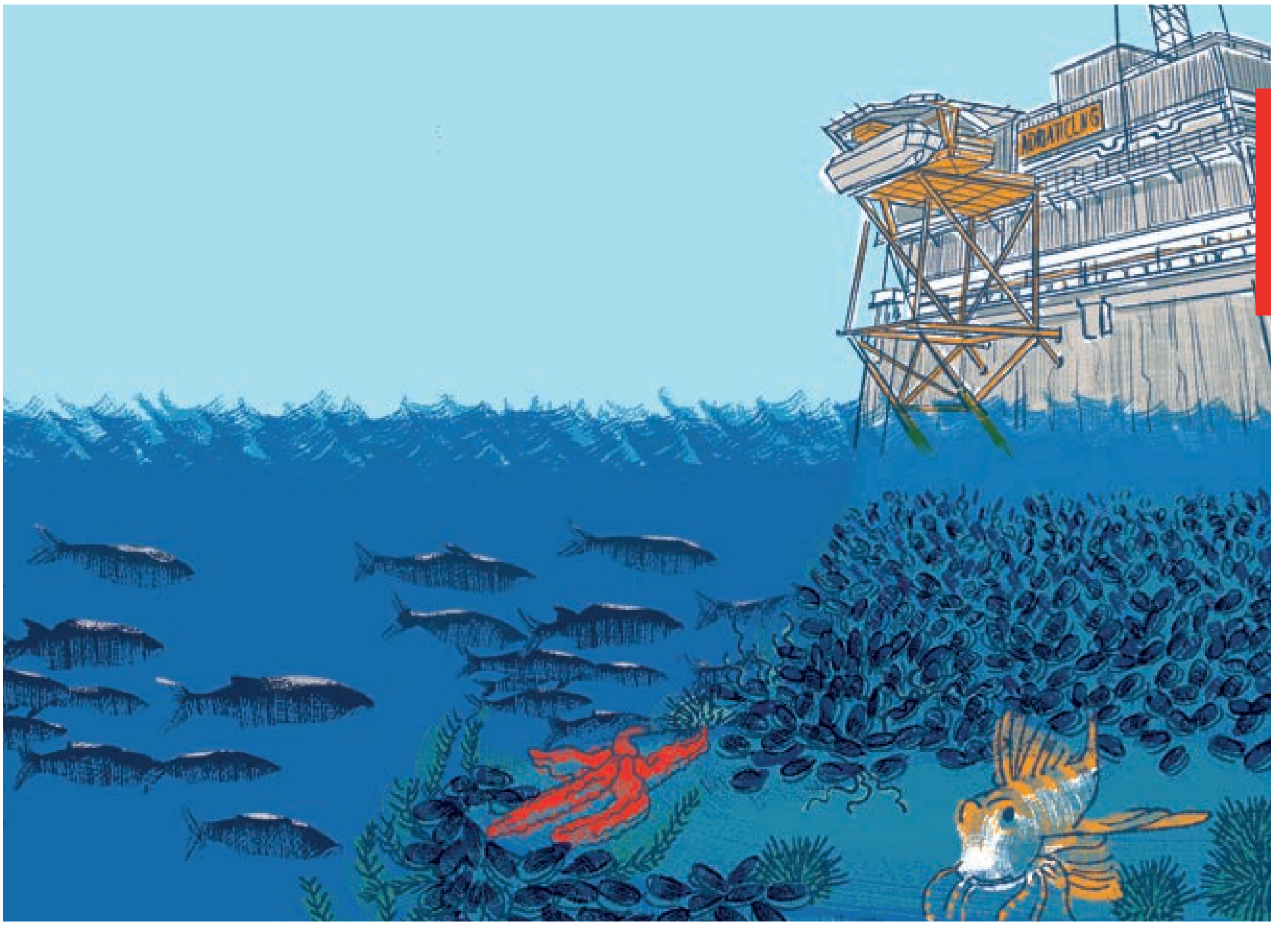
1.3.9 1.3.9 Provisions for risks and charges

The art. 2424-bis c.c, as detailed in the Italian Accounting standard OIC 31, requires booking accruals for risks and charges to cover losses and liabilities of certain nature, certain or probable existence, of which at end the of the financial exercise the amount or the date are unknown. The Company assessed no need for provisions to special funds for risks and charges.
With regard to restoration costs, the Company completed in 2015 the assessment

regarding potential restoration costs as requested by ARERA. Adriatic LNG obtained a technical appraisal by an independent engineering services provider with the estimate of potential restoration costs, a study drawing long term scenarios of energy and gas consumption by a leading consulting firm in the sector, and an opinion on civil law, administrative and accounting aspects of the matter from a preeminent consulting firm. Based on the outcome of the above-mentioned analysis and studies, the opinion concluded that the risk of the Company incurring potential restoration costs should be assumed as remote. In 2018 the Company requested reappraisal of the study drawing long term scenarios of energy and gas consumption, which confirmed correctness of the assumption that the terminal will still be of strategic importance to the diversification and supply of the European and Italian energy system in 2052 and beyond. Hence, the Company holds those conclusions still valid regarding the long-term energy outlook and the opinion on civil law, administrative and accounting aspects. Therefore, the Company did not recognize any provision for potential restoration costs in these Financial Statements, in compliance with the OIC 31 provisions.

The terminal will still be of strategic importance to the diversification and supply of the European and Italian energy system in 2052 and beyond.

The long-term energy outlook has been postponed because of the extraordinary market volatility generated by the COVID-19 pandemic situation.



1.4 Other information (pursuant to articles 2427 - 22 bis, 22 ter, 2428 and 2497 - bis of the Civil Code)

1.4.1 Stocks or shares of companies

As at December 31, 2020, there are no parent company shares in the portfolio, even indirectly held through subsidiaries, trust companies or proxies. During the year, no operations were done related to shares of parent companies, whether direct or by other indirect means.

1.4.2 Relations with controlled, affiliated, controlling companies, companies controlled by parent companies and corporate governance

As of May 2, 2005, following the end of Edison S.p.A.'s governance, the Company has been operating in line with the new By-Laws which provides for the roles of the Quotaholders and those to the Board of Directors, including nomination criteria. Based on the Company's By-Laws, none of the Quotaholders uniquely governs the Company. Per Italy Antitrust Body (AGCM) clearance dated March 25, 2004 the Company is jointly controlled by ExxonMobil Italiana Gas S.r.l. (EMIgas) and Qatar Terminal Limited.
The table below shows the Company's relations with the jointly controlling Quotaholders by category and layout, in compliance with disclosure requirements set by the art. 2427 - 22 bis of the Italian Civil Code.

(Thousands of Euro)	2020				2020						
					Costs			Revenues			Investments
Company name	Receivables	Payables	Guarantees	Obligations	Goods	Services	Other	Goods	Services	Other	
Qatar Terminal Limited	-	(9)	-	-	-	-	-	-	-	-	-
ExxonMobil Italiana Gas S.r.l.	-	-	-	-	-	-	-	-	-	-	-
Total	-	(9)	-	-	-	-	-	-	-	-	-

Furthermore, and pursuant to disclosure requirements set by art. 2427 - 22 ter of the Italian Civil Code, the Company has no other agreements that were not represented as such within the Balance Sheet.

1.4.3 Headquarter and local units

The Company does not have any secondary offices. The Company has the following local units at the preparation date of these Financial Statements:

- Headquarters – via Santa Radegonda, 8 - Milan (MI);
- Shore Base – Via Cristoforo Colombo, 3 - Porto Viro (RO);
- Regasification plant - Territorial Water - LT 45°05’26.294’’N LG 12°35’04.973’’E;
- Metering station – Acquamarza Bassa District - Cavarzere (VE).

1.4.4 Independent Auditors

The Financial Statements for the period ended on December 31, 2020 were audited by PricewaterhouseCoopers S.p.A. on the basis of the auditing mandate for the 2020-2022 period as resolved by the Quotaholders’ Meeting on June 15, 2020. In that meeting, Quotaholders also requested PricewaterhouseCoopers S.p.A. to carry out the accounting control duties which include periodic checks on the correctness of the accounting information.

1.4.5 Research and development

During 2020 the Company did not incur research and development costs.

1.4.6 Financial instruments

The Company has not issued financial instruments.

For the Board of Directors
The Chairman
Mohamed Ibrahim A. Al Sada

02.

Financial Statements at December 31, 2020

The Financial Statements for 2020 include the Balance Sheet, Income Statement, Cash Flow Statement and the Notes to the Financial Statements.
The Financial Statements were prepared in compliance with article 2423 and following articles of the Italian Civil Code and they represent truthfully and correctly the financial position of the Company and the result for the period ended on December 31, 2020.
The Balance Sheet and Income Statement formats are compliant respectively with articles 2424 and 2425 of the Civil Code. Accounts bearing Arabic numerals that are not reported have a zero balance in both the current and previous year.

In the event that reclassifications have been deemed as necessary within the Balance Sheet or Income Statement, balances related to previous years have been reclassified accordingly.
The Notes to the Financial Statements include the prospects prepared in accordance with the current legislation, or an explanation as to why they are not reported if missing.
The currency for all Financial Statements is the Euro.
The Financial Statements for the year are subject to external auditing by PricewaterhouseCoopers S.p.A., following the three-year mandate (2020-2022) assigned to them by the Quotaholders' resolution dated June 15, 2020.

2.1 Balance Sheet

ASSETS (Euro)	Amount due in more than one year 31.12.2020	Amount due in more than one year 31.12.2019	31.12.2020	31.12.2019
B) Fixed assets, with those in financial leasing indicated separately				
I. Intangible assets:				
4) concessions, licences, trademarks, and similar			560,190	301,047
6) assets under construction and advances			174,000	243,000
7) other			1,522,722	1,695,382
Total			2,256,912	2,239,429
II. Property, plant, and equipment:				
1) land and buildings			987,585,534	1,018,808,647
2) plants and equipment			777,950,554	818,350,425
3) industrial and commercial equipment			1,440,128	1,627,441
4) other assets			2,589,777	2,849,459
5) assets under construction and advances			773,477	688,649
Total			1,770,339,470	1,842,324,621
Total fixed assets (B)			**1,772,596,382**	**1,844,564,050**
C) Current assets				
I. Inventories:				
1) raw, auxiliary, and consumer materials			15,922,869	15,629,948
Total			15,922,869	15,629,948
II. Receivables:				
1) from customers	-	-	11,853,855	20,725,751
5-bis) tax credits	-	-	2,767,238	2,219,918
5-ter) prepaid taxes	-	-	373,500	389,884
5-quater) other	-	-	295,952	311,835
Total			15,290,545	23,647,388
III. Short-term investments			-	-
IV. Cash and equivalent:				
1) bank accounts			21,989,418	23,805,756
3) petty cash			-	-
Total			21,989,418	23,805,756
Total current assets (C)			**53,202,832**	**63,083,092**
D) Accrued income and prepaid expenses				
- accrued income			62	990
- prepaid expenses			1,465,983	1,019,367
Total accrued income and prepaid expenses (D)			**1,466,045**	**1,020,357**
Total assets			**1,827,265,259**	**1,908,667,499**

LIABILITIES AND NET EQUITY (Euro)		31.12.2020	31.12.2019
A)	**Quotaholders' equity**		
	I. Capital	200,000,000	200,000,000
	IV. Legal reserve	40,000,000	40,000,000
	VI. Other reserves		
	Additional paid-in capital	1,564,596,207	1,617,107,657
	Reserve from net gains on foreign exchange	-	-
	IX. Net Income (loss) for current year	3,462,666	25,829,042
	Total Quotaholders' equity (A)	**1,808,058,874**	**1,882,936,699**
B)	**Reserves for risks and charges**		
C)	**Reserves for employee severance indemnities**	**490,041**	**549,757**
D)	**Liabilities**		
	Amounts due after one year or more 31.12.2020 31.12.2019		
	6) Prepayments	357,649	178,825
	7) Payables to suppliers	11,150,263	21,252,706
	12) Taxes payable	297,711	322,502
	13) Payables to social security and pension funds	526,268	484,611
	14) Other payables	6.,384,417	2,022,772
Total liabilities (D)		**18,716,308**	**24,261,416**
E)	**Unearned revenue and accrued expenses**	**37**	**919,627**
Total liabilities (B+C+D+E)		**19,206,386**	**25,730,800**
Total liabilities and Quotaholders' equity		**1,827,265,259**	**1,908,667,499**

2.2 Income Statement

(Euro)		31.12.2020	31.12.2019
A)	**Value of production**		
	1) earnings from sales and provision of services	166,496,737	244,830,317
	5) other revenues and income	307,852	466,743
Total value of production (A)		**166,804,588**	**245,297,060**
B)	**Cost of goods sold**		
	6) raw materials, consumables and supplies	9,993,896	21,665,920
	7) for services	61,970,741	92,599,792
	8) for use of third-party assets	2,317,846	2,302,330
	9) personnel costs:		
	a) wages and salaries	9,066,709	9,015,162
	b) company charges	2,865,044	2,833,692
	c) employee severance fund	573,815	568,057
	e) other costs	128,178	141,852
	10) depreciation and write-downs:		
	a) depreciation of intangible assets	528,252	713,267
	b) depreciation of property, plant and equipment	72,378,109	75,341,438
	c) other PP&E write-downs	-	1,393,157
	11) changes in stock	(292,921)	(81,493)
	13) other accruals	-	-
	14) other operating costs	2,445,707	3,138,750
Total cost of goods sold (B)		**161,975,374**	**209,631,924**
Net value of production (A-B)		**4,829,214**	**35,665,136**
C)	**Financial income and expenses**		
	16) other financial income	2,270	360,288
	17) interests and other financial expenses	(872)	(24)
	17-bis) foreign exchange gains and losses	(6,113)	(10,240)
Total financial income (expenses) (C)		**(4,714)**	**350,024**
Earnings before taxes (A-B±C±D)		**4,824,500**	**36,015,160**
	20) deferred, current and prepaid income tax		
	a) current tax	(1,345,450)	(10,576,003)
	b) prepaid tax	(16,384)	389,884
Net income (loss) for current year		**3,462,666**	**25,829,042**

2.3 Cash Flow Statement

(Euro)		31.12.2020	31.12.2019
A)	**Cash flow from operating activities**		
	Net profit	3,462,666	25,829,042
	Net profit adjustments		
	- Income taxes	1,361,834	10,186,119
	- Interests payable/(interests receivable)	(1,399)	24
	- (Dividends)	-	-
	- Net gains on disposal of assets	134,072	483,792
	1. Earnings before income tax, interests, dividends and plus/minus from asset sale	**4,957,174**	**36,498.976**
	Adjustments to reconcile net profit to net cash provided by operating activities		
	- Depreciation, depletion and amortization, and other non monetary items	72,906,361	77,447,862
	- Provisions to reserves for risks and charges	-	-
	- Provisions for employees' end of service benefits	573,815	568,057
	2. Net cash before changes in working capital	**78,437,349**	**114,514,895**
	Changes in working capital related to operations		
	- Inventory variation	(292,921)	(81,493)
	- Receivable variation	8,426,207	376,050
	- Payables variation	(10,843,209)	859,739
	- Other changes	4,658,585	3,415,161
	3. Net cash after changes in working capital	**80,386,011**	**119,084,352**
	Changes to other assets and liabilities		
	- Interests receivable/(interests payable)	1,399	(24)
	- Deferred and prepaid taxes	(2,156,961)	(13,406,515)
	- Provisions used	(633,531)	(532,121)
Net cash flow from operating activities (A)		**77,596,918**	**105,145,692**
B)	**Cash flow from investing activities**		
	Investments in intangible assets	(370,735)	(359,120)
	Advances for intangible assets	(35,000)	-
	Investments in property, plant and equipment	(667,031)	(973,293)
Net cash flow from investing activities (B)		**(1,072,766)**	**(1,332,413)**
C)	**Cash flow from financing activities**		
	Dividends (and advances on dividends) paid	(25,840,491)	(30,852,659)
	Changes in equity: contributions/(refunds)	(52,500,000)	(70,000,000)
Net cash flow from financing activities (C)		**(78,340,491)**	**(100,852,659)**
Net change in cash and cash equivalents (A+B+C)		**(1,816,339)**	**2,960,620**
	Cash and cash equivalents at the beginning of the year	23,805,756	20,845,136
	Cash and cash equivalents at the end of the year	21,989,418	23,805,756

The Financial Statements at December 31, 2020 are consistent with the accounting entries.

For Board of Directors
The Chairman
Mohamed Ibrahim A. Al Sada

2.4 Notes to Financial Statements

2.4.1 Valuation criteria

As per Company By-Laws, these Financial Statements have been prepared in accordance with the provisions of the Italian Civil Code and with the national accounting standards issued by the Organismo Italiano di Contabilità (OIC). The valuation criteria applied in the preparation of the Financial Statements for the year ended December 31, 2020 are consistent with OIC standards updates of December 2017 and January 2019. Notes to Financial Statements are issued in thousands of Euro.

The valuation of the items in the Financial Statements is driven by the general criteria of prudence and periodicity, in the context of business continuity.

Continuity in the application of valuation criteria over time is a requirement to ensure comparison of the Financial Statements published by the Company.

The application of the principle of prudence has led to the assessment of individual entries or asset or liability components.

In accordance with the principle of periodicity, each accounting entry should be allocated to a given period and split accordingly if covers several periods. In other words, business events have to be recognized and attributed to the accounting year to which such transactions refer to, and not the one in which the related financial transactions occur.

The valuation criteria adopted in these Financial Statements were the following.

2.4.1.1 Intangible assets

Intangible assets have been capitalized based on their purchase or internal production cost, including overheads and any other ancillary cost, adjusted by related depreciation funds and any monetary revaluation pursuant applicable law. Intangible assets use straight-line depreciation based on their estimated asset service life. Any installation and improvement costs, research and development or advertisement costs with multi-year use are capitalized in line with art. 2426 c.5 of Italian Civil Code and with the endorsement of Statutory Auditors if required.

If there is a lasting loss of value, assets should be depreciated to reflect their residual value. The residual value is the highest value between the actual usage value of the assets and its fair value, net of sale costs. If the reasons leading to the write-down no longer exist, the value of the asset is recovered up to the value that the asset had had if the write-down had never taken place.

Costs of improvements of rented or leased assets are capitalized and recorded as intangible assets – third party property improvements - as stated by OIC 24, if these improvements cannot be used autonomously.

Depreciation of such costs is done over the shorter period between the future usefulness of the expense and the residual rent or lease, also taking into account the possible renewal if it depends on the lessee.

The yearly depreciation rates applied are as follows because of the estimated asset service life, and partly as a result of the elevated obsolescence rates that technological assets usually suffer:

- software: with rate from 6 to 33.33%;
- other intangible fixed assets: with rate from 3 to 20%.

2.4.1.2 Tangible assets

Fixed assets have been capitalized based on their purchase or internal production cost, including direct, auxiliary and indirect overhead costs inherent to internal production in line with art. 2426 of Italian Civil Code. The costs of ordinary maintenance needed for the effective preservation of the asset are entirely expensed and booked in the year in which they occurred. Improvement costs are booked directly on the asset on which they were performed and depreciated over its residual useful life.

Costs incurred to expand, modernize, or improve the structural elements of a tangible asset are capitalized if they produce a significant and measurable increase in production capacity, safety, or life. If these costs do not produce these effects, they are treated as ordinary maintenance and expensed.

Assets currently in use, which have an economic value lower than the cost of depreciation, are written down and aligned to its economic value. If the reasons leading to the write-down no longer exist, the asset is returned to its original value. Tangible fixed assets are systematically depreciated each year based on their financial and technical useful life which could not exceed the duration of the maritime concession.

The yearly depreciation rates applied are as follows:

- buildings: with rate from 2.33 to 3%;
- plants and equipment: with rate from 2.33 to 10%;
- industrial and commercial equipment: with rate from 5% to 20%;
- other tangible fixed assets: with rate from 4 to 20%.

Note: 2.33% is used for assets whose useful life is expected to exceed the duration of the maritime concession.

For the fixed assets, which have been completed and placed into operation during the financial year, the depreciation rate is adjusted, according to accounting standard OIC 16, assuming that the purchases are evenly distributed over the year. The assets with lower value whose service life is within the fiscal year are all depreciated in the year when they come into operation.

Fixed assets under construction include tangible fixed assets in progress relating to systems and units for which construction and trial activities are still ongoing. Such categories represent a part of the Company's assets which do not contribute to generate revenue at the date of Balance Sheet. These items are booked according to the general principle detailed in art. 2426 of the Civil Code and as such are reflected at their purchase or production cost, similarly to operational assets.

When there is a possible reduction in the value of tangible assets, their recoverability is verified by comparing the book value with the related recoverable value represented by the greater of the fair value, net of disposal costs and the value in use.

The return on investment at a reasonable discount rate is currently influenced by the tariff regulation and the predetermined tariff methodology agreed with Edison S.p.A. in the Foundation Capacity Agreement. To monitor the main variables and related impacts of this situation, long term models will be updated incorporating available objective information, as well as any other necessary medium- and long-term assumptions.

Government grants are recognized when there is reasonable assurance that the Company will comply with the contractual conditions and that the grants will be received. In line with accounting principle OIC 16 the full amount of the Government grant is presented in the Balance Sheet as a credit against the recorded cost of assets, hence recognized in the Income Statement, as reduced depreciation costs, in line with the useful life of the qualifying assets.

2.4.1.3 Inventories

Inventories of raw materials, intermediates and finished goods are carried at the lower of acquisition or production cost and current market value, as per article 2426 of the Italian Civil Code.

Specifically, inventories of supplies are valued at weighted average cost. Inventories of LNG were valued at current market price while diesel inventories at FIFO.

2.4.1.4 Accounts receivable and accounts payable

Receivables and payables are reported according to the depreciated cost method, considering the time factor and, for receivables, at their estimated collectable value. As foreseen by OIC 15 and OIC 19, the depreciated cost method can be opted out if the effects are not material, which is generally the case for short-term payables and receivables (expiration at less than 12 months). The Company adopts such option foreseen by the national accounting standards (OIC) above mentioned.

Liabilities for unused holidays and for employees deferred remuneration, together with the related amount due to social security institutions, are allocated on the basis of the amount to be paid in case of termination of employment on the date of the Financial Statements.

Tax liabilities for the fiscal year are computed with applicable tax rates to the realistic estimate of the taxable income.

Tax liabilities for the fiscal year are computed with applicable tax rates to the realistic estimate of the taxable income. In line with accounting standard OIC 25, taxes are shown in the Balance Sheet net of any relevant tax credits, tax prepayments and withheld taxes, and the resulting debit or credit is shown accordingly.

Receivables and payables in foreign currencies are valued with year-end exchange rates. Related unrealized foreign exchange gains or losses are credited or debited to the income statement. Any foreign exchange gain reported in the income statement must be accrued as a separate reserve, which may not be distributed until the gain is realized.

Deposits for the use of third-party assets and for the supplies of services are recorded at their nominal value.

2.4.1.5 Accruals and deferrals

Accruals and deferrals refer to revenues or expenses covering multiple fiscal years and require to be reflected proportionally in line with OIC 18. Accrued income and expenses represent revenues and costs attributable to the fiscal year but having financial effects in subsequent years, deferred income and expenses represent revenues and costs which had its financial impact before the end of the fiscal year but attributable to subsequent fiscal years.
As for the accrued expenses and deferred income spanning over several years, the conditions that determined the original classification have been verified, entering the appropriate changes if the case.

2.4.1.6 Provisions for risks and charges

Provisions for risks and charges are recognized for a current obligation that, at the end of the reporting period, certainly exists, or it is more likely than not that an outflow of resources will be required to settle the obligation, but its timing or amount could not be defined at the end of the year. A provision shall be recognized when a reliable estimate can be made about the amount of the obligation. If it is not probable that a present obligation exists, an entity discloses a contingent liability in the Notes to the Financial Statements but no recognition of a provision is allowed.

2.4.1.7 Employee Severance Indemnity (ESI) fund

The Employee Severance Indemnity represents the total of accrued charges in favor of employees as per the current legal provisions, work contracts and possibly other Company agreements that were in place at year-end. As required by current legislation, such liability is subject to reassessment by way of indexes. The tax advances on the Employee Severance Indemnity were directly used to correct the Severance Indemnity’s value in the books.
The ESI corresponds to the total of individual indemnities accrued by employees at the date of year-end closing, net of:

- payments made during the year due to employee severance;
- advances granted;
- INPS Guarantee Fund (0.50% of the monthly taxable wages) charged to the employee’s ESI fund, as required by law;
- amount paid to complementary pension funds (representing the amount that would be recognized to employees in case of employee severance at a given date).

2.4.1.8 Obligations, guarantees and other commitments

The risks related to guarantees or commitments to third parties are reported in the Notes to Financial Statements as per D.Lgs. n.139/2015 for an amount equal to the nominal amount of the collateral provided.
In particular, this section includes guarantees provided directly or indirectly, separately listing sureties, endorsements and other personal guarantees, which are reported at the actual value of the commitment, as well as obligations deriving from contracts, and collateral provided which is shown at carrying value of the pledged assets or rights.

2.4.1.9 Revenue, income, costs, expenses, dividends, and grants

Revenues and income are booked net of returns, discounts, allowances, bonuses, and any taxes directly related to the sale of the products and the provision of the services in question.
Service revenues are recognized when the services are provided in accordance with the relevant contracts. On the basis of capacity contracts currently in force, the service is considered as rendered in the year in which there is the obligation to make capacity available, independently of its real utilization, being capacity allocation the main and predominant part of the regasification service. Further details are referenced in previous paragraph "Obligations, guarantees and other commitments not included in the Balance Sheet".
According to accounting principle OIC 8 the costs incurred to purchase CO_2 credits on the market are reflected in the financial year in which surrender obligations arise based on actual CO_2 emissions produced by the Company. At the end of financial year, if the balance between the CO_2 credits held by the Company and the actual CO_2 emissions shows a shortage, an accrual is recorded for the outstanding quotas to purchase and a liability with the relevant national authority. In case balance shows a long position, if the surplus is related to CO_2 credits purchased on the market, a prepaid expense is recorded in the year to adjust emission costs to be expensed in the next accounting period.
Financial income and expense are booked following the accrual date.
Capital contributions paid by the government or by public institutions pursuant to law are recognized when all conditions of the grant are met.

2.4.1.10 Leasing

Assets subject to finance lease are carried on the basis of the asset method.
If applicable, an entity shall disclose in a specific section of the Notes to the Financial Statements additional information requested by law related to the finance lease agreement.
At the date of these Financial Statements there are no contracts that require disclosure of additional information foreseen by the art. 2427 no. 22 of the Civil Code.

2.4.1.11 Income taxes

Both the Corporate Income Tax (IRES) and the Regional Tax on Productive Activities (IRAP) for the fiscal year are determined on the basis of the estimated taxable income computed in compliance with the applicable tax law and regulations. According to OIC 25, the resulting liability (net of advances, withholdings, and other applicable credits) is recognized in the Balance Sheet under "Taxes payable", while any tax credit resulting from advance payments is recognized in the Balance Sheet under "Tax credits".
Deferred and prepaid taxes are booked on the temporary differences between the value of assets and liabilities on the Balance Sheet and the corresponding tax values recognized. Deferred tax assets and liabilities are determined applying the tax rates of the year in which the temporary differences arise; these amounts are updated in the following years in case of change in the applicable tax rates at the end of each year.
Deferred tax assets should be recognized only if there is a reasonable certainty of their future recovery, whereas they are decreased in case of uncertain recoverability. Deferred tax liabilities are recognized only when they arise from taxable temporary differences that generate an actual tax liability.
Deferred tax asset and liabilities are offset only when, according to the applicable tax laws, the Company has the right to offset for tax purposes. The resulting amount is posted to the "Reserve for current and deferred taxes" if it is a liability, or to an asset account called "Deferred tax asset" if the result is a credit.

2.4.1.12 Criteria for the conversion of foreign currency items

Non-monetary items related to assets and liabilities denominated in foreign currencies are recorded in the Balance Sheet at the exchange rate at their time of purchase, initial recording cost.

2.4.2 Comments to Balance Sheet entries

Balance Sheet - Assets

B. Fixed assets

B.I Intangible assets

At year-end 2020, the intangible assets amounted to 2,257k Euro, with a 17k Euro increase from 2019. The amount represents the sum of:

- 1,523k Euro as other intangible assets of which 781k Euro refer to improvements made to the leased headquarters in Milan and the Porto Viro shore base and 742k Euro mainly related to the Company's IT infrastructure;
- 560k Euro for software and application systems for administrative and processing purposes;
- 174k Euro of assets under construction and advances.

The table below summarizes the overall changes occurred during the year.

(Euro)	Concessions, licences, patents, trademarks and similar	Assets under construction and payments on account	Other	Total
Values at 31.12.2019 (A+B)	**301,047**	**243,000**	**1,695,382**	**2,239,429**
of which:				
- historical cost	3,511,120	243,000	6,324,076	10,078,196
- accumulated depreciation	(3,210,073)	-	(4,628,694)	(7,838,767)
Net value at 31.12.2019 (A)	**301,047**	**243,000**	**1,695,382**	**2,239,429**
Changes in 2020:				
- purchases	262,500	72,500	70,735	405,735
- disposals	-	-	-	-
- disposals (acc, depr,)	-	-	-	-
- reclassifications	281,500	(141,500)	-	140,000
- depreciation	(284,857)	-	(243,395)	(528,252)
Total changes (B)	**259,143**	**(69,000)**	**(172,660)**	**17,483**
Values at 31.12.2020 (A+B)	**560,190**	**174,000**	**1,522,722**	**2,256,912**
of which:				
- historical cost	4,055,120	174,000	6,394,811	10,623,931
- accumulated depreciation	(3,494,930)	-	(4,872,089)	(8,367,019)
Net value at 31.12.2020	**560,190**	**174,000**	**1,522,722**	**2,256,912**

B.II Tangible assets

Tangible assets amounted to 1,770,339k Euro at year-end 2020, reflecting a decrease of 71,985k Euro from previous year, mainly due to depreciation. The table below summarizes the overall changes occurred during the year.

(Euro)	Land and buildings	Plants and equipment	Industrial and comm. equipment	Other assets	Fixed assets in progress and payments on account	Total
Values at 31.12.2019 (A+B)	**1,018,808,647**	**818,350,425**	**1,627,441**	**2,849,459**	**688,649**	**1,842,324,621**
of which:						
- historical cost	1,368,969,860	1,293,921,713	5,564,730	7,039,876	688,649	2,676,184,827
- accumulated depreciation	(323,886,338)	(453,367,279)	(3,937,289)	(4,190,417)	-	(785,381,322)
- write-down		(1,393,157)				(1,393,157)
Government grant:						
- historical cost	(34,431,458)	(32,145,342)				(66,576,800)
- accumulated depreciation	8,156,583	11,334,490				19,491,073
Net value at 31.12.2019 (A)	**1,018,808,647**	**818,350,425**	**1,627,441**	**2,849,459**	**688,649**	**1,842,324,621**
Changes in 2020:						
- purchases	-	202,557	90,428	-	387,946	680,931
- disposals	(154,880)	(67,787)	(2,264)	-	-	(224,931)
- disposals (accum, depr,)	37,983	38,655	322	-		76,959
- reclassifications	-	163,118	-	-	(303,118)	(140,000)
- depreciation	(31,908,502)	(41,851,281)	(275,798)	(259,682)	-	(74,295,264)
- write-down	-	-	-	-	-	-
Government grant:						
- depreciation	802,287	1,114,868				1,917,155
Total changes (B)	**(31,223,113)**	**(40,399,871)**	**(187,313)**	**(259,682)**	**84,828**	**(71,985,151)**
Values at 31.12.2020 (A+B)	**987,585,534**	**777,950,554**	**1,440,128**	**2,589,777**	**773,477**	**1,770,339,470**
of which:						
- historical cost	1,368,814,980	1,294,219,601	5,652,894	7,039,876	773,477	2,676,500,827
- accumulated depreciation	(355,756,858)	(495,179,906)	(4,212,766)	(4,450,099)	-	(859,599,628)
- write-down		(1,393,157)				(1,393,157)
Government grant:						
- historical cost	(34,431,458)	(32,145,342)				(66,576,800)
- accumulated depreciation	8,958,870	12,449,358				21,408,228
Net value at 31.12.2020	**987,585,534**	**777,950,554**	**1,440,128**	**2,589,777**	**773,477**	**1,770,339,470**

Tangible fixed assets consist of the following:

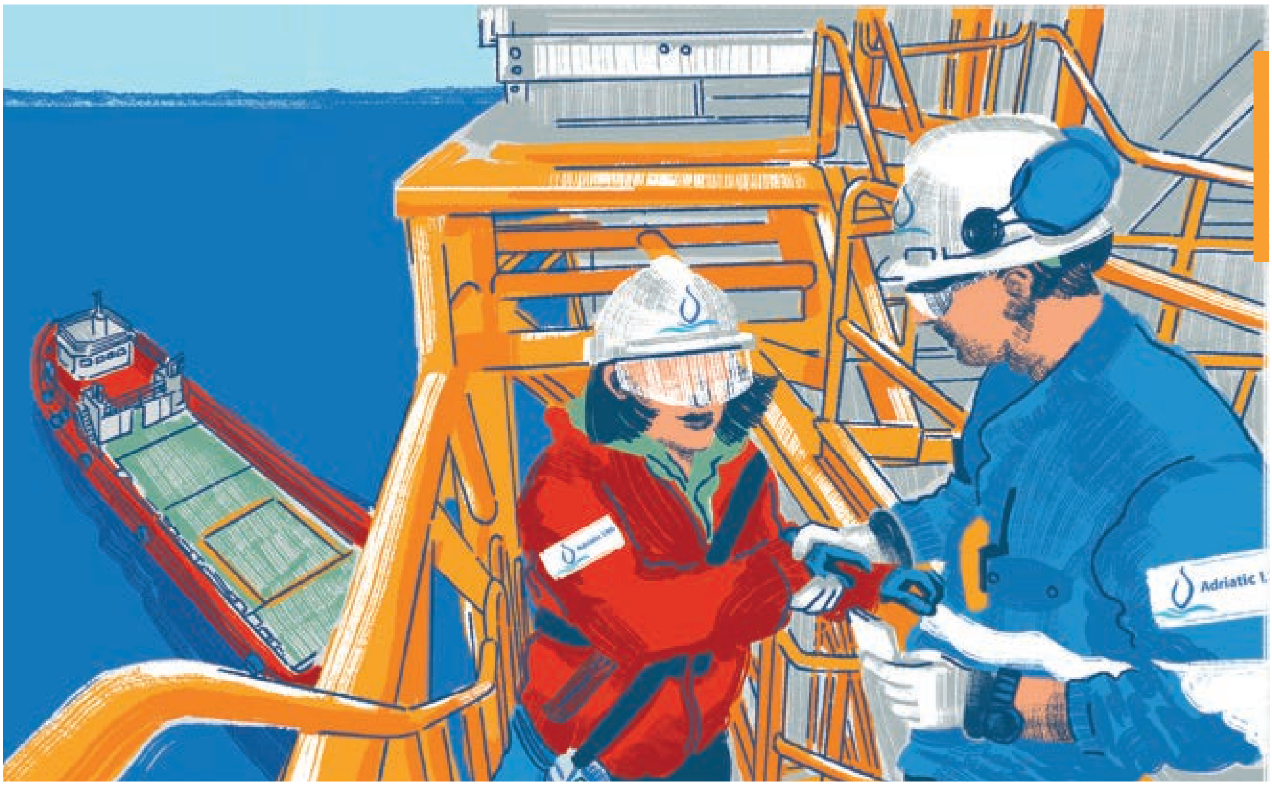
- 2,590k Euro in the category “Other assets” reflect the furnishing of offices and local units of the Company, the lifeboat located on the terminal, electric and manual trolleys, office machinery, electrical and electronic equipment and other computer equipment located on the terminal;
- 987,586k Euro in “Land and buildings” are primarily related to the concrete structure of the terminal (Gravity Based Structure - GBS), with adjoining buildings to appliances modules (topsides) installed on GBS and at the Cavarzere metering station;
- 1,440k Euro in the category “Industrial and commercial equipment” are mainly related to the fire and laboratory equipment located at the Cavarzere metering

station and on the terminal;

- 777,951k Euro in the category "Plants and equipment" reflect the units/systems employed in the regasification process among which there are mainly the two LNG storage tanks and the undersea/onshore gas pipelines, each including the minimum LNG operating level and the LNG loading arms;
- 773k Euro for fixed "Assets under construction" reflect expenditures related to minor projects that at the date of the balance sheet are not completed and placed into operation yet.

Write-downs amounted to 1,393k euro, recognized in the previous year, are related to the partial write-down of the existing waste water treatment plant as the asset will no longer be utilized in the future as per the Board of Directors' resolution dated November 26, 2019.

Due to the absence of specific impairment indicators to date, in compliance with the law and national accounting standards (OIC 9), the Company has not recognized the need to carry out an impairment test and has maintained the fixed assets recorded at their relative net book values. In any case, and in line with prior years' practice, the Company deemed appropriate to request a leading firm, specialized in asset valuation, an assessment on the tangible assets' adequacy and fair value. This independent value assessment was based on the comparative method (or market) valuation criteria as reference point, even though valid for a limited group of assets, and/or on the replacement cost method, which provides a cost estimate for the complete replacement of the analyzed asset. Therefore, the value assessment conducted with the above-mentioned criteria was not affected by any future variables such as the expected return from these assets. The independent report resulted in an assets fair value higher than their net book value.



C. Current assets

At the date of Balance Sheet, current assets totaled 53,203k Euro, down by 9,080k Euro from previous year. Additional details and balances are included in the following.

C.I Inventory

On December 31, 2020 the total inventory was at 15,923k Euro with a decrease of 293k Euro from 2019. This amount reflects the following categories:

- 14,242k Euro related to spare parts for recurring use on the terminal;
- 1,540k Euro related to the LNG inventory required to ensure the operation of the infrastructure and provided in kind from the terminal users as per current regulation;
- 141k Euro related to inventories of diesel used on the terminal for the auxiliary power systems.

(Euro)	Raw materials, subsidiary materials and consumables	In progress and semifinished goods	Work in progress goods	Finished goods	Advances	Total inventory
Value at the beginning of the year	15,629,948					15,629,948
Variation of the year	292,921					292,921
Value at the end of the year	**15,922,869**					**15,922,869**

C.II Receivables

Total receivables were at 15,291k Euro at year end 2020, down by 8,357k Euro from 2019.

(Euro)	Receivables from customers	Receivables from controlled companies	Receivables from affiliated companies	Receivables from parent companies	Receivables from tax authorities	Credits for prepaid taxes	Other receivables	Total receivables
Value at the beginning of the year	20,725,751	-	-	-	2,219,918	389,884,00	311,835	23,647,388
Variation of the year	(8,871,896)	-	-	-	547,320	(16,384)	(15,883)	(8,356,842)
Value at the end of the year	**11,853,855**	**-**	**-**	**-**	**2,767,238**	**373,500,00**	**295,952**	**15,290,545**
Receivables due over 5 years	-	-	-	-	-	-	-	-

The table below details the geographical composition of the receivables (all Euro denominated).

(Euro)	Total	Italy	Abroad
Receivables from customers	11,853,855	11,853,855	-
Receivables from controlled companies	-	-	-
Receivables from affiliated companies	-	-	-
Receivables from parent companies	-	-	-
Receivables from tax authorities	2,767,238	2,767,238	-
Credits for prepaid taxes	373,500	373,500	-
Other receivables	295,952	295,952	-
Total receivables	**15,290,545**	**15,290,545**	**-**

1) From customers

Receivables from customers were at 11,854k Euro and are mainly related for:

- 10,089k Euro to regasification services to users, including ancillary services, terminal's LNG losses and consumption and Operational Balancing Agreement;
- 1,742k Euro to access fees to the national grid, netting the corresponding cost;
- 23k Euro mainly to the recharge of secondment costs.

5–bis) Tax credits

Tax credits amounted to 2,767k Euro, increased by 547k Euro from previous year, and they are related to:

- 2,543k Euro to the payable amount for income taxes net of advances paid during the year, of which 2,421k Euro of IRES and 122k Euro of IRAP;
- 127k Euro to credit balance for VAT advances paid in December;
- 69k Euro to excise duty for reimbursement by the Customs Agency.

5- ter) Prepaid taxes

Credit for prepaid taxes amounted to 374k Euro, decreasing by 16k Euro from prior year, and it is primarily related to temporary differences mainly arising from the write-down of a tangible asset. For additional details see section "Income taxes".

5-quater) Other receivables

Other receivables were equal to 296k Euro and are mainly related to advance payments to vendors, cash guarantee deposits for both the Milan office and the shore base lease, customs duties, and the works in concession for the construction of the gas pipeline and other utilities.

As there are no foreseen risks related to the collection of the above-mentioned receivables, the Company did not account for any write-down.

C.IV Cash and equivalent

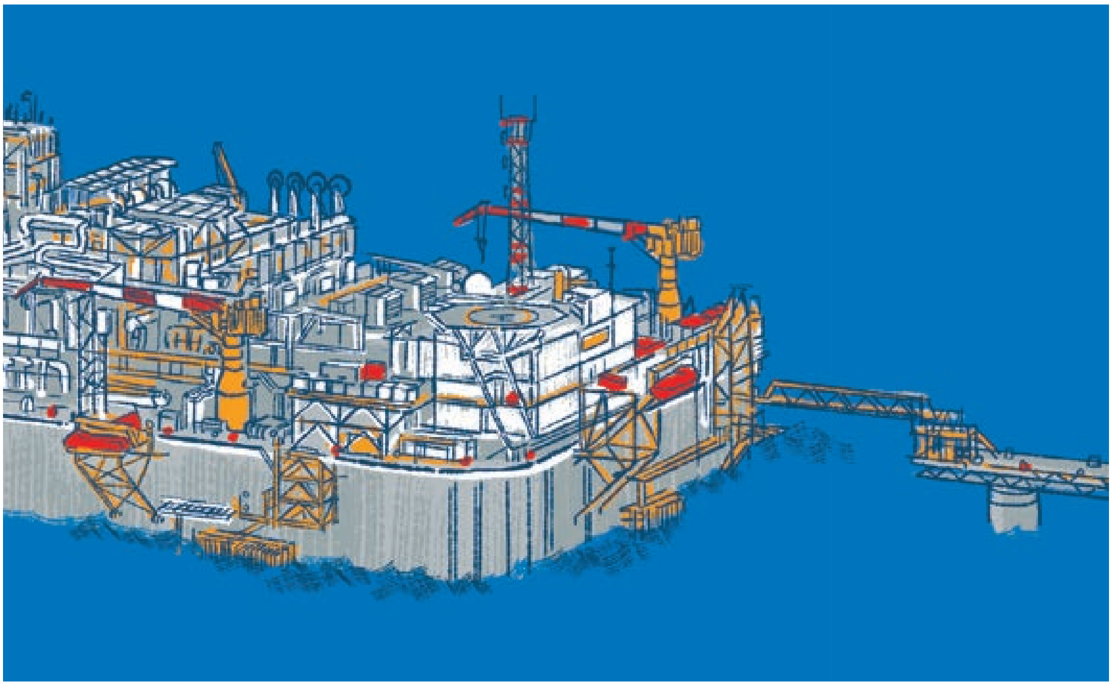
The cash and equivalent balance was 21,989k Euro on December 31, 2020, which is a decrease of 1,816k Euro with respect to previous year. This value reflects the year-end bank account balance.

(Euro)	Bank accounts	Cheques	Cash	Total cash and equivalents
Value at the beginning of the year	23,805,756	-	-	23,805,756
Variation of the year	(1,816,339)	-	-	(1,816,339)
Value at the end of the year	**21,989,418**	**-**	**-**	**21,989,418**

D. Accrued income and prepaid expenses

The accrued income and prepaid taxes were 1,466k Euro at year-end 2020, with an increase of 446k Euro from prior year. Main components of this item are the deferral of both the insurance premiums paid in 2020 (737k Euro) and the available, emission credits (581k Euro). In addition, the deferral of other bank guarantee fees, telecom, and other services subscriptions.

(Euro)	Discount on loans	Accrued income	Prepaid expenses	Total accrued income and prepaid expenses
Value at the beginning of the year	-	990	1,019,367	1,020,357
Variation of the year	-	(928)	446,617	445,689
Value at the end of the year	**-**	**62**	**1,465,983**	**1,466,045**



Balance Sheet – Quotaholders' Equity and Liabilities

A. Equity

Equity amounted to 1,808,059k Euro at year-end 2020, with a decrease of 74,878k Euro from previous year.
Movements occurred during the year are reflected in the table below:

	Capital stock	Legal reserve	Other reserves: Quotaholders' additional equity contributions	Other reserves: Reserve for exchange rate gains	Other reserves: Total other reserves	Profit (loss) of the year	Total equity
Starting balance	200,000,000	40,000,000	1,617,096,207	11,450	1,617,107,657	25,829,042	1,882,936,699
Destination of the result of the previous year							
Dividends				(11,450)	(11,450)	(25,840,492)	(25,840,492)
Other use							
Other variations							
Addition							
Decreases			(52,500,000)		(52,500,000)		(52,500,000)
Reclassification							
Profit of the year						3,462,666	3,462,666
Ending balance	**200,000,000**	**40,000,000**	**1,564,596,207**	**-**	**1,564,596,207**	**3,462,666**	**1,808,058,873**

The legal reserve remained unchanged to one fifth of the share capital, equivalent to 40,000,000 Euro.
Other reserves were at 1,564,596,207 Euro as per below details:

- 1,553,802,398 Euro as per-quota additional equity contributions by the Quotaholders following the Financial Plans approved by the Board of Directors. Current year decrease of 52,500,000 Euro is due to the partial and proportional restitution of the reserve as per Board of Directors' resolutions in line with the 2020 Financial Plan timeline, in compliance with the related Quotaholders' resolutions passed on January 27, 2020 and on June 15, 2020, and without prejudice to creditors;
- 10,793,808 Euro as equity contribution by Edison S.p.A. for extinguishing their inter-company receivables in line with the May 2, 2005 agreement.

Other reserves

Description	Total	Quotaholders' additional equity contributions	Reserve for exchange rate gains
Amount	**1,564,596,207**	**1,564,596,207**	**-**

During 2020 and according to the Quotaholders' resolution dated June 15, 2020 a total amount of 25,840k Euro was paid to Quotaholders in the form of dividends.
Information requested as per art. 2427 n. 7-bis of Civil Code are provided in the following tables.

	Amount	Source/nature	Possibility of use	Quota available for use	Summary of uses in the three previous years	
					To cover losses	For other reasons
Capital reserves	200,000,000	Shareholders' contributions				
Share surcharge reserve						
Revaluation reserve						
Legal reserve	40,000,000	Shareholders' contributions	For coverage of losses	40,000,000		
Other reserves						
Additional paid-in capital	1,564,596,207	Shareholders' contributions	For a capital increase; for coverage of losses; for distribution to Quotaholders	1,564,596,207		218,000,000
Reserve from net gains on foreign exchange	-	Net income	For a capital increase; for coverage of losses; for distribution to Quotaholders	-		11,450
Total other reserves	1,564,596,207			1,564,596,207		218,011,450
Income/(losses) for the year	3,462,666	Net income	For a capital increase; for coverage of losses; for distribution to Quotaholders	3,462,666		84,173,636
Total	1,808,058,873			1,608,058,873		302,185,086
Non-distributable portion	240,000,000			40,000,000		
Quota available for distribution	1,568,058,873			1,568,058,873		

Other reserves details

Description	Total	Additional paid-in capital	Reserve from net gains on foreign exchange
Amount	1,564,596,207	1,564,596,207	-
Source/nature		Shareholders' contributions	Net income
Possibility of use		For a capital increase; for coverage of losses; for distribution to Quotaholders	For a capital increase; for coverage of losses; for distribution to Quotaholders
Quota available for use	1,564,596,207	1,564,596,207	-
Summary of uses in the three previous years to cover losses	-	-	-
Summary of uses in the three previous years for other reasons	218,011,450	218,000,000	11,450

B. Funds for risks and reserves

No funds for risks and reserves were accounted at December 31, 2020.
With regard to restoration costs, in 2015 the Company completed the assessment regarding potential restoration costs as requested by ARERA. Adriatic LNG obtained a technical appraisal by an independent engineering consultant with the estimate of potential restoration costs, a study drawing long term scenarios of energy and gas consumption by a leading consultancy firm in the sector and an opinion on civil law, administrative and accounting aspects of the matter from a preeminent consultant firm. Based on the outcome of the above-mentioned analysis and studies, the opinion concluded that the risk for the Company to incur in potential restoration costs should be assumed as remote. In 2018 the Company requested reappraisal of the study drawing long term scenarios of energy and gas consumption, which revalidated and confirmed the assumption that the terminal will still be of strategic importance to the diversification and supply of the European and Italian energy system in 2052 and beyond. Thus, the Company holds those conclusions still valid with regard to the long-term energy outlook and the opinion on civil law, administrative and accounting aspects. Therefore, the Company did not recognize any provision for potential restoration costs in these Financial Statements according to OIC 31 requirements.

The new estimate of long-term energy scenarios has been postponed due to market volatility following the COVID-19 pandemic flu.

The long-term energy outlook reappraisal has been postponed because of the market volatility triggered by the COVID-19 pandemic situation.
In addition, and on the basis of multi-year plans, the Company did not deem necessary to make any provisions for the Make-Up balance given the remote chance that the user will exercise its Make-Up balance and the immaterial incremental costs of providing the related services. The user Make-Up balance is included in the “Obligations” section.

C. Employee Severance Indemnity fund

Total was at 490k Euro with a decrease of 60k Euro from the previous year. Additional details and breakdown are reflected in the table below:

	Severance indemnity fund
Starting balance	549,757
Variations during the year	
Accruals	605,927
Use	(105,445)
Other movements	(560,198)
Total variations	(59,716)
Ending balance	**490,041**

The balance of this account reflects the payable amount to employees net of those amounts transferred to the complementary pension funds (Alleata Previdenza, Fondenergia and Previndai). On the other hand, the accruals refer to all the contributions paid to both the Employee Severance Indemnity (ESI) funds and complementary pension schemes.

D. Liabilities

Liabilities were at 18,716k Euro, down by 5,545k Euro from previous year.
There are no payables due in more than five years. Additional details and breakdown are reflected in the table and commentary below.

	Advance payments from customers	Payables to vendors	Taxes payables	Payables to social security	Other payables	Debts
Starting balance	178,825	21,252,706	322,502	484,611	2,022,772	24,261,416
Annual variation	178,825	(10,102,444)	(24,791)	41,658	4,361,645	(5,545,108)
Ending balance	357,649	11,150,263	297,711	526,268	6,384,417	18,716,308
Of which due after five years	-	-	-	-	-	-

These liabilities are split between geographic areas as summarized in the table below.

Geographic area	Totals	Italy	Abroad
Advance payments from customers	357,649	-	357,649
Payables to vendors	11,150,263	10,103,129	1,047,133
Taxes payables	297,711	297,711	-
Payables to social security	526,268	526,268	-
Other payables	6,384,417	2,375,800	4,008,617
Debts	**18,716,308**	**13,302,909**	**5,413,400**

D.6 Prepayments

Total balance of 358k Euro relates to the prepayment for marine services for two LNG berthings occurred at the beginning of January 2021.

D.7 Payables to suppliers

The amount due to suppliers was 11,150k Euro, with a decrease of 10,102k Euro from 2019.
Analysis of main items as follows:

- 1,864k Euro reflect payables to Snam Rete Gas for grid access and operation balancing agreement costs, as per current regulation; these costs have been recharged to the terminal's users;

- 1,301k Euro relating to provisions for services and materials supplied by vendors but not yet invoiced;
- 1,131k Euro reflect payables to terminal users mainly related to the transfer of gas used by the Terminal;
- 474k Euro relating to professional and technical services and secondees costs provided by ExxonMobil Qatar under the Services Agreement signed with the Quotaholders;
- remaining amounts for invoices mainly related to professional and technical services.

D.12 Tax payables

Amounted to 298k Euro, with a decrease of 25k Euro compared to previous year, and are mainly related to withholdings for employees' salary income payable in the following month.

D.13 Payables to social security and pension funds

As on December 31, 2020, total amount was 526k Euro, reflecting an increase of 42k Euro compared to previous year. It represents the total of social contributions and insurance due by the employer and by the employees (contributions already withheld under existing legislation), usually paid to the social security institutions on a monthly basis.

D.14 Other payables

Other payables were at 6,384k Euro, with a 4,361k Euro increase from previous year. Main items included are accruals for invoices to be received and rendered services, for which the following details are provided:

- 5,000k Euro mainly related to cash guarantees paid by users to participate in regasification capacity allocation auction procedures;
- 1,115k Euro related to productivity premium in accordance with Company agreement, T&E expenses and overtime accruals;
- remaining amounts related to employees' vacation days carried forward and other accruals.

E. Unearned revenue and accrued expenses

Unearned revenue and accrued expenses have decreased by 920k Euro mainly due to the fixed fee for the flexibility services contract, not renewed by the terminal's users.

	Accrued liabilities	Fees on loans	Deferred revenues	Total accrued liabilities and deferred income
Starting balance	-	-	919,627	919,627
Annual variation	-	-	(919,590)	(919,590)
Ending balance	**-**	**-**	**37**	**37**

2.4.3 Comments to the Income Statement

A. Value of production

Value of production (category details)				
Value of production	**Total**	**Revenues related to regasification service (*)**	**Recharge for booked capacity**	**Other revenues and incomes**
Total value	166,804,588	143,577,452	22,919,285	307,852

(*) Including regasification revenues in kind

Value of production (geographic area)			
Value of production	**Total**	**Italy**	**Abroad**
Total value	166,804,588	143,232,273	23,572,315

A.1. Revenues from sales and services

Revenues from sales and services amount to 166,497k Euro, with a decrease of 78,333k Euro from 2019.

The main items making up the revenues figures are analyzed below:

- 143,578k Euro for regasification services including capacity charge, measurement and flexibility, OBA and marine services, and revenues for service rendered to users offsetting the LNG purchased in kind for losses and consumption;
- 22,919k Euro for recharge of costs incurred in the provision of transportation services.
- Revenues from the regasification services include 3,252k Euro related to the capacity made available and not utilized by Edison that has generated a corresponding increase of Make-Up balance.

A.5. Other revenues

Other revenues and income for 308k Euro relate to normal contingent assets resulting from the adjustments of expense accruals of the previous years, according to accounting standards (OIC 29), in addition to revenues related to the charge out of labor costs for personnel seconded to other companies and to cost recovery for COVID-19 related sanitizations.

B. Cost of production

Cost of production was at 161,975k Euro, decreased by 47,657k Euro from 2019.

B.6 Raw materials, consumables, and supplies

Totaled 9,994k Euro and reflects a decrease of 11,672k Euro from 2019.
This mainly refers to transfers of the LNG in kind from users required for the regasification process for a total of 5,740k Euro. Remaining 4,254k Euro are due to purchases of technical materials, office supplies, fuel, and other materials required for operational activities at the Porto Viro shore base, the terminal, and Milan office.

B.7 Services

Service charges were at 61,971k Euro, decreased by 30,677k Euro from previous year, despite 1.4M Euro operating expenditures incurred to secure continued operations in the COVID-19 pandemic situation. The reduction was mainly due to the drop in national grid costs, passed through the capacity users, following the change in regulatory framework occurred in 2020. The following provides the details for the total cost for services:

- 22,919k Euro for transportation grid capacity;
- 17,316k Euro for professional and technical assistance and services for the day-to-day management of the Company of which 3,347k Euro related to costs for seconded personnel. The remaining 13,969k Euro relate to technical, engineering and administrative services provided by third parties, of which the main items refer to 4,954k Euro for professional services, 1,800k Euro relating to the costs of environment monitoring activities, lab analyses and inspections, 3,888k Euro for consultancies, 2,339k Euro for information technology services, 606k Euro for services form lawyers and notaries, 221k Euro for surveillance services, 161k Euro for fees to Statutory Auditors, Auditing Company and Guarantor;
- 8,822k Euro for piloting, mooring, and towing services;
- 3,863k Euro for maintenance and repair services;
- 3,748k Euro for helicopter, sea and ground transportation services, personnel and cargo to the terminal and weather forecasting services;
- 1,822k Euro mainly for operating insurance costs;

- 2,057k Euro for miscellaneous services, such as canteen, cleaning and disinfecting, waste management, garage and custodian fees, costs, purchase of utilities for the Milan and Porto Viro offices and for the terminal;
- 1,181k Euro for healthcare services, technical and professional training and additional personnel costs;
- 90k Euro mainly due to communication and sponsorship costs for local community projects and activities;
- 140k Euro for general costs such as telephone (115k Euro), bank fees and commissions on guarantees (24k Euro);
- 12k Euro for demurrage costs.

B.8 Use of third party assets

At year-end 2020 these expenses were at 2,318k Euro, increased by 16k Euro from 2019. Main items refer to the following rentals:

- 1,312k Euro mainly for the Milan office and the Porto Viro shore base;
- 166k Euro for containers, electric trucks, cranes, and other equipment at the Porto Viro shore base and the terminal;
- 36k Euro for vehicles and office equipment.

The remaining amount of 804k Euro mainly refers to the yearly fee related to the fifty-year maritime concession for terminal location (777k Euro) and other rights of way.

B.9 Personnel

Amounted to 12,634k Euro, increased by 75k Euro compared to previous year, net of retirements, resignations, and salary escalation.

B.10 Depreciation and write-downs

Total depreciation was 72,906k Euro at year end 2020, down by 4,542k Euro from previous year and includes the following items.

Depreciation of intangible assets

Amounted to 528k Euro and relates for 285k Euro to the depreciation of software licenses, for 126k Euro to the improvements to third party assets for the establishment of offices leased by the Company, and for 118k Euro to other intangible assets.

Depreciation of property, plants, and equipment

Amounted to 72,378k Euro and relates for 31,106k Euro to buildings, 40,736k Euro to plant, machinery, and pipelines, 310k Euro to industrial and commercial equipment, and 226k Euro to other tangible fixed assets. The analysis and valuation process of fixed assets and debts did not determine the need for devaluation in values carried at cost.

B.11 Changes in stock

In 2020 there was a positive net change in stock of raw materials and consumables for 293k Euro. This is related for 43k Euro to the increase of LNG inventory, for 217k Euro to the variation of inventory spare parts and for 33k Euro to the increase of diesel inventory. According to the national accounting standards (OIC 13), the inventory valuation is carried at the lowest value between acquisition or production cost and current market value. Specifically, inventory of LNG has been valued at current market price while diesel inventories at FIFO.

B.14 Miscellaneous operating costs

They amount to 2,446k Euro, with a decrease of 693k Euro compared to previous year, and primarily refer to emission trading costs (1,739k Euro), indirect taxes and charges (264k Euro), contributions to associations (139k Euro), contingent losses from assets write-offs (134k Euro) and other costs. As established by OIC 8, it is reported that the value of 1,739k Euro is related to 90,724 tons of CO_2 emission for 2020, of which 10,925 tons granted by the competent authority. At year-end 2020, the CO_2 emission allowances purchased and in excess of consumption have been suspended among the prepaid expenses.

C. Financial income and expenses

Financial income and expenses show a net loss of 5k Euro, compared to the 350k Euro net gain of 2019. They can be broken down into the following items.

C.16 Other financial revenue

Amounted to 2k Euro down by 358k Euro from 2019, related to interest income on current bank account.

C.17 Interest and other financial expenses

Amounted to 872 Euro, mainly related to late payments.

C.17 bis) Foreign exchange gains and losses

During the year, unfavorable exchange rate fluctuations resulted in net loss of 6k Euro compared to 10k Euro loss in 2019. The amount is the net of gains and losses on foreign exchange operations realized (net loss of 9k Euro) and unrealized (net gain estimated at 3k Euro).
Between 2020 year-end and the preparation of these Financial Statements there have been no significant changes in the foreign exchange rates of non-Euro-denominated items booked. During the year, foreign currency transactions were mainly related to goods and services purchases carried out in US Dollars and, to a lesser degree, in British Pounds and Norwegian Krone.

D. Income taxes

Income taxes expense provisions equal to 1,362k Euro.
With reference to Corporate Income Tax (IRES), the Company reported a positive taxable income resulting in current year IRES payable for 1,204k Euro.
With reference to the Regional Tax on Productive Activity (IRAP), the Company reported a positive taxable income and thus made provisions for a total of 142k Euro in 2020, as a result of the cancellation of the first advance payment granted by the Italian Government in response to the COVID-19 outbreak.
In 2020 were posted prepaid taxes for 16K Euro. The table below summarizes the prepaid taxes computation.

	Balance at 31.12.2019	Accrual	Utilization	Balance at 31.12.2020	PREPAID TAXES 2020		PREPAID TAXES 2019		DIFFERENCES	
					IRES	IRAP	IRES	IRAP	IRES	IRAP
					24.0%	3.9%	24.0%	3.9%		
Tangible assets write down	1,388	0	(68)	1,320	317	51	333	54	(16)	(3)
Membership fees not yet paid	10	8	-	18	4	-	2.3	-	2	-
TARI not paid in 2020	-	7	-	7	2	-	-	-	2	-
Foreign exchange unrealized losses	9	6	(9)	6	2	-	2	-	0	-
Foreign exchange unrealized gains	(7)	(9)	7	(9)	(2)	-	(2)	-	(1)	-
Total	**1,399**	**13**	**(70)**	**1,342**	**323**	**51**	**336**	**54**	**(13)**	**(3)**

2.4.4 Comments to the Cash Flow Statement

The free cash flow was 77,597k Euro in 2020, 27.5M Euro lower than prior year due to the net income decrease. Although the Company has access to liquidity capacity, internally generated funds covered its financial needs resulting in unused credit lines for short-term financing. Further details are provided in the Cash Flow Statement, determined using the indirect method, drawn up in line with the provisions of accounting principle OIC 10.
The Company financial strength can be summarized by the following financial ratios:

- (Financial) Debt/Equity equal to zero;
- Equity/Fixed Assets equal to 1.02.

2.5 Other information

Relevant events occurring after year-end

No relevant events to report at present.
The Company is continuously monitoring the evolution of the COVID-19 outbreak, with the constant aim of continuing to ensure adequate health protection to all workers operating at the Company's premises.

In this period, the regasification service has been provided to the user(s) as per plan i.e. no effect of COVID-19 to the quality of the service.

Receivables and payables due in more than five years and payables covered by secured guarantees

There are no payables or receivables due in more than five years or any payables backed by secured guarantees on Company assets.

Personnel details

The following table shows the number of employees of the Company by qualification (excluding secondees):

	Managers	Supervisors	Employees	Workers	Other personnel	Total
Average headcount	3	21	77	8	-	109

Fees to the Board of Directors and Statutory Auditors

No remuneration was resolved for the Board of Directors, while on June 15, 2020 the Quotaholders' meeting resolved 46,000 Euro as fee for the Sole Statutory Auditor.

Furthermore, an annual fee of 15,000 Euro was resolved by the Board of Directors on June 22, 2020 for the Guarantor activities required by ARERA.

The difference between the above detailed fees and the amount indicated in the table below, is related to the Board of Statutory Auditors mandate expired with the approval of the financial statements as at December 31, 2019.

	BoD members remuneration	Statutory auditors fees	Total
Amount (Euro)	-	111,422	111,422

Fees to the auditing company

According to the Quotaholders' resolutions passed on June 15, 2020, the fees applied to the auditing company for 2020 were equal to:

- 32,000 Euro for the audit of the yearly Financial Statements;
- 6,000 Euro for the review of correct book keeping activities;
- 4,000 Euro for the audit of unbundling accounting, in accordance with ARERA resolution 11/07.

Further provisions to the auditing company were related to the following activities:

- 3,000 Euro for the audit of the attestation for yearly revenues, in accordance with ARERA resolution 653/2017/R/gas.

Finally, during the year, 762 Euro were paid as reimbursable expenses.

	Audit of the yearly Financial Statements	Other auditing services	Fiscal services	Other services in addion to auditing	Total fees of the audit company
(Euro)	33,799	12,610	-	2,796	49,204

Obligations, guarantees and other commitments not included in the Balance Sheet

Obligations, guarantees, and other commitments were at 565,891k Euro, with an increase of 13,285k Euro from previous year, and refer to guarantees received and issued, and commitments by the Company as specified below.

Guarantees received

Short term guarantees:

- 48,000k Euro as guarantee issued to the Company following the regasification capacity allocation;
- 480k Euro as guarantee issued to the Company by other suppliers.

Guarantees issued

Long term guarantees:

- 9,553k Euro as guarantee issued in favor of the Ministry of Transportation for the fifty-year concession of the parcel of territorial waters where the off-shore terminal is placed;
- 8,889k Euro as guarantees requested by Snam Rete Gas to cover the obligations deriving from the transport contract;
- 90k Euro as other guarantees requested by third parties for the pipeline construction.

Short term guarantees:

- 2,046k Euro as the guarantees requested by Snam Rete Gas to cover the obligations deriving from the transport contract.

Obligations

- The estimate of future commitments for Make-Up capacity per Regasification Code provisions is nil as the Company has assessed the likelihood of future use as remote and, in any case, the additional costs for providing the services would not be significant. The Make-Up[11] balance at the end of 2020 is equal to 122,314k Euro, up by 3,252k Euro compared to 2019;
- 282,646k Euro relate to the transportation agreement, for a period of 25 years, with Snam Rete Gas and Infrastrutture Trasporto Gas, to guarantee the transportation capacity necessary for the transfer to the supply system of up to 21 million standard cubic meters per day, equivalent to 80% of the maximum estimated regasification capacity;
- 76,296k Euro relate to the 25-year agreement with Adriatic Towage for towage services provided by 4 tugs;
- 11,490k Euro relate to the 20-year agreement (with an option for five additional years) with Bambini for the Crew Supply Vessels in use from/to the Porto Viro shore base and the terminal;
- 2,511k Euro relate to 15-year agreement for mooring services, to be supplied by a temporary joint venture between the mooring groups of Chioggia, Ravenna and Venice;
- 1,575k Euro relate to the 15-year agreement for piloting services, for the LNG tankers upon arrival to the terminal, with the Corporation of Pilots of Chioggia and Porto Levante.

Other obligations not reflected in above memorandum accounts (pursuant to art. 2427 n.9 Italian Civil Code):

- obligation to regasify and redeliver to the users the LNG in stock at the date of the Balance Sheet totaling 1,102,984M Wh;
- obligation, pursuant to art. 9 of ARERA resolution 474/2019/R/Gas, to include a total of 11,111 m^3 of LNG in the computation of the Terminal's losses and consumptions tariff applicable to Terminal users.

[11] The Make-Up balance represents a future and uncertain commitment, in its likelihood, quantity and timing, corresponding to the monetary amount resulting from the non-use of the capacity available and matured during the capacity agreement up to these Financial Statements. Such balance allows the user to apply for additional capacity compensating the capacity charges with the monetary value of its Make-Up balance, subject to the following conditions: (i) capacity available at the terminal; (ii) the request is for quantities additional to contract quantities; (iii) the user should not have released capacity over the year, and (iv) the requested quantity is equal to or higher than other any requests received. A positive Make-Up balance at contract expiration does not give title to any monetary or residual regasification service commitments.

Revaluations

The Company has not made re-evaluations on assets; therefore no details are provided.

Information pursuant to art. 2427 bis of Civil Code on financial instruments

During the year, the Company did not issue or hold any derivative financial instrument.

Relations with controlled, affiliated, controlling companies, companies controlled by parent companies

As for information foreseen by art. 2427 22-bis) of Civil Code, operations with controlled, affiliated, controlling companies, companies controlled by parent companies, were traded at market conditions. Further details are available in the relevant section of the Report on Operations.

Notes to the postings

These Financial Statements, consisting of the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements, represent truthfully and correctly the financial position of the Company, the result for the period ended as at December 31, 2020 and corresponding accounting records.

2.6 Resolution proposal

Dear Quotaholders,

we invite you to approve in full, and in each comprising document, the enclosed Financial Statements related to the year 2020.

The Financial Statements of Your Company as at December 31, 2020 report a net profit of 3,462,666.36 Euro (rounded to 3,462,666 Euro in the enclosed Financial Statements).

Should you agree with the criteria used in preparing the Financial Statements and the accounting standards and methods used therein, we propose to adopt the following resolutions:

- **A** to allocate 3,459,536.75 Euro as dividend that can be distributed as of the day following the approval date and in line with the Financial Plan effective at the moment of distribution; and
- **B** to allocate 3,129.61 Euro to Foreign Exchange Earnings Reserve, as required by both art. 2426 of the Italian Civil Code and the Italian Accounting Principles (OIC 1 and 26).

For the Board of Directors

The Chairman

Mohamed Ibrahim A. Al Sada

Terminale GNL Adriatico S.r.l.
Sede legale: Via Santa Radegonda, 8 - 20121 Milano
Capitale sociale Euro 200.000.000 i.v.
Codice fiscale e Registro imprese di Milano n. 13289520150

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SOLE STATUTORY AUDITOR' REPORT TO THE QUOTAHOLDERS OF TERMINALE GNL ADRIATICO S.R.L. RELATIVE TO FINANCIAL YEAR ENDED 31.12.2020

* * * *

INTRODUCTION

Dear Quotaholders,
the Board of Directors called this meeting to resolve on the Financial Statements of the year ended as of December 31st, 2020 and on the Board proposal concerning the allocation of the net income of the financial year.
In accordance with art. 2429 of the Civil Code, by this report the Sole Statutory Auditor summarizes the principles that describe his supervisory activities and the actions carried out in 2020 and in relation to the Financial Statements submitted for your approval.
Primarily, it is useful to remember how, with the statutory changes approved by the Quotaholders' Meeting on 1 June 2020 and filed with the Milan Company Register on 5 June 2020, was decided, for the fulfillment of the supervisory activity, the figure of the Sole Statutory Auditor. Consistently with the new statutory provisions, with a written resolution approved on 15 June 2020, the undersigned was appointed for the three-year period 2020-2022. To the Sole Statutory Auditor was subsequently assigned, by the Board of Directors, the functions of Guarantor for the period July 2020-June 2021, in fulfillment of the ARERA regulatory requirements referred to in the regasification code in force, without solution of continuity with respect to the role already assigned to the Board of Statutory Auditors.
Since the Sole Statutory Auditor, in the previous mandate conferred by the Quotaholders' Meeting on the Control Body, already held the role of Chairman of the Board of Statutory Auditors, the undersigned was able to operate taking into account - and in substantial continuity with them - the contents of the supervisory activity carried out until then.
This report, in highlighting the activities carried out by the Sole Statutory Auditor, also includes those carried out in the initial period of 2020, for the part of the year in which the Control Body had a collegial composition including, in addition to myself as Chairman, Prof. Lorenzo De Angelis and Dr. Piero Gennari, as acting auditors.

FINANCIAL STATEMENTS AT DECEMBER 31st, 2020 AND MANAGEMENT

The Directors have reported in detail the various aspects of the business for the financial year in the Report on Operations. It provides full information on the yearly results, in which the business recorded:

- net revenues at 166.8 million Euro,
- gross operating margin at 77.7 million Euro,
- earnings before taxes at 4.8 million Euro
- income, net of taxes for 1.3 million Euro, at 3.5 million Euro

As of December 31st, 2020, the total value of capital assets, tangibles and intangibles, net of 2020 depreciation, is equal to 1,773 million Euro, almost all related to the regasification terminal.
About the operational aspects of the year ended as of December 31, 2020, described in detail by the Board of Directors, a summary is provided below:

- the gas quantities delivered by the Company into the national distribution grid were equal to 6.6 billion cubic meters, corresponding to about 10.25% of gas imports to the Italian markets and 9.65% of total gas supply;
- 75 LNG vessel berthed the terminal;
- the Terminal capacity utilization was equal to 82%, lower than previous year rate but still much higher than the average utilization of other LNG terminals in Europe. The result was conditioned by the market conditions and the result must be evaluated positively in consideration of the fact that the Company has changed its commercial policy to make the available capacity slots, to be offered to market operators, even more attractive. The Company has always offered such service based on the compulsory procedures identified and authorized by the Regulatory Authority for Energy Infrastructures and Environment (ARERA), and described in the Regasification Code, published on Adriatic LNG website. Also during 2020, the Control Body (first, by the Board of Statutory Auditors and, then, by the Sole Statutory Auditor) have regularly monitored the correct execution of the applicable regulation related to potential and actual access by any third parties, also based on the role as Guarantor.

SUPERVISORY ACTIVITY

All the obligations within the scope of the duties of the Sole Statutory Auditor (and previously of the Board of Statutory Auditors) were conducted as per art. 2403 of the Civil Code and per the rules of conduct defined by the Tax Consultants and Chartered Accountants Associations.
Therefore, the Sole Statutory Auditor can acknowledge that the Control Body (in collegial composition until June 15, 2020 and, then, in the current configuration):

- attended all Quotaholders and Board meetings, obtaining regularly from the Directors information about the Company's activities and the most important business transactions implemented by the Company;
- has overseen the procedures followed concerning the Board resolutions adopted by written consent pursuant to art. 24 of the By-Laws;
- has overseen that all Board resolutions taken in meetings and by written consent were compliant with the law and the By-Laws;
- has taken due note of the reasons and the considerations dealt with by the Directors when preparing the financial plan updates, with regard to current and planned business activities;
- evaluated the corporate organization as a whole and particularly for the administration and accounting area, and can attest that it is consistent with the purposes and size of the Company and its effective business;
- evaluated the adequacy and efficiency of administration/accounting procedures and internal control system;
- verified the existence and updating of the Code of Ethics and the Integrity Model (ex legislative decree n. 231/2001), through regular meetings and the adequate information provided by the Compliance Officer in periodical reports;
- verified compliance with laws and complete disclosure of information in the process of drafting the Report on Operations and Financial Statements.

The monitoring of the adequacy of the organizational structure is also facilitated by the control activities carried out internally by the Company, also to follow up the audit conducted in 2019, by a team of auditors appointed by the Quotaholders, and scheduled every three years. The audit had covered all Adriatic LNG's activities and processes, giving evidence of an internal control system adequate to manage the risks.
The Board of Directors has also provided adequate information on the organization and the set of activities concerning health, safety, environment and security giving appropriate explanation regarding the evolutions and implementations of the system itself, the new SSHE & Regulatory organization, the activities carried out for each area.

The Sole Statutory Auditor has also noted how the Company has carried out activities aimed to prevent the risk of contagion against the coronavirus (COVID-19) outbreak. The Company has established additional measures for the operating sites and the work from remote for the rest of the staff. The results, in terms of prevention and efficiency of the activities, were significant and made it possible to face up with the pandemic emergency, not only from an organizational point of view, but also from an economic one. In addition, the Directors have given evidence that the ongoing crisis could not have significant effects neither on the economic results nor on the recoverability of the values of the assets, also in a prospective point of view.
The Sole Statutory Auditor has also noted:

- on the ongoing legal litigation, in relation to which the financial statement disclosure gives detailed evidence of the state of the art;
- management of environmental matters and related risks, by periodical updates on the monitoring activities, in accordance with the Environmental Impact Assessment decree and ISPRA's plan;
- management of corporate risks, through the so-called system CIMS, implemented specifically for this purpose;
- of the regular monitoring and updating of the elements on the basis of which the risk of incurring potential restoration costs is still considered remote.

Even with reference to the topics above, the Sole Statutory Auditor put in place the appropriate information exchange with the External Auditor PriceWaterhouseCoopers Spa, from which he has been informed of the non-existence of facts or transactions to be disclosed and of the activities and methods implemented in relation to the review of the Financial Statements.
Today the External Auditors, at completion of their activity, have issued their Independent Auditor's report with no remarks and in accordance with the current provisions of the law.
The supervisory activities performed by the Control Body also had as its object the correct management of financial flows related to the partial refund to the Quotaholders of the Equity Reserve, which was injected to the Company to start-up the business. The generation of largely cash flows allowed, also throughout 2020, this repayment, in line with the Directors' plans and approved by the Quotaholders' Meeting. The Sole Statutory Auditor received all information needed to asses that the operative and financial needs was taken into consideration, without prejudice to the rights of creditors.

<u>CONCLUSIONS</u>
At the end, and for the above, the Sole Statutory Auditor is in favor of the approval of the Report on Operations and Financial Statements as of December 31st, 2020 and of the Board of Directors proposal concerning the allocation of the net income of the financial year.

Rome, June 11st 2021

THE SOLE STATUTORY AUDITOR
Mr. Maurizio de Magistris

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

INDEPENDENT AUDITOR'S REPORT IN ACCORDANCE WITH ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

TERMINALE GNL ADRIATICO SRL

FINANCIAL STATEMENTS AS OF 31 DECEMBER 2020

Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010

To the quotaholders of
Terminale GNL Adriatico Srl

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Terminale GNL Adriatico Srl (the Company), which comprise the balance sheet as of 31 december 2020, the income statement and statement of cash flows for the year then ended and related notes.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as of 31 december 2020, and of the result of its operations and cash flows for the year then ended in compliance with the Italian laws governing the criteria for their preparation.

Basis for Opinion

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

Responsibilities of the Directors and the Sole Statutory Auditor for the Financial Statements

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

The directors are responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of

PricewaterhouseCoopers SpA

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accounting, and for disclosing matters related to going concern. In preparing the financial statements, the directors use the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

The sole statutory auditor is responsible for overseeing, in the terms prescribed by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

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

As part of our audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we obtained 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;
- We obtained 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;
- We evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- We concluded 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 financial statements 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;
- We evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10

The directors of Terminale GNL Adriatico Srl are responsible for preparing a report on operations of Terminale GNL Adriatico Srl as of 31 december 2020, including its consistency with the relevant financial statements and its compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Terminale GNL Adriatico Srl as of 31 december 2020 and on its compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations is consistent with the financial statements of Terminale GNL Adriatico Srl as of 31 december 2020 and is prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 11 June 2021

PricewaterhouseCoopers SpA

Signed by

Giulio Grandi
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

—
Illustrations by Nausicaa Dalla Torre
freely developed and elaborated by the author
and inspired by the reality of the offshore terminal.
—
Editorial and
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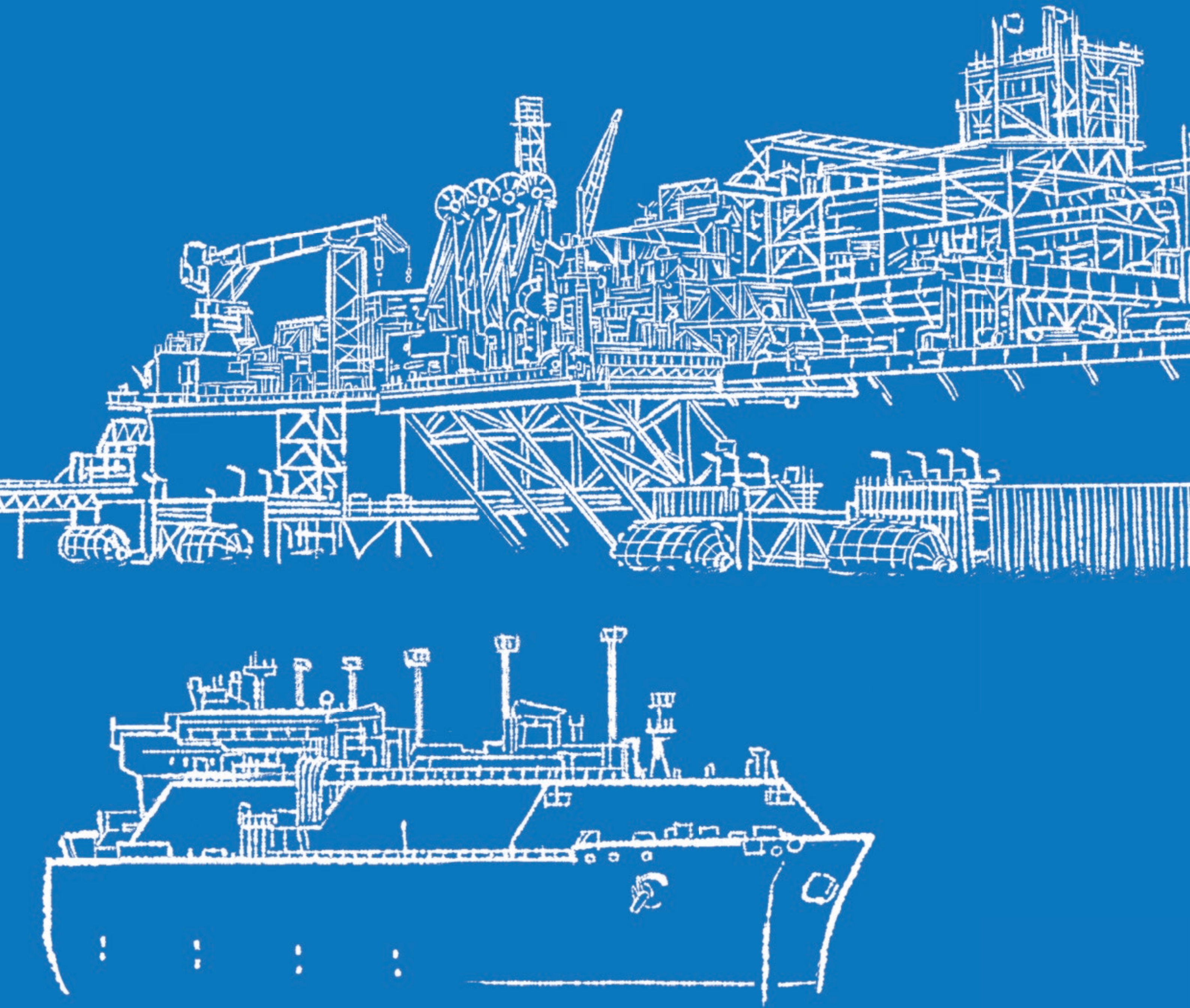

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