

26 August 2021

ASX RELEASE

The Manager - Listings
Australian Securities Exchange Limited
Exchange Centre
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam,

Atlas Arteria Financial Results for the half year ended 30 June 2021

In accordance with Listing Rule 4.2A, Atlas Arteria (ASX Code: ALX) lodges the following attached documents:

1. Appendix 4D – Half Year Report for the period ended 30 June 2021; and
2. Interim Financial Report for the half year ended 30 June 2021.

The Interim Financial Report has been prepared in accordance with the Australian Accounting Standards issued by the Australian Accounting Standards Board. References to “statutory” financial information throughout this report are consistent with IFRS financial information disclosed in the financial report.

The information disclosed in the attached documents should be read in conjunction with the Atlas Arteria Annual Financial Report for the year ended 31 December 2020.

Yours sincerely



Clayton McCormack
General Counsel & Company Secretary

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This announcement has been authorised for release by the Boards of Atlas Arteria Limited and Atlas Arteria International Limited.

About Atlas Arteria

Atlas Arteria (ASX:ALX) is a global owner, operator and developer of toll roads, creating value for our investors over the long-term through considered and disciplined management. The roads we own, operate and develop benefit communities through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions.

Today the Atlas Arteria Group consists of four businesses. We currently own a 31.14% interest in the APRR toll road group in France. Adjacent to the APRR business is the smaller ADELAC business which connects to APRR in south-east France. Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. In the US, we have 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, we own 100% of the Warnow Tunnel in the north-east city of Rostock.

www.atlasarteria.com



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APPENDIX 4D

Half Year Report for period ended 30 June 2021

Name of entity: Atlas Arteria ('ALX')
Reporting period: Half Year ended 30 June 2021
Previous corresponding period: Half Year ended 30 June 2020

Results for announcement to the market

As a global owner and operator of toll roads, our business is to enable people to travel between destinations safely, with time certainty, and to offer a comfortable travel experience. Government imposed movement restrictions in response to the COVID-19 pandemic, have continued to impact travel across jurisdictions in which Atlas Arteria operates. The magnitude and extent of these restrictions have generally been less restrictive than those imposed during the same period in 2020. Despite these ongoing challenges, Atlas Arteria and our underlying businesses remain well positioned for growth and to support the infrastructure agendas of governments as they look to stimulate their economies post the impact of COVID-19.

Profit and Loss Results

		30 June 2021	
		Change (%)	A\$'000
Income from continuing operations	▼	24%	To 43,482
Profit/(Loss) after tax (excluding notable items)	▲	844%	To 86,044
Profit/(Loss) from continuing operations after tax	▲	158%	To 71,019
Profit/(Loss) after tax	▲	158%	To 71,019
Profit/(Loss) attributable to Atlas Arteria stapled securityholders	▲	158%	To 71,019



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APPENDIX 4D

Financial results presented below show the performance of Atlas Arteria adjusted for notable items which are not expected to recur, to provide further clarity around the underlying operational performance of the business.

Atlas Arteria A\$m	Management Results			Statutory Results		
	H1 2021	H1 2020	% Chg	H1 2021	H1 2020	% Chg
Revenue and other income						
– Toll Revenue	43.1	49.6	(13%)	43.1	49.6	(13%)
– Other income	0.4	7.7	(95%)	0.4	10.0	(96%)
Operating expenses						
– Business operations	(14.4)	(25.0)	42%	(55.6)	(228.0)	76%
– Corporate cost	(11.9)	(10.7)	(11%)	–	–	–
Finance costs	(41.3)	(54.8)	25%	(91.2)	(41.8)	(118%)
Depreciation and amortisation	(29.3)	(38.2)	23%	–	–	–
Share of net profits/(losses) in associates	138.5	79.8	73%	138.5	79.8	73%
Income tax benefit/(expense)	0.9	0.7	34%	35.8	7.4	382%
Net Profit/(loss) from operations after tax (excluding Notable Items)	86.0	9.1	844%			
Notable Items						
– Warnow Tunnel removal of fair value adjustment with legacy debt repayment	(49.9)	–	–	–	–	–
– Warnow Tunnel recognition of deferred tax assets	34.9	–	–	–	–	–
– Macquarie management fees	–	(2.1)	–	–	–	–
– FX impacts of significant transactions during the period	–	15.3	–	–	–	–
– Impairments and asset revaluations	–	(152.0)	–	–	–	–
– Income tax benefit/(expense) of notable items	–	6.7	–	–	–	–
Net Profit/(loss) from operations after tax	71.0	(123.0)	158%	71.0	(123.0)	158%

The statutory results for the half year ended 30 June 2021 show a profit for Atlas Arteria of \$71.0 million (2020: loss of \$123.0 million).

Net profit after tax (excluding notable items) increased by 844% due to a 73% increase in share of profits in associate.

As part of the broader strategic agenda, to diversify sources of cash and build sustainable distributions for securityholders over time, Atlas Arteria undertook a capital restructure at Warnow Tunnel. The new capital structure was created to support the ongoing success of the Warnow Tunnel business and allow the company to distribute free cash to Atlas Arteria, rather than being swept to lenders. The reduced leverage and increased likelihood of receiving cash flows significantly earlier in the life of the concession, substantially increases the value of the business.

The profitability results reflect the impacts of movement restrictions on traffic, changes in exchange rates, and also the accounting outcomes of refinancing this legacy debt facility. As a result of extinguishing this facility, the fair value adjustment allocated to it after purchase of the remaining 30% interest in 2018 was expensed (\$49.9 million, €31.9 million). This reflects the removal of a legacy position only and does not reflect the value created for Atlas Arteria as a result of the transaction. The capital restructure strengthened the probability of future taxable profits being available to utilise pre-existing income tax losses, and as such resulted in the new recognition of a \$34.9 million (€22.3 million) deferred tax asset.

The prior year results reflect the decision by the Boards of ATLIX and ATLAX to impair their respective interests in the Dulles Greenway.



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APPENDIX 4D

Distributions

Dividends/Distributions	Cents per security	Declaration Date
2020:		
Second dividend / distribution ¹	13.0	25 March 2021
First dividend / distribution ²	11.0	21 September 2020
2019:		
Second dividend / distribution	N/A	Cancelled
First dividend / distribution ³	15.0	20 September 2019

1. Comprised an ordinary dividend of 13.0 cents per stapled security ('cps').

2. Comprised an ordinary dividend of 11.0 cps.

3. Comprised an ordinary dividend of 15.0 cps.

Net tangible asset per security

	As at 30 June 2021	As at 30 June 2020
Net tangible asset backing per stapled security	A\$1.49	A\$1.56
Net asset backing per stapled security	A\$3.66	A\$3.97

Financial information

Atlas Arteria ('ALX') comprises Atlas Arteria International Limited ('ATLIX') and Atlas Arteria Limited ('ATLAX'). An Atlas Arteria stapled security comprises one ATLIX share 'stapled' to one ATLAX share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

This report is based on the Atlas Arteria Interim Financial Report for the period ended 30 June 2021 which can be found on our website <https://www.atlasarteria.com>.

Other information required by Listing Rule 4.2A

Other information requiring disclosure to comply with Listing Rule 4.2A is contained in the following Atlas Arteria Interim Financial Report.



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INTERIM REPORTS

FOR THE HALF YEAR
ENDED 30 JUNE 2021

This report comprises:

Atlas Arteria International Limited and its controlled entities

Atlas Arteria Limited and its controlled entities

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Atlas Arteria ('ALX') comprises Atlas Arteria International Limited (Registration No. 43828) ('ATLIX') and Atlas Arteria Limited (ACN 141 075 201) ('ATLAX'). ATLIX is an exempted mutual fund company incorporated and domiciled in Bermuda with limited liability and the registered office is 4th Floor, Cedar House, 41 Cedar Avenue, Hamilton, HM12, Bermuda. ATLAX is a company limited by shares incorporated and domiciled in Australia and the registered office is Level 5, 141 Flinders Lane, Melbourne, VIC 3000, Australia.

DIRECTORS' REPORTS

The Directors of Atlas Arteria International Limited ('ATLIX') and the Directors of Atlas Arteria Limited ('ATLAX') submit the following reports, together with the Interim Financial Report for Atlas Arteria and the Interim Financial Report for ATLAX and its controlled entities ('ATLAX Group'), for the half year ended 30 June 2021.

An Atlas Arteria stapled security comprises one ATLIX share 'stapled' to one ATLAX share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Interim Financial Report. In accordance with this requirement, and consistent with previous reporting periods, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities ('ATLIX Group') and ATLAX Group, together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

All values are in Australian Dollars unless otherwise indicated.

Directors

The following persons were directors of ATLIX during the half year and up to the date of this report (unless otherwise stated):

- Jeffrey Conyers (Chairman)
- Fiona Beck
- Andrew Cook
- Caroline Foulger
- Debra Goodin

The following persons were directors of ATLAX during the half year and up to the date of this report (unless otherwise stated):

- Debra Goodin (Chairman)
- Ariane Barker (Appointed 1 March 2021)
- David Bartholomew
- Graeme Bevans
- Jean-Georges Malcor

DIRECTORS' REPORTS

Operating and financial review

Principal activities

The principal activities of Atlas Arteria are to own, operate and develop toll roads globally, creating value for investors over the long term through considered and disciplined management and sustainable business practices. The roads developed, operated or managed by Atlas Arteria benefit communities through reduced travel times, greater time certainty, reduced fuel consumption and carbon emissions.

As of the date of this report, Atlas Arteria owned four businesses. The ATLIX Group currently has a 31.14% interest in the APRR toll road group in France and 31.17% interest in Autoroute des deux lacs ('ADELAC'). Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. In the US, Atlas Arteria has 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, the ATLIX Group owns 100% of Warnowquerung GmbH & Co. KG and its general partner (collectively 'Warnow Tunnel') in the north-east city of Rostock.

Distributions

Distributions paid to securityholders were as follows:

	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Dividend of 13.0 cents per stapled security ('cps') paid on 9 April 2021 ^(a)	124,672	–

(a) The distribution paid on 9 April 2021 comprised an ordinary dividend of 13.0 cps. The dividend was paid in full by ATLIX.

Review and results of operations

As a global owner and operator of toll roads, our business is to enable people to travel between destinations safely, with time certainty, and to offer a comfortable travel experience. Government imposed movement restrictions in response to the COVID-19 pandemic, have continued to impact travel across jurisdictions in which Atlas Arteria operates. The magnitude and extent of these restrictions have generally been less restrictive than those imposed during the same period in 2020. Despite these ongoing challenges, Atlas Arteria and our underlying businesses remain well positioned for growth and to support the infrastructure agendas of governments as they look to stimulate their economies post the impact of COVID-19.

Project delivery continued in earnest during the half. At APRR, the A41 widening project was completed on time and on budget and will provide for peak hour road travel from Annecy in France to Geneva in Switzerland in around 30 minutes compared with what was previously at least a 45 minute trip. Since June 30, a number of other large projects have also completed and open to traffic including the creation of the A71 'Montmarault' intersection and the widening on the A75, Clermont-Ferrand to Le Crest. Construction continued on the A79/RCEA project, with completion expected in 2022. This project, once complete, will upgrade 89km to motorway standard, significantly improving safety. At the Greenway, the West End Project 2 construction continued during the period, with completion expected by the end of 2021. Once completed it will improve both safety and congestion.

As part of the broader strategic agenda, to diversify sources of cash and build sustainable distributions for securityholders over time, Atlas Arteria undertook a capital restructure at Warnow Tunnel. The capital restructure included a new €115.0 million (\$176.1 million) debt facility and a cash injection from Atlas Arteria of €42.0 million (\$64.3 million), which were used to repay €142.3 million (\$217.9 million) of legacy debt, terminate the hedging arrangements, pay transaction costs and reserve funding requirements. The cash injection was funded from cash on the Atlas Arteria balance sheet sourced from the Security Purchase Plan that was completed in July 2020. The recapitalisation of Warnow Tunnel is a further milestone in the ongoing transformation of Atlas Arteria. The new capital structure was created to support the ongoing success of the Warnow Tunnel business and allow the company to distribute free cash to Atlas Arteria, rather than being swept to lenders. The reduced leverage and increased likelihood of receiving cash flows significantly earlier in the life of the concession, substantially increases the value of the business.

At Dulles Greenway, Atlas Arteria continued to work with government stakeholders towards a legislative environment that would support the implementation of distance based tolling. While a draft bill to facilitate this change received encouraging support at the legislative session in February, unfortunately, legislation was not ultimately passed. We will continue to pursue tolling outcomes that are beneficial for the community and customers of the Greenway while providing longer term toll path certainty for the business.

Separately, legislation was passed which, on a go forward basis, prevents the Virginia State Corporation Commission ('the SCC') from approving more than one year of toll rate increases at a time (where previously approvals have granted multiple increases for up to five years as part of any one rate case submission). It also defined the threshold for which toll increases would be considered to 'materially discourage use'. In late April 2021, the SCC determined the rate case outcome for the current period and awarded Dulles Greenway the ability to increase off-peak rates in line with what was requested for a period of two years. The change in the legislation will apply after the end of this current rate case period which ends on 31 December 2022.

DIRECTORS' REPORTS

Risk management, people development and delivery against sustainability priorities continued to be a focus during the half. At head office, eight new roles were recruited, supporting growth in capability in the US, traffic forecasting and the finance team. Flexible working policies and foundational practices have also been an important focus for the people program to support the business during the next phase of its growth. Development of ESG targets is underway for assessment during the second half of the year, while delivery of other action plans and practice improvements have also continued in earnest.

The second half distribution for 2020, consisting of an ordinary dividend of 13.0 cps was paid in full by ATLIX on 9 April 2021.

Financial results have been presented in this report to show the performance of Atlas Arteria adjusted for notable items to provide further clarity around the underlying operational performance of the business. The notable items are either not expected to recur or are not related to operational performance.

APRR Group

France started the year with a series of government imposed movement restrictions in place to limit the spread of COVID-19. Ski lifts in France remained shut over the winter period and France discouraged travel to other European resorts. From late January, travel between France and other European countries required proof of a negative COVID-19 test. Consequently, travel over the typically busy winter holiday period was more limited than usual. From mid-February, several regions in the north and south of France were also subject to strict weekend lockdowns and from early April France entered a third nationwide lockdown. Easing of restrictions began in mid May.

Despite these movement restrictions, heavy vehicle traffic for H1 2021 was close to pre pandemic levels, 15% higher than H1 2020. Light vehicle traffic during the half was 20% higher than 2020 but remained 20% lower than H1 2019.

From 1 February 2021, tolls on the APRR and AREA motorway networks increased by 0.45% and 0.65% respectively. These increases reflect the terms of the concession contracts.

Significantly better light vehicle traffic and increased tariffs in 2021 supported a total revenue outcome in H1 2021 which was 19% higher than H1 2020.

Cross-border travel restrictions continued to impact traffic at ADELAC given its reliance on commuter traffic to Geneva. It was pleasing, however that for H1 2021, traffic at ADELAC finished 7% higher than H1 2020 with a 6% increase in revenue as a result of the changes to travelled segment routes effecting average tolling.

Dulles Greenway

While government imposed restrictions had eased by the end of May, traffic continued to be impacted by social preferences in response to rising COVID-19 case counts in Virginia, including for example the preference towards remote working. Remote working continued, and transit generally across the region remained at reduced levels for most of the half. Traffic was also impacted by heavy snowfalls during winter with over four times more snow falling at Dulles International Airport during Q1 2021, compared with Q1 2020. Traffic at the Dulles Greenway in H1 2021 was 1% higher than H1 2020, however remained 41% lower than H1 2019.

The SCC ruling regarding the future tolling at Dulles Greenway on 26 April allowed for an increase to off-peak tolls of 5.3% this year (a further 5.0% in 2022), which came into effect shortly after the announcement.

Changing patterns of travel also impacted revenues with more people choosing to travel in off-peak rather than peak times. All these factors led to an increase in revenue of 2% compared with H1 2020.

Warnow Tunnel

A hard lockdown, which closed non-essential services and schools and limited social gatherings, was in place across Germany from mid-December 2020. The lockdown was initially expected to last four weeks, but ultimately still remained in place until mid-May. During this time, the area in which Warnow Tunnel is located experienced its largest wave of COVID-19 cases since the start of the pandemic. As movement restrictions began to ease traffic started to trend back to pre-pandemic levels, with traffic in the last week of the half at only 5% lower than the same period in 2019.

Traffic in H1 2021 was 9% lower than H1 2020 which led to the comparative 7% reduction in revenue.

DIRECTORS' REPORTS

Financial Results

	ALX		% change
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	
Revenue and other income			
– Toll Revenue	43,085	49,614	(13%)
– Other income	397	7,700	(95%)
Operating expenses			
– Business operations	(14,385)	(24,965)	42%
– Corporate costs	(11,925)	(10,753)	(11%)
Finance costs	(41,310)	(54,824)	25%
Depreciation and amortisation	(29,261)	(38,227)	23%
Share of net profits/(losses) in associates	138,450	79,829	73%
Income tax benefit/(expense)	993	741	34%
Net Profit/(loss) from operations after tax (excluding Notable Items)	86,044	9,115	844%
Notable Items			
– Warnow Tunnel removal of fair value adjustment with legacy debt repayment	(49,888)	–	–
– Warnow Tunnel recognition of deferred tax assets	34,863	–	–
– Macquarie management fees	–	(2,092)	–
– FX impacts of significant transactions during the period	–	15,262	–
– Impairments and asset revaluations	–	(152,034)	–
– Income tax benefit/(expense) of notable items	–	6,703	–
Net Profit/(loss) from operations after tax	71,019	(123,046)	158%

The statutory results for the half year ended 30 June 2021 show a profit for Atlas Arteria of \$71.0 million (2020: loss of \$123.0 million). The result reflects the impacts of movement restrictions on traffic and also the accounting outcomes of refinancing the legacy debt facility and hedging arrangements at Warnow Tunnel.

As a result of extinguishing this debt facility, the fair value adjustment allocated to it after purchase of the remaining 30% interest in 2018 was expensed (\$49.9 million, €31.9 million). This reflects the removal of a legacy position and does not reflect the value created for Atlas Arteria as a result of the transaction. The capital restructure strengthened the probability of future taxable profits being available to utilise pre-existing income tax losses, and as such resulted in the new recognition of a \$34.9 million (€22.3 million) deferred tax asset.

The prior year results reflect the decision by the Boards of ATLIX and ATLAX to impair their respective interests in the Dulles Greenway.

Adjusting for notable items net profits increased by \$76.9 million to \$86.0 million. Specific items that impacted the performance were as follows:

- Strengthening of the Australian Dollar against the Euro and US Dollar offsets the stronger operating performances of both Dulles Greenway and Warnow Tunnel in local currency terms.
- The share of net profits from investments reflects the improved performance of the APRR business, following the particularly strict lockdowns implemented at the start of the pandemic during H1 2020, with a 50% increase in consolidated net profits for the half in local currency terms. This line item also reflects the full half year impact of the additional 6.14% stake purchased by Atlas Arteria on 2 March 2020.

DIRECTORS' REPORTS

Strategic Outlook

Atlas Arteria management remains focused on driving long-term value and returns to securityholders. Since internalisation we have completely transformed the Groups, and are well placed to continue to grow and transform. Our strategy remains to reduce legacy complexity and optimise the value of what we own, undertake active operational management to improve earnings and value, provide disciplined capital management to underpin strong and sustainable distributions to securityholders, lengthen the average concession life and to diversify and manage risk.

To achieve these objectives, we are focused on growth for the APRR portfolio and extensions to the APRR concession. We are also focused on unlocking value from the Dulles Greenway, including through pursuing legislative change, meeting customer expectations with distance-based tolling, and offering a better customer experience across a full 45km roadway including the Greenway and the Dulles Toll Road.

The business remains well placed to benefit in the second half of the year from increased travel following the removal of strict COVID-19 movement restrictions, and high and growing vaccination rates in Europe and the United States.

Sustainability and Risk Framework

At Atlas Arteria, we are committed to playing a positive role in society and creating long-term value for our stakeholders. We take our responsibilities seriously, embedding sustainable business practices to support our growth.

Our strategy is informed by our four priority areas: safety; customers and community; our people; and environmental stewardship. These four priorities are underpinned by business fundamentals that enable us to fulfil our future growth potential. These are good governance; an ethical culture; an emphasis on sustainable growth and keeping abreast of technology and other innovations.

As we continue to develop and evolve our sustainability strategy, during the period we commenced work required to establish targets for our sustainability priorities. These will be important to establish the direction of our future performance across the sustainability priorities. The Intergovernmental Panel on Climate Change published their most recent report during the half which highlights the importance of a continued focus on environmental stewardship. We remain focused on targets to achieve these outcomes as well as our other priority areas.

Identifying and prioritising risk is critical to the development of effective strategy and, together with effective risk management is essential to delivering value for our stakeholders. Atlas Arteria ensures that risk is considered in conjunction with strategy, and this approach is supported by a positive and proactive risk culture. A robust risk management framework is supported by clear risk appetite statements that enable Atlas Arteria to capture opportunities and effectively manage and escalate risk as required. Our Risk Management Policy is available on our website at: https://www.atlasarteria.com/stores/_sharedfiles/Corporate_governance/ALX_Governance_Docs/RiskManagementPolicy-December2020Approved.pdf

Significant changes in state of affairs

Capital restructure at Warnow Tunnel

On 18 March 2021 Atlas Arteria executed agreements to restructure the capital arrangements at Warnow Tunnel. A new €115.0 million (\$176.1 million) debt facility (which includes fixed and variable tranches), together with a cash injection of €42.0 million (\$64.3 million) from Atlas Arteria was used to repay the legacy debt, current hedging arrangements, transaction costs and reserve funding requirements. The cash injection was funded from cash on the Atlas Arteria balance sheet.

Likely developments and expected results of operations

No change is contemplated to the principal activities outlined on page 2. Significant changes in the state of affairs above discusses the likely developments of Atlas Arteria and the ATLAX Group.

Events occurring after balance sheet date

The Directors of ATLIX and ATLAX are not aware of any other matter or circumstance not otherwise dealt with in the Directors' Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the half year ended 30 June 2021.

Rounding of amounts in the Directors' Reports and the Financial Reports

The Groups are of a kind referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 issued by the Australian Securities and Investments Commission relating to the 'rounding off' of amounts in the Directors' Reports and Interim Financial Reports. Amounts in the Directors' Reports and Interim Financial Reports have been rounded to the nearest thousand dollars in accordance with that instrument, unless otherwise indicated.

Application of class order

The Directors' Reports and Interim Financial Reports for Atlas Arteria and the ATLAX Group have been presented in the one report, as permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) instrument 2015/838.

DIRECTORS' REPORTS

Auditor's Independence Declaration

A copy of the auditor's independence declaration for ATLAX and its controlled entities during the period, as required under section 307C of the *Corporations Act 2001* and an independence declaration for ATLIX and its controlled entities during the period, is set out on page 7.

Signed in accordance with a resolution of the Directors of Atlas Arteria International Limited:



Jeffrey Conyers
Chairman
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2021



Caroline Foulger
Director
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2021

Signed in accordance with a resolution of the Directors of Atlas Arteria Limited:



Debra Goodin
Chairman
Atlas Arteria Limited
Melbourne, Australia
26 August 2021



Ariane Barker
Director
Atlas Arteria Limited
Melbourne, Australia
26 August 2021

AUDITOR'S INDEPENDENCE DECLARATION



Auditor's Independence Declaration

As lead auditor for the reviews of Atlas Arteria International Limited and Atlas Arteria Limited for the half-year ended 30 June 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Atlas Arteria International Limited and the entities it controlled during the period and Atlas Arteria Limited and the entities it controlled during the period.

A handwritten signature in black ink, appearing to read 'Ben Gargett'.

Ben Gargett
Partner
PricewaterhouseCoopers

Melbourne
26 August 2021

PricewaterhouseCoopers, ABN 52 780 433 757
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CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

	Note	ALX		ATLAX Group	
		Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Revenue and other income from operations					
Total revenue and other income from operations	2.1.1	43,482	59,550	7,086	7,216
Operating expenses	2.1.2	(55,571)	(228,071)	(10,927)	(10,168)
Finance costs	2.1.3	(91,198)	(41,798)	187	(17)
Share of net profits/(losses) in associates		138,450	79,829	(5,424)	(25,736)
Profit/(loss) from operations before income tax		35,163	(130,490)	(9,078)	(28,705)
Income tax benefit		35,856	7,444	-	-
Profit/(loss) for the half year		71,019	(123,046)	(9,078)	(28,705)
Profit/(loss) attributable to:					
Equity holders of the parent entity – ATLIX		80,097	(94,341)	-	-
Equity holders of other stapled entity – ATLAX (as non-controlling interest/parent entity)		(9,078)	(28,705)	(9,078)	(28,705)
Stapled securityholders		71,019	(123,046)	(9,078)	(28,705)
Other comprehensive (loss)/income					
<i>Items that may be reclassified to profit or loss:</i>					
Exchange differences on translation of foreign operations		(24,319)	42,554	1,690	3,945
<i>Items that will not be reclassified to profit or loss:</i>					
Gain/(loss) on cash flow hedges		-	25,287	-	-
Other comprehensive (loss)/income		(24,319)	67,841	1,690	3,945
Total comprehensive income/(loss)		46,700	(55,205)	(7,388)	(24,760)
Total comprehensive income/(loss) attributable to:					
Equity holders of the parent entity – ATLIX		54,088	(30,445)	-	-
Equity holders of other stapled entity – ATLAX (as non-controlling interest/parent entity)		(7,388)	(24,760)	(7,388)	(24,760)
Stapled securityholders		46,700	(55,205)	(7,388)	(24,760)
		Cents	Cents	Cents	Cents
Profit/(loss) per share attributable to ATLIX/ATLAX shareholders					
Basic Profit/(loss) per share attributable to:					
ATLIX (as parent entity)		8.4	(10.6)	-	-
ATLAX (as non-controlling interest)		-	-	(1.0)	(3.2)
Basic Profit/(loss) per ALX stapled security		7.4	(13.8)	(1.0)	(3.2)
Diluted Profit/(loss) per share attributable to:					
ATLIX (as parent entity)		8.4	(10.6)	-	-
ATLAX (as non-controlling interest)		-	-	(1.0)	(3.2)
Diluted Profit/(loss) per ALX stapled security		7.4	(13.8)	(1.0)	(3.2)

The above Consolidated Statements of Comprehensive Income should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

	Note	ALX		ATLAX Group	
		As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Current assets					
Cash and cash equivalents		191,076	260,341	45,948	52,130
Other assets		11,605	7,301	5,782	5,598
Total current assets		202,681	267,642	51,730	57,728
Non-current assets					
Restricted cash		219,526	224,089	–	–
Intangible assets – Tolling Concessions	4.1	2,064,644	2,064,339	–	–
Investments in associates	3.1	2,589,862	2,635,472	100,951	104,685
Goodwill	4.2	13,895	14,091	–	–
Deferred tax assets	2.4	23,635	–	–	–
Property plant and equipment		12,289	13,267	838	2,508
Other assets		101	136	15	22
Derivative financial instruments		51	–	–	–
Total non-current assets		4,924,003	4,951,394	101,804	107,215
Total assets		5,126,684	5,219,036	153,534	164,943
Current liabilities					
Other liabilities		(13,260)	(16,300)	(3,216)	(5,494)
Debt at amortised cost	5.1	(88,931)	(53,212)	–	–
Derivative financial instruments		–	(2,515)	–	–
Total current liabilities		(102,191)	(72,027)	(3,216)	(5,494)
Non-current liabilities					
Debt at amortised cost	5.1	(1,449,158)	(1,470,960)	–	–
Deferred tax liabilities	2.4	(28,047)	(40,395)	–	–
Other liabilities		(40,518)	(38,871)	(268)	(1,600)
Derivative financial instruments		–	(12,332)	–	–
Total non-current liabilities		(1,517,723)	(1,562,558)	(268)	(1,600)
Total liabilities		(1,619,914)	(1,634,585)	(3,484)	(7,094)
Net assets		3,506,770	3,584,451	150,050	157,849
Equity					
Equity attributable to securityholders of the parent – ATLIX					
Contributed equity	5.2	3,747,750	3,747,750	–	–
Reserves	5.4	(38,913)	(13,607)	–	–
Accumulated losses		(352,116)	(307,541)	–	–
ATLIX securityholders' interest		3,356,721	3,426,602	–	–
Equity attributable to other stapled securityholders – ATLAX					
Contributed equity	5.2	202,075	202,075	202,075	202,075
Reserves	5.4	23,542	21,834	23,542	21,834
Accumulated losses		(75,568)	(66,060)	(75,568)	(66,060)
Other stapled securityholders' interest		150,049	157,849	150,049	157,849
Total equity		3,506,770	3,584,451	150,049	157,849

The above Consolidated Statements of Financial Position should be read in conjunction with the accompanying notes.

The financial information was approved by the ATLIX Board of Directors on 26 August 2021 and as required by Bermuda regulations was signed on its behalf by:



Jeffrey Conyers
Atlas Arteria International Limited
Hamilton, Bermuda



Caroline Foulger
Atlas Arteria International Limited
Hamilton, Bermuda

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

ALX	Attributable to ATLIX securityholders				Attributable to ATLAX securityholders \$'000	Total ALX equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000		
Total equity at 31 December 2020	3,747,750	(13,607)	(307,541)	3,426,602	157,849	3,584,451
Adjustment due to change in accounting policy	–	–	–	–	(430)	(430)
Total equity at 1 January 2021 (restated)	3,747,750	(13,607)	(307,541)	3,426,602	157,419	3,584,021
Profit for the half year	–	–	80,097	80,097	(9,078)	71,019
Exchange differences on translation of foreign operations	–	(26,009)	–	(26,009)	1,690	(24,319)
Total comprehensive income/(expense)	–	(26,009)	80,097	54,088	(7,388)	46,700
Transactions with equity holders in their capacity as equity holders:						
Employee Performance rights	–	703	–	703	18	721
Dividends paid (refer to note 2.2)	–	–	(124,672)	(124,672)	–	(124,672)
	–	703	(124,672)	(123,969)	18	(123,951)
Total equity at 30 June 2021	3,747,750	(38,913)	(352,116)	3,356,721	150,049	3,506,770

ALX	Attributable to ATLIX securityholders				Attributable to ATLAX securityholders \$'000	Total ALX equity \$'000
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000		
Total equity at 1 January 2020	3,275,591	154,283	(278,815)	3,151,059	192,536	3,343,595
Loss for the half year	–	–	(94,341)	(94,341)	(28,705)	(123,046)
Exchange differences on translation of foreign operations	–	38,609	–	38,609	3,945	42,554
Settlement of the hedging instrument	–	25,287	–	25,287	–	25,287
Total comprehensive income/(expense)	–	63,896	(94,341)	(30,445)	(24,760)	(55,205)
Transactions with equity holders in their capacity as equity holders:						
Issue of securities during the period (refer to note 5.2)	408,151	–	–	408,151	11,849	420,000
Transaction costs associated with issue of securities (refer to note 5.2)	(9,268)	–	–	(9,268)	(153)	(9,421)
Other equity transactions (refer to note 5.4)	–	(92,880)	92,880	–	17	17
Employee Performance rights	861	279	–	1,140	29	1,169
	399,744	(92,601)	92,880	400,023	11,742	411,765
Total equity at 30 June 2020	3,675,335	125,578	(280,276)	3,520,637	179,518	3,700,155

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (CONTINUED)

ATLAX Group	Attributable to ATLAX securityholders			
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Total equity at 31 December 2020	202,075	21,834	(66,060)	157,849
Adjustment due to change in accounting policy	–	–	(430)	(430)
Total equity at 1 January 2021 (restated)	202,075	21,834	(66,490)	157,419
Loss for the half year	–	–	(9,078)	(9,078)
Exchange differences on translation of foreign operations	–	1,690	–	1,690
Total comprehensive income	–	1,690	(9,078)	(7,388)
Transactions with equity holders in their capacity as equity holders:				
Employee Performance rights	–	18	–	18
	–	18	–	18
Total equity at 30 June 2021	202,075	23,542	(75,568)	150,049

ATLAX Group	Attributable to ATLAX securityholders			
	Contributed equity \$'000	Reserves \$'000	Accumulated Losses \$'000	Total \$'000
Total equity at 1 January 2020	187,571	(6,642)	11,607	192,536
Loss for the half year	–	–	(28,705)	(28,705)
Exchange differences on translation of foreign operations	–	3,945	–	3,945
Total comprehensive income/ (expense)	–	3,945	(28,705)	(24,760)
Transactions with equity holders in their capacity as equity holders:				
Employee performance rights	24	5	–	29
Other equity transactions (refer to note 5.4)	–	37,993	(37,976)	17
Issue of securities during the period	11,849	–	–	11,849
Transaction costs associated with issue of securities (refer to note 5.2)	(153)	–	–	(153)
	11,720	37,998	(37,976)	11,742
Total equity at 30 June 2020	199,291	35,301	(55,074)	179,518

The above Consolidated Statements of Changes in Equity should be read in conjunction with the accompanying notes.

CONSOLIDATED STATEMENTS OF CASH FLOWS

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Cash flows from operating activities				
Toll revenue received (net of transaction processing fees)	43,054	48,888	-	-
Interest (paid)/received	(195)	3,374	44	130
Other income received	1,940	538	3,772	2,906
Property taxes paid	(2,301)	(3,185)	-	-
Manager's and adviser's base fees paid	(457)	(3,034)	-	-
Payments to suppliers and employees (inclusive of GST/VAT)	(28,099)	(28,381)	(8,708)	(10,304)
Net cash flows from operating activities	13,942	18,200	(4,892)	(7,268)
Cash flows from investing activities				
Return from associates	151,071	206,823	-	-
Payment for purchase of investments	-	(1,272,692)	-	-
Payments to suppliers associated with the purchase of investments	-	(2,707)	-	-
Other investments	(1,048)	-	(1,048)	-
Additions to tolling concessions (IFRIC 12)	(196)	(4,372)	-	-
Purchase of fixed assets	(405)	(439)	(97)	(123)
Net cash flows from investing activities	149,422	(1,073,387)	(1,145)	(123)
Cash flows from financing activities				
Repayment of debt and interest (including transaction costs)	(283,516)	(626,836)	-	-
Proceeds from borrowings (net of transaction costs)	171,953	-	-	-
Proceeds from issue of securities (net of transaction costs)	-	412,293	-	11,226
Transfer (to)/from restricted cash	8,253	3,880	-	-
Dividends paid	(124,672)	-	-	-
Lease principal payments	(899)	-	(102)	-
Net cash flows from financing activities	(228,881)	(210,663)	(102)	11,226
Net (decrease)/increase in cash and cash equivalents	(65,517)	(1,265,850)	(6,139)	3,835
Cash and cash equivalents at the beginning of the year	260,341	1,450,221	52,130	48,612
Effects of exchange rate movements on cash and cash equivalents	(3,748)	4,352	(43)	(1,117)
Cash and cash equivalents at the end of the half year	191,076	188,723	45,948	51,330

The above Consolidated Statements of Cash Flows should be read in conjunction with the accompanying notes.

NOTES TO THE INTERIM FINANCIAL REPORTS

1 Introduction

Atlas Arteria – Stapled security

An Atlas Arteria ('ALX') stapled security comprises one Atlas Arteria International Limited ('ATLIX') share 'stapled' to one Atlas Arteria Limited ('ATLAX') share to create a single listed security traded on the Australian Securities Exchange ('ASX'). The stapled securities cannot be traded or dealt with separately.

AASB 3 *Business Combinations* and AASB 10 *Consolidated Financial Statements* require one of the stapled entities of a stapled structure to be identified as the parent entity for the purpose of preparing a consolidated Interim Financial Report. In accordance with this requirement, ATLIX has been identified as the parent entity of the consolidated group comprising ATLIX and its controlled entities ('ATLIX Group') and ATLAX and its controlled entities ('ATLAX Group'), together comprising 'Atlas Arteria', 'ALX' or 'the Groups'.

As permitted by ASIC Class Order 13/1050 and ASIC Corporations (Stapled Group Reports) Instrument 2015/838, these reports consist of the Interim Financial Report of ATLIX Group at the end of and during the half year and separately the Interim Financial Report of ATLAX Group at the end of and during the half year.

Basis of preparation

These general purpose Interim Financial Reports for the half year ended 30 June 2021 have been prepared in accordance with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Act 2001* (where applicable). Compliance with AASB 134 ensures compliance with *IAS 34 Interim Financial Reporting* as issued by the International Accounting Standards Board ('IASB').

These Interim Financial Reports do not include all the notes of the type normally included in Annual Financial Reports. Accordingly, these reports are to be read in conjunction with the Annual Financial Reports for the year ended 31 December 2020 and any public announcements made by Atlas Arteria during the interim reporting period in accordance with the continuous disclosure requirements of the *Corporations Act 2001* (where applicable).

Both ATLIX and ATLAX are for-profit entities for the purpose of preparing the Interim Financial Reports.

The Interim Financial Reports were authorised for issue by the Directors of the ATLIX Board and the ATLAX Board (together, the 'Boards') on 26 August 2021. The Boards have the power to amend and reissue the Interim Financial Reports.

The Interim Financial Reports are general purpose financial reports that:

- have been prepared in accordance with Australian Accounting Standards and Interpretations issued by the Australian Accounting Standards Board ('AASB') and the *Corporations Act 2001* (where applicable).
- have also been prepared in accordance with and comply with International Financial Reporting Standards ('IFRS') as issued by the International Accounting Standards Board ('IASB').
- include the assets and liabilities of all subsidiaries as at 30 June 2021 and the results of the subsidiaries for the half year then ended. Inter-entity transactions with, or between, subsidiaries are eliminated in full on consolidation.
- have been prepared under the historical cost conventions except for certain assets and liabilities, which have been measured at fair value.
- are presented in Australian dollars with all values rounded to the nearest thousand dollars unless otherwise stated, in accordance with ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191.

New and amended standards adopted by the Groups

During the half year to 30 June 2021 the Groups adopted IFRIC Interpretations Committee Agenda item 5 – Cloud computing arrangement costs, and an adjustment has been taken through opening retained earnings accordingly. The impact is not material to the Groups (refer to Statement of Changes in Equity).

Critical accounting estimates and judgements

The preparation of the Interim Financial Reports in accordance with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires the Directors to exercise judgement in the process of applying the accounting policies. Estimates and judgements are continually evaluated and are based on historic experience and other factors, including reasonable expectations of future events. The Directors believe the estimates used in the preparation of the Interim Financial Reports are reasonable. Actual results in the future may differ from those reported.

Significant judgments made in applying accounting policies, estimates and assumptions that have a risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next year are discussed in the following notes:

- Deferred tax assets (Note 2.4)
- Control assessment (Note 3.1)
- Impairment of assets and associates (Note 4.1)
- Intangible assets – Tolling concessions (Note 4.1)

NOTES TO THE INTERIM FINANCIAL REPORTS

2 Financial performance

2.1 Profit/(loss) for the year

The profit/(loss) from operations before income tax includes the following specific items of income and expense:

2.1.1 Revenue and other income from operations

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Revenue from operations:				
Toll revenue	43,085	49,614	-	-
Other income	397	546	7,078	7,088
Construction revenue from road development activities	-	7,125	-	-
Interest income	-	2,265	-	128
Total revenue and other income from operations	43,482	59,550	7,078	7,216
Other income from operations:				
Reversal of impairment on financial assets	-	-	8	-
Total other income from operations	-	-	8	-
Total revenue and other income from operations	43,482	59,550	7,086	7,216

2.1.2 Operating expenses

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Operating expenses				
Amortisation of tolling concession	28,702	37,790	-	-
Cost of operations:				
Toll road maintenance expenses	4,924	5,558	-	-
Other operating expenses	2,746	5,608	-	78
Employment costs	12,877	10,913	7,229	5,540
Total cost of operations	20,547	22,079	7,229	5,618
Consulting and administration fees	290	2,662	675	846
Manager's and adviser's base fees	-	2,092	-	-
Impairment loss on tolling concession (refer to note 4.1)	-	152,034	-	-
Construction costs from road development activities	803	7,125	-	-
Other expenses	4,670	3,852	2,889	3,547
Depreciation and amortisation	559	437	134	157
Total operating expenses	55,571	228,071	10,927	10,168

NOTES TO THE INTERIM FINANCIAL REPORTS

2.1.3 Finance Costs

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Interest on debt	40,331	53,841	-	-
Mark to market (gain)/loss on derivatives	(492)	(557)	-	-
Warnow Tunnel removal of fair value adjustment with legacy debt repayment	49,888	-	-	-
Fee on early repayment of borrowings	756	-	-	-
Amortisation of issue cost on borrowings from financial institutions (refer to note 5.1)	-	814	-	-
Net foreign exchange (gains)/losses	(20)	(13,026)	(77)	-
Other interest	735	726	(110)	17
Total finance costs	91,198	41,798	(187)	17

2.2 Distributions

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Distributions paid				
Dividend paid on 9 April 2021 ^(a)	124,672	-	-	-
	Cents per stapled security	Cents per stapled security	Cents per stapled security	Cents per stapled security
Distributions paid				
Dividend per security paid on 9 April 2021 ^(a)	13.0	-	-	-

(a) The dividend paid on 9 April 2021 comprised an ordinary dividend of 13.0 cps.

2.3 Segment information

2.3.1 Description of segments

Management has determined the operating segments based on the reports reviewed by the Boards. The Boards do not manage the day-to-day activities of the business. The Directors have appointed a management team to run and manage the ongoing operations of the business.

Management considers the business from the aspect of each of the businesses and have identified four operating segments for Atlas Arteria and one operating segment for the ATLAX Group. The segments of Atlas Arteria are the investments in APRR, ADELAC, Dulles Greenway and Warnow Tunnel. The only segment for the ATLAX Group is the investment in Dulles Greenway.

NOTES TO THE INTERIM FINANCIAL REPORTS

2.3.2 Segment information provided to the Boards

The proportionally consolidated segment information for the reportable segments for the half year ended 30 June 2021, based on Atlas Arteria's economic ownership interest is as follows:

ALX	Year ended	APRR \$'000	ADELAC \$'000	Dulles Greenway \$'000	Warnow Tunnel \$'000	Total ALX \$'000	Total ATLAX \$'000
Segment revenue	30-Jun-21	541,764	9,524	34,821	8,632	594,741	4,677
	30-Jun-20	444,505	9,601	40,014	9,893	504,013	5,375
Segment expenses	30-Jun-21	(133,552)	(1,674)	(9,299)	(2,778)	(147,303)	(1,249)
	30-Jun-20	(121,957)	(1,927)	(11,995)	(2,718)	(138,597)	(1,611)
Segment EBITDA	30-Jun-21	408,212	7,850	25,522	5,854	447,438	3,428
	30-Jun-20	322,548	7,674	28,019	7,175	365,416	3,764
EBITDA margin	30-Jun-21	75%	82%	73%	68%	75%	73%
	30-Jun-20	73%	80%	70%	73%	73%	70%

The segment revenue disclosed in the table above primarily relates to toll revenue generated by businesses from external customers.

The segment expenses disclosed in the table above relate directly to costs associated with the operation of that segment.

The segment assets and liabilities of equity accounted investments are disclosed in note 3.1.3. Warnow Tunnel has assets of \$267.5 million (31 December 2020: \$230.8 million) and liabilities of \$240.1 million (31 December 2020: \$220.4 million).

A reconciliation of the Groups' segment revenue and EBITDA to its total revenue and profit from operations before income tax is provided as follows:

	ALX		ATLAX Group	
	As at 30 Jun 2021 \$'000	As at 30 Jun 2020 \$'000	As at 30 Jun 2021 \$'000	As at 30 Jun 2020 \$'000
Reconciliation of segment revenue to revenue				
Segment revenue	594,741	504,013	4,677	5,375
Revenue attributable to non-consolidated investments	(551,288)	(454,106)	(4,677)	(5,375)
Construction revenue from road development activities	-	7,125	-	-
Unallocated revenue and other income	29	2,518	7,086	7,216
Total revenue and other income from operations	43,482	59,550	7,086	7,216
Reconciliation of segment EBITDA to profit/(loss) before income tax				
Segment EBITDA	447,438	365,416	3,428	3,764
EBITDA attributable to non-consolidated investments	(416,062)	(330,222)	(3,428)	(3,764)
Construction expense from road development activities	-	(7,125)	-	-
Impairment of Dulles Greenway	-	(152,034)	-	-
Unallocated revenue	29	2,518	7,086	7,216
Unallocated expenses	(43,494)	(47,074)	(10,927)	(10,168)
Finance costs	(91,198)	(41,798)	187	(17)
Share of net profits/(losses) in associates	138,450	79,829	(5,424)	(25,736)
Profit/(loss) from operations before income tax	35,163	(130,490)	(9,078)	(28,705)

NOTES TO THE INTERIM FINANCIAL REPORTS

2.4 Income Tax

A deferred tax asset of \$34.9 million (€22.3 million) and an income tax benefit have been recognised as a result of carry forward tax losses associated with holdings in Warnow Tunnel. These have been recognised following the capital restructure which closed in March 2021, which strengthened the probability of future taxable profits being available to utilise the losses.

The movement in the balance of deferred tax assets ('DTA') and deferred tax liabilities ('DTL') is as follows:

	ALX		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Deferred tax assets				
Opening balance at 1 January	-	-	-	-
Deferred tax asset recognised during the period	35,263	-	-	-
Transfer from deferred tax liability	(11,628)	-	-	-
Foreign exchange movement	-	-	-	-
Closing balance at 30 June ^(a)	23,635	-	-	-
Deferred tax liabilities				
Opening balance at 1 January	(40,395)	(50,541)	-	-
Gross amortisation of deferred tax liabilities	1,012	726	-	-
Transfer to deferred tax asset	11,628	-	-	-
Impairment impact on deferred tax liabilities ^(b)	-	6,703	-	-
Foreign exchange movement	(292)	(1,368)	-	-
Closing balance at 30 June	(28,047)	(44,480)	-	-
Net deferred tax asset/(liability) at 30 June	(4,412)	(44,480)	-	-

(a) Represents the recognition of the net deferred tax asset relating to Warnow Tunnel.

(b) In the prior half year ended 30 June 2020 the impairment recognised on Dulles Greenway of \$152.0 million resulted in a \$6.7 million decrease in deferred tax liabilities.

NOTES TO THE INTERIM FINANCIAL REPORTS

3 Investments

3.1 Investments accounted for using the equity method

	ALX		ATLAX Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Investment in associates and joint venture – equity method	2,589,862	2,635,472	100,951	104,685
	2,589,862	2,635,472	100,951	104,685

Information relating to associates and joint arrangements is set out below:

3.1.1 Carrying amounts

Name of Entity ^(a)	Country of Incorporation/ Principal Place of Business	Principal Activity	ALX Economic interest	ALX		ATLAX Economic interest	ATLAX Group	
			As at 30 Jun 2021 and 31 Dec 2020 %	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 and 31 Dec 2020 %	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
MAF2 ^(b)	Luxembourg	Investment in toll road network located in the east of France (APRR and ADELAC)	62.3/62.3	2,589,862	2,635,472	-/-	-	-
TRIP II ^{(c), (d)}	USA	Investment in toll road located in northern Virginia, USA	-/-	-	-	13.4/13.4	100,951	104,685

(a) All associates and joint arrangements have 31 December year end reporting requirements except for MAF2 which has a 31 March year end.

(b) Atlas Arteria's investment in MAF2 is classified as an associate as any decision made with regard to the relevant activities requires 85% of the voting members to proceed.

(c) The ATLAX Group has a 13.4% interest in TRIP II, the concessionaire for Dulles Greenway is accounted for as an equity accounted associate. Atlas Arteria has a 100% estimated economic interest in TRIP II after combining ATLAX Group's 13.4% equity interest with ATLIX Group's 86.6% economic interest. Accordingly, TRIP II is accounted for as a subsidiary of Atlas Arteria.

(d) TRIP II is in 'lockup' under its debt documents, meaning that it is currently unable to make distributions to Atlas Arteria or the ATLAX Group.

3.1.2 Movement in carrying amounts

	ALX Group		ATLAX Group	
	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Half Year ended 30 Jun 2020 \$'000
Carrying amount at the beginning of the period	2,635,472	1,363,829	104,685	144,589
Share of profits/(losses) after income tax	138,450	79,829	(5,424)	(6,400)
Distributions received/receivable	(151,071)	(31,538)	-	-
Liquidation of CSP and ITRP	-	(16)	-	(16)
Additional investment in MAF2	-	1,066,253	-	-
Transaction costs	-	206,235	-	-
Foreign exchange movement	(32,989)	(5,080)	1,690	3,281
Impairment of asset ^(a)	-	-	-	(18,531)
Carrying amount at the end of the period	2,589,862	2,679,512	100,951	122,923

(a) Impairment of asset in the prior year includes an impairment on Dulles Greenway of \$24.9 million (refer to notes 4.1 & 4.2) offset by the impact of the deferred tax liability \$6.4 million.

NOTES TO THE INTERIM FINANCIAL REPORTS

3.1.3 Summarised financial information for material associates

The following tables summarise financial information for those associates that are material to Atlas Arteria and ATLAX Group. The information disclosed reflects the amounts presented in the Interim Financial Reports of those relevant entities and not Atlas Arteria's or the ATLAX Group's share of those amounts. Additional disclosures at the end of the tables reflect the adjustments required for relevant disclosure in the Atlas Arteria or ATLAX Group accounts.

Summarised Statement of Financial Position	MAF2 ^(a)		TRIP II	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Total current assets	1,041,799	1,250,831	50,134	73,143
Total non-current assets	9,232,287	9,526,182	2,375,076	2,359,625
Total current liabilities	(1,542,637)	(1,670,035)	(92,213)	(79,567)
Total non-current liabilities	(7,214,060)	(7,548,378)	(1,342,354)	(1,338,848)
Net assets	1,517,389	1,558,600	990,643	1,014,353
Reconciliation to carrying amounts:				
Opening net assets	1,558,600	1,740,239	1,014,353	1,198,144
Profit/(loss) for the period	222,283	331,300	(40,382)	(89,606)
Distributions paid	(242,568)	(220,924)	-	-
Foreign exchange and other equity movements	(20,926)	(292,015)	16,672	(94,185)
Closing net assets	1,517,389	1,558,600	990,643	1,014,353
Atlas Arteria's share in %	62.3%	62.3%	-	-
Atlas Arteria's share of net assets in \$	945,030	970,696	-	-
ATLAX Group's share in %	-	-	13.4%	13.4%
ATLAX Group's share of net assets in \$	-	-	133,073	136,258
Atlas Arteria's carrying amount	2,589,862	2,635,472	-	-
Accumulated prior year impairment of asset	-	-	(32,122)	(14,973)
Impairment of asset ^(b)	-	-	-	(16,600)
ATLAX Group's carrying amount	-	-	100,951	104,685

(a) MAF2 proportionately consolidates the results of APRR and ADELAC.

(b) Impairment of asset in the prior year includes an impairment on Dulles Greenway of \$22.4 million (refer to notes 4.1 & 4.2) offset by the impact of the deferred tax liability \$5.8 million.

Summarised Statement of Comprehensive Income	MAF2 ^(a)		TRIP II	
	Half Year ended 30 Jun 2021 \$'000	Year ended 31 Dec 2020 \$'000	Half Year ended 30 Jun 2021 \$'000	Year ended 31 Dec 2020 \$'000
Revenue	973,044	2,093,178	34,821	83,087
Profit/(loss) for the year	222,283	331,300	(40,382)	(89,606)
Atlas Arteria's share	138,450	196,086	-	-
ATLAX Group's share	-	-	(5,424)	(12,037)
Atlas Arteria's distributions received	151,071	137,592	-	-
ATLAX Group's distributions received	-	-	-	-

(a) MAF2 proportionately consolidates the results of APRR and ADELAC.

NOTES TO THE INTERIM FINANCIAL REPORTS

4 Other balance sheet assets and liabilities

4.1 Intangible assets – Tolling concessions

Intangible assets – Tolling concessions

Tolling concessions are intangible assets and represent the right to levy tolls in respect of controlled motorways. Tolling concessions relating to the non-controlled investments are recognised as a component of the investments accounted for using the equity method.

Tolling concessions have a finite useful life by the terms of the concession arrangement and are carried at cost which represents the fair value of the consideration paid on acquisition less accumulated amortisation and impairment charges. Amortisation is calculated using the straight line method to allocate the cost of tolling concessions over their estimated useful lives which are as follows:

	Estimated useful life	Amortisation basis
Dulles Greenway	Period to February 2056	Straight line basis
Warnow Tunnel	Period to September 2053	Straight line basis
APRR	Period to November 2035	Straight line basis
ADELAC	Period to December 2060	Straight line basis

There has been no change to the estimated useful life during the half year.

In relation to APRR and ADELAC, the tolling concessions in relation to these non-controlled investments are not recognised on the statement of financial position but instead form part of investments accounted for using the equity method.

The amortisation of tolling concessions in relation to these non-controlled investments is included in the share of net profit of investments accounted for using the equity method.

	ALX		ATLAX Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Balance at the beginning of the year	2,064,339	2,438,598	–	–
Acquisition cost ^(a)	–	8,273	–	–
Amortisation of tolling concession	(28,702)	(66,439)	–	–
Impairment of tolling concession ^(b)	–	(143,896)	–	–
Foreign exchange movement	29,007	(172,197)	–	–
Balance at the end of the period	2,064,644	2,064,339	–	–

(a) In the prior year, a tolling concession of \$5.6 million was recognised on the DTR Connector and \$2.7 million was recognised on the West End Works. These projects were completed in 2020.

(b) In the prior year an impairment charge of \$143.9 million was recorded on the Dulles Greenway Concession.

NOTES TO THE INTERIM FINANCIAL REPORTS

4.2 Goodwill

	ALX		ATLAX Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Balance at the beginning of the year	14,091	14,054	–	–
Foreign exchange movement	(196)	37	–	–
Balance at the end of the period	13,895	14,091	–	–

Key assumptions used for the fair value calculations at the Dulles Greenway include:

- Forecast traffic volumes
- Long term CPI (% annual growth)
- Average toll (% annual growth)
- Post-tax discount rate

For further details on the assumptions used in the prior year calculations, refer to the Atlas Arteria Financial Report for the year ended 31 December 2020, note 4.2.

The assets and liabilities associated with the cash generating unit ('CGU') were initially recognised in Atlas Arteria's balance sheet at their fair values on the dates on which Atlas Arteria achieved control of the CGU. In the prior year, given the decline in traffic at Dulles Greenway, and uncertainty around how the U.S. economy would recover as a result of the COVID-19 pandemic, the Boards of ATLIX and ATLAX determined it was necessary to impair their respective investments in the Dulles Greenway by a total of \$143.9 million (US\$100.0 million).

It was noted at the time these decisions were made that an adverse change in any of the key assumptions listed above could result in the recoverable amount of the Dulles Greenway CGU falling further below its' carrying amount. For further details regarding the potential impact of changes in key assumptions, refer to the Atlas Arteria Financial Report for the year ended 31 December 2020, note 4.2.

5 Capital and risk management

5.1 Debt at amortised cost

	ALX		ATLAX Group	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Current				
Non-recourse TRIP II bonds and interest accrued thereon ^(a)	88,931	48,426	–	–
Non-recourse Warnow Tunnel borrowings and interest accrued thereon ^(b)	–	4,786	–	–
Total current debt at amortised cost	88,931	53,212	–	–
Non-current				
Non-recourse TRIP II bonds and interest accrued thereon ^(a)	1,272,054	1,299,928	–	–
Non-recourse Warnow Tunnel borrowings and interest accrued thereon ^(b)	177,104	171,032	–	–
Total non-current debt at amortised cost	1,449,158	1,470,960	–	–

(a) Non-recourse TRIP II bonds

The Atlas Arteria consolidated financial statements incorporate bonds raised by TRIP II to finance the construction of infrastructure assets. These bonds are non-recourse beyond the TRIP II assets and Atlas Arteria has no commitments to provide further debt or equity funding to TRIP II in order to meet these liabilities. All of these bonds are in the form of fixed interest rate senior bonds, with US\$35.0 million (31 December 2020: US\$35.0 million) of current interest bonds and US\$1,052.2 million (31 December 2020: US\$1,055.1 million) of zero-coupon bonds with maturities extending to 2056.

(b) Non-recourse Warnow Tunnel borrowings

The Atlas Arteria consolidated financial statements incorporate borrowings raised by Warnow Tunnel to finance the construction of infrastructure assets. These borrowings are non-recourse beyond the Warnow Tunnel assets and Atlas Arteria has no commitments to provide further debt or equity funding to Warnow Tunnel in order to meet these liabilities.

On 18 March 2021, Warnow Tunnel completed a capital restructure. The capital restructure repaid the legacy Warnow Tunnel debt facility of \$217.9 million (€142.3 million) and added a new \$176.1 million (€115.0 million) debt facility (fixed and variable tranches) maturing in December 2049.

As a result of extinguishing the legacy debt facility at Warnow Tunnel a \$49.9 million (€31.9 million) non-cash finance expense has been recognised in the period.

NOTES TO THE INTERIM FINANCIAL REPORTS

5.2 Contributed equity

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Ordinary shares	3,747,750	3,747,750	202,075	202,075
Contributed equity	3,747,750	3,747,750	202,075	202,075
On issue at the beginning of the period	3,747,750	3,275,591	202,075	187,571
Issue of short term incentive ('STI') securities	–	861	–	24
Issue of securities	–	481,036	–	13,964
Transaction costs associated with issue of securities	–	(9,738)	–	516
On issue at the end of the period	3,747,750	3,747,750	202,075	202,075

During the year ended 31 December 2020, the Groups undertook a \$420.0 million Institutional Placement ('the Placement') and a \$75.0 million security purchase plan ('SPP') allocated to ATLIX and ATLAX based on their proportional net asset value. The Placement resulted in the issuance of 67.7 million new ordinary stapled securities. The new stapled securities were issued at a price of \$6.20 per security and the Placement was fully subscribed. The SPP resulted in the issuance of 12.1 million new ordinary stapled securities on 2 July 2020, issued at a price of \$6.20 per security.

On 15 April 2020, 155,024 stapled securities were issued to fulfil short term incentive ('STI') requirements. These were valued at \$5.71 per security, however they have been issued at zero cost and have now vested.

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2021 Number of shares '000	As at 31 Dec 2020 Number of shares '000	As at 30 Jun 2021 Number of shares '000	As at 31 Dec 2020 Number of shares '000
On issue at the beginning of the period	959,018	879,025	959,018	879,025
Issue of securities	–	79,838	–	79,838
Issue of STI securities	–	155	–	155
On issue at the end of the period	959,018	959,018	959,018	959,018

Ordinary shares in ATLIX and in ATLAX

Each fully paid stapled security confers the right to vote at meetings of securityholders, subject to any voting restrictions imposed on a securityholder under the *Corporations Act 2001* in Australia, Companies Act in Bermuda and the ASX Listing Rules. On a show of hands, every securityholder present in person or by proxy has one vote.

On a poll, every securityholder who is present in person or by proxy has one vote for each fully paid share in respect of ATLIX and one vote for each fully paid share in respect of ATLAX.

The Directors of ATLIX and ATLAX may declare distributions which are appropriate given the financial position of ATLIX and ATLAX.

If ATLIX and ATLAX are wound up, the liquidator may, with the sanction of an extraordinary resolution and any other requirement of law, divide among the securityholders in specie or in kind the whole or any part of the assets of ATLIX and ATLAX.

NOTES TO THE INTERIM FINANCIAL REPORTS

5.3 Fair value measurement of financial instruments

The fair value measurements of financial assets and liabilities are assessed in accordance with the following hierarchy.

- (i) Level 1: Quoted prices (unadjusted) in active markets for identical assets and liabilities.
- (ii) Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- (iii) Level 3: Inputs for the asset or liability that are not based on observable market data (unobservable valuation input).

The Groups have derivative financial instruments that are measured at fair value on a recurring basis. These instruments are entered to minimize potential variations in cash flows resulting from fluctuations in interest rates and foreign currency and their impact on its variable-rate debt and cash payments and receipts. The Groups do not enter into derivative instruments for any purpose other than economic interest rate and foreign currency hedging. That is, the Groups do not speculate using derivative instruments. They are presented as current assets or liabilities to the extent they are expected to be settled within 12 months after the end of the reporting period. These instruments are measured at Level 2 hierarchy and are revalued using externally provided dealer quotes.

The Groups' policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period. There were no transfers in the current half year.

The Groups do not measure any financial assets or financial liabilities at fair value on a non-recurring basis.

Fair values of other financial instruments (unrecognised)

The Groups also have a number of financial instruments which are not measured at fair value in the balance sheet.

With the exception of those listed below, the fair values are not materially different to their carrying amounts as: the interest receivable/payable is either close to current market rates; the instruments are short-term in nature; or the instruments have recently been brought onto the balance sheet and therefore the carrying amount approximated the fair value. The fair value of these financial instruments is determined using discounted cash flow analysis. The fair value of all financial assets (excluding Investments accounted for using the equity method) and financial liabilities approximated their carrying amounts at 30 June 2021. There is no debt in the ATLAX Group.

	Carrying amount \$'000	Fair value \$'000
Debt at amortised cost		
Non-recourse TRIP II bonds and accrued interest thereon	1,360,985	1,582,748

5.4 Reserves

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Balance of reserves				
Foreign currency translation reserve	(42,089)	(16,080)	23,450	21,760
Other reserve	3,176	2,473	92	74
Balance at the end of the period	(38,913)	(13,607)	23,542	21,834

NOTES TO THE INTERIM FINANCIAL REPORTS

	Attributable to ATLIX equity holders		Attributable to ATLAX equity holders	
	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000	As at 30 Jun 2021 \$'000	As at 31 Dec 2020 \$'000
Movements of reserves				
Foreign currency translation reserve				
Balance at the beginning of the period	(16,080)	178,231	21,760	(6,688)
Net exchange differences on translation of foreign controlled entities	(26,009)	(101,431)	1,690	(9,545)
Transfer to accumulated losses ^(a)	-	(92,880)	-	37,993
Balance at the end of the period	(42,089)	(16,080)	23,450	21,760
Hedging Reserve				
Balance at the beginning of the period	-	(25,287)	-	-
Change in fair value of the cash flow hedges ^(b)	-	24,716	-	-
Settlement of the cash flow hedge	-	571	-	-
Balance at the end of the period	-	-	-	-
Other reserve				
Balance at the beginning of the period	2,473	1,339	74	46
Employee equity based awards ^(c)	703	1,134	18	28
Balance at the end of the period	3,176	2,473	92	74

(a) During the year ended 31 December 2020, foreign exchange translation gains in ATLIX Group of \$92.9 million and foreign exchange translation losses in ATLAX Group of \$38.0 million were transferred to accumulated losses from foreign currency translation reserves following the disposal of foreign operations prior to 2016.

(b) In 2019 ATLIX entered into a deal contingent foreign exchange forward contract. This was a cash flow hedge to mitigate currency risk associated with the €711.0 million payment on completion of the transaction to acquire an additional 6.14% indirect interest in APRR and ADELAC. The position was closed in March 2020.

(c) Expenses arising from share-based benefits relating to STI's and LTI's attributable to ATLIX equity holders as at 30 June 2021: \$0.7million (31 December 2020: \$1.1 million). Expenses arising from share-based benefits relating to STI's and LTI's attributable to ATLAX equity holders as at 30 June 2021: \$0.02million (31 December 2020: \$0.03 million).

6 Other disclosures

6.1 Contingent liabilities and capital commitments

European Transport Investments (UK) Limited ('ETI UK'), a subsidiary of ATLIX, was released from its bank guarantees on 18 March 2021 and has not made any guarantees as of 30 June 2021 (31 December 2020: €2.0 million (\$3.2 million)).

In May 2021 ATLAX Group entered into a new lease agreement for the Melbourne office. The tenancy will commence in the second half of 2021 and will result in a contract right of use asset of \$4.1 million and a corresponding lease liability of \$4.1 million.

6.2 Events occurring after balance sheet date

The Directors of ATLIX and ATLAX are not aware of any other matter or circumstance not otherwise dealt with in the Interim Financial Reports that has significantly affected or may significantly affect the operations of the Groups, the results of those operations or the state of affairs of the Groups in years subsequent to the half year ended 30 June 2021.

DIRECTORS' DECLARATION

Directors' Declaration – Atlas Arteria International Limited

The Directors of Atlas Arteria International Limited ('ATLIX') declare that:

- a) the Interim Financial Report of ATLIX and its controlled entities ('Atlas Arteria') and notes set out on pages 8 to 24.
 - i) comply with Australian Accounting Standards and other mandatory professional reporting requirements; and
 - ii) give a true and fair view of the financial position of the Atlas Arteria as at 30 June 2021 and of its performance for the half year ended on that date; and
- b) there are reasonable grounds to believe that ATLIX will be able to pay its debts as and when they become due and payable.

The Directors confirm that the Interim Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of the Directors.



Jeffrey Conyers
Chairman
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2021



Caroline Foulger
Director
Atlas Arteria International Limited
Hamilton, Bermuda
26 August 2021

DIRECTORS' DECLARATION

Directors' Declaration – Atlas Arteria Limited

The Directors of Atlas Arteria Limited ('ATLAX') declare that:

- a) the Interim Financial Report of ATLAX and its controlled entities ('ATLAX Group') and notes set out on pages 8 to 24: are in accordance with the constitution of ATLAX and the *Corporations Act 2001*, including:
- i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - ii) giving a true and fair view of the financial position of the ATLAX Group as at 30 June 2021 and of its performance for the half year ended as on that date; and
- b) there are reasonable grounds to believe that ATLAX will be able to pay its debts as and when they become due and payable.

The Directors confirm that the Interim Financial Report also complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

The Directors have been given the declaration by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

This declaration is made in accordance with a resolution of the Directors.



Debra Goodin
Chairman
Atlas Arteria Limited
Melbourne, Australia
26 August 2021



Ariane Barker
Director
Atlas Arteria Limited
Melbourne, Australia
26 August 2021



Independent auditor's review report to the stapled security holders of Atlas Arteria International Limited and Atlas Arteria Limited

Report on the Interim Financial Reports

Conclusion

We have reviewed the Interim Financial Reports of:

- Atlas Arteria International Limited (ATLIX) and its controlled entities and Atlas Arteria Limited (ATLAX) and its controlled entities, together Atlas Arteria or ALX; and
- Atlas Arteria Limited (ATLAX) and its controlled entities, together the ATLAX Group

which comprise the consolidated statements of financial position as at 30 June 2021, the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declarations for ATLIX and ATLAX.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying Interim Financial Reports of Atlas Arteria and the ATLAX Group do not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the financial positions of Atlas Arteria and the ATLAX Group as at 30 June 2021 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the Interim Financial Reports* section of our report.

We are independent of Atlas Arteria and the ATLAX Group in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the Interim Financial Reports

The directors of the ATLIX and ATLAX are responsible for the preparation of the Interim Financial Reports that give a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the

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preparation of the Interim Financial Reports that give a true and fair view and are free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the Interim Financial Reports

Our responsibility is to express a conclusion on the Interim Financial Reports based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the Interim Financial Reports are not in accordance with the *Corporations Act 2001* including giving a true and fair view of the financial positions of Atlas Arteria and the ATLAX Group as at 30 June 2021 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of an interim financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A stylized, handwritten signature of the PricewaterhouseCoopers firm, written in a dark grey or black ink.

PricewaterhouseCoopers

A handwritten signature of Ben Gargett, written in a dark grey or black ink.

Ben Gargett
Partner

Melbourne
26 August 2021

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atlas**Arteria**

