

**AB HOLDING SPA**

**Headquarters** ORZINUOVI, VIA CADUTI DEL LAVORO 13

**Share capital** 6.000.000,00 euro

**Fully paid**

**Fiscal code** 02243290984

**Registered in the Business Register of BRESCIA nr.** 02243290984

**R.E.A. n.** 433585

**Explanatory Note**

ai sensi dell'art. 38 D. Lgs 127/1991

Consolidated financial statements

**Financial year from 01/01/2019 to 31/12/2019**

The consolidated financial statements for the year ended on 31/12/2019, were drawn up in compliance with the provisions of Legislative Decree 127/91 and subsequent amendments and additions, interpreted and integrated in the light of the interpretation document number 17 issued by Italian Accounting Organization (OIC).

It consists of the balance sheet, the consolidated income statement, the cash flow statement, drawn up in accordance with the scheme referred to in art. 32 of the aforementioned Legislative Decree 127/91 and in this supplementary note.

The explanatory note has the function of providing the illustration, analysis, and in some cases an integration, of the financial statements and contains the information required by art. 38 of Legislative Decree 127/91, the provisions of the Civil Code and other laws on the subject of consolidated financial statements. Furthermore, complementary information deemed necessary to give a true and correct representation of the Group's equity, financial and economic situation is provided, even if not required by specific provisions of the law.

The values of the items in the financial statements for the current year are comparable with those of the corresponding financial statements for the previous year.

The amounts indicated in these explanatory notes, where not expressly indicated, are shown in units of Euro by rounding off the balance of each account resulting from the accounting situation.

For this reason, it is possible that differences, positive or negative, have occurred, which have been allocated to the balance sheet in a specific "Reserve for rounding", included in item "A) VII" (other reserves) of shareholders' equity, as well as under the item "rounding differences" in the income statement.

As a result of the aforementioned rounding-offs, it may happen that in some statements containing detailed data, the sum of the details themselves differs from the amount shown in the total line or in the financial statements.

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#### **GENERAL DRAWING UP CRITERIA AND CONSOLIDATION PRINCIPLES**

The consolidated financial statements as of 31 December 2019 were drawn up applying the consolidation principles referred to in art. 31 of Legislative Decree 127/91.

The reference date of these consolidated financial statements coincides with the reference date of the financial statements of the companies included in the consolidation area.

The financial statements of the subsidiaries used for the consolidation, closed on 31 December 2019, are those prepared and approved by the Boards of Directors of the Group companies and already approved by the respective shareholders 'and shareholders' meetings.

These financial statements are reclassified and adjusted in order to bring them into line with the accounting principles and valuation criteria of the parent company, which are in line with those provided for by article 2423 and following of the Civil Code, as well as with the Principles issued by the Italian Accounting Body ( OIC).

The book value of equity investments in consolidated companies was eliminated against the corresponding portion of shareholders' equity against the assumption of assets and liabilities according to the "line-by-line consolidation method", with separate indication of the share of shareholders' equity and of the result of the exercise of the competence of third parties.

The differences resulting from the elimination are attributed to the individual balance sheet items that justify them and, for the remainder, if positive, to the item of fixed assets called "Goodwill" (item B I 5).

If negative, the residual difference is entered in the equity item "Consolidation reserve" or in a specific "Consolidation reserve for future risks and charges", in compliance with the criterion of art. 33, paragraph 3, of Legislative Decree 127/91.

The item "Goodwill" thus determined is amortized by applying the criterion indicated in the following point "Valuation criteria" or charged to the income statement in relation to the economic performance of the subsidiaries.

The portions of shareholders' equity pertaining to shareholders or third parties are recorded in the specific item of the balance sheet. The portion of the result attributable to third parties is shown separately in the income statement.

The following general principles were also observed in the preparation of the consolidated financial statements:

- the balance sheet, income statement and financial flows that have a reciprocal nature have been eliminated in order to highlight only the balances and transactions between the group and third parties;
- the eliminations are applied to the extent that they have a significant impact on the assets and on condition that the material execution does not involve costs that are disproportionate to the information that could be obtained;
- inventories resulting from sales between consolidated companies are recognized net of the gross profit generated by intra-group sales operations, subsequently reversed by consolidation operations;
- the valuation of the items was made according to prudence, with a view to the continuation of the activities of the companies included in the scope of consolidation, as well as taking into account the economic function of the assets and liabilities;

only the profits or losses realized at the closing date of the financial year are indicated;

- the income and expenses for the year were taken into account, regardless of the date of collection or payment;
- the risks and losses pertaining to the financial year were taken into account, even if they became known after the close of this;
- no special reasons have arisen which made it necessary to resort to the exceptions referred to in article 29, paragraph 4, of Legislative Decree 127/1991;
- no further subdivision of the items preceded by Arabic numerals was carried out, except for the identification of the Group's and Third Party Net Capital, as greater detail was not deemed necessary for a true and correct representation;
- there are no heterogeneous elements included in the individual items;
- the valuation criteria comply with the provisions of Article 2426 of the Civil Code, as amended by Legislative Decree 139/2015 and have not changed with respect to those adopted in the previous year.

The implementation of the amendments made by Legislative Decree 139/2015, already represented with reference to the consolidated financial statements as of 31/12/2018, resulted in:

- the elimination of research and advertising costs from fixed assets; these costs constitute costs for the period and are recognized in the income statement in the year of support;
- the modification of the accounting treatment of "treasury shares", which can be recognized in the financial statements as a direct reduction of the shareholders' equity by recording a specific reserve with a negative sign;
- the introduction of a civil law for the detection of derivative financial instruments and hedging transactions inspired by international practice;
- the abolition of the separate indication of the "discount" and the "premium" on loans;
- the elimination of the memorandum accounts at the bottom of the balance sheet;
- the elimination of the revenue and cost items relating to the extraordinary section of the income statement;
- for each item of the balance sheet and income statement the amount of the corresponding item of the previous year was indicated;
- the recording of the balance sheet and income statement items was made in accordance with the principles of arts. 2424-bis and 2425-bis of the Italian Civil Code;
- in general the valuation criteria have not been modified with respect to those adopted in the previous year, except for those items in the financial statements for which Legislative Decree n. 139/2015 changed the valuation criteria.

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## **SCOPE OF CONSOLIDATION**

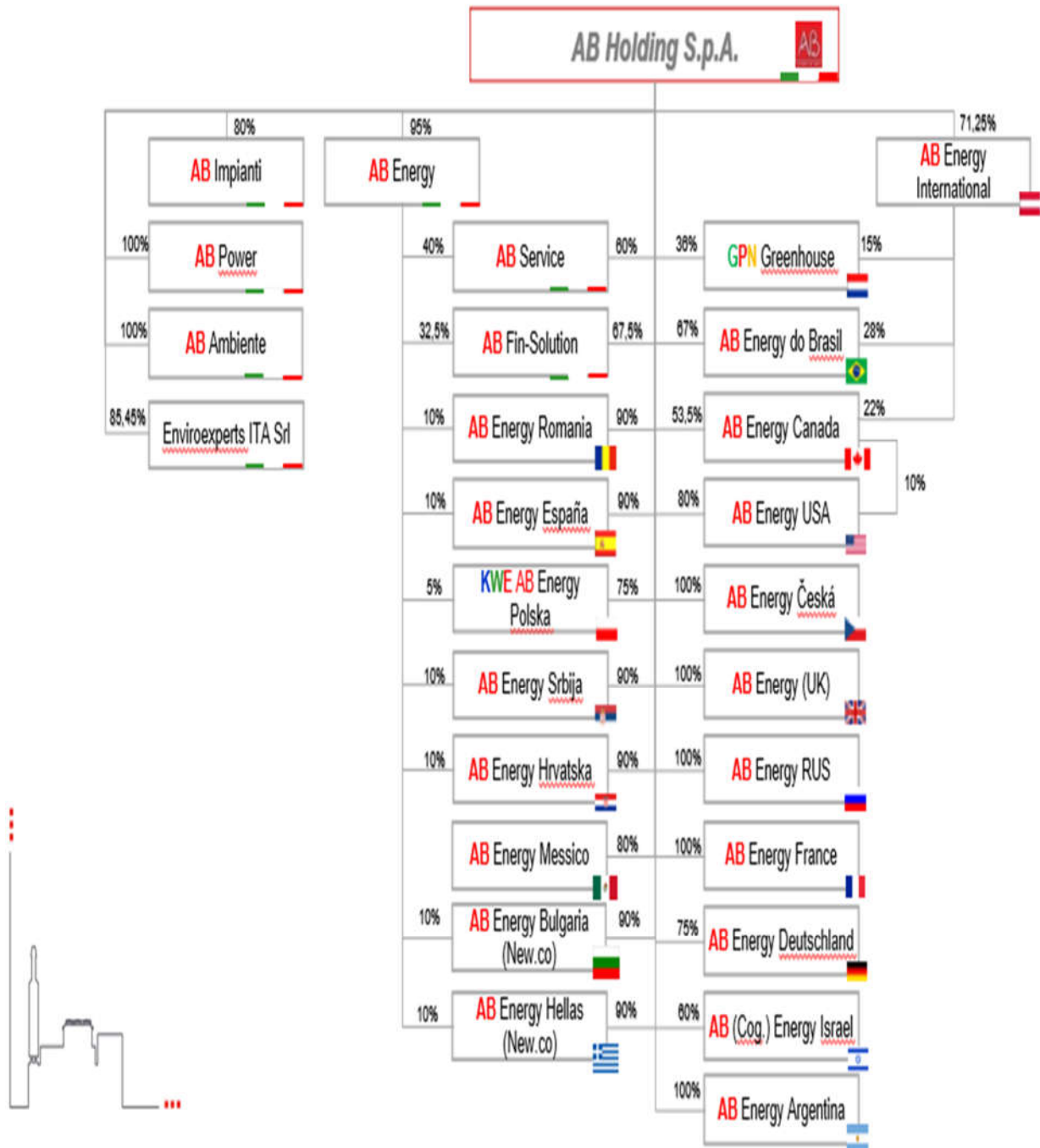
The consolidated financial statements include the financial statements of the Parent Company "AB HOLDING SpA" and those of the companies in which it:

- exercises control, directly or indirectly, of the majority of votes in the ordinary assembly;
- has sufficient votes to exercise a dominant influence in the ordinary shareholders' meeting;
- has a dominant influence by virtue of a contract or a statutory clause;

- has independent control of the majority of voting rights based on agreements with other shareholders.

It should be noted that the exclusion option provided for by art. 28 of Legislative Decree 127/91.

Below is the corporate scheme and the list of consolidated companies as at 31/12/2019:



### CHANGE IN SCOPE OF CONSOLIDATION

During the year, the following changes occurred in the scope of consolidation

14/06/2019	AB HOLDING SPA acquires the shares of the company ENVIROEXPERTS ITALIA SRL based in Lecco and simultaneously carries out a capital increase. The total outlay was € 402,000.00. The company AB Holding Spa thus holds 85.455% of the shares of ENVIROEXPERTS ITALIA SRL, whose share capital is raised to € 66,000.00.
21/06/2019	AB Energy Argentina S.A.U. is established, with a capital of 100,000 Argentine Pesos, with headquarters in Buenos Aires (Argentina). The capital held by AB HOLDING SPA is equal to 100% of the shares.
15/07/2019	AB Energy Bulgaria DOO is established, with an initial capital of BGN 200,000 based in Sofia (Bulgaria). The capital owned by AB HOLDING SPA is equal to 90% of the shares; the remaining 10% of the share capital is owned by the company AB ENERGY SPA.
22/07/2019	AB HOLDING SPA makes a payment to AB AMBIENTE SOCIETA 'AGRICOLA SRL, for the share capital increase for € 1,950,000.00. The share capital of AB Ambiente Società Agricola Srl therefore becomes € 2,000,000.00.
23/10/2019	The company COGENERATION AB ENERGY HELLAS EPE. Is established, with a share capital of € 100,000.00 with headquarters in Halandri (Greece). The capital owned by AB HOLDING SPA is equal to 90% of the shares; the remaining 10% of the share capital is owned by the company AB ENERGY SPA.

In compliance with article 38, paragraph 2, Legislative Decree 127/91, it is specified that there are no:

- companies included in the consolidation with the proportional method;
- equity investments valued using the "equity" method, pursuant to paragraphs 1 and 3 of art. 36 of Legislative Decree 127/91;
- equity investments in subsidiaries or associates other than those shown in the previous table.

#### **CRITERIA APPLIED IN THE VALUATION OF THE BALANCE SHEET ITEMS**

The assessments of the items in the consolidated financial statements were made with a view to the continuation of the Group and the individual investee companies in the foreseeable future.

Accounting principles and valuation criteria have been applied uniformly to all consolidated companies.

The most significant valuation principles and criteria adopted in the preparation of the consolidated financial statements as at 31 December 2019 are indicated below, noting that, compared to the previous year, they have not changed.

#### **EVALUATION CRITERIA**

##### **Introduction**

The evaluation criteria adopted are those adopted in the financial statements of the company that draws up the consolidated financial statements, specifically in art. 2426 and in the other provisions of the civil code, as amended by Legislative Decree n. 139/2015. Therefore, it was not necessary to resort to alternative criteria as optionally provided for by art. 35, paragraph 2, Legislative Decree 127/1991.

For the evaluation of specific cases not expressly regulated by the aforementioned regulations, the national accounting standards formulated by the National Councils of Chartered Accountants and Accounting Experts / Italian Accounting Body (OIC) were used.

The assessments of the items in the consolidated financial statements were made with a view to the continuation of the Group and the individual investee companies in the foreseeable future.

Accounting principles and valuation criteria have been applied uniformly to all consolidated companies.

The most significant valuation principles and criteria adopted in the preparation of the consolidated financial statements as at 31 December 2019 are indicated below, noting that, compared to the previous year, they have not changed.

## **ACTIVE**

### **B - FIXED ASSETS**

#### **Intangible assets**

Intangible fixed assets are recognized at purchase or construction cost, including related accessory charges, with the consent, where required, of the Board of Statutory Auditors, and are shown in the financial statements under item B.I. of the assets in the balance sheet and amount, net of funds, to 3,819,565 euros.

Multi-year costs have been capitalized only on condition that they can be "recovered" thanks to the future profitability of the company and within the limits of this.

If in the years following that of capitalization, this condition is no longer valid, the fixed asset will be written down. Should the conditions for the write-down lapse in subsequent years, the original value adjusted for depreciation only will be restored.

The amortization of intangible assets was carried out systematically and in each financial year, in relation to the residual possibility of future economic use of each individual asset or cost. The cost of the fixed assets in question, in fact, was amortized on the basis of a "plan" which is believed to ensure a correct distribution of the same over the useful economic life of the asset to which it refers. The amortization plan will eventually be readjusted only if a residual useful economic life different from that originally estimated is ascertained. The amortization plan applied, "on a straight-line basis", does not differ from

that used for previous years.

There is no need to make write-downs pursuant to art. 2426, first paragraph, 3, of the civil code.

With regard to the individual items, it is emphasized that they have been recorded in the assets of the Balance Sheet on the basis of a prudent evaluation of their multi-year usefulness and in particular:

#### **Plant and expansion costs**

The item includes expenses incurred on a non-recurring basis by the company in specific and characteristic moments in the life of the company, such as the pre-operational phase or that of increasing the existing operating capacity.

The capitalization derives from a specific check on the future usefulness of each cost component.

The plant and expansion costs are recorded in the assets of the balance sheet for € 893 and are amortized on a straight-line basis in no. 5 years.

#### **Research, development and advertising costs**

Research and development costs as well as advertising costs incurred are normally expensed in the year.

Research and development costs are capitalized only in the presence of projects of particular technological innovation in materials and / or processes with strategic value. Advertising costs are capitalized as they are of an exceptional and non-recurring nature and related to shares from which the company has a reasonable expectation of significant and lasting economic returns.

Research and development costs and advertising costs are recorded in the assets of the balance sheet for 77,041 euros and are amortized on a straight-line basis in no. 5 years.

#### **Industrial patent rights and rights to use intellectual property**

The costs incurred for intellectual creations to which the legislation recognizes particular protection and for which future economic benefits are expected for the company are recorded under this asset item.

Capitalized costs are represented by internal production / external acquisition costs.

The patent rights and the rights of use of intellectual property are recorded in the assets of the Balance Sheet for € 714,617 and are amortized on a straight-line basis in n. 2 years.

Item B.I.3) of the assets includes the acquisition costs for ownership / indefinite use license of application software.



### **Grants, licenses, trademarks and similar rights**

I costi patrimonializzati come "Concessioni" riguardano esclusivamente l'ottenimento di concessioni di beni / servizi pubblici. I costi patrimonializzati come "Licenze" riguardano l'ottenimento di autorizzazioni con le quali viene consentito alla società l'esercizio di attività regolamentate.

Relativamente ai "Marchi", sono stati patrimonializzati i costi sostenuti per l'acquisizione a titolo oneroso.

Concessioni, licenze, marchi e diritti simili sono iscritti nell'attivo dello Stato Patrimoniale per euro 23.818 e sono ammortizzati in quote costanti in n. 18 anni.

### **Startup**

No amount, recorded as such, in the financial statements of the consolidated companies.

### **Consolidation goodwill**

The consolidation difference, recorded in item BI 5 "intangible assets" for € 1,516,154, referring to the differential with "positive" goodwill, resulting from the purchase of equity investments, was amortized over ten years.

### **Fixed assets in progress and advances**

Fixed assets in progress and advances are entered under assets on the basis of the provisions of the civil code and are not subject to any depreciation process.

These values will be reclassified to the respective items pertaining to intangible fixed assets when ownership of the right is acquired or the project is completed.

### **Other intangible fixed assets**

The costs recorded in this residual item are deemed to produce benefits for the company over a period of several years and are characterized by clear evidence of recoverability in the future.

They concern:

- expenses on assets held under finance leases;
- financial charges on loans in progress;
- costs for software implementations.

The other intangible assets are recognized in the assets of the balance sheet for € 957,669 on the basis of the cost incurred and the related amortization period is determined based on the productive period of utility for the company.

The composition of the above item is as follows:

		<b>31/12/2019</b>		<b>31/12/2018</b>
Multi-year charges (on loans)	€	67.758	€	0
Extraordinary expenses on third party assets	€	638.468	€	648.156
Costs for software implementation	€	51.777	€	339.993
Others, including consolidation entries	€	199.666	€	176.219
<b>Total</b>	<b>€</b>	<b>957.669</b>	<b>€</b>	<b>1.164.368</b>

The costs incurred for improvements and incremental expenses on third party assets are recorded in the item in question as they cannot be separated from the assets themselves. Depreciation is made in the shorter period between the future usefulness of the costs incurred and the residual one of the lease, taking into account any renewal period.

On the basis of the residual possibility of use, the coefficients adopted in the amortization process of intangible assets are as follows:

<b>Description</b>	<b>Depreciation coefficients</b>
<b>Startup</b>	
Startup	20 %
<b>Industrial patent law and rights of use of intellectual property</b>	
Stamps	5,56 %
<b>Grants, licenses, trademarks and similar rights</b>	
Licensed Software	da 20 % a 100 %
<b>Other intangible fixed assets</b>	
Accessory charges on loans	da 4,48 % a 50 %
Charges on third party assets	da 0,04 % a 50,07 %
Live stock	da 20 % a 25 %

### **Tangible fixed assets**

Tangible fixed assets are recognized at purchase or production cost plus the related directly attributable accessory charges, for a total of € 75,914,587.

### **Composition cost of production**

The production cost of self-built assets and the incremental cost of depreciable assets includes all costs directly attributable to them; the value was defined by adding the cost of materials, direct labor and that part of production costs directly attributable to the asset.

### **Capitalization of financial charges**

If the conditions are met, the financial charges relating to the loan obtained for the construction and manufacture of the product, incurred prior to the time from which the assets can be used, have also been charged.

### **Contributions to plant account**

Where existing, with reference to the related plant grants, the relative amount was charged against the "historical" cost of depreciable assets (so-called income method), as expressly permitted by OIC document no. 16 of the national accounting standards. As a result of this method of recognition, the depreciation rates are calculated on the cost of the asset net of the contribution, without the latter being explicitly highlighted in the income statement.

### **Depreciation process of tangible fixed assets**

Depreciation was carried out systematically and in each financial year, in relation to the residual possibility of use of each individual asset. For assets not acquired from third-party economies, the production cost includes only the costs directly attributable to the asset.

The "incremental" costs were eventually calculated on the purchase cost only in the presence of a real and "measurable" increase in productivity, the useful life of the goods or a tangible improvement in the quality of the products or services obtained, or, finally, an increase in the safety of use of goods. Any other cost relating to the assets in question was instead fully charged to the income statement.

The cost of fixed assets, with the exception of land, building or built areas, as well as "property assets" for residential use, was amortized each year on the basis of a technical-economic plan, which is considered ensures a correct distribution of the same over the years of the useful economic life of the assets to which it refers.

The depreciation criterion applied for the year ended 12/31/2019 does not differ from that used for the depreciation of previous years. The amortization plan would possibly be readjusted only if a residual useful economic life other than that originally estimated was ascertained. In particular, in addition to the considerations on the physical duration of the assets, all the other factors that affect the duration of "economic" use such as, for example, technical obsolescence, intensity of use have been taken into account and will be taken into account, the maintenance policy, etc.

On the basis of the residual possibility of use, the coefficients adopted in the depreciation process of tangible fixed assets are as follows:

<b>Description</b>	<b>Depreciation coefficients</b>
<b>Land and buildings</b>	

Manufacturing	da 3 % a 5 %
<b>Plants and machinery</b>	
Generic plants	da 9 % a 15 %
Lifting plants	12 %
Depuration plants	15 %
Allarm plants	30 %
Machinery	da 10 % a 15,5 %
Scaffolding	10 %
CHP plants	10 %
Irrigation plants	12, 5%
Agricultural machinery	9 %
<b>Industrial and commercial facilities</b>	
Various equipment	da 9,91 % a 50 %
Civil linen	40 %
Civil equipment	25 %
<b>Other tangible fixed assets</b>	
Computers and office machines. electronic	da 10% a 33,33%
Computers and office machines. telephones	da 2% a 20%
Trucks	da 14% a 30%
Automobiles	da 14% a 30%
Automobiles for personal use of employees	da 16,67% a 25%
Office furniture	da 10% a 33,33%
Workshop and laboratory furniture	12%
Civil furniture	da 10% a 15%
Van equipment	da 12% a 25%
Light constructions	10%
Lifting machinery	20%
Farm wagons	12,50%
LVA	100 %

Furthermore, the fixed asset which, at the closing date of the financial year, is permanently of a lower value than that resulting from the application of the above criterion, will be recorded at this lower value. The causes that, if necessary, involve the use of these write-downs, must however have an extraordinary and serious nature, beyond the facts that require normal adjustments to the amortization plan.

For the year in question, there is no need to make write-downs pursuant to art. 2426, first paragraph, 3, of the civil code.

For tangible fixed assets acquired during the year, it was deemed appropriate and adequate to reduce the depreciation coefficients by half.

Advances paid for the future acquisition of property, plant and equipment are recognized at nominal value.

## **Financial fixed assets**

Financial fixed assets are recognized in the financial statements for € 3,208,512.

### **Equity investments**

Shareholdings are recorded at "historical cost", adjusted, where necessary, by effect of the write-downs made in order to adjust the book value in the financial statements to the share of shareholders' equity of the investee company it represents, as established by art. 2426 of the civil code. Therefore, there are no significant positive differences between this value and that corresponding to the fraction of shareholders' equity resulting from the last financial statements of the investee company.

If adjusted, the original value is restored in subsequent years if the reasons for the write-down no longer apply.

Any financial receivables due from the same companies are recorded at nominal value, deeming it reasonably realizable.

### **Other financial fixed assets**

The other financial fixed assets, recorded at historical cost and related accessory charges pursuant to the provisions of art. 2426, first paragraph, of the civil code, are made up of investee companies other than subsidiaries and associates which are valued on the basis of the purchase cost and related ancillary charges, no devaluation being necessary for permanent losses in value.

### **Fixed securities**

Investment securities, destined to remain in the company's portfolio until their natural maturity, are entered at purchase cost. In the entry value was held account of directly attributable accessory charges.

The securities have not been written down because they have not suffered any lasting loss in value.

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## **C – CURRENT ASSETS**

### **Inventories**

Inventories, securities and financial assets that are not fixed assets are recorded at the "historical" purchase or production cost, as these values do not exceed the presumed realizable value inferable from the market trend at the end of the year.

The total of inventories is reported under item C.I. of the "assets" section of the balance sheet for € 121,542,226.

The following inventories were valued at purchase or production cost, pursuant to paragraph 1 no.9 of article 2426 of the Italian Civil Code:

- Raw, ancillary and consumable materials;
- Work in progress;
- Work in progress of orders lasting less than one year and semi-finished products;
- Finished products and goods.

*Inventories valued at realizable value*

Pursuant to c. 1 n. 9 of the art. 2426 of the Italian Civil Code, the following inventories were valued at the realization value inferable from the market trend, as it is lower than the purchase or production cost:

- Finished products consisting of agricultural products "Corn" and "Triticale"

In particular, for the determination of the value of goods, finished products, semi-finished products and work in progress, the net realizable value of these goods was taken as a direct reference, i.e. the ordinary sale price net of costs of completion and direct sales costs (packaging, transport, etc.), while for the determination of the value of the raw and ancillary materials that participate in the manufacture of finished products, reference was made to the replacement cost, which represents the cost with the which a raw material is normally purchased or reproduced.

For the purposes of greater evidence and in compliance with the postulate of prudence, it is specified that the valuation of these products was carried out, assuming the value, for an amount equal to 269,631 euros against a purchase and / or production cost approximately equal to € 300,000.

Non vi sono rimanenze da considerarsi obsolete.

*Obsolete inventories Categories of fungible assets - Weighted average cost*

*Non fungible goods*

The cost of fungible goods, in particular for raw, ancillary and consumable materials, was quantified with the weighted average cost method according to which, for each category of goods, the quantities purchased or produced are part of a set in which the themselves are equally available. The weighting was calculated on the basis of each movement.

The adoption of this method is provided for by point 10 of art. 2426 of the civil code and art. 92 of the D.P.R. 22 December 1986, n. 917.

The cost thus determined does not differ significantly from current costs at the end of the year.

The category in question also includes the endothermic engines necessary for the construction of cogeneration plants.

For the valuation of inventories made up of non-fungible goods (i.e. goods that can be clearly identified with a high unit value and / or that cannot be grouped into homogeneous categories), not already subject to application of the "weighted average" above, the specific cost criterion, as it is lower than the market value, valuing each asset at the relative cost actually incurred for its purchase or construction.

#### *Work in progress and finished products*

Work in progress, finished products as well as work and services in progress are valued on the basis of directly attributable expenses and charges incurred during the year, according to the criterion of the completed order.

In particular:

- evaluation of raw, ancillary and consumable materials: weighted average cost by movement;
- labor valuation: average cost of function;
- evaluation of other specific expenses: specific cost.

#### *Work in progress for the construction of assets*

The work in progress for the construction of goods to order for customers was valued, recording the production costs actually incurred, of a direct, indirect or ancillary nature, as long as they are susceptible to specific attribution. according to the criterion of the completed order.

In particular:

- evaluation of raw, ancillary and consumable materials: weighted average cost by movement;
- labor valuation: average cost of function;
- evaluation of other specific expenses: specific cost.

#### *Work in progress for the realization of services*

The work in progress for the production of services in favor of customers was assessed, with reference to the situation at the end of the year, by recording the production costs actually incurred, of a direct or ancillary nature as long as they are susceptible to specific attribution, according to the criterion of the completed order. .

#### *Works in progress on ordination*

Criterion of the completed order

Contract work in progress was valued at the lower of cost and presumed realizable value, ie on the basis of the industrial cost attributable to them, determined as the sum of the "direct" industrial costs and the share of "indirect" industrial costs reasonably attributable based on the results of industrial accounting. In no case were the charges related to the financing of the manufacture added, as also permitted by art. 2426 c. 1 nos. 1 and 9 of the Italian Civil Code.

#### *Advances*

Advances represent advances on supplies and are entered at nominal value.

#### *Credits*

The total of credits is shown under item C.II. of the "assets" section of the balance sheet for € 100,736,107. These receivables were valued at their presumed realizable value.

The value of trade receivables corresponds to the value of the difference between the nominal value and the bad debt provision established in previous years, fully adequate for hypothetical insolvencies, and increased by the amount set aside during the year.

In order to take into account any losses, currently not attributable to individual receivables, but reasonably foreseeable, a specific bad debt provision has been set aside. Further details are provided below.

#### *Deferred tax assets*

The aggregate item "C.II - Receivables" also includes the amount of the so-called "pre-paid taxes" (deferred "assets"), equal to 7,714,428 euros.

These are "current" taxes (IRES and IRAP) relating to the period in question, connected to "temporary deductible changes", the transfer of which on the taxable income of the next tax periods is reasonably certain both in existence and in the capacity of the "net" taxable income that can be expected.

#### *Financial assets that are not fixed assets*

The total amount of financial assets not constituting fixed assets is placed in the "assets" section of the balance sheet under item "C.III" for a total amount of € 2,000,000.

Below is the detailed statement of the movements of the individual sub-items that make up the Financial assets that are not fixed assets:

	<b>Year variations</b>	<b>Year value</b>
Non-fixed investments in subsidiaries		0
Investments not fixed in associated companies		0
Investments not fixed in parent companies		0
Other non-fixed equity investments		0
Treasury shares not immobilized		0
Other trading securities	0	2.000.000



Total financial assets that are not fixed assets	0	2.000.000
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The "other securities", subject to disinvestment during this year, consisted of bonds issued by credit institutions, not intended to remain permanently in the company's economy.

#### *Cash and cash equivalents*

Cash and cash equivalents, shown in the "assets" section of the balance sheet under item "C.IV.- Cash and cash equivalents" for € 139,773,821, correspond to the balances on current accounts held with banks and to the liquidity existing in the company coffers at the end of the year and were valued at nominal value.

The cash balance in foreign currency is determined on the basis of the spot exchange rate at the closing date of the financial year.

#### *OTHER EVALUATION CRITERIA*

##### *Accruals and deferrals*

Item D. "Accrued income and prepaid expenses", shown in the "assets" section of the balance sheet for a total of Euro 1,344,786, includes income pertaining to the year payable in subsequent years and costs incurred by the end of the year but pertaining to of subsequent years.

Under item E. "Accrued liabilities and deferred income", shown in the "liabilities" section of the balance sheet for a total of € 2,714,541, costs pertaining to the year payable in subsequent years and income received by the end of the year but pertaining to the of subsequent years.

In these items, only portions of costs and income common to two or more financial years have been recorded, the amount of which varies over time.

##### *Other Receivables and Payables*

The other receivables and payables in the financial statements are shown at nominal value.

##### *Share capital*

The share capital was recorded at the nominal value of the shares subscribed by the shareholders, in relation to operations on the capital itself already completed.

##### *Reserves*

The reserves have been entered at their nominal value.

##### *Provisions for risks and charges*

The "Provisions for risks and charges" include, in compliance with the principles of economic competence and prudence, the provisions made for the purpose of covering losses or debts of a specific nature and of certain or probable existence, whose amount or

date of occurrence however, they are indeterminate. In assessing the risks and charges whose actual materialization is subject to the occurrence of future events, the information that became available after the end of the year and up to the date of preparation of these financial statements was also taken into consideration.

With reference to the "Provisions for taxes, including deferred" entered under item "B-Provisions for risks and charges", for Euro 2,042,283, it should be noted that these are deferred "passive" taxes on the temporary changes between the economic result of the fiscal year and taxable amount, determined in the manner prescribed by the national accounting principle no. 25. In this regard, it must be said that, since these are "passive" deferred taxes, an allocation was made based on a criterion of prudence, allocating the amount according to the tax rates currently in force.

#### *Severance indemnity*

The provision for severance indemnities represents the actual debt accrued to employees in accordance with the law and the current employment contract, net of the substitute tax on the revaluation of the T.F.R. accrued, pursuant to art. 2120 of the Italian Civil Code, after January 1, 2001, as required by Article 11, paragraph 4, of Legislative Decree no. 47/2000, and is highlighted in item C. of the "liabilities" section of the balance sheet for euro 5,323,571.

The payable corresponds to the total of the individual indemnities accrued in favor of employees at the balance sheet date, net of the advances paid and is equal to the amount that should have been paid to employees in the event of termination of the employment relationship on that date. This liability is subject to revaluation as required by current legislation.

If, in compliance with the provisions of the "Complementary Pensions" reform (Legislative Decree 5/12/2005, no. 252 and subsequent amendments and additions, as well as in application of Article 1, paragraph 755 et seq. L. 296/06), the condition for granting the severance pay accruing to the "Complementary Pension Funds" or the "INPS Treasury Fund" has occurred, the relative amount is not allocated to the item in question since, depending on the choice made by individual workers, subject to periodic payments to the aforementioned Funds.

#### *Foreign currency conversions*

During the year, foreign currency transactions were converted at the exchange rate on the day of their execution.

Assets and liabilities in foreign currency, other than tangible, intangible and financial fixed assets (consisting of equity investments recognized at cost), already accounted for during the year at the exchange rates in force on the date of the transaction, were entered at the rate of spot exchange rate at the end of the year. This adjustment resulted in the recognition of the "differences" (Profits or losses on foreign exchange) in the income

statement, in the specific item "C17-bis profits and losses on foreign exchange" for a total of 728,316 euros, in detail as follows:

Foreign exchange losses	€	-1.103.220
Foreign exchange profits	€	1.740.095
"Presumed" exchange losses from conversion at year end	€	-447.664
"Presumed" exchange gains from conversion at year end	€	539.105

#### *Financial leasing operations (leasing)*

The capital goods subject to financial leasing are shown in the financial statements of the companies included in the consolidation in accordance with the accounting approach, consistent with the current legislative interpretation on the subject, which provides for the accounting of leases according to the "equity method" (registration of fees as costs year in the income statement) and explaining the effect of applying the "financial method", envisaged by the international accounting standards (IAS 17), at point 22) of the explanatory notes, as required by art. 2427 of the Civil Code following the aforementioned corporate reform.

With reference to the consolidated financial statements and to assets with a value deemed significant, considering the essentially informative nature of the same, in implementation of the prevalence of the substance over form, the method of representation set out in accounting standard IAS 17 was adopted with reference to the "leasing financial".

In compliance with this principle:

- the accounting of the financial leasing installments recognized by the companies included in the consolidation area was canceled;
- the value of the assets is recorded under tangible fixed assets at the acquisition value of the grantor of the assets with the correlative recognition in the liabilities of debts of the same amount, progressively reduced based on the repayment of the principal included in the contractually provided fees;
- the value of the assets entered under assets is systematically depreciated in accordance with the provisions of art. 2426 of the Civil Code and according to the principles established in the document "Tangible fixed assets" issued by the Italian Accounting Organization (OIC);
- the financial charges for the year were recognized;
- the memorandum accounts were not recorded.

In the case of sales transactions with a lease-back agreement, any difference between the sale price of the asset and its book value is immediately recognized in the income statement in the case of capital losses, while it is divided into depending on the duration of the contract in the event of a capital gain. The capital gains originated are recognized in the income statement on an accruals basis, by recording deferred income and gradual allocation to income in the income statement, on the basis of the duration of the finance lease.

With reference to the properties held under finance leases, the unbundling of the sèdime area, as well as the treatment, for tax purposes, of the capital rents already recorded, took place in application of the provisions of art. 36, Law Decree n. 223 of 4 July 2006, converted into Law no. 248 of 4 August 2006 and subsequent amendments and additions. The values thus determined, also considered suitable for statutory purposes, were used to establish the portion of financial leases, relating to properties, irrelevant for the purposes of tax deductibility.

#### *Revenues and costs*

Revenues from the sale of goods were recorded at the time of the transfer of ownership, which normally is identified with the delivery or shipment of the goods, considering the contractual supply clauses.

Revenues from procurement contracts were recorded when the conditions for acceptance and testing of the work, provided for in Article 1665 of the Civil Code, were met.

The proceeds for the provision of services were instead recorded only at the time of the conclusion of the same, with the issuance of the invoice or with the appropriate "communication" sent to the customer.

Finally, income of a financial nature was recognized on an accruals basis.

Revenues and income, costs and charges have been indicated net of returns, discounts, allowances and bonuses, as well as taxes directly connected with the sale of products and the provision of services.

#### *Direct taxes*

Taxes are recognized according to the accrual principle; therefore represent:

- taxes paid or to be paid for the year are determined according to the rates and regulations in force;
- the amount of deferred taxes in relation to temporary differences that arose or canceled during the year.

#### CRITERIA AND RATES APPLIED IN THE CONVERSION OF FINANCIAL STATEMENTS EXPRESSED IN CURRENCY NOT HAVING LEGAL COURSE IN THE STATE

The conversion into euro of the financial statements of foreign subsidiaries and associates of non-EU countries adhering to the single European currency, was carried out by adopting the current exchange rates in effect at the date of preparation of the financial statements as regards the balance sheet, while the income statement was converted using the average exchange rates for the period.

The exchange differences originating from the conversions have been allocated to a specific reserve called the "Reserve for conversion from foreign consolidation" included in the item "A VII - Other reserves" of the shareholders' equity.

For the conversion of financial statements expressed in foreign currencies, the rates indicated in the following table were applied:

Currency	Exchange on 31/12/2019	Average exchange 2019
New Romanian Leu	4,783	4,7453
Polish Zloty	4,2568	4,2976
Serbian Dinar	117,8319	117,8182
Croatian Kuna	7,4395	7,418
Czech crown	25,408	25,6705
Brazilian Real	4,5157	4,4134
Canadian Dollar	1,4598	1,4855
American Dollar	1,1234	1,1195
Israeli Shekel	3,8845	3,9901
Russian Ruble	69,9563	72,4553
Mexican Peso	21,2202	21,5565
Argentinian Peso	67,2749	53,8229
Bulgarian Lev	1,9558	1,9558

## MOVEMENTS OF FIXED ASSETS

### B I - INTANGIBLE FIXED ASSETS

The following tables show the movements in fixed assets recorded under item B.I of assets.

For a more correct reading of the following tables, during the year, a reclassification was made, adjusting the values of the previous year, in any case without any change in the net book value.

Balance 31/12/2019	€	3.819.565
Balance 31/12/2018	€	3.319.274
<b>Variation</b>	<b>€</b>	<b>500.291</b>

Detail:

<b>Plant and expansion costs</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	36.238	36.238
Previous revaluation	-	-
Previous devaluation	-	-

Amortization of previous provision	- 36.238	- 36.238
Value beginning of the year	-	-
Acquisition of the year	-	-
Riclassification	-	-
Sales of the year	-	-
Storno fondo amm. per cessioni dell'es.	-	-
Revaluations for the year	-	-
Write-downs for the year	-	-
Depreciation for the year	- 892	-
Other	1.785	-
Total net end of the year	893	-

<b>Cost research and development</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	-	-
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	-	-
Value at the beginning of the year	-	-
Acquisitions during the year	-	-
Reclassifications	-	-
Sales of the year	-	-
Fund depreciation for transfers	-	-
Revaluations for the year	-	-
Devaluations for the year	-	-
Depreciation for the year	- 25.680	-
Other	102.721	-
Total net end of the year	77.041	-

<b>Patent rights and use of intellectual property rights</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	862.733	470.757
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	- 666.745	- 413.314
Value at the beginning of the year	195.988	57.445
Acquisitions during the year	374.233	391.975
Reclassifications	85.651	-
Sales of the year	-	-
Fund depreciation for transfers	-	-
Revaluations for the year	-	-
Devaluation for the year	-	-
Depreciations for the year	- 996.255	- 253.432
Other	1.055.000	-

Total net end of the year	714.617	195.988
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<b>Grants, licenses, trademarks and similar rights</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	122.309	969.794
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	- 27.418	- 876.936
Value beginning of the year	94.890	92.858
Acquisitions during the year	17.350	96.903
Reclafications	- 85.651	- 76.800
Sales during the year	-	-
Fund depreciation for transfers	-	-
Revaluations of the year	-	-
Devaluations of the year	-	-
Depreciation of the year	2.821	171.670
Other	50	-
Total net end of the year	23.818	94.890

<b>Startup</b>		
<b>(Difference from Consolidation)</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	3.589.634	3.589.634
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund depreciation	- 1.742.317	- 1.394.046
Value at the beginning of the year	1.847.317	2.195.588
Acquisitions during the year	-	-
Reclassifications	-	-
Sales during the year	-	-
Fund depreciation for transfers	-	-
Revaluation of the year	-	-
Devaluation of the year	-	-
Depreciation of the year	349.493	348.271
Other	18.330	-
Total net end of the year	1.516.154	1.847.317

<b>Advances on Intangible Fixed Assets</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	16.711	-

Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	-	-
Value beginning of the year	16.711	-
Acquisitions during the year	349.373	16.711
Reclassifications	180.000	-
Sales during the year	-	-
Fund depreciation for transfers	-	-
Revaluations of the year	-	-
Devaluations of the year	-	-
Depreciations of the year	-	-
Other	16.711	-
Total net end of the year	529.373	16.711

<b>Other intangible fixed assets</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original costs	3.435.084	2.533.471
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	-	-
Value beginning of the year	2.270.716	1.628.315
Acquisitions during the year	1.164.368	905.156
Reclassifications	1.672.372	532.771
Sales during the year	-	-
Fund devaluations for transfers	44.626	3.583
Revaluations of the year	-	-
Devaluations of the year	-	-
Depreciations of the year	-	-
Other	879.438	642.401
Other (Changes in original costs in foreign currency)	98.229	-
Other (changes in depreciation in foreign currency)	1.763	1.159
Total net end of the year	1.055.000	1
	957.669	1.164.368

### **Revaluations**

No revaluation of the assets owned by the company took place in the year under review and in previous years.

### **Measurement and reasons for the reductions in value applied to fixed assets**

None of the intangible fixed assets existing in the financial statements has been subjected to devaluation, as none of them express permanent losses in value. In fact, it is reasonable



to expect that the net book values recorded in the balance sheet at the end of the financial year can be recovered through the use or through the sale of the goods or services to which they refer.

## B II - IMMOBILIZZAZIONI MATERIALI

Balance 31/12/2019	€	75.914.587
Balance 31/12/2018	€	69.552.625
<b>Variations</b>	<b>€</b>	<b>6.361.962</b>

Structured as follows:

<b>Land and buildings</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	44.308.411	39.969.574
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund devaluation	- 8.075.888	- 7.235.218
Value beginning of the year	36.232.524	32.734.356
Acquisitions during the year	4.171.128	4.259.191
Riclassifications	-	86.333
Sales during the year	-	-
Storno fondo amm. per cessioni dell'es.	-	-
Revaluations of the year	-	-
Devaluations of the year	-	-
Depreciations of the year	- 902.819	- 840.670
Other (Changes in original costs in foreign currency)	2.050	- 6.686
Other (changes in depreciation in foreign currency)	-	-
Total net end of the year	39.502.883	36.232.524

Considering that these financial statements have been prepared in accordance with national accounting standards and specifying that for the purposes of depreciation the value of the land must be separated on the basis of estimates - according to the provisions of OIC 16 - in the event that the value of the buildings also incorporates the value of the land on which they stand, the values referable to the sèdime areas were separated from the value of the buildings.

<b>Plants and machinery</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Original cost	56.370.520	53.197.281
Previous revaluation	-	-
Previous devaluation	-	-

Previous fund devaluation	-	-	24.858.225
	30.200.879		
Value beginning of the year	26.169.641		28.339.055
Acquisitions during the year	8.332.076		2.218.149
Reclassifications	-	52.550	1.120.424
Sales during the year	-	1.264.804	-
Fund depreciation for transfers		-	55.500
Revaluations of the year		-	-
Devaluations of the year		-	-
Depreciations of the year	-	5.150.410	-
Other (Changes in original costs in foreign currency)	-	13.414	-
Other (changes in depreciation in foreign currency)		-	-
Total net end of the year	28.020.539		26.169.641

<b>Industrial and commercial equipment</b>			
	<b>31/12/2019</b>		<b>31/12/2018</b>
Original cost	5.585.215		4.826.538
Previous revaluation		-	-
Previous devaluations		-	-
Previous fund depreciation	-	4.240.669	-
Value beginning of the year	1.344.546		1.188.872
Acquisitions of the year	918.879		941.127
Reclassifications	44.882	-	12.805
Sales of the year	-	27.777	-
Fund depreciation for transfers		12.157	-
Revaluations of the year		-	-
Devaluations of the year		-	-
Depreciation of the year	-	861.282	-
Other (Changes in original costs in foreign currency)		22.228	-
Other (changes in depreciation in foreign currency)	-	390	-
Total net end of the year	1.453.244		1.344.546

<b>Other material assets</b>			
	<b>31/12/2019</b>		<b>31/12/2018</b>
Original costs	16.966.466		15.234.333
Previous revaluation		-	-
Previous devaluation		-	-
Previous fund depreciation	-	12.568.660	-
Value beginning of the year	4.397.806		3.902.375
Acquisitions during the year	2.102.948		2.057.697
Reclassifications	7.668		45.880
Sales of the year	-	158.967	-
Fund depreciation for transfers		73.033	
Revaluations of the year		-	-
Devaluations of the year		-	512

Depreciation of the year	- 1.701.158	- 1.593.582
Other (Changes in original costs in foreign currency)	18.973	6.211
Other (changes in depreciation in foreign currency)	10.910	-
Total net end of the year	4.751.214	4.397.806

<b>Tangible fixed assets in progress and advances</b>		
	<b>31/12/2019</b>	<b>31/12/2018</b>
Oroginal costs	1.408.109	2.039.771
Previous revaluation	-	-
Previous devaluation	-	-
Previous fund depreciation	-	-
Value end of the year	1.408.109	2.039.771
Acquisitions of the year	2.791.400	1.176.586
Reclassifications	- 231.523	- 1.690.216
Sales of the year	-	-
Fund depreciation for transfers	-	-
Revaluations of the year	-	-
Devaluations of the year	-	-
Depreciations of the year	-	-
Other (Changes in original costs in foreign currency)	-	-
Other variations	- 1.781.279	- 118.033
Total net end of the year	2.186.707	1.408.109

### **Revaluations**

No revaluation of the assets owned by the company took place in the year under review and in previous years.

### **Measurement and reasons for the reductions in value applied to fixed assets**

None of the tangible fixed assets existing in the financial statements has been subjected to devaluation, as none of them express lasting losses in value. In fact, it is reasonable to expect that the net book values recorded in the balance sheet at the end of the financial year can be recovered through the use or through the sale of the goods or services to which they refer.

### **B III - FINANCIAL FIXED ASSETS**

Balance 31/12/2019	€	3.208.512
Balance 31/12/2018	€	3.641.457
<b>Variations</b>	<b>€</b>	<b>(432.945)</b>

Participations are detailed as follows:

<b>Investments in subsidiaries, associated, parent companies, other companies</b>				
	v/subsidiaries	v/associated	v/parent comp.	v/other
Original cost	0	0	0	0
Previous revaluation	0	0	0	0
Previous devaluation				
Value beginning of the year	0	0	0	21.655
Acquisitions during the year	0	0	0	0
Sales of the year	0	0	0	0
Reclassifications	0	0	0	0
Current revaluations	0	0	0	0
Current devaluations	0	0	0	0
Total net value	0	0	0	30.206
Total revaluations	0	0	0	0

Once the consolidation has been carried out, the equity investments owned by the Group companies are mainly represented by shares held in Banca C.R.A. of Borgo San Giacomo SCRL.

The following items are also recorded in financial fixed assets:

<b>Receivables and other securities entered among financial fixed assets</b>				
	Receivables from others within the year	Receivables from others beyond the financial year	Other titles	Total
Value beginning of the year	545.306	3.074.496	0	3.619.802
Increase	81.203	0	459	81.662
(Decrease)	0	(523.158)	0	(523.158)
Other variations	0	0	0	0
Value end of the year	626.509	2.551.338	459	3.178.306

### **Revaluations**

No revaluation of the assets owned by the company took place in the year under review and in previous years.

### **Measurement and reasons for the reductions in value applied to fixed assets**

None of the financial fixed assets existing in the financial statements have been subjected to devaluation, as none of them express permanent losses in value.

## **CHANGES IN THE CONSISTENCY OF THE OTHER ITEMS OF ASSETS AND LIABILITIES**

### **ASSETS**

#### **C – Changes in current assets**

Current assets groups, under the letter "C", the following items in the "assets" section of the balance sheet:

- Item I - Inventories;
- Item II - Loans;
- Item III - Financial assets that are not fixed assets;
- Item IV - Cash and cash equivalents.

The amount of this item as at 31/12/2019 is equal to € 364,052,154. Compared to the previous year, it underwent an increase of € 3,656,474.

#### **CI – Changes in inventories**

The total amount of inventories is placed in the "assets" section of the balance sheet under "C.I" for a total amount of 121,542,226 euros.

Compared to the previous year, the following changes are noted:

Balance 31/12/2019	€	121.542.226
Balance 31/12/2018	€	123.594.134
Variations	€	(2.051.908)

Closing inventories are as follows:

<b>Description</b>	<b>Value on31/12/2019</b>	<b>Value on 31/12/2018</b>	<b>variations</b>
Raw, ancillary and consumable materials	68.249.538	65.436.057	2.813.481
Work in progress and semi-finished products	7.629.832	8.095.788	(465.956)
Works in progress on ordination	40.306.049	46.518.293	(6.212.244)
Finished products and goods	135.123	224.605	(89.482)
Advances	5.221.684	3.319.391	1.902.293

### Voce CII – Variations on credits

The total amount of the Receivables is placed in the "assets" section of the balance sheet under "C.II" for a total amount of 100,736,107 euros.

Compared to the previous year, the following changes are noted:

Balance 31/12/2019	€	100.736.107
Balance 31/12/2018	€	84.079.379
<b>Variations</b>	<b>€</b>	<b>16.656.728</b>

Description	Value on 31/12/2019	Value on 31/12/2018	Variations
Towards clients	77.249.072	67.117.627	10.131.445
Due within the following year	71.445.686	62.572.872	8.872.814
Due beyond the following year	5.803.386	4.544.755	1.258.631
To subsidiaries	0	0	0
Due within the following year	0	0	0
Due beyond the following year	0	0	0
to associated companies	0	0	0
Due within the following year	0	0	0
Due beyond the following year	0	0	0
To parent companies	0	0	0
Due within the following year	0	0	0
Due beyond the following year	0	0	0
Tax credits	11.081.247	7.645.918	3.435.329
Due within the following year	11.048.755	7.578.509	3.470.246
Due beyond the following year	32.492	67.409	(34.917)
Advanced taxess	7.714.428	6.700.880	1.013.548
Due within the following year	0	0	0
Due beyond the following year	0	0	0
Towards others	4.691.360	2.614.954	2.076.406
Due within the following year	4.691.360	2.614.954	2.076.406
Due beyond the following year	0	0	0

All the changes, even the most significant ones, refer to normal management events that do not require further comment.

It should be noted that trade receivables are shown net of the provision for the bad debt provision. For information purposes, compared to the previous year, the fund has undergone the following changes:

<b>Fund for credit devaluation</b>	<b>31/12/2019</b>	<b>31/12/2018</b>
At the beginning of the year	14.487.316	13.213.454
Profit/losses during the year	-216.925	-505.420
Writedowns and provisions for the year	2.748.933	1.607.609
Others	1.429	171.673
<b>VALUE END OF THE YEAR</b>	<b>17.020.753</b>	<b>14.487.316</b>

### **CIII - Changes in financial assets which are not fixed assets**

The total amount of financial assets not constituting fixed assets is placed in the "assets" section of the balance sheet under item "C.III" for a total amount of 2,000,000 euros. Compared to the previous year, the following changes are found:

Balance 31/12/2019	€	2.000.000
Saldo al 31/12/2018	€	2.000.000
<b>Variations</b>	<b>€</b>	<b>0</b>

<b>Description</b>	<b>Value on 31/12/2019</b>	<b>Value on 31/12/2018</b>	<b>Variations</b>
Investments in subsidiaries	0	0	0
Investments in associated companies	0	0	0
Investments in parent companies	0	0	0
Other investments	0	0	0
Own actions	0	0	0
Other titles	2.000.000	2.000.000	0

### **CIV – Changes in cash availability**

Cash and cash equivalents, shown in the assets of the balance sheet under item "C.IV", amount to € 139,773,821.

Compared to the previous year, the following changes are noted:

Balance 31/12/2019	€	139.773.821
Balance 31/12/2018	€	150.722.167
<b>Variations</b>	<b>€</b>	<b>(10.948.346)</b>

<b>Description</b>	<b>Value on 31/12/2019</b>	<b>Value on 31/12/2018</b>	<b>variations</b>
Bank and post office deposits	139.745.023	150.693.023	(10.948.000)
Checks	0	3.690	(3.690)
Cash and valuables	28.798	25.454	3.344

### D - Variations in accrued income and deferred income

Accrued income and prepaid expenses, shown in the "assets" section of the balance sheet under item "D", amount to Euro 1,344,786.

Compared to the previous year, the following changes are noted:

Balance 31/12/2019	€	1.344.786	
Balance 31/12/2018	€	873.512	
<b>Variations</b>	<b>€</b>	<b>471.274</b>	
Description	Valore al 31/12/2019	Valore al 31/12/2018	variazioni
Accrued income	36.809	39.949	(3.140)
Prepayments	1.307.977	833.563	474.414
Discount on loans	0	0	0

The change that occurred relates to normal management events.

Below is the breakdown of accrued income and deferred income with a duration within and beyond the financial year as well as beyond five years:

Description	Amount within the year	Amount beyond the year	Amount beyond 5 years
Accrued income	36.809	0	0
Prepayments	1.088.693	125.812	93.472

## **P A S S I V E**

### A – Changes in net equity

The shareholders' equity of the Group and non-controlling interests amounts to 310,654,543 euros and shows an increase of 32,425,175 euros.

Shareholders' equity is divided into ideal parts which are shown in detail in the following table:

Net patrimony	Initial consistency	Destination of result eserc. prec.	Other variations	Final consistency
<b>-Capital share</b>	<b>6.000.000</b>	<b>0</b>	<b>0</b>	<b>6.000.000</b>
-shares	0	0	0	0
-Revaluations	0	0	0	0
-Legal reserve	1.200.000	0	0	1.200.000
-Statutory reserve	0	0	0	0



- conversion reserve from foreign consolidation	-54.055	0	80.491	26.436
-Optional reserve	54.635.403	23.896.451	0	78.531.854
-Consolidation reserve	785.929		492	786.421
-Ut/loss	170.704.125	6.300.660	-87.940	176.916.845
<b>-Ut/loss group year</b>	<b>30.197.111</b>	<b>-30.197.111</b>	<b>30.625.470</b>	<b>30.625.470</b>
- Dividend distribution	0	0	0	0
<b>Net group patrimony</b>	<b>263.468.513</b>	<b>0</b>	<b>30.618.513</b>	<b>294.087.026</b>
-Third party capital and reserves	14.101.374	159.482	67.241	14.328.097
-Ut/loss year third party	659.481	-659.481	2.239.420	2.239.420
<b>Total net equity</b>	<b>278.229.368</b>	<b>-499.999</b>	<b>32.925.174</b>	<b>310.654.543</b>

In compliance with the provisions of the interpretation document number 17 issued by the Italian Accounting Organization (OIC), the "reconciliation statement" is shown between the net result and the shareholders' equity of the consolidating company and the respective values resulting from the consolidated financial statements.

The consolidated net equity of the group and the consolidated economic result of the group as at 31/12/2019 are reconciled with those of the parent company as follows:

	<b>Net patrimony</b>	<b>Result</b>
<b>Shareholders' equity and profit for the year as reported in the parent company's financial statements</b>	<b>109.853.802</b>	<b>24.121.948</b>
Adjustments made in application of accounting principles (leasing registration according to IAS principles)	4.036.798	-371.898
Elimination of the book value of consolidated investments:		
a) difference between book value and shareholders' equity	185.694.809	43.265.371
b) plus / minus values attributed at the date of acquisition of the subsidiaries	0	0
c) consolidation difference	1.467.631	-340.910
Elimination of the effects of transactions carried out between consolidated companies	-6.966.015	-2.049.041
Elimination of the effects of transactions carried out between consolidated companies	0	-34.000.000
<b>Shareholders' equity and profit for the year attributable to the group</b>	<b>294.087.026</b>	<b>30.625.470</b>
Shareholders' equity and profit for the year attributable to minority interests	16.567.517	2.239.420
<b>Shareholders' equity is consolidated net result</b>	<b>310.654.543</b>	<b>32.864.890</b>

With reference to the "statement of movements" in the items of consolidated shareholders' equity, required by the interpretation document number 17 issued by the Italian Accounting Organization (OIC), please refer to the analysis highlighted in the table attached at the end of these explanatory notes attached below letter to".

### **B – Changes in the provisions for risks and charges**

During the year in question, this item underwent the following movements:

Balance 31/12/2019	€	12.380.570
balance 31/12/2018	€	10.811.411
<b>Variations</b>	<b>€</b>	<b>1.569.159</b>

Description Fund	As of 31/12/2018	Provisions for the year	Use during the year	Other/ reclass.	As of 31/12/2019
provision for exchange rate fluctuation risks	-	-	-		-
provision for taxes also deferred	2.055.963	289.803	-194.573	-108.912	2.042.281
Plant risk	2.637.103	1.468.490	-1.397.667	-320.567	2.387.360
Ciclical maintenance	5.013.749	3.392.551	-3.091.636	-262.749	5.051.914
Legal controv.	150.000	0	0		150.000
Total other funds	954.596	2.010.170	-806.649	590.898	2.749.015
<b>Total</b>	<b>10.811.411</b>	<b>7.161.014</b>	<b>-5.490.525</b>	<b>-101.330</b>	<b>12.380.570</b>

In compliance with the OIC principle no. 31, the "cyclical maintenance" fund includes the provisions made, based on specific contractual conditions, for maintenance costs carried out periodically after a certain number of hours of service, accrued over several years, for the maintenance of the cogeneration.

The allocations have the objective of dividing, according to the accrual principle between the various financial years, the cost of foreseeable (periodic) extraordinary maintenance which, although carried out on specified deadlines, is spread over the entire contractual duration.

### **C – Changes in the Employee Severance Indemnity**

The Severance Pay has undergone the following changes during the year:

Balance 31/12/2019	€	5.323.571
Balance 31/12/2018	€	4.586.451
<b>Variations</b>	<b>€</b>	<b>737.120</b>

<b>Employee severance indemnity</b>
-------------------------------------

At the beginning of the year	4.586.451
Provision for the year	2.119.537
Use of the year	-287.972
Paid advances during the year	-69.424
Other (movements to institutions and from extraordinary operations)	- 1.025.021
<b>NET VALUE END OF THE YEAR</b>	<b>5.323.571</b>

#### D – Changes in payables

The total amount of payables is placed in the "liabilities" section of the balance sheet under item "D" for a total amount of 117,266,379 euros.

Compared to the previous year, the following changes are noted:

Balance 31/12/2019	€	117.266.379
balance 31/12/2018	€	141.822.693
<b>Variations</b>	<b>€</b>	<b>(24.556.314)</b>

The details of the individual items making up the payables are shown below with an indication of the increases and decreases in value compared to the previous year:

<b>Description</b>	<b>Valore al 31/12/2019</b>	<b>Valore al 31/12/2018</b>	<b>variazioni</b>
Obbligations	0	0	(0)
Due within the following year	0	0	(0)
Due beyond the following year	0	0	(0)
Convertible obligations	0	0	(0)
Due within the following year	0	0	(0)
Due beyond the following year	0	0	(0)
Debts to shareholders v/soci for credits	0	0	(0)
Due within the following year	0	0	(0)
Due beyond the following year	0	0	(0)
Debits to banks	12.240.276	19.219.537	(6.979.261)
Due within the following year	5.193.703	7.895.413	(2.701.710)
Due beyond the following year	7.046.573	11.324.124	(4.277.551)
Debts to other creditors	1.670.319	2.630.979	(960.660)
Due within the following year	302.329	400.448	(98.119)
Due beyond the following year	1.367.990	2.230.531	(862.541)
Advances	49.202.974	71.154.975	(21.952.001)
Due within the following year	49.202.974	71.154.975	(21.952.001)
Due beyond the following year	0	0	(0)
Debts to providers	39.925.213	38.617.598	1.307.615

Due within the following year	39.925.213	38.617.598	1.307.615
Due beyond the following year	0	0	(0)
Tax debts	5.282.065	2.438.898	2.843.167
Due within the following year	5.282.065	2.438.898	2.843.167
Due beyond the following year	0	0	(0)
Payables to social security institutions	3.054.710	2.734.321	320.389
Due within the following year	3.054.710	2.734.321	320.389
Due beyond the following year	0	0	(0)
Other debts	5.890.822	5.026.385	864.437
Due within the following year	5.890.822	5.026.385	864.437
Due beyond the following year	0	0	(0)

All the changes, even the most significant ones, refer to normal management events that do not require further comment.

#### **E – Changes in accrued liabilities and deferred income**

Accrued liabilities and deferred income are shown in the "liabilities" section of the balance sheet under item "E" for a total amount of € 2,714,541.

Balance 31/12/2019	€	2.714.541
Balance 31/12/2018	€	2.332.625
<b>Variations</b>	<b>€</b>	<b>381.916</b>

Description	Value as of 31/12/2019	Value as of 31/12/2018	variations
Accrued liabilities	15.312	124.006	(108.694)
Deferred income	2.699.229	2.208.619	(490.610)
Adds on loans	0	0	(0)

The change that occurred relates to normal management events.

Below is the breakdown of accruals and deferred income with a duration within and beyond the financial year as well as beyond five years:

Description	Amount within the year	Amount beyond the year	Amount after 5 years
Accrued liabilities	15.312	0	
Deferred liabilities	1.310.452	1.070.900	317.877

#### **COMPOSITION OF ITEMS COSTS FOR INSTALLATION AND EXPANSION,**

## RESEARCH AND DEVELOPMENT, ADVERTISING

- Start-up and expansion costs

Company included in the consolidation area	Amount
Enviroexperts Italia S.r.l.	893

- Research and development costs

Company included in the consolidation area	Amount
Enviroexperts Italia S.r.l.	77.041

No amount entered for advertising purposes.

In the following tables, separately for each item, the totals of receivables and payables are indicated with the breakdown based on the expiry time horizon of the values shown in the financial statements. In determining the deadline, the contractual conditions and, where appropriate, the factual situation were taken into account.

Payables secured by real guarantees on corporate assets are also indicated, with specific indication of the nature of the guarantees.

### CREDITS WITH A RESIDUAL DURATION OF MORE THAN FIVE YEARS

There are no fixed or current receivables with a residual duration of more than five years.

### PAYABLES WITH A RESIDUAL TERM OF MORE THAN FIVE YEARS

From the aggregation of the financial statements of the companies included in the consolidation area, no commercial debts with a residual duration exceeding five years emerged.

However, in representing the assets acquired by means of financial leasing contracts according to the "financial method" set out by the accounting standard IAS 17, financial debts with a duration of more than five years are recorded as shown in the following table:

Debt	within 5 years	<b>Beyond 5 years</b>	Total
Leasing according to <i>IAS reg.</i>	687.753	<b>796.814</b>	1.484.567
Other creditors	185.752	<b>0</b>	185.752
<b>TOTAL</b>	<b>873.505</b>	<b>796.814</b>	<b>1.670.319</b>

The table below shows the leasing contracts divided by company:

Company	Debt	Within 5 years	Beyond 5 years	Total
AB Service Srl	n. 1 LEASING+ integration on property in Orzinuovi (BS) via Artigianato n. 24	487.740	<b>796.814</b>	1.284.554
AB Fin-Solution Spa	LEASING on machinery (CHP plants)	200.013	<b>0</b>	200.013
	<b>TOTAL</b>	687.753	<b>796.814</b>	1.484.567

#### DEBTS ASSISTED BY REAL GUARANTEES

There are no debts secured by collateral.

#### BREAKDOWN OF CREDITS AND PAYABLES BY GEOGRAPHICAL AREA

No breakdown by geographical area is significant for the purposes of comment.

#### COMPOSITION OF THE ITEMS "ACCRUALS AND DEFERRALS", "OTHER PROVISIONS" AND "OTHER RESERVES"

Accruals and deferrals are recognized in the balance sheet at nominal value. Deferrals are income or charges accounted for by the end of the year, but partially pertaining to subsequent years. A necessary condition for their recognition in the financial statements is that they are shares of income or charges common to two or more financial years, the amount of which varies over time.

The accounting recording, carried out in compliance with the principle of economic-temporal competence expressed by art. 2423-bis, 3, of the Italian Civil Code, therefore determines a distribution of the income and expenses common to two or more financial years over the same financial years.

The breakdown of the items "Accrued income and deferred income" and "Accrued liabilities and deferred income" is as follows:

<b>Prepayments</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Prepayments on insurance and sureties	€	128.340	73.191
Prepayments on loans	€	0	22.271
Prepayments on advertising expenses	€	54.305	39.680
Prepayments on telephone expenses	€	6.633	6.549
Prepayments on leasing fees	€	8.021	1.777
Deferred income on rent payable	€	21.632	14.995
Prepayments on assist expenses. technical-inform.	€	29.699	28.899
Prepayments on software updates	€	38.952	100.139
Prepayments on software license fees	€	103.068	78.402
Prepayments on maintenance fees	€	12.415	188.621
Prepayments on compensation to third parties	€	855.612	104.170
Prepayments on financial charges	€	16.355	0
Other prepayments	€	32.945	174.869
<b>TOTAL</b>	<b>€</b>	<b>1.307.977</b>	<b>833.563</b>

<b>Accrued income</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Accrued income on financial charges.	€	0	27.911
Accrued income on interest income	€	4.456	11.275
Accrued income on sales revenues	€	31.591	0
Other	€	762	763
<b>TOTAL</b>	<b>€</b>	<b>36.809</b>	<b>39.949</b>

<b>Deferred income</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Deferred income on revenues from services and rent	€	285.012	476.544
Deferred income on leases	€	839.443	917.949
Deferred income on interest income	€	819.151	166.297
Deferred income on sureties	€	0	0
Deferred income on remuneration	€	0	213.958
Deferred income on sales	€	97.174	345.337
Deferred income on insurance	€	0	0
Deferred income on financial charges	€	0	48.628
Other deferred income	€	658.449	39.906
<b>TOTAL</b>	<b>€</b>	<b>2.699.229</b>	<b>2.208.619</b>

<b>Accrued liabilities</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Accrued expenses on interests	€	995	1.454
Accrued liabilities on rent payable	€	13.885	15.927
Accrued liabilities on compensation to third parties	€	0	93
Accrued liabilities on service-rent revenues	€	0	0
Accrued expenses on various services	€	0	0
Other accrued liabilities	€	432	106.532
<b>TOTAL</b>	<b>€</b>	<b>15.312</b>	<b>124.006</b>

<b>Other funds</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Funture maintenance fund	€	5.051.914	5.013.749
Plant risk funds	€	2.387.360	2.637.103
Legal dispute fund	€	150.000	150.000
Other funds	€	2.749.015	954.596
<b>TOTAL</b>	<b>€</b>	<b>10.338.289</b>	<b>8.755.448</b>

<b>Other reserves</b>		<b>31/12/2019</b>	<b>31/12/2018</b>
Optional reserves	€	78.531.854	54.635.403
Conversion reserves	€	26.436	-54.055
Consolidating reserves	€	786.421	785.929
<b>TOTAL</b>	<b>€</b>	<b>79.344.711</b>	<b>55.367.277</b>

The consolidation reserve has changed compared to the previous year.

It has undergone a change due to the absorption of goodwill generated as a result of the consolidation entries related to the acquisition of shareholdings that took place over the years.

#### AMOUNT OF THE FINANCIAL EXPENSES CHARGED DURING THE YEAR TO THE VALUES REGISTERED IN THE ASSETS OF THE BALANCE SHEET

There was no capitalization of financial charges during the year.

#### COMMITMENTS, GUARANTEES AND CONTINGENT LIABILITIES NOT RESULTING FROM THE BALANCE SHEET, COMMITMENTS IN THE FIELD OF ASSET TREATMENT AND SIMILAR

##### Commitments

Preliminarily, it should be noted that as a consequence of the adoption of the criterion for representing assets acquired under leasing, as mentioned in the paragraph on "Assets under finance leases", no mention has been made in these consolidated financial statements as it is considered exhaustive the exposure with the "financial method" envisaged by IAS 17.

The commitments not resulting from the balance sheet represent obligations undertaken by the company towards third parties with certain mandatory effects, but not yet executed. With these assumptions, there is nothing to detect.

There is no commitment on the subject of pensions and the like.

##### Guarantees

The guarantees not resulting from the balance sheet include guarantees given by the company, ie guarantees issued by the company with reference to an obligation of its own or of others.

Commitments to third parties to the Group

With these assumptions, we list the surety commitments signed by some credit institutions in favor of the investee companies listed below, obliged only as compensation, towards certain customers to guarantee the performance of the plants sold or other contractual agreements:



**Capogruppo AB Holding Spa**

Guaranty n.	Bank	Amount	Deadline
N. P_777	CRA	€ 79.000	10/10/2022

**Subsidiary Company AB Impianti Srl**

Guaranty n.	Bank	Amount	Deadline
N. P_961	CRA	€ 67.000	INDET
N. P_1040	CRA	€ 1.400	14/06/2020
N. 28532020071643	UNI	€ 530.000	INDET
N. 460011621670	UNI	€ 237.000	07/02/2032
N. 460011705456	UNI	€ 81.000	09/05/2021
N. 460011711581	UNI	€ 420.000	28/02/2020
N. G/1045800107110-19	BIN	PLN 483.159	30/04/2020
N. S213751960185	BIN	€ 144.000	02/09/2020
N. 0947000000035712	BNL	€ 458.094	30/10/2020
N. 0947000000039890	BNL	€ 135.000	31/01/2020

**Subsidiary company AB Energy Spa**

Guaranty n.	Bank	Amount	Deadline
N. 5226FDC3012098L0	UBI	€ 591.800	31/08/2020
N. 460011694896	UNI	€ 77.600	18/02/2021
N. 460011647620	UNI	€ 11.000	30/07/2020
N. 460011711535	UNI	€ 243.000	28/02/2020

**Subsidiary company AB Service Srl**

Guaranty n.	Bank	Amount	Deadline
N. P_764	CRA	€ 22.000	INDET
N. P_910	CRA	€ 12.704	INDET
N. P_940	CRA	€ 159.222	INDET
N. P_941	CRA	€ 200.432	INDET
N. P_1038	CRA	€ 20.376	INDET

**Subsidiary company AB Ambiente Srl**

Guaranty n.	Bank	Amount	Deadline
N. P_787	CRA	€ 15.001	02/11/2022
N. P_917	CRA	€ 100.000	INDET

**Subsidiary company AB Energy Deutschland**

Guaranty n.	Bank	Amount	Deadline

N. 777870	BIN	€ 45.000	25/10/2020
N. 778181	BIN	€ 46.500	28/02/2020
N. 778418	BIN	€ 93.000	28/02/2020
N. 778182	BIN	€ 47.300	28/02/2020
N. 778419	BIN	€ 94.600	28/02/2020
N. 778246	BIN	€ 137.190	31/01/2020
N. 778487	BIN	€ 54.380	31/05/2020
N. 778329	BIN	€ 152.713	31/01/2020
N. 778390	BIN	€ 211.344	15/03/2020
N. 778391	BIN	€ 170.646	28/02/2020
N. 778341	BIN	€ 133.875	28/02/2020
N. 778342	BIN	€ 173.145	28/02/2020
N. 778372	BIN	€ 49.385	31/03/2020
N. 778457	BIN	€ 98.770	31/03/2020
N. 778451	BIN	€ 40.500	31/03/2020
N. 778444	BIN	€ 12.200	15/03/2020
N. 778588	BIN	€ 61.000	31/03/2020
N. 778445	BIN	€ 292.800	15/03/2020
N. 778455	BIN	€ 179.700	INDET
N. 778466	BIN	€ 64.750	30/04/2020
N. 778509	BIN	€ 135.660	30/04/2020
N. 778515	BIN	€ 195.000	15/05/2020
N. 778554	BIN	€ 15.000	14/05/2024
N. 778621	BIN	€ 136.500	30/06/2020
N. 778627	BIN	€ 50.700	31/07/2020

#### Subsidiary company AB Energy USA

Guaranty n.	Bank	Amount	Deadline
N. OBG19N0000157	BIN	\$ 35.000	31/07/2020
N. 18132321-00-000	PNC	\$ 127.500	23/10/2020

#### Subsidiary company AB Energy Romania

Guaranty n.	Bank	Amount	Deadline
N. 80	BIN	€ 590.582	30/09/2020

#### Subsidiary company AB Energy Israel

Guaranty n.	Bank	Amount	Deadline
N. 044103250	MIZRAHI BANK	ILS 30.000	31/03/2020

#### Subsidiary company KWE

Guaranty n.	Bank	Amount	Deadline
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N. G/104580010760-19	BIN	PLN 81.000	08/03/2021
N. G/104580019959-19	BIN	€ 556.206	30/05/2021
N. G/104580010757-19	BIN	PLN 117.083	01/09/2020
N. G/104580010758-19	BIN	PLN 223.000	30/06/2020
N. G/104580010741-19	BIN	PLN 879.253	23/06/2024
N. G/104580010798-19	BIN	PLN 3.194.383	31/01/2021
N. G/104580010799-19	BIN	PLN 532.397	31/01/2023
N. G/1045800199100-19	BIN	€ 20.148	31/01/2020
N. G/1045800199133-19	BIN	€ 129.000	09/08/2020

#### Commitments of the Parent Company in favor of Group companies

The company has also subscribed the following guarantees to credit institutions from which other subsidiaries of the group benefit:

- comfort letter, beneficiary of Banca Intesa San Paolo as a guarantee for a credit line granted to the subsidiary "AB Energy Deutschland GMBH" that can be used for issuing commercial endorsement commitments up to a maximum of € 4,000,000;
- comfort letter from Banca Intesa San Paolo as a guarantee for the credit line granted to the subsidiary "AB Energy USA LLC" that can be used
  
- for release for commercial signature commitments up to a maximum of € 2,000,000;
- comfort letter to the beneficiary Banca Commerciale Intesa San Paolo Romania S.A. to guarantee the credit line granted in favor of the subsidiary AB Energy Romania Srl for a maximum amount of 2,000,000 euros;
- comfort letter received from Banca Intesa San Paolo to guarantee a credit line granted in favor of the subsidiary "KWE AB Energy Polska SP Zoo" which can be used for issuing commercial signature commitments up to a maximum of 3,000 euros. 000;
- comfort letter (comfort letter) beneficiary Lufthansa AirPlus Servicekarten Gmbh as guarantee for the issue of "virtual credit" cards in favor of AB Energy Deutschland Gmbh for a maximum amount of 5,000 euros;
- comfort letter (comfort letter) beneficiary Lufthansa AirPlus Servicekarten Gmbh to guarantee the issuance of "virtual credit" cards in favor of AB Energy France Sarl for a maximum amount of 10,000 euros.

It is acknowledged that the commitments referred to in this paragraph will materialize, only and exclusively, in the hypothesis, not recognized at the date of preparation of the financial statements, of default, by the main debtors, in payments to financial companies and Institutions of Credit that have carried out the aforementioned financing transactions.

In this regard, it is believed that the risks or benefits deriving from the aforementioned agreements are not significant and that, consequently, there is no patrimonial, financial or economic effect.

## CONTINGENT LIABILITIES

Contingent liabilities represent liabilities connected to situations already existing at the balance sheet date, but with a pending outcome as they will be resolved in the future, the amount of which cannot be determined except in a random and arbitrary manner.

With these assumptions there is nothing to be noted.

## BREAKDOWN OF REVENUES FROM SALES AND SERVICES

Revenues, net of returns, discounts, allowances and turnover not relating to the sales of products and goods, amount to € 252,741,597.

Business sector

The breakdown of revenues by business category is as follows:

	Consolidated turnover	CHP plants	Service	Rent	Energy selling	Other
AB HOLDING SPA	24.107	-	-	-	-	24.107
AB IMPIANTI SRL	42.856.109	40.115.722	881.633			1.858.754
AB ENERGY SPA	31.867.338	31.415.194	167.000	218.900		66.245
AB SERVICE SRL	90.350.784		90.110.034			240.750
AB POWER SRL	5.830					5.830
AB FIN-SOLUTION SPA	15.936.728	1.860.012	5.982.357	8.094.359	-	-
AB AMBIENTE SOC. AGR. SRL	1.903.160		4.815	-	1.402.793	495.552
AB ENERGY ROMANIA	3.605.490	-	3.605.057	-	-	433
AB ENERGY ESPANA	774.488	-	774.488	-	-	-
AB ENERGY SRBIJA	60.847	-	60.847	-	-	-
AB ENERGY HRVATSKA	132.808	-	132.808	-	-	-
KWE AB ENERGY POLSKA	6.474.567	1.551.455	4.874.756	-	-	48.356
AB ENERGY CESCA	126.868	-	126.868	-	-	-
AB ENERGY INTERNATIONAL	-	-	-	-	-	-
AB GPN	-	-	-	-	-	-
AB ENERGY CANADA	25.991.865	24.045.170	1.902.993	-	-	43.703
AB ENERGY DO BRASIL	7.781.323	-	7.407.668	373.654	-	-
AB ENERGY UK	1.307.589	-	1.307.589	-	-	-
AB ENERGY DEUTSCHLAND	15.185.396	14.524.792	679.615	-	-	19.012
AB ENERGY USA	4.884.345	3.950.868	923.011	-	-	10.468
AB ENERGY ISRAEL	-	-	-	-	-	-

AB ENERGY RUS	212.705	-	212.705	-	-	-
AB ENERGY FRANCE	671.259	-	671.259	-	-	-
AB ENERGY MEXICO	2.587.991	2.151.842	436.149	-	-	-
<b>TOTAL</b>	<b>252.741.597</b>	<b>119.615.055</b>	<b>120.261.651</b>	<b>8.686.914</b>	<b>1.402.793</b>	<b>2.775.186</b>

### Geographic area

The breakdown of revenues by geographical area of destination is as follows:

	Consolidated turnover	TURNOVER GEOGRAPHICAL AREAS		
		Turnover Italy	Turnover UE	Turnover Extra UE
AB HOLDING SPA	24.107	24.107	-	-
AB IMPIANTI SRL	42.856.109	12.971.911	16.644.516	13.239.682
AB ENERGY SPA	31.867.338	31.836.219	24.330	6.790
AB SERVICE SRL	90.350.784	89.364.111	478.738	507.935
AB POWER SRL	5.830	5.830		
AB FIN-SOLUTION SPA	15.936.728	15.936.728	-	-
AB AMBIENTE SOC. AGR. SRL	1.903.160	1.903.160	-	-
AB ENERGY ROMANIA	3.605.490	-	3.605.490	-
AB ENERGY ESPANA	774.488	-	774.488	-
AB ENERGY SRBIJA	60.847	-	-	60.847
AB ENERGY HRVATSKA	132.808	-	132.808	-
KWE AB ENERGY POLSKA	6.474.567	-	6.474.567	-
AB ENERGY CESCO	126.868	-	126.868	-
AB ENERGY INTERNATIONAL	-	-	-	-
AB GPN	-	-	-	-
AB ENERGY CANADA	25.991.865		-	25.991.865
AB ENERGY DO BRASIL	7.781.323	-	-	7.781.323
AB ENERGY UK	1.307.589	-	1.307.589	-
AB ENERGY DEUTSCHLAND	15.185.396	-	15.185.396	-
AB ENERGY USA	4.884.345	-	-	4.884.345
AB ENERGY ISRAEL	-	-	-	-
AB ENERGY RUS	212.705	-	-	212.705

AB ENERGY FRANCE	671.259	-	671.259	-
AB ENERGY MEXICO	2.587.991	-	-	2.587.991
<b>TOTAL</b>	<b>252.741.597</b>	<b>152.042.065</b>	<b>45.426.048</b>	<b>55.273.484</b>

### **BREAKDOWN OF INTEREST AND OTHER FINANCIAL EXPENSES**

The breakdown of interest and other financial charges indicated in item "C17" of the income statement pursuant to art. 2425 of the civil code, with reference to the sources of financing against which they were incurred, the following is found:

Description		31/12/2019	31/12/2018
Passive interests c/c	€	169	9.139
Passive interests finan. m/l end	€	96.291	72.660
Passive interests vs. suppliers	€	1.805	187
Interest expense for extension and cash discounts	€	2.220	12.024
Implicit interest in financial leasing fees	€	55.303	88.548
Other financial charges	€	32.622	34.599
<b>Total interest and charges from third parties</b>	<b>€</b>	<b>188.410</b>	<b>217.157</b>

### AMOUNT OR NATURE OF THE INDIVIDUAL REVENUE ELEMENTS / COST OF EXCEPTIONAL ENTITY OR IMPACT

In the financial year in question, no revenues or costs are recorded representing events which, due to their size or impact on the result for the year, are to be considered exceptional, as they do not fall within the normal company forecasts and, consequently, cannot be repeated in subsequent years.

### AVERAGE NUMBER OF EMPLOYEES BROKEN DOWN BY CATEGORIES

The average number of employees of the companies included in the consolidation is as follows:

#### GROUP Italy and abroad

Type	2019	2018	2017	2016	2015	2014	2013
Managers	2	1	1	1	1	1	1
Quadri	31	28	22	22	18	15	13
Employees	377	316	277	258	233	208	197
Intermediates	0	0	0	0	0	0	0
Workers	446	432	384	339	299	272	241
Apprentices	41	39	33	32	28	24	26
Collaborations	2	2	2	2	2	3	0
<b>TOTAL</b>	<b>899</b>	<b>818</b>	<b>719</b>	<b>654</b>	<b>581</b>	<b>523</b>	<b>478</b>

For the purpose of more information, it should be noted that the situation shown in the previous table referring to the foreign companies included in the consolidation in 2019 is represented in the following table:

<b>Type</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Managers	0	0	0	0	0
Quadri	7	6	6	6	5
Employees	63	50	43	45	39
Intermediates	0	0	0	0	0
Workers	91	89	76	62	48
Apprentices	0	0	0	0	0
Collaborations	0	0	0	0	0
<b>TOTAL</b>	<b>161</b>	<b>145</b>	<b>125</b>	<b>113</b>	<b>92</b>

The average is obtained by detecting the attendance of each month over 15 days and rounding the final result to the unit, up or down, depending on whether the fraction is greater or less than 0.50.

#### TOTAL AMOUNT OF EMOLUMENTS DUE TO DIRECTORS AND STATUTORY AUDITORS

The emoluments, pertaining to the current year, paid and due to the directors and statutory auditors of the parent company for the performance of these functions also in other companies of the Group, amount to € 312,208 and are divided as follows:

Directors and Statutory Auditors of the Parent Company for functions performed in the company:

Administrators	0
Auditors	25.722

Directors and Statutory Auditors for functions in other Group companies, pursuant to art. 38, lett. o, Legislative Decree 127/1991:

Administrators	194.000
Auditors	92.486

It is acknowledged that during the year, no loans were granted, nor were guarantees given in favor of the members of the Administrative Body, the Board of Statutory Auditors or the Auditing Body, as well as none at the end of the same.

#### OTHER INFORMATION PURSUANT TO ART. 38 D. LGS. 127/1991

#### [Paragraph 1, letter o](#)

Pursuant to the aforementioned rule, there are no derivative financial instruments.

#### [Comma 1, letter o quarter](#)

There are no financial fixed assets referred to in the same article 38, lett. o-quarter of Legislative Decree 127/1991.

#### [Comma 1, letter o-quinquies](#)

In order to ensure compliance with the legislative provisions on corporate disclosure regarding transactions with "related parties", the Group has defined the criteria for identifying the transactions concluded with the aforementioned related parties.

The types of related parties, significant for the company, include:

- the subsidiaries and parent companies;
- associated companies;
- directors and senior management of the company "key management personnel";
- close family members of key management personnel and companies controlled by (or associated with) key management personnel or their close family members;
- pension funds for the benefit of employees.

Having said this, it should be noted that during the financial year ended 31/12/2019 no atypical and / or unusual transactions were carried out which, due to their significance and / or relevance, may have given rise to doubts regarding the safeguarding of company assets and protection of shareholders / minority shareholders, nor with related parties.

There is no information on "key management personnel" remuneration, specifying that close family members of a person are considered to be those family members who are expected to influence, or be influenced by, the person concerned in their relations with the entity. They may include:

- a) the partner and the children of the subject;
- b) the children of the partner;
- c) dependents of the subject or cohabitant.

#### [Paragraph 1, letter o-sexies](#)

There are no agreements not resulting from the balance sheet referred to in Article 38, lett. o-sexies Legislative Decree 127/1991.

#### [Comma 1, letter o-septies](#)

The following table shows the fees due to the Statutory Auditor or the Independent



Auditors for the Statutory Audit of the consolidated annual accounts and for other services performed:

Legal revision	9.573
Other services	0

[Comma 1, letter o-octies and novies](#)

Nothing to highlight.

[Comma 1, letter o-decies](#)

There are no significant events that took place after the reference date of the consolidated financial statements, so no inherent equity, financial or economic effect is noted.

However, it is considered appropriate to provide some information about the Covid-19 Pandemic.

Unfortunately, it is clear that the pandemic emergency of Covid-19, in addition to the devastating human and social effects, is producing serious and inevitable negative impacts on the socio-economic fabric of the whole of Italy and the world. The damage at the production level that is emerging risk putting a strain on the resilience of most companies.

Therefore, in the current emergency context, for all the financial statements included in the consolidation area, the impacts deriving from Coronavirus have been qualified, maintaining the business continuity principle, as subsequent "non-adjusting" events as they are indicative of situations that arose after the closing date of the financial year (see provisions deriving from OIC 29 and art. 2428 of the Civil Code and also IAS 10).

In this regard, with reference to the following key aspects:

- Business continuity,
- Impairment of fixed and current assets (receivables and inventories),
- Evaluation of risk provisions

there are no facts that lead to a significant reconsideration of the expected results for the year 2019 as well as the forecasts for the year 2020 and not even the revision of the already prudent credit risk assessment policy reflected in the credit risk fund analyzed and updated periodically throughout the financial year.

The order book accumulated as at 31/12/2019, together with the new contracts signed at the date of this report, constitute a solid basis for being able to prudently look to the future, at least with a view to substantially continuity of results.

It should be noted that, for some time now, monthly monitoring of the economic-financial indicators as well as forecasts and analysis of the differences have been implemented which are also in line with the parameters introduced by the renewed Code of Business Crisis and which will be made mandatory at national level by year 2021.

The number of existing multi-year contracts, as well as the new contracts signed in the new year, guarantee a "continuity in business for a long period".

#### OTHER INFORMATION NOT INCLUDED IN ART. 38 D.LGS 127/1991

Deferred taxation - temporary differences and recognition of deferred and prepaid taxes  
Considering that the financial statements must be drawn up in compliance with the principle of the economic competence of costs and revenues, regardless of the moment in which the financial manifestation takes place, deferred taxation was recognized as income taxes and "IRAP have the nature of charges incurred by the company in producing the economic result and, consequently, are similar to other costs to be accounted for, in compliance with the principles of competence and prudence, in the year in which the costs and the revenues to which these deferred taxes refer.

For IRES purposes, art. 83 of the D.P.R. 917/86 provides that business income is determined by making increases and decreases to the economic result for the year to adapt the assessments applied when drafting the financial statements to the various criteria for determining the total taxed income. These different criteria for determining the statutory result on the one hand and the taxable income on the other, can generate differences. Consequently, the amount of taxes due, determined in the tax return, may not coincide with the amount of income taxes for the year.

The IRAP regulations also contemplate cases in which the determination of the taxable base is obtained by making increases and decreases in the positive and negative components of the financial statements which are in the nature of temporary differences and therefore require the recognition of deferred tax assets or liabilities.

In the preparation of these financial statements, only temporary differences have been taken into account which consist of the difference between the civil and tax assessments that arose during the year and which are destined to cancel out in subsequent years.

In application of the aforementioned principles, the taxes which, although pertaining to future years, are payable with reference to the current year (prepaid taxes) and those which, although pertaining to the year, will become payable, have been recorded in the financial statements. only in future years (deferred taxes).

It should be noted that the posting of deferred taxation took place in accordance with the provisions of national accounting standards and, consequently, in compliance with the principle of prudence.

Assets deriving from prepaid taxes have been recognized as there is reasonable certainty of the existence, in the financial years in which the temporary deductible differences that led to the recognition of prepaid taxes, of a taxable income not lower than the amount of the differences that will be canceled.

Deferred tax liabilities have been recognized as taxable temporary differences have occurred and for which there are well-founded reasons to believe that this payable arises.

Deferred taxes have been calculated on the basis of the rates in force at the time the temporary differences are reversed.

Consequently:

- in the assets of the balance sheet, in the category "CII - Receivables", under item "4 ter - prepaid taxes" the amounts of deferred tax assets have been entered;
- in the liabilities of the balance sheet in category "B - Provisions for risks and charges", under item "2 - for taxes, including deferred", deferred tax liabilities whose collection seems probable have been entered;
- in the income statement under item "22 - Income taxes for the year, current, deferred and prepaid", the taxes relating to deferred taxes have been allocated in the following respective amounts:

Current taxes	€	(13.070.237)
Deferred and prepaid taxes	€	
<i>Of which:</i>		
<i>a) from aggregation of national companies</i>	€	403.447
<i>b) from aggregation of foreign companies</i>	€	(28.166)
<i>c) from elimination of intra-group profits / losses</i>	€	355.767
<i>d) by application of IAS principles for financial leases</i>	€	149.886

The following table shows the values assumed by the deferred tax fund and the deferred tax assets of the current year compared with those of the previous year:

<b>Balance sheet description</b>		<b>Current year</b>	<b>Previous year</b>
- Deferred tax provision: IRES	€	2.042.283	2.055.963
- Deferred tax provision: IRAP	€	0	0
-Activities for anticipated amounts: IRES	€	7.714.428	6.700.880
- Activities for anticipated amounts: IRAP	€	0	0

#### Information relating to assets intended for a specific business

There are no assets, or loans, intended for a specific business according to the criteria set out in art. 2427, n. 20 and n. 21, Civil Code.

.... // ....

In conclusion, it should be noted that these consolidated financial statements, consisting of a balance sheet, income statement, explanatory note and cash flow statement, accompanied by the Management Report, represent the Group's equity, economic and financial situation in a truthful and correct manner and correspond to the accounting of the parent company and to the information sent by the companies included in the consolidation.

For the Board of Directors

**CALZAVACCA GRAZIELLA** President

	- Attachment 1 - Values attributable to the shareholders of the parent company										
	Capital share	Legal Reserve	Optional Reserve	Consolidating Reserve	Conversion Reserve	Assets (Losses)	Year Result	Roundings	Total	Interests of Third parties	Total
At the end of the previous year	6.000.000	1.200.000	54.635.403	785.929	-54.056	170.704.125	30.197.111	-	263.468.512	14.760.856	278.229.368
Changes in the scope of consolidation											
Allocation of previous year result			23.896.451				-30.197.111			-500.000	-500.000
Conversion differences											
Other variations				492	80.492	-87.940			-6.956	67.241	60.285
Capital share increase											
Roundings											
Current year result							30.625.470			2.239.420	32.864.890
At the end of the current year	6.000.000	1.200.000	78.531.854	786.421	26.436	176.916.845	30.625.470	-	294.087.026	16.567.517	310.654.543