

# ASJA AMBIENTE ITALIA

Financial Statements As Of And For The Year Ended December 31, 2020



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*Unless otherwise stated, all amounts reported in the herein statements are expressed in Euro.*

## CORPORATE BODIES

### Board of Directors

Agostino Re Rebaudengo (President and CEO)

Tommaso Cassata (COO)

Guido Corbò (CFO)

Emilio Re Rebaudengo

Gian Maria Rossi Sebastiano (CTO)

Pace Vincenzo

### Board of Statutory Auditors

Pier Vittorio Vietti(President)

Luigi Puddu

Mariella Anfossi

### Independent Auditors

BDO Italia spa

## Report on Operations

Dear Stakeholders,

The Financial Statements, here submitted to your approval, report profits of € 497.214, net of fiscal year appropriations at Company's expense whilst the Consolidated Financial Statements report profits of € 4.375.774.

.It is stated that the herein Financial Statements have been drawn up to comply with legislation set forth in the Articles of Charter 9, Part V, Book V of the Italian Civil Code.

Given that the Notes to the Financial Statements comprise, apart from a foreword on criteria and methods, information pursuant to Article 2427 of the Italian Civil Code, the hereby report solely provides disclosure pursuant to Article 2428 of the Italian Civil Code.

It is worth mentioning that the Company availed itself of provisions set forth by Article 106 comma 1 of Law Decree no. 18 of March 17, 2020 ("Cura Italia" combined provisions) converted into law, with amendments, by Law 27, Article 1, comma 1, of April 24, 2020, envisaging as follows: *"as an exception to provisions set forth by Articles 2364, second comma, and 2478-bis, of the Italian Civil Code or by various statutory provisions, the ordinary Shareholders' Meeting shall be held with a granted extension of no longer than 180 days from fiscal year-end"*.

The law under examination was issued by the legislator so as to tackle the Covid-19 emergency thus allowing the Company's Board Meeting for the approval of the 2020 Financial Statements to be held within the longer period of 180 days from fiscal year-end notwithstanding further provisions set forth by Article 2364 second comma.

## 2020 at a glance



Undoubtedly 2020 has been a "one-of-a-kind" year in terms of various aspects. The COVID-19 pandemic has impacted hugely on the global economy and particularly on the Italian one. Governments worldwide have set up measures to mitigate the health crisis as well as taken action toward safeguarding the future of our economy: amongst these we can quote the most relevant of them – the European Recovery Fund. Sadly, 2020 also marked new records climate-wise: according to the 2020 Statement on the State of Global Climate issued by WMO (World Meteorological Organization) average world temperatures in 2020 were above pre-industrial levels (1850-1900) by roughly 1.2° C and in May the NOAA Observatory of Mauna

Loa, Hawaii, recorded a new peak of carbon dioxide concentration in the atmosphere equal to 417.1 ppm.

Climate change is thus bound to become the next global crisis post-COVID-19: it is indeed an alarming fact yet the technology and resources we have at our disposal, if carried out by an incisive

political action, may lead to the greatly sought-after green transition. The EU, via the Green New Deal, has in fact set the bold target to make Europe the first carbon-neutral continent by 2050. To strengthen even further the incisive European proposals on climate and the environment, in October 2020 Asja joined a hundred of other representatives of prominent Italian companies and business associations in their call for raising awareness climate-wise of Italian parliament members, Italian representatives at the European Parliament and members of the Italian Government, in view of the negotiations on the final version of the post-Covid recovery package. In Italy the Green Deal is likely to mobilize in the electric sector alone 100 billion worth of investments by 2030 as well as generate 90.000 new jobs at the same time cutting back on over 50 million tons of CO<sub>2</sub> emissions yearly against current figures. Currently 38% of Italy's power consumption is from renewable sources: in order to hit the 70% target of renewable energy by 2030, our country will have to install +7 GW worth of new renewable plants yearly for the upcoming 10-year period. Such action involves prompt implementation of simplified bureaucratic procedures, requirement of which has been confirmed by the National Scheme of Recovery and Resilience (here "PNRR") as well. The challenge that arises is therefore to carry out the reforms and provisions of the Scheme in due time hence aid to Italy's transition toward being a more modern, efficient and sustainable nation.

Under said scenario, Asja keeps pursuing ambitiously its goals by adopting cutting-edge technology and implementing strict environmental management systems.

## Asja Ambiente Italia's Core Business

### Biogas and Biomasses



First half 2020 saw the start-up of construction works related to the Legnano plant for the production of high-quality biomethane and OFMSW-generated compost for a capacity equal to 40.000 tons of treated waste yearly. The same period saw the start-up in Anzio of another plant for the production of high-quality biomethane and OFMSW-generated compost with capacity equal to 36.000 tons yearly. Second half 2020 saw the start-up of a landfill biogas upgrading to biomethane plant on Genoa Scarpino facility. Within the framework of seeking new challenges, Asja submitted its proposal pursuant to provisions set forth by project financing (ex art. 183 comma 15 of Legislative Decree no. 50 of April 18, 2016) for the final and executive

design, construction and management of 3 plants located in Sicily (namely on the Castellana, Mazzarrà Sant'Andrea and Bellolampo sites) for overall biomethane production equal to 150.000 tons of OFMSW (Organic Fraction of Municipal Solid Waste) yearly and 180.000 tons of RUW (Residual Urban Waste) yearly. Over 2020 Asja was awarded the tender call related to the project of Mazzarrà Sant'Andrea hence submitted the authorization process to obtain the Regional Sole

Authorization Provision (here "PAUR"). Asja keeps maintaining its leadership position on the Italian market of electric power production from landfill biogas as well as its third place on the Brazilian one.

## Wind



Over 2020 construction of 3 wind projects in Puglia commenced for a total capacity of 35.2 MW. Albeit said plants were sold to ENI, Asja, subsequent to their completion, will be in charge of their operation and maintenance for the upcoming 2 years. Asja, besides running and performing maintenance activities on its own plants, extended its business scope to technical evaluation and development of 2 projects, which had already been authorized in Sicily, of overall power equal to 17.2 MW, by taking part in auctions (pursuant to Decree FER 1) and being granted access to feed-in tariffs. Construction of said plants is bound to commence over 2021.

## Photovoltaics



Over 2020 Asja focused on managing its existing 14 operational plants spread domestically, with installed power totaling roughly 12 MW. The Company developed and commissioned self-consumption plants of its own OFMSW plants. The new projects underway have mainly focused on evaluating plant installation on damaged sites (landfills, disused quarries, areas subject to improvements) in order to turn over said areas to the benefit of renewable energy production (thanks to provisions set forth by Law Decree "Simplification").

## R&D



Throughout 2020, Asja's Research & Innovation team coordinated, as project leader, the regional project SATURNO, "Organic waste and carbon dioxide as fuels, fertilizers and chemical products; concrete application of the circular economy". The COVID19 pandemic called for prompt intervention: virtual catch-up meetings allowed us to carry forward research under way on the development of value-recovery chains of waste biomasses (OFMSW), plastic waste and CO<sub>2</sub>. Tight collaboration amongst partners produced detailed reports that proved to be essential when requesting extension of deadlines set by Bando Bioeconomia (Bio-economy tender call). Amongst SATURNO's targets particular emphasis deserves to be placed on plastic waste screening and recovery as well as on

the production of low-cost yet highly-efficient materials in storing CO<sub>2</sub>, and converting it into biofuels via biochemical and chemical processes. SATURNO was also nominated for the IR20 Innovation and Research Award 2020, under the Green Economy section. At said ceremony Asja Ambiente Italia (project leader), was awarded the IR20 Piedmont Innovation and Research 2020 as best "green economy" research project in the category "Collaboration between public and private entities". The IR20 award, at its first edition, is a Regione Piemonte initiative aimed to promote "excellence" in research and innovation. The award ceremony was held on Monday, May 24, 2021 at the Egyptian Museum in Turin.

The project H2020 Engicoin (microbial factories for the production of PHA, acetone and lactic acid) proceeded with optimization activities of production processes of biopolymers as well as of bioplastics from organic processes: the design phase of the pilot plants to be installed on the test sites was completed. On said pilot plants Asja commenced setting the boundaries of the Life Cycle Assessment (LCA) as well as of technical economical feasibility analysis, both essential in linking the research to the market.

PROMETEO project, aimed at development of a biomethane production plant by means of CO<sub>2</sub> physical absorption, the outcome of the collaboration between Asja (project leader) and the Research in Energy Systems (here "RSE"), completed its field operations. Test operation of the pre-industrial system was carried out over a 6-month period at the biogas plant of Sommariva Perno (CN), thus confirming data obtained at pilot-scale experiment. Performance, technical and technological analysis was performed on the resilience of the system as well as on its easy-to-use operation. Upon completion of said operations, market research was carried out hence the market niche PROMETEO system may fit into was identified. Promoters are still assessing Percival, a nationally-funded project for the development of a biorefinery, coordinated by the National Technological District on Energy Scarl, introduced over 2017. Technical scientific consultancy of the Environment Park – Scientific and technological environmental park – led to analysis of potential collaborations with SMEs operating within the framework of green fuel production chains in Piedmont.

Seeking to improve management on the anaerobic digestion plants in Foligno, Anzio and Tuscania, experimental operations have been carried on aimed at cutting back on composting times as well as on over-screen plastic waste flows. With concern to the latter, research was conducted into the potential of pyrolysis and pyrogasification targeted at energy recovery. Furthermore, seeking to computerize operations at the biomethane production plant in Anzio, the Company commenced acquisition of remote data stored on cloud and its IT analysis.

## Totem

### *Totem 3.0*

The new range of products features a new engine with greater capacity that ensures higher power efficiency and reliability.

The innovative features boasted by the new product are broken down as follows:

- The ability to run in island or emergency mode (disconnected from the electric grid or fueling privileged loads in case of electric breakdown);
- Lower harmful emissions (CO and NOx) regarding exhaust gases, owing to an efficient system of suppression and to an accurate stoichiometric check of carburation: current regulations in force impose NOx emissions lower than 60 mg/Nm<sup>3</sup> regarding class 5 boilers (the most eco-friendly) and CO emissions lower than 100 mg/Nm<sup>3</sup> in those regions that are under more severe restrictions. Totem 3.0 will feature emissions lower than 10 mg/Nm<sup>3</sup> thus making Totem 3.0 the best-in-class product.



### *Totem-ECO*

The Totem ECO platform – Energy Consumption Optimizer is a smart device that allows for immediate and lasting reduction in both power consumption and CO<sub>2</sub> emissions. TOTEM-ECO, by means of its sensors and artificial intelligence (AI), optimizes and customizes operation of thermal systems to meet actual needs.

TOTEM-ECO is a power-saving device owing to the following steps:

- monitoring – data collection on power consumption (both thermal and electric) according to comfort requirements and ambient conditions;
- data analysis – cutting-edge advanced equipment for performing predictive analysis to identify best-case scenarios for consumption reduction;
- logics – implementation of logical management systems for generation and forecast of potential advantages;
- automation – implementation of logics through industrial automation equipment;

Outcome analysis – efficient monitoring of consumption trends highlighting the targets hit.

### *Totem-GHP*

- Totem GHP is an air-to-water heat pump fueled by natural gas or GPL, that extracts renewable energy from the air to produce heat in the form of hot water being able to reach high temperatures (up to 75°C) hence its compatibility with traditional heating systems equipped with radiators.
- Differently from an electric heat pump, Totem GHP is fueled by natural gas or GPL and is able to operate at low external temperatures as well.
- Totem GHP's performance reaches 150% against a boiler's 90%. This leads to considerable savings in terms of gas consumption and harmful emissions.
- Totem GHP uses state-of-the-art and environmentally-friendly technologies to produce heat from natural gas given that 75% of it is extracted from air and has zero impact on the environment.

## Asja Internationally



Throughout 2020, Asja commenced construction of a new 3MW plant under Distributed Generation scheme (Geração Distribuída – GD) via AsjaSabarà GD Ltd, SPV a company that is part of AsjaBrasil group. GD allows for direct producer-end client relations under PPA (Power Purchase Agreement). The energy sold is regulated by signed agreements. The plant is bound to become operational second half 2021. In addition to the already operational unit, this new one will bring overall rated power of the Sabarà site to 10 MW. Over 2020 authorization to bring the rated power of João Pessoa (Paraíba State) plant to 5.704 MW was granted, via installation of an additional engine. 2021 target is to complete widening works and proceed

with a boost in capacity by the second half of the year. In December 2020 the plant featured enhancement works through installation of a new generator set meant to bring rated power to 15,4 MW. Given the constant excess biogas production at the landfill against the plant's current exploitation capacity, a generator set will be installed over the first quarter 2021 and additional 4 others over the third quarter. In addition to the installation of 4 generator sets, electric infrastructure will feature enhancement works; rated overall power will thus exceed 22 MW, making the Jaboatão site the largest in Asja's history and one of the greatest in size in Latin America. In 2020 AsjaBrasil signed a rental and service agreement with EnergiasGeração de Energia for the supply of 2 generator sets with overall power of 2.8 MW to be installed on the plant located in Uberlândia (Minas Gerais State); over 2021 the ongoing contract is bound to be increased with the addition of another generator set thus bringing overall power to 4.2 MW.

In China, the Shenyang plant exceeded budget forecasts by 21%. Throughout 2020 collaboration with an anaerobic digestion plant from organic waste built in the proximity of Asja Shenyang

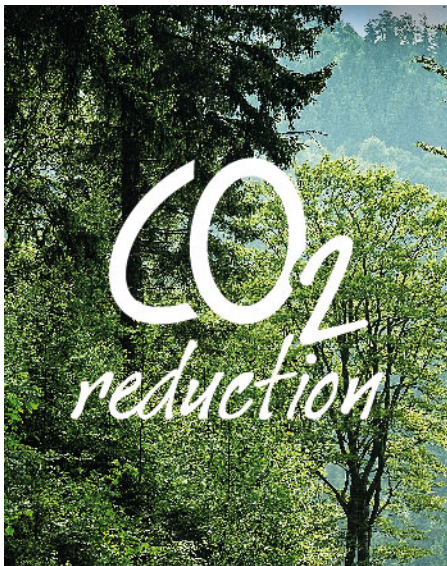
production facility was renewed, on the basis of which generated biogas will be employed by Asja's own plant. Asja carried forward operations of plant revamping and progressive replacement of engines that reached the end of their useful life (JDEC) with more highly-performing and reliable ones (Jenbacher). Over 2021, under the light of improvements to biogas management and the biogas supply agreement with the nearby biodigestion plant, enhancement of the connection line to the local grid is bound to be enacted so as to fully benefit from the site's potential. Current installed power is equal to 6 MW, which over 2021 will boost to 7 MW.

Asja's business activity in Colombia proceeds via the Colombian company Electrimapiri S.A., that generates and distributes power to those areas that are not connected to Colombia's National Grid.

## Certificates

Over 2020 Asja completed, with positive outcome, its annual quality management, environmental, safety and EScO services auditing activities, conducted by the accredited organization Rina Services spa. Asja's ongoing commitment toward constant improvement led to the implementation of a plan targeted at process efficiency and prevention measures for both staff safety and environmental protection. Compliance certificate for the production of sustainable biofuels, pursuant to the newly introduced Ministry Decree of 14/11/2019, was confirmed with regard to the Foligno plant as well as to the new biomethane plant in Genoa; said certificate will grant the Company access to incentive schemes.

## CO<sub>2</sub>Reduction



The Company proceeded with its activity of harmful emissions compensation via the CO<sub>2</sub> Reduction project obtaining good results in terms of visibility and branding, owing to both consolidated collaborations and new projects with particular emphasis being placed on reforestation. To such concern Asja planted over 2.500 trees on behalf of the Sandretto Re Rebaudengo Foundation's Arts

Park, on the San Licerio hill in Guarene, thus contributing to land stabilization as well as to the process of securing the exhibition itinerary and, last but not least, to the capture and sequestration of roughly 200 tons of CO<sub>2</sub> in the atmosphere over the next 20 years. Over the past 2 years Asja has cancelled CO<sub>2</sub> emissions amounting to

approximately 20.000 tons. Amongst the Company's main contributors we can name the historical partnership with Cinemambiente Film Festival and the Museum of the Environment.

Great emphasis should be placed on cancellation of 2,000 tons worth of CO<sub>2</sub> that compensated for emissions produced by all vehicles employed by athletes, staff and media that took part in

Universiadi 2019 (University Olympics) in Naples. Asja partners with the È MOBY project, an innovative service brought up and developed by Moby Health, that provides people with reduced mobility with the possibility to rent mobility devices powered by electric energy. Perfectly in line with the social and sustainable aspect of this initiative, Asja canceled the tons of CO<sub>2</sub> produced by the generation of electric energy that powers the devices.

Finally, in line with its *mission*, Asja compensates for CO<sub>2</sub> emissions deriving from energy consumption of its own stands at trade fairs as well as for printing communication material.

## Personnel and Premises

Over 2020, notwithstanding the Covid-19 emergency, the staff was provided with training on Health & Safety, technical issues, special focus having been placed on English language learning.

The Company's premises in Rivoli, Turin and Palermo are still operational.

### Training Courses

	2020	2019
Total number of courses delivered	93	136
Total number of training hours delivered	1.375	3.598
Average training hours per capita	6	24

## Fixed Assets: Investments and Divestments

The reporting period featured increases in Intangible Assets for € 840.137, mostly due to R&D impacting for € 220.875, to Property Rights and Software Programs for € 85.496, to Biowaste trademark registration for € 7.227 as well as to Extraordinary Maintenance on Third-party Assets for € 526.539.

FY investment amounts to € 12.649.174 and is mainly related to construction of the Legnano OFMSW plant, to the biomethane plant from landfill biogas upgrading located at the Genoa Scarpino site as well as to development of new projects for the final and executive design, construction and management of 3 facilities located in Sicily, namely in Castellana, Mazzarrà Sant'Andrea and Bellolampo; disposals amount to € 183.313 and FY accrued amortization to € 6.334.323.

## Personal Data Protection

As far as personal data protection is concerned, the Company avails itself of the Privacy Document for the use of ICT systems at Company level, in accordance with and for the purposes of GDPR 679/2016.

## Financial and Economic Reclassification and Related Indices

In order to allow for a better understanding of the operating performance, a reclassification of both Balance Sheet and Income Statement is provided hereafter, as well as a chart featuring indices based on the financial method for both current and prior reporting periods.

### Balance Sheet

		2020	2019
<b>Non-current Assets</b>			
Intangible assets	I	10.364.397	12.355.380
Tangible assets	I	61.761.252	55.629.714
Financial assets	I	87.369.264	79.991.746
<b>Working Capital</b>			
Inventories	C	6.023.980	5.629.307
Deferred cash	C/LD	83.089.882	83.904.736
Available cash	C/LI	4.373.304	5.977.162
<b>Capital Invested</b>	<b>K</b>	<b>253.252.079</b>	<b>243.488.045</b>
Shareholders' equity	N	106.281.892	106.042.870
Consolidated liabilities	T	56.003.609	86.807.627
Current liabilities	T/PC	90.966.579	50.637.549
<b>Capital Raised</b>	<b>K</b>	<b>253.252.079</b>	<b>243.488.045</b>

Increase in current liabilities is attributable to large investments financed to date by short-term credit lines as well as to short-term debt reclassification of Green Bonds ISIN IT0005394892 and ISIN IT0005394868 bearing original expiry dates on 01/10/2024 and 29/06/2027. Said Bonds were fully reimbursed on March 31, 2021.

## Income Statement

	2020	2019
Revenues from sales and services	43.074.176	52.209.678
Changes in finished goods inventories	(551.551)	406.012
Changes in commissioned work-in-progress	198.116	161.101
Asset increases due to internal works	1.095.128	1.071.241
<b>Value of Production</b>	<b>43.815.869</b>	<b>53.848.031</b>
Purchase of raw, ancillary and consumption materials and goods	(4.296.564)	(5.044.820)
Changes in inventories of raw, ancillary and consumption materials and goods	(13.738)	(13.739)
Cost of services	(19.953.332)	(16.588.251)
Cost of use of leasehold assets	(1.082.322)	(7.509.790)
<b>Added Value</b>	<b>18.469.913</b>	<b>24.691.432</b>
Labor cost	(7.934.701)	(8.751.051)
<b>Gross Trading Margin (EBITDA)</b>	<b>10.535.212</b>	<b>15.940.379</b>
Amortization, depreciation and write-downs	(9.036.079)	(9.094.696)
Provision for risks	-	(26.574)
<b>Operating Income (EBIT)</b>	<b>1.499.133</b>	<b>6.819.110</b>
Other revenues and income	6.951.271	5.664.551
Other operating expenses	(3.715.028)	(4.953.909)
Other financial income	2.480.214	3.663.912
Interest and other financial expenses	(5.615.595)	(4.744.633)
Exchange gains and losses	(1.788.246)	(99.476)
<b>Current Income</b>	<b>(188.251)</b>	<b>6.349.555</b>
<b>Adjustments in Value of Financial Assets and Liabilities</b>	<b>486.512</b>	<b>-</b>
<b>Income before Tax</b>	<b>298.261</b>	<b>6.349.555</b>
Income, current, prepaid and Irap tax for the period	(198.953)	426.181
<b>Net Worth (NW)</b>	<b>497.214</b>	<b>6.775.736</b>

The drop in revenues is mostly attributable to a decrease in price due to the pandemic whilst the plunge in the item "Cost of use of leasehold assets" to out-of-period income related to recognition of a reduction in future Royalty payments to Amiu.

## Ratios

		2020	2019
Burden of fixed assets	I/K	63,09%	60,77%
Burden of current assets	C/K	36,91%	39,23%
Burden of equity	N/K	41,97%	43,55%
Burden of minority equity	T/K	58,03%	56,45%
Availability index	C/PC	1,03	1,89
Cash index	(LI+LD)/PC	0,96	1,78
Self-hedging capital assets index	N/I	0,67	0,72
ROE	NW/N	0,47%	6,39%
ROI	EBIT/K	0,59%	2,80%
ROS	EBIT/SALES	3,48%	13,06%

The analysis of ratios highlights the Company's high capitalization as shown by the financial soundness indicator (N/K) which shows the burden of equity on the overall invested capital

amounting to 41,97%. Financial indicators highlight as well the Company's ability to meet its financial commitments as shown by the value of the cash index (higher than 1).

Moving further to the economic indicators, it is worth mentioning that lesser profitability is to be mostly attributed to the fact that FY 2020 did not generate capital gains from disposal of assets.

## Description of Risks and Uncertainties

Asja is a Company that generates and trades renewable energy and biomethane from anaerobic digestion, typically characterized by:

- Large investments in medium-term subsidized plants; absence of "unsold" risk, as renewable energy features "dispatch priority".
- Biomethane is withdrawn by the competent local distributor or by Snam (an Italian natural gas infrastructure company), in this case as well incentives are recognized by means of Consumption Release Certificates (here "CIC") recognized by GSE pursuant to underwritten covenants.
- Limited risk on receivables since the energy is sold to prominent counterparts such as: GSE - Gestore dei Servizi Energetici, ELECTRADE, TRAILSTONE, ENI Gas e Luce; GSE is a limited company wholly owned by the Ministry of Economy and Finance, that also hedges on potential risks as well as on the eligibility of all incentives Feed - in Tariff, Conto Energia, Aste Fer, Inclusive and Warranted Tariffs, GRIN incentive (former Green Certificate) and Garanzie di Origine.
- The Company is also involved in the sector of environmental compensations by trading certified CO2 certificates which clients choose to cancel voluntarily (VERs). Such operations, covering a niche market share, are considered low-risk; the clientele is made up by sound industrial corporations such as utility-energy companies that choose to compensate emissions generated by their production and/or sale processes.
- The Company, operating on different international markets, is therefore exposed to market risks connected to currency and interest rate fluctuations. Exposure to exchange rate risks is mainly attributable to geographical distribution of business, involving transactions in currencies other than Euro. The Company is particularly exposed to the Brazilian Real as well as to the local Chinese currency. The Company avails itself of different financing methods aimed to cover for its own industrial needs. Fluctuations in interest rates may lead to increase in or reduction of financing cost, impacting thus on the Company's overall return. In line with its own risk management policies, the Company mitigates exchange rate fluctuation risk by means of adequate financial hedging instruments.

## Performance of Subsidiaries

Particular attention has been paid to the following subsidiaries:

- Asja Market srl, apart from managing the Asja -CO<sub>2</sub> system, is authorized to trading electric power on the free market warranted by the Asja.biz Clean Energy trademark, which can be purchased by public or private end-users that share a common concern toward the environment, showed positive results.
- Helios Energy Landolina srl, owned by Asja with 99.60% stake, is proprietor of a photovoltaic plant operating since December 1, 2011; recorded positive results at fiscal year-end.
- Puglia Solar 1 srl, 100% wholly owned by Asja, generates electric power from photovoltaic plants; records positive results at fiscal year-end.
- Puglia Solar 2 srl, 100% held by Asja, generates electric power from photovoltaic plants; records positive results at fiscal year-end.
- Rabbici Solar srl, 100% ownership of Asja, generates electric power from a photovoltaic plant; records positive results at fiscal year-end.
- Specchia Solar srl, 100% ownership of Asja, generates electric power from a photovoltaic plant; records positive results at fiscal year-end.
- Anziobiowaste srl, a company acquired in the summer of 2017, completed construction of an OFMSW plant in Anzio (Rm) that became operational in January 2020; records negative results at fiscal year-end.
- Tuscia Ambiente 2 srl, 98.78% owned by Asja, saw the start up of an AD plant in Tuscania (Vt) that handles 40,000 tons of OFMSW per year and generates roughly 6.400 MWh of electric power yearly; records positive results at fiscal year-end.
- CH4 Energy srl, 100% ownership, acquired in 2019, proceeds with construction of two AD plants in Marsala (TP) and Biancavilla (CT) and records negative results at fiscal year-end.
- Totem Energy Canada, 100% subsidiary to Asja, is targeted at trading the Totem micro-cogenerators in North America; records negative results at fiscal year-end.
- Bio Inspire srl, 100% ownership, proprietor of biogas plants located in the municipality of Pianezza, records negative results at fiscal year-end.

Asja's business internationally proceeds, as aforementioned, via the companies: AsjaBrasilServiços para o Meio Ambiente Ltda, recording negative results this year as well, bound to recover over the next FY (impacted by the negative influence of the Euro/Reais currency exchange as most parent company's loans are delivered in Euro currency); AsjaRenewables Shenyang Co. Ltd and Elettrimapiri S.A. that instead recorded positive results.

## Relations with Subsidiaries and Associates

With concern to the main movements in subsidiaries, it is worth mentioning as follows:

- On June 29, 2020 Asja acquired the remaining 45% stake in the company CH4 Energy srl thus reaching 100% ownership.

Relations with Group's companies featured mostly supply of services from which both the associate and the group benefited, as well as delivery of loans at market-value.

## Organization Model and Code of Conduct Pursuant to Legislative Decree 231/01

As required by Legislative Decree 231/01, over 2020 the Company upgraded its Organization Model and Code of Conduct in order to implement principles, policies procedures and behavioral practices which integrate internal control. Disclosures comprised in the Code of Conduct are herein confirmed albeit not having undergone auditing procedures over the period.

The Supervisory Board (here "OdV"), endowed with autonomous power of initiative and control over the correct application of the Organization Model, was kept within the staff and collocated on the higher hierarchical position possible.

## Disclosure Required under Art. 2428 of the Italian Civil Code

- R&D costs linked to design and work planning have been paid over current fiscal year except for those considered multi-annual. Regardless of its competitors, Asja keeps maintaining its highly innovative and dynamic features.
- Asja does not hold and has not held over current fiscal year, neither directly nor indirectly, through a trust corporation or third party, its own shares nor shares in the holding company.
- The Company has neither purchased nor sold its own shares or shares in the holding company, neither through a trust corporation nor third party.
- The Company's interest rate risk exposure is to be attributed to floating-rate bank loans. In order to mitigate such risks, the Company availed itself of designated derivative instruments such as *cash flow hedges (Interest Rate Swap)*. Use of such instruments is regulated under internal procedures in line with the Company's risk management strategies that envisage derivative instruments with the sole purpose of hedging. At December 31, 2020, 80% of debt is at fixed or variable rates, hedged by IRS derivative instruments.
- As at December 31, 2020 the number of shares issued and outstanding amounted to 14.156.000, all subscribed and paid up, bearing the value of € 4 per unit.

The total number of shares issued are ordinary. It is particularly emphasized that, throughout the fiscal year, the Company has not issued any dividend-bearing shares nor convertible bonds and has not owned, acquired nor disposed of shares/stakeholding in any of its subsidiaries neither through a trust nor third party.

## Related Parties

All services provided or received have been performed under market conditions. Asja availed itself of Ago Renewables S.p.A. for the plant construction and maintenance. In return Ago Renewables S.p.A. benefited from Asja's services.

Asja's technical and administrative offices in Rivoli are proprietorship of the aforementioned company to whom Asja pays a market-value rent. The Guarene office, used for commercial and technical meetings, is owned by the Apee company to whom Asja pays a rent fee.

Asja supports the activity of the Sandretto Re Rebaudengo Foundation by endowing an annual contribution.

## Events Occurring Since Fiscal Year-End and Business Outlook



Revenues generated over the first half-yearly period 2021 featured an incremental trend as compared to prior year's same period (+23,6%) owing to increase in energy price as well as to greater wind in the wind sector. Furthermore the 3 OFMSW plants (Organic Fraction of Municipal Solid Waste) operating in Foligno, Tuscania and Anzio generated greater revenues by roughly + 2.4 million Euro. June 17, 2021 saw the inauguration of a new biomethane plant from landfill gas located in Genoa, thus becoming the first at industrial scale in Italy. Asja was in charge of reconvertng the existing electric power plant into a state-of-the-art biomethane facility (5.500.000 m3 yearly), thus setting the grounds for a circular economy whilst proceeding as well with an ongoing concern toward the environment on the Monte Scarpino

landfill. The plant generated revenues amounting to roughly 1 million Euro over the first half-yearly period 2021.

In January 2021 the Company was granted concession for construction and management of the Mazzarrà Sant'Andrea plant. Furthermore Asja won the tender contract with regard to the Bellolampo plant in Palermo and to Castellana Sicula. In July 2021 Asja signed an agreement for construction and subsequent sale of two wind plants totaling MW 17.6 to a prominent company in the renewable-energy business sector.

Well ahead of schedule, final operations regarding the sale of the wind plants to Eni (35 MW overall generation) is coming to an end.

The Group has also been involved in negotiations regarding the sale of some of its assets. More specifically, the biomethane sector sparked an interest in a prominent operator that, subsequent to due diligence operations submitted an offer currently pending evaluation and in-depth analysis.

## Destination of Earnings

Dear Stakeholders,

You are kindly invited to approve the herein Financial Statements as at December 31, 2020 and to allocate Fiscal Year's Earnings as follows:

Legal reserve	€ 24.861,00
Prior years' earnings	€ 472.353,00
	<b>€ 497.214,18</b>

*Rivoli, May 27, 2021*

On behalf of the Board  
The President

**Agostino Re Rebaudengo**



## Balance Sheet

<b>Assets</b>	<b>2020</b>	<b>2019</b>
<b>a) Credits to Shareholders from Deposits Not Yet Due</b>	-	-
<b>b) Intangible, Tangible and Long-term Financial Assets</b>		
<b>Intangible Assets</b>		
Start up and expansion costs	-	3.787
Development costs	634.296	951.762
Industrial patent and intellectual property	1.241.817	1.452.439
Concessions, licenses and similar rights	7.752.665	8.754.135
Other intangibles	1.005.619	1.193.257
<b>Total</b>	<b>10.634.397</b>	<b>12.355.380</b>
<b>Tangible Assets</b>		
Land and building	310.931	305.901
Plant and machinery	48.527.637	45.889.557
Industrial and commercial equipment	62.176	69.891
Other tangibles	790.970	781.215
Tangible assets under construction and advances	12.069.538	8.583.150
<b>Total</b>	<b>61.761.252</b>	<b>55.629.714</b>
<b>Long-term Financial Assets</b>		
<i>Stakeholding in</i>		
Subsidiaries	30.772.629	30.768.129
Associates	134.500	134.500
Other companies	519.954	519.954
<b>Total</b>	<b>31.427.083</b>	<b>31.422.583</b>
<i>Receivables</i>		
Subsidiaries	53.930.419	46.746.515
Associates	485.290	300.000
From other	1.526.472	1.522.648
<b>Total</b>	<b>55.942.181</b>	<b>48.569.163</b>
<b>Total</b>	<b>87.369.264</b>	<b>79.991.746</b>
<b>Total Intangible, Tangible and Long-term Financial Assets</b>	<b>159.764.913</b>	<b>147.976.840</b>
<b>c) Current Assets</b>		
<b>Inventories</b>		
Raw, ancillary and consumption materials	626.458	640.051
Commissioned work-in-progress	3.015.327	2.817.210
Finished products and goods	1.620.495	2.172.046
Advances	761.700	-
<b>Total</b>	<b>6.023.980</b>	<b>5.629.307</b>
<b>Receivables</b>		
Trade receivables	15.157.505	24.014.138
Due from subsidiaries	11.778.233	7.999.702
Due from associates	921.452	882.403
Due from parent companies	200	-
Tax receivables	8.140.832	8.394.814
Prepaid tax	4.455.272	3.975.701
Due from other	1.312.115	1.081.148
<b>Total</b>	<b>41.765.609</b>	<b>46.347.906</b>
<b>Short-term Investment</b>		
Derivative financial instruments recorded in assets	486.512	-
Other securities	22.419.035	22.419.035
<b>Total</b>	<b>22.905.547</b>	<b>22.419.035</b>
<b>Cash and Cash Equivalents</b>		
Bank and postal deposits	4.367.302	5.967.534
Cash	6.002	9.628
<b>Total</b>	<b>4.373.304</b>	<b>5.977.162</b>
<b>Total Current Assets</b>	<b>75.068.440</b>	<b>80.373.410</b>
<b>d) Accrued Income and Prepaid Expenses</b>		
Accrued income and prepaid expenses	18.418.726	15.137.795
<b>Total Accrued Income and Prepaid Expenses</b>	<b>18.418.726</b>	<b>15.137.795</b>
<b>Total Assets</b>	<b>253.252.079</b>	<b>243.488.045</b>

<b>Liabilities</b>	<b>2020</b>	<b>2019</b>
<b>a) Shareholders' Equity</b>		
Common stock	56.624.000	56.624.000
Legal reserve	3.655.935	3.317.148
Other reserves	85.656	85.656
Reserve to hedge for expected cash flows	(1.948.838)	(1.690.647)
Earnings (loss) carried forward	47.367.925	40.930.976
Earnings (loss) for the period	497.214	6.775.736
Equity adjustments due to rounding-off	-	1
<b>Total Shareholders' Equity</b>	<b>106.281.892</b>	<b>106.042.870</b>
<b>b) Provision for risks and charges</b>		
Provision for taxes, including deferred	421.230	346.323
Derivative financial instruments (liabilities)	2.564.261	2.224.535
Other	26.574	26.574
<b>Total Provision for Risks and Charges</b>	<b>3.012.065</b>	<b>2.597.432</b>
<b>c) Severance Indemnity Payment</b>	<b>201.359</b>	<b>181.753</b>
<b>d) Payables</b>		
Debentures	32.567.509	30.537.016
Payables to banks	66.519.557	65.619.501
Payables to other lenders	1.729.385	1.600.423
Advances	3.420.346	2.375.840
Trade payables	21.183.746	15.240.353
Payables to subsidiaries	7.910.625	6.430.003
Payables to associates	709.662	626.087
Tax payables	426.781	386.604
Payables to provident and social security institutions	538.838	585.413
Other payables	2.880.789	3.366.254
<b>Total Payables</b>	<b>137.887.238</b>	<b>126.767.494</b>
<b>e) Accrued Expenses and Deferred Income</b>		
Accrued expenses and deferred income	5.869.525	7.898.496
<b>Total Accrued Expenses and Deferred Income</b>	<b>5.869.525</b>	<b>7.898.496</b>
<b>Total Liabilities</b>	<b>253.252.079</b>	<b>243.488.045</b>

## Income Statement

	2020	2019
<b>a) Value of Production</b>		
Revenues from sales and services	43.074.176	44.865.222
Changes in finished goods' inventories	(551.551)	406.012
Changes in commissioned work-in-progress	198.116	161.101
Asset increases due to internal works	1.095.128	1.071.241
<i>Other Revenues and Income</i>		
Operating grants	2.534.205	2.943.186
Other revenues and income	4.417.066	2.721.365
Total Other Revenues and Income	6.951.271	5.664.551
<b>Total Value of Production</b>	<b>50.767.140</b>	<b>52.168.127</b>
<b>b) Operating Costs</b>		
Costs of raw, ancillary and consumption materials and goods	(4.296.564)	(5.044.820)
Costs of services	(19.953.332)	(16.588.251)
Costs of use of leasehold properties	(1.082.322)	(7.509.790)
Labor costs	(7.934.701)	(8.751.051)
<i>Amortization, Depreciation and Write-downs</i>		
Amortization of intangible assets	(2.560.420)	(2.323.540)
Depreciation of tangible assets	(6.334.323)	(6.392.019)
Write-downs of receivables in current assets and of cash	(141.336)	(379.137)
Total Amortization, Depreciation and Write-downs	(9.036.079)	(9.094.696)
Changes in inventories of raw, ancillary and consumption materials and goods	(13.738)	(13.739)
Provision for risks	-	(26.574)
Other operating expenses	(3.715.027)	(4.953.909)
Adjustments in fiscal year's earnings due to rounding off	-	1
<b>Total Operating Costs</b>	<b>(46.031.765)</b>	<b>(51.982.831)</b>
<b>(a-b) Difference between Value of Production and Operating Costs</b>	<b>4.735.377</b>	<b>185.296</b>
<b>c) Financial Income and Expenses</b>		
<i>Income from Stakeholding</i>		
in subsidiaries	127.948	5.344.456
in associates	-	2.000.000
Total Income from Stakeholding	127.948	7.344.456
<i>Other Financial Income</i>		
From receivables recorded in assets		
From subsidiaries	1.993.984	2.207.105
From associates	290	511.480
From short-term Securities recorded in current assets	-	941.699
Income other than that listed above		
From third-parties	357.991	3.628
Total Other Financial Income	2.352.265	3.663.912
<b>Total Income</b>	<b>2.480.213</b>	<b>11.008.368</b>
<b>Interest and Other Financial Charges</b>		
From subsidiaries	(74.408)	(61.541)
From third-parties	(5.541.187)	(4.683.092)
<b>Total Interest and Other Financial Charges</b>	<b>(5.615.595)</b>	<b>(4.744.633)</b>
<b>Exchange Gains and Losses</b>	<b>(1.788.246)</b>	<b>(99.476)</b>
<b>Total Financial Income and Expenses</b>	<b>(4.923.628)</b>	<b>6.164.259</b>
<b>d) Value Adjustments of Financial Assets and Liabilities</b>		
<i>Write-downs</i>		
Of stakeholding	-	-
Of short-term securities	-	-
Of derivative financial instruments	486.512	-
<b>Total Value Adjustments of Financial Assets and Liabilities</b>	<b>486.512</b>	<b>-</b>
<b>Earnings (loss) before Tax</b>	<b>298.261</b>	<b>6.349.555</b>
Income tax for the period	168.844	-
Income tax prior periods	-	-
Deferred/prepaid tax	(367.797)	(426.181)
<b>Earnings (loss) for the Period</b>	<b>497.214</b>	<b>6.775.736</b>

# Cash Flow Statement

	2020	2019
<b>A) Cash Flow from Operating Activities (indirect method)</b>		
Earnings (loss) for the period	497.214	6.775.736
Income tax	(198.953)	(426.181)
Interest payable/(interest receivable)	4.912.097	(5.318.409)
(Gains)/losses from divestment	(157.107)	(497.673)
<b>1. Earnings (loss) for the Period before Income Tax, Interest, Dividends and Gains/(losses) from Divestment</b>	<b>5.053.251</b>	<b>533.473</b>
<i>Adjustments to Non-monetary Items Not Included in the Net Working Capital</i>		
Provisions/(reversals)	431.300	359.011
Depreciation of fixed assets	8.894.743	8.715.559
Devaluation/(revaluation) impairment losses	-	-
Other adjustments to non-monetary items	-	200.550
<b>Total Adjustments to Non-monetary Items</b>	<b>9.326.043</b>	<b>9.275.120</b>
<b>2. Cash Flow before Changes in Net Working Capital</b>	<b>14.379.294</b>	<b>9.808.593</b>
<i>Changes in Net Working Capital</i>		
Decrease/(increase)in net inventories and related advances	(394.673)	(352.822)
Decrease/(increase)in trade receivables net third-party clients and intra-group	5.350.549	(6.189.829)
Increase/(decrease)in trade payables third party and intra-group	6.776.438	(4.636.249)
Decrease/(increase)accrued income and prepaid expenses	(3.425.996)	1.025.412
Increase/(decrease)accruals and deferred charges	(2.283.756)	(2.534.391)
Other changes in net working capital	1.328.754	(388.170)
<b>Total Adjustments to Changes in Net Working Capital</b>	<b>7.351.316</b>	<b>(13.076.049)</b>
<b>3. Cash Flow after Changes in Net Working Capital</b>	<b>21.730.610</b>	<b>(3.267.456)</b>
<i>Other Adjustments</i>		
Interest received/(paid)	(4.512.261)	(6.563.180)
(Income tax paid)	(949.142)	(585.007)
(Use of provisions)	(728.326)	(542.406)
<b>Total Cash Flow Adjustments</b>	<b>(6.189.729)</b>	<b>5.435.767</b>
<b>Cash Flow Generated by Business Operations (A)</b>	<b>15.540.881</b>	<b>2.168.311</b>
<b>B) Cash Flow Generated by Investment</b>		
<i>Tangible Assets</i>		
(Investment)	(12.425.042)	(13.790.805)
Disposals	193.107	1.043.088
<i>Intangible Assets</i>		
(Investment)	(839.437)	(1.040.303)
<i>Long-term Financial Assets</i>		
(Investment)	(7.377.518)	(175.661)
Disposals or repayments	-	22.388.842
<i>Short-term Investment</i>		
(Investment)	(486.512)	(21.841.036)
Disposals	-	4.809.309
<b>Cash Flow Generated by Investment (B)</b>	<b>(20.935.402)</b>	<b>(8.606.566)</b>
<b>C) Cash Flow Generated by Borrowings</b>		
<i>Third-party Funds</i>		
Increase (decrease)in short-term payables to banks and other lenders	282.843	(12.202.465)
Borrowings/(repayments)	38.249.219	40.412.060
(Loan repayments)	(34.741.399)	(20.965.856)
<i>Own Funds</i>		
Other stock increase (decrease)	-	-
<b>Cash Flow Generated by Borrowings (C)</b>	<b>3.790.663</b>	<b>7.243.739</b>
<b>Increase (decrease) in Cash and Cash Equivalents (A ± B ± C ± D)</b>	<b>(1.603.858)</b>	<b>805.484</b>
Bank and postal deposits at FY start	5.967.534	5.160.895
Cash and cash equivalents at FY start	9.628	10.783
<b>Cash and Cash Equivalents at FY start</b>	<b>5.977.162</b>	<b>5.171.678</b>
Bank and postal deposits at FY end	4.367.302	5.967.534
Cash and cash equivalents at FY end	6.002	9.628
<b>Cash and Cash Equivalents at FY end</b>	<b>4.373.304</b>	<b>5.977.162</b>

## Notes to the Financial Statements

### Structure and Content of the Financial Statements

Dear Shareholders,

the herein Notes to the Financial Statements are an integral part of the Financial Statements as at December 31, 2020.

The Financial Statements have been drawn up in accordance with Articles 2423 and subsequent, of the Italian Civil Code, and comply with National accounting principles issued by the National Board of Accountants and Bookkeepers (here "OIC") therefore they reflect truthfully and accurately the Company's financial and economic position, fiscal year's profit (loss) and cash flow statement. The Balance Sheet and the Income Statement comprise disclosure pursuant to Articles 2424 and 2425 of the Italian Civil Code whilst the Cash Flow Statement was drawn up pursuant to Article 2425-ter. Disclosure contained in the Notes to the Financial Statements, prepared pursuant to Article 2427 of the Italian Civil Code, contributes to providing a fair interpretation of the Financial Statements.

It is worth mentioning that the Company availed itself of provisions set forth by Article 106 comma 1 of Law Decree no. 18 of March 17, 2020 ("Cura Italia" combined provisions) converted into law, with amendments, by Law 27, Article 1, comma 1, of April 24, 2020, envisaging as follows: "as an exception to provisions set forth by *Articles 2364, second comma, and 2478-bis, of the Italian Civil Code or by various statutory provisions, the ordinary Shareholders' Meeting shall be held with a granted extension of no longer than 180 days from fiscal year-end*".

### Accounting Principles and Evaluation Criteria

Disclosure shown in the herein Notes correspond to the same order of related items in the Balance Sheet and Income Statement. With reference to the introductory part of the hereby Notes to the Financial Statements, it is stated that, pursuant to Article 2423, third comma of the Italian Civil Code, in case disclosure required under specific legislation proves to be incomplete in terms of providing a truthful and fair view of the Company's performance, additional information may be provided to serve the purpose. Figures comprised in both Financial Statements and the hereby Notes to the Financial Statements are expressed in Euro. Evaluation criteria used in the preparation of the Financial Statements comply with the matching principle and the general concepts of prudence and ongoing concern.

Pursuant to Article 2423-bis c.1 point 1-bis C.C., items are shown taking into account the prevailing substance of the transaction or contract. In drawing up the Financial Statements, financial income and expenses have been recorded on an accrual basis notwithstanding their actual date of recognition and the sole the profits recognized at fiscal year-end.

Fiscal year risks and losses have as well been taken into account, even if acquainted with after fiscal year-end. The Balance Sheet, Income Statement, Cash Flow Statement and miscellaneous financial disclosures comprised in the hereby Notes to the Financial Statements comply with the accounting records that originated them. Neither the Balance Sheet nor the Income Statement feature grouping of items preceded by Arabic numerals, as optionally set forth by Article 2423 ter of the Italian Civil Code. Pursuant to Article 2424 of the Italian Civil Code, it is hereby confirmed that there are no

elements, neither under Assets nor Liabilities recorded under more than one item in the Financial Statements. There have been no exceptional cases for the Company to avail itself of exemptions pursuant to Article 2423, commas 4 and 5 of the Italian Civil Code. There have been no exceptional cases for the Company to avail itself of exemptions pursuant to Article 2423-bis c.2 of the Italian Civil Code. Pursuant to Article 2423 ter of the Italian Civil Code, it is hereby stated that all items comprised in the Financial Statements were comparable to the prior reporting year's hence there was no need for any of them to be adjusted. Evaluation criteria and value adjustments of items comprised in the Financial Statements comply with provisions set forth by the Italian Civil Code as well as with accounting principles set forth by the National Board of Accountants and Bookkeepers; no changes occurred as compared to prior fiscal year. Pursuant to Article 2427 c. 1 no. 1 of the Italian Civil Code, the hereby document illustrates the most impacting evaluation criteria adopted in accordance with provisions set forth by Article 2426 of the Italian Civil Code, with particular reference to those items for which the legislator may accept different evaluation criteria and amendments or else for those that do not feature specific criteria. Book values expressed in foreign currency have been translated in Euro as at the Exchange rate on the date of their recognition, i.e. at the Exchange rate applicable at fiscal year-end pursuant to provisions set forth by the accounting principle OIC 26.

## Intangible Assets

As envisaged by the accounting principles of reference, intangible assets are recorded in the Balance Sheet under assets, stated at their cost of acquisition and/or production cost and amortized on a straight-line basis according to their future useful life. Values are shown net of the provision for amortization and write-downs. Amortization is calculated in compliance with the hereafter pre-established scheme that provides a fair cost distribution over the useful life of the aforementioned assets:

	<b>Amortization rates - power generation</b>
<i>Costs of Start-up and Expansion</i>	20%
<i>Costs of Development</i>	
Plant R&D	20%
<i>Industrial Patent and Intellectual Property Rights</i>	
Property software rights	20%
Patent rights	1/20
<i>Concessions, Licenses, Trademarks and Similar Rights</i>	
Concessions and royalties	Based on residual terms
Trademarks	1/18
Know-how	1/18
Building leases	Based on the contract's residual term
<i>Other Intangible Assets</i>	
Extraordinary maintenance on third-party assets	20%
Extraordinary maintenance on third-party assets – Rivoli	Based on the contract's residual term
Extraordinary maintenance on third-party assets - Rivoli, via Ivrea	20%

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<b>Amortization rates – micro-cogenerators production</b>	
<i>Intangibles</i>	
Costs of start up and expansion	20%
Costs of development	20%
Patents and intellectual property rights	50% 20%
Software	1/3
Trademarks and similar rights	5,56%
Other intangible assets	Based on the contract's residual term

Any disposals occurred over the period resulted in the cancelation of their residual value. The amortization criterion of intangible assets was systematically applied to each FY according to the assets' potential residual use or cost. Pursuant to and for the purposes of Article 10, Law 72 of March 19, 1983 and subsequent amendments, the Company's intangible assets have never undergone currency revaluations. It is noted that on said costs write-downs were not deemed necessary as per ex Article 2426 comma 1 no. 3 of the Italian Civil Code on the basis that, pursuant to OIC 9, no elements indicating potential impairment losses of intangibles had been identified.

## Costs of Start up and Expansion

Costs of start up and expansion are recorded in the Balance Sheet under Assets subsequent to the Statutory Board's approval given their multi-annual useful life; such costs have been amortized over a period of no longer than 5 years.

## R&D Costs

Costs of development are recorded in the Balance Sheet under Assets, subsequent to the Statutory Board's approval given that they meet provisions set forth by OIC 24: costs are recoverable and involve viable specific development projects for which the Company possesses the required resources. Furthermore the costs are attributable to a clearly defined, traceable and quantified product or process. Given the impossibility to reliably estimate their useful life, said costs are amortized over a period of no longer than 5 years.

Over 2020 R&D involved as follows:

- study and design architecture for biomethane production from landfill biogas upgrading;
- analysis and study aimed to cut back on composting times by experimenting with new technologies;
- study and design of innovative products in the micro-cogeneration sector.
- Analysis and study aimed to cut back on quantity and improve quality of OFMSW pre-treatment over screening material by means of cutting-edge technological solutions;
- Study and design of a state-of-the-art 150-kW heat pump fueled by gas.

## Industrial Patent and Intellectual Property Rights

Patents are recorded in Assets at acquisition or internal production cost including any accessory costs that may incur related to administrative and concession procedures and are amortized according to their useful life under legal and contractual limits.

## Concessions, Licenses, Trademarks and Similar Rights

Concessions, licenses and similar rights, if acquired for consideration, are shown in Assets stated at the same amounts paid by the Company when purchasing them; they are amortized over their estimated useful life and in any event not exceeding the limit pursuant to legislation in force or to purchase agreements. Trademarks' useful life must not exceed 20 years.

## Other Intangible Assets

Intangible assets are recorded at purchase price including any auxiliary costs and are amortized within legal or contractual limits.

Internally-generated intangible assets are recognized at construction cost including any directly-attributable charges to said assets.

## Tangible Assets

Tangible assets are stated at their purchase and/or construction cost plus accessory charges incurred up to the date by which the asset may be utilized, and in any case within the limit of its recoverability. The production cost comprises all directly-attributable charges, including overall costs of production, allocated to the reasonably chargeable rate, over the construction period until the asset is ready-to-use.

Self-constructed assets have been stated based on directly-attributable charges, allocated to the reasonably chargeable rate, over the construction period until the asset is ready-to-use.

Expenditure that generated significant increase in assets' capacity, productivity and useful life is capitalized thus boosting the value of the related assets. Said assets are shown in the financial statements under Assets net of provision for depreciation and write-downs. The assets' book value, evenly classified by nature and purchase date is allocated over the fiscal years of their presumable use. Such procedure is enacted by means of depreciation rates schemes that become effective when the asset is available for use in relation to the assets' estimated residual useful life. Said schemes, subject to annual audits, refer to gross value of assets and estimated realizable value equal to zero upon process completion.

Depreciation rates, calculated on a straight-line basis, are broken down as follows:

**Depreciation rates – power generation***Plant and Machinery*

Generic plants	8%
Specific plants	8%
Biogas plants	9%
Wind plants	1/11 1/14 1/15 4%
Photovoltaic plants	4%
Vegetable oil plants	9%
OFMSW plants	9% - 5%

*Industrial and Commercial Equipment*

Equipment	10%
Wind sector equipment	10%
Eco-Food project equipment	10%

*Other Tangible Assets*

Furniture	12%
Furniture and ordinary office machines	12%
Electronic office machines	20%
Motor vehicles	25%
Automobiles	25%
Cellular phones	20%

**Depreciation rates – micro-cogenerators production***Tangibles*

Light constructions	10%
Plant and machinery	10%
Technical and specific plants	12,5% 15%
Equipment, molds and racks	25%

*Other Assets*

Electronic office machines	20%
Furniture	12%
Motor vehicles	25%
Signage	15%

Any divestments (disposals, scrapping, etc.) occurred over the period involved cancelation of their residual value. Any difference arising from the book value and the divestment is recorded in the Balance Sheet. With regard to assets purchased over the period, the aforementioned rates have been halved given that the depreciation rate and the rate calculated from the moment the asset is available and ready-to-use were not significantly different. Any tangible assets granted free-of-charge or purchased by means of exchanges are recorded in the Balance Sheet under Assets based on the presumable market value at purchase date plus costs incurred and/or to be incurred so that such assets can be integrated effectively and on a lasting basis, to the extent of their recoverability, to the production process.

Depreciation criteria of OFMSW plants have undergone changes compared to prior FY's with consequent variations in the estimation process of their residual useful life. More specifically prior FY featured a 9% depreciation rate (reduced by 50% as it was the first year of the plant's entry into force); whilst current FY featured 5% depreciation rate deemed the most suitable to the plants' useful life which turns out to be more extended than originally estimated.

Tangible assets' grants are accounted for using the indirect method and recognized in the income statements under the item A5 "Other Revenues and Income" and thus carried forward to subsequent fiscal years under Deferred Income. Assets' amortization and depreciation is therefore calculated on the gross amount of grants delivered.

Pursuant to and for the purposes of Article 10, Law 72 of March 19, 1983 and subsequent amendments, the Company's tangible assets have never undergone currency revaluations. It is noted that on said costs write-downs were not deemed necessary as per ex Article 2426 comma 1 no. 3 of the Italian Civil Code on the basis that, pursuant to OIC 9, no elements indicating potential impairment losses of tangibles had been identified.

Assets with a unitary cost of less than € 516, given their rapid obsolescence and consequent poor residual useful life as well as with a view to simplify administrative management, have been completely depreciated over the fiscal year; had the Company applied the rates by category of asset the income statement result would have undergone no changes.

## Land and Building

Land, considered to have an infinite useful life, has not been subject to depreciation.

## Assets under Construction and Advances

Advances to suppliers for purchase of tangible assets recorded under item B.II.5 are initially recognized at the date such payments are due. Hence advances are not subject to depreciation. Tangible assets under construction recorded under item B.II.5, are initially recognized at the date of the first construction costs and comprise both internal and external costs. Such costs shall be recorded in Assets under Construction and are subject to depreciation upon project completion.

## Financial Assets

### Stakeholding

The item refers to stakeholding in other companies and comprises investment in subsidiaries and associates pursuant to Article 2359 of the Italian Civil Code as well as investment in other undertakings. Such investment, evaluated using the cost method, is made up by the acquisition cost, the amounts paid for the subscription or by the value attributed to the transferred assets including any accessory charges (commission and bank charges, stamp duties, bank intermediation, etc.).

Investment, if held over a long period amongst the Company's assets, is recorded under Financial Assets.

Investments undergo audits in order to assess the economic and financial conditions of subsidiaries. Such analysis is performed based on the subsidiaries' shareholders' equity inferable from the latest statements, drawn-up in compliance with the Italian Accounting Standards. In case such financial statements are not available, as for Asja Group's investment in subsidiaries and associates, the shareholders' equity in the Consolidated Financial Statements must be taken into account, pursuant

to the International Accounting Principles (IFRS) issued by the International Accounting Standard Board (IASB), adequately adjusted, where deemed necessary, to comply with Italian Accounting Standards. If the comparison between costs and corresponding share of shareholders' equity results in an impairment loss, a write-down is performed; normally costs are reduced when subsidiaries have incurred losses or else have undergone impairment losses and are not expected to feature earnings in the near future or other favorable prospects that could absorb losses. Historical value is reinstated over subsequent fiscal years should the reasons for the write-down cease to exist.

## Receivables

Receivables recorded in Financial Assets were recognized in the Balance Sheet using the amortized cost evaluation method, pursuant to Article 2426 c.2 of the Italian Civil Code, taking into account the time factor and the presumed realizable value in compliance with regulations set forth by Article 2426, comma 1, no. 8 of the Italian Civil Code. With concern to the amortized cost evaluation method and/or to discounting of receivables, the Company, aiming to provide truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Such scenario occurred, for instance, with receivables with a less than 12-month due date or, under the amortized cost criteria, in case transaction charges, fees and any differences arising from the initial and due value of minor importance or still, in case of discounting, when the interest rate under contractual terms does not differ substantially from market interest rates.

## Financial Lease Transactions

Assets acquired under financial leases are shown, as foreseen by the Legislator, using the equity method by recognizing the leases installments as fiscal year charges.

## Inventories

Inventories are carried at the lower of their purchase and/or production cost and their presumed realizable value calculated from the related market trend. The purchase cost comprises directly-attributable accessory charges, if any.

## Raw, Ancillary and Consumption Materials

Over the period components no longer used in the production of machinery were written down as they were replaced by better-performing ones. The cost of inventories was determined, pursuant to Article 2426 co. 1 no. 10 of the Italian Civil Code, according to the LIFO method (Last In First Out); consequently remote purchases or production, recognized at their cost, are likely to remain in the warehouse.

## Commissioned Work-in-progress

Commissioned work-in-progress are measured on the completed contract method based on which revenues and contract margin are recognized solely upon contract completion i.e. at the date when the produced asset's transfer of risks and benefits occurs. Application of such method involves that commissioned work-in-progress is measured at the lower of cost and realizable value calculated based the related market trend. Such method was adopted as it allows to provide evaluation based on actual data, in compliance with the prudence principle.

## Finished Products

Cost of inventory of finished products and goods with heterogeneous features and not exchangeable was calculated at specific costs i.e. each asset was allocated its specific cost incurred. The value obtained is subsequently compared against the realizable value based on the market trend, pursuant to Article 2426 n. 9 of the Italian Civil Code. Fiscal year 2020 writing-down of said item, amounting to € 52.452, is to be attributed to the lesser value of old generation micro-cogenerators stored in the warehouse.

Advances to suppliers for purchase of goods recorded under the item C.1.5 are recognized initially at their due date or, if not present, upon payment date.

## Receivables Recorded in Current Assets

Receivables recorded in Current Assets were recognized in the Balance Sheet using the amortized cost evaluation method, pursuant to Article 2426 c.2 of the Italian Civil Code, taking into account the time factor and the presumed realizable value in compliance with regulations set forth by Article 2426, comma 1, no. 8 of the Italian Civil Code. Adjustment to the estimated realizable value was performed by allocation of a provision for write-downs of receivables.

The amounts in the provision for write-downs are proportioned to both the risks related to non-performing receivables and to the general risk of not collecting the receivables, prudently estimated taking into account historical experience.

With concern to the amortized cost evaluation method and/or to discounting of receivables, the Company, aiming to provide truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Such scenario occurred, for instance, with receivables with a less than 12-month due date or, under the amortized cost criteria, in case transaction charges, fees and any differences arising from the initial and due value of minor importance or still, in case of discounting, when the interest rate under contractual terms does not differ substantially from market interest rates.

## Non-current Financial Assets

### Other Securities

Non-current securities are recognized in the Balance Sheet with the amortized cost method in compliance with Article 2426, comma 1, no. 9 of the Italian Civil Code. Debt securities for which the application of the amortized cost method was considered irrelevant, were recorded using the purchase cost method including accessory charges. Such scenario occurred for instance related to premiums/subscription or negotiation differential or any other difference between initial and expiration value of minor importance.

## Cash and Cash Equivalents

Cash and Cash Equivalents are assessed according to the following criteria:

- Cash and cash equivalents at nominal value;
- Bank deposits and checks at presumable realizable value. Specifically such value coincides with the nominal value;
- Foreign currency availability is stated at the exchange rate as at FY end.

## Accruals and Deferred Income

Composition of the item Accruals and Deferred Income was calculated on an accrual basis by breaking down the revenues and/or common costs over more fiscal years. In recording as well as in reviewing the multi-annual deferred income, the period of applicability of the time condition was ensured.

## Equity

Items are recognized in the Balance Sheet at their book value pursuant to regulation envisaged by the accounting principle OIC 28.

## Provisions for Risks and Charges

The item refers mainly to provisions for the purpose of hedging for losses or liabilities, of a determinate nature, that are certain or likely, the amount or due date of which could not be determined at year-end.

Composition of the provisions was set up based on the principles of prudence and competence in compliance with the accounting principle OIC 31. Related provisions are recognized in the period based on the “per nature” cost classification criteria.

## Provisions for Taxes, Including Deferred

The item comprises liabilities due to potential taxes, uncertain as to amount or as to the date on which they will arise, due to audits or litigation underway with revenue authorities.

Provision for Deferred Taxes comprises deferred tax charges deriving from temporary differences between taxable and reported profits, when not offset, as per nature or due date, by prepaid taxes.

## Provision for Other

The item comprises amounts covering for risks prudently recorded.

## Employee Severance Indemnity

Such indemnity is determined pursuant to article 2120 of the Italian Civil Code as well as to collective and company-level agreements; it comprises yearly accrued quotas and revaluations calculated by ISTAT (The National Statistics Institute). The amount of the provision is recognized net of advances paid as well as of quotas used for termination of employment over the period, and represents the definite debt towards personnel as at fiscal year-end.

## Payables

Payables recorded in Financial Assets were recognized in the Balance Sheet using the amortized cost evaluation method, pursuant to Article 2426 c.2 of the Italian Civil Code, taking into account the time factor and the presumed realizable value in compliance with regulations set forth by Article 2426, comma 1, no. 8 of the Italian Civil Code. With concern to the amortized cost evaluation method and/or to discounting of receivables, the Company, aiming to provide truthful and accurate disclosures, availed itself of the option to not apply the aforementioned method as its effects have proven irrelevant toward providing true and fair views. Such scenario occurred, for instance, with payables with a less than 12-month due date or, under the amortized cost criteria, in case transaction charges, fees and any differences arising from the initial and due value of minor importance or still, in case of discounting, when the interest rate under contractual terms does not differ substantially from market interest rates.

Payables were classified as per their nature (or origin) from ordinary management activities regardless of the timeframe within which liabilities must be settled.

## **Translation Criteria**

Foreign currency assets and liabilities are recorded at the exchange rate ruling at fiscal year-end. Foreign currency non-monetary assets and liabilities (assets, inventories, accrued income and prepaid expenses) are recorded at the exchange rate ruling at the purchase date or, if lower, at fiscal year-end's, in case of a reduction deemed lasting.

## **Accrued Expenses and Deferred Income**

Accrued Expenses and Deferred Income were calculated on an accrual basis through allocation of costs and/or revenues common to more fiscal years. In recording as well as in reviewing the multi-annual deferred income, the period of applicability of the time condition was ensured. Timely adjustments were made when such condition featured variations.

## **Additional Information**

### **Operations with Grant-back obligation at Expiry Date**

The Company, pursuant to Article 2427 no. 6-ter, states that it has not performed any type of operations subject to obligation to grant-back at expiry date. The item Costs of Leasehold Assets comprises leasing installments and exploitation rights returned to landfill owners.

## Notes to the Financial Statements

### Assets

Composition of the main items in the Balance Sheet is outlined below, pursuant to regulations in force.

#### Intangible Assets

Subsequent to recording of fiscal year amortization (equal to € 2.560.420) in the Income Statement, Intangible Assets amount to € 10.634.397.

Movements of Intangible Assets over the period are broken down as follows:

	As at Acquisition (Disposal) (Amortizzati Changes in on) the scope					As at
	31/12/2019					31/12/2020
<i>Start up and expansion costs</i>						
Gross value	47.110	-	-	-	-	47.110
(Provision for amortization)	(43.323)	-	-	(3.787)	-	(47.110)
Net value	3.787	-	-	(3.787)	-	-
<i>Costs of development</i>						
Gross value	2.501.413	220.875	-	-	(257)	2.722.031
(Provision for amortization)	(1.549.651)	-	-	(538.084)	-	(2.087.735)
Net value	951.762	220.875	-	(538.084)	(257)	634.296
<i>Patent and intellectual property</i>						
Gross value	3.812.113	85.496	-	-	-	3.897.609
(Provision for amortization)	(2.359.674)	-	-	(296.118)	-	(2.655.792)
Net value	1.452.439	85.496	-	(296.118)	-	1.241.817
<i>Concessions, licenses, trademarks and similar</i>						
	19.079.690	7.227	-	-	-	19.086.917
Gross value						
(Provision for amortization)	(10.325.555)	-	-	(1.008.697)	-	(11.334.252)
Net value	8.754.135	7.227	-	(1.008.697)	-	7.752.665
<i>Other intangible assets</i>						
Gross value	2.732.814	526.539	-	-	(443)	3.258.910
(Provision for amortization)	(1.539.557)	-	-	(713.734)	-	(2.253.291)
Net value	1.193.257	526.539	-	(713.734)	(443)	1.005.619
<i>Total intangible assets</i>						
Gross value	28.173.140	840.137	-	-	700	29.012.577
(Provision for amortization)	(15.817.760)	-	-	(2.560.420)	-	(18.378.880)
Net Value	12.355.380	840.137	-	(2.560.420)	700	10.634.397

Fiscal year 2020 featured incremental changes in Intangible Assets for € 840.137. The amounts that impacted mostly regard: R&D Costs for € 220.875, Patent and Property Software for € 85.496, Registration of "Biowaste" trademark for € 7.227 as well as Extraordinary Maintenance on Third-party Assets for € 526.539.

In particular the item Concessions, licenses, trademarks and similar rights, amounting to € 7.752.665, is broken down as follows:

- Concessions, rights of use and covenants : € 23.452;
- Know-how: € 379.386;
- Trademarks: € 5.971.207;
- Building leases: € 1.377.620.

## Start-up and Expansion

The item is broken down in the table below that highlights differences against the prior period. Reasons for their recognition as well as amortization criteria are mentioned above.

	2020	2019	Differencez.	Difference %
Start-up and expansion Totem merger				
Historical cost	47.109	47.109		-
Start-up and expansion Totem merger				
Provision for amortization	(47.109)	(43.322)	(3.787)	9

## Costs of Development

The item is broken down in the table below that highlights differences against the prior period. Reasons for their recognition as well as amortization criteria are mentioned above.

	2020	2019	Differencez.	Difference %
R&D costs Totem	321.988	321.988	-	-
Frame 1 and frame 2 prototypes	1.602.271	1.559.631	42.640	3
Totem Usa prototype	240.841	240.841	-	-
R&D plants	127.567	55.567	72.000	130
Full-thermal prototype	201.895	201.895	-	-
Experimental prototypes	227.727	121.491	106.236	87
R&D plants	(194.013)	(129.615)	(64.398)	50
Provision for amortization frame 1 and frame 2 prototypes	(1.449.583)	(1.129.129)	(320.454)	28
Provision for amortization USA prototype	(192.673)	(144.505)	(48.168)	33
Provision for amortization R&D	(60.487)	(41.347)	(19.140)	46
Provision for amortization full-thermal prototype	(121.394)	(80.758)	(40.636)	50
Provision for amortization experimental prototypes	(69.844)	(24.298)	(45.546)	187

## Tangible Assets

Tangible assets, before related provisions for depreciation, amount to € 157.930.874; provisions for depreciation are equal to € 96.169.622. Movements of said assets are illustrated hereafter. It is worth mentioning the reclassification comprised in Tangible Assets under Construction and Advances (item B.II.5) impacting for € 4.750.494, related to assets previously recorded under such item that are currently available and ready-to-use, adequately collocated in the hereby Balance Sheet under the item "Plant and machinery" with regard to the biomethane plant in Genoa whose construction was completed over the FY.

	As at 31/12/2019	Acquisition	(Disposal)	(Depreciation)	Other changes	As at 31/12/2020
<i>Land</i>						
Gross value	308.751	5.030	-	-	-	313.781
(Provision for depreciation)	(2.850)	-	-	-	-	(2.850)
<b>Net value</b>	<b>305.901</b>	<b>5.030</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>310.931</b>
<i>Plant and machinery</i>						
Gross value	133.666.167	4.101.168	(1.005.085)	-	4.750.494	141.512.744
(Provision for depreciation)	(87.776.610)	-	826.253	(6.034.750)	-(92.985.107)	-(92.985.107)
<b>Net value</b>	<b>45.889.557</b>	<b>4.101.168</b>	<b>(178.832)</b>	<b>(6.034.750)</b>	<b>4.750.494</b>	<b>48.527.637</b>
<i>Industrial and commercial equipment</i>						
Gross value	1.234.922	23.050	-	-	-	1.257.972
(Provision for depreciation)	(1.165.031)	-	-	(30.765)	-	(1.195.796)
<b>Net value</b>	<b>69.891</b>	<b>23.050</b>	<b>-</b>	<b>(30.765)</b>	<b>-</b>	<b>62.176</b>
<i>Other tangible assets</i>						
Gross value	2.505.666	282.044	(10.871)	-	-	2.776.839
(Provision for depreciation)	(1.724.451)	-	7.390	(268.808)	-	(1.985.869)
<b>Net value</b>	<b>781.215</b>	<b>282.044</b>	<b>(3.481)</b>	<b>(268.808)</b>	<b>-</b>	<b>790.970</b>
<i>Assets under construction and advances</i>						
Gross value	8.583.150	8.237.882	(1.000)	-	(4.750.494)	12.069.538
<b>Net value</b>	<b>8.583.151</b>	<b>8.237.882</b>	<b>(1.000)</b>	<b>-</b>	<b>(4.750.494)</b>	<b>12.069.538</b>
<i>Total tangible assets</i>						
Gross value	146.298.656	12.649.174	(1.016.956)	-	-	157.930.874
(Provision for depreciation)	(90.668.942)	-	833.643	(6.334.323)	-(96.169.622)	-(96.169.622)
<b>Net Value</b>	<b>55.629.714</b>	<b>12.649.174</b>	<b>(183.313)</b>	<b>(6.334.323)</b>	<b>-</b>	<b>61.761.252</b>

Composition of Tangible Assets as at January 1, 2020 and as at December 31, 2020 is broken down analytically in the table above.

Tangible assets as at December 31, 2020 amount to € 61.761.252 against € 55.629.714 as at December 31, 2019 and are broken down as follows:

- Land: €310.931;

- Plant and machinery: € 48.527.637 of which
  - biogas/biomethane plants: € 14.866.820;
  - Wind plants: € 26.949.316;
  - Photovoltaic plants: € 2.580.057;
  - Vegetable oils plants: € 217.517;
  - OFMSW plants: € 3.712.937
  - Generic, specific and other plants: € 200.990;
- Industrial equipment: € 62.176;
- Other tangible assets: € 790.970;
- Tangible assets under construction and advances: € 12.069.538 of which
  - Biomethane plants under development/construction: € 2.098.915;
  - Wind plants under development/construction: € 718.851;
  - OFMSW plants under development/construction: € 9.097.976.
  - Prometeo pilot plants: € 153.796

With concern to changes in gross values and adjustments of Tangible Assets, the following is set forth:

- Consequent to new investments over the period changes in gross values are equal to € 12.649.174. They mostly regard new biogas plants impacting for € 2.872.159 and Assets under Construction and Advances for € 8.237.882 mainly attributable to OFMSW plants development;
- Adjustment items regard Depreciation for € 6.334.323 and decreases for € 833.643 owing to disposals of several assets.

Pursuant to and for the purposes of Article 10 of Law 72/83, it is hereby stated that gross values still recorded in Tangible Assets comprise directly-incurred costs and that such assets have never undergone economic nor currency revaluations.

## Financial Leases

The Company uses assets purchased under financial lease agreements accounted for under the equity method thus recognizing leases under Costs of Leasehold. Instead under the financial method the interest on the finance lease and the depreciation of the goods acquired under finance lease agreements must be carried in the Income Statement, whilst the goods themselves must be carried as assets, and the residual debt as a liability, in the Balance Sheet.

The table below illustrates the effects of finance leases accounted for under the financial method:

**2020**

### Value of Assets (A)

Assets under finance lease net of overall depreciation at prior FY-end	34.028.575
+ Assets acquired under finance lease over the period	-
-Assets under finance lease redeemed over the period	-
-Depreciation rates for the period	(2.677.889)
+/- Impairment losses/reversal of impairment on assets under finance lease	-

### Assets under Finance Lease at FY-end, Net of Overall Depreciation

**31.350.686**

**Current Value of Instalments Not Yet Due (B)****Current Value of Instalments Not Yet Due Using the Actual Interest Rate of the Finance Lease Agreement****35.235.134****Financial Charges Incurred in FY (C)****Financial Charges Incurred in FY Calculated on the Basis of the Actual Interest Rate****(1.231.163)**

## Financial Assets

### Stakeholding

*Movements in Financial Assets*

FY changes in net value of Stakeholding, recorded under Financial Assets, are as follows:

- In June 2020, Asja Ambiente Italia acquired 45% stakeholding in CH4 Energy S.r.l., thus becoming its sole shareholder.

The following chart illustrates movements of Stakeholding in Subsidiaries:

	As at 31/12/2019	FY increase		(Divestments)	As at 31/12/2020
		Acquisitions and disposals	Other increases		
<b>Stakeholding in subsidiaries</b>					
Asja Market srl	607.353	-	-	-	607.353
Anziobiowastesrl	2.121.146	-	-	-	2.121.146
Tuscia Ambiente 2 srl	7.579.000	-	-	-	7.579.000
Helios Energy Landolinasrl	247.800	-	-	-	247.800
Specchia Solar srl	1.600.000	-	-	-	1.600.000
Rabbici Solar srl	1.500.000	-	-	-	1.500.000
Puglia Solar 1 srl	5.100.000	-	-	-	5.100.000
Puglia Solar 2 srl	3.800.000	-	-	-	3.800.000
CH4 Energy srl	10.725	4.500	-	-	15.225
Biolnspiresrl	4.910.000	-	-	-	4.910.000
Asja Renewables Shenyang Co., Ltd.	2.300.000	-	-	-	2.300.000
Asja Brasil Servicos para o Meio Ambiente Ltda	556.103	-	-	-	556.103
Consorzio Horizonte Asja	200.000	-	-	-	200.000
Asja Sabarà Servicos para o Meio Ambiente Ltda	19.341	-	-	-	19.341
Asja Sabarà Geracao Distribuida Ltda	436	-	-	-	436
Asja Pernambuco Servicos Ambientais Ltda	500	-	-	-	500
Asja Paraiba Servicos Ambientais Ltda	500	-	-	-	500
Totem Energy Canada Ltd	33.697	-	-	-	33.697
Electrificadora de Mapiripán	181.529	-	-	-	181.529
<b>Total</b>	<b>30.768.129</b>	<b>4.500</b>	<b>-</b>	<b>-</b>	<b>30.772.629</b>

The following chart illustrates movements of Stakeholding in Associated Companies: (see following page)

	As at 31/12/2019	FY increase		(Divestments)	As at 31/12/2020
		Acquisitions and disposals	Other increases		
Stakeholding in associated companies					
Elea Utilities	84.500	-	-	-	84.500
Pianobiosrl	50.000	-	-	-	50.000
Total	134.500	-	-	-	134.500

The following chart illustrates movements of Stakeholding in Other Companies:

	As at 31/12/2019	FY increase		(Divestments)	As at 31/12/2020
		Acquisitions and disposals	Other increases		
Stakeholding in other companies					
Consorzio DI.TNE	5.000	-	-	-	5.000
Fundación Sandretto Re Rebaudengo					
Para El Arte	29.000	-	-	-	29.000
ETR Oleos SA	485.954	-	-	-	485.954
Total	519.954	-	-	-	519.954

Company stakeholding is broken down as follows:

	Currency	Common stock foreign currency	Equity foreign currency	Profit (loss) prior FY	Equity in Stakehol Euro ding %	Pro-quota equity	Book value
<b>Stakeholding in subsidiaries</b>							
Asja Market srl (Torino TO - Italy) C.F. 03032270260	Euro	197.600	-	18.780	447.416 98,00%	438.467	607.353
Anziobiowastesrl (Latina LT - Italy) C.F. 02835040599	Euro	10.000	-	(71.071)	(604.693) 100,00%	(604.693)	2.121.146
Tuscia Ambiente 2 srl (Torino - Italy) C.F. 10532420014	Euro	7.617.000	-	214.083	7.035.444 98,78%	6.949.612	7.579.000
Helios Energy Landolina srl (Rovereto TN - Italy) C.F. 08749260017	Euro	50.000	-	1.075	48.206 99,60%	48.013	247.800
Specchia Solar srl (Rovereto TN - Italy) C.F. 05853830825	Euro	50.000	-	54.295	946.282 100,00%	946.282	1.600.000
Rabbici Solar srl (RoveretoTN- Italy) C.F. 05853800828	Euro	50.000	-	90.963	923.746 100,00%	923.746	1.500.000
Puglia Solar 1 srl (Rovereto TN - Italy) C.F. 02782570739	Euro	50.000	-	179.335	2.932.864 100,00%	2.932.864	5.100.000

Puglia Solar 2 srl (Rovereto TN - Italy) C.F. 02782580738	Euro	50.000	-	51.026	2.111.034	100,00%	2.111.034	3.800.000
CH4 Energy srl (Palermo PA - Italy) C.F. 06510780825	Euro	10.000	-	(18.852)	(8.823)	100,00%	(8.823)	15.225
BiolInspiresrl (Rovereto TN - Italy) C.F. 02567520222	Euro	100.000	-	(187.302)	3.517.352	100,00%	3.517.352	4.910.000
Asja Renewables Shenyang Co., Ltd. (China)	Renminbi	23.794.715	24.771.603	5.510.981	3.087.766	100,00%	3.087.766	2.300.000
Asja Brasil Servicos para o Meio Ambiente Ltda (Brazil)	Real	1.564.500	(91.139.189)	(28.129.060)	(14.299.708)	99,94%	(14.291.128)	556.102
Consorzio Horizonte Asja (Brazil)	Real	-	(34.293.086)	-	(5.380.574)	5,00%	(269.029)	200.000
Asja Sabarà Servicos para o Meio Ambiente Ltda (Brazil) Asja Sabarà Geracao Distribuida Ltda (Brazil)	Real	575.000	(5.390.534)	(2.567.402)	(845.773)	10,00%	(84.577)	19.341
Asja Pernambuco Servicos Ambientais Ltda (Brazil)	Real	20.000	20.000	-	3.138	10,00%	314	436
Asja Paraiba Servicos Ambientais Ltda (Brazil)	Real	20.000	(12.874.161)	(13.704.260)	(2.019.952)	10,00%	(201.995)	500
Asja Paraiba Servicos Ambientais Ltda (Brazil)	Real	20.000	(47.696)	(3.737.017)	(7.484)	10,00%	(748)	500
Totem Energy Canada Ltd (Canada)	Canadian Dollars	50.000	25.415	47.709	16.257	100,00%	16.257	33.697
Electrificadora de Mapiripán (Colombia)	Colombian Pesos	360.000.000	1.519.454.000	202.208.000	361.573	83,34%	301.335	181.529
<b>Total</b>					<b>(1.844.700)</b>			<b>30.772.629</b>

	Currency	Common stock foreign currency	Equity foreign currency	Profit (loss) prior FY	Equity in Euro	Stakeholding %	Pro-quota equity	Book value
<b>Stakeholding in associated companies</b>								
Elea Utilities (Naples Italy)	Euro	10.000	-	(152.130)	16.870	50,00%	8.435	84.500
Pianobiosrl (Torino - Italy)	Euro	100.000	-	(6.121)	66.694	50,00%	33.347	50.000
<b>Total</b>					<b>83.564</b>			<b>134.500</b>
<b>Stakeholding in other companies</b>								
Consorzio DI.TNE (Brindisi - Italy)	Euro	-	-	-	-	-	-	5.000
Fundación Sandretto Re Rebaudengo Para El Arte (Spain)	Euro	-	-	-	-	-	-	29.000
ETR Oleos SA (Brazil)	Real	3.700.000	(5.108.373)	(200.726)	(801.502)	10,00%	(80.150)	485.954
<b>Total</b>					<b>(805.502)</b>			<b>519.954</b>

The table above illustrates the list of Stakeholding in Subsidiaries and Associates accompanied by disclosure pursuant to Article 2427 point 5 of the Italian Civil Code, integrated by the last approved Financial Statements. Any higher carrying amount of investment against the pro-quota shareholders' equity is subjected to adjustments in case of impairment losses. As far as Italian special-purpose companies are concerned, the higher value refers to authorizations to operate wind and photovoltaic plants.

## Long-term Financial Receivables

### *Long-term Financial Receivables broken down by geographical area*

The item is broken down as follows:

	Italy	Foreign	Total
<i>Receivables Recorded under Long-term Financial Assets</i>			
Receivables from subsidiaries	20.532.146	33.398.273	53.930.419
Receivables from associated companies	485.290	-	485.290
Receivables from other companies	-	1.526.472	1.526.472
<b>Total Receivables Recorded under Long-term Financial Assets</b>	<b>21.017.436</b>	<b>34.924.744</b>	<b>55.942.181</b>

The table herein illustrates FY movements of financial receivables not recorded in current assets:

	Collectible within next FY	Residual maturity less/equal to 5 yrs	Residual maturity more than 5 yrs	As at 31/12/2020	As at 31/12/2019	Difference
Security deposit Asja Marketsrl		17.744		17.744	17.595	150
Anziobiowastesrl	11.080.130			11.080.130	8.380.641	2.699.489
Tuscia Ambiente 2srl	4.823.125			4.823.125	2.041.605	2.781.520
Helios Energy Landolinasrl	717.029			717.029	717.029	-
Specchia Solarsrl			241.426	241.426	241.395	31
Rabbici Solarsrl			250.773	250.773	250.740	33
Puglia Solar 1srl			1.540.236	1.540.236	1.540.035	201
Puglia Solar 2srl			1.102.224	1.102.224	1.102.080	144
CH4 Energy srl	758.160			758.160	4.789	753.371
Asja Brasil Servicos para o Meio Ambiente Ltda	5.202.279			5.202.279	4.989.936	212.343
Consorzio HorizonteAsja	14.357.584			14.357.584	13.903.096	454.488
Asja Sabarà Servicos para o Meio Ambiente Ltda			5.212.872	5.212.872	6.757.267	(1.544.395)
Asja PernambucoServicosAmbientaisLtda		6.221.279		6.221.279	5.575.213	645.066
Asja ParaibaServicosAmbientaisLtda		1.489.673		1.489.673	1.124.523	365.150
Totem Energy Canada Ltd	120.000			120.000	20.000	100.000
Electrificadora de Mapiripán	23.000			23.000	80.571	(57.571)
Asja Sabarà Geracao Distribuïda Ltda		771.586		771.586	-	771.586
Bioinspire srl	1.298				-	1.298
<b>Total</b>	<b>37.082.605</b>	<b>8.500.282</b>	<b>8.347.531</b>	<b>53.930.419</b>	<b>46.746.515</b>	<b>7.183.904</b>
<b>Receivables from associated companies</b>						
RTI Asja Ambiente		-		-	15.000	(15.000)

Pianobio		485.290		485.290	285.000	200.290
Total	-	485.290	-	485.290	300.000	185.290

	Collectible within next FY	Residual maturity less/equal to 5 yrs	Residual maturity more than 5 yrs	As at 31/12/2020	As at 31/12/2019	Difference
<b>Receivables from other companies</b>						
ETR Oleos		806.472		806.472	827.648	(21.176)
FSRR Madrid		720.000		720.000	695.000	25.000
Total	-	1.526.472	-	1.526.472	1.522.648	3.824
<b>Total Long-term Financial Receivables</b>	<b>37.082.605</b>	<b>10.512.044</b>	<b>8.347.531</b>	<b>55.942.181</b>	<b>48.569.163</b>	<b>7.373.018</b>

## Current Assets

### Inventories

Inventories are recorded at the lesser value between the latest purchase and/or production cost and the estimated realizable value based on the market trend. The purchase cost comprises any directly attributable accessory charges.

Over the period, components no longer used in the production of machinery were written down as they were replaced by more innovative ones. The cost of inventories was determined, pursuant to Article 2426 co. 1 no. 10 of the Italian Civil Code, according to the LIFO method (Last In First Out); consequently remote purchases or production, recognized at their cost, are likely to remain in the warehouse.

Commissioned work-in-progress are measured on the completed contract method based on which revenues and contract margin are recognized solely upon contract completion i.e. at the date when the produced asset's transfer of risks and benefits occurs. Application of such method involves that commissioned work-in-progress is measured at the lower value between cost and realizable value, calculated from the related market trend. Such method was adopted as it allows to provide evaluation based on actual data, in compliance with the prudence principle.

Cost of inventory of finished products and goods with heterogeneous features and not exchangeable was calculated at specific costs i.e. each asset was allocated its specific cost incurred. The value obtained is subsequently compared against the realizable value based on the market trend, pursuant to Article 2426 n. 9 of the Italian Civil Code. Fiscal year 2019 featured write-down of said item amounting to € 52.452, to be attributed to the lesser value of old-generation micro-cogenerators stored in the warehouse.

Company's Inventories are broken down as follows:

	Stock net value as at 31/12/2020	Stock net value as at 31/12/2019
Raw materials	626.458	640.051
Multi-year workorders	3.015.327	2.817.210
Finished products	1.620.495	2.172.046
Advances	761.700	-
<b>Total</b>	<b>6.023.980</b>	<b>5.629.307</b>

## Receivables Recorded in Current Assets

The table hereafter illustrates changes in receivables recorded in current assets as well as, if deemed significant, information regarding their due date.

	Collectible within next FY	Residual maturity less/equal to 5 yrs	Residual maturity more than 5 yrs	As at 31/12/2020	As at 31/12/2019	Difference
Trade receivables	15.157.505	-	-	15.157.505	24.014.138	(8.856.633)
Receivables from Subsidiaries	11.778.233	-	-	11.778.233	7.999.702	3.778.531
Receivables from Associates	921.452	-	-	921.452	882.403	39.049
Receivables from Parent companies	200	-	-	200	-	200
Tax receivables	7.647.774	493.058	-	8.140.832	8.394.814	(253.982)
Prepaid tax receivables	4.455.272	-	-	4.455.272	3.975.701	479.571
Other receivables	1.061.300	250.815	-	1.312.115	1.081.148	230.967
<b>Total</b>	<b>41.021.736</b>	<b>743.873</b>	<b>-</b>	<b>41.765.609</b>	<b>46.347.906</b>	<b>(4.582.297)</b>

Trade receivables from third parties are recorded at nominal value net of the Provision for Write-down of Receivables equal to € 605.013, that included fiscal year's provision amounting to € 141.336, with its use equal to € 453.032.

Composition of the provision for write-downs of receivables recorded in Current Assets is broken down as follows:

	2020	2019	Difference
Trade receivables – gross value	28.462.203	33.677.797	(5.215.593)
(Provision for write-down of trade receivables)	(605.013)	(916.709)	311.696
<b>Total Trade Receivables – Net Value</b>	<b>27.857.190</b>	<b>32.761.088</b>	<b>(4.903.898)</b>
Other receivables – gross value	13.908.419	13.586.818	321.602
(Provision for write-down of other receivables)	-	-	-
<b>Total Other Receivables – Net Value</b>	<b>13.908.419</b>	<b>13.586.818</b>	<b>321.602</b>
Total receivables – gross value	42.370.622	47.264.615	(4.893.992)
(Total provision for write-down of receivables)	(605.013)	(916.709)	311.696
<b>Total Receivables Recorded in Current Assets – Net Value</b>	<b>41.765.609</b>	<b>46.347.906</b>	<b>(4.582.297)</b>

	2019	Provision	Use	2020	Difference
Provision for write-downs of					
Trade Receivables	916.709	141.336	(453.032)	605.013	311.696
<b>Total</b>	<b>916.709</b>	<b>141.336</b>	<b>(453.032)</b>	<b>605.013</b>	<b>311.696</b>

The table below illustrates composition of receivables recognized in current assets divided by geographical area.

	Italy	Foreign	Total
Trade receivables	13.735.728	1.421.777	15.157.505
Receivables from subsidiaries	2.355.766	9.422.467	11.778.233
Receivables from associated companies	921.452	-	921.452
Receivables from parent companies	200	-	200
Tax receivables	8.140.832	-	8.140.832
Prepaid tax receivables	4.455.272	-	4.455.272
Other receivables	1.293.740	18.375	1.312.115
<b>Total Receivables</b>	<b>30.902.990</b>	<b>10.862.619</b>	<b>41.765.609</b>

## Intragroup Receivables

The item Receivables recorded in Current Assets, related to the Group's operations, is broken down as follows:

	2020	2019	Difference
<i>Receivables from Subsidiaries</i>			
Trade receivables	11.778.233	7.764.984	4.013.249
Other receivables	-	90.693	(90.693)
<b>Total</b>	<b>11.778.233</b>	<b>7.855.677</b>	<b>3.922.556</b>
<i>Receivables from Associated Companies</i>			
Trade receivables	921.452	882.403	39.049
<b>Total</b>	<b>921.452</b>	<b>882.403</b>	<b>39.049</b>
<i>Receivables from Parent Companies</i>			
Trade receivables	200	-	200
<b>Total</b>	<b>200</b>	<b>-</b>	<b>200</b>

The item Receivables from Subsidiaries regards trade activities, or related to such, performed over the period, particularly concerning invoices issued to the Brazilian companies due to the resale of Jenbacher engines for the new Biogas plants.

## Tax Receivables

The item is broken down as follows:

	2020	2019	Difference
Irap on account	265.593	265.593	-
Ires on account	3.097.820	2.458.939	638.881
VAT on account	2.934.584	2.812.064	122.520
Contributions Art. 8 Law 388 and R&D	1.289.176	2.235.565	(946.389)
Other tax receivables	553.659	622.653	(68.994)
<b>Total</b>	<b>8.140.832</b>	<b>8.394.814</b>	<b>(253.983)</b>

The amount of tax receivables is a direct consequence of the Company's numerous and large investments in tangible assets mostly in those areas where tax incentives can be used to offset income tax, local taxes and social security payments. There is no doubt such tax receivables will be recovered, mainly and foremost because they bear no expiry date.

The item Receivables from Grants includes, amongst other, R&D tax receivable.

*Tax Credit to R&D and Technology Innovation ex Article 1 commas 200 and 201 Law 160 of December 27, 2019.*

Over 2020 the Company incurred overall R&D and technology innovation costs of € 635.350, of which € 561.070 related to personnel costs (researchers and technical staff employed in R&D and technology innovation operations internally), € 18.202 to amortization charges regarding industrial property rights directly and exclusively used in relation with the technology innovation project operations, as well as € 56.080 to external consultancy agreements related to the contractor's direct involvement in R&D and technology innovation projects eligible to the tax credit.

The aforementioned credit is to be used exclusively as offset, in three yearly instalments of equal amount with effect from the tax period subsequent to that of accrual subject to fulfillment of certification requirements in accordance with regulations in force.

The VAT receivable is to be attributed to the extension (pursuant to the 2015 Stability Law) in the application of the Reverse Charge mechanism to power supply.

## Other Receivables

The item comprises the following:

	2020	2019	Difference
Receivables from insurance companies	175.858	365.610	(189.752)
Receivables from employees	25.517	14.722	10.795
Receivables from social security institutions	7.634	-	7.634
Advances	393.108	4.065	389.043
Security deposits	303.181	211.426	91.755
Other receivables	406.817	485.325	(78.508)
<b>Total</b>	<b>1.312.115</b>	<b>1.081.148</b>	<b>230.967</b>

The predominant amount comprised in the item Other Receivables regards advances paid to Jenbacher supplier to purchase engines for the Brazilian subsidiary.

## Short-term Financial Assets

The following table illustrates changes in short-term financial assets.

	2020	2019	Difference
Derivative financial instruments - assets	486.512	-	486.512
Other securities	22.419.035	22.419.035	-
<b>Total</b>	<b>22.905.547</b>	<b>22.419.035</b>	<b>486.512</b>

The item comprises mostly receivables due from the company Ago Ren stemming from transfer of stakeholding in Poligrow (Euro 22.418.679).

The item Derivative Financial Instruments – Assets comprises as follows: (see next page)

Financial instrument	Risk	Notional	Positive fair value
Cross Currency Swap with Knock Out - Deutsche Bank	Exchange rate	6.000.000	445.807
Cross Currency Swap with Knock Out - Deutsche Bank	Exchange rate	5.500.000	40.706
<b>Total</b>		<b>11.500.000</b>	<b>486.512</b>

## Cash and Cash Equivalents

The item is broken down as follows:

	2020	2019	Difference
Bank and postal deposit accounts	4.367.302	5.967.534	(1.600.232)
Cash and cash equivalents	6.002	9.628	(3.626)
<b>Total</b>	<b>4.373.304</b>	<b>5.977.162</b>	<b>(1.603.858)</b>

The item comprises cash and cash equivalents and current bank accounts.

A sizeable amount of cash was used to compensate for the Company's significant investments over the period, mostly regarding the OFMSW/biomethane sector.

## Accrued Income and Prepaid Expenses

Fluctuations in the item are broken down as follows:

	2020	2019	Difference
<i>Accrued Income</i>			
Financial	15.747	24.930	(9.183)
Trade	13	-	13
Other	4.587.163	-	4.587.163
<b>Total</b>	<b>4.602.923</b>	<b>24.930</b>	<b>4.577.993</b>

*Prepaid Expenses*

Lease instalments	10.457.954	11.462.561	(1.004.607)
Financial	1.217.077	1.352.959	(135.882)
Trade	488.034	392.251	95.783
Insurance	372.191	335.135	37.056
Other expenses	1.280.547	1.569.959	(289.412)
Total	13.815.803	15.112.865	(1.297.062)
<b>Total</b>	<b>18.418.726</b>	<b>15.137.795</b>	<b>3.280.931</b>

The item Accrued Income mostly comprises amounts owed by AMIU Genova S.p.A. to Asja as compensation for the lesser production due to AMIU's delay in granting the areas onto which the biogas production was bound to commence. Determination of the amount of damage compensation was set at € 4.587.163 recognized by AMIU under lesser future royalties. Given that the compensation regards prior fiscal years to be recognized in the following periods, the Company deemed appropriate to recognize under Accrued Income the total amount of € 4.587.163 (Euro-rounding-off); the accrued income will be gradually released to the income statement once the invoices regarding the royalties are issued by AMIU Genova S.p.A. pursuant to Article 2 of the aforementioned agreement.

The item Prepaid Expenses comprises, amongst others: share of leasing contracts on the Matera wind plant amounting to € 3.434.968, on the OFMSW plant in Foligno to € 4.233.577, on the Alia Sclafani wind plant to € 1.353.703, on the Castelluccio wind plant to € 237.388, on the Cava San Giorgio and Fiera del Levante photovoltaic plants to € 783.463; share of substitute tax equal to € 1.072.642 owed from tax recognition of "Asja" trademarks recorded in Assets, accrued contributions regarding multi-year trade agreements amounting to € 865.307, as well as leasehold on multi-year agreements totaling € 129.756.

## Capitalized Financial Charges

All interests and other financial charges have been wholly paid for over the FY. Pursuant to Article 2427, c. 1, no. 8 of the Italian Civil Code it is hereby stated that the Company has no capitalized financial charges.

## Liabilities and Shareholders' Equity

Composition of balance sheet items is broken down hereafter, pursuant to regulation in force.

### Shareholders' Equity

The following tables illustrate changes in composition of Shareholders' Equity items as well as Other Reserves, if any.

	Common stock	Legal reserve	Hedging op. reserve for expected cash flows	Other reserves	Profit (loss) carried forward	Profit (loss) for the period	Total
<b>Changes in Equity as at 31/12/2020</b>							
As at 31/12/2019	56.624.000	3.317.148	(1.690.647)	85.657	40.930.976	6.775.736	106.042.870
Allocation of prior FY's profit (loss)	-	338.787	-	-	6.436.949	(6.775.736)	-
Other changes	-	-	(258.191)	-	-	-	(258.191)
Profit (loss) for the period	-	-	-	-	-	497.214	497.214
Changes in Equity due to rounding-off	-	-	-	(1)	-	-	(1)
<b>As at 31/12/2020</b>	<b>56.624.000</b>	<b>3.655.935</b>	<b>(1.948.838)</b>	<b>85.656</b>	<b>47.367.925</b>	<b>497.214</b>	<b>106.281.892</b>

It is herein stated that there are no common stock reserves and that over the past three years none of the reserves has been used, except for those used to hedge for the common stock increment amounting to € 42.468.000, as approved by the extraordinary board meeting on December 10, 2015.

Increase in Shareholders' Equity is to be attributed to allocation of fiscal year 2018 earnings, as approved by the Board.

#### *Availability and Use of Shareholders' Equity*

The following tables analytically illustrate items in the Shareholders' Equity by indicating their origin, potential use and distribution as well as their use over the 3 prior fiscal years.

	Amount	Origin	Potential use	Available share
AI – Common stock	56.624.000	Common stock buffer	-	
AIV – Legal reserve	3.655.935	Earnings reserve	B	3.655.935
<i>AVI – Other reserves</i>				
AVI.7 – Merger surplus reserve	85.656	Earnings reserve	A, B, C	85.656
AVII – Reserve for hedging expected cash flows	(1.948.838)	Common stock buffer	-	-
AVIII – Earnings (loss) carried forward	47.367.925	Earnings reserve	A, B, C	47.367.925
AIX – Earnings (loss) for the period	497.214	Earnings reserve	-	-
<b>Total Shareholders' Equity as at 31/12/2020</b>	<b>106.281.893</b>			<b>47.453.581</b>
Non-distributable amount				3.655.935
Residual distributable amount				47.367.925

Key:

A – for capital increase

B – for loss hedging

C – for distribution to shareholders

D – for other statutory restrictions

## Other Reserves

The item, recorded in the Balance Sheet, is broken down as follows:

	2020	2019
Merger surplus reserve Asja Engineering	34.429	34.429
Merger surplus reserve Asja Agricole	3.101	3.101
Merger surplus reserve Totem Energy	48.126	48.126
Adjustments in Equity due to rounding-off	-	1
<b>Total</b>	<b>85.656</b>	<b>85.657</b>

## Reserve for Hedging Expected Cash Flows

Pursuant to Article 2427-bis, comma 1b-quater of the Italian Civil Code, the following table illustrates movements in fair value reserves over the period.

As at FY-start	Positive (negative) fair value variation	Deferred tax effect	As at 31/12/2020
(1.690.647)	(339.726)	81.535	(1.948.838)

It is herein outlined that the aforementioned item was accounted for as a result of hedging derivative financial instruments.

## Provision for Risks and Charges

The following table illustrates changes in provisions for risks and charges:

	2019	Provisions	2020
Provision for deferred taxes	346.323	74.907	421.230
Derivative financial instruments - liabilities	2.224.535	339.726	2.564.261
Other provisions	26.574	-	26.574
<b>Total</b>	<b>3.012.065</b>	<b>414.633</b>	<b>2.597.432</b>

## Provision for Taxes, Including Deferred

Changes in the item is to be attributed to assessment of future taxes subsequent to tax changes.

### *Other Provisions*

Legal risks Asja Ambiente Italia is exposed to derive from the variety and complexity of laws and regulations to which the Group's industrial operations are subjected, mostly as far as environment, safety and competition are concerned. Although it not possible to foresee nor determine precisely the outcome of each provision, the Management assumes that the final conclusion will not impact the Group's financial condition negatively. Instead where the Group deemed likely a disbursement of resources to fulfill obligations and such amount can be estimated reliably, specific provisions for risks and charges have been set aside. The Company, whilst awaiting the outcome of proceedings, recognized a specific provision for risks in the balance sheet amounting to € 26.574.

## Employee Severance Indemnity

The following chart illustrates composition of the provision for employee severance indemnity and related movements.

	2019	Increase	(Use)	2020
Provision for employee severance indemnity	181.753	570.678	(551.072)	201.359

Fluctuations are attributable to staff leaving the Company over the period.

## Payables

The table bellow illustrates changes in payables and any disclosure regarding their due date: (see following page)

	Amounts collectible within next fiscal year	Amounts collectible beyond subsequent FY residual maturity less/equal to 5 yrs	Amounts collectible beyond subsequent FY residual maturity more than 5 yrs	As at 31/12/2020	As at 31/12/2019	Difference
Debentures	27.529.509	5.040.000	-	32.567.509	30.537.016	2.030.493
Payables to banks	27.029.524	37.528.238	1.961.795	66.519.557	65.619.501	900.056
Payables to other lenders	1.245.662	483.723	-	1.729.385	1.600.423	128.962
Advances	3.420.346	-	-	3.420.346	2.375.840	1.044.506
Trade payables	20.843.693	172.500	167.553	21.183.746	15.240.353	5.943.393
Payables to subsidiaries	1.416.114	2.948.345	3.546.166	7.910.625	6.430.003	1.480.622
Payables to associated companies	709.662	-	-	709.662	626.087	83.575
Tax payables	426.781	-	-	426.781	386.604	40.177
Payables to providence and social security institutions	538.838	-	-	538.838	585.413	(46.575)
Other payables	1.938.923	505.760	436.106	2.880.789	3.366.254	(485.465)
<b>Total</b>	<b>85.097.052</b>	<b>46.678.565</b>	<b>6.111.620</b>	<b>137.887.238</b>	<b>126.767.494</b>	<b>11.119.743</b>

## Debenture Loans

Debenture loans feature the following characteristics:

Debenture loan	ISIN Code	Date of issue	Original amount	Residual amount	Due date	Reimbursement scheme
Mini bond	IT0005091035	March 2015	12.000.000	7.200.000	31/10/2023	Half-yearly repayment plan
Green Bond	IT0005394892	December 2019	1.000.000	1.000.000	01/10/2024	Quarterly repayment plan
Green Bond	IT0005394868	December 2019 - May 2020 - October 2020	20.500.000	24.500.000	29/06/2027	Quarterly repayment plan

The amount of the Green Bonds ISIN IT0005394868 and IT0005394892 was reclassified under short-term payables and paid at par value on March 31, 2021 consequent to the impossibility to reach a waiver agreement with the bondholders.

## Payables to Banks

The item is broken down as follows:

	2020	Of which secured by collateral	2019	Difference
Due to current accounts	7.361.733	-	546.406	6.815.327
Due to loans	59.157.824	39.609.112	65.073.095	(5.915.271)
<b>Total</b>	<b>66.519.557</b>	<b>39.609.112</b>	<b>65.619.501</b>	<b>900.056</b>

Since there are no special purpose vehicles, medium- and long-term loans from credit institutions were granted as partial Project Financing. All loans for the construction of biogas, wind, photovoltaic and biomethane from OFMSW plants were granted specifically so as to cover entirely for the project and construction costs and are guaranteed by the transfer of receivables from the sale of generated electric power. Payables to Banks went up by 0,9 million Euro owing to:

- Reimbursement over the period of 15 million Euro worth of capital on existing loans, offset by new loans totaling 8.6 million Euro (-6.4 million Euro against prior FY);
- Use of short-term credit lines with credit institutions have increased (+7.3 million Euro against prior FY).

The Company, pursuant to Art. 56 Law Decree 18/2020, was granted suspension of instalment payments on all ongoing mortgages and loans.

The moratorium was applied to the following loans:

- BNL N. 1928402 loan, instalments due 18/05/2020 through 18/11/2020;
- BNL N. 1816495 loan, instalments due 19/03/2020 through 19/08/2020;
- Credito Valtellinese loan no. 62056, instalments due 16/03/2020 through 16/06/2020;
- Credem loan no. 228/7296210, instalments due 22/06/2020 through 22/03/2021;
- Intesa Sanpaolo loan no. 1558490000, instalments due 31/03/2020 through 30/09/2020;

Albeit the payment of the principal was suspended the Company proceeds with the payment of the related interest rates.

## Payables to Other Lenders

The item is broken down as follows:

	2020	2019	Difference
Other lenders	1.729.385	1.600.423	128.962
<b>Total</b>	<b>1.729.385</b>	<b>1.600.423</b>	<b>128.962</b>

Incremental difference is due to the transfer of VAT receivable to a factoring company over the third quarter 2020.

## Advances

The item comprises as follows:

	2020	2019	Difference
Advances on commissioned works	3.420.346	2.375.840	1.044.506
<b>Total</b>	<b>3.420.346</b>	<b>2.375.840</b>	<b>1.044.506</b>

The item is mostly made up by advances on supplies regarding the Tuscania plant workorder.

## Trade Payables

The item is broken down as follows:

	2020	2019	Difference
Trade payables	21.183.746	15.240.353	5.943.393
<b>Total</b>	<b>21.183.746</b>	<b>15.240.353</b>	<b>5.943.393</b>

Incremental fluctuation is to be mostly attributed to investment in the construction of the Legnano plant.

## Intragroup Payables

The item Payables to Group's Companies is broken down as follows: (see following page)

	2020	2019	Difference
<i>Payables to Subsidiaries</i>			
Trade payables to subsidiaries	2.235.049	1.595.481	639.568
Financial payables to subsidiaries	2.129.410	1.398.258	731.152
Miscellaneous payables to subsidiaries	3.546.166	3.436.264	109.902
<b>Total</b>	<b>7.910.625</b>	<b>6.430.003</b>	<b>1.480.622</b>
<i>Payables to Associated Companies</i>			
Trade payables to associated companies	709.662	626.087	83.575
<b>Total</b>	<b>709.662</b>	<b>626.087</b>	<b>83.575</b>
<b>Total Payables to Group's Companies</b>	<b>8.620.287</b>	<b>7.056.090</b>	<b>1.564.197</b>

## Tax Payables

The item is broken down as follows:

	2020	2019	Difference
Due to Ires	59.895	44.668	15.227
Due to Irap	168.844	-	168.844
Due to withholdings to be paid	191.207	339.801	(148.594)
Due to taxes to be paid	840	-	840
Other payables	5.995	2.135	3.860
<b>Total</b>	<b>426.781</b>	<b>386.604</b>	<b>40.176</b>

## Other Payables

The item is broken down as follows:

	2020	2019	Difference
Other payables	2.880.789	3.366.254	(485.465)
<b>Total</b>	<b>2.880.789</b>	<b>3.366.254</b>	<b>(485.465)</b>

The item Other Payables comprises mostly payables due to leaseholds based on 30-year wind plant agreements amounting to €737.847, to staff accruals for €843.232, as well as payables owed to Fondazione Sandretto Re Rebaudengo for € 714.800.

The following table illustrates payables apportioned by geographical area: (see following page)

	Italy	Foreign	Total
Debentures	31.565.165	1.002.344	32.567.509
Payables to banks	66.519.557	-	66.519.557
Payables to other lenders	1.729.385	-	1.729.385
Advances	3.224.806	195.540	3.420.346
Trade payables	20.902.679	281.067	21.183.746
Payables to subsidiaries	7.056.254	854.371	7.910.625
Payables to associated companies	709.662	-	709.662
Tax payables	426.781	-	426.781
Payables to providence and social security institutions	538.838	-	538.838
Other payables	2.627.772	253.017	2.880.789
<b>Total</b>	<b>135.300.899</b>	<b>2.586.339</b>	<b>137.887.238</b>

## Shareholders' Loans

The Company has not received any shareholders' loans.

## Payables Secured by Collateral on Corporate Assets

The following table illustrates payables secured by collateral on corporate assets divided as per nature of collateral.

	Payables secured by mortgages	Payables secured by lien and/or special privilege	Total payables secured by collateral	Payables not secured by collateral	Total
Debentures				32.567.509	32.567.509
Payables to banks	29.151.444	10.457.668	39.609.112	-	66.519.557
Payables to other lenders				1.729.385	1.729.385
Advances				3.420.346	3.420.346
Trade payables				21.183.746	21.183.746
Payables to subsidiaries				7.910.625	7.910.625
Payables to associated companies				709.662	709.662
Tax payables				426.781	426.781
Payables to providence and social security institutions				538.838	538.838
Other payables				2.880.789	2.880.789

It is worth mentioning that the total amount of payables secured by collateral equal to € 39.609.112, comprises, as shown in the table above, € 29.151.444 secured by mortgages and € 10.457.668 by lien on current account and/or special privilege.

## Accrued Expenses and Deferred Income

The item is broken down as follows:

	2020	2019	Difference
<i>Accrued Expenses</i>			
Trade	6.342	12.075	(5.733)
Financial	746.406	491.635	254.771
Other	1.198	-	1.198
<b>Total</b>	<b>753.946</b>	<b>503.710</b>	<b>250.236</b>
<i>Deferred Income</i>			
Plant grants	4.889.364	6.937.923	(2.048.559)
Research and innovation grants	117.640	212.970	(95.330)
Other deferred income	108.575	243.893	(135.318)
<b>Total</b>	<b>5.115.579</b>	<b>7.394.786</b>	<b>(230.648)</b>
<b>Total Accrued Expenses and Deferred Income</b>	<b>5.869.525</b>	<b>7.898.496</b>	<b>19.588</b>

The item Accrued Expenses refers mainly to interest paid on loans and bank charges amounting to € 746.406.

The item Deferred Income features mostly plant grants recorded in the Income Statement and their related amortization.

## Income Statement

The Income Statement highlights FY's Earnings (Loss). It provides an illustration of management operations by summarizing positive and negative components of the income that were determinant to profit and loss. The positive and negative components of income recorded in the Balance Sheet pursuant to Article 2425-bis of the Italian Civil Code, are broken down according to the type of activity they fall into: core-business, accessory and financial. Core-business activity identifies income elements generated by operations that occur on an ongoing basis within the relevant sector of operation. Financial activity comprises operations that generate financial income and charges. Residually, the accessory activity is made up by operations that generate income that are part of ordinary operations but not included amongst the core-business nor the financial activities.

## Value of Production

Revenues are recorded in the FY Balance Sheet and are recognized on an accrual basis, net of returns, discounts, allowances, bonuses as well as directly-attributable taxes. As far as disposal of assets is concerned, related revenues are recorded when the actual and not formal transfer of ownership is enacted.

Revenues from services are recorded when such service is provided; regular services are accounted for on an accrual basis. Asset increases due to internal works are recorded at production cost that includes directly-attributable costs (materials and direct labor, design, external supplies, etc.) and general production costs, reasonably attributed to the asset over its production period until it is ready to use; the same criteria applies to any charges related to funding for its construction. Operating grants, recognized on an accrual basis when the right to receive them is certain, are comprised in item A5 as an integration to revenues from core-business activity and/or to reduce costs and charges of said activity. Item A5 comprises as well FY contributions from different entities such as outright grants, tax credits, which allowed the Company to mitigate the impact the Covid-19 pandemic had on its economic and financial situation.

## Revenues

The following table illustrates composition of revenues from sales and services divided by category of activity.

<i>Revenues from Sales</i>	<b>2020</b>	<b>2019</b>	<b>Difference</b>
Electric power and services sold to other companies	30.932.467	37.533.863	(6.601.396)
<b>Total</b>	<b>30.932.467</b>	<b>37.533.863</b>	<b>(6.601.396)</b>
<i>Revenues from Services</i>			
Other services	12.141.709	7.331.359	4.810.350
<b>Total</b>	<b>12.141.709</b>	<b>7.331.359</b>	<b>4.810.350</b>
<b>Total</b>	<b>43.074.176</b>	<b>44.865.222</b>	<b>(1.791.046)</b>

It is highlighted that the item Revenues from Sales and Services comprises revenues deriving from incentives from power generation from renewables, including subsidies totaling € 14.910.991.

The following table illustrates geographical division of revenues from sales and services.

	2020	2019	Difference
<i>Geographical Division</i>			
Italy	37.638.586	41.255.638	(3.617.052)
Foreign	5.435.590	3.609.584	1.826.006
<b>Total</b>	<b>43.074.176</b>	<b>44.865.222</b>	<b>(1.791.046)</b>

## Other Revenues and Income

The item is broken down as follows:

	2020	2019	Difference
Operating grants	2.126.944	2.332.869	(205.925)
Research and innovation grants	407.261	610.317	(203.056)
<b>Total</b>	<b>2.534.205</b>	<b>2.943.186</b>	<b>(408.981)</b>
Capital gains	43.451	12.178	31.273
Compensation for damage	503.463	590.850	(87.388)
Other revenues and income	3.870.152	2.118.337	1.751.815
<b>Total</b>	<b>4.417.066</b>	<b>2.721.365</b>	<b>1.695.700</b>
<b>Total Other Revenues and Income</b>	<b>6.951.271</b>	<b>5.664.551</b>	<b>1.286.719</b>

## Operating Costs

Costs and charges are recognized on an accrual basis according to the nature of goods, net of returns, rebates, discounts and bonuses in accordance with the principle of matching the revenues, recorded under specific items pursuant to the accounting principle OIC 12.

With concern to purchase of assets, related costs are recorded when the substantial rather than formal transfer of assets has occurred that implies transfer of risks and benefits.

Regarding purchase of services, related costs are recorded when service is received or else when it is concluded; in case of ongoing services rendered, related costs are recorded on an accrual basis.

## Costs of Raw, Ancillary and Consumption Materials and Goods

The item is broken down as follows:

	2020	2019	Difference
Raw, ancillary and consumption materials and goods	4.259.738	4.891.969	(632.231)
Other purchases	36.826	152.851	(116.025)
<b>Total</b>	<b>4.296.564</b>	<b>5.044.820</b>	<b>(748.256)</b>

The difference is attributable to minor purchase of assets for intercompany plants, against prior FY.

## Costs of Services

The item is broken down as follows:

	2020	2019	Difference
Costs of services	19.953.332	16.588.251	3.365.081
<b>Total</b>	<b>19.953.332</b>	<b>16.588.251</b>	<b>3.365.081</b>

The item comprises maintenance costs of renewable-energy plants equal to 3.404.374, of third-party plants equal to Euro 1.290.365, costs of disposal and landfilling of green OFMSW and sludge amounting to Euro 1.504.308, commercial insurance equal to Euro 885.048, administrative and financial consultancy equal to Euro 1.042.695, bank charges equal to Euro 669.227 as well as donations totaling Euro 435.000.

## Leases and Rentals

The item is broken down as follows:

	2020	2019	Difference
Leases and rentals	989.523	957.093	32.430
Miscellaneous rentals	4.167.846	3.362.100	805.746
Royalties and building leases	(4.075.047)	3.134.702	(7.209.749)
Other leases and rentals	-	55.895	(55.895)
<b>Total</b>	<b>1.082.322</b>	<b>7.509.790</b>	<b>(6.427.468)</b>

The item Leases and Rentals comprises, amongst others, leasing instalments and exploitation rights granted back to landfill owners. Decrease in the item is attributable to the amount owed by AMIU Genova S.p.A. to Asja as compensation for the lesser production due to AMIU's delay in granting the areas onto which the biogas production was bound to commence. The determined amount of damage compensation was set at € 4.587.163, recognized by AMIU in terms of lesser future royalties. Given that the compensation regards prior fiscal years to be recognized over the following periods, the Company deemed appropriate to recognize under leasehold contingent assets the total amount of € 4.587.163 (Euro rounding-off).

## Personnel Costs

The item is broken down as follows:

	2020	2019	Difference
Salaries and wages	5.824.083	6.358.426	(534.343)
Social security	1.734.034	1.975.898	(241.864)
Severance payment	376.434	412.031	(35.597)
Other costs	150	4.696	(4.546)
<b>Total</b>	<b>7.934.701</b>	<b>8.751.051</b>	<b>(816.350)</b>

## Amortization, Depreciation and Write-downs

The item is broken down as follows:

	2020	2019	Difference
<i>Amortization, Depreciation and Write-downs</i>			
Amortization of intangible assets	2.560.420	2.323.540	236.880
Depreciation of tangible assets	6.334.323	6.392.019	(57.696)
<b>Total</b>	<b>8.894.743</b>	<b>8.715.559</b>	<b>179.184</b>
<i>Write-downs</i>			
Write-downs of receivables in current assets	141.336	379.137	(237.801)
<b>Total</b>	<b>141.336</b>	<b>379.137</b>	<b>(237.801)</b>
<b>Total</b>	<b>9.036.079</b>	<b>9.094.696</b>	<b>(58.617)</b>

## Miscellaneous Operating Costs

The item is broken down as follows:

	2020	2019	Difference
Collaboration/membership fees	1.167.055	1.615.672	(448.617)
Other burdens	2.547.973	3.338.237	(790.264)
<b>Total</b>	<b>3.715.028</b>	<b>4.953.909</b>	<b>(1.238.881)</b>

The item is mainly made up by membership fees and collaboration expenses that the Company recedes to its own partners/collaborators under contractual terms. It is highlighted that, amongst others, the burden of the Municipal Property Tax (here "IMU") is recorded at € 249.710.

## Financial Income and Expenses

Financial income and expenses are recorded on an accrual basis related to the amount accrued over the period. Contributions aimed to lower the interest on loans are recorded as a reduction of item C.17 as they were granted over the same FY as interest payables. Contributions aimed to lower interest payables on loans are recorded under the item C.16.d as they were granted over the subsequent FY after interest payables were accounted for.

## Income from Stakeholding

Dividends are recognized over the period in which their distribution was approved.

The following table illustrates the amount and type of income from stakeholding, other than dividends, pursuant to Article 2425, no. 15 of the Italian Civil Code.

	Income other than dividends
Income from stakeholding - subsidiaries	127.948

Income comprised in the table above regards the following operations:

- Euro 123.448 related to disposals over the month of December 2019, of companies CGDB Laerte, CGDB Enrico & Wind Park Laterza.
- Euro 4.500 regarding pre-emption right for acquisition of 45% stake in CH4 Energy Srl.

## Interest and Financial Charges

The following table highlights interest and other financial charges pursuant to Article 2425, no. 17 of the Italian Civil Code, comprising bonds, payables to banks and the like.

	2020	2019	Difference
Bonds	1.907.910	795.295	1.112.615
Payables to banks	2.347.390	2.543.714	(196.324)
Other	1.285.887	1.344.083	(58.196)
Interest payables to subsidiaries	74.408	61.541	12.867
<b>Total</b>	<b>5.615.595</b>	<b>4.744.633</b>	<b>870.962</b>

## Exchange Gains and Losses

The hereafter disclosure regards exchange gains (losses) highlighting the part generated by foreign currency evaluations of assets and liabilities recorded in the balance sheet at fiscal year-end.

	Recognized amount	Evaluative part	Realized part
<i>Exchange Gains and Losses</i>	<i>(1.788.246)</i>		
Exchange gains		1.755.128	44
Exchange losses		(3.531.843)	(11.575)
<b>Total</b>		<b>(1.776.715)</b>	<b>(11.531)</b>

Over the period no revenues nor other positive components stemmed from non-recurrent events.

## FY Income, Current, Deferred and Prepaid Taxes

The Company provided to the allocation of FY taxes based on the application of tax regulations in force. Current taxes regard taxes for the period resulting from the tax returns; prior fiscal years' taxes comprise direct taxes of prior periods including interests and sanctions and refer to positive/(negative) difference between the amount owed subsequent to litigation or tax assessment and the provision accrued over past fiscal years. Deferred and prepaid taxes regard positive/(negative) income components subject to taxation or deduction of fiscal years other than those subject to statutory reporting.

Current taxes mostly regard IRAP. To such concern, IRES taxable base, albeit being positive, was zeroed as per the effect of ACE that was not charged against the consolidated tax return.

## Prepaid and Deferred Taxes

The item comprises effects of deferred taxation on the hereby balance sheet. Said item refers to temporary differences between values attributed to assets or liabilities under statutory criteria and related values recognized for tax purposes.

The Company determined deferred taxation with reference to IRES and IRAP under the following rates:

<b>Rates</b>	<b>Es. n+1</b>	<b>Es. n+2</b>	<b>Es. n+3</b>	<b>Es. n+4</b>	<b>Excess</b>
Ires	24%	24%	24%	24%	24%
Irap	3,9%	3,9%	3,9%	3,9%	3,9%

The hereafter tables comprise analytical information with concern to:

- the description of temporary differences that led to recognition of prepaid and deferred taxes, with indication of the rate applied and differences compared to the prior FY, amounts credited or charged to the income statement/equity;
- The amount of prepaid taxes accounted for in the balance sheet related to current/prior FY losses and reasons for their recording, the amount not yet accounted for and reasons for its non-recognition;
- The items not included in the calculations and reasons for such exclusion.

### *Recognition of Prepaid and Deferred Taxes and Consequent Burden*

	<b>Ires</b>	<b>Irap</b>
<i>A) Temporary Differences</i>		
Deductible temporary differences	18.277.608	1.760.142
Taxable temporary differences	1.755.128	-
<b>Total Net Temporary Differences</b>	<b>(16.522.480)</b>	<b>(1.760.142)</b>
<i>B) Tax Burden</i>		
Provision for deferred (prepaid) at FY-start	3.575.715	53.661
Deferred (prepaid) taxes for the period	389.679	14.984
<b>Provision for Deferred (prepaid) Taxes at Fiscal Year-end</b>	<b>3.965.394</b>	<b>68.645</b>

*Composition of Deductible Temporary Differences*

Description	As at prior FY end	Differenc e over the period	As at fiscal year- end	IRES	IRES tax burden	IRAP	IRAP tax burden
Tax losses carried forward	10.375.930	(173.116)	10.202.814	24,00	2.448.675	-	-
Write-down of receivables exceeding limits under Art. 106 TUIR	210.748	(210.748)	-	24,00	-	-	-
Derivative liabilities							
Equity reserve	2.224.533	339.726	2.564.259	24,00	615.422	-	-
Negative exchange rate differences	1.536.137	1.995.705	3.531.842	24,00	847.642	-	-
Taxed provision for risks	400.000	(400.000)	-	24,00	-	-	-
Contributions Fondazione Sandretto	479.800	235.000	714.800	24,00	171.552	3,90	27.877
Miscellaneous provisions – Stock write-downs	218.551	-	218.551	24,00	52.452	-	-
Excess depreciation Wind plants	896.134	149.208	1.045.342	24,00	250.882	3,90	40.768
<b>Total</b>	<b>16.341.833</b>	<b>1.935.775</b>	<b>18.277.608</b>	<b>24,00</b>	<b>4.386.625</b>	<b>3,90</b>	<b>68.645</b>

*Composition of Taxable Temporary Differences*

Description	As at prior FY end	Differenc e over the period	As at fiscal year- end	IRES	IRES tax burden	IRAP	IRAP tax burden
Positive exchange rate differences	1.443.017	312.111	1.755.128	24,00	421.231	-	-
<b>Total</b>	<b>(1.443.017)</b>	<b>(312.111)</b>	<b>(1.755.128)</b>	<b>24,00</b>	<b>(421.231)</b>	<b>-</b>	<b>-</b>

*Disclosure on Tax Losses*

	Amountin g to (current FY)	Tax rate (current FY)	Prepaid taxes recognized (current FY)	Amountin g to (prior FY)	Tax rate (prior FY)	Prepaid taxes recognize d (prior FY)
Tax losses prior periods	10.202.814			10.375.930		
Total tax losses	10.202.814			10.375.930		
Tax losses carried forward recoverable beyond any reasonable doubt	10.202.814	24,00	2.448.675	-	24	2.490.223

Reconciliation between actual and theoretical tax burden as well as IRAP taxable base are set forth below in the following chart:

**Reconciliation between Actual and Theoretical Tax Burden**

	Value	Taxes
Earnings (loss) before Tax	298.261	
Theoretical tax rate		24%
Theoretical tax burden		71.583
<i>Tax effect on:</i>		
Temporary differences taxable over subsequent fiscal years	(312.111)	
Temporary differences deductible over subsequent fiscal years	2.864.636	
Temporary differences from prior fiscal years	(479.800)	
Differences with no effect on subsequent fiscal years	(1.170.986)	
<b>Taxable Income</b>	<b>1.200.000</b>	
Use of share of tax losses from prior fiscal years/Use of ACE	(1.200.000)	

**Determination of Irap**

	Value	Taxes
Difference between production value and costs pursuant to IRAP	12.811.415	
Upward fluctuations	1.859.142	
Downward fluctuations	(2.503.077)	
<b>Total</b>	<b>12.167.480</b>	
<i>IRAP Deductions</i>		
Insurance contributions and tax wedge	(7.959.527)	
IRAP tax	4.207.953	
Current IRAP on FY's income		168.844

IRAP tax amount is calculated on differentiated rates according to the region in which they incur.

## Further Disclosure

### Cash Flow Statement

The Company has drawn up the cash flow statement that comprises financial-wise fluctuations in company assets; the aforementioned statement highlights values of financial resources the Company availed itself of over the FY as well as their related uses. Pursuant to OIC 10, the Company applied the indirect method, whereby FY earnings (loss) are adjusted for the effects of non-monetary items.

### Average Payroll

The average number of employees per category concerning the current FY is illustrated in the following chart:

	2020	2019
Executives	3	4
Managers, white collars and equivalent	99	108
Blue collars	14	11
Project workers	2	3
<b>Total</b>	<b>118</b>	<b>126</b>

Difference is due to increase in average payroll over the period.

At fiscal year-end staff totaled 121, of whom 3 executives, 100 managers and white collars, 16 blue collars and 2 project workers.

### Emoluments of Corporate Bodies

Pursuant to Article 2427, comma 1 number 16 of the Italian Civil Code, the Company approved and provided for emoluments to directors and statutory auditors as follows:

- Directors' emoluments: € 306.667;
- Statutory auditors' emoluments: € 53.962.

### Independent Auditors' Compensations

Compensations regarding auditing services are illustrated herein:

	Entity providing the service	Compensations FY 2020
Legal audit	BDO ItaliaSpa	29.400

The following table illustrates the number and nominal value of Company shares as well as any movements occurred over the period.

<b>Initial amount, no.</b>	<b>Initial amount, nominal value</b>	<b>Final amount, no.</b>	<b>Final amount, nominal value</b>
14.156.000	56.624.000	14.156.000	56.624.000

## Guarantees, Commitments and Contingent Liabilities

The following chart comprises guarantees granted by the Company to insurance and non-insurance companies related to third-party sureties and guarantees granted to subsidiaries (see following page).

	<b>2020</b>	<b>2019</b>	<b>Difference</b>
<b>Guarantees</b>			
<i>Personal Guarantees Granted</i>			
Guarantees to various companies for loan or mortgage granting to subsidiaries	43.329.586	45.086.987	(1.757.401)
<b>Total</b>	<b>43.329.586</b>	<b>45.086.987</b>	<b>(1.757.401)</b>

The following chart illustrates the Company's commitments:

	<b>2020</b>	<b>2019</b>	<b>Difference</b>
<b>Commitments</b>			
Lease commitments on buildings/ plants / equipment	35.235.134	38.166.159	(2.931.025)
<b>Total</b>	<b>35.235.134</b>	<b>38.166.159</b>	<b>(2.931.025)</b>

Company's commitments comprise solely lease commitments on buildings, plants, equipment.

## Loans Intended for Specific Business Operations

As at fiscal year-end the Company has a sole loan intended for specific business operations, pursuant to Article 2427 no.21 of the Italian Civil Code.

## Related Parties

Over the period the Company performed transactions with related parties; such transactions were concluded at market conditions hence, pursuant to regulations in force, no additional disclosure is provided hereby. The operations, mainly ordinary, have been charged for under common market conditions on the basis of free competition. Particularly it is highlighted that Asja availed itself of Ago Renewables S.p.A. for the plant construction and maintenance. In return Ago Renewables S.p.A. benefited from Asja's services. Asja's technical and administrative offices in Rivoli are proprietorship of the aforementioned company to whom Asja pays a market-value rent. The Guarene office, used

for commercial and technical meetings, is owned by the Apee company to whom Asja pays a rent fee.

Asja supports the activity of the Sandretto Re Rebaudengo Foundation by endowing an annual contribution.

## Agreements Not Recorded in the Balance Sheet

Current fiscal year did not feature any agreements that were not recorded in the Balance Sheet.

## Information on Relevant Events Occurred after Fiscal Year-end

Revenues generated over the first half-yearly period 2021 featured an incremental trend as compared to prior year's same period (+23,6%) owing to increase in energy price as well as to greater wind in the wind sector. Furthermore the 3 OFMSW plants (Organic Fraction of Municipal Solid Waste) operating in Foligno, Tuscania and Anzio generated greater revenues by roughly + 2.4 million Euro. June 17, 2021 saw the inauguration of the new biomethane plant from landfill gas located in Genoa, thus becoming the first on an industrial scale in Italy. Asja was in charge of reconvertng the existing electric power plant into a state-of-the-art biomethane facility (5.500.000 m3 yearly), thus setting the grounds for a circular economy whilst proceeding as well with an ongoing concern toward the environment on the Monte Scarpino landfill. The plant generated revenues amounting to roughly 1 million Euro over the first half-yearly period 2021.

In January 2021 the Company was granted concession for construction and management of the Mazzarrà Sant'Andrea plant. Furthermore Asja won the tender contract with regard to the Bellolampo plant in Palermo and to Castellana Sicula. In July 2021 Asja signed an agreement for construction and subsequent sale of two wind plants totaling MW 17.6 to a prominent company in the renewable-energy business sector.

Well ahead of schedule, final operations regarding the sale of the wind plants to Eni (35 MW overall generation) is coming to an end.

The Group has also been involved in negotiations regarding the sale of some of its assets. More specifically, the biomethane sector sparked an interest in a prominent operator that, subsequent to due diligence operations submitted an offer currently pending evaluation and in-depth analysis.

## Undertakings that draw up the financial statements of the largest/smallest body of undertakings of which the undertaking forms part as a subsidiary

Pursuant to Article 2427, numbers 22-quinquies and 22-sexies of the Civil Code it is herewith stated the name and registered office of the company that draws up the consolidated statements of the largest/smallest body of undertakings of which the undertaking forms part as a consolidated company as well as the location where a copy of the consolidated financial statements can be found:

- AGO HUB srl - Torino (IT)

## Disclosure Regarding Derivative Financial Instruments former Article 2427-bis of the Italian Civil Code

In accordance with provisions envisaged by Article 2427-bis of the Italian Civil Code, the Company, committed to providing true and fair views, submits the hereafter disclosure.

Derivative financial instruments are utilized, in order to cut back on exchange risk, to financially hedge for interest rate and market price fluctuations. Pursuant to OIC 32 – Derivative financial instruments are estimated at fair value. Transactions that, in compliance with the Company's risk management policies, meet requirements imposed by the hedge accounting principle, are considered hedging, involving in particular Cash flow hedge operations; the others, instead, although targeted at risk management, were classified as "negotiation" transactions. Derivative financial instruments can be accounted for according to hedge accounting methods solely when formal designation and documentation is provided and presumably hedging is reliably estimated as being highly effective with regard to all fiscal years for which it is intended.

When derivative financial instruments meet the characteristics to be accounted for according to hedge accounting principles, the following is applied: Cash flow hedge: if a derivative financial instrument is designated as a hedge for the exposure to future cash flows fluctuations of assets, liabilities or highly probable foreseen transactions that may impact the Income Statement, the effective portion on any gain or loss on the derivative financial instrument is directly recognized in Equity under the item A) VII Reserve for Hedging Expected Cash Flows, subsequent to having considered the deferred tax assets and liabilities. Accrued profit (loss) is accounted for in the Income Statement over the same period in which the related effect of the hedged transaction is recognized, and adjusted to the value of the hedged item. Profit (loss) associated with an ineffective hedge (portion of a hedge) is promptly recorded in the income statement under the item D) 18 d) Write-up of Derivative Financial Instruments and D) 19 d) Write-down of Derivative Financial Instruments. If a hedging instrument or relationship is terminated but the related operation has not yet been realized, profit (loss) accrued as at that moment, recorded in an allocated Equity reserve, is recognized in the Income Statement when the related operation is realized in connection with recognition of the hedged transaction effects. If the hedged transaction is no longer deemed likely, accrued and not yet realized profit (loss) recognized in Equity is promptly recorded in the Income Statement under D 18 d) or D 19 d). Derivative financial instruments with positive fair value are classified under Current Assets (item C.III.5 Derivative Financial Instruments:

- Assets) otherwise in the Provision for Risks if the fair value is negative (item B3 Provision for Derivative Financial Instruments
- Liabilities). In the event that hedge accounting cannot be applied, profit (loss) generated by valuation of the derivative instrument is promptly recognized in the income statement under items D 18 d) or D 19 d).

The following chart comprises the fair value of derivative financial instruments:

Financial instrument	Financial risk	Notional	Positive fair value	Negative fair value
IRS - Intesa Sanpaolo	Interest rate [-0,05%]	9.378.941	-	(76.655)
IRS - Intesa Sanpaolo	Interest rate [0,81%]	1.380.929	-	(92.953)
IRS - Intesa Sanpaolo	Interest rate [0,81%]	2.243.871	-	(146.620)
IRS - Deutsche Bank	Interest rate [0,78%]	13.506.466	-	(885.810)
IRS - Deutsche Bank	Interest rate [0,12%]	3.850.006	-	(32.609)
IRS - Banco BPM	Interest rate [0,15%]	10.666.665	-	(121.521)
IRS - Deutsche Bank	Interest rate [0,825%]	12.566.803	-	(828.309)
IRS - Credit Agricole Cariparma	Interest rate [0,825%]	3.978.512	-	(282.300)
IRS - Banco BPM (*)	Interest rate [0,28%]	5.000.000	-	(97.484)
<b>Total 31/12/2020</b>		<b>62.572.193</b>	-	<b>(2.564.261)</b>

## Summary of Financial Statements of the Company Exercising Management and Coordination Authority

Pursuant to Article 2497-bis c. 4 of the Italian Civil Code Code, it is herewith certified that the Company is not subject to third-party management and coordination authority.

## Disclosure Under Law 124 of August 4, 2017 Article 1 comma 125

Pursuant to provisions set forth by Article 1, comma 125-bis, of Law 124/2017, with concern to obligation to include in the Notes to the Financial Statements any sums of money granted over the period as subsidies, incentives, contributions, in cash or in kind, not being of a general, consideration, remuneration nor compensation nature of any kind, from public administration to entities referred to in paragraph comma 125-bis of the aforementioned article, the Company states that in addition to disclosure included in the State Aid Register, Transparency section, the following disbursements have been collected *(see following page)*.

Collection date	Contributing entity	Amount received	Reason
2020	GSE - Agreement GRIN_000373	165.344,71	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000721	944.446,62	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000384	20.493,37	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000410	1.255.354,82	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000726	1.136.364,40	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000409	4.396.058,18	Incentive tariffs contrib. Grin
2020	GSE - Agreement GRIN_000720	1.247.793,49	Incentive tariffs contrib. Grin
2020	GSE - Agreement L06F26587707	215.382,18	Incentive tariffs contrib. Photovoltaics

2020	GSE - Agreement L06M241422007	375.282,36	Incentive tariffs contrib. Photovoltaics
2020	GSE - Agreement L06T262496007	289.301,94	Incentive tariffs contrib. Photovoltaics
2020	GSE - Agreement L06B00199006	26.580,37	Incentive tariffs contrib. Photovoltaics
2020	GSE - Agreement FER001616	2.472.811,18	Incentive tariffs contrib. FER – construction of an electric power plant from renewables
2020	GSE - Agreement FER101910	286.772,86	Incentive tariffs contrib. FER – construction of an electric power plant from renewables
2020	GSE - Agreement BMI_010025	1.291.620,81	Certificates of release for consumption – construction of a biomethane/advanced biofuels plant
2020	Fondimpresa	3.624,00	Attitude 4.0 Training Program code 238546
2020	Fondimpresa	3.960,00	Attitude 4.0 Training Program code 274234
2020	Fondimpresa	8.428,80	Attitude 4.0 Training Program code 230990
2020	SA.51716 - Regione Piemonte – Dept of Competitiveness of the Regional System	43.928,62	SATURNO – Organic scraps and carbon dioxide to fuels, fertilizers and chemical products; practical implementation of the circular economy
2020	Banca del Mezzogiorno MedioCredito Centrale S.p.A.	3.600.000,00	COVID-19: National Guarantee Fund for SMEs SA. 56966 (2020/N)

## Motion for Allocation of Fiscal Year's Earnings (Loss)

The herein statements, submitted to the Board's approval, report profits recorded in the Balance Sheet totaling € 497.214,00 and in book records totaling € 497.214,00; it is motioned, pursuant to Article 2427, comma 1 number 22-septies of the Italian Civil Code, to allocate fiscal year's earnings (loss) to the Legal Reserve for € 24.861 and to Earnings (loss) Carried Forward for € 472.353.

Dear Stakeholders,

We are confirming that the herein Financial Statements comprising the Balance Sheet, Income Statement, Cash Flow Statement and Notes to the Financial Statements provide true and fair views on the Company's financial situation as well as that fiscal year's profit and loss matches book records. Therefore you are kindly invited to approve the herein Financial Statements as at December 31, 2020 and to allocate fiscal year's Earnings as drawn up by the Board.

The herein Financial Statements provide true and fair views and match the accounting records.

*Rivoli, July 22, 2021*

On behalf of the President,

**Agostino Re Rebaudengo**





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ASJA AMBIENTE S.p.A.