SAMAG Holding Logistics S.p.A.

Report of the independent auditors
pursuant to article 14 of Legislative
Decree no. 39 of 27 January 2010

Consolidated Financial Statements at 31 December 2019

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Report of the independent auditors
pursuant to article 14 of Legislative Decree no. 39 of 27 January 2010

To the shareholders of
SAMAG Holding Logistics S.p.A.

Report on the audit of the consolidated financial

statements Opinion

We have audited the consolidated financial statements of the SAMAG Holding Logistics Group (the Group), which comprise the consolidated balance sheet as at 31 December 2019, the consolidated income statement, the consolidated cash flow statement for the year then ended, and the notes to the financial statements.

In our opinion, the consolidated financial statements provide a true and fair view of the financial position of the Group at 31 December 2019, the economic result and cash flows for the year ended on said date in compliance with Italian laws that discipline their preparation criteria.

Elements of the opinion

We conducted our audit in accordance with International Auditing Standards (ISA Italia). Our responsibilities under these standards are further described in the section *Responsibility of the independent auditors for auditing the consolidated financial statements* of this report. We are independent of the SAMAG Holding Logistics Group in accordance with the ethics and independence rules and principles applicable in Italian law to the auditing of financial statements. We believe we have acquired sufficient and appropriate audit evidence on which to base our opinion.

Responsibility of the Directors and the Board of Statutory Auditors for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that provide a true and correct representation in accordance with the Italian regulations governing the preparation criteria and, within the terms established by law, for the part of the internal audit deemed necessary to allow the preparation of financial statements that do not contain significant errors due to frauds or unintentional conduct or events.

The Directors are responsible for assessing the Group's ability to continue operating as an operating entity and, in preparing the consolidated financial statements, for the appropriateness of the use of the going concern assumption, as well as for related adequate disclosure. The directors use the going concern assumption in preparing the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company SAMAG Holding Logistics S.p.A. or for discontinuing operations or have no realistic alternatives to these choices.

The Board of Statutory Auditors is responsible for supervising, within the terms established by law, the process of preparing the Group's financial information.

Responsibility of the Independent Auditors for auditing the consolidated financial

Our objectives are the acquisition of reasonable assurance that the consolidated financial statements as a whole do not contain significant errors, due to fraud or unintentional conduct or events, and the issuance of an audit report that includes our opinion. Reasonable security means a high level of security which, however, does not provide the assurance that an audit carried out in accordance with International Auditing Standards (ISA Italia) will always identify a significant error, if any. Errors can result from fraud or unintentional conduct or events and are considered significant if it can reasonably be expected that they, individually or as a whole, are able to influence the economic decisions made by the users on the basis of the consolidated financial statements.

As part of the audit carried out in accordance with International Auditing Standards (ISA Italia), we have exercised professional opinion and maintained professional scepticism throughout the audit. Moreover:

- we have identified and assessed the risks of material misstatement in the consolidated financial statements due to frauds or unintentional conduct or events; we have defined and performed audit procedures in response to said risks; we have acquired sufficient and appropriate audit evidence on which to base our opinion. The risk of not identifying a significant error due to fraud is higher than the risk of not identifying a significant error deriving from unintentional conduct or events, since fraud can imply the existence of collusion, falsification, intentional omission, misleading representations or forcing internal control;
- we have acquired an understanding of the internal control relevant for auditing purposes in order to define appropriate audit procedures in the circumstances and not to express an opinion on the effectiveness of the internal control of the Group;
- we have assessed the appropriateness of the accounting standards used and the reasonableness of accounting estimates made by the Directors, including the related disclosure;
- we have come to a conclusion on the appropriateness of the use by the Directors of the going concern assumption and, based on the audit evidence, on the existence of significant uncertainty regarding events or circumstances that may give rise to significant doubts about the ability of the Group to continue operating as an operating entity. In the presence of significant uncertainty, we must draw attention to the audit report on the related disclosures in the financial statements, or, if such disclosure is inadequate, to reflect this fact in the formulation of our opinion. Our conclusions are based on the audit evidence acquired up to the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as an operating entity;
- we have assessed the presentation, structure and content of the consolidated financial statements as a whole, including the disclosure, and whether the financial statements represent the underlying transactions and events in order to provide a correct representation.
- we have obtained sufficient and appropriate evidence on the financial information of the companies or of the different economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for the management, supervision and performance of the Group's audit assignment. We are solely responsible for the audit opinion on the consolidated financial statements.

We have communicated to the managers of the governance activities, identified at an appropriate level as required by ISA Italia, among other aspects, the scope and timing planned for the audit and the significant results emerged, including any significant deficiencies in the internal control identified during the audit.

Report on other provisions of law and regulations

Opinion pursuant to article 14, paragraph 2, letter e) of Legislative Decree 39/10

The directors of SAMAG Holding Logistics S.p.A. are responsible for the preparation of the SAMAG Holding Logistics Group's report on operations at 31 December 2019, including its consistency with the relevant consolidated financial statements and its compliance with legal regulations.

We have performed the procedures specified in Auditing Standard (SA Italia) no. 720B for the purpose of expressing an opinion on the consistency of the report on operations with the consolidated financial statements of the SAMAG Holding Logistics Group at 31 December 2019 and on their compliance with legal requirements, as well as to issue a statement on any significant errors.

In our opinion, the report on operations referred to above is consistent with the consolidated financial statements of the SAMAG Holding Logistics Group at 31 December 2019 and has been prepared in accordance with the law.

With reference to the statements of article 14, paragraph 2, letter e), of Legislative Decree 39/10, issued on the basis of the knowledge and understanding of the company and the relative context acquired during the audit, we have nothing to report.

Rome, 11 August 2020

BDO Italia S.p.A.

Paolo Zinno
Shareholder

SAMAG HOLDING LOGISTICS S.p.A.

Based in VIA AROSIO 4 - 20148 MILAN (MI)

Share Capital Euro 800,000.00

Report on Operations

Consolidated Financial Statements at 31/12/2019

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Dear Shareholders

The year ended 31 December 2019 shows a profit of Euro 4,388,240

The transposition of Directive 34/EU occurred with the approval of Legislative Decree no. 139 of 18/08/2015, published in the OJ no. 205 of 04/09/2015, brings with it significant novelties regarding the consolidated financial statements governed by Legislative Decree 127/1991. These changes became effective on 1 January 2016 and apply to financial statements for financial years beginning on or after that date.

Specifically, the application of Directive 34/EU, which revised the parameters for the classification of corporate groups, requires the preparation of consolidated financial statements also for the Samag Holding Logistics S.p.A. Group.

As regards above, in the Notes to the Financial Statements, you have been provided with the information relevant to the illustration of the financial statements at 31/12/2019.

In this document, in accordance with the provisions of article 2428 of the Civil Code, we provide you with news concerning the situation of your Company and information on its operating performance.

This report is presented together with the Annual Financial Statements in order to provide income, equity, financial and management information of the company accompanied, where possible, by historical elements and prospective assessments.

List of Subsidiaries in the Scope of Consolidation

Company	Shareholding	Activity Performed
• ROL Logistics Srl	90%	Logistics, Transport
• General Trade Log Srl	100%	Logistics and Services
• D.L. Direzione Logistica Srl	85%	"
• Macro Service Srl	95%	"
• CBS Magyarorszag KFT	60%	"
• Integrated International Logistics	100%	"
• CBS Lavoro S.p.A.	90%	Work Agency

The ordinary shareholders' meeting must be convened for the approval of the financial statements within the time limit stipulated in the articles of association and in any case not more than 120 days after the end of the financial year.
The articles of association may, however, provide for a longer deadline for approval of the financial statements, in any case not exceeding 180 days from the end of the financial year (29 June or 28 June for leap years), in the case of companies required to prepare consolidated financial statements or when special needs relating to the structure and purpose of the company so require.
The consolidated financial statements of Samag Holding Logistics S.p.A. for the year 2019 will be certified by the independent auditors BDO Italy, for the second consecutive year.

As a result of the Covid19 pandemic events that affected operations, with regard to all administrative activities and the completion of certification procedures, as well as the change of the Administrative Body of the company Samag Holding Logistics S.p.A., which took place with a Board of Directors' resolution on 05/03/2020, led to the extension of the deadlines set forth in the articles of association.

Business and Corporate Structure Development

Your company, as is well known, conducts its business in the integrated logistics sector, as well as in all other related sectors, including auxiliary services, such as, but not limited to: administrative, accounting, management and financial, commercial and industrial services in the exclusive interest of its investee and/or associated and/or network companies belonging to the 'Strategy Network'. Below are the main events that occurred in the companies in the scope of consolidation:

We highlight herein that, on 23 October 2019, Samag Holding S.r.l. was transformed into a joint-stock company, changing its corporate purpose, subscribing to a free capital increase of Euro 750,000.00 (seven hundred and fifty thousand/00), bringing it to Euro 800,000.00 (eight hundred thousand/00) and finally changed its corporate name to Samag Holding Logistics S.p.A. proceeding to the registration of both the Trademark and Logo in Italy and Europe.

On 30 October 2019, the acquisition was completed of 95% of the shares of the company Macro Service S.r.l. based in Turin, specialised in the provision of Logistics Services in the specific commodity sector of Fruit and Vegetables with important contracts in Piedmont and Lazio.

On 13 December 2019, Samag Holding Logistics S.p.A. merged the companies CBS Gestioni S.p.A. and Tech Log S.r.l. by deed of merger; these extraordinary transactions had been planned and are part of the 2020/2024 business plan, which envisages - among other projects - a rationalisation of the Group's corporate structure to be completed during the two-year period 2020/2021.

On 5 December 2019, the company ROL Logistics S.r.l. incorporated the company AV Logistica S.r.l., this extraordinary transaction had been planned during the first half of 2019 and is part of the implementation of the business plan and the rationalisation process, just mentioned above, of the corporate structure of the Samag Group to which ROL Logistics S.r.l. belongs for a 90% share.

By a notarial deed drawn up on 16 December 2019 and registered on 11 January 2020, the two relative minority shareholders transferred their shares to the relative majority shareholder, the company with this transfer being a Single Shareholder Limited Company.

A separate mention must be made for the company CBS Lavoro S.p.A.: it is a 'generalist' employment agency that is gaining important market shares in the APL segment, reaching break-even already in the second half of 2019 in its first year of operation, about two years ahead of the business plan, and recording forecast revenues for the year 2020 such as to revise the business plan in expansive and international terms.

For the Samag Group, CBS Lavoro S.p.A. represents a functional participation in the logistics sector, which represents the Group's core-business, both for personnel training needs and for the management of work peaks that cannot be satisfied internally with the institution of co-employership adopted by the Strategy Network, of which Samag is the common body.

General Economic and Market Trends

Overview of general economic developments

The Italian economy was characterised in the year 2019 by a decline in industrial production; especially in the latter part of the year, in an international context characterised by cyclical weakness and high uncertainty, the Euro area economy experienced a marked slowdown in production rates. Gross Domestic Product growth was 0.3% compared to an estimated growth of 0.6% and a debt level of 134.8% of GDP.

While there is a positive growth figure, there is no doubt that the speed of growth in Europe is much faster; indeed, the gap between Italy and the rest of Europe has widened.

With regard to labour market dynamics, it is reported that the employment level improved moderately, the unemployment rate during 2019 stood at 9.8%, down 0.8% compared to 2018.

The economic outlook for 2020 has sharply revised downwards the initial estimates that predicted a growth of 0.5%, this also and above all as a result of the health emergency (COVID-19 pandemic) that has affected the entire world and in particular also our country, which, according to the latest indications from the European Commission, could even be at -9.5%, with Europe estimating a drop in growth to -7.4%.

Summary data 2019: GDP +0.3% - inflation rate +0.61% - unemployment 9.8% - legal interest rate 0.8% in 2019,

Development of demand and trends in the markets in which the company operates

Italy is, among European countries, the one that has recovered with most inertia from the crisis cycles, the trend of national macroeconomic fundamentals shows that while GDP has substantially stagnated, exports have grown in value by 43.5% and imports by 26.1%, private consumption is stagnating at the levels of the previous decade, while gross fixed investments have even decreased by 7.2%. In the same decade, the balance of payments for tourism was +83.5%, showing how the small recovery of the last decade was almost entirely driven by exports and tourism, the sectors most affected by the CoViD-19 emergency. These structural changes in the national economy are at the root of a phenomenon unprecedented for Italy, termed decoupling, which sees the volume of goods transported grow much more than linearly with GDP. With pressure on transport networks, in particular import/export, not expected on the basis of the low GDP growth recorded, there is a real risk of saturation. Another explanation for the decoupling is to be found in the lengthening of logistics and transport chains due to both supply- and demand-side effects.

While transport infrastructure planning, with the planning season undertaken in 2015 with Connettere l'Italia, marked a turning point and a vision of Italy's infrastructure system, priorities and related financial requirements has been consolidated over the past five years. However, this structural reform has remained unfinished to a not inconsiderable extent. Despite this, the principles of planning 4.0 (continuous decision-making) are now taking hold and the ground is hopefully being prepared for a further quantum leap. Although the freight transport and logistics services sector differs substantially from the passenger transport sector in that the concept of universal or minimum service is de facto absent, this implies an absence of direct public intervention and therefore companies in the sector operate in the market with logics and dynamics that are completely outside the governance perimeter of public decision-makers. On the contrary, foreign control of Italian freight and logistics companies is now pervasive: Italian goods are transported by others.

The sector's decision-making centres are largely foreign and, in any case, the state is not in a position to express significant forms of control in a sector that has shown its strategic importance as a relevant asset for economic development and national security precisely during the CoViD-19 emergency. The lock-down actions in response to the pandemic are a unique occurrence for transport and logistics and even today it is virtually impossible to predict the medium-term consequences of the CoViD-19 crisis. Despite this, CERVED's very short-term forecast predicts a reduction in corporate turnover in 2020 of 7.4% in the most optimistic scenario and 17.8% in the pessimistic scenario. It is impossible to predict import, export, tourism, traffic trends and the resulting logistical needs.

Recent studies by McKinsey confirm the great volatility of the forecasts, predicting a much greater loss of GDP than that caused by the 2008 financial crisis. The DEF published by the government on 23 April assumed a drop in GDP at national level of 8% in 2020, against the 9.9% forecast by Standard & Poor's; it is not even possible to predict whether there will be a second wave of CoViD-19 emergency with profoundly dramatic consequences for the national economy. Certainly, the expected recovery in 2021 will not be able to offset the collapse in 2020.

The demand for logistics and freight transport is a derived demand: the collapse of industrial production caused by the contraction of final consumption and the collapse of exports has disruptive effects on freight transport flows: the first data are merciless, Confetra indicates an overall contraction of transported volumes between -35% and -45% in February and March.

Services, in freight transport, are all market-driven and therefore as long as the market itself functions and operates there are no problems, in times of crisis one is not equipped to use planning and public resources to maintain the country's freight and logistics back-bone. Not to mention that logistics and freight transport companies were already often operating at extremely low margins, with market fragmentation too often to the advantage of shippers and to the detriment of working conditions, especially in warehouses.

Inevitably, this new backlash will further alter the market for freight transport and logistics services, producing painful bankruptcies, but at the same time opening up the possibility of mergers, rationalisations and necessary efficiency gains in the sector, which we will have to have the ability, as we have so far demonstrated, to identify first and then to ride out. Governing the post-CoViD-19 recovery means planning investments and actions that, even in the midst of continuing fundamental uncertainty, allow inefficiencies to be removed that become unsustainable in emergency situations.

In this 'unique' situation we have to think resilient, which means looking for and exploiting redundancies that in ordinary analyses we often try to avoid because they are considered a source of inefficiency, just think of examples of consolidation/concentration of flows that can turn from strengths into weaknesses, we have to be able to identify alternative paths and be flexible.

Continuing in the wake of the reasoning outlined above, although related to a trend prior to the global health crisis, the development of the market continues, which in recent years has shown concentration among 'warehouse operators', rewarding those companies that manage to create value by improving their economies of scale, improving their efficiency and, above all, the quality, reliability and stability of the service rendered.

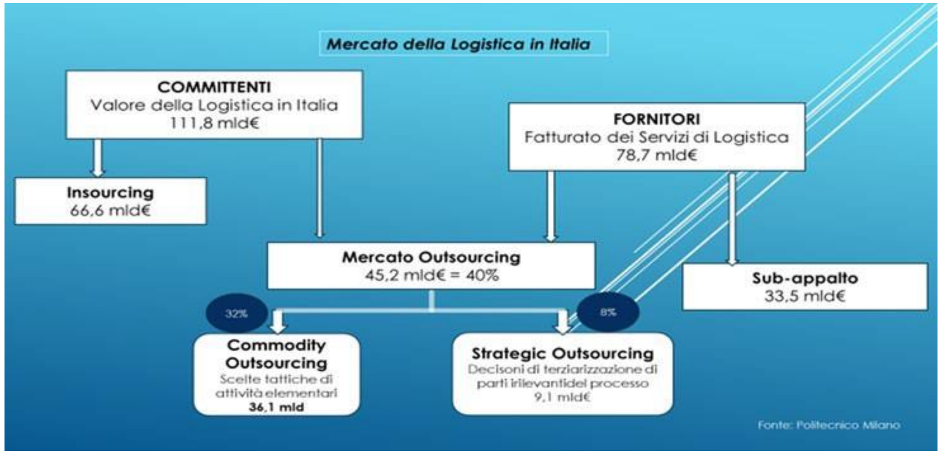
The ability to realise synergies and strengthen partnerships with its customers, evolving commercial and operational relations towards relationships focused on improving the value chain and not only on price negotiation are increasingly the key elements of an evolved 'warehouse manager' in line with the needs of its customers.

The 'key' elements that are increasingly distinctive for an advanced logistics operator:

- *Know-how on multi-channelling and in the specificities of the various product sectors;*
- *Professionalism in planning and operational management;*
- *Efficiency through the correct use of synergies;*
- *Process innovation and technology;*
- *Flexibility in adapting its organisation to the client's needs;*
- *Financial solidity.*

Pursuing the aforementioned guidelines, identified and developed over the past few years, has led us to have a more structured and functional corporate organisation, while maintaining the flexibility that has always distinguished us and that we wanted to refine with the establishment of the Strategy Network, allowing us to face the contingent moment characterised by the 'unique' event of the CoViD-19 pandemic with moderate optimism with the awareness of being a supply chain market operator organised to be able to 'govern' the change that will inevitably ensue.

(Source: Contract Logistics Observatory - POLIMI)



Group's overall performance

A company active in the logistics market, today more than ever, has to come to terms with the existence of established business practices and specific market characteristics that inevitably also impact on the organisation of the company and thus on its strategic choices. The pressure exerted by the market (fuelled by the e-commerce phenomenon), as well as the extraordinary volume of goods handled and the exponential growth in demand in terms of speed and accuracy of operations, have led to the development of more complex management systems that cannot be standardised, given the heterogeneity of the commodity sectors managed, the different geographical areas in which we are present, and the different types of customers.

So what 'superficially' could be defined as portering activities, today requires and needs implementation and organisation, an articulated structure, operating at a fast pace, but at the same time which must be flexible to adapt quickly to the market.

It is increasingly confirmed that the establishment of the Company Network is the right direction for a correct evolution of an operator in the sector, which must respond to the needs of the market, in order to support and grow within the evolutionary logic of the same.

Above all, this structure must be able to provide the flexibility needed, within the logic of the market, to cope with exceptional if not unique situations.

The strengthening of industrial collaboration is the key to facing the challenges of globalisation and technological innovation, enhancing the structural characteristics of the production structure of the reference sector, Company Networks in this sense respond to a productive need for coordination between companies with complementary, formally and legally distinct enterprises, between whose activities an interdependence exists or is generated.

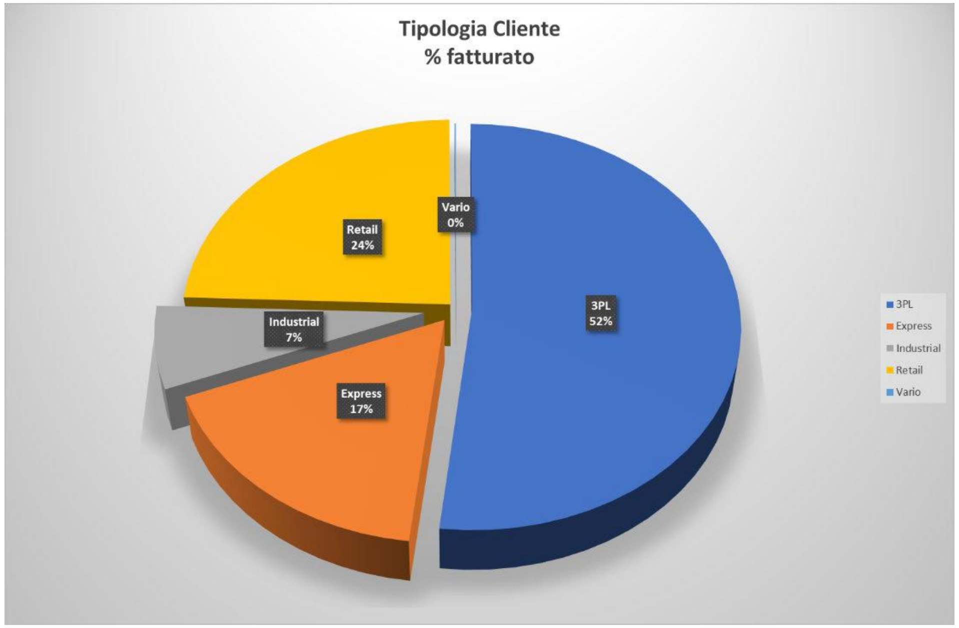
The important economic growth of Samag Holding Logistics and of the Group, which has been confirmed throughout the last three years, is the confirmation of having undertaken the correct approach to the market and of the effectiveness of the tools and programmes that have been implemented, but not only that, they are also the result of a continuous search for solutions and design activities aimed at controlling production performance.

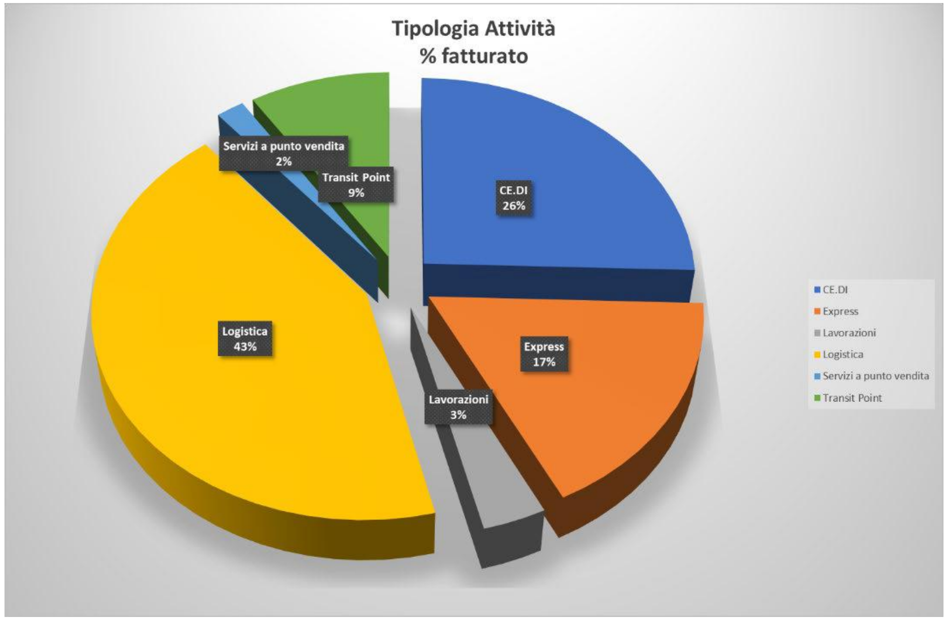
To confirm this growth trend and the flexibility in being able to adapt quickly to even unexpected and unpredictable market dynamics, it is worth noting that, even in the midst of the CoViD-19 pandemic, the company managed to contain the negative consequences.

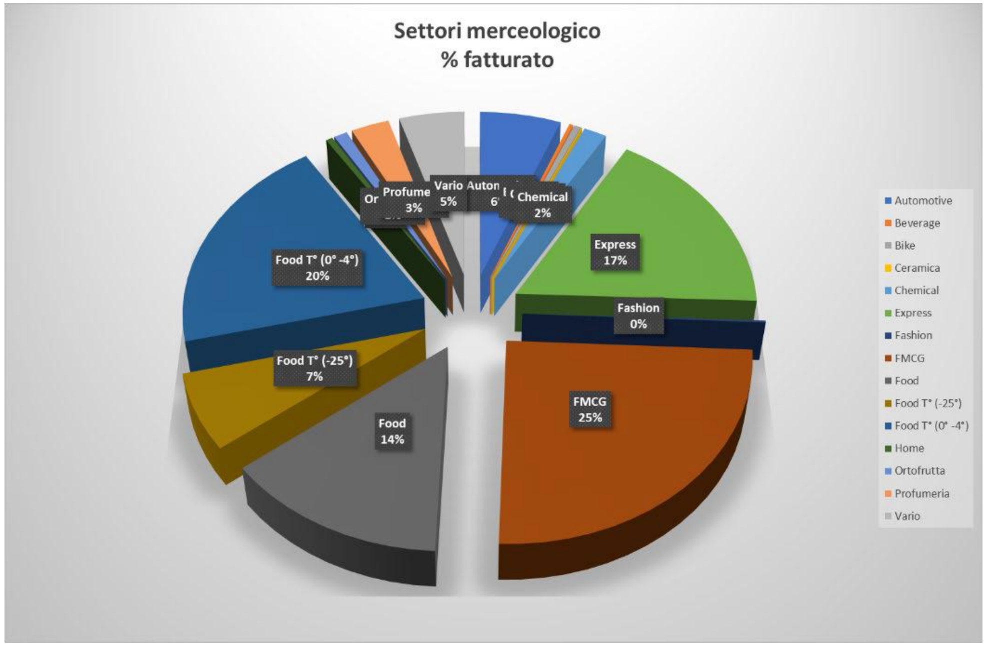
From an operational and management point of view, it was 'an opportunity' to demonstrate to our customers the degree of preparedness achieved by the organisational model, which, with its ability to respond promptly to emergency needs, confirmed its vocation to adapt to market evolutions/changes, and succeeded in gaining further reputation.

All this allows us to state that our forecasts, supported by the first final figures for the beginning of the year 2020, remain those of a year of growth compared to 2019. The breakdown of turnover by type of Customer/Service/Product Sector 1H 2020 of the managed product sectors is shown below:

Breakdown of Turnover by Type of Customer/Service and Product Sector







Services Development: Research, Development and Training

*During 2019, SA.MA.G. Holding Logistics S.p.A. confirmed its position within 'Strategy' as the '**Common Body**' of the Network, with the role of providing management services in relation to a job/contract and preliminary study, as well as monitoring the operational and financial requirements of the same; in other words, the Common Body of the Network acknowledged the mandate received and adopted the need to analyse the right implementations, in order to make warehouse activities more efficient and identify a best practice that can produce benefits on a multi-year basis. The services offered include:*

- Financial and insurance services; - Accounting/administration; - Legal/labour; - Industrial relations.

In the realisation of its objectives, the Network shared and drafted the document containing the Programme, Management and Business Network Regulations 2018/2020, which represents the objectives, rights and obligations, procedures, instruments, regulations, functional organisation charts and job descriptions that regulate the relationships between the network companies and the processes within the Network, in which Samag Holding Logistics obviously plays a fundamental role, being the Common Body of the Network Strategy and necessarily having to act as a driving force.

The above-mentioned documentation also included a dedicated document aimed at planning and structuring a development and operational redesign of the warehouses under management, which we will explain in more detail later in this report.

Here it should be emphasised, as is now the case in every financial year, an important aspect in the operational management of the network companies, given by the management of personnel secondments within the Strategy Network, through the Institute of 'co-employership', provided for by the regulations in force, which allows for the development and sharing of know-how between network companies, such as the transfer of skills for the development of orders, as well as guaranteeing the necessary flexibility that the reference market requires.

The implementation and improvement also continues on input and analysis of our Company, undertaken starting from 2017, of management software dedicated to the production/management analysis of orders. Thanks to them, Samag Holding Logistics and the Samag group are increasingly able to analyse the operational dynamics with greater detail, greater punctuality and greater timeliness by intervening in the individual macro-areas and/or micro-activities with respect to the heterogeneous orders managed by the Strategy Network, but in particular by our Company, in this way rendering a qualitatively high service to clients and generating cost-effectiveness and therefore value within the individual orders.

The operational/management analysis also allows the costs and revenues of orders to be defined and delimited in time, so that they can be entered in the financial statements correctly according to the 'accrual' principle, regardless of their numerical manifestation, a circumstance that is not always easy in the absence of management software that analyses all 'movements' (meaning by movement every single operational activity that is carried out daily within the warehouses and that goes from the moment the goods enter the warehouse to the moment they leave it) defining whether the same generate accrued costs or revenues or suspended costs and revenues.

The possibility - thanks to dedicated software created ad hoc by various Development Teams to adapt them to the needs of the individual and varied job orders - of analysing operational data has made it possible to implement and monitor the development project that the Strategy Network - through its common body Samag Holding Logistics to which the individual networks have delegated the task - wanted for all the networks, i.e. continuous development and improvement step by step of the individual processing phases, especially in the start-up phases of the individual job orders. The objective of this project is that the network companies holding contracts (so-called Contracting Stations), in the event they are entrusted in operational management (obviously with own organisation, means and business risk) to a network company awarded the relevant tender - contractually requires, through the definition of specific KPIs, that the network company awarded the contract carries out daily development and continuous improvement activities on the logistics processes of the contracts awarded and/or entrusted, measuring the degree of achievement of the KPIs assigned, with a view to bonus/malus to the fulfilment or otherwise of the relevant performance.

The plan allows for the implementation of development activities, aimed at designing and setting up an efficient approach to the management of each job/contract, making significant productivity gains where necessary (which is the situation in most cases), according to the modus operandi described below. This initial approach is conceived and developed in such a way as to ensure, throughout the life cycle of the contract, a path of continuous improvement aimed at further efficiency gains. This is implemented through initial training activities, which have the dual purpose of training the personnel who will work in the contract in the new operating methods defined as a result of the development activity, but also to train them in the principles of continuous improvement. This approach can be considered highly innovative in a relatively backward sector such as logistics. The productivity gains that are thus introduced (both the initial ones that are achieved during the start-up phase and those that occur as a result of 'continuous improvement') constitute an important competitive factor, differentiating Samag Holding Logistics' 'way of handling orders' from other competitors.

The objective that is set ex ante, periodically verified and evaluated ex post is in fact that of improving productivity indices and therefore the overall profitability of the contract within an acceptable and predefined multi-year time frame, exploiting all the tools made available by the network through the Common Body, such as software, operational teams, analysis teams and last but not least the instrument of co-employership, through which to draw from the various network companies the most suitable professional skills to operate this improvement thanks to their knowledge of processes, warehouse layouts, radio frequency systems, use of new warehouse equipment and tools, etc.

The objective of development activities is to make orders structurally and sustainably efficient in order to enable profitability prospects such that the revenues expected to be realised are sufficient to cover the costs incurred for the study, implementation and management of the project itself. This assessment, as mentioned, is carried out ex ante and confirmed ex post. This is done by defining, after a preliminary examination of the status of the order/contract, what the potential margin recovery is and defining, accordingly, a sustainable development and training budget.

All of the above is considered to be fully within the remit of the implementation of operational development and redesign activities, and subsequent training, which have the clear objective of ensuring significant productivity gains at the start of a job order and preparing for further continuous efficiency gains. This obviously generates benefits on the individual contract, but is also aimed at creating value as a structured working method over time.

In the current year, we have capitalised part of the costs of the continuous improvement project described above in accordance with national accounting principles, submitting the project - in order to obtain the relative certification of appropriateness both in numerical terms and in terms of the balance sheet allocation of the relative costs - to experts in the sector, representing the academic world.

In 2019, the company started the following Research & Development projects for which it will use the benefits provided by Article 3 of Decree-Law No. 145 of 23 December 2013, converted, with amendments, by Law No. 9 of 21 February 2014:

- *Project 1 'Company networks for co-employership management: Interaction between information systems and organisational models for predictive analysis'*
- *Project 2 'Systematisation and standardisation of new tools and models for the efficiency of integrated logistics systems'*
- *Project 3 'Transport System and the IoT'*
- Project 4 'Data Driven Process Improvements'

Project 1

Company networks for co-employership management: Interaction between information systems and organisational models for predictive analysis

R&D PROJECT COSTS BY TYPE OF EXPENDITURE

	Expen diture	% Facilitation	Incentive
a) Employees engaged in the activity	387,655.54	50%	193,827.77
b) Depreciation of tools and equipment	24,969.79	25%	6,242.45
d) Technical skills	609,496.49	25%	152,374.12
	1,022,121.82		**352,444.34**

Project 2

Systematisation and standardisation of new tools and models for the efficiency of integrated logistics systems

R&D PROJECT COSTS BY TYPE OF EXPENDITURE

	Expen diture	% Facilitation	Incentive
a) Employees engaged in the activity	693,895.89	50%	346,947.95
b) Depreciation of tools and equipment	13,445.27	25%	3,361.32
d) Technical skills	186,345.57	25%	46,586.39
	893,686.73		**396,895.66**

Project 3

Transport Systems and the IoT

R&D PROJECT COSTS BY TYPE OF EXPENDITURE

	Expenditure	% Facilitation	Incentive
a) Employees engaged in the activity	742,500.00	50%	371,250.00
a1) Self-employed personnel engaged in the activity	22,229.59	25%	5,557.40
	764,729.09	**50%-25%**	**376,807.40**

Project 4

Data Driven Process Improvements

R&D PROJECT COSTS BY TYPE OF EXPENDITURE

	Expenditure	% Facilitation	Incentive
a) Employees engaged in the activity	Euro 6,500,000.00	50%	3,250,000.00

Projects 1 and 2 are related to the company's intention to make the most of opportunities related to the full operation of the Strategy Network.

The first Project is aimed at testing the possibility of using network information systems (partly already implemented) in a predictive key. The subjects under study relate to management and business organisation on the one hand and information technology and statistics on the other.

The second Project is aimed at researching new knowledge in the field of optimisation of warehouse logistics systems. The topics under study relate to management and business organisation on the one hand and process engineering on the other.

The third project is functional to the realisation of the 2019-2024 business plan, whose objectives include the development according to the logic of Vertical Integration of Logistics Services, among which the transport activity will represent a fundamental element of growth, which has already been realised with the first acquisition on 29/05/2020 of the company Cedica Srl and will continue with the evaluation of further opportunities.

The fourth project is based on the requirement that process innovation must be driven by the systematic and timely analysis of a mass of data and information that have their genesis in different 'sources' and need to be collected, processed and analysed in a timely and fast manner.
Evaluation of the use of Business Intelligence through Process Mining and the use of Data Warehouses.

Control, Prevention and Law Compliance

Organisational Model pursuant to Legislative Decree 231/2001

Samag Holding Logistics S.p.A., has adopted an Organisation, Management and Control Model, pursuant to Legislative Decree 231/2001, approved by the Administrative Body on 1 July 2016 and subsequently supplemented and updated as a result of regulatory developments, progressive jurisprudential interventions concerning organisation, management and control models and internal organisational changes (most recently by resolution of the Board of Directors of 20 March 2019).

With the adoption of its Organisational Model, understood as a set of general and operational rules, the Group has set itself the objective of adopting a general set of principles of conduct, as well as procedures that meet the purposes and prescriptions of Legislative Decree 231/01 both in terms of preventing crimes and administrative offences, and in terms of monitoring its implementation and the possible imposition of sanctions.

The Organisational Model, in fact, consists of an organic set of principles, rules, provisions and organisational schemes relating to the management and control of the company's activities and consists, inter alia, of an illustrative summary document containing the general rules suitable for preventing the commission of the offences contemplated by Legislative Decree 231/01.

The Organisational Model that the Samag Holding Logistics Group has adopted since 2016 takes into account the complete list of 'predicate offences', assessing through a careful risk analysis the likelihood of their occurrence.
Through the mapping of offences, obtained thanks to a careful risk assessment activity, the company puts in place controls to reduce the likelihood of their occurrence; these controls are contained and described in the behavioural protocols forming part of the Model (Procedures).
It is important to point out that the parent company Samag Holding Logistics, together with the consolidated companies (with the exception of CBS Lavoro S.p.A.), have become part of the network of companies, a contracted network without legal personality, called 'STRATEGY', in which Samag Holding Logistics S.p.A. plays the role of Common Body. The 'STRATEGY' network of companies was awarded the 'FONDAZIONE MARCO BIAGI' certification in December 2018.

The Common Body, in agreement with all the other member companies of the Network, decided to adopt certain procedures that are typical of the activities of a business network and to make their adoption a fundamental requirement to ensure proper regulatory and procedural compliance.

The Company has also adopted a Code of Ethics in the belief that it represents a fundamental component of the Organisational Model and the overall internal control system. In this perspective, the principles and values expressed in the Code of Ethics constitute the first safeguard on which the Organisational Model is based, as well as a useful interpretative reference in its concrete application in relation to company dynamics.

Supervisory Board

In implementation of the provisions of the Decree, the Company has appointed a Supervisory Board in a collegial composition, ensuring that its members meet the requirements of honourableness and professionalism. Furthermore, it has ascertained that there are no causes of incompatibility and no grounds for conflict of interest with other corporate functions and/or offices that could undermine its independence and freedom of action and judgement.

In carrying out its activities, the Supervisory Board may, where necessary, avail itself of the support of other corporate functions or external consultants. The Supervisory Board performs the tasks and powers provided for in the Organisational Model.

In order to fulfil its responsibilities, the Supervisory Board may, at any time, within the scope of its autonomy and discretion, proceed with acts of verification concerning the application of the Organisational Model and of the procedures referable thereto, which may also be exercised severally by each of its members.

On the basis of the checks carried out, the Supervisory Board also has the task of pointing out to the Company the advisability of proceeding with the relevant adjustments and updates to the Organisational Model and/or the relevant procedures as a result of regulatory and/or organisational changes, significant violations of the provisions of the Organisational Model and/or the company procedures referable thereto, or the ascertainment of the existence of new areas of activity at risk.

Through subsequent control activities, the Supervisory Board then ascertains that any recommended corrective actions have been taken by the competent corporate functions of the Company.

European Regulation 2016/679 (GDPR)

With reference to the compliance with the European Regulation 2016/679 ('GDPR'), the Company, in the financial year ended 31/12/2019, has ensured compliance regarding the processing of personal data by mapping all the processing carried out in the company in order to draw up the register of the Data Controller. The persons authorised to process personal data under the direct authority of the Data Controller pursuant to article 29 of the GDPR were also appointed, as well as the Data Processors pursuant to article 28 of the aforementioned EU Regulation.

The Data Breach Policy, the Data Subjects' Rights Policy and the Policy on the use of it equipment were drafted.

Information for employees was revised and disseminated and, through a dedicated consultancy company, training in the field was provided to Function Managers.

With regard to auditing activities, targeted third-party audits were carried out on the company that outsources payroll processing and on the company that manages the IT infrastructure.

Finally, the planning of activities for the 2020 financial year was carried out, in the context of which further training needs were identified, as well as the finalisation of the Data Controller Register and some other aspects related to data retention and data analysis and protection through more innovative technological tools.

Control and prevention

Another project that it is important to mention in this area as it is increasingly targeted and refined concerns: in order to prevent the phenomena of litigation and disputes related to the management of subcontracts, the SA.MA.G Holding Logistics S.p.A. group has improved, over the years, an increasingly careful control and monitoring of subcontracting companies (see the topic of joint client/contractor liability) by entrusting on 10/04/2015 to an external professional specialised in the sector, the task of carrying out - depending on the type of fulfilment - monthly and/or quarterly specific AUDITS on subcontracting companies and communicating the results both to the group companies of SA.MA.G. Holding, as well as to the clients of the same, swearing the content thereof in compliance with the correct principles and regulations governing the logistics contracting sector.

In particular, this control was intensified and extended to cover, as of the 2017 financial year, the entire activity of all subcontracting companies.

The activity consists of an in-depth analysis of all the documentation provided by the centralised administration of the SA.MA.G Holding Logistics S.p.A. group and the administrations of the individual contracting/subcontracting companies.

The activity takes place on a client-by-client basis and analyses specific areas of interest summarised below:

· Fulfilment of Social Security/Assistance obligations;

· Fulfilment of Insurance obligations;

· Fulfilment of obligations imposed by the regulations governing corporate relations (partner/employee relationship);

· Assumption and full application of the C.C.N.L. (National Collective Labour Agreement) on Logistics Freight Transport and Forwarding 'Confetra';

· Fulfilment of withholding tax obligations on employees;

The activity is carried out in accordance with the provisions of the respective contractual agreements reached between the parties (Tender Agreements, Entrustment Agreements, additions to the same) and the current legislation referred to below regulating the contract (outsourced work), the contractual obligations regarding labour, social security and insurance respectively.

The following are the regulatory references that regulate the matter:

- Articles 1655 et seq. of the Civil Code;

- Article 1676 of the Civil Code;

- Law No. 1369 of 1960;

- Law 388/200 art. 116 paragraph 19 (as per art. 37 L. 689/81);

- Law 638/83;

- Articles 1 and 3, Legislative Decree no. 72 of 25/02/2000;

- Article 18, paragraph 5 Legislative Decree no. 276 of 10/09/2003;

- Article 29, paragraph 2 Legislative Decree no 276 of 10/09/2003;

- Article 6 Legislative Decree 251/2004;

- Article 1, paragraph 911 Law 296/2006;

- Article 21, paragraph 1 Legislative Decree 5/2012 (Law conv. 35/2012);

- Articles 26 and 55, Legislative Decree no. 81 of 09/04/2008;

- Articles 16 and 32 Legislative Decree no. 106 of 03/08/2009;

- Law No. 35/2012;

- Law No. 92/21012;

- Revenue Agency Circular No. 40/E/2012;

- Revenue Agency Circular No. 2/E/2012;

- C.C.N.L Logistics Freight Transport and Forwarding 'Confetra' (renewal agreement of 03/12/2017);

- Law No. 157 of 19 December 2019 New regulations in the field of Contracts for the procurement or provision of works and services.

Audit activities are carried out according to the time parameters set and agreed with the clients as follows:

· Formal communication by SA.MA.G Holding Logistics S.p.A. of the start of the Audit activities (normally at the start of the contract);

· Formalising the contract with the consulting firm or supplementing the existing contract;

· Notifications by the firm to subcontractors/contractors in order to request the data and documents necessary for the Audit activity and any subsequent attestation/assessment;

· Acquisition of all initial documentation identifying the company structure contracting/subcontracting the activities;

· In-depth analysis of the copious documentation useful and sufficient for an accurate reading of the companies' administrative management;

· Scheduled meeting with management or clients for the first discussion after the initial analysis of the activity;

· Possible further request to the management of the contracting company for the implementation of the documentation, as far as specific requests made by the client during the discussion are concerned;

· Analysis of the file, verification of correct fulfilment and full transmission of documents by e-mail or on dedicated platforms.

· Final report.

The documentation required, both in the case of a new contract and in the case of the renewal of contracts already signed, broken down by area of competence, is as follows:

CORPORATE STRUCTURE AND KEY FIGURES

- Deed of Incorporation and Articles of Association;

- Extract from the updated Shareholders' Register;

- Procurement Contract;

- Sub-Contract;

- Historical Chamber Certification;

- Internal Regulation filed.

SOCIAL SECURITY AND WELFARE FRAMEWORKS

- INPS Registration Assignment Certificate for social security purposes;

- DM/10 Opticians-Uniemens-Reports and extract from the social security fund;

- Payment Certificates (F24) INPS Contribution, Tax Withholding, INAIL Premiums;

- Social Security Statements (Rulings-Files-Instalments-Inspections and outstanding disputes).

OCCUPATIONAL ACCIDENT INSURANCE (INAIL)

- I.N.A.I.L. Position Assignment Certificate;

- Declaration of wages for the last two years;

- Debt accounting situation;

- Valid DURC (Single Document of Regular Contributions) certification.

LABOUR RELATIONS AND ADMINISTRATIVE OBLIGATIONS

- Detailed list of personnel in force at the date of the Audit and present in the contract;

- Applications for admission of worker members;

- Labour Contracts signed by workers/members;

- Copies of residence permits (foreign workers) and copies of identity documents for Italian workers;

- Copy of UNILAV (Employment Centre) communications;

- Copies of identification cards;

- Consolidated Labour Book and Summaries broken down by cost centre;

- Certificates of payment of monthly fees;

- Single Certification of Remuneration; previous tax year.

ECONOMIC-FINANCIAL-FISCAL SITUATION

- Extract from the Depreciable Assets Book;

- Copies of the leasing and/or rental contracts of the capital goods;

- Copy of the last filed financial statements;

- Copy of Income Tax Return for previous tax year.

European Regulation 2016/679 (GDPR)

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Once this documentation has been taken into account, a detailed examination of the documentation is carried out, an analysis that is structurally carried out at the start of the contract and renewed, according to a principle of continuity, throughout the duration of the contractual relationship, an activity that is always carried out in contradistinction with the managers of the offices in charge of the clients.

The analysis of the documentation presupposes that all the documentation drawn up is provided to the client.

The analysis also presupposes the acquisition of any documents and factual data that would make it possible to define with absolute certainty the organisational and managerial autonomy of the contract on the part of the entrusted company.

Documentary analysis must show effective compliance with the obligations imposed by the current legislation regulating this reality, the absolute congruity of the companies' social security and welfare classifications, as well as the correct classification of the relationships with the shareholders/employees.

From the analysis of the audits, the following must emerge:

1) that the companies (contractor and subcontractor) throughout the entire period of analysis have scrupulously and continuously fulfilled their obligations without exception and, above all, responded punctually and organically to requests for clarifications and additions of data and information;

2) that remuneration is recorded according to the declarations of the applicable CCNL with particular attention to the correct application of all indirect contractual institutions;

3) that in the event of any inconsistencies and/or deviations from sub. 2, the necessary corrections are made immediately.

Finally, it is necessary here to provide some circumstantial news regarding the objections formulated by the Revenue Agency - Taxpayers Division - Sector for Fighting Offenses - Lombardy Territorial Section against a number of subcontracting companies belonging to the Group (and/or members of the Strategy Network) at the end of a lengthy audit concerning the tax periods from 2013 to 2016, which started on 15 June 2017.

In particular, on 3 December 2019, Samag, CBS, ROL and General Trade were notified of the notices of assessment alleging the unlawful provision of labour, on the basis of the alleged non-genuineness of the subcontracts (considered, therefore, to be fiscally non-existent), with consequent effects on IRES, IRAP and VAT taxes. It is only worth mentioning that this audit activity was flanked, in the same period, by one carried out by the Guardia di Finanza of Vercelli, against numerous sub-contracting cooperatives, some of which were part of the Strategy Network, which concluded with notices of assessment containing similar allegations.

With a view to cooperation and transparency with the Tax Administration, the Samag group companies audited promptly initiated a cross-examination with the Anti-Fraud Directorate, demonstrating the correctness of their actions: even before the issuance of the aforementioned notices of assessment, in fact, the companies undertook to argue and provide documentary evidence of the groundlessness of the auditors' theorem, insisting, in particular, on the existence and autonomy of the cooperatives providing services to the sub-contracting cooperatives and strongly denying the alleged 'hetero-direction' of the same. At that stage, it was shown how the circumstantial elements underlying the tax theory were, in fact, unfounded or misinterpreted (as in the case of the business indications conveyed by the order representatives, wrongly read as management activities).

On 5 June 2020 - three years after the start of the audit - a framework agreement was finalised between the Lombardy Regional Directorate, the relevant provincial directorates and the companies of the so-called 'Esposito Group', by which the parties jointly acknowledged and took note:

a) of the circumstance that certain subcontracting companies, in order to bear the higher costs incurred in order to make the orders efficient, had levied a tax skip, causing fiscal damage;
b) of the willingness on the part of the audited contracting stations to reach an overall settlement of the findings, with the primary purpose of avoiding a protracted litigation, by accepting to bear a burden related to the irregularities committed by the subcontracting companies, despite their total lack of involvement in such tax behaviour and business choices.

On the basis of this agreement, it was intended (and indeed made possible) to conclude the aforementioned long-standing issue, which, if not resolved, could undoubtedly have created serious image damage for the Samag Group.

The whole affair just described has raised in the management of the company, but also in the project management of NetworkStrategy Network, in the network's SB and in all the senior figures of both the consolidating companies and the Strategy Network, the awareness that the pathundertaken since 2016, in terms of:

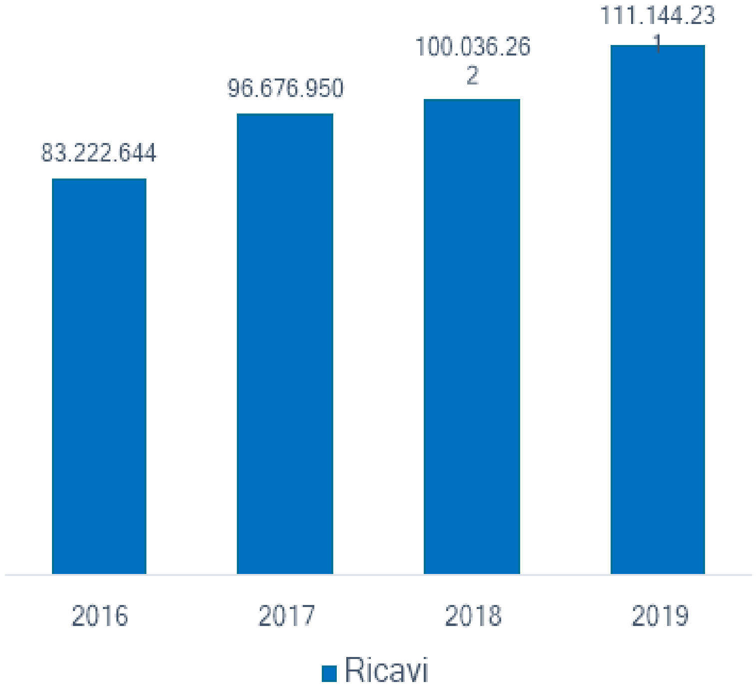
a) *Periodic audits of networked suppliers in terms of both tax and labour;*
b) *control of order margins through dedicated management software shared between the networks, with analysis of any critical issues to be resolved and which require financing of higher start-up costs to avoid the above;*
c) *analysis of the financial flows of the network companies so that tax and labour obligations can be checked periodically;*
d) *preparation of continuous improvement projects as described above in order to make orders more efficient and to develop sustainable margins for all networks on an equal revenue basis,*

represents the most effective way to avoid the recurrence of unpleasant situations that could jeopardise the work of approximately 5,000 workerswho work hard every day to ensure that the Samag Group is recognised as one of the best and most reliable national realities in the sector of integrated logistics operators.

Financial Highlights 2019

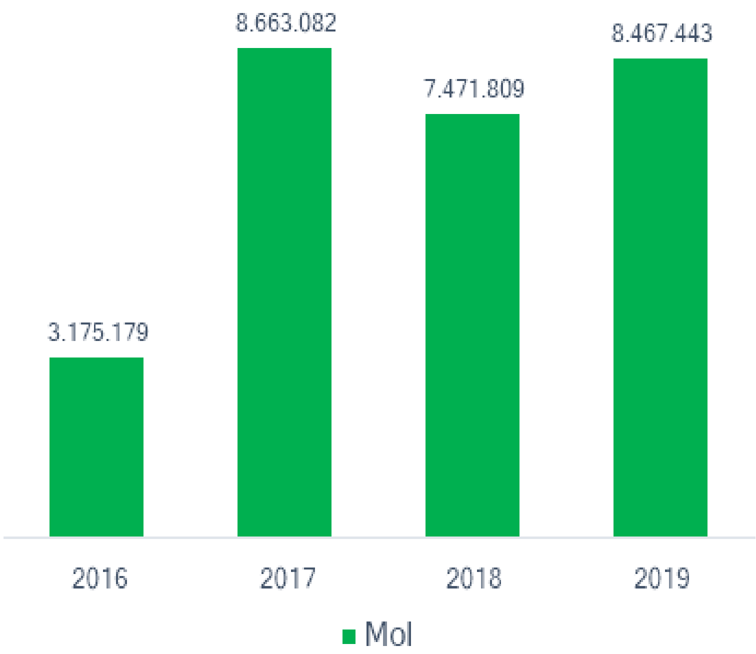
Revenues

Euro 111,144,231 +11.1%



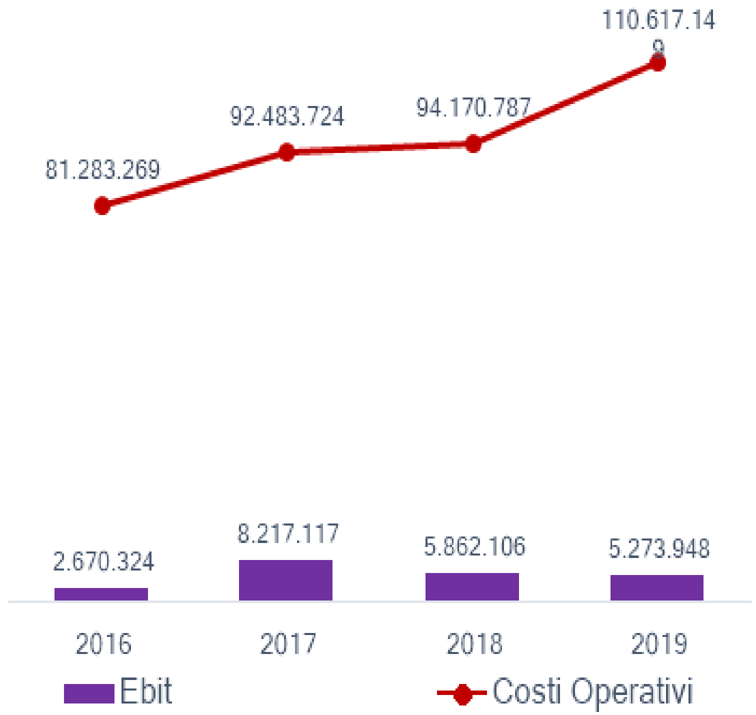
EBITDA

Euro 8,467,443 +13.3%



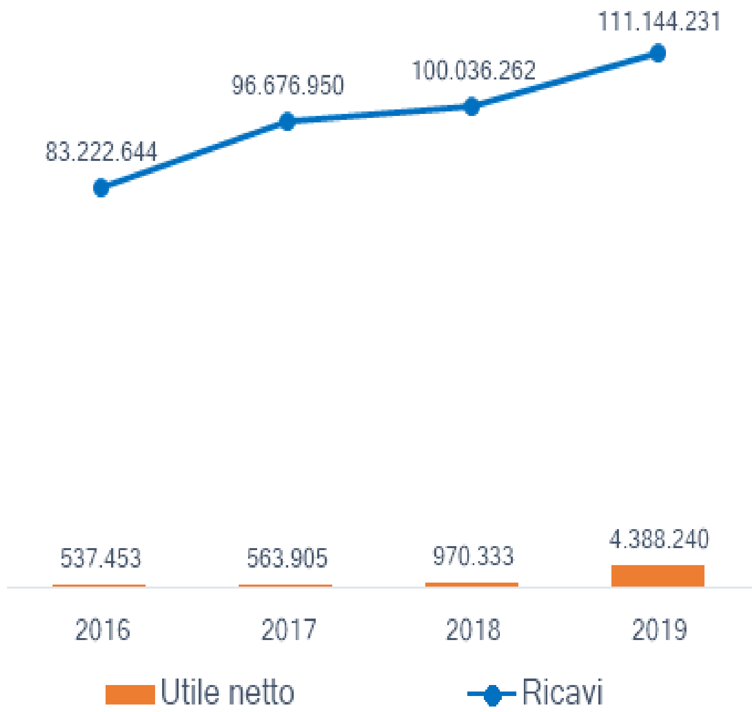
Ebit - Operating costs

Euro 5,273,948 ▼ -10.0%



Net profit - Revenues

Euro 4,388,240 ▲ +352.2%



Key financial data

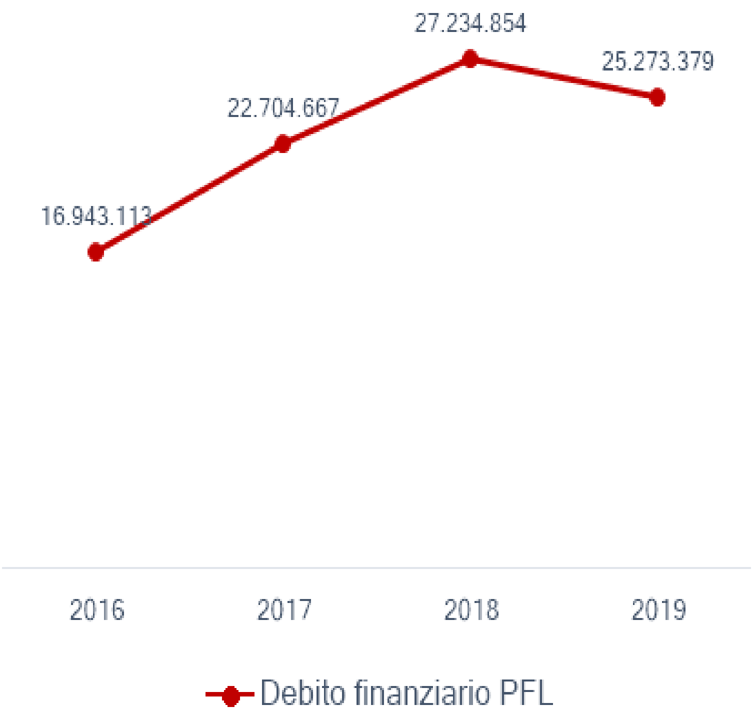
	2016	2017	2018	2019
Revenues	**83,222,644**	**96,676,950**	**100,036,262**	**111,144,231**
% change	-	*+16.2%*	*+3.5%*	*+11.1%*
EBITDA	**3,175,179**	**8,663,082**	**7,471,809**	**8,467,443**
% change	-	*+172.8%*	*-13.8%*	*+13.3%*
Ebit	**2,670,324**	**8,217,117**	**5,862,106**	**5,273,948**
% change	-	*+207.7%*	*-28.7%*	*-10.0%*
Profit (loss)	**537,453**	**563,905**	**970,333**	**4,388,240**
% change	-	*+4.9%*	*+72.1%*	*+352.2%*
Net financial position	**13,912,615**	**20,713,135**	**24,603,830**	**16,549,964**
% change	-	*+48.9%*	*+18.8%*	*-32.7%*
NFP/SE	*6.40*	*7.42*	*6.57*	*2.03*
NFP/EBITDA	*4.38*	*2.39*	*3.29*	*1.95*
Operating Cash Flow	**-**	**1,058,257**	**(345,638)**	**2,088,424**
% change	-	-	*-132.7%*	*+704.2%*

In the latest approved financial statements for the financial year 2019, turnover increased by 11.1% year-on-year to Euro 111,144,231. The Gross Operating Margin (EBITDA) increased by 13.3% compared to 2018 to Euro 8,467,443, or 7.6% of turnover. Ebit decreased by 10.0% to Euro 5,273,948, or 4.7% of turnover.

The profitability indicators see for ROI a decrease of 3.1 percentage points compared to the previous year, standing at 5.4% in 2019, ROE is up by 28.0 percentage points and stands at 53.9%, and for return on sales (ROS) we see a decrease of 1.1 points compared to 2018, with ROS standing at 4.7%. Financial expenses increased by 4.0% compared to 2018 and amounted to Euro 1,370,413, or 1.2% of turnover. The Ebit/Of ratio of 3.8 denotes a financially balanced situation in that the income generated by operations is sufficient to remunerate the capital acquired to produce it.

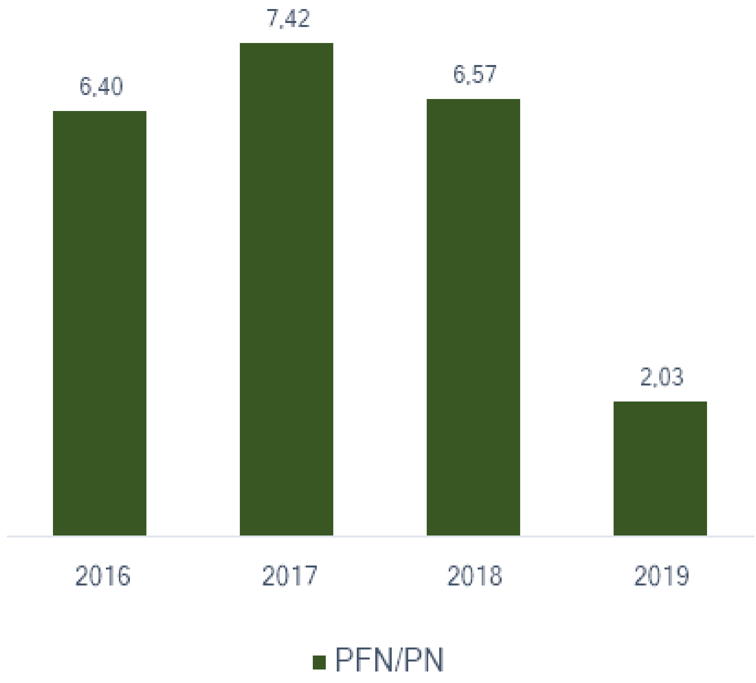
GFP financial debt

Euro 25,273,379 -7.2%



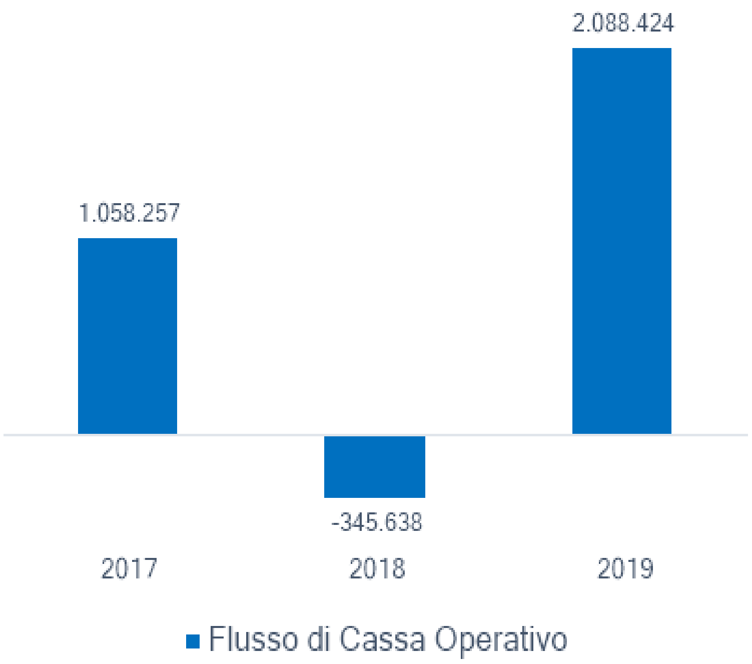
NFP/SE

2.03 -69.0%



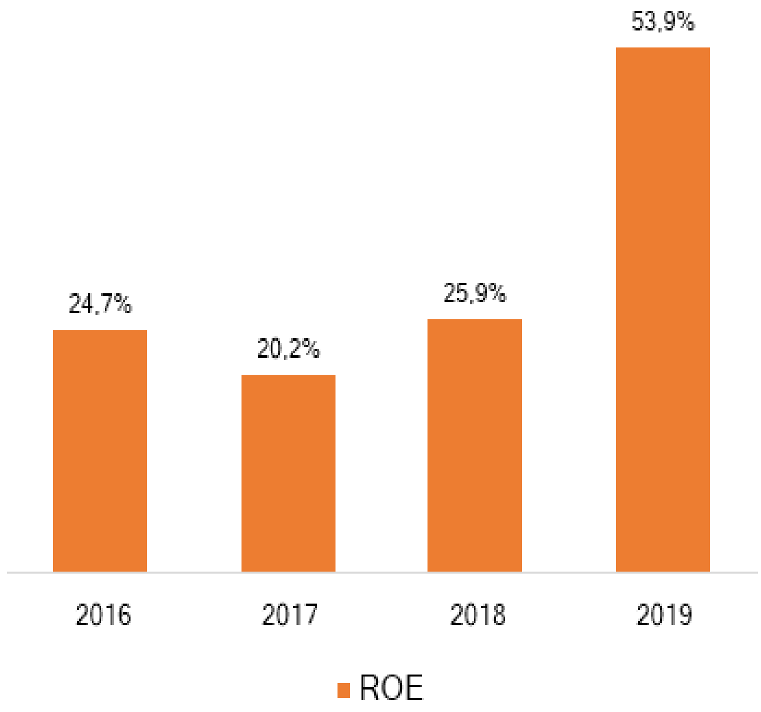
Operating Cash Flow

Euro 2,088,424 +704.2%



ROE

53.9% +108.1%



Balance Sheet Data

	2016		2017		2018		2019	
	Euro	*% change*	Euro	*% change*	Euro	*% change*	Euro	*% change*
Fixed assets	6,770,973	-	7,066,458	*+4.4%*	7,999,044	*+13.2%*	24,061,638	*+200.8%*
Receivables beyond 12 months	36,809	-	35,559	*-3.4%*	36,585	*+2.9%*	183,158	*+400.6%*
Total long-term assets	6,807,782	-	7,102,017	*+4.3%*	8,035,629	*+13.1%*	24,244,796	*+201.7%*
Inventories	26,448	-	15,352	*-42.0%*	12,410	*-19.2%*	13,130	*+5.8%*
Deferred liquidity	36,106,039	-	46,932,498	*+30.0%*	58,251,839	*+24.1%*	65,066,001	*+11.7%*
Immediate liquidity	3,000,498	-	1,961,532	*-34.6%*	2,601,024	*+32.6%*	8,723,415	*+235.4%*
Total short-term assets	39,132,985	-	48,909,382	*+25.0%*	60,865,273	*+24.4%*	73,802,546	*+21.3%*
TOTAL ASSETS	**45,940,767**	**-**	**56,011,399**	***+21.9%***	**68,900,902**	***+23.0%***	**98,047,342**	***+42.3%***
Shareholders' Equity	2,172,544	-	2,791,245	*+28.5%*	3,746,188	*+34.2%*	8,141,268	*+117.3%*
Provisions and severance pay (TFR)	1,337,635	-	1,264,981	*-5.4%*	2,581,546	*+104.1%*	3,100,740	*+20.1%*
Total long-term payables	8,345,555	-	7,445,747	*-10.8%*	8,405,543	*+12.9%*	21,348,598	*+154.0%*
of which financial	7,007,920	-	6,180,766	*-11.8%*	5,477,118	*-11.4%*	5,051,971	*-7.8%*
Total short-term payables	35,316,184	-	45,606,175	*+29.1%*	56,597,358	*+24.1%*	67,224,736	*+18.8%*
of which financial	9,935,193	-	16,523,901	*+66.3%*	21,757,736	*+31.7%*	20,221,408	*-7.1%*
TOTAL LIABILITIES	**45,834,283**	**-**	**55,843,167**	***+21.8%***	**68,749,089**	***+23.1%***	**96,714,602**	***+40.7%***

Balance sheet data at 31/12/2019

Long-term assets ▲ Euro 24,244,796 +201.7%

The value of long-term assets increased by Euro 16,209,167 at the end of the financial year 2019 compared to 2018, to a total of Euro 24,244,796, an increase of 201.7% over the past year.

Short-term assets ▲ Euro 73,802,546 +21.3%

Short-term assets amounted to a total of Euro 73,802,546, an increase of 21.3% compared to 2018, when it amounted to Euro 60,865,273. The number of deferment days for receivables from customers decreased by 10 days in 2019, compared to the previous year, to an average of 155 days.

Net Invested Operating Capital ▼ Euro 26,023,972 -8.7%

In the financial year 2019, the Net Invested Operating Capital amounted to Euro 26,023,972 and decreased by 8.7% compared to the previous year, when it amounted to Euro 28,501,831.

Net Working Capital ▲ Euro 6,577,810 +54.1%

Net Working Capital in 2019 totalled Euro 6,577,810, an increase of 54.1% compared to the year 2018, when it amounted to Euro 4,267,915. The number of deferment days for debts granted by suppliers in the financial year 2019 remained broadly in line with the previous year at an average of 116 days.

Net financial debt ▼ Euro 16,549,964 -32.7%

In the 2019 financial year, the Net Financial Position stood at Euro 16,549,964, down 32.7% year-on-year.

Trade receivables ▲ Euro 50,440,187 +4.4%

The total value of trade receivables increased in the financial year 2019, compared to the previous year, by 4.4% to Euro 50,440,187. The value of trade receivables beyond 12 months, reclassified in the Management Balance Sheet under tangible assets, increased in the financial year 2019, compared to the previous year, by 100.0% to Euro 21,559.

Cash and cash equivalents ▲ Euro 2,494,842 +8.3%

At 31/12/2019, the company had Euro 2,494,842 in cash and cash equivalents, a figure that increased by 8.3% compared to the previous year.

Shareholders' Equity ▲ Euro 8,141,268 +117.3%

At the end of the financial year 2019, the value of shareholders' equity stood at Euro 8,141,268 and shows an increase of 117.3% compared to 2018 when it amounted to Euro 3,746,188.

Financial Debt ▼ Euro 25,273,379 -7.2%

At 31/12/2019, the company reported financial liabilities totalling Euro 25,273,379, of which Euro 20,221,408 consisted of short-term payables and the remainder (Euro 5,051,971) of long-term liabilities, whereas in 2018, the financial debt amounted to Euro 27,234,854 (of which Euro 21,757,736 short-term and Euro 5,477,118 long-term). All in all, the financial debt decreased by 7.2% over 2018.

Trade payables ▲ Euro 27,206,191 +21.2%

The value of payables to suppliers increased by 21.2% year-on-year to Euro 27,206,191. The company has no trade payables beyond 12 months.

Financial Statement Indices

Profitability Indices	2016	2017	2018	2019
ROE	24.7%	20.2%	25.9%	53.9%
ROI	5.8%	14.7%	8.5%	5.4%
ROS	3.2%	8.5%	5.9%	4.7%
ROT	5.1	4.1	3.5	4.3

Solidity Indices	2016	2017	2018	2019
Fixed Assets Coverage	1.55	1.44	1.51	1.22
Financial Independence	0.05	0.05	0.05	0.08
Leverage	20.16	18.93	17.68	10.35
NFP/SE	6.40	7.42	6.57	2.03

Liquidity Indices	2016	2017	2018	2019
Treasury Margin	3,790,353	3,287,855	4,255,505	6,564,680
Structure Margin	(4,635,238)	(4,310,772)	(4,289,441)	(16,103,528)
Quick Ratio	110.7%	107.2%	107.5%	109.8%
Current Ratio	1.1	1.1	1.1	1.1
Net Working Capital	3,816,801	3,303,207	4,267,915	6,577,810

Financial Coverage	2016	2017	2018	2019
EBIT/OF	2.7	6.4	4.4	3.8
EBITDA/NFP	22.8%	41.8%	30.4%	51.2%
Cash Flow/OF	n.a.	NO FC	0.23	17.76
NFP/EBITDA	4.4	2.4	3.3	2.0
NFP/Revenues	16.7%	21.4%	24.6%	14.9%

Reclassified Balance Sheet

Balance Sheet Liquidity Collectability

	2016		2017		2018		2019	
	Euro	%	Euro	%	Euro	%	Euro	%
Net tangible assets	1,873,571	*4.1%*	550,131	*1.0%*	477,619	*0.7%*	613,390	*0.6%*
Net intangible assets	2,125,293	*4.6%*	1,938,067	*3.5%*	2,167,477	*3.2%*	22,303,651	*22.8%*
Financial assets	2,772,109	*6.0%*	4,578,260	*8.2%*	5,353,948	*7.8%*	1,144,597	*1.2%*
Receivables beyond 12 months	36,809	*0.1%*	35,559	*0.1%*	36,585	*0.1%*	183,158	*0.2%*
TOTAL LONG-TERM ASSETS	**6,807,782**	***14.8%***	**7,102,017**	***12.7%***	**8,035,629**	***11.7%***	**24,244,796**	***24.7%***
Inventories	**26,448**	***0.1%***	**15,352**	***0.0%***	**12,410**	***0.0%***	**13,130**	***0.0%***
Short-term trade receivables	30,232,856	*65.8%*	36,628,809	*65.4%*	45,808,809	*66.5%*	47,813,325	*48.8%*
Short-term trade receivables from the group	862,194	*1.9%*	2,472,616	*4.4%*	2,504,054	*3.6%*	2,605,303	*2.7%*
Short-term financial receivables from the group	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other short-term receivables	4,905,279	*10.7%*	4,550,869	*8.1%*	4,520,579	*6.6%*	11,163,633	*11.4%*
Accruals and deferrals	105,710	*0.2%*	3,280,204	*5.9%*	5,418,397	*7.9%*	3,483,740	*3.6%*
Deferred liquidity	**36,106,039**	***78.6%***	**46,932,498**	***83.8%***	**58,251,839**	***84.5%***	**65,066,001**	***66.4%***
Short-term financial assets	221,455	*0.5%*	255,499	*0.5%*	298,115	*0.4%*	6,228,573	*6.4%*
Cash, Banks and post office accounts	2,779,043	*6.1%*	1,706,033	*3.1%*	2,302,909	*3.3%*	2,494,842	*2.5%*
Immediate liquidity	**3,000,498**	***6.5%***	**1,961,532**	***3.5%***	**2,601,024**	***3.8%***	**8,723,415**	***8.9%***
TOTAL SHORT-TERM ASSETS	**39,132,985**	***85.2%***	**48,909,382**	***87.3%***	**60,865,273**	***88.3%***	**73,802,546**	***75.3%***
TOTAL ASSETS	**45,940,767**	***100.0%***	**56,011,399**	***100.0%***	**68,900,902**	***100.0%***	**98,047,342**	***100.0%***
Shareholders' Equity	**2,172,544**	***4.7%***	**2,791,245**	***5.0%***	**3,746,188**	***5.5%***	**8,141,268**	***8.4%***
Provisions for Risks and Charges	**488,544**	***1.1%***	**68,928**	***0.1%***	**996,263**	***1.5%***	**1,191,939**	***1.2%***
TFR Provision	**849,091**	***1.9%***	**1,196,053**	***2.1%***	**1,585,283**	***2.3%***	**1,908,801**	***2.0%***
Bonds	4,864,483	*10.6%*	4,871,991	*8.7%*	4,879,908	*7.1%*	4,888,255	*5.1%*
Convertible bonds	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Payables to banks beyond 12 months	2,143,437	*4.7%*	1,308,775	*2.3%*	597,210	*0.9%*	163,716	*0.2%*
Long-term payables to other lenders	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Long-term trade payables	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Long-term trade payables to group	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Long-term financial payables to the group	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other long-term financial payables	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other long-term payables	0	*0.0%*	0	*0.0%*	346,879	*0.5%*	13,195,887	*13.6%*

TOTAL LONG-TERM PAYABLES	**8,345,555**	***18.2%***	**7,445,747**	***13.3%***	**8,405,543**	***12.2%***	**21,348,598**	***22.1%***
TOTAL LONG-TERM PAYABLES + SE	**10,518,099**	***23.0%***	**10,236,992**	***18.3%***	**12,151,731**	***17.7%***	**29,489,866**	***30.5%***
Bonds	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Convertible bonds	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Payables to banks within 12 months	9,934,682	*21.7%*	16,501,539	*29.6%*	21,742,014	*31.6%*	20,211,646	*20.9%*
Short-term payables to other lenders	511	*0.0%*	22,362	*0.0%*	15,722	*0.0%*	9,762	*0.0%*
Short-term trade payables	18,562,284	*40.5%*	20,357,750	*36.5%*	22,449,506	*32.7%*	27,092,430	*28.0%*
Short-term trade payables to the group	0	*0.0%*	0	*0.0%*	0	*0.0%*	113,761	*0.1%*
Short-term financial payables to the group	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other short-term financial payables	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Other short-term payables	6,818,707	*14.9%*	8,724,524	*15.6%*	12,390,116	*18.0%*	19,797,137	*20.5%*
TOTAL SHORT-TERM PAYABLES	**35,316,184**	***77.1%***	**45,606,175**	***81.7%***	**56,597,358**	***82.3%***	**67,224,736**	***69.5%***
TOTAL LIABILITIES	**45,834,283**	***100.0%***	**55,843,167**	***100.0%***	**68,749,089**	***100.0%***	**96,714,602**	***100.0%***

Treasury Margin

An analysis of the Treasury Margin for the year 2019 shows that the company is in a financially balanced situation, i.e. it has the capacity to meet its current liabilities with the use of cash and cash equivalents and short-term receivables. Compared to the previous year, the margin improved by Euro 2,309,175.

Structure Margin

Analysing the Structure Margin for the year 2019, Fixed Capital only partly finances fixed assets, so the difference is also covered by current liabilities.

Quick Ratio

Analysing the Quick ratio for the financial year 2019, we see that the company is in a satisfactory situation of financial tranquillity as the immediate and deferred cash flows manage to cover current liabilities.

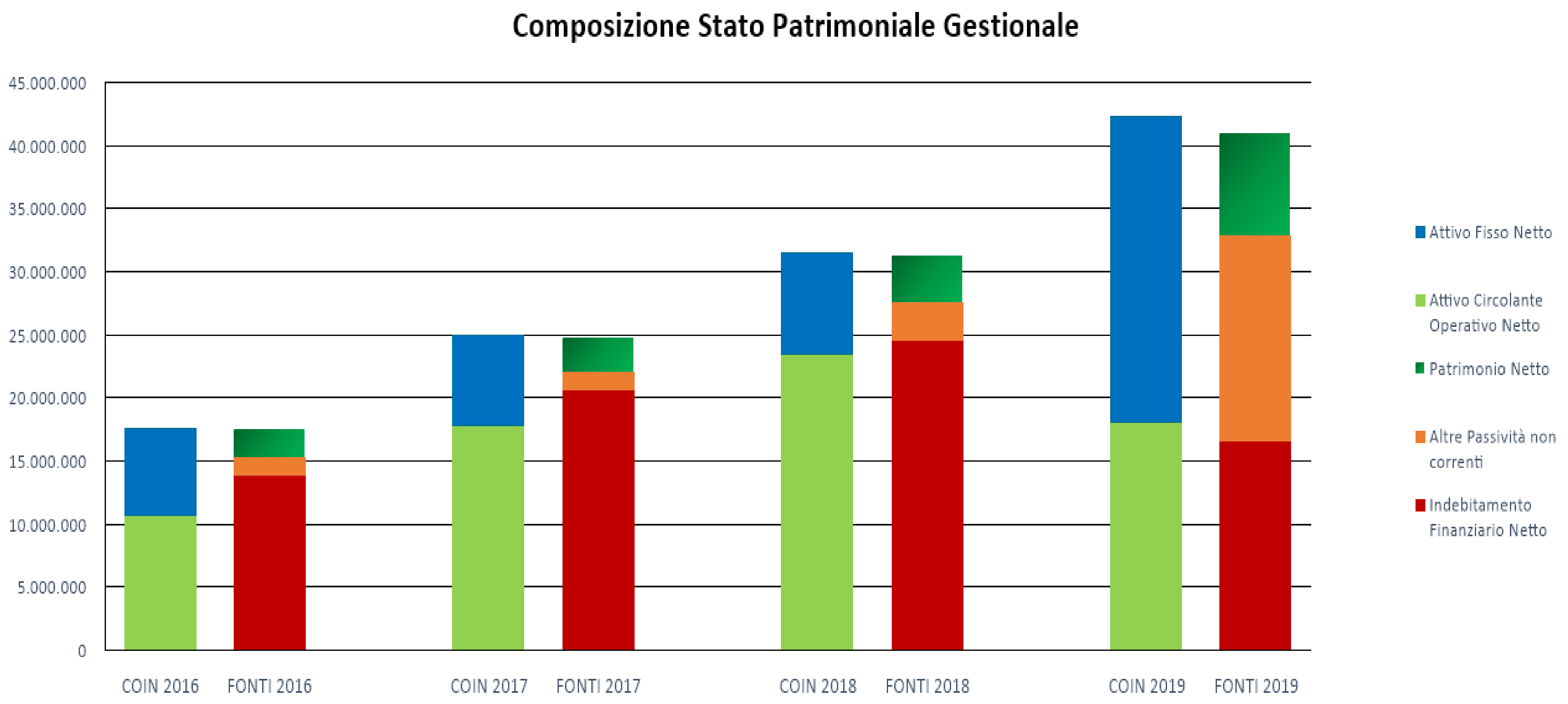
Current Ratio

An analysis of the liquidity ratio (Current ratio) for the year 2019 shows that the company is in a tranquil financial situation, but needs to be kept under control. Compared to the previous year, the index remained substantially unchanged.

Management Balance Sheet

...	2016		2017		2018		2019	
	Euro	%	Euro	%	Euro	%	Euro	%
Intangible assets	2,125,293	*13.1%*	1,938,067	*8.2%*	2,167,477	*7.6%*	22,303,651	*85.7%*
Tangible assets	1,910,380	*11.8%*	585,690	*2.5%*	514,204	*1.8%*	796,548	*3.1%*
Financial assets	2,742,109	*16.9%*	4,548,260	*19.2%*	5,323,948	*18.7%*	1,144,597	*4.4%*
NET FIXED ASSETS	**6,777,782**	***41.9%***	**7,072,017**	***29.9%***	**8,005,629**	***28.1%***	**24,244,796**	***93.2%***
Inventories	26,448	*0.2%*	15,352	*0.1%*	12,410	*0.0%*	13,130	*0.1%*
Net receivables from customers	31,095,050	*192.0%*	39,101,425	*165.2%*	48,312,863	*169.5%*	50,418,628	*193.7%*
Other operating receivables	4,905,279	*30.3%*	4,550,869	*19.2%*	4,520,579	*15.9%*	11,163,633	*42.9%*
Accrued and deferred assets	105,710	*0.7%*	3,280,204	*13.9%*	5,418,397	*19.0%*	3,483,740	*13.4%*
(Payables to suppliers)	(18,562,284)	*-114.6%*	(20,317,750)	*-85.8%*	(22,449,506)	*-78.8%*	(27,045,432)	*-103.9%*
(Payables to group companies)	0	*0.0%*	0	*0.0%*	0	*0.0%*	(113,761)	*-0.4%*
(Other operating payables)	(6,691,613)	*-41.3%*	(8,468,037)	*-35.8%*	(12,036,294)	*-42.2%*	(19,109,466)	*-73.4%*
(Accruals and deferred liabilities)	(127,094)	*-0.8%*	(296,487)	*-1.3%*	(353,822)	*-1.2%*	(734,669)	*-2.8%*
NET OPERATING CURRENT ASSETS	**10,751,496**	***66.4%***	**17,865,576**	***75.5%***	**23,424,627**	***82.2%***	**18,075,803**	***69.5%***
INVESTED CAPITAL	**17,529,278**	***108.3%***	**24,937,593**	***105.3%***	**31,430,256**	***110.3%***	**42,320,599**	***162.6%***
(TFR Provision)	(849,091)	*-5.2%*	(1,196,053)	*-5.1%*	(1,585,283)	*-5.6%*	(1,908,801)	*-7.3%*
(Other provisions)	(488,544)	*-3.0%*	(68,928)	*-0.3%*	(996,263)	*-3.5%*	(1,191,939)	*-4.6%*
(Non-current liabilities)	0	*0.0%*	0	*0.0%*	(346,879)	*-1.2%*	(13,195,887)	*-50.7%*
NET INVESTED OPERATING CAPITAL (COIN)	**16,191,643**	***100.0%***	**23,672,612**	***100.0%***	**28,501,831**	***100.0%***	**26,023,972**	***100.0%***
Short-term payables to banks	9,934,682	*61.4%*	16,501,539	*69.7%*	21,742,014	*76.3%*	20,211,646	*77.7%*
Other short-term financial payables	511	*0.0%*	22,362	*0.1%*	15,722	*0.1%*	9,762	*0.0%*
Long-term payables to banks	2,143,437	*13.2%*	1,308,775	*5.5%*	597,210	*2.1%*	163,716	*0.6%*
Other long-term financial payables	4,864,483	*30.0%*	4,871,991	*20.6%*	4,879,908	*17.1%*	4,888,255	*18.8%*
Shareholder loan	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
Lease payables	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
(Current financial receivables)	(30,000)	*-0.2%*	(30,000)	*-0.1%*	(30,000)	*-0.1%*	0	*0.0%*
(Current financial assets)	(221,455)	*-1.4%*	(255,499)	*-1.1%*	(298,115)	*-1.0%*	(6,228,573)	*-23.9%*
(Cash and cash equivalents)	(2,779,043)	*-17.2%*	(1,706,033)	*-7.2%*	(2,302,909)	*-8.1%*	(2,494,842)	*-9.6%*
NET FINANCIAL DEBT	**13,912,615**	***85.9%***	**20,713,135**	***87.5%***	**24,603,830**	***86.3%***	**16,549,964**	***63.6%***
Share capital	50,000	*0.3%*	50,000	*0.2%*	50,000	*0.2%*	800,000	*3.1%*
Reserves	1,691,575	*10.4%*	2,208,372	*9.3%*	2,608,995	*9.2%*	4,401,161	*16.9%*
Profit/(loss)	537,453	*3.3%*	701,105	*3.0%*	1,239,006	*4.3%*	4,272,847	*16.4%*
SHAREHOLDERS' EQUITY	**2,279,028**	***14.1%***	**2,959,477**	***12.5%***	**3,898,001**	***13.7%***	**9,474,008**	***36.4%***
SOURCES OF FUNDING	**16,191,643**	***100.0%***	**23,672,612**	***100.0%***	**28,501,831**	***100.0%***	**26,023,972**	***100.0%***

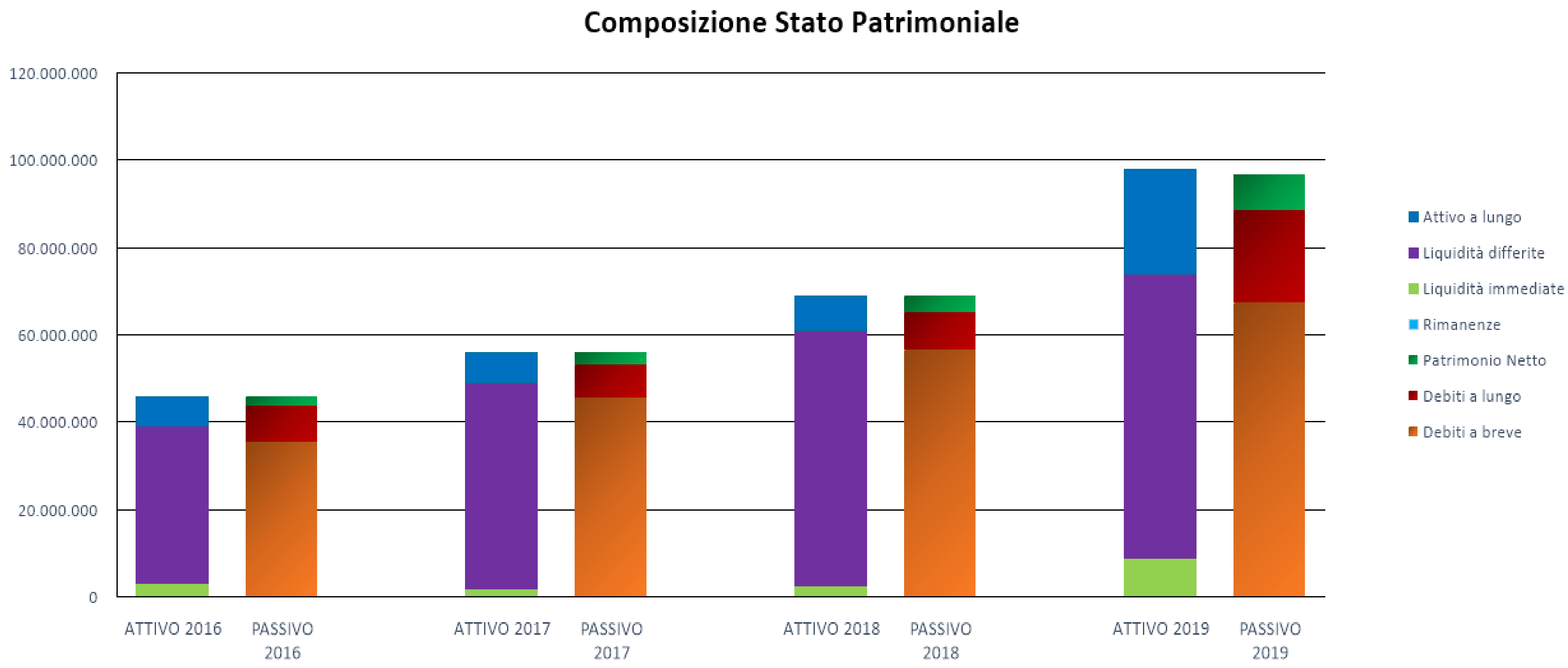
Composition Management Balance Sheet



Abbreviated Balance Sheet Liquidity Collectability

	2016		2017		2018		2019	
	Euro	%	Euro	%	Euro	%	Euro	%
Net tangible assets	1,873,571	*4.1%*	550,131	*1.0%*	477,619	*0.7%*	613,390	*0.6%*
Net intangible assets	2,125,293	*4.6%*	1,938,067	*3.5%*	2,167,477	*3.2%*	22,303,651	*22.8%*
Financial assets	2,772,109	*6.0%*	4,578,260	*8.2%*	5,353,948	*7.8%*	1,144,597	*1.2%*
Receivables beyond 12 months	36,809	*0.1%*	35,559	*0.1%*	36,585	*0.1%*	183,158	*0.2%*
TOTAL LONG-TERM ASSETS	**6,807,782**	***14.8%***	**7,102,017**	***12.7%***	**8,035,629**	***11.7%***	**24,244,796**	***24.7%***
Inventories	26,448	*0.1%*	15,352	*0.0%*	12,410	*0.0%*	13,130	*0.0%*
Deferred liquidity	36,106,039	*78.6%*	46,932,498	*83.8%*	58,251,839	*84.5%*	65,066,001	*66.4%*
Immediate liquidity	3,000,498	*6.5%*	1,961,532	*3.5%*	2,601,024	*3.8%*	8,723,415	*8.9%*
TOTAL SHORT-TERM ASSETS	**39,132,985**	***85.2%***	**48,909,382**	***87.3%***	**60,865,273**	***88.3%***	**73,802,546**	***75.3%***
TOTAL ASSETS	**45,940,767**	***100.0%***	**56,011,399**	***100.0%***	**68,900,902**	***100.0%***	**98,047,342**	***100.0%***
Shareholders' Equity	2,172,544	*4.7%*	2,791,245	*5.0%*	3,746,188	*5.5%*	8,141,268	*8.4%*
Provisions for Risks and Charges	488,544	*1.1%*	68,928	*0.1%*	996,263	*1.5%*	1,191,939	*1.2%*
TFR Provision	849,091	*1.9%*	1,196,053	*2.1%*	1,585,283	*2.3%*	1,908,801	*2.0%*
TOTAL LONG-TERM PAYABLES	**8,345,555**	***18.2%***	**7,445,747**	***13.3%***	**8,405,543**	***12.2%***	**21,348,598**	***22.1%***
TOTAL LONG-TERM PAYABLES + SE	**10,518,099**	***23.0%***	**10,236,992**	***18.3%***	**12,151,731**	***17.7%***	**29,489,866**	***30.5%***
TOTAL SHORT-TERM PAYABLES	**35,316,184**	***77.1%***	**45,606,175**	***81.7%***	**56,597,358**	***82.3%***	**67,224,736**	***69.5%***
TOTAL LIABILITIES	**45,834,283**	***100.0%***	**55,843,167**	***100.0%***	**68,749,089**	***100.0%***	**96,714,602**	***100.0%***

Composition Balance Sheet



Reclassified Income Statement

Value Addëd Income Statement

	2016		2017		2018		2019	
	Euro	% revenues	Euro	% revenues	Euro	% revenues	Euro	% revenues
(+) Revenues from sales and services	83,222,644	*100.0%*	96,676,950	*100.0%*	100,036,262	*100.0%*	111,144,231	*100.0%*
(+/-) Change in product inventories	0	*0.0%*	0	*0.0%*	0	*0.0%*	0	*0.0%*
(+) Increases in fixed assets for internal work	0	*0.0%*	0	*0.0%*	0	*0.0%*	5,614,844	*5.1%*
(+) Other revenues	1,235,888	*1.5%*	4,480,952	*4.6%*	1,609,276	*1.6%*	2,324,797	*2.1%*
Operating production value	**84,458,532**	***101.5%***	**101,157,902**	***104.6%***	**101,645,538**	***101.6%***	**119,083,872**	***107.1%***
(-) Purchases of goods	(725,584)	*0.9%*	(641,640)	*0.7%*	(667,105)	*0.7%*	(718,581)	*0.6%*
(-) Purchases of services	(59,356,878)	*71.3%*	(67,031,809)	*69.3%*	(67,018,354)	*67.0%*	(79,446,284)	*71.5%*
(-) Use of third-party assets	(1,633,899)	*2.0%*	(2,199,293)	*2.3%*	(3,473,619)	*3.5%*	(3,500,498)	*3.1%*
(-) Other operating expenses	(903,942)	*1.1%*	(2,557,085)	*2.6%*	(1,191,283)	*1.2%*	(2,759,950)	*2.5%*
(+/-) Change in material inventories	(84)	*0.0%*	(11,096)	*0.0%*	(2,942)	*0.0%*	720	*0.0%*
Production costs	**(62,620,387)**	***75.2%***	**(72,440,923)**	***74.9%***	**(72,353,303)**	***72.3%***	**(86,424,593)**	***77.8%***
ADDED VALUE	**21,838,145**	***26.2%***	**28,716,979**	***29.7%***	**29,292,235**	***29.3%***	**32,659,279**	***29.4%***
(-) Personnel costs	(18,662,966)	*22.4%*	(20,053,897)	*20.7%*	(21,820,426)	*21.8%*	(24,191,836)	*21.8%*
GROSS OPERATING MARGIN (EBITDA)	**3,175,179**	***3.8%***	**8,663,082**	***9.0%***	**7,471,809**	***7.5%***	**8,467,443**	***7.6%***
(-) Amortisation/Depreciation	(362,261)	*0.4%*	(394,691)	*0.4%*	(488,703)	*0.5%*	(1,976,869)	*1.8%*
(-) Provisions and write-downs	(142,594)	*0.2%*	(51,274)	*0.1%*	(1,121,000)	*1.1%*	(1,216,626)	*1.1%*
OPERATING RESULT (EBIT)	**2,670,324**	***3.2%***	**8,217,117**	***8.5%***	**5,862,106**	***5.9%***	**5,273,948**	***4.7%***
(-) Financial expenses	(984,129)	*1.2%*	(1,286,382)	*1.3%*	(1,318,196)	*1.3%*	(1,370,413)	*1.2%*
(+) Financial income	103,040	*0.1%*	157,064	*0.2%*	69,188	*0.1%*	136,969	*0.1%*
Balance financial management	**(881,089)**	***-1.1%***	**(1,129,318)**	***-1.2%***	**(1,249,008)**	***-1.2%***	**(1,233,444)**	***-1.1%***
CURRENT RESULT	**1,789,235**	***2.1%***	**7,087,799**	***7.3%***	**4,613,098**	***4.6%***	**4,040,504**	***3.6%***
(-) Other non-operating costs	(409,043)	*0.5%*	(5,348,584)	*5.5%*	(1,804,919)	*1.8%*	(2,996,765)	*2.7%*
(+) Other non-operating revenues	995	*0.0%*	0	*0.0%*	0	*0.0%*	4,499,634	*4.0%*
Balance other non-operating revenues and costs	**(408,048)**	***-0.5%***	**(5,348,584)**	***-5.5%***	**(1,804,919)**	***-1.8%***	**1,502,869**	***1.4%***
PRE-TAX RESULT	**1,381,187**	***1.7%***	**1,739,215**	***1.8%***	**2,808,179**	***2.8%***	**5,543,373**	***5.0%***
(-) Income taxes	(843,734)	*1.0%*	(1,175,310)	*1.2%*	(1,837,846)	*1.8%*	(1,155,133)	*1.0%*
NET RESULT	**537,453**	***0.6%***	**563,905**	***0.6%***	**970,333**	***1.0%***	**4,388,240**	***3.9%***

Economic results 2019

Revenues

Euro 111,144,231 +11.1%

In the latest approved financial statements for the financial year 2019, turnover increased by 11.1% year-on-year to Euro 111,144,231. Taking into account the other components of the production value (change in product inventories, other revenues, capitalised costs), the Value of Operational Production amounted to Euro 119,083,872, an increase of 17.2% compared to 2018.

Ebit

Euro 5,273,948 -10.0%

Ebit decreased by 10.0% to Euro 5,273,948, or 4.7% of turnover.

EBITDA

Euro 8,467,443 +13.3%

The Gross Operating Margin (EBITDA) increased by 13.3% compared to 2018 to Euro 8,467,443, or 7.6% of turnover. In financial year 2019, the growth in EBITDA is attributable to an increase in turnover, which is up 11.1 percentage points year-on-year, and an increase in Other Revenues, up 100.0 points. The growth in EBITDA occurred despite an overall worsening in the incidences of operating costs, which increased by an average of 0.9 percentage points, while inventories of finished goods did not change compared to the previous year and are therefore not relevant for the analysis.

Profit

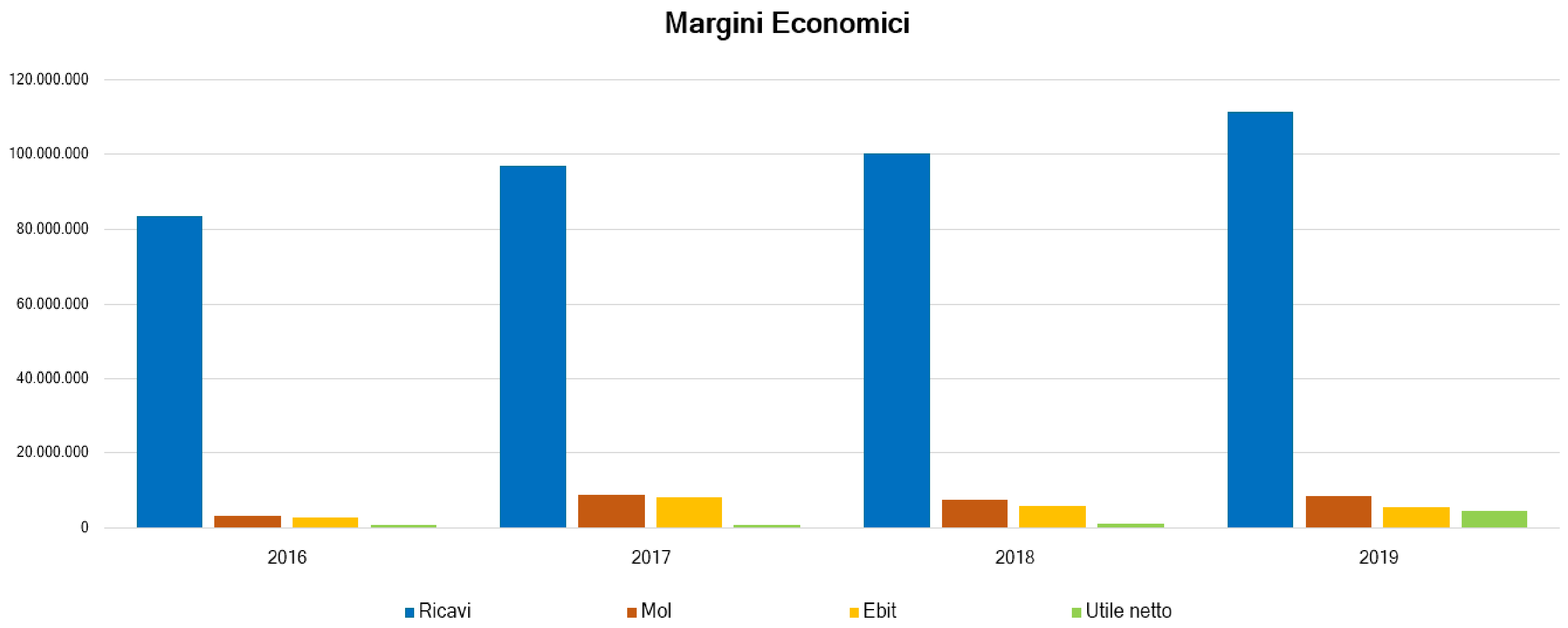
Euro 4,388,240 +352.2%

In the financial year 2019, the net profit increased by 352.2% compared to the previous year, amounting to Euro 4,388,240.

Analysis of economic results

	2016		2017		2018		2019	
	Euro	% change	Euro	% change	Euro	% change	Euro	% change
Revenues from sales	83,222,644	-	96,676,950	*+16.2%*	100,036,262	*+3.5%*	111,144,231	*+11.1%*
Production Value	84,458,532	-	101,157,902	*+19.8%*	101,645,538	*+0.5%*	119,083,872	*+17.2%*
Gross Operating Margin (EBITDA)	3,175,179	-	8,663,082	*+172.8%*	7,471,809	*-13.8%*	8,467,443	*+13.3%*
Operating Result (EBIT)	2,670,324	-	8,217,117	*+207.7%*	5,862,106	*-28.7%*	5,273,948	*-10.0%*
Pre-tax result (Ebt)	1,381,187	-	1,739,215	*+25.9%*	2,808,179	*+61.5%*	5,543,373	*+97.4%*
Net profit	**537,453**	-	**563,905**	***+4.9%***	**970,333**	***+72.1%***	**4,388,240**	***+352.2%***

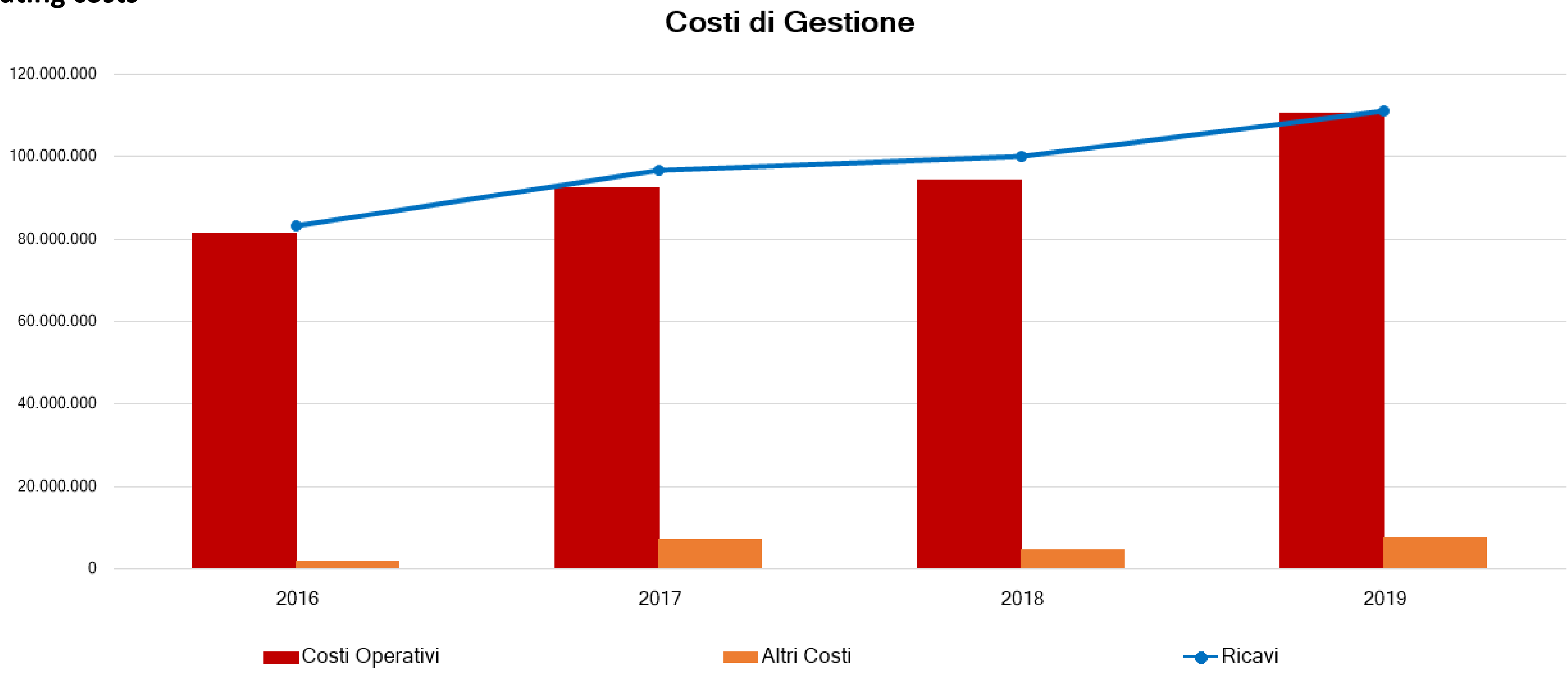
Economic margins



Operating Cost Analysis

	2016			2017			2018			2019		
	Euro	*% revenues*	*% change incid.*	*Euro*	*% revenues*	*% change incid.*	*Euro*	*% revenues*	*% change incid.*	*Euro*	*% revenues*	*% change incid.*
Purchases of goods	725,584	*0.9%*	-	641,640	*0.7%*	*-0.2%*	667,105	*0.7%*	*+0.0%*	718,581	*0.6%*	*0.0%*
Purchases of services	59,356,878	*71.3%*	-	67,031,809	*69.3%*	*-2.0%*	67,018,354	*67.0%*	*-2.3%*	79,446,284	*71.5%*	*+4.5%*
Rents and leases	1,633,899	*2.0%*	-	2,199,293	*2.3%*	*+0.3%*	3,473,619	*3.5%*	*+1.2%*	3,500,498	*3.1%*	*-0.3%*
Other operating expenses	903,942	*1.1%*	-	2,557,085	*2.6%*	*+1.6%*	1,191,283	*1.2%*	*-1.5%*	2,759,950	*2.5%*	*+1.3%*
Personnel costs	18,662,966	*22.4%*	-	20,053,897	*20.7%*	*-1.7%*	21,820,426	*21.8%*	*+1.1%*	24,191,836	*21.8%*	*0.0%*
Total Operating Costs	**81,283,269**	***97.7%***	**-**	**92,483,724**	***95.7%***	***-2.0%***	**94,170,787**	***94.1%***	***-1.5%***	**110,617,149**	***99.5%***	***+5.4%***
Amortisation, depreciation and provisions	504,855	*0.6%*	-	445,965	*0.5%*	*-0.1%*	1,609,703	*1.6%*	*+1.1%*	3,193,495	*2.9%*	*+1.3%*
Financial expenses	984,129	*1.2%*	-	1,286,382	*1.3%*	*+0.1%*	1,318,196	*1.3%*	*0.0%*	1,370,413	*1.2%*	*-0.1%*
Other non-operating costs	409,043	*0.5%*	-	5,348,584	*5.5%*	*+5.0%*	1,804,919	*1.8%*	*-3.7%*	2,996,765	*2.7%*	*+0.9%*
Total Other Costs	**1,898,027**	***2.3%***	**-**	**7,080,931**	***7.3%***	***+5.0%***	**4,732,818**	***4.7%***	***-2.6%***	**7,560,673**	***6.8%***	***+2.1%***

Operating costs



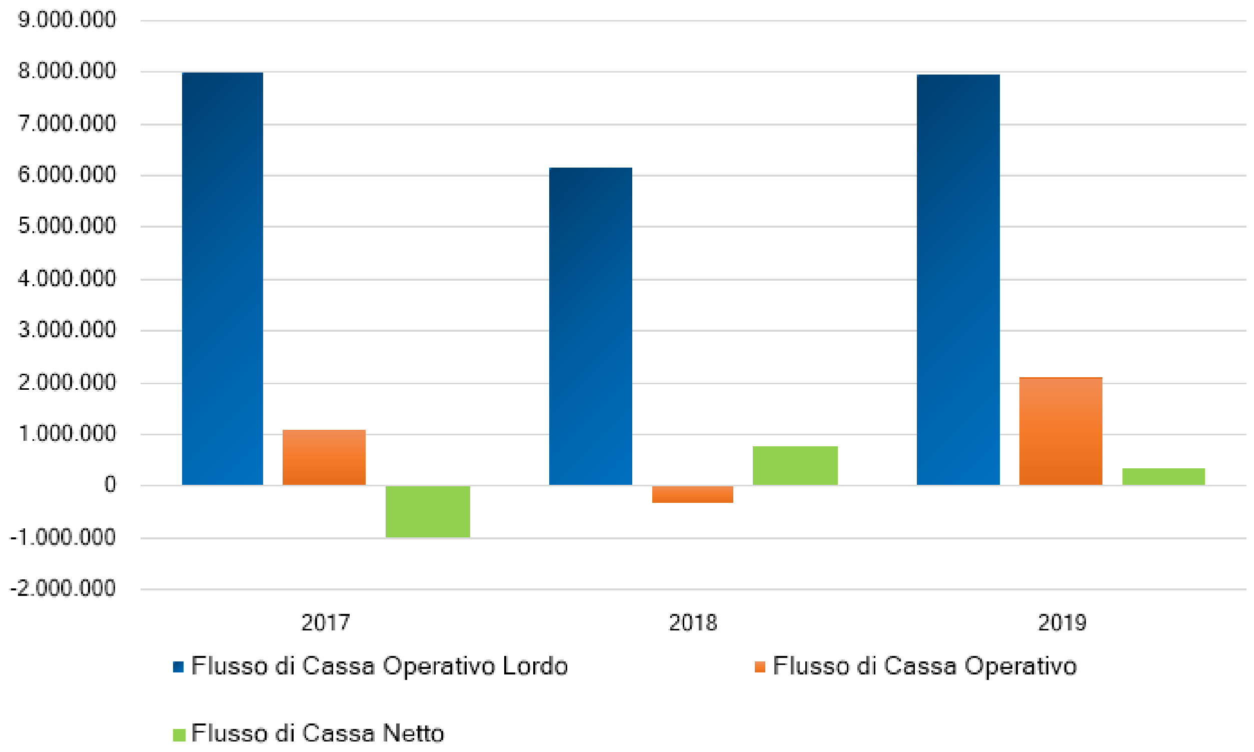
Cash Flow Statement

Cash flow statement

	2017	2018	2019
	Euro	Euro	Euro
+/- Ebit	8,217,117	5,862,106	5,273,948
- Notional taxes	(1,484,042)	(2,154,213)	(1,484,032)
+/- Nopat	**6,733,075**	**3,707,893**	**3,789,916**
+ Amortisation/Depreciation, Provisions and Severance Pay (TFR)	1,229,017	2,451,327	4,141,372
Gross Operating Cash Flow	**7,962,092**	**6,159,220**	**7,931,288**
+/- Customers	(8,006,375)	(9,211,438)	(2,127,324)
+/- Inventories	11,096	2,942	(720)
+/- Suppliers	1,795,466	2,091,756	4,756,685
+/- Other assets	(2,818,834)	(2,108,929)	(4,833,411)
+/- Other liabilities	1,905,817	4,012,471	20,256,029
+/- Change in provisions	(906,980)	(646,059)	(1,645,309)
Change in NWC	**(8,019,810)**	**(5,859,257)**	**16,405,950**
Cash Flow from Current Operations	**(57,718)**	**299,963**	**24,337,238**
+/- Investments/Disinvestments	1,115,975	(645,601)	(22,248,814)
Operating Cash Flow	**1,058,257**	**(345,638)**	**2,088,424**
+/- Equity	223,028	136,423	1,339,580
+/- Change in short-term bank debt	6,566,857	5,240,475	(1,530,368)
+ Increase in long-term payables to banks	0	0	0
+ Increase in lease payables	0	0	0
+ Increase in other financial payables	29,359	7,917	8,347
+ Financial income	157,064	69,188	136,969
+/- Change in other financial assets	(34,044)	(116,416)	(5,875,904)
+/- Equity investments and securities	(1,806,151)	(701,888)	4,154,797
+/- Extraordinary income/expenses	(5,348,584)	(1,804,919)	1,502,869
Cash Flow Servicing Debt	**845,786**	**2,485,142**	**1,824,714**
+ Tax shield of debt	308,732	316,367	328,899

- Repayment of long-term payables to banks	(834,662)	(711,565)	(433,494)
- Repayment of Lease payables	0	0	0
- Repayment of other financial payables	0	(6,640)	(5,960)
- Financial expenses	(1,286,382)	(1,318,196)	(1,370,413)
Cash flow for shareholders	**(966,526)**	**765,108**	**343,746**
- Distributed dividend	0	0	0
Net Cash Flow	**(966,526)**	**765,108**	**343,746**
Closing cash and cash equivalents	**1,812,517**	**2,471,141**	**2,646,655**

Conforms to the cash flow statement template developed by the National Foundation of Chartered Accountants Research Document - 21 March 2019



Cash-flow analysis

	2017	2018	2019
	Euro	Euro	Euro
Gross Operating Cash Flow	7,962,092	6,159,220	7,931,288
Gross Operating Cash Flow	-	*-22.6%*	*+28.8%*
Change in NWC	(8,019,810)	(5,859,257)	16,405,950
Change in NWC	-	*+26.9%*	*+380.0%*
Cash Flow from Current Operations	(57,718)	299,963	24,337,238
Cash Flow from Current Operations	-	*+619.7%*	*+8,013.4%*
Operating Cash Flow	**1,058,257**	**(345,638)**	**2,088,424**
Operating Cash Flow	-	*-132.7%*	*+704.2%*
Cash Flow Servicing Debt	845,786	2,485,142	1,824,714
Cash Flow Servicing Debt	-	*+193.8%*	*-26.6%*
Cash flow for shareholders	(966,526)	765,108	343,746
Cash flow for shareholders	-	*+179.2%*	*-55.1%*
Net Cash Flow	**(966,526)**	**765,108**	**343,746**
Net Cash Flow	-	*+179.2%*	*-55.1%*

Analysis of financial flows

The cash flow statement used for the analysis is the cash flow statement, which determines the cash flow available to shareholders and lenders (also called Unlevered Free Cash-flow or Free Cash-flow to the Firm). This flow corresponds to the operating cash flow, i.e. the cash flow from the company's ordinary operations before financial expenses and the repayment of resources used by all the company's lenders (risk and third-party capital). To calculate this flow, it is necessary to use the NOPAT concept, i.e. to consider the so-called notional taxes, which represent the portion of tax attributable to the operating result alone that the company would pay if there were no financial expenses or extraordinary income/expenses, which in Italy are partly deductible. We begin our analysis with the first cash flow, called gross operating cash flow, given by the sum of NOPAT with the non-cash costs par excellence, i.e. amortisation/depreciation and provisions. In the latest approved financial statements for the financial year 2019, the gross operating cash flow was positive and increased by 28.8% compared to the previous year, to Euro 7,931,288. The flow of working capital is positive due to an increase in trade payables and growth in other liabilities and provisions, despite an increase in receivables from customer, an increase in inventories and growth in other assets.

Cash Flow from Current Operations

We continue our analysis with cash flow from current operations, which, after the gross operating one, is the most important indicator of a company's financial performance. It encompasses all operations that constitute the typical activities of the company that have the character of continuous repetitiveness over time. In the financial year 2019, cash flow from current operations was positive, i.e., monetary income exceeded monetary expenditure, and increased by 8,013.4% compared to the previous year, to Euro 24,337,238. The resources generated by current operations that can be used for the needs generated by the other flow, which relates to the area of investments in fixed assets necessary for possible business development.

Operating Cash Flow

Operating cash flow represents cash flow before financial expenses and tax benefits and measures the cash generated by operations for all investors (shareholders and lenders) net of non-cash expenses, changes in non-cash working capital and investment/reinvestment needs. A positive flow generates available liquidity that can be used to make debt payments (interest payments and repayment of principal) and equity payments (dividends and share buybacks). A negative cash flow implies that the company faces a cash deficit that has to be covered by new equity inflow or through the provision of additional debt. In the financial year 2019, the operating cash flow was positive and increased by 704.2% compared to the previous year, to Euro 2,088,424.

Cash Flow Servicing Debt

Finally, the cash flow servicing debt, which is used to repay the instalments of medium- and long-term debts contracted for the realisation of company projects, is of considerable importance. The cash flow servicing debt is obtained from the operating cash flow by taking into account equity payments, increases in financial debt and non-operating income and expenses. In the financial year 2019, the cash flow servicing debt amounts to Euro 1,824,714 and is sufficient to repay the resources obtained from the lenders.

Cash flow statement OIC 10

	2017	2018	2019
	Euro	Euro	Euro
A. Cash flows from operations (Indirect method) Profit (loss) for the year	**563,905**	**970,333**	**4,388,240**
Income taxes	1,175,310	1,837,846	1,155,133
Interest expenses/(interest income)	1,129,318	1,249,008	1,233,444
(Dividends)	0	0	0
(Gains)/losses from disposal of assets	5,347,530	1,791,465	(1,502,869)
1. Profit before tax, int., dividends and gains/losses	**8,216,063**	**5,848,652**	**5,273,948**
Adjustments for non-monetary items that had no balancing entry in NWC			
Allocations to provisions	783,052	1,768,384	1,947,877
Amortisation/Deprecation of fixed assets	394,691	488,703	1,976,869
Write-downs for impairment losses	52,328	207,694	216,626
Other adjustments for non-monetary elements	0	0	0
2. Cash flow before changes in NWC	**1,230,071**	**2,464,781**	**4,141,372**
Changes in net working capital			
Decrease/(increase) in inventories	11,096	2,942	(720)
Decrease/(increase) in receivables from customers	(8,006,375)	(9,211,438)	(2,127,324)
Increase/(decrease) in payables to suppliers	1,795,466	2,091,756	4,756,685
Decrease/(increase) in accrued and deferred assets	(3,174,494)	(2,138,193)	1,934,657
Increase/(decrease) in accrued and deferred liabilities	169,393	57,335	380,847
Other changes in net working capital	2,040,810	2,863,400	11,890,488
3. Cash flow after changes in NWC	**(7,164,104)**	**(6,334,198)**	**16,834,633**
Other adjustments			
Interest collected/(paid)	(1,129,318)	(1,249,008)	(1,233,444)
(Income taxes paid)	(1,175,310)	(1,837,846)	(1,155,133)
Dividends collected	0	0	0
(Use of provisions)	(855,706)	474,941	(428,683)
4. Cash flow after other adjustments	**(3,160,334)**	**(2,611,913)**	**(2,817,260)**
Cash flow from operating activities (A)	**(878,304)**	**(632,678)**	**23,432,693**
B. Cash flows from investment activities			
Tangible assets			
(Investments)	1,202,617	(64,664)	(280,236)
Disinvestment realisation price	0	0	0

Intangible assets			
(Investments)	(86,642)	(580,937)	(21,968,578)
Disinvestment realisation price	0	0	0
Financial assets			
(Investments)	(1,806,151)	(775,688)	4,209,351
Disinvestment realisation price	0	0	0
Short-term financial assets			
(Investments)	(5,382,628)	(1,847,535)	(4,427,589)
Disinvestment realisation price	0	0	0
Acquisition (disposal) of subsidiaries or business units, net of cash and cash equivalents			
Cash flow from investment activities (B)	**(6,072,804)**	**(3,268,824)**	**(22,467,052)**
C. Cash flows from financing activities			
Third-party equity			
Increase (decrease) in short-term payables to banks	6,566,857	5,240,475	(1,530,368)
New loans	29,359	7,917	8,347
Repayment of loans	(834,662)	(718,205)	(439,454)
Equity			
Paid share capital increase	223,028	136,423	1,339,580
Sale (purchase) of treasury shares	0	0	0
Dividends (and interim dividends) paid	0	0	0
Cash flow from financing activities (C)	**5,984,582**	**4,666,610**	**(621,895)**
Increase (decrease) in cash and cash equivalents (A+B+C)	(966,526)	765,108	343,746
Cash and cash equivalents at 1 January	2,779,043	1,706,033	2,302,909
Cash and cash equivalents at 31 December	**1,812,517**	**2,471,141**	**2,646,655**

Cash-flow analysis OIC 10

	2017	2018	2019
	Euro	Euro	Euro
1. Profit before tax, int., dividends and gains/losses	**8,216,063**	**5,848,652**	**5,273,948**
% change	-	*-28.8%*	*-9.8%*
2. Cash flow before changes in NWC	**1,230,071**	**2,464,781**	**4,141,372**
% change	-	*+100.4%*	*+68.0%*
3. Cash flow after changes in NWC	**(7,164,104)**	**(6,334,198)**	**16,834,633**
% change	-	*+11.6%*	*+365.8%*
4. Cash flow after other adjustments	**(3,160,334)**	**(2,611,913)**	**(2,817,260)**
% change	-	*+17.4%*	*-7.9%*
Cash flow from operating activities (A)	**(878,304)**	**(632,678)**	**23,432,693**
% change	-	*+28.0%*	*+3,803.7%*
Cash flow from investment activities (B)	**(6,072,804)**	**(3,268,824)**	**(22,467,052)**
% change	-	*+46.2%*	*-587.3%*
Cash flow from financing activities (C)	**5,984,582**	**4,666,610**	**(621,895)**
% change	-	*-22.0%*	*-113.3%*
Cash and cash equivalents at 31 December	**1,812,517**	**2,471,141**	**2,646,655**
% change	-	*+36.3%*	*+7.1%*

Net Financial Position

Net Financial Position

	2016	2017	2018	2019
	Euro	Euro	Euro	Euro
Liquidity	**2,779,043**	**1,706,033**	**2,302,909**	**2,494,842**
Financial receivables from third parties	30,000	30,000	30,000	0
Current financial assets	221,455	255,499	298,115	6,228,573
Short-term financial receivables from group companies	0	0	0	0
Current financial receivables	**251,455**	**285,499**	**328,115**	**6,228,573**
Short-term payables to banks	(9,934,682)	(16,501,539)	(21,742,014)	(20,211,646)
Bonds	0	0	0	0
Current portion of bank loans	0	0	0	0
Payables to factoring companies	0	0	0	0
Lease payables	0	0	0	0
Current portion of payables to other lenders	(511)	(22,362)	(15,722)	(9,762)
Short-term financial payables to group companies	0	0	0	0
Current financial debt	**(9,935,193)**	**(16,523,901)**	**(21,757,736)**	**(20,221,408)**
Net current financial debt	**(6,904,695)**	**(14,532,369)**	**(19,126,712)**	**(11,497,993)**
Payables to banks	(2,143,437)	(1,308,775)	(597,210)	(163,716)
Bond	(4,864,483)	(4,871,991)	(4,879,908)	(4,888,255)
Lease payables	0	0	0	0
Payables to other lenders	0	0	0	0
Financial payables to group companies	0	0	0	0
Non-current financial debt	**(7,007,920)**	**(6,180,766)**	**(5,477,118)**	**(5,051,971)**
Net financial position	**(13,912,615)**	**(20,713,135)**	**(24,603,830)**	**(16,549,964)**

Pursuant to the Consob Communication of 28 July 2006 and in accordance with the CESR Recommendation of 10 February 2005

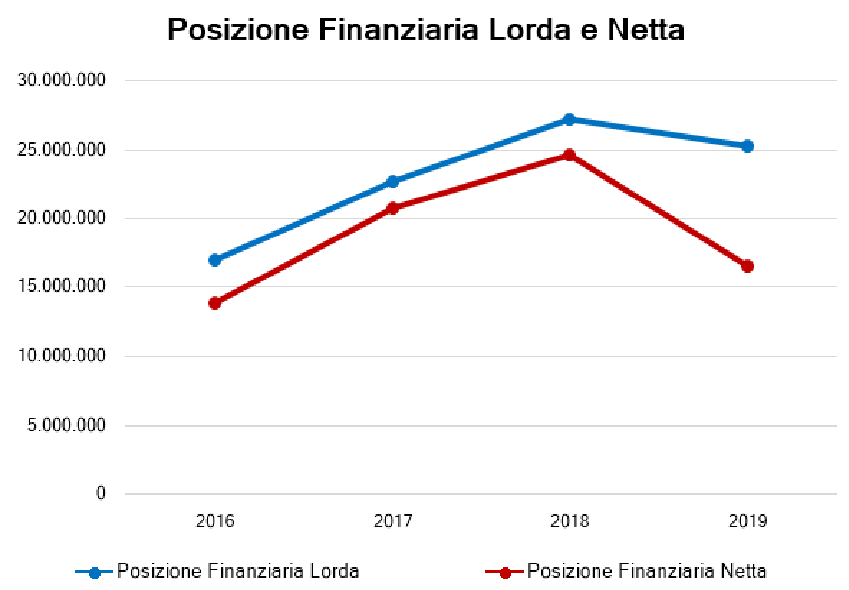
Net Financial Position (NFP) 2019

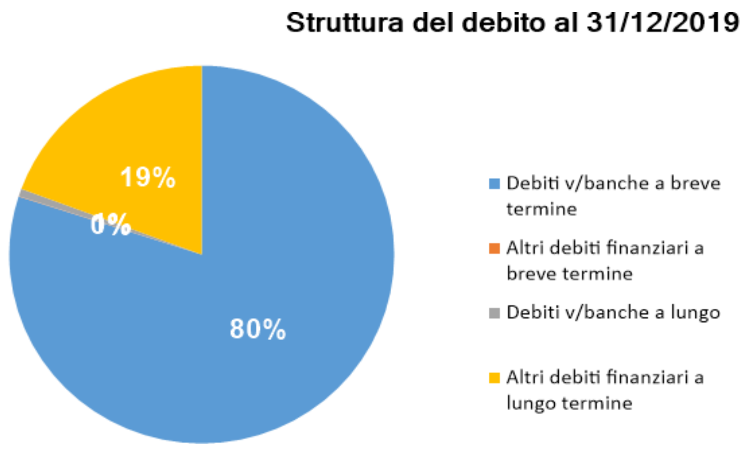
The calculation is made by subtracting the Gross Financial Position, given by total liabilities of a financial nature (Euro 25,273,379), from the value of liquidity (Euro 2,494,842) and current financial receivables (Euro 6,228,573). With this definition, the NFP takes on the meaning of the positive balance between cash and financial payables and assumes a value equal to, but opposite to, that shown in the statement 'Gross and Net Financial Position'. NFP 2019 = Liquidity + Current Financial Receivables - Total Financial Debt = 2,494,842 + 6,228,573 - 25,273,379 = Euro -16,549,964

Gross and Net Financial Position

	2016		2017		2018		2019	
	Euro	*% change*	Euro	*% change*	Euro	*% change*	Euro	*% change*
Short-term payables to banks	9,934,682	-	16,501,539	+66.1%	21,742,014	+31.8%	20,211,646	-7.0%
Other short-term financial payables	511	-	22,362	+4,276.1%	15,722	-29.7%	9,762	-37.9%
Tot. Short-term financial payables	**9,935,193**	**-**	**16,523,901**	**+66.3%**	**21,757,736**	**+31.7%**	**20,221,408**	**-7.1%**
Long-term payables to banks	2,143,437	-	1,308,775	-38.9%	597,210	-54.4%	163,716	-72.6%
Other long-term financial payables	4,864,483	-	4,871,991	+0.2%	4,879,908	+0.2%	4,888,255	+0.2%
Tot. Long-term financial payables	**7,007,920**	**-**	**6,180,766**	**-11.8%**	**5,477,118**	**-11.4%**	**5,051,971**	**-7.8%**
GROSS FINANCIAL POSITION (GFP)	**16,943,113**	**-**	**22,704,667**	**+34.0%**	**27,234,854**	**+20.0%**	**25,273,379**	**-7.2%**
(Current financial assets)	(251,455)	-	(285,499)	+13.5%	(328,115)	+14.9%	(6,228,573)	+1,798.3%
(Cash and cash equivalents)	(2,779,043)	-	(1,706,033)	-38.6%	(2,302,909)	+35.0%	(2,494,842)	+8.3%
NET FINANCIAL POSITION (NFP)	**13,912,615**	**-**	**20,713,135**	**+48.9%**	**24,603,830**	**+18.8%**	**16,549,964**	**-32.7%**

Gross and Net Financial Position - Debt Structure at 31/12/2019





Gross Financial Position (GFP) 2019 **Euro 25.273.379** **-7.2%**

Net Financial Position (NFP) 2019 **Euro 25.273.379** **-32.7%**

In the 2019 financial year, the Net Financial Position (NFP) decreased by 32.7% year-on-year to Euro 16,549,964. The calculation is made by subtracting cash and cash equivalents (Euro 2,494,842) and current financial assets (Euro 6,228,573) from the Gross Financial Position (GFP), which consists of total liabilities of a financial nature and amounts to Euro 25,273,379. According to this definition, NFP takes the meaning of net financial debt, so if positive, it means that the company is in debt, if negative, it means that total financial debts, if any, are lower than the value of cash. NFP 2019 = GFP - Cash and cash equivalents - Current financial assets = Euro 25,273,379 - 2,494,842 - 6,228,573 = Euro 16,549,964.

In the 2019 financial year, the Gross Financial Position, i.e. total liabilities of a financial nature contracted by the company amounted to Euro 25,273,379, a decrease of 7.2% compared to the previous year. The gross position is determined by the following components: other financial payables, which amount to Euro 4,898,017, loans payable, which amount to Euro 163,716, and short-term bank payables, which amount to Euro 20,211,646. There are no payables to shareholders for loans and lease payables. With specific reference to lease payables, these could also have been accounted for using the equity method.

On the other hand, the value of asset items whose gross position must be reduced to obtain the NFP consists of financial receivables in the amount of Euro 6,228,573 and cash and cash equivalents in the amount of Euro 2,494,842. The net financial position of the company is calculated as the sum of payables to banks and short- and medium-term loans, net of cash in hand and readily liquid financial assets. The NFP/SE ratio in the financial year 2019 is 2.03, based on an equity value of Euro 8,141,268 and a debt value, in terms of Net Financial Position, of Euro 16,549,964. The value of debt is balanced, as far as the ratio of onerous external financial sources to own sources is concerned. The index ultimately shows a significant decrease compared to the year 2018 when it stood at 6.57. The decrease, hence the improvement, in the ratio is directly attributable to a reduction in the value of debt and the simultaneous increase in equity.

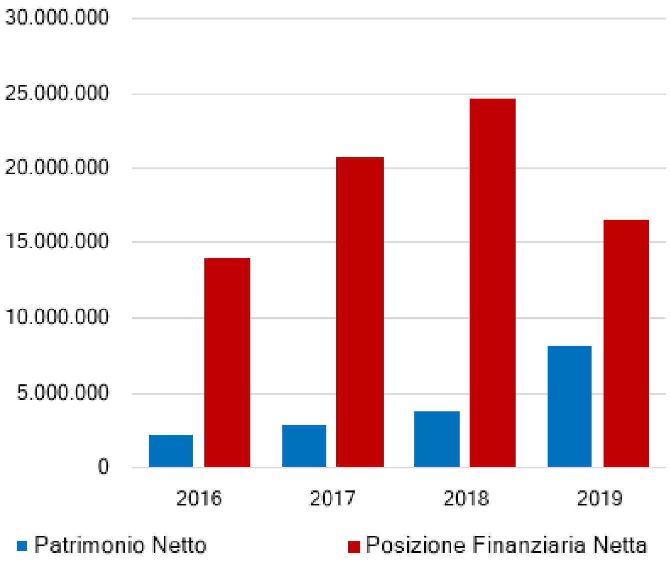
Specifically, Shareholders' Equity went from Euro 3,746,188 in 2018 to Euro 8,141,268 in the current year, registering a growth of 117.3%, while the NFP stood at Euro 16,549,964 in 2019 compared to Euro 24,603,830 in the previous year, showing a percentage decrease of 32.7%. In 2017, the index was 7.42. The NFP/EBITDA ratio of 2.0 is sustainable and its financial situation, in terms of the ratio of onerous external financial sources to its gross margin, is balanced. The NFP/Revenues ratio of 14.9% is sustainable and its financial situation, in terms of the ratio of onerous external financial sources to its ability to generate revenues, is balanced.

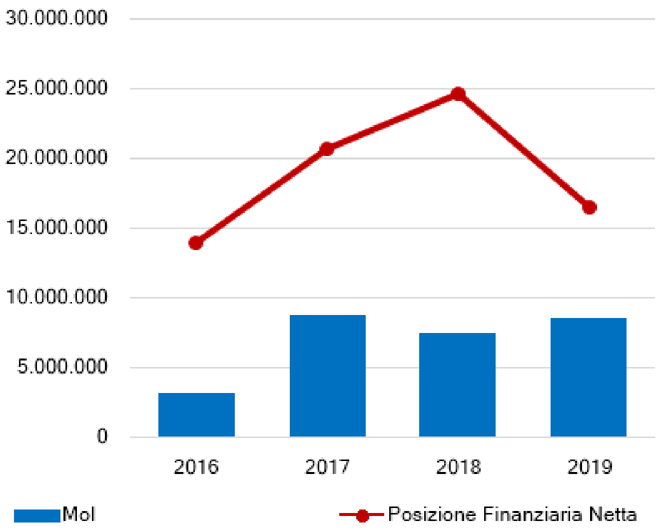
Financial Debt Rating

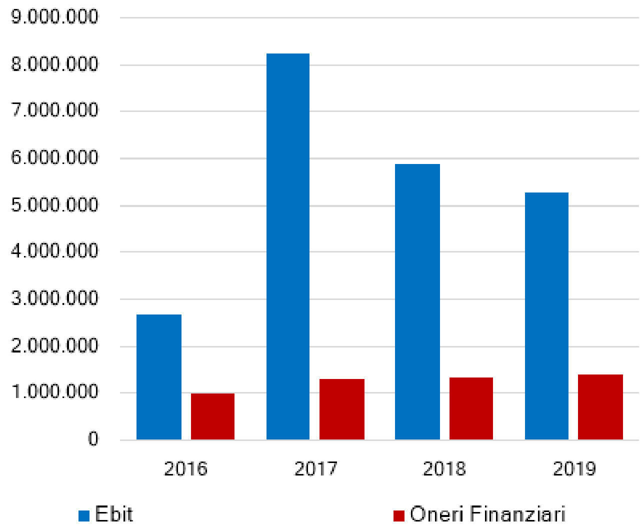
A-

The company is moderately indebted
At 31/12/2019, net financial debt (NFP) finances 16.9% of the company's assets and is equal to 203.3% of equity.

Financial Debt is Sustainable
Furthermore, the analysis of the financial coverage ratios shows that this level of debt is perfectly sustainable, as the operating income generated by the company in 2019 is adequate to repay the debt and bear the financial expenses. Specifically, the NFP/EBITDA ratio is 2.0 and the EBITDA/Of ratio is 6.2, both of which indicate a satisfactory balance between operating income and debt servicing expenditures.







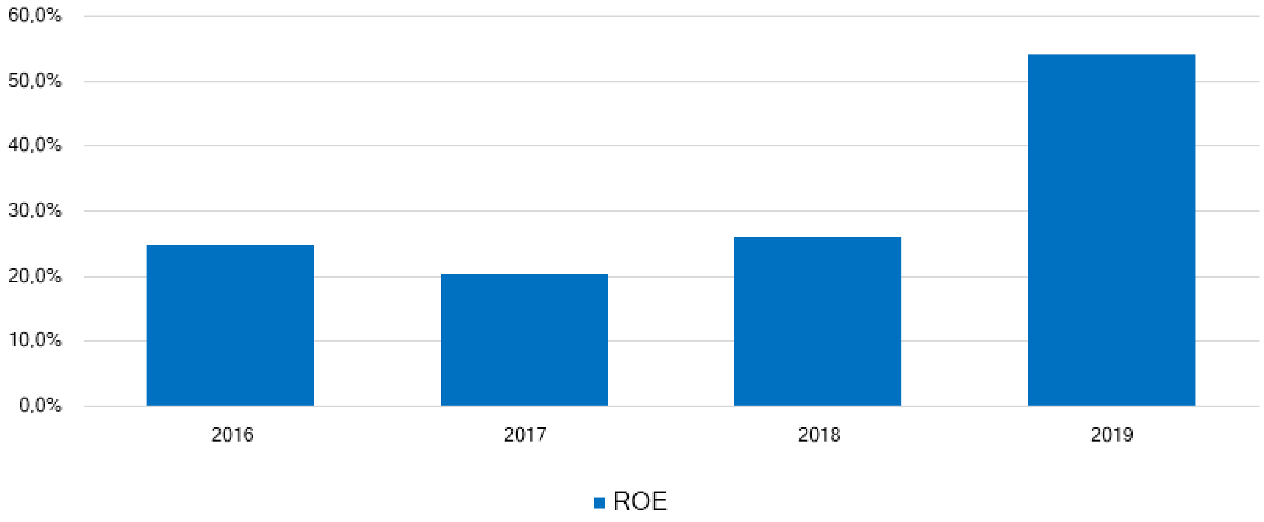
Profitability Indices

ROE	2016	2017	2018	2019
Net Result / Equity	24.7%	↓20.2%	↑25.9%	↑53.9%

It expresses the overall return on equity invested in the company and provides an indicator for comparison with alternative investments

Reading Key	Meaning
ROE < 2.0%	Unsatisfactory result
2.0% < ROE < 6.0%	Average result
ROE > 6.0%	Satisfactory result

The ROE for the year 2019 is 53.9%, given a Profit of Euro 4,388,240 and a book value of Equity of Euro 8,141,268. The ROE value recorded in the last financial statements is to be considered satisfactory. The index ultimately shows a significant increase compared to the year 2018 when it stood at 25.9%. The growth, hence the improvement, in ROE is accompanied by an increase in both Equity and Net Profit and is due to the more than proportional increase in Profit over Equity. Specifically, Shareholders' Equity went from Euro 3,746,188 in 2018 to Euro 8,141,268 in the current year, an increase of 117.3 percentage points, while the Net Result stood at Euro 4,388,240 in 2019 compared to Euro 970,333 in the previous year, in turn showing a percentage increase of 352.2 points. In 2017, the ROE was 20.2%.



ROI	2016	2017	2018	2019
	5.8%	**↑14.7%**	**↓8.5%**	**↓5.4%**

It expresses the return on the company's typical operations, based on financial resources raised by way of debt or risk capital

Reading Key	Meaning
ROI < 7.0%	Unsatisfactory result
7.0% < ROI < 15.0%	Average result
ROI > 15.0%	Satisfactory result

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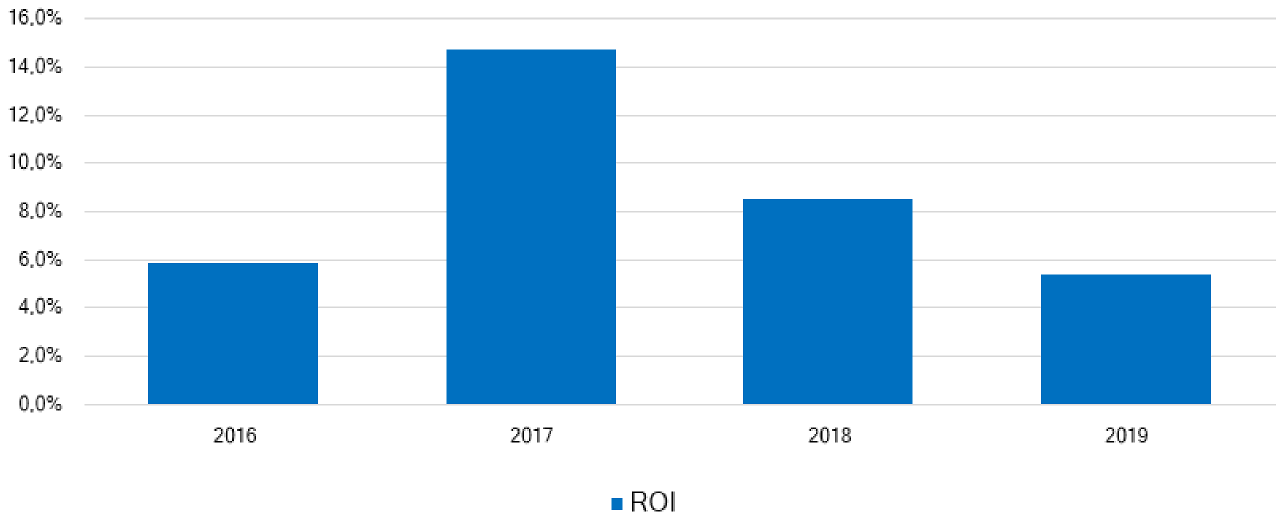
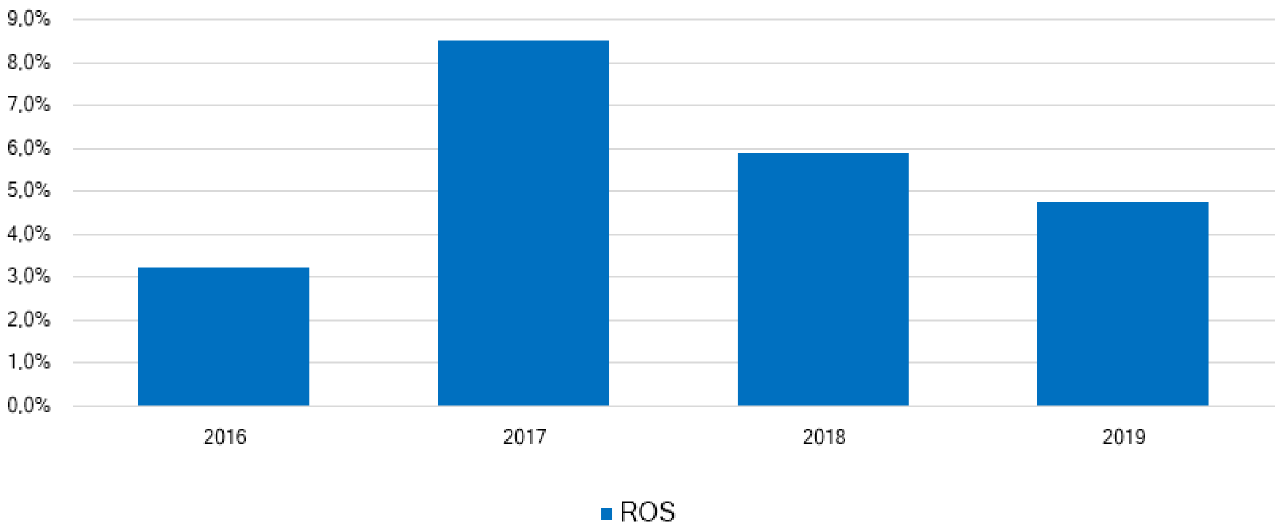


ROS	2016	2017	2018	2019
Operating Profit/Sales	3.2%	↑8.5%	↓5.9%	↓4.7%

Index of the company's commercial capacity and expresses the average income generated per revenue unit realised (profitability of sales)

Reading Key	Meaning
ROS < 5.0%	Critical company profitability
5.0% < ROS < 13.0%	Average result
ROS > 13.0%	Satisfactory company profitability

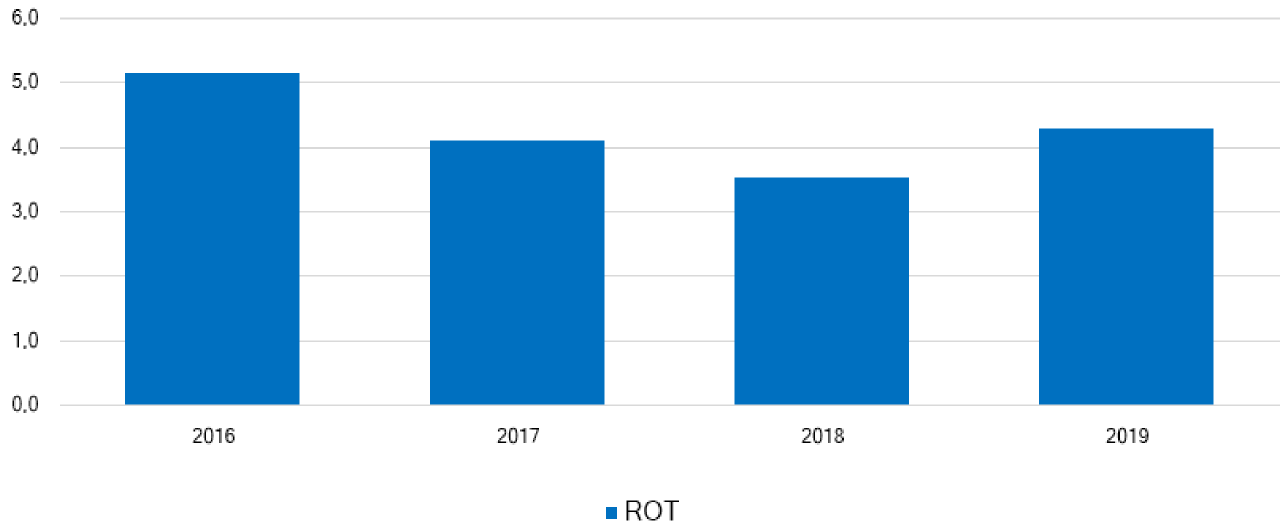


ROT	2016	2017	2018	2019
Sales / Net Invested Operating Capital	**5.1**	**↓4.1**	**↓3.5**	**↑4.3**

Indicator expressing the average net revenue generated by each unit of operating capital invested in the company's business and therefore very important for assessing production capacity

Reading Key	**Meaning**
ROT < 0.50	Unsatisfactory production efficiency
0.50 < ROT < 2.00	Average result
ROT > 2.00	Satisfactory production efficiency

The ROT for the year 2019 is 4.3, given a turnover of Euro 111,144,231 and a Net Invested Capital value of Euro 26,023,972. The ROT value recorded in the last financial statements is to be considered satisfactory. The index ultimately shows a significant increase compared to the year 2018 when it was 3.5. The growth, hence the improvement, in ROT is directly attributable to an increase in turnover and a simultaneous reduction in Net Invested Capital. Specifically, Net Invested Capital went from Euro 28,501,831 in 2018 to Euro 26,023,972 in the current year, marking a decrease of 8.7 percentage points, while turnover stood at Euro 111,144,231 in 2019 compared to Euro 100,036,262 in the previous year, showing a percentage increase of 11.1 points. In 2017, the ROT was 4.1.



Economic Margins

Economic Margins	2016	2017	2018	2019
Revenues from sales	83,222,644	▲96,676,950	▲100,036,262	▲111,144,231
Added Value	21,838,145	▲28,716,979	▲29,292,235	▲32,659,279
Gross Operating Margin (EBITDA)	3,175,179	▲8,663,082	▼7,471,809	▲8,467,443
Operating Result (EBIT)	2,670,324	▲8,217,117	▼5,862,106	▼5,273,948
Pre-tax result (Ebt)	1,381,187	▲1,739,215	▲2,808,179	▲5,543,373
Net profit	537,453	▲563,905	▲970,333	▲4,388,240
Operating Cash Flow	-	1,058,257	▼(345,638)	▲2,088,424

Other Profitability Indices

Other Profitability Indices	2016	2017	2018	2019
NOPAT	n.a.	6,733,075	▼3,707,893	▲3,789,916
ROIC	n.a.	33.8%	▼14.2%	▼13.9%

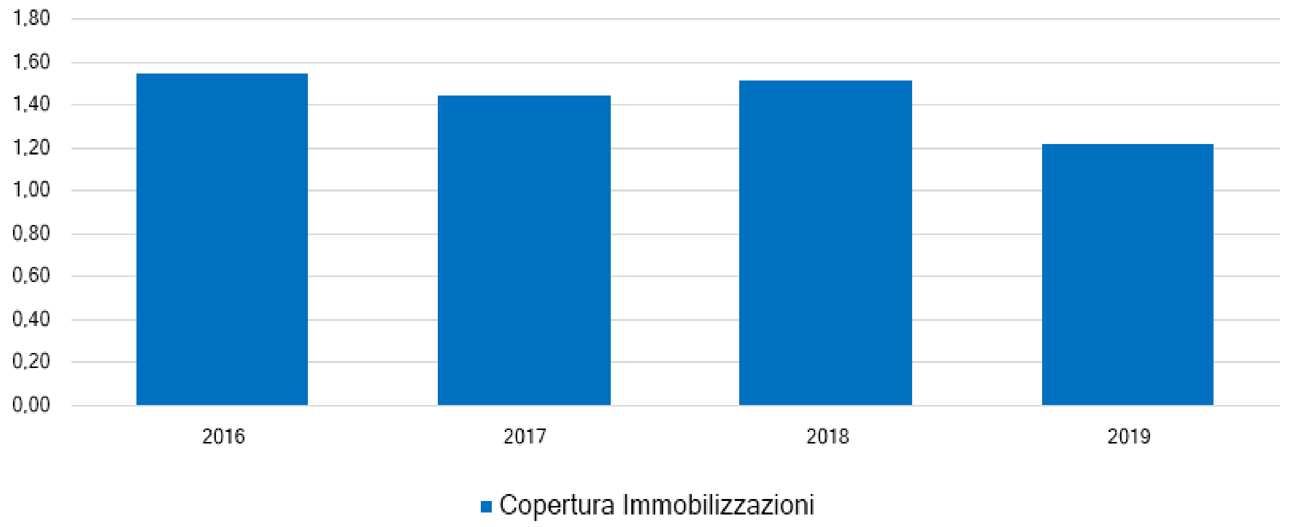
Solidity Indices

Fixed Assets Coverage	2016	2017	2018	2019
Shareholders' Equity + Long-Term Liabilities / Fixed Assets	**1.55** ●	↔**1.44** ●	↔**1.51** ●	↓**1.22** ●

The ratio expresses the ability of capital contributed by shareholders or third-party creditors to cover the need for investment in fixed assets

Reading Key	Meaning
Index < 1.00	Unsatisfactory result
Index > 1.00	Satisfactory result

In the financial year 2019, a satisfactory situation in terms of capital solidity can be seen, as the ratio shows an efficient structure as fixed assets are fully financed from durable sources.

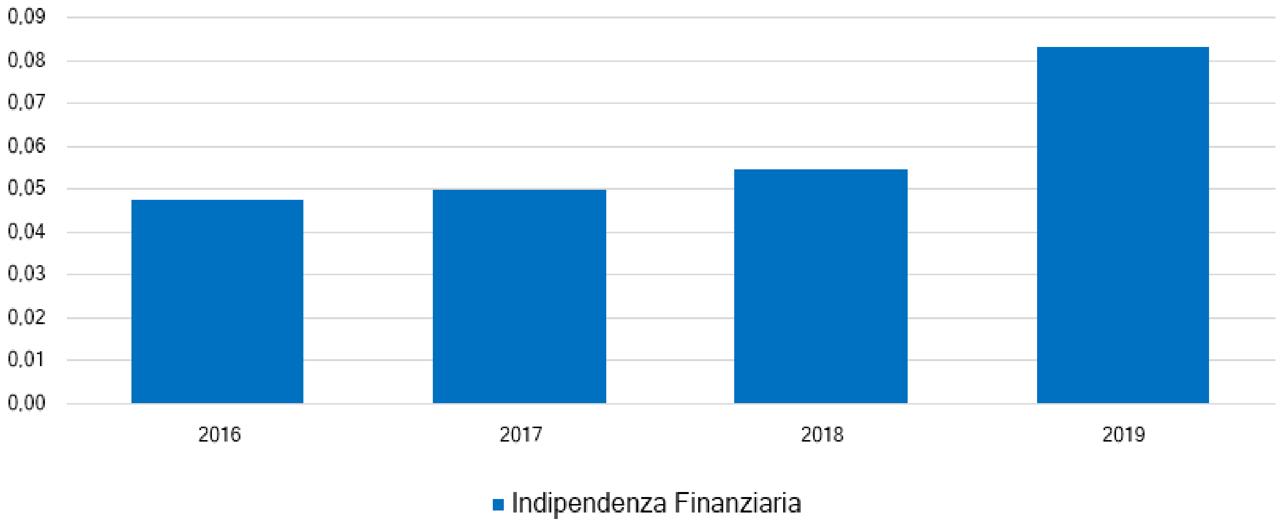


Financial Independence	2016	2017	2018	2019
Shareholders' Equity/Total Assets	**0.05**	↔**0.05**	↔**0.05**	↔**0.08**

Indicator showing the extent to which the company's assets have been financed from its own funds

Reading Key	**Meaning**
Index < 0.20	Critical situation
0.20 < Index < 0.50	Normal situation
Index > 0.50	Satisfactory situation

In 2019, the Financial Independence Ratio is 0.08 and is given by a total value of assets of Euro 98,047,342 and Shareholders' Equity of Euro 8,141,268. The ratio of own capital to minorities' capital is highly unbalanced and exposes the company to a serious financial risk. The index ultimately remains substantially stable compared to the year 2018, when it was 0.05. The indicator therefore does not show any significant changes, although Total Assets and Shareholders' Equity both show significant changes compared to the previous year, with both showing growth. Specifically, assets went from a value of Euro 68,900,902 in 2018 to Euro 98,047,342 in the current year, an increase of 42.3 percentage points, while Equity stood at Euro 8,141,268 in 2019 compared to Euro 3,746,188 in the previous year, in turn showing a percentage increase of 117.3 points. In 2017, the index was 0.05.

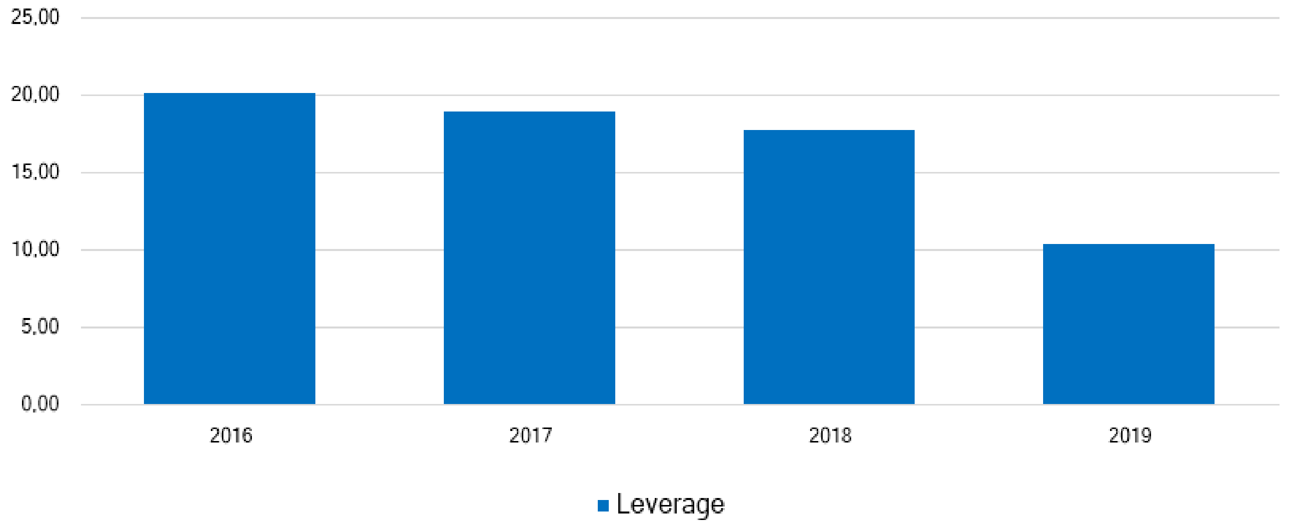


Leverage	2016	2017	2018	2019
Total Assets / Shareholders' Equity	**20.16**●	↓**18.93** ●	↓**17.68** ●	↓**10.35** ●

The ratio expresses the proportion of own and third-party resources used to finance the company's uses

Reading Key	**Meaning**
Leverage > 5.00	Risky situation
2.00 < Leverage < 5.00	Normal situation
Leverage < 2.00	Satisfactory situation

In 2019, the leverage ratio is 10.35 and is given by a book value of equity of Euro 9,474,008 and total assets of Euro 98,047,342. The index ultimately shows a significant decrease compared to the year 2018 when it stood at 17.68. The decrease, i.e. improvement, in the index is accompanied by an increase in both Equity and Total Assets and is due to the more than proportional increase in Equity relative to Total Assets. Specifically, Shareholders' Equity went from Euro 3,898,001 in 2018 to Euro 9,474,008 in the current year, an increase of 143.0 percentage points, while Total Assets stood at Euro 98,047,342 in 2019 compared to Euro 68,900,902 in the previous year, in turn showing a percentage increase of 42.3 points. In 2017, the index was 18.93.

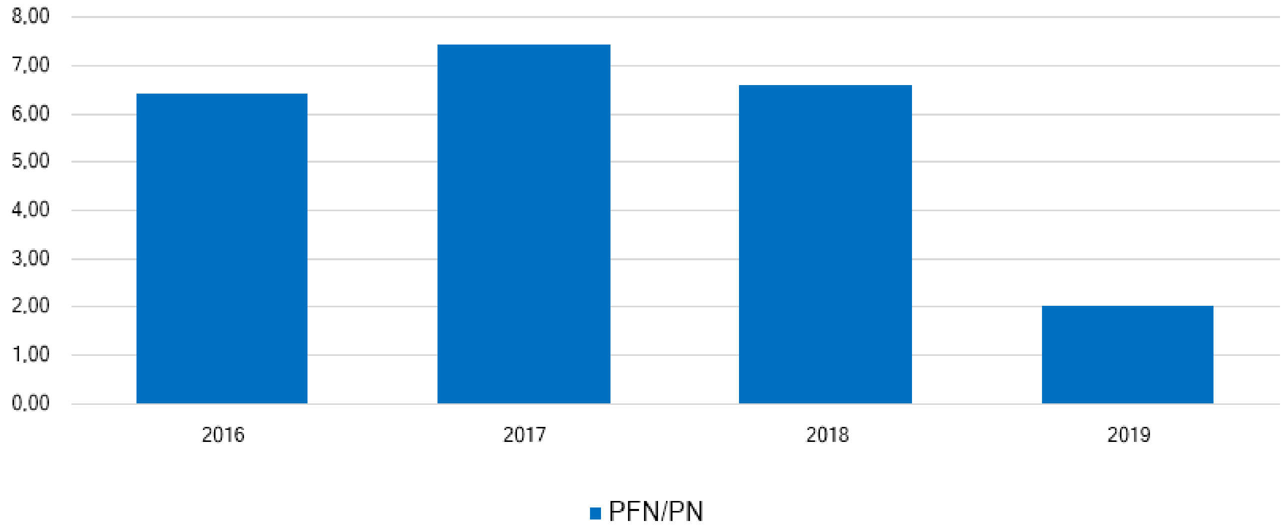


NFP/SE	2016	2017	2018	2019
Net Financial Position / Shareholders' Equity	**6.40** ●	↑**7.42** ●	↓**6.57** ●	↓**2.03** ●

Indicator of balance between minorities' equity and own equity. Widely used to monitor the company's financial risk

Reading Key	Meaning
NFP/SE < 3.00	Balanced situation
3.00 < NFP/SE < 5.00	Risk situation
NFP/SE > 5.00	Severe risk situation

The NFP/SE ratio in the financial year 2019 is 2.03, based on an equity value of Euro 8,141,268 and a debt value, in terms of Net Financial Position, of Euro 16,549,964. The value of debt is balanced, as far as the ratio of onerous external financial sources to own sources is concerned. The index ultimately shows a significant decrease compared to the year 2018 when it stood at 6.57. The decrease, hence the improvement, in the ratio is directly attributable to a reduction in the value of debt and the simultaneous increase in equity. Specifically, Shareholders' Equity went from Euro 3,746,188 in 2018 to Euro 8,141,268 in the current year, registering a growth of 117.3%, while the NFP stood at Euro 16,549,964 in 2019 compared to Euro 24,603,830 in the previous year, showing a percentage decrease of 32.7%. In 2017, the index was 7.42.



Other solidity indices

Other solidity indices	2016	2017	2018	2019
Banks on working capital	0.31	▲0.36	▲0.37	▼0.28
Short-term banks on working capital	0.25	▲0.34	▲0.36	▼0.27
Debt Ratio	95.0%	▼94.7%	▼94.3%	▼90.3%
Working capital rotation	2.13	▼1.98	▼1.64	▼1.51
Inventory rotation	3,146.65	▲6,297.35	▲8,060.94	▲8,464.91
Capitalisation Index SE/NFP	15.6%	▼13.5%	▲15.2%	▲49.2%
Intensity Rate Current Assets	47.0%	▲50.6%	▲60.8%	▲66.4%

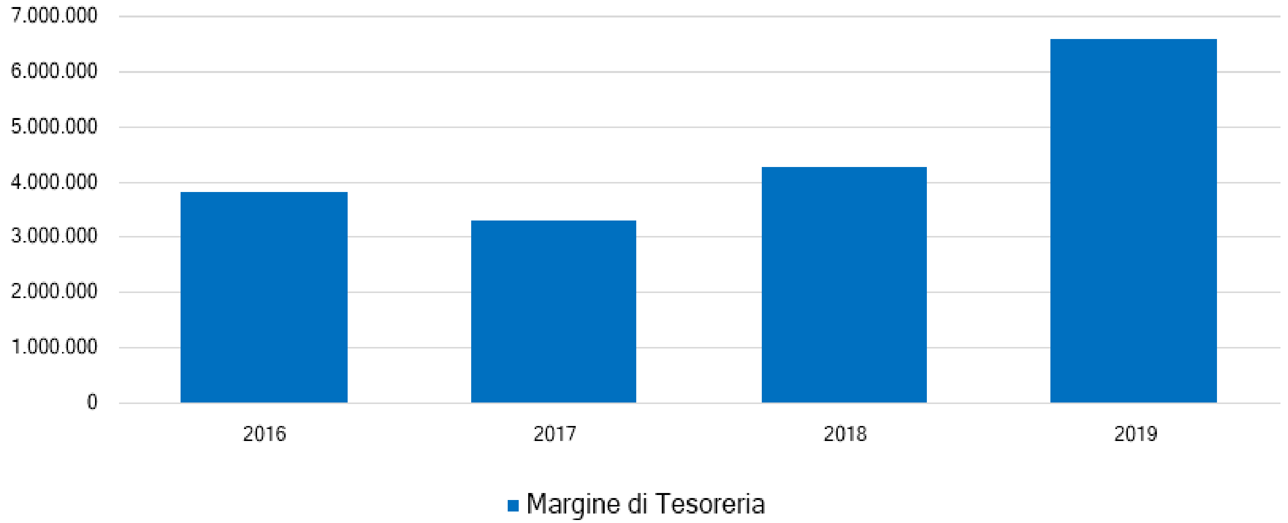
Liquidity Indices

Treasury Margin	2016	2017	2018	2019
(Short-term assets - Inventories) - Short-term liabilities	**3,790,353** ●	↓**3,287,855** ●	↑**4,255,505** ●	↑**6,564,680** ●

The treasury margin expresses the company's ability to meet current liabilities using cash and cash equivalents and short-term receivables and is an indicator of net liquidity

Reading Key	Meaning
Treasury margin > 0	Financial balance situation
Treasury margin < 0	Liquidity crisis situation

An analysis of the Treasury Margin for the year 2019 shows that the company is in a financially balanced situation, i.e. it has the capacity to meet its current liabilities with the use of cash and cash equivalents and short-term receivables. Compared to the previous year, the margin improved by Euro 2,309,175.



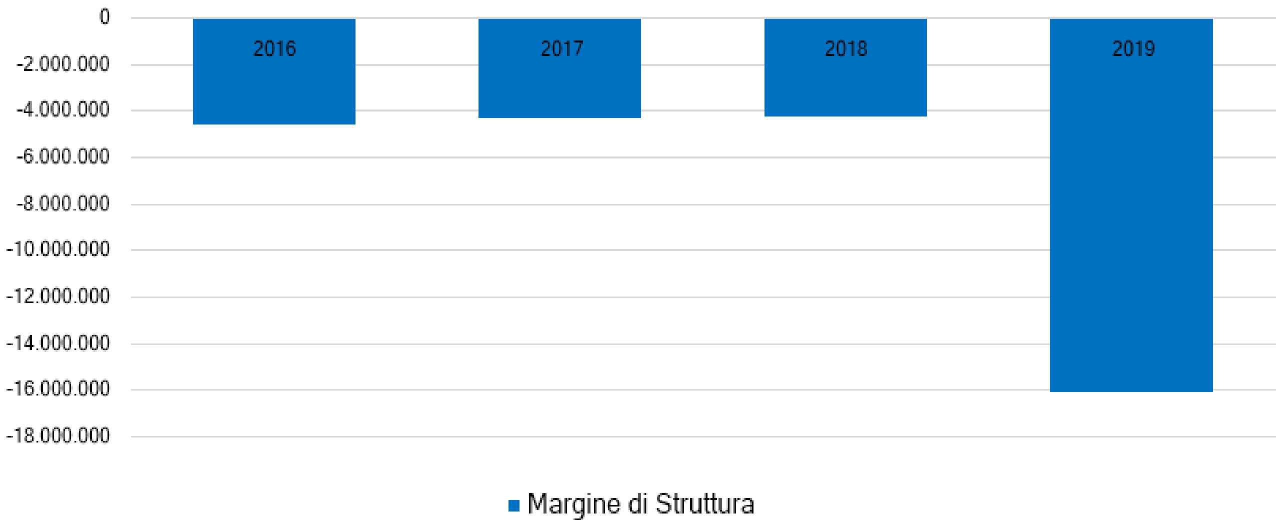
Structure Margin

	2016	2017	2018	2019
Structure Margin	**-4,635,238** ●	↑ **-4,310,772** ●	↔ **-4,289,441** ●	↓ **-16,103,528** ●

The Structure Margin makes it possible to verify how fixed assets are financed and to assess the degree of capitalisation with respect to company size

Reading Key	Meaning
Structure Margin > 0	Fixed assets were financed from equity sources.
Structure Margin < 0	Equity finances fixed assets in full and current assets in part

Analysing the Structure Margin for the year 2019, Fixed Capital only partly finances fixed assets, so the difference is also covered by current liabilities. Compared to the previous year, the margin deteriorated by Euro 11,814,087.

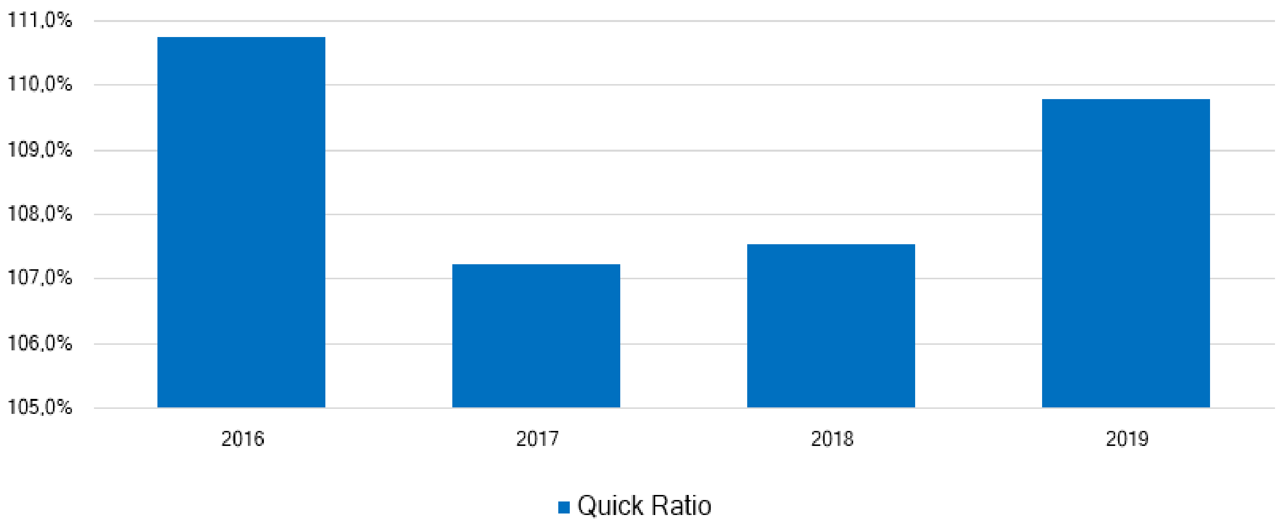


Quick Ratio	2016	2017	2018	2019
(Short-term assets - Inventories) / Short-term liabilities	**110.7%** ●	↔**107.2%** ●	↔**107.5%** ●	↔**109.8%** ●

Evidence of the company's ability to meet short-term commitments using available cash resources in the same time period

Reading Key	**Meaning**
Quick ratio > 100.0%	Excellent financial balance situation
50.0% < Quick ratio < 100.0%	Normal situation
Quick ratio < 50.0%	Financial imbalance situation

Analysing the Quick ratio for the financial year 2019, we see that the company is in a satisfactory situation of financial tranquillity as the immediate and deferred cash flows manage to cover current liabilities. Compared to the previous year, the index remained substantially unchanged.

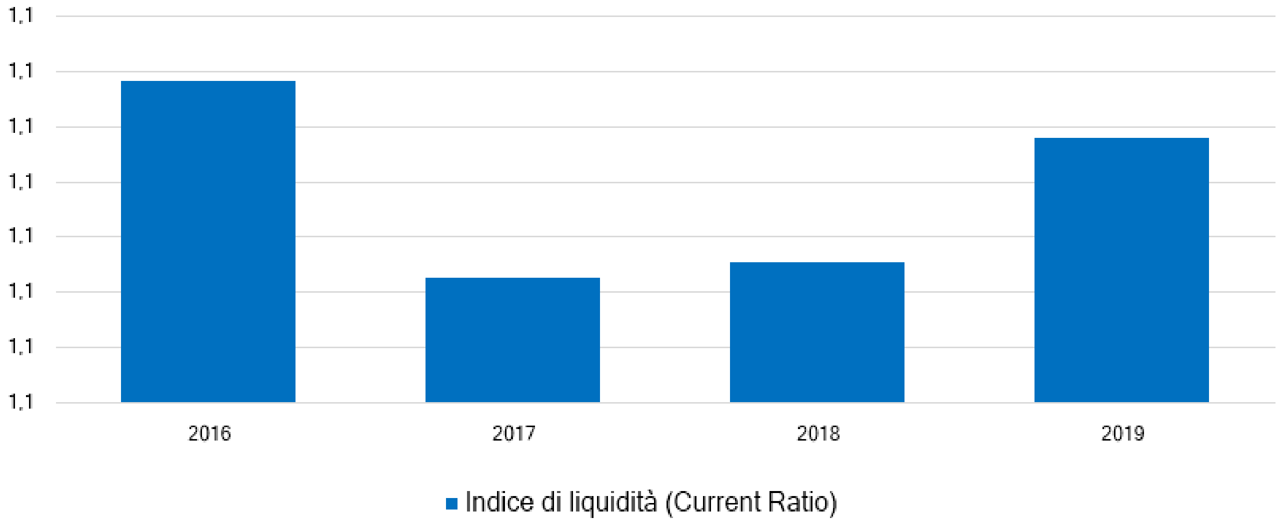


Liquidity index (Current Ratio)	2016	2017	2018	2019
Short-term assets / Short-term liabilities	1.1 ●	↔1.1 ●	↔1.1 ●	↔1.1 ●

Checks whether the amount of assets that will return to liquid form within one year is greater than the debts that will become due in the same time period

Reading Key	Meaning
Current ratio > 1.5	Excellent financial balance situation
1.0 < Current ratio < 1.5	Normal situation
Current ratio < 1.0	Financial imbalance situation

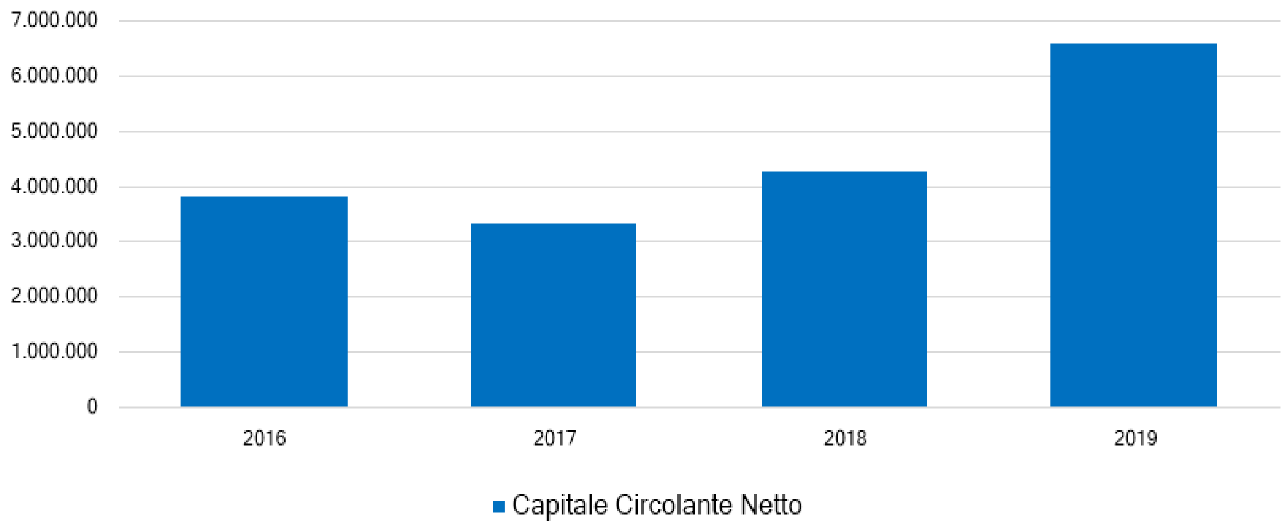
An analysis of the liquidity ratio (Current ratio) for the year 2019 shows that the company is in a tranquil financial situation, but needs to be kept under control. Compared to the previous year, the index remained substantially unchanged.



Net Working Capital	2016	2017	2018	2019
Short-term assets - Short-term liabilities	**3,816,801**	**↓3,303,207**	**↑4,267,915**	**↑6,577,810**

Net Working Capital indicates the balance between current assets and current liabilities and thus expresses the company's liquidity

Reading Key	Meaning
NWC > 0	Balanced situation
NWC < 0	Financial-equity situation to be rebalanced



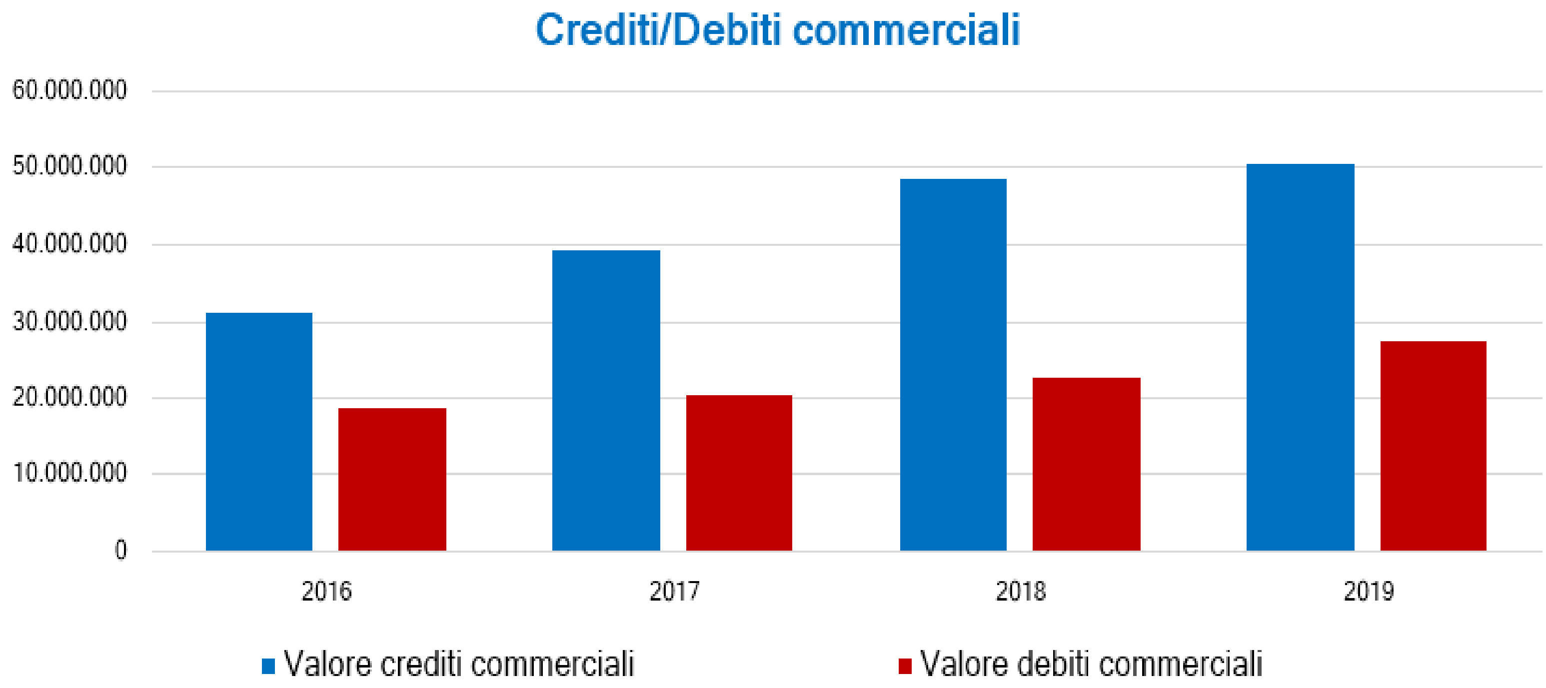
Other Liquidity Indices

Other Liquidity Indices	2016	2017	2018	2019
Customer credit days	131	136	165	155
Supplier credit days	108	105	114	116
Stock days	0	0	0	0
Stock duration	13	9	7	7

Productivity Indices

Productivity Indices	2016	2017	2018	2019
Labour costs on Turnover	22.4%	20.7%	21.8%	21.8%
Value Added on Turnover	26.2%	29.7%	29.3%	29.4%
Value Added/Production Value	25.9%	28.4%	28.8%	27.4%

Trade Receivables/Payables



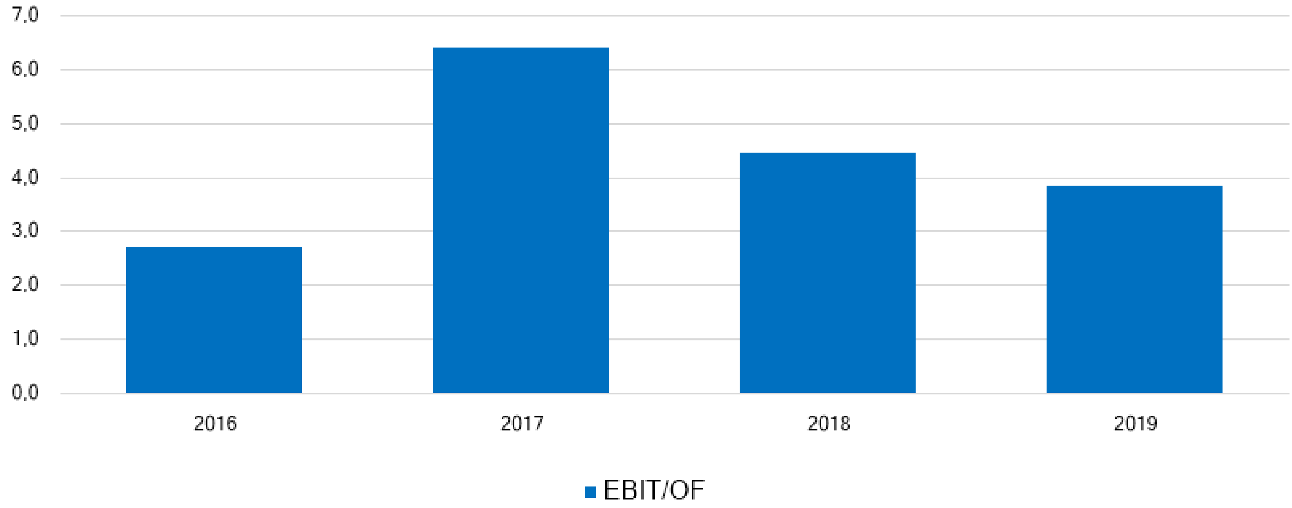
Financial Coverage Ratios

EBIT/OF	2016	2017	2018	2019
Operating Result / Financial Expenses	**2.7** ●	↑**6.4** ●	↓**4.4** ●	↓**3.8** ●

The ratio indicates the degree to which the operating result manages to cover the cost of financial expenses

Reading Key	Meaning
EBIT/OF < 1.0	Financial tension
1.0 < EBIT/OF < 3.0	Normal situation, but to be monitored
EBIT/OF > 3.0	Good situation

The EBIT/OF ratio for the financial year 2019 is 3.8 and is determined by an EBIT value of Euro 5,273,948 and financial expenses of Euro 1,370,413. The ratio denotes a situation of financial equilibrium, as the income generated by core operations is sufficient to remunerate the minorities' capital acquired to produce it. The index ultimately shows a significant decrease compared to the year 2018 when it stood at 4.4. The decrease, thus the worsening of the ratio is directly attributable to a reduction in the EBIT value and the simultaneous increase in financial expenses. Specifically, financial expenses went from a value of Euro 1,318,196 in 2018 to Euro 1,370,413 in the current year, registering a growth of 4.0 percentage points while EBIT stood at a value of Euro 5,273,948 in 2019 compared to Euro 5,862,106 in the previous year, showing instead a percentage decrease of 10.0 points. In 2017, the EBIT/OF ratio was 6.4.

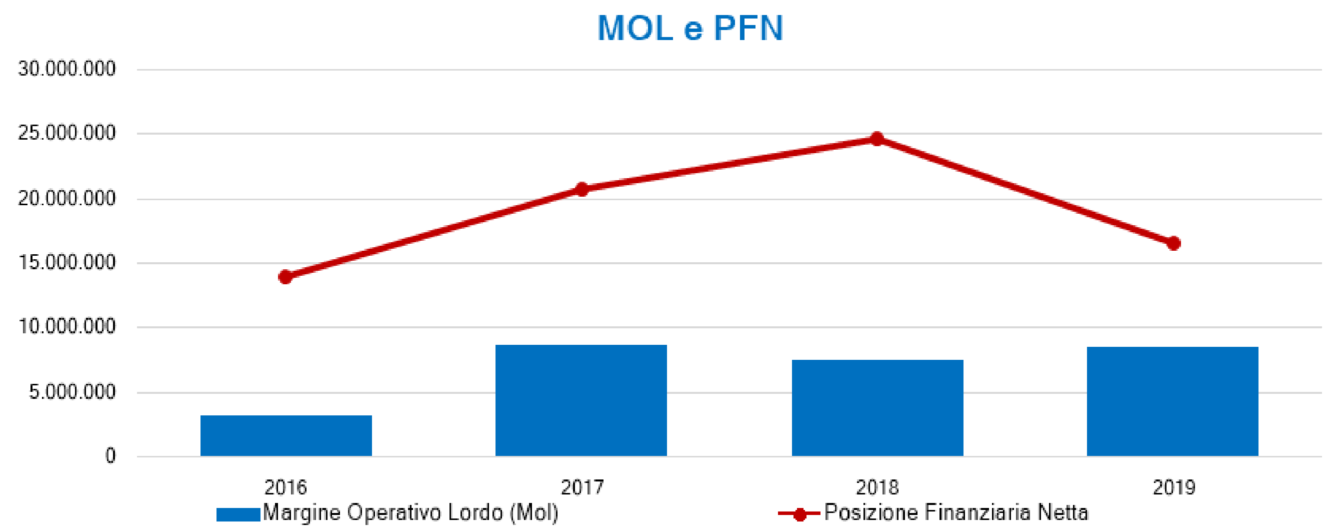


EBITDA/NFP	2016	2017	2018	2019
Gross Operating Margin / Net Financial Position	**22.8%** ●	↑**41.8%** ●	↔**30.4%** ●	↑**51.2%** ●

The ratio indicates the proportion of financial debts that can be repaid with the resources generated by ordinary operations as measured by EBITDA

Reading Key	Meaning
EBITDA/NFP < 20.0%	Risky situation
20.0% < EBITDA/NFP < 33.3%	Normal situation, but can be improved
EBITDA/NFP > 33.3%	Excellent situation

The EBITDA/NFP ratio in the financial year 2019 is 51.2%, based on an EBITDA of Euro 8,467,443 and a debt value, in terms of Net Financial Position, of Euro 16,549,964. The EBITDA/NFP ratio ultimately shows a significant increase compared to the year 2018 when it was 30.4%. The growth, thus the improvement, of the ratio is directly attributable to an increase in the value of EBITDA and the simultaneous reduction of NFP. Specifically, NFP went from a value of Euro 24,603,830 in 2018 to Euro 16,549,964 in the current year, recording a decrease of 32.7 percentage points while EBITDA stood at a value of Euro 8,467,443 in 2019 compared to Euro 7,471,809 in the previous year, showing instead a percentage increase of 13.3 points. In 2017, the index was 41.8%.

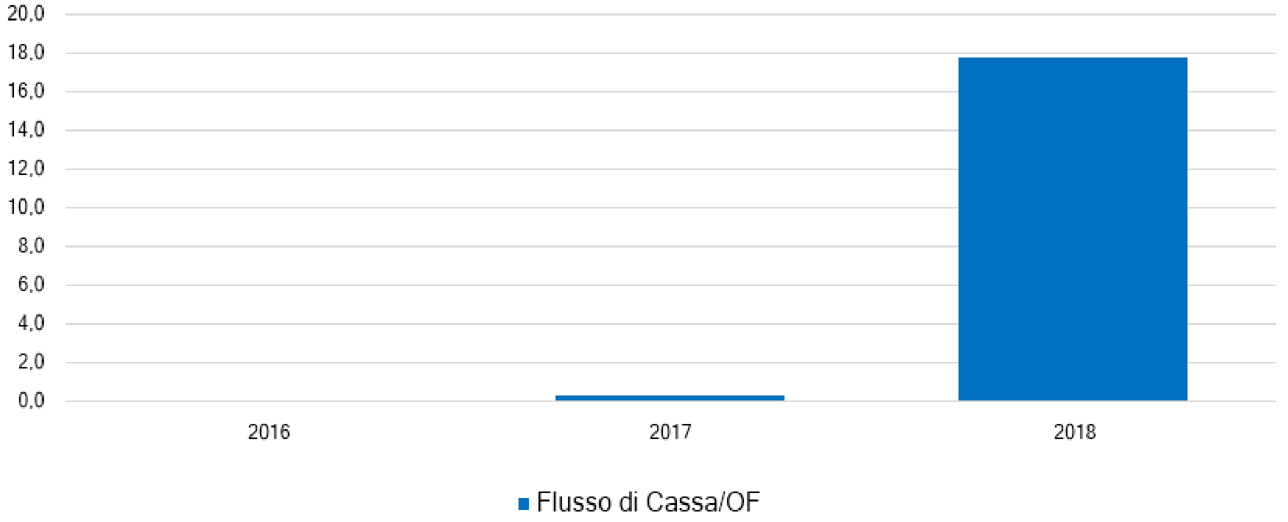


Cash Flow/OF	2016	2017	2018	2019
Cash Flow from Current Operations / Financial Expenses	n.a.	NO FC ●	0.2 ●	↑ 17.8 ●

The ratio indicates the company's ability to generate the financial resources needed to repay the expenditure for financial expenses

Reading Key	Meaning
Index < 2.0	Risky situation
2.0 < Index < 3.0	Normal situation, but can be improved
Index > 3.0	Excellent situation

The Cash Flow/Of ratio for the financial year 2019 is 17.8 and is determined by a Cash Flow from Current Operations of Euro 24,337,238 and financial expenses of Euro 1,370,413. The index ultimately shows a significant increase compared to the year 2018 when it was 0.2. The growth, i.e. the improvement, in the ratio is accompanied by an increase in both financial expenses and Cash Flow from Operations and is due to the more than proportional increase in Cash Flow from Operations compared to financial expenses. Specifically, financial expenses went from Euro 1,318,196 in 2018 to Euro 1,370,413 in the current year, an increase of 4.0 percentage points, while Cash Flow from Current Operations amounted to Euro 24,337,238 in 2019 compared to Euro 299,963 in the previous year, in turn showing a percentage increase of 8,013.4 points. In 2017, the Cash Flow/Of ratio was not calculable because the Cash Flow from Current Operations was negative.

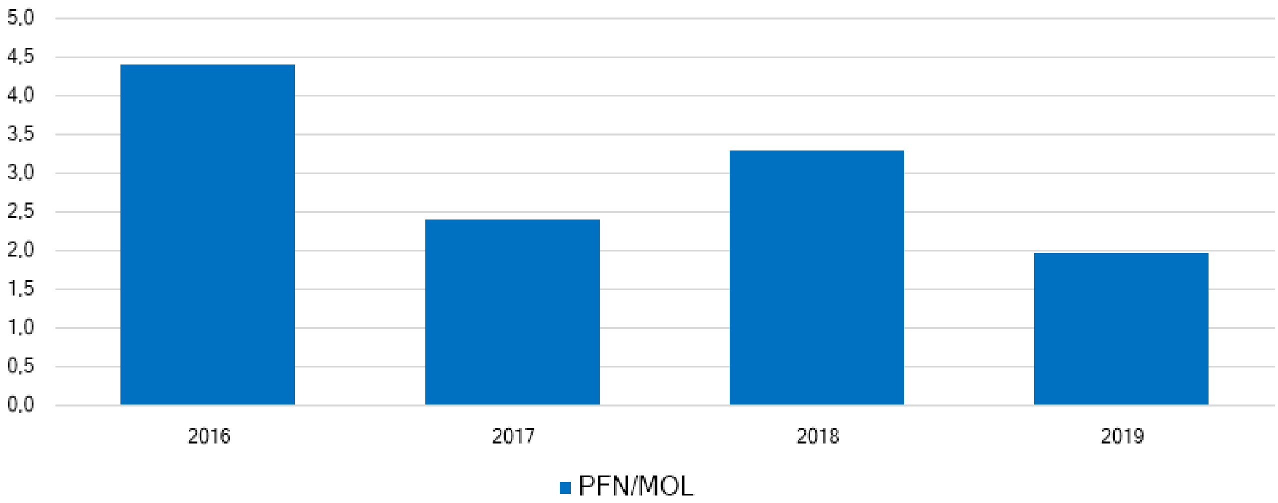


NFP/EBITDA	2016	2017	2018	2019
Net Financial Position / Gross Operating Margin	**4.4**	↓**2.4**	↑**3.3**	↓**2.0**

The index is widely used to assess the degree of financial risk of the company

Reading Key	**Meaning**
NFP/EBITDA > 5.0	Very risky situation
3.0 < NFP/EBITDA < 5.0	Risky situation to be improved
NFP/EBITDA < 3.0	Excellent situation

The EBITDA/NFP ratio in the financial year 2019 is 2.0, due to an EBITDA of Euro 8,467,443 and a debt value, in terms of Net Financial Position, of Euro 16,549,964. The value of the ratio shows that the company's operational activity is able to generate sufficient resources to meet its past debts. The NFP/EBITDA ratio ultimately shows a significant decrease compared to the year 2018 when it stood at 3.3. The decrease, hence the improvement, in the ratio is directly attributable to a reduction in the value of debt and the simultaneous increase in EBITDA. Specifically, EBITDA went from a value of Euro 7,471,809 in 2018 to Euro 8,467,443 in the current year, recording a growth of 13.3 percentage points while NFP stood at a value of Euro 16,549,964 in 2019 compared to Euro 24,603,830 in the previous year, showing instead a percentage decrease of 32.7 points. In 2017, the index was 2.4.

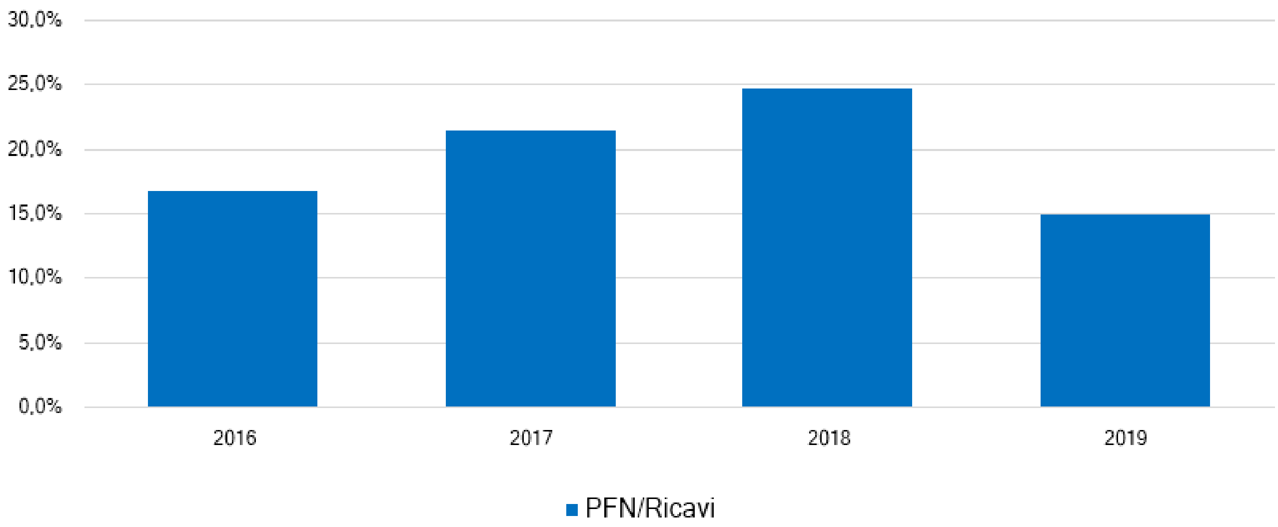


NFP/Revenues	2016	2017	2018	2019
Net Financial Position / Revenues	**16.7%** ●	↑**21.4%** ●	↑**24.6%** ●	↓**14.9%** ●

The index is widely used to assess the degree of financial risk of the company based on the ratio of financial debt to the ability to generate revenue

Reading Key	Meaning
NFP/Revenues > 50.0%	Very risky situation
30.0% < NFP/Revenues < 50.0%	Risky situation to be improved
NFP/Revenues < 30.0%	Excellent situation

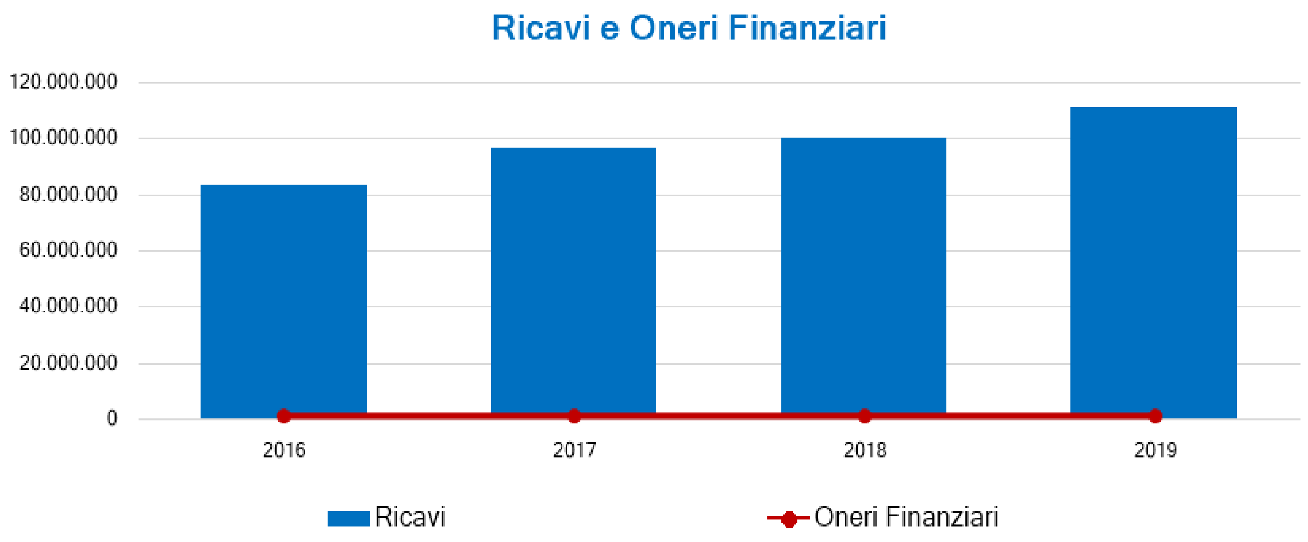
The NFP/Revenue ratio in the financial year 2019 is 14.9%, based on a turnover of Euro 111,144,231 and a debt value, in terms of Net Financial Position, of Euro 16,549,964. The NFP/Revenues ratio ultimately shows a significant decrease compared to the year 2018 when it stood at 24.6%. The decrease, hence the improvement, in the ratio is directly attributable to a reduction in the value of debt and the simultaneous increase in turnover. Specifically, turnover went from Euro 100,036,262 in 2018 to Euro 111,144,231 in the current year, recording a growth of 11.1 percentage points while NFP stood at Euro 16,549,964 in 2019 compared to Euro 24,603,830 in the previous year, showing instead a percentage decrease of 32.7 points. In 2017, the index was 21.4%.



Other Indices Financial Coverage

	2016	2017	2018	2019
Financial expenses on Turnover	1.2%	▲ 1.3%	1.3%	▼ 1.2%
Financial expenses on EBITDA	31.0%	▼ 14.8%	▲ 17.6%	▼ 16.2%
EBITDA/Of	3.2	▲ 6.7	▼ 5.7	▲ 6.2
EBITDA on Turnover	0.04	▲ 0.09	▼ 0.07	▲ 0.08

Financial Income and Expenses



Rating Analysis

Financial Balance - Standard & Poor's Method

Benchmarks

Risk Factor	***EBIT/OF***	***EBITDA /Of***	***Ro/V***	***D/(D+CN)***	***CFfO/D***
A = Very safe	*> 5*	*> 7*	*> 5 %*	*< 30 %*	*> 40 %*
B = Safe	*> 2*	*> 2.5*	*> 5 %*	*> = 30 %*	*< = 40 %*
C = Moderate risk	*> 2*	*> 2.5*	*< = 5 %*		
D = Risky	*< = 2 > 1*	*> 2.5*			
E = Very risky	*< = 2 > 1*	*< = 2.5*			
F = Insolvent	*< = 1*				

	2018	**2019**
EBIT/OF	**4.45**	**3.85**
EBITDA/Of	**5.67**	**6.18**
Ro/V	**5.9%**	**4.7%**
D/(D+CN)	**87.9%**	**75.6%**
CFfO/D	**1.1%**	**96.3%**

Evaluation over the last 2 years **RATING** B corresponding to a financial balance Sicuro

Performance Evaluation

Economic balance

ROI Return capital invested				ROE Return on equity				ROS Return on sales				ROT Rotation invested capital			
Year	Value	Trend	Ind.	Year	Value	Trend	Ind.	Year	Value	Trend	Ind.	Year	Value	Trend	Ind.
2016	5.8%	—	negative	**2016**	24.7%	—	positive	**2016**	3.2%	—	negative	**2016**	5.1	—	positive
2017	14.7%	↑	neutral	**2017**	20.2%	↓	positive	**2017**	8.5%	↑	neutral	**2017**	4.1	↓	positive
2018	8.5%	↓	neutral	**2018**	25.9%	↑	positive	**2018**	5.9%	↓	neutral	**2018**	3.5	↓	positive
2019	5.4%	↓	negative	**2019**	53.9%	↑	positive	**2019**	4.7%	↓	negative	**2019**	4.3	↑	positive

Economic evaluation

BBB

Equity balance

NFP/SE

Year	Value	Trend	Ind.
2016	6.40	—	negative
2017	7.42	↓	negative
2018	6.57	↑	negative
2019	2.03	↑	positive

SE/Payables

Year	Value	Trend	Ind.
2016	5.1%	—	neutral
2017	5.4%	↔	neutral
2018	6.0%	↔	neutral
2019	9.5%	↔	neutral

SE/Assets Financial independence

Year	Value	Trend	Ind.
2016	0.05	—	negative
2017	0.05	↔	negative
2018	0.05	↔	negative
2019	0.08	↔	negative

Fixed Assets Coverage

Year	Value	Trend	Ind.
2016	1.55	—	positive
2017	1.44	↔	positive
2018	1.51	↔	positive
2019	1.22	↓	positive

Equity evaluation

BBB

Financial balance

NFP/EBITDA

Year	Value	Trend	Ind.
2016	4.4	—	neutral
2017	2.4	↑	positive
2018	3.3	↓	neutral
2019	2.0	↑	positive

OF/EBITDA

Year	Value	Trend	Ind.
2016	0.3	—	neutral
2017	0.1	↑	positive
2018	0.2	↔	positive
2019	0.2	↔	positive

CFfO/Revenues

Year	Value	Trend	Ind.
2016	n.a.	—	-
2017	1.1%	—	neutral
2018	-0.3%	↓	negative
2019	1.9%	↑	neutral

Cost of third-party assets

Year	Value	Trend	Ind.
2016	2.3%	—	positive
2017	2.5%	—	positive
2018	2.1%	↔	positive
2019	1.6%	↑	positive

Financial evaluation

BBB

Liquidity

Quick Ratio Immediate Liquidity

Year	Value	Trend	Ind.
2016	110.7%	—	positive
2017	107.2%	↔	positive
2018	107.5%	↔	positive
2019	109.8%	↔	positive

Current Ratio Current Liquidity

Year	Value	Trend	Ind.
2016	1.11	—	neutral
2017	1.07	↔	neutral
2018	1.08	↔	neutral
2019	1.10	↔	neutral

Treasury Margin

Year	Value	Trend	Ind.
2016	3,790,353	—	positive
2017	3,287,855	↓	positive
2018	4,255,505	↑	positive
2019	6,564,680	↑	positive

Structure Margin

Year	Value	Trend	Ind.
2016	-4,635,238	—	negative
2017	-4,310,772	↑	negative
2018	-4,289,441	↔	negative
2019	-16,103,528	↓	negative

Liquidity evaluation

BBB

The Reverse Project is at an advanced stage of implementation

The Company is in a financial situation that needs to be improved; in this sense, the Company initiated during the 2nd half of 2019, as the Common Body of the Strategy Network, a project to restructure the management of financial flows and credit lines, called 'Reverse Project', aimed at the optimisation of 'Working Capital', in order to allow, thanks to the reliability demonstrated over the years by the Company itself and Samag supplier network companies, direct access to credit to the supplier cooperative companies, related to the financial flows originated by the managed contracts

Currently, the contracting companies of the Samag group, in order to ensure the timely payment of wages and related social security contributions, are improperly forced to settle the supplier cooperatives with payments 10/15 days from the date of the invoice, as opposed to payment from their customers at 75/90 days, with obvious negative influences on the working capital cycle.

The 'Reverse Project', will allow for the alleviation of the Net Financial Position, by transforming and reducing the current 'short-term payables to banks' into 'payables to suppliers' and thanks to the time gap of at least 30 days between Samag collections of its receivables and the payment of suppliers, the company will be able to generate more cash.

In March 2020, the first contracts were signed by two cooperative network companies, for a total value of Euro 6.5Mln, and with the post-CoVid-19 restart of the operations of the credit/financial institutions, against the background of the preliminary procedures already presented above, we expect in the short term further subscriptions that will allow the completion of the 'Reverse Project' as a whole by the year 2020.

This will allow for more liquidity in the amount of approximately Euro 18 to 20 million.

Global evaluation

BB+

Information Notes

Information regarding the environment and personnel

In view of the company's social role as highlighted in the document on the Report on Operations of the National Council of Certified Accountants and accounting experts, it is considered appropriate to provide the following information pertaining to the environment and personnel.

Personnel

During the financial year, there were no deaths at work or serious accidents resulting in serious or very serious injuries to either company personnel or personnel of subsidiary and/or associated companies

During the year, there were no charges for occupational diseases of employees or former employees and mobbing claims.

The company is attentive to the health and safety of workers in the workplace, both its own personnel and the personnel of its subsidiaries and/or associated companies, arranging audits and inspections of workplaces, in order to verify the correct compliance with the provisions of Legislative Decree 81/2018.

This is also thanks to a high level of attention and management of the procedures implemented following the ISO 18001 certification.

Environment

During the financial year, no damage was caused to the environment for which the company was held liable, and therefore no penalties were imposed on the company for environmental offences.

This is also thanks to a high level of attention and management of the procedures implemented following the ISO 14001 certification.

Investments

During the year, significant investments were made in software to control the efficiency and quality of the services provided, software for order management control, software for financial analysis and company cash flow analysis, in addition to what has already been extensively illustrated in this report with regard to optimisation, training, research and development projects.

Research and development activities

The group strongly believes in research and development, which, for the sector in question, means the search for the best process solution to improve the productivity of orders.

In this sense, the development of the research and optimisation programmes foreseen in the 'Strategy' network contract represent the fundamental plus for the growth and strengthening of the Group.

Treasury shares and shares/units of parent companies

The company has no direct or indirect ownership of treasury shares.

Information related to risks and uncertainties pursuant to article 2428, paragraph 3, point 6-bis, of the Civil Code

Pursuant to article 2428, paragraph 3, point 6-bis of the Civil Code, below is information on the company's exposure to price, credit, liquidity and market risks

Price risk

Any changes in interest rates would have a limited impact on the income statement and shareholders' equity, as any change in interest rates could reflect an estimated impact on financial expenses of approximately Euro 165 thousand, for each percentage point, of increase with respect to a net financial debt of Euro 16,549,964.00.

Credit risk

It shall be considered that the company's financial assets have good credit quality. Suffice it to say that no defaults or insolvencies were recorded during 2019.

Liquidity risk

Given the logistics sector and, more generally, the conditions governing business relations in Italy, the liquidity risk is moderately high.

The search continues, through a different approach to the banking system, for alternative instruments to the traditional forms of mobilisation (invoice advances and/or factoring) in favour of financial instruments that provide immediate and total liquidity of receivables for the benefit of the players in the value chain.

Market risk

The logistics market, especially that of warehouse operators, is currently a stable market as a whole, but with strong and rapid processes of market evolution and concentration, determined by the objective impossibility of still being able to chase old market logics of ' lowest price', which will have to and in part is moving towards logics of 'most efficient qualitative and economic price'.

Outlook

Although Legislative Decree 139/2015 has abolished article 2428, paragraph 3, No. 5 of the Civil Code, which required that events subsequent to the closing date of the financial year be reported in the report on operations, it is nonetheless deemed useful to point out that: with the aim of pursuing the economic/equity growth of the group in a constantly evolving services market scenario, the following transactions were completed:

- *On 5 January 2020, as a result of the corporate transformations illustrated above: transformation into a S.p.A. with an increase in share capital, merger of the subsidiaries CBS Gestioni S.p.A. and Tech Log S.r.l. into Samag Holding Logistics, merger by incorporation of Av Logistica S.r.l. into ROL Logistics S.r.l., and transfer of the shares of the relative minority shareholders, the Board of Directors resolved to appoint the new Administrative Body with the conferral of the relative delegation of powers.*

- *On 29/05/2020 Acquisition of 100% of the company **CEDICA S.r.l.**, a Rome-based transport and logistics company specialising in providing transport and logistics services for the retail sector of the large-scale retail trade, with delivery service to points of sale.*
  This transaction is part of the growth process mapped out in the Group's business plan and intended to increasingly develop a vertical integration of logistics services. In addition to further strengthening the group's position in the large-scale retail sector, the acquisition will allow it to rapidly grow in this sector with new agreements/contracts, some of which have already been implemented in this short period.

- *Several negotiations, some already in an advanced state of due-diligence, have been initiated for 'merger & acquisition' transactions that may materialise during the second half of 2020.*
- *The M&A transactions, in line with the 2020/2024 Business Plan ratified by the Board of Directors, will be financed with structured finance aimed at acquisitions and related development investments that will support the planned growth.*

- *With the start of the 2020 financial year, interesting contracts were started with the most important Italian leading company in the Express sector for an estimated value of about Euro 20Mln/year; together with the start of other minor contracts, which bring the forecasts for the year 2020 absolutely in line with the approved Business Plan.*

- *It should also be emphasised that the Company, in order to cope with the emergency related to the CoViD-19 pandemic crisis, immediately put in place the protocols envisaged by the Decree Laws and Regulations issued progressively from March onwards.*
  The company managed to contain the negative consequences and from an operational point of view it was 'an opportunity' to demonstrate to our customers the degree of preparedness achieved by the organisation as a whole, expressing its ability to respond promptly to the unpredictable needs resulting from the emergency and even more so to 'market evolutions/changes', above all thanks to the professionalism and sense of duty demonstrated by the workers working in the plants, for which the group companies felt it their duty to reward them with the payment of an extraordinary bonus/incentive.
  This has resulted in a further strengthening of our reputation, so much so that our forecasts, supported by the first final figures for the beginning of the year 2020, remain that of a year of growth compared to 2019 and in line with the provisions of the 2019-2024 Business Plan.

We also find it useful to point out that the CoViD 19 pandemic in March 2020 forced the lock-down of non-essential production activities.
In Italy, the stop was imposed by the Prime Ministerial Decree of 22 March 2020; however, given the essential nature of the activities carried out by the Group Companies (see the ATECO codes of the aforementioned Prime Ministerial Decree), the blockade did not involve them.

Therefore, although the lock-down has brought and will bring negative effects on the global market, with inevitable repercussions also in our sector, at the moment for the Group companies these effects have not been particularly significant.

The Consolidated Companies have taken all the necessary measures to deal with the emergency situation that has arisen, in accordance with the provisions of the regulations issued in the meantime; in particular, attention is drawn to the specific protocols defined in agreement with the trade unions and aimed at protecting the safety of workers.

Therefore, the pandemic did not have a negative impact on the Group's companies and, since there are currently no critical conditions relating to the Logistics sector, and since these conditions existed prior to 23 February 2020, article 7 of Legislative Decree No. 23 of 8 April 2020 is applicable.

However, one cannot help but speculate that a further lock-down could lead, if not to a contraction of activity, then to a contraction of margins due to reduced productivity, due to compliance with anti-CoVid19 norms (e.g. social distancing, attention to hygienic and sanitary best-practices, etc.), a situation that currently seems averted in light of the virus state of spread.

Consistent with the principles of prudence required in a situation of general uncertainty, the Board of Directors recommends allocating the profit earned during the financial year ending 31 December 2019 to a reserve.

Revaluation of company assets pursuant to Decree Law no. 185/2008

Your company did not make use of the optional revaluation of company assets under Law No. 342/2000.

We would like to thank you for the trust placed in us and kindly request that you approve the financial statements as presented.
The Chair of the Board of Directors

Giuseppe Esposito

SAMAG HOLDING LOGISTICS S.P.A.

Consolidated Financial Statements at 31-12-2019

Company details	
Based in	20148 MILAN (MI) VIA AROSIO 4
Fiscal Code	07635270965
REA (Economic Administrative Index)	MI 1972820
VAT	07635270965
Share Capital Euro	800,000 fully paid-up
Company in liquidation	no
Sole shareholder company	no
Company subject to management and coordination by others	no
Belonging to a group	yes

Consolidated Balance Sheet

	31-12-2019	31-12-2018
Balance Sheet		
Assets		
B) Fixed assets		
I - Intangible assets		
1) start-up and expansion costs	404,816	4,862
2) development costs	4,491,877	-
3) industrial patent and intellectual property rights	343,441	157,276
4) concessions, licenses, trademarks and similar rights	9,213	7,900
5) goodwill	1,791,354	1,650,259
6) assets in progress and advances	14,271,187	-
7) others	991,763	347,180
Total intangible assets	22,303,651	2,167,477
II - Tangible assets		
2) plants and machinery	47,450	34,235
3) industrial and commercial equipment	162,959	128,631
4) other assets	328,847	240,619
5) assets in progress and advances	74,134	74,134
Total tangible assets	613,390	477,619
III - Financial assets		
1) investments in		
a) subsidiaries	252,009	709,653
b) associated companies	-	4,800
d-bis) other companies	470,971	19,971
Total investments	722,980	734,424
2) receivables		
d-bis) others		
due within one year	-	30,000
due beyond one year	49,246	73,800
Total receivables from others	49,246	103,800
Total receivables	49,246	103,800
3) other securities	372,371	4,515,724
Total financial assets	1,144,597	5,353,948
Total fixed assets (B)	24,061,638	7,999,044
C) Current assets		
I - Inventories		
1) raw and ancillary materials and consumables	13,130	12,410
Total inventories	13,130	12,410
II - Receivables		
1) customers		
due within one year	47,813,325	45,808,809
due beyond one year	21,559	-
Total receivables from customers	47,834,884	45,808,809
2) subsidiaries		
due within one year	2,589,687	2,504,054
Total receivables from subsidiaries	2,589,687	2,504,054
3) associated companies		
due within one year	15,616	-

Total receivables from associated companies	15,616	-
5-bis) tax receivables		
due within one year	6,151,553	353,820
Total tax receivables	6,151,553	353,820
5-ter) deferred tax assets	253,496	133,186
5-quater) others		
due within one year	4,758,584	4,033,573
due beyond one year	161,599	36,585
Total receivables from others	4,920,183	4,070,158
Total receivables	61,765,419	52,870,027
III - Financial assets not held as fixed assets		
6) other securities	6,228,573	298,115
Total financial assets not held as fixed assets	6,228,573	298,115
IV - Cash and cash equivalents		
1) bank and postal deposits	2,473,110	2,299,195
2) cheques	5,000	-
3) cash and equivalents on hand	16,732	3,714
Total cash and cash equivalents	2,494,842	2,302,909
Total current assets (C)	70,501,964	55,483,461
D) Accruals and deferrals	3,483,740	5,418,397
Total assets	98,047,342	68,900,902
Liabilities		
A) Group shareholders' equity		
I - Capital	800,000	50,000
IV - Legal reserve	10,000	10,000
VI - Other reserves, indicated separately		
Extraordinary reserve	319,240	780,999
Merger surplus reserve	2,879,843	-
Consolidation reserve	183,370	1,686,640
Sundry other reserves	(2)	(1)
Total other reserves	3,382,451	2,467,638
VIII - Profits (losses) carried forward	(115,393)	268,673
IX - Profit (loss) of the year	4,064,210	949,877
Total group equity	8,141,268	3,746,188
Minorities' equity		
Minorities' capital and reserves	1,008,710	131,357
Minorities' profit (loss)	324,030	20,456
Total minorities' equity	1,332,740	151,813
Total consolidated equity	9,474,008	3,898,001
B) Provisions for risks and charges		
1) pension and similar obligations	131,939	9,503
4) others	1,060,000	986,760
Total provisions for risks and charges	1,191,939	996,263
C) Employee severance indemnity (TFR)	1,908,801	1,585,283
D) Payables		
1) bonds		
due beyond one year	4,888,255	4,879,908
Total bonds	4,888,255	4,879,908
4) payables to banks		
due within one year	20,211,646	21,742,014
due beyond one year	163,716	597,210

Total payables to banks	20,375,362	22,339,224
5) payables to other lenders		
due within one year	9,762	15,722
Total payables to other lenders	9,762	15,722
6) advances		
due within one year	46,998	-
Total advances	46,998	-
7) payables to suppliers		
due within one year	27,045,432	22,449,506
Total payables to suppliers	27,045,432	22,449,506
9) payables to subsidiaries		
due within one year	787	-
Total payables to subsidiaries	787	-
10) payables to associated companies		
due within one year	112,974	-
Total payables to associated companies	112,974	-
12) tax payables		
due within one year	11,155,611	7,647,623
due beyond one year	187,514	275,704
Total tax payables	11,343,125	7,923,327
13) payables to pension and social security institutions		
due within one year	951,287	770,462
Total payables to pension and social security institutions	951,287	770,462
14) other payables		
due within one year	6,955,570	3,618,209
due beyond one year	13,008,373	71,175
Total other payables	19,963,943	3,689,384
Total payables	84,737,925	62,067,533
E) Accruals and deferrals	734,669	353,822
Total liabilities	98,047,342	68,900,902

Consolidated income statement

	31-12-2019	31-12-2018
Income Statement		
A) Production value		
1) revenues from sales and services	111,144,231	100,036,262
4) increases in fixed assets for internal work	5,614,844	-
5) other revenues and income		
contributions in the year	4,499,257	-
other	2,325,174	1,609,276
Total other revenues and income	6,824,431	1,609,276
Total production value	123,583,506	101,645,538
B) Production costs		
6) raw and ancillary materials, consumables and goods	718,581	667,105
7) services	80,426,347	67,018,354
8) rents and leases	3,500,498	3,473,619
9) personnel		
a) wages and salaries	18,532,516	17,434,573
b) social security contributions	4,662,808	3,460,104
c) employee severance indemnity (TFR)	942,845	824,321
d) pensions and similar obligations	5,032	17,303
e) other costs	48,635	84,125
Total personnel costs	24,191,836	21,820,426
10) amortisation, depreciation and write-downs		
a) amortisation of intangible assets	1,832,404	351,527
b) depreciation of tangible assets	144,465	137,176
d) write-downs of receivables included in current assets and cash and cash equivalents	216,626	194,240
Total amortisation, depreciation and write-downs	2,193,495	682,943
11) changes in inventories of raw and ancillary materials, consumables and goods	(720)	2,942
12) provisions for risks	1,000,000	926,760
14) other operating expenses	4,776,652	2,982,748
Total production costs	116,806,689	97,574,897
Difference between production value and costs (A - B)	6,776,817	4,070,641
C) Financial income and expenses		
15) income from investments		
other	32,999	-
Total income from investments	32,999	-
16) other financial income		
b) from securities recorded as fixed assets not held as investments	17,291	2,100
c) from securities recorded as current assets not held as investments	81,667	60,910
d) other income		
other	5,012	6,178
Total other income	5,012	6,178
Total other financial income	103,970	69,188
17) interest and other financial expenses		
other	1,370,375	1,318,196
Total interest and other financial expenses	1,370,375	1,318,196
17-bis) exchange rate gains and losses	(38)	-
Total financial income and expenses (15 + 16 - 17 + - 17-bis)	(1,233,444)	(1,249,008)
D) Value adjustments of financial assets and liabilities		

19) write-downs		
b) financial assets not forming equity investments	-	1,144
c) of current securities not held as investments	-	12,310
Total write-downs	-	13,454
Total value adjustments of financial assets and liabilities (18 - 19)	-	(13,454)
Pre-tax result (A - B + - C + - D)	5,543,373	2,808,179
20) Income taxes for the year, current and deferred tax liabilities and assets		
current taxes	1,274,997	1,876,253
deferred tax liabilities and assets	(119,864)	(38,407)
Total income taxes for the year, current and deferred tax liabilities and assets	1,155,133	1,837,846
21) Consolidated profit (loss) for the year	4,388,240	970,333
Result attributable to the group	4,064,210	949,877
Result attributable to minorities	324,030	20,456

Consolidated Cash Flow Statement (indirect method)

	31-12-2019	31-12-2018
Cash flow statement, indirect method		
A) Cash flows from operations (indirect method)		
Profit (loss) for the year	4,388,240	970,333
Income taxes	1,155,133	1,837,846
Interest expenses/(income)	1,266,406	1,249,008
(Dividends)	(32,999)	-
(Gains)/Losses from disposal of assets	8,674	1,791,465
1) Profit (loss) for the year before taxes on income, interest, dividends and gains /losses on disposal	6,785,454	5,848,652
Adjustments for non-monetary items that had no balancing entry in net working capital		
Allocations to provisions	1,947,877	1,768,384
Amortisation/Deprecation of fixed assets	1,976,869	488,703
Write-downs for impairment losses	-	207,694
Other increase/(decrease) adjustments for non-monetary elements	11,615,665	-
Total adjustments for non-monetary items that had no balancing entry in net working capital	15,540,411	2,464,781
2) Cash flow before changes in net working capital	22,325,865	8,313,433
Changes in net working capital		
Decrease/(Increase) in inventories	(720)	2,942
Decrease/(Increase) in receivables from customers	(2,127,324)	(9,211,438)
Increase/(Decrease) in payables to suppliers	4,709,687	2,091,756
Decrease/(Increase) in accrued and deferred assets	1,934,657	(2,138,193)
Increase/(Decrease) in accrued and deferred liabilities	380,847	57,335
Other Decreases/(Other Increases) in net working capital	-	2,863,400
Total changes in net working capital	4,897,147	(6,334,198)
3) Cash flow after changes in net working capital	27,223,012	1,979,235
Other adjustments		
Interest collected/(paid)	(1,266,406)	(1,249,008)
(Income taxes paid)	-	(1,837,846)
(Use of provisions)	339,301	474,941
Total other adjustments	(927,105)	(2,611,913)
Cash flow from operating activities (A)	26,295,907	(632,678)
B) Cash flows from investments		
Tangible assets		
(Investments)	(546,609)	(64,664)
Disinvestments	301	-
Intangible assets		
(Investments)	(22,132,010)	(580,937)
Financial assets		
(Investments)	(671,971)	(775,688)
Disinvestments	30,000	-
Short-term financial assets		
(Investments)	(4,769,650)	(1,847,535)
Disinvestments	(1,458,923)	-
Cash flow from investment activities (B)	(29,548,862)	(3,268,824)
C) Cash flows from financing activities		
Third-party equity		

Increase/(Decrease) in short-term payables to banks	(1,963,862)	5,240,475
New loans	4,898,017	-
(Repayment of loans)	(361,943)	(710,288)
Equity		
Paid share capital increase	752,812	136,423
Cash flow from financing activities (C)	3,325,024	4,666,610
Increase (decrease) in cash and cash equivalents (A ± B ± C)	72,069	765,108
Cash and cash equivalents - opening balance		
Bank and postal deposits	2,299,195	1,698,657
Cash and equivalents on hand	3,714	7,376
Total cash and cash equivalents - opening balance	2,302,909	1,706,033
Cash and cash equivalents - closing balance		
Bank and postal deposits	2,473,110	2,299,195
Cheques	5,000	-
Cash and equivalents on hand	16,732	3,714
Total cash and cash equivalents - closing balance	2,494,842	2,302,909

Reg. Co. 07635270965
REA (Economic Administrative Index) 1972820

SAMAG HOLDING LOGISTICS S.P.A.

Registered office in VIA AROSIO 4 - 20148 MILAN (MI) Share capital Euro 800,000.00 fully paid-up

Notes to the Consolidated Financial Statements at **31/12/2019**

Notes - Initial Part

Your Company, as a holding company, represents a business organisation that boasts a great deal of experience and expertise in the management and development of specialised services in the areas of logistics and outsourcing processes, in particular, but not limited to: administrative, accounting, management and financial services, etc.
It proposes itself to contractors as an alternative partner for outsourcing processes, providing in an all-inclusive package several interrelated services, while maintaining a high degree of flexibility that is increasingly appreciated today, especially in the wake of the CoViD-19 pandemic that has affected the entire planet.
Ensuring proper bureaucratic and administrative management and absolute compliance with workplace safety regulations.
The Group brings together multiple skills and expertise under the single mission *of* being a leading player in the supply chain sector and beyond, generally in the tertiarisation of services.

Activities carried out and significant events during the year concerning the Group

Significant events that occurred during the year are as follows:

- the company Lizard Renewables S.p.A. was incorporated on 13 June 2019 by a deed of the Notary Firm Agostini - Chibbaro. Samag Holding Logistics S.p.A. intervened by subscribing 51% of the share capital;
- on 23 October 2019, Samag Holding S.r.l. was transformed into a joint-stock company, changing its corporate purpose by subscribing to a free share capital increase of Euro 750,000.00 (seven hundred and fifty thousand/00) to Euro 800,000.00 (eight hundred thousand), in which context it changed its company name to Samag Holding Logistics S.p.A;
- on 30 October 2019, with a Deed of Sale of ALD Notaries signed by Mr. Marco Borio, we acquired a further stake in Macro Service S.r.l. equal to 55% of the share capital, thus bringing our shareholding to 95% of the entire share capital;
- on 13 December 2019, by a deed of merger from the Notary Colombo, the companies CBS Gestioni S.p.A. and Tech Log S.r.l. were merged into Samag Holding Logistics S.p.A., the deed of which set the effective date of the accounting and tax effects of the merger at 1 January of the current year;
- on 16 December 2019, Samag Holding Logistics S.p.A. sold its shares in Crearts S.r.l. equal to 51% of the entire share capital to CBS Lavoro S.p.A.;
- on 5 December 2019, by deed of merger of Notary Colombo, AV Logistic S.r.l. was merged into Rol Logistics S.r.l., the deed of which set the effective date of the accounting and tax effects of the merger at 1 January of the current year.

Preparation criteria

The consolidated financial statements, consisting of the balance sheet, income statement and notes, have been prepared in compliance with article 29 of Legislative Decree 127/91, as is clear from these notes, prepared pursuant to article 38 of the same decree. Where necessary, the accounting standards laid down by the National Council of Accountants and Tax Advisors were applied and, where these were lacking, the accounting standards recommended by the IASB and referred to by Consob.

In addition to the annexes required by law, they also include the statements of reconciliation between the net result and shareholders' equity of the consolidating company and the respective values resulting from the consolidated financial statements.

These notes provide the data and information required by article 38 of the same decree.
Pursuant to article 29, paragraph 4, of Legislative Decree 127/91 it should be noted that no exceptions were applied.

Scope and methods of consolidation

The consolidated financial statements originate from the annual financial statements of SAMAG HOLDING LOGISTICS S.P.A. (Parent Company) and the Companies in which the Parent Company directly or indirectly holds a controlling interest in the capital or exercises control. The financial statements of the Companies included in the scope are consolidated according to the line-by-line method. A list of these Companies is given in the annex.
Subsidiaries excluded from consolidation pursuant to Legislative Decree 127/91 are valued according to the cost method. The list is given in an annex to the notes, with an indication of the reasons for exclusion. For consolidation purposes, the financial statements of the individual companies, already approved by the Shareholders' Meetings/prepared by the Boards of Directors for approval, were used, reclassified and adjusted to align them with the accounting standards and presentation criteria adopted by the Group.
There are no companies whose financial year-end date differs from the reference date of the consolidated financial statements; the reference date of the latter is 31 December 2019.

Consolidation criteria

The book value of investments in consolidated Companies is eliminated against the corresponding fraction of equity. Differences resulting from the elimination are allocated to the individual financial statements items justifying them, and the remainder, if positive, will be recorded under an asset item called 'goodwill', unless all or part of it is to be charged to the income statement under item B14. The amount entered as an asset is amortised over the period provided for in article 2426, paragraph 1, no. 6. If negative, the difference is allocated, where possible, as a deduction to assets carried at values higher than their recoverable amount and to liabilities carried at a value lower than their settlement value. The remaining negative difference is entered in the equity item 'Consolidation reserve' or in the special 'Consolidation reserve for future risks and charges', in accordance with article 33, paragraph 3, of Legislative Decree 127/91.
The provision is used in subsequent years to reflect the assumptions made when it was estimated at the time of purchase.
The portions of equity attributable to minority shareholders are recorded under the specific item in the balance sheet. In the income statement, the share of earnings attributable to minority interests is presented separately.
Financial and economic relations between the Companies included in the scope of consolidation have been entirely eliminated.
Gains and losses arising from transactions between consolidated Companies, that are not realised through transactions with third parties are eliminated.
During pre-consolidation, items of exclusive tax relevance were eliminated and the relevant deferred taxes were set aside.
The financial statements of foreign subsidiaries and associates were converted using the spot exchange rate at the reporting date for assets and liabilities.

Valuation criteria

The criteria used in the preparation of the consolidated financial statements for the year ended 31/12/2019 are those used in the financial statements of the parent company that prepared the consolidated financial

statements and do not differ from those used in the preparation of the consolidated financial statements for the previous year, particularly in the valuations and continuity of the same principles.
The valuation of financial statement items was based on general criteria of prudence and competence and on a going concern basis.

In accordance with the principle of relevance, the obligations regarding recognition, evaluation, presentation and disclosure were not respected when compliance thereof had irrelevant effects in order to provide a true and fair representation.

Recognition and presentation of the items of the financial statements was made taking into account the substance of the transaction or contract.

In particular, the valuation criteria adopted in the preparation of the financial statements were the following.

Fixed assets

Intangible assets

They are recognised at historical cost of acquisition and are stated net of accumulated amortisation during the years and recorded directly under individual items.
Start-up and expansion costs and development costs with long-term utility have been capitalised with the approval of the Board of Auditors. Start-up and expansion costs are amortised over a period not exceeding five years. Development costs are amortised systematically over their useful life: in exceptional cases where their useful life cannot be reliably estimated, they are amortised over a period not exceeding five years.

The item 'Goodwill' includes the consolidation difference consisting of the residual portion of the higher value paid with respect to the book equity of the consolidated companies resulting at the date of their acquisition, after taking into account the gains allocable to specific asset items. The consolidation difference is shown net of the amortisation allowance determined according to the period of expected future usefulness, which was determined in the previous year to be 10 years.

Industrial patent and intellectual property rights, licenses, concessions and trademarks are amortised at an annual rate of 20%.
Leasehold improvements are amortised at rates based on the duration of the contract.
If, regardless of accumulated amortisation, there is an impairment loss, the asset is written down accordingly. If in future years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for amortisation.

Tangible assets

These have been recorded at their purchase cost and adjusted by the relevant accumulated depreciation.
For the carrying value of the financial statements, account was taken of ancillary charges and costs incurred for the use of the asset, leading to a reduction in the cost of trade discounts and cash discounts of a significant amount.

The depreciation charged to the income statement was calculated according to the use, allocation and economic-technical life of the assets, based on the criterion of remaining useful life that we deem to be well represented by the following rates, unchanged from the previous year and reduced by half in the year of entry into operation of the asset:

Asset Type	% Depreciation
Office equipment	20%
Vehicles	20%
Office furniture	12%
Plants and machinery	20%
Equipment	15%
Other assets	20%

If, regardless of accumulated depreciation, there is an impairment loss, the asset is written down accordingly. If in future years, the reasons for the write-down no longer apply, the original value is restored, adjusted only for amortisation.

Tangible assets have not been revalued.

Financial lease transactions (leasing)

Financial lease transactions are recognised in the consolidated financial statements using the equity method, recording in the income statement the fees paid according to the principle of accrual.
A specific section of the notes provides the additional information required by law relating to the representation of financial lease contracts using the financial method.

Receivables

The amortised cost criterion was not applied as the effects are irrelevant to provide a true and correct representation. Receivables are therefore stated at their estimated realisable value, subject to the application of the discounting process. In particular, receivables with a maturity of less than 12 months have not been discounted, as the effects are insignificant compared to the non-discounted value.

With reference to receivables recorded in the financial statements prior to the year beginning on or after 1 January 2016, they are recorded at the estimated realizable value since, as required by accounting standard OIC 15, it was decided not to apply the amortised cost criterion and discounting.

The nominal value of receivables is adjusted to their estimated realisable value by means of a special provision for bad debts, taking into account the existence of indicators of permanent loss.

Payables

The amortised cost criterion was not applied as the effects are irrelevant to provide a true and correct representation; therefore, payables are stated at nominal value.

While the bond liability is recognised on the amortised cost basis, taking into account the time factor.
Upon initial recognition of the payable with the amortised cost criterion, the time factor is respected by comparing the effective interest rate with market interest rates.
At year-end, the value of the payable valued at amortised cost is equal to the present value of future cash flows, discounted at the effective interest rate.

With reference to payables recorded in the financial statements prior to the year beginning on or after 1 January 2016, they are recorded at their nominal value since, as required by accounting standard OIC 19, it was decided not to apply the amortised cost criterion and discounting.

Accruals and deferrals

They were determined on the accrual basis of the year.
For long-term accruals and deferrals, the conditions that had led to the original entry have been verified, adopting, where necessary, the appropriate changes.

Inventories

Inventories are stated at purchase cost, including directly attributable expenses.

Securities

Securities recorded as current assets are valued at the lower of the purchase cost and the realisable value based on market trends.

Investments

Investments in (non-consolidated) subsidiaries and associated companies that are intended to be held on a long-term basis are valued using the purchase cost method, as well as the other investments that are intended to be held on a long-term basis.

Derivative financial instruments

No derivative financial instruments are held.

Provisions for risks and charges

They are set aside to cover payables whose existence is probable, but whose amount or date of occurrence could not be determined at year-end.
In the evaluation of said provisions, the general criteria of prudence and competence were complied with and no provisions were established for general risks without economic justification.
Contingent liabilities were recognised in the financial statements and recorded in provisions as deemed probable and as the amount of the related expense can be estimated with reasonableness.

TFR Provision

Represents the actual amount accrued due to the employees in accordance with law and labour contracts in force, considering all forms of ongoing remuneration.
The provision corresponds to the total indemnities accrued due to employees at year-end, net of advances paid, and is equal to the amount that should have been paid to employees in the event of termination of employment on that date.

Income taxes

Taxes are allocated according to the accrual principle. They therefore represent:

- accruals for taxes paid or to be paid for the year, determined in accordance with the rates and regulations in force;
- the amount of deferred taxes or paid in advance in respect of temporary differences arisen or cancelled during the year.

Deferred tax liabilities and assets are calculated on temporary differences between the values of assets and liabilities determined according to statutory criteria and the corresponding tax values.

Revenue recognition

Financial revenues and those deriving from service provisions are recognised on an accrual basis.
Revenues and income, costs and expenses relating to foreign currency transactions are calculated at the exchange rate on the date on which the relevant transaction is completed.

Adjustment Criteria

Exceptions

No exceptions to the above were applied.

Changes to the valuation criteria

The valuation criterion used did not vary or change from the previous year.

Employment figures

The average number of employees of the companies consolidated on a line-by-line basis is shown separately by category.

Workforce	31/12/2019	31/12/2018	Changes
Executives	1	1	
Managers	1		1
Clerks	74	69	5
Workers	436	458	-22
Others	8	12	-4

Total	**520**	**540**	**-20**

Intangible assets

The breakdown of the item is as follows:

Description	31/12/2018	Increases	Of which for capitalised costs	Decreases	Consolidation entries	31/12/2019
Start-up and expansion	4,862	399,954				404,816
Development		4,491,877				4,491,877
Industrial patent rights	157,276	186,165				343,441
Concessions, licenses, trademarks	7,900	1,313				9,213
Goodwill	1,650,259			1,071,020	1,212,115	1,791,354
Assets in progress and advances		14,271,187				14,271,187
Other	347,180	644,583				991,763
Total	**2,167,477**	**19,995,079**		**1,071,020**	**1,212,115**	**22,303,651**

Write-downs and reversals during the year

No write-downs, revaluations and/or reversals were made during the year under review.

Start-up and expansion costs

The breakdown of the item is as follows:

Description of costs	31/12/2019	31/12/2018	Changes
Incorporation	5,651		5,651
Merger	163,624		163,624
Start-up costs	235,541	4,862	230,679
Total	**404,816**	**4,862**	**399,954**

Assets in progress and advances

The breakdown of the item is as follows:

Description of costs	31/12/2019	31/12/2018	Changes
Assets in progress	181,028		181,028
Start-up costs	14,090,159		14,090,159
Total	**14,271,187**		**14,271,187**

Comments:

Start-up costs are recognised in accordance with OIC 29 paragraph 58 et seq. as detailed in the Report on Operations to which reference should be made. These will be amortised over a period of five years, however, as they derive from an item that became certain in the year 2020, no amortisation was applied in the 2019 financial year as it is considered that the start of amortisation should coincide with the financial year in which the expense became certain (i.e. 2020).

Capitalisation of financial expenses

During the year, no financial expenses were charged to the accounts under assets.

Tangible assets

The breakdown of the item is as follows:

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
Plants and machinery	34,235	13,215			47,450
Industrial and commercial equipment	128,631	34,328			162,959
Other assets	240,619	88,228			328,847
Assets in progress and advances	74,134				74,134
Total	**477,619**	**135,771**			**613,390**

Plants and machinery

Description	Amount	
Historical cost	34,235	
Monetary revaluation		
Economic revaluation		
Depreciation previous years		
Write-down previous years		
Consolidation entries		
Balance at 31/12/2018	**34,235**	
Acquisition of the year	28,023	
Monetary revaluation		
Economic revaluation of the year		
Write-down for the year		
Disposals during the year		Monetary revaluation
Positive transfers (reclassification)		Economic revaluation
Negative transfers (reclassification)		
Interest capitalised in the year		
Other changes		
Depreciation for the year	(14,808)	
Consolidation entries		
Balance at 31/12/2019	**47,450**	

Industrial and commercial equipment

Description	Amount	
Historical cost	128,631	
Monetary revaluation		
Economic revaluation		
Depreciation previous years		
Write-down previous years		
Consolidation entries		
Balance at 31/12/2018	**128,631**	
Acquisition of the year	69,476	
Monetary revaluation		
Economic revaluation of the year		
Write-down for the year		
Disposals during the year		Monetary revaluation
Positive transfers (reclassification)		Economic revaluation
Negative transfers (reclassification)		

Interest capitalised in the year		
Other changes		
Depreciation for the year	(35,148)	
Consolidation entries		
Balance at 31/12/2019	**162,959**	

Other assets

Description	Amount	
Historical cost	253,526	
Monetary revaluation		
Economic revaluation		
Depreciation previous years	(12,907)	
Write-down previous years		
Consolidation entries		
Balance at 31/12/2018	**240,619**	
Acquisition of the year	182,737	
Monetary revaluation		
Economic revaluation of the year		
Write-down for the year		
Disposals during the year		Monetary revaluation
Positive transfers (reclassification)		Economic revaluation
Negative transfers (reclassification)		
Interest capitalised in the year		
Other changes		
Depreciation for the year	(94,509)	
Consolidation entries		
Balance at 31/12/2019	**328,847**	

Assets in progress and advances

Description	Amount
Balance at 31/12/2018	**74,134**
Acquisition of the year	
Disposals during the year	
Positive transfers (reclassification)	
Negative transfers (reclassification)	
Interest capitalised in the year	
Other changes	
Consolidation entries	
Balance at 31/12/2019	**74,134**

Write-downs and reversals during the year

There were no write-downs, revaluations and/or reversals in the year under review.

Capitalisation of financial expenses

During the year, no financial expenses were charged to the accounts under assets.

Financial assets: investments

List of companies included in the consolidation on a line-by-line basis pursuant to article 26 of Legislative Decree

127/91 at 31/12/2019

Company name	HQ	Share capital	Shareholders	Own quota	Cons. quota
				%	
CBS Magyarorszag KFT	**Hungary**	**1,858,000**	**Samag Holding Logistics S.p.A.**	**60.00**	**60.00**
Macro Service S.r.l.	**Turin**	**10.0000**	**Samag Holding Logistics S.p.A.**	**95.00**	**95.00**
D.L.- Direzione logistica S.r.l.	**Triuggio (MB)**	**10,000**	**Samag Holding Logistics S.p.A.**	**85.00**	**85.00**
ROL Logistics S.r.l.	**Milan**	**52,812**	**Samag Holding Logistics S.p.A.**	**90.00**	**90.00**
General Trade Log S.r.l.	**Bergamo**	**10,000**	**Samag Holding Logistics S.p.A.**	**100.00**	**100.00**
CBS Lavoro S.p.A.	**Seregno**	**600,000**	**Samag Holding Logistics S.p.A.**	**90.00**	**90.00**
Integrated International Logistics S.r.l.	**Seregno**	**10,000**	**ROL Logistics S.r.l.**	**100.00**	**100.00**

List of excluded companies

Company name	HQ	Share capital	Shareholders	Own quota	Reasons for exclusion
				%	
Rehold S.r.l.	**Parma**	**10,000**	**Samag Holding Logistics S.p.A.**	**100.00**	**(6)**
Crearts S.r.l.	**Seregno**	**10,000**	**CBS Lavoro S.p.A.**	**51.00**	**(6)**
General Holding S.r.l. in liquidation	**Triuggio (MB)**	**10,000**	**Samag Holding Logistics S.p.A.**	**50.00**	**(4)**
Prodaction S.r.l. in liquidation	**Milan**	**120,000**	**Samag Holding Logistics S.p.A.**	**100.00**	**(4)**
Idia S.r.l.	**Milan**	**25,000**	**CBS Lavoro S.p.A.**	**51.00**	**(1)**
Lizard Renewables S.p.A.	**Rome**	**100,000**	**Samag Holding Logistics S.p.A.**	**51.00**	**(6)**

Reasons for exclusion

(1) Heterogeneity of activity
(2) Limitation in the exercise of control
(3) Irrelevance of the subsidiary
(4) Company in liquidation or insolvency proceedings
(5) Shares or quotas held exclusively for subsequent disposal
(6) Other

Investment in other companies recorded as financial assets are valued at purchase or subscription cost. In addition to the shares in the business network called 'Strategy', shares in Confidi and trade associations are entered.

Financial assets: receivables

The breakdown of the item is as follows:

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019	Fair value
Non-consolidated subsidiaries						

Associated companies						
Parent companies						

Companies subject to the control of the parent companies						
Others	103,800		54,554		49,246	
Total	**103,800**		**54,554**		**49,246**	

Inventories

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
Raw and ancillary materials and consumables	12,410	720			13,130
Total	**12,410**	**720**			**13,130**

It should be noted that the criteria adopted in the valuation of the individual items, constituting the inventories, led to the recording of values not particularly different from the current costs of the assets recognisable at the closing date of the financial year (article 2426, paragraph 10 of the Civil Code).

Receivables

The balances of consolidated receivables, after the elimination of infra-group values, are broken down as follows by maturity.

Description	Within one year	Beyond one year	Beyond 5 years	Total	Of which related to transactions with obligation of forward relegation
Customers	47,813,325	21,559		47,834,884	
Non-consolidated subsidiaries	2,589,687			2,589,687	
Associated companies	15,616			15,616	
Parent companies					
Companies subject to the control of the parent companies					
Tax receivables	6,151,553			6,151,553	
Deferred tax assets	153,396	100,100		253,496	
Others	4,758,584	161,599		4,920,183	
Rounding					
	61,482,161	**283,258**		**61,765,419**	

Cash and cash equivalents

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
Bank and postal deposits	2,299,195	173,915			2,473,110
Cheques		5,000			5,000
Cash and equivalents on hand	3,714	13,018			16,732

Total	2,302,909	191,933			2,494,842

The balance represents the cash and cash equivalents and the existence of cash and assets at year-end.

Accrued and deferred assets

They represent the items related to the accounting period calculated on an accrual basis. The breakdown of this item is as follows.

Description	Amount
Deferred assets rental instalments	41,826
Deferred assets on service provisions	2,609,937
Deferred assets on insurance	29,284
Deferred assets lease instalments	158,243
Deferred assets for various consultancy	26,559
Deferred assets on rents and leases	67,560
Deferred assets on miscellaneous maintenance	9,699
Deferred assets on deferred charges	4,430
Accrued assets on insurance reimbursements	99,623
Others	436,579
Total	**3,483,740**

Equity

Statement of reconciliation between the net result and equity of the consolidating company and the respective values resulting from the consolidated financial statements

The group's consolidated shareholders' equity and consolidated results of operations at 31/12/2019 are reconciled with those of the parent company as follows:

	Equity	Result
Shareholders' equity and result for the year as reported in the financial statements of the parent company	5,938,012	1,928,931
Adjustments made in application of accounting standards		
Derecognition of the book value of consolidated equity investments:		
a) difference between book value and pro-rata value of equity	(437,159)	
b) pro-rata results achieved by investees	2,337,297	2,337,297
c) gains/losses attributed at the date of acquisition of the investees	1,212,115	(202,018)
d) consolidation difference		
Derecognition of the effects of transactions among consolidated companies	(908,997)	
Shareholders' equity and result for the year attributable to the group	8,141,268	4,064,210
Shareholders' equity and result for the year attributable to minorities	1,332,740	324,030
Consolidated equity and net result	**9,474,008**	**4,388,240**

Consolidated statement of changes in group equity

	Capital	Reserves	Consolidation reserve	Conversion differences	Profit/loss Carried forward	Negative reserve for portfolio treasury shares	Profit/loss for the year	Group total
Opening balance at 31/12/2018	50,000	2,477,638	1,686,640		268,673		949,877	3,746,188

Changes in the year:								
Subscriptions to share capital increase								
Shareholder capital contributions								
Loss coverage previous year								
Loss coverage current year								
Dividends								
Loss for the year								
Profit for the year							(949,877)	(949,877)
Decrease for equity tax in application of L.D. 394/92								
Exchange rate differences arising from the conversion of financial statements expressed in foreign currency								
Other changes	750,000	914,813	(1,503,270)		(384,066)		4,064,210	5,344,957
Closing balance at 31/12/2019	**800,000**	**3,392,451**	**183,370**		**(115,393)**		**4,064,210**	**8,141,268**

Provisions for risks and charges

The breakdown of this item is as follows.

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
For pension and similar obligations	9,503	122,436			131,939
For taxes, including deferred					
Derivative financial instruments payable					
Others	986,760	1,000,000	926,760		1,060,000
Provision for consolidation for future risks and charges					
Total	**996,263**	**1,122,436**	**926,760**		**1,191,939**

Provisions for risks and charges - other

The breakdown of this item is as follows.

Description	Amount
Provision for disputes with social security entities	1,000,000
Provision for disputes with customers for damage and breakage	60,000
Total	**1,060,000**

Severance pay (TFR)

The breakdown of this item is as follows.

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
TFR, changes in the period	1,585,283	870,064	546,546		1,908,801

The TFR provision represents the effective liability at 31/12/2019 towards its employees on the workforce as of that date, net of any advances paid.

Payables

Consolidated payables, after the elimination of intra-group values, are stated at their nominal value and the expiration of the same is broken down as follows:

Description	Within one year	Beyond one year	Beyond 5 years	Total
Bonds		4,888,255		4,888,255
Convertible bonds				
Payables to shareholders for loans				
Payables to banks	20,211,646	163,716		20,375,362
Payables to other lenders	9,762			9,762
Advances	46,998			46,998
Payables to suppliers	27,045,432			27,045,432
Payables in the form of credit securities				
Payables to non-consolidated subsidiaries	787			787
Payables to associates	112974			112,974
Payables to parent companies				
Payables to companies subject to the control of the parent companies.				
Tax payables	11,155,611	187,514		11,343,125
Payables to social security institutions	951,287			951,287
Other payables	6,955,570	13,008,373		19,963,943
Total	**66,490,067**	**18,247,858**		**84,737,925**

The balance of the payable to banks at 31/12/2019, including mortgages payable, expresses the actual payable for capital, interest and ancillary charges accrued and payable.

The company made use of the option not to use the amortised cost method and/or not to discount payables, with the exception of bond debt, as mentioned above. All other payables are therefore recorded at nominal value.
The item 'Tax payables' includes only certain and determined tax liabilities.
The item 'Other payables' includes liabilities for commitments undertaken by the consolidating company and the consolidated companies General Trade S.r.l. and Rol Logistics S.r.l. for subrogation payments to the tax authorities in respect of the positive settlement of the dispute between the latter and the companies performing subcontracted services.
The breakdown of payables at 31/12/2019 according to geographic area has not been shown, as they are all

due to domestic operators (article 2427, first paragraph, no. 6 of the Civil Code).

Accrued and deferred liabilities

They represent the items related to the accounting period calculated on an accrual basis. The breakdown of this item is as follows.

Description	Amount
Deferred liabilities rental income	112,795
Deferrals liabilities on provisions	160,000
Accrued liabilities on deferred remuneration	441,947
Accrued liabilities on financial expenses.	14,927
Accrued liabilities on membership contributions	5,000
Total	734,669

Revenues by business category

The breakdown of this item is as follows.

Category	31/12/2019	31/12/2018	Changes
Sales of goods			
Product sales			
Sales of accessories			
Provisions of services	111,144,231	100,036,262	11,107,969
Rental income			
Commission income			
Other revenues and income	6,824,431	1,609,276	5,215,155
Total	117,968,662	101,645,538	16,323,124

Revenues by geographical area

Again, the breakdown by geographical area is not significant, as they are all with national operators.
Particular mention should be made of the change in other revenues and income, due to the recognition of tax credits resulting from the implementation of certain R&D projects aimed at industrial research and experimental development.

Production costs

The breakdown of this item is as follows.

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
Raw and ancillary materials and goods	667,105	54,958		(3,482)	718,581
Services	67,018,354	16,894,843		(3,486,850)	80,426,347
Rents and leases	3,473,619	36,159		(9,280)	3,500,498
Wages and salaries	17,434,573	2,514,258		(1,416,315)	18,532,516
Social security contributions	3,460,104	1,202,704			4,662,808
Severance pay (TFR)	824,321	118,524			942,845
Pension and similar benefits	17,303		12,271		5,032
Other personnel costs	84,125		35,490		48,635
Amortisation of intangible assets	351,527	1,278,858		202,019	1,832,404

Depreciation of tangible assets	137,176	7,289			144,465

Other write-downs of fixed assets					
Write-downs of receivables current assets	194,240	22,386			216,626
Change in inventories of raw materials	2,942		3,662		(720)
Allocation for risks	926,760	73,240			1,000,000
Other allocations					
Other operating expenses	2,982,748	1,858,479		(64,575)	4,776,652
Total	97,574,897	24,061,698	51,423	(4,778,483)	116,806,689

Interest and other financial expenses

The breakdown of this item is as follows.

Description	31/12/2018	Increases	Decreases	Consolidation entries	31/12/2019
Non-consolidated subsidiaries		47,775		(47,775)	
Associated companies					
Parent companies					
Companies subject to the control of the parent companies					
Interest and expenses on bond payables	265,166	431			265,597
Interest expenses on ordinary payables to credit banks	214,955		129,615		85,340
Other financial expenses	838,075	181,363			1,019,438
Total	**1,318,196**	**229,569**	**129,615**	**(47,775)**	**1,370,375**

Income taxes for the year

Balance at 31/12/2019	Balance at 31/12/2018	Changes
1,155,133	1,837,846	(682,713)

Taxes	Balance at 31/12/2019	Balance at 31/12/2018	Changes
Current taxes:	1,274,997	1,876,253	(601,256)
Deferred tax liabilities (assets)	(119,864)	(38,407)	(81,457)
	1,155,133	**1,837,846**	**(682,713)**

Deferred tax liabilities / assets

Deferred tax assets were recognised as there is reasonable certainty of the existence, in the years in which the deductible temporary differences will reverse, related to which deferred tax assets have been recognised, of a taxable income not lower than the amount of the differences that will be written off.

Temporary differences that led to the recognition of deferred tax assets refer to Euro25,050 to the amortisation of goodwill recorded as consolidation difference and Euro56,407 to unpaid directors' fees.

Information related to agreements not included in the balance sheet

(Ref. article 38, paragraph 1, letter o-*sexies*), Legislative Decree no. 127/1991

There are no agreements in place that are not reflected in the balance sheet.

Financial lease transactions (leasing)

The following information is provided as required by article 2427, point 22) of the Civil Code relating to finance leases involving the transfer to the company of the prevalent part of the risks and benefits regarding the assets covered in the contracts.

Description	Amount
Total amount of assets under financial lease at year-end	900,547
Depreciation and amortisation that would have been relevant to the year	52,081
Value adjustments and value reversals that would have been accrued during the year	(163,312)
Current value of instalments not past due at year-end	823,684
Financial expenses relevant to the year on the basis of the effective interest rate	28,650

These consolidated financial statements, comprising the balance sheet, income statement and notes, provide a true and fair view of the statement of financial position and consolidated results of operations and correspond to the accounting records of the parent company and the information reported from the companies included in the consolidation.

Giuseppe Esposito