COECLERICI

ANNUAL REPORT 2020

COECLERICI

Coeclerici SpA

Registered Office:
Piazza Generale Armando Diaz 7, 20123 Milan, Italy

VAT Reg. NO., Tax Code No. and Registered Companies No.:
00269690103

Chamber of Commerce No. 1761693
Direction and Coordination: Fincler Srl

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COECLERICI GROUP AT A GLANCE

412ml
Turnover**

148ml
Investments over last 5 years*

12
Countries

1,220
Employees**

* *Includes entities accounted for using the equity method*
Investments adjusted to exchange rates at 31 December 2020

** *Figures at 31 December 2020*

DEAR SHAREHOLDERS,

2020 has certainly been an exceptional year for the world economy. The shock triggered by the Covid-19 pandemic required the adoption of restrictive measures which had a heavy impact on economic activity and global trade. More specifically, international trade dropped considerably during the first half of the year as a result of a decline in demand in most economies, the interruption of tourism and a lower volume of trade related to global supply chains.

Following an unprecedented downturn, global economic activity showed signs of recovery in the second half of the year. The strong, although still partial, upswing significantly depends on the effects of the exceptional stimulus measures introduced worldwide. Nonetheless, the international economy is still conditioned by the uncertainty over the evolution of the pandemic, which resumed its intensity at the end of the year.

The recent trend of raw material prices also confirms the dynamism of industrial activity. Their growth marks improvement in global demand, especially in the Asian countries. The trend was further emphasized by the weakening of the US dollar. The evolution of the raw material prices is a sensor, above all of the intensity of the manufacturing sector's recovery. In this regard, it was particularly noteworthy to see the recovery in the third quarter of the year of the industries that use steel (construction, automotive, machinery and mechanical equipment) with a resulting increase in steel prices, also in light of the striking slowdown in steel production during the first lockdown. In this context, it should be noted that the low ash coal of our mine, located in the Siberian region of Kemerovo in Russia, is used in the steel and chemical industries. The lower production and demand for steel in the first six months of the year was reflected in a 8% drop in aggregate coal demand in 2020, as estimated by the International Energy Agency, with a negative impact on the fossil fuel prices. During the year coal prices trended downward with API2 dropping 18% from an average price of 61 USD/T in 2019 to an average price of 50 USD/T in 2020, while API4 was down by 10% from an average price of 72 USD/T in 2019 to an average price of 65 USD/T in 2020. However, thanks to the recovery of the real economy, coal prices have improved starting from December.

The operating results of your Group for the year were affected by the economic recession caused by Covid-19, with a sharp reduction in coal prices and a slight decline in quantities handled by the Commodities Division. There was also considerable uncertainty in markets, with a resulting negative impact on orders intake in the first half, and a slowdown in production activities due to the lockdown that generated slower progress of orders in the Industry Division. The Commodities Division's prudent approach made it possible to maintain positive EBITDA for the period, totaling Euro 6.3 million. The loss of the year, amounting to Euro 9.9 million, was also affected by the recognition of non-recurring costs totaling Euro 5.3 million due mainly to the restructuring costs of the German company Goebel.

In response to the Covid-19 crisis, the Group immediately revised investment plans for the year with a reduction in scheduled capex and the implementation of a cost optimization program. The net financial position was Euro 49.3 million, down by Euro 5.7 million compared to the previous year, and included the Euro 4.8 million impact deriving from the application of the accounting standard 'IFRS 16 – Leases', which required the posting of existing operating leases under financial liabilities.

In 2020 the Commodities Division generated a fair profitability despite the sharp reduction in reference market indices. The downward trend in coal prices, which have reached levels close to their all-time low, began in the second half of 2019 and broadened further with an acceleration owing to the spread of the Covid-19 pandemic that affected the global economy in 2020.
Nonetheless, the market strategy adopted by the Commodities Division's management made it possible to set sales prices with major customers in advance, thereby ensuring the Division's positive performance in both the mining and trading sectors.
With regard to the mining activity, the results of the cost rationalization implemented by management and the optimization of technical performance of operational means, which led to improvement of the key production KPIs, are worth of mention.
These measures, together with the reduction in rail and port charges, contributed to a limited erosion of sales margins, which is a natural consequence of lower international coal trading. A further positive impact was due to the weakness of the ruble against the US dollar, which further lightened the Division's cost base. Last but not least a progress was made on the feasibility study to build a coal washing plant in the owned mining area. In the future, this will make it possible to significantly improve product quality and increase profitability for the entire life of the mine.
The achievement of the certifications ISO 9001:2015 quality management systems, ISO 14001:2015 environmental management system and ISO 45001:2018 occupational health and safety management systems by our mine is of great strategic and cultural importance.
Our mine was one of the first three mines in Russia to achieve these goals and is an example of excellence in the Green Kuzbass project promoted by the Governor of Kemerovo. This is an important and concrete milestone in the evolution of 'sustainable development' policies, which has always been a top priority for the Group. We have constantly strived to respect local cultures and workers all around the world and sought ways to reduce the environmental impact of metallurgical coal, which will be an irreplaceable resource in the production of steel for at least the next twenty years. In fact, without this particular type of coal, it would be impossible to produce 70% of the world's steel, and therefore, of the countless products that guarantee our comfort every day such as cars, household appliances and medical devices. Coeclerici has decided to continue to develop a 'greener' quality of metallurgical coal to build a more sustainable future for the next generations.
Moreover, during 2020 the Division started a project to assess the carbon footprint of its activities, for both the Mining and the Trading business units. After analyzing and measuring carbon dioxide emissions produced by the Division's activities, in 2021 the Group will evaluate possible measures to reduce such emissions.
With respect to the Trading activity, the diversification of the product base which began in previous periods, together with the adoption of new contract structures that are less risky and more stable from the standpoint of profitability (agencies) ensured the Division's resilience to growing market volatility. In addition, further progress was made in the development of the coal business in Vietnam by opening a new representative office, which will make it possible to explore this high-profit market more closely.
Thanks to these measures, the Commodities Division's EBITDA was Euro 18.8 million, with an EBITDA margin of 5.1%, in line with the last two years, during which the market conditions were significantly better. EBIT and net result were Euro 12.4 million and Euro 5.1 million respectively.

With regard to the Industry Division, 2020 ended with an orders intake of Euro 67.6 million, which was about 20% higher than in 2019. This was an excellent result, especially considering travel limitations resulting from the restrictive measures in place to limit the spread of Covid-19. The growth in orders intake was particularly strong in the fourth quarter, driven by the significant contribution of orders of machinery related to the plastic film sector. Unlike what occurred in the previous year, the increase in orders intake guarantees an important backlog for 2021, and thus, a higher expected value of production.
Despite these positive results, the Division didn't manage to cover its fixed costs, generating a negative EBITDA and a loss of Euro 10.6 million and Euro 13.4 million respectively. This was due to the drop in volumes, which was affected by an initial low backlog, by the shutdowns of the plants resulting from the national lockdown in March and April and by the non-recurring costs connected with the restructuring of the German subsidiary Goebel.

It is deemed worthwhile to report the financial autonomy achieved by the Division during the year thanks to its attentive and efficient management of working capital that allowed it to meet its financial requirements without asking for financial support from the parent company.
2020, heavily affected by the Covid situation, can be considered a preparatory year in which the Division's management completed several reorganization and restructuring projects in order to create the conditions for the business' sustainable growth and Division's profitability in future years.
The most important and strategic project completed during the year was the restructuring of the German subsidiary Goebel. The German entity was entrusted with engineering, sales and post-sales activities of the machinery portfolio (mainly slitter machines for plastic film and paper), with the transfer of manufacturing and assembly activities to the Italian site in Calcinate. In 2020, the first machine completely designed by the German subsidiary and manufactured at the Italian site was shipped.
During the year, the subsidiary Slitters Rewinders Machines Srl (subsequently merged by incorporation into IMS Technologies SpA) won an auction announced by the court of Vercelli aimed at allotting the business division of the company Laem System Srl, an important player in the flexible packaging industry with extensive international references. This transaction marked the successful achievement of the Industry Division's strategy to enter the sector of machinery for flexible packaging for converting.
An investment in a new machinery in the mould segment was approved during the year. This is a niche segment of the activity the Division carries out, but it is considered an excellence in terms of quality and service, and we believe it has good development possibilities.
Furthermore, the project to concentrate the US business in New Jersey was completed with resulting cost savings, and the review of the sales organization begun with the aim of providing a better area coverage and creating a more proactive sales network.
In the operations area, two new professional positions were introduced: the Engineering Director and the Operation Director, who are highly specialized and have experience in the sector in which the Division operates. This new structure will allow the Engineering department to put more emphasis on R&D and technological development activities and on streamlining and re-engineering the product line using a 'design to cost' approach. At the same time, the Operation department will be able to focus on improving production efficiency, improving processes and reducing production lead time for machines. All these projects will allow us to boost profitability due to greater efficiency and lower operating costs.
During the year a number of projects were completed in the IT area aimed at improving company operations and supporting business growth. These include the new ERP and CRM and harmonization of CADs between Italy and Germany. In addition, an Industry 4.0 project essential for the Division's strategic development was started.

With regard to the Group's social commitment, in March, when Italy, and specifically Lombardy, were hardest hit by the pandemic, the Group decided to provide a tangible aid in the form of a donation of Euro 100 thousand to the Papa Giovanni XXIII Hospital in Bergamo, and two donations of Euro 50 thousand to the San Raffaele and Sacco hospitals in Milan.

I would like to take the opportunity to thank the management and employees of the Group for their constant commitment.

Milan, 25 March 2021

Chairman and CEO
Paolo Clerici

COMPANY OFFICERS

Board of Directors

Paolo Clerici	Chairman and CEO
Andrea Clavarino	Executive Deputy Chairman
Giacomo Clerici	Deputy Chairman
Corrado Papone	Deputy Chairman
Antonio Belloni	Director
Giorgio Cefis	Director
Rosa Cipriotti	Director
Teresio Gigi Gaudio	Director
Lupo Rattazzi	Director
Giovanni Jody Vender	Director

The term of office of the Board of Directors will expire with the approval of the financial statements on 31 December 2020.

Board of Statutory Auditors

Guglielmo Calderari di Palazzolo	Chairman
Maurizio Dragoni	Standing Auditor
Isabella Resta	Standing Auditor
Antonino Foti	Deputy Auditor
Nicola Iberati	Deputy Auditor

The term of office of the Board of Statutory Auditors will expire with the approval of the financial statements on 31 December 2020.

Independent Auditors

EY SpA

The independent auditing firm has been appointed for the three-year period 2018/2020. The term of office of the independent auditing firm will expire with the approval of the financial statements on 31 December 2020.


COECLERICI GROUP
WE HAVE ALWAYS BELIEVED IN THE FUTURE. NOW MORE THAN EVER BEFORE.
We have spanned more than a century of history, creating value for our country even at times of great difficulty. This is why we continue to trust in the future, staying true to our entrepreneurial vision inspired by the values of sustainable development.
OUR REASON WHY
COECLERICI GROUP
Italy
Australia
China
Germany
India
Indonesia
The Netherlands
Russia
Singapore
Switzerland
USA
Vietnam
www.coeclerici.com

A HISTORY OF SUCCESS

1895

Founded in Genoa, the company starts its activity by importing coal from the United Kingdom.

1910s

Coeclerici becomes the first company to import US coal into Italy and expands into the shipping sector.
In 1913, the Group buys its first dry cargo vessel: the 'Tirreno'.
In 1916 Henry Coe, a Scottish shareholder, leaves the company, selling his stake to Alfonso Clerici Senior.

1936-1969

Alfonso's son Jack Clerici joins the company in 1936.
After World War II, Coeclerici resumes business interrupted due to the war event, becoming an exclusive agent for coal imports from the bigger coal producers and strengthening international relations with the US, England, South Africa, Australia and the Soviet Union (at the end of the 1950s). In 1958, Coeclerici becomes the third Italian company opening an office in Moscow.
In 1964, Coeclerici signs an agreement for exclusive right to sell Soviet coal and scrap iron in the Italian market.

1970-1997

Coeclerici strengthens its shipping sector by designing, building and operating barges to tranship coal within port basin areas.
This solution is called and registered as 'Cavalletto'.
A strategic step towards developing the Group's logistics business.
In 1985 Bulkitalia SpA was founded, and acquires 5 dry bulk vessels; this company acquires Nedlloyd's dry bulk fleet in 1992 and in 1994 acquires Fermar, a shipping company belonging to Ferruzzi Group, and Sidermar.
In 1997, in the process of internationalization, the Logistics Division signs contracts in Venezuela, Bahrein and Morocco.

1998-2000

Coeclerici signs a contract with the trade port of Murmansk and finances the dredging operations for the same, necessary to allow access to ships up to 130,000 tonnes.
In 2000, in Murmansk, Coeclerici loads the first ever Capesize ship in a port of Northern Russia.
The first contracts are signed for transhipment activities on a worldwide level.

2002-2005

Coeclerici invests approximately 18 million USD to finance the completion of a coal mine in Kemerovo, in Russia, and signs a long-term contract, granting the company the exclusive rights to sell the two million tonnes of coal produced annually.
The Group also signs a ten-year partnership with the port of Murmansk for the exclusive use of a coal berth.
The Shipping Division concludes 16 charter contracts to build 10 new Panamax and 6 Capesize.
The Coeclerici pool operates a fleet of 47 Capesize and 44 Panamax thus becoming one of the top three dry bulk cargo operators in Europe.
Coeclerici opens offices in China and Indonesia and starts to operate transhipment activities in Indonesia with the 'Bulk Pioneer'.

2007

Coeclerici acquires a 60% stake – increased to 85% in 2008 and to 100% in 2010 – in RAG Trading Asia Pacific Ltd, a Singapore based company specialized in coke and coking coal with offices in Australia, Indonesia, India and China.
Through Coeclerici Asia (Pte) Ltd, the Group develops and strengthens its trading activities across the Far East.

2008

Coeclerici acquires 100% of Korchakol, a low volatile coal (mainly PCI) mine located in Siberia in the vicinity of the city of Novokuznetsk, becoming the first and only Western company to have acquired a coal mine in Russia.
The Logistics Division starts to operate in India with 'Bulk Prosperity', a last-generation offshore transhipper.

2011-2012

The Logistics Division takes delivery of the first four of six new vessels, designed to the highest standard and performance to be employed in long term service contracts signed: the 'Bulk Java' and the 'Bulk Borneo', employed in Indonesia, the 'Bulk Zambesi' and the 'Bulk Limpopo', employed in Mozambique.
Coeclerici enters the US market.
The Group's Trading Division acquires the assets of the American company Coal Network Inc.

2013-2014

The Group once again invests in the Shipping sector with the creation of dACC Maritime d.a.c., a joint venture with the d'Amico Group, for the purchase of four Supramax bulk carriers.
In 2013 Coeclerici Coal Network acquires full ownership of the coal trading division of Alley-Cassetty Companies, Inc. in US.
The new vessels 'Bulk Celebes' and 'Bulk Sumatra' are delivered.
Coeclerici wins the bid for the expansion of Korchacoal mine bringing reserves at 60 million tonnes.

2015

Coeclerici celebrates the 120th anniversary of its foundation (1895 - 2015).

dACC Maritime d.a.c. takes delivery of 'DACC Tirreno' (which inherits the name of the first vessel purchased by the Group in 1913) and 'DACC Egeo'.

2016-2017

Coeclerici enters into the business of manufacturing high-technology automatic industrial machineries for the converting, packaging and automotive sectors by acquiring a 100% stake in the IMS Technologies Group (formerly IMS Deltamatic Group). By doing so, it has started to implement its business diversification strategy with the creation of the Industry Division alongside the Commodities Division.

dACC Maritime d.a.c. takes delivery of the last two vessels 'DACC Adriatico' and 'DACC Atlantico'.

2018

Coeclerici enters into the business of manufacturing machinery for the flexible packaging sector, with the aim of completing its product line in the Industry Division, by signing a business division lease of Laem System Srl through Slitters Rewinders Machines Srl.

IMS Deltamatic is renamed IMS Technologies.

In October, the 10th anniversary of the acquisition of the Korchakol mine is celebrated.

The Group, after about a half century of operations, decides to put an end to the Logistics Division, following the sale during the first half of 'Bulk Pioneer', which operated in Indonesia, and of the two transhippers, 'Bulk Zambesi' and 'Bulk Limpopo', operating in Mozambique.

2019

Coeclerici obtains an expansion of the mining license increasing its coal reserves by 57 million tonnes.

With the aim of long-term business development and targeting new particularly promising markets, the Industry Division establishes the US company IMS Technologies Inc. and opens a representative office in Russia.

2020

Through its subsidiary Slitters Rewinders Machines Srl, Coeclerici wins the auction announced by the court of Vercelli aimed at allotting the business division of Laem System Srl, a major player in the flexible packaging industry.

Our mine obtains the certification ISO 9001:2015 quality management systems, ISO 14001:2015 environmental management system and ISO 45001:2018 occupational health and safety management systems.

BUSINESS AREAS

For over 120 years Coeclerici has been a point of reference in the supply of raw materials, in particular coal.

Today, thanks to this consolidated business experience, it is the leading company of a Group present in different business sectors with high added value, with a constant diversification activity and a strategic-financial model aimed at development through acquisitions and organic growth.

Business Areas

Commodities

Mining
Extraction of coal in the owned mine.

Trading
Supply of coal for the steel industry and the chemistry industry.

Industry

IMS Technologies
Mechanical excellence for the construction of machines to serve the converting and automotive sectors.

COMMODITIES

INDUSTRY

DECEMBER, 31 2020

GROUP STRUCTURE

COECLERICI SpA

COMMODITIES

MINING DIVISION

- **100%** Coeclerici Commodities SA
  - **100%** LLC Scc-Rozco
  - **99%** LLC Coeclerici Russia*
  - **100%** SC Kisk
    - **100%** LLC UK PTU
    - **100%** Sel Pre Taylepskoe
    - **100%** LLC Razrez

TRADING DIVISION

- **97.5%** Coeclerici Far East (Pte) Ltd

INDUSTRY

IMS TECHNOLOGIES

- **100%** IMS Technologies SpA
  - **100%** Kasper Machine Co
  - **100%** IMS Technologies Inc.
  - **100%** Goebel Schneid- und Wickelsysteme GmbH
    - **100%** Beijing GOEBEL Slitting Technologies Co., Ltd

- **100%** Elvezia Immobiliare SA
- **99.98%** Nuevaco Imobiliaria Srl
- **100%** Bulkguasare de Venezuela SA
- **100%** CGU Logistic Ltd

** 1% of the subsidiary LLC Coeclerici Russia is held by Coeclerici SpA*

DIRECTORS’ REPORT

DIRECTORS' REPORT

CONSOLIDATED RESULTS

Some of the main financial indicators and a comparison with the consolidated financial statements of 2019 and 2018 drawn up in accordance with the International Accounting Standard / International Financial Reporting Standards are shown below (figures in thousands of Euro):

	2020*	2019	2018 adjusted**	2018
Turnover	412,308	869,327	932,176	942,632
Ebitda	6,286	32,028	33,901	150,797
Ebit	(4,370)	13,133	26,498	141,227
Net Result	(9,911)	7,095	11,503	116,972
Group Net Result	(9,908)	7,095	11,503	116,972
ROE	(17%)	10%	16%	167%
ROI	(4)%	11%	22%	116%

* These figures were affected by non-recurring costs totaling Euro 5.3 million due mainly to the German company Goebel
** These figures are net of the results of the Logistics & Shipping Division equal to a net result of Euro 105 million in 2018

	2020	2019	2018
Fixed Assets	89,589	101,568	95,148
Working Capital	6,169	22,508	26,518
Net Capital Employed	95,758	124,076	121,666
Group Equity	46,355	69,063	67,719
Minority Interests	67	-	-
Net Financial Position***	49,336	55,013	53,947
Sources of Finance	95,758	124,076	121,666
Cash flow from operating activities			
before changes in net working capital	(6,555)	23,573	8,735
changes in net working capital	14,190	(6,974)	(21,000)
Cash flow from investing activities	(11,519)	(13,988)	118,797
Cash flow from financing activities	9,457	10,268	(159,014)
Total cash flow	5,573	12,879	(52,482)
NFP/EQUITY	1.06	0.80	0.80

*** The application of IFRS 16 – Leases resulted in a Euro 4.8 million increase in this item as of 31 December 2020 and Euro 6.5 million as of 31 December 2019

6.3 MLN

Euro of EBITDA in 2020

The year was characterized by non-recurring costs related to the restructuring of the Germany subsidiary Goebel (Industry Division) and the negative impact deriving from the evolving Covid-19 pandemic. The main impacts were a sharp reduction in coal prices (due in part to weak demand for steel resulting from the slowdown in the automotive and construction sectors), a 5% decline in quantities handled by the Commodities Division and significant uncertainty in international markets with a negative impact on orders intake in the first half of the year, and a slowdown in production activity due to the lockdown, resulting in less progress on orders, for the

Industry Division. On account of the economic recovery in the second half of the year, the Industry Division's orders intake ended with new orders up by 20% over 2019. The positive impacts deriving from higher volumes will be reflected in next year's financial statements as progress is made on orders.

The decline in turnover was mainly attributable to the transformation, in the second quarter, of a major business contract from a trading agreement to an agency arrangement.

Although the year was characterized by the severe economic crisis, EBITDA was positive and amounts to Euro 6.3 million. The loss for the period was also affected by non-recurring costs of Euro 5.3 million attributable mainly to the restructuring of the German company Goebel.

Thanks to the strategic vision of the reference market adopted by the Commodities Division's management, which made it possible to finalize coal sales in the first half of the year at higher-than-market prices, to the high quality of the mining product extracted and policies to improve the efficiency of extraction activities, the Commodities Division generated a fair profitability (EBITDA, EBIT and net result totaled Euro 18.8 million, Euro 12.4 million and Euro 5.1 million respectively) despite the challenging market environment.

The uses of financial resources included Euro 6.9 million invested to improve the mining site's production efficiency.

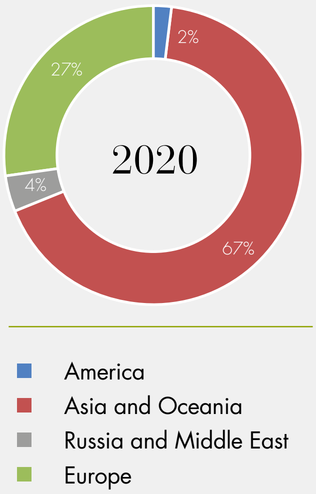
Net financial position stood at Euro 49.3 million, down by Euro 5.7 million compared with 2019, and included the negative impact deriving from the application of IFRS 16 totaling Euro 4.8 million.

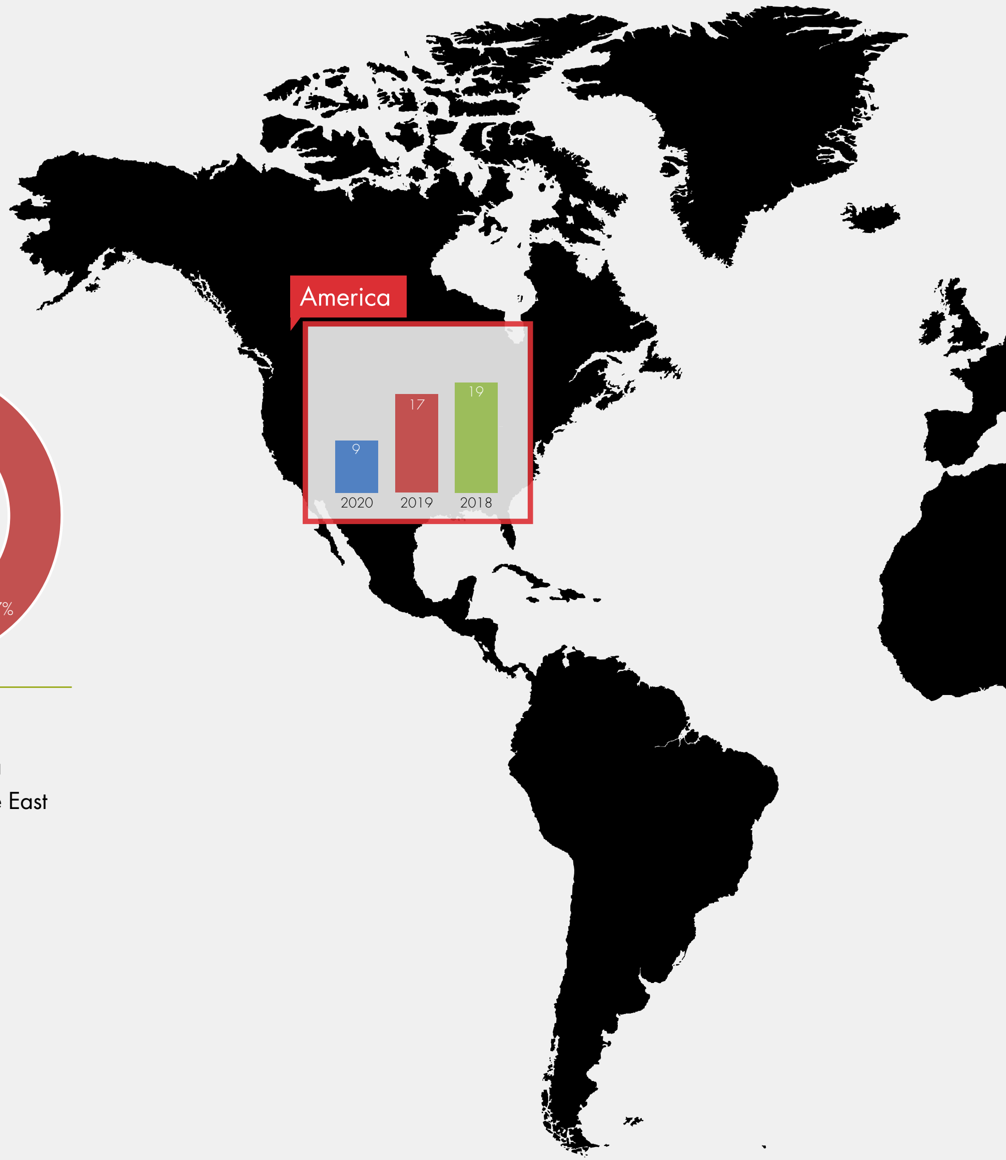
In light of a loss for the period of Euro 9.9 million, several items with a negative balance were recorded during the year directly under Group's equity; these, conditions being equal, could be reclassified into the income statement in subsequent periods for a total of Euro 7.7 million. This impact was primarily attributable to changes in the translation reserve of the financial statements in currency other than Euro with a negative amount of Euro 7.7 million, mainly due to the devaluation of the Russian ruble (exchange rate of EUR/RUB 91.47 as of 31 December 2020 compared to an exchange rate of 69.96 as of 31 December 2019).

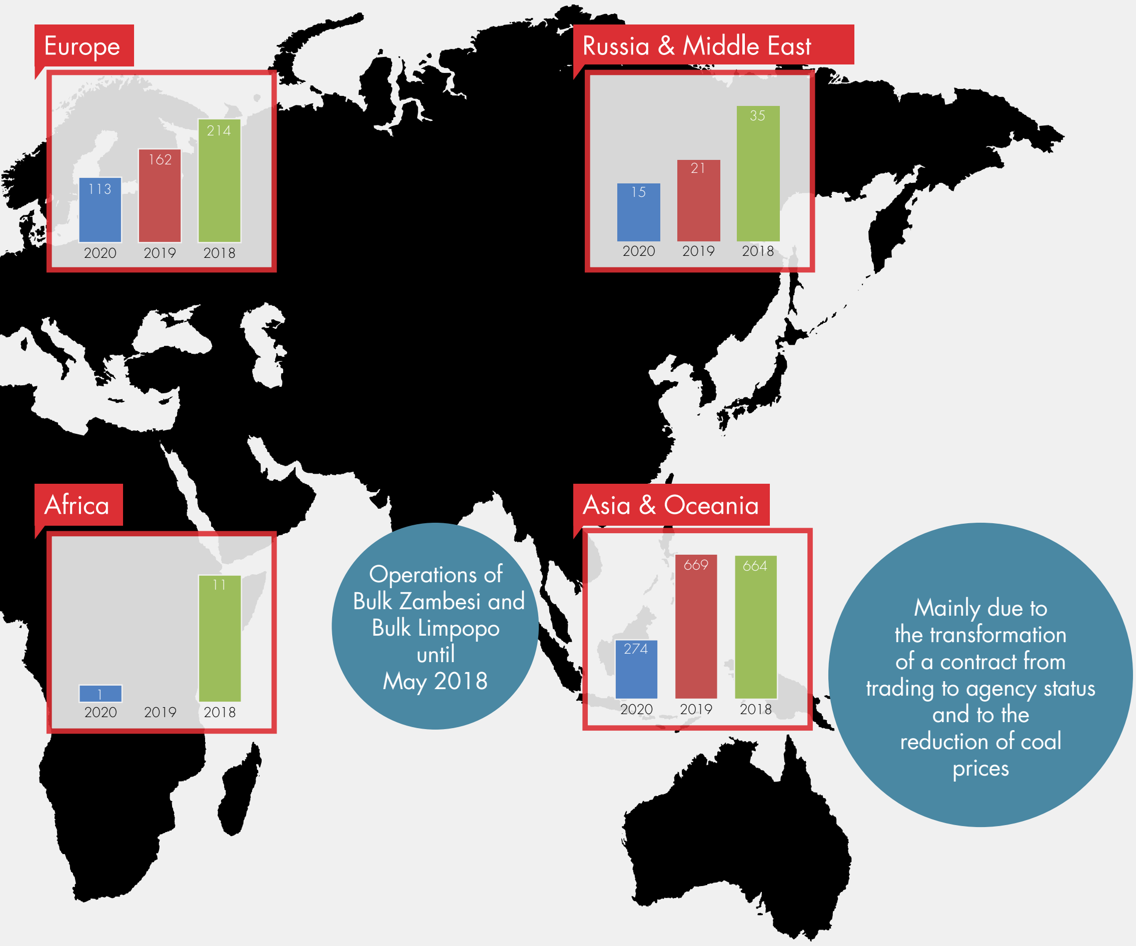
The graphs below illustrate the main financial and management information of the Coeclerici Group.

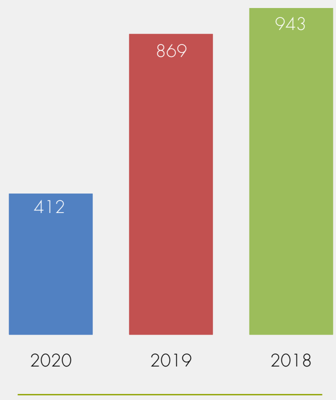
FINANCIAL CAPITAL

REVENUES BY GEOGRAPHICAL AREA (M/EURO)



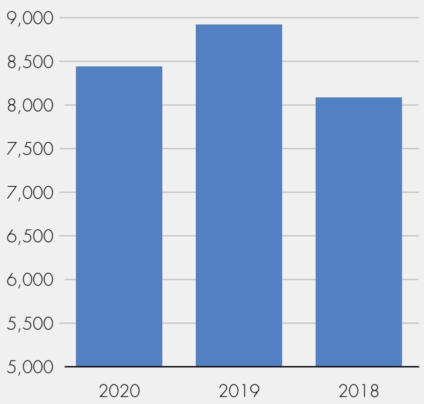



Europe
113
162
214
2020
2019
2018
Russia & Middle East
15
21
35
2020
2019
2018
Africa
1
11
2020
2019
2018
Operations of Bulk Zambesi and Bulk Limpopo until May 2018
Asia & Oceania
274
669
664
2020
2019
2018
Mainly due to the transformation of a contract from trading to agency status and to the reduction of coal prices


412
869
943
2020
2019
2018

Revenues

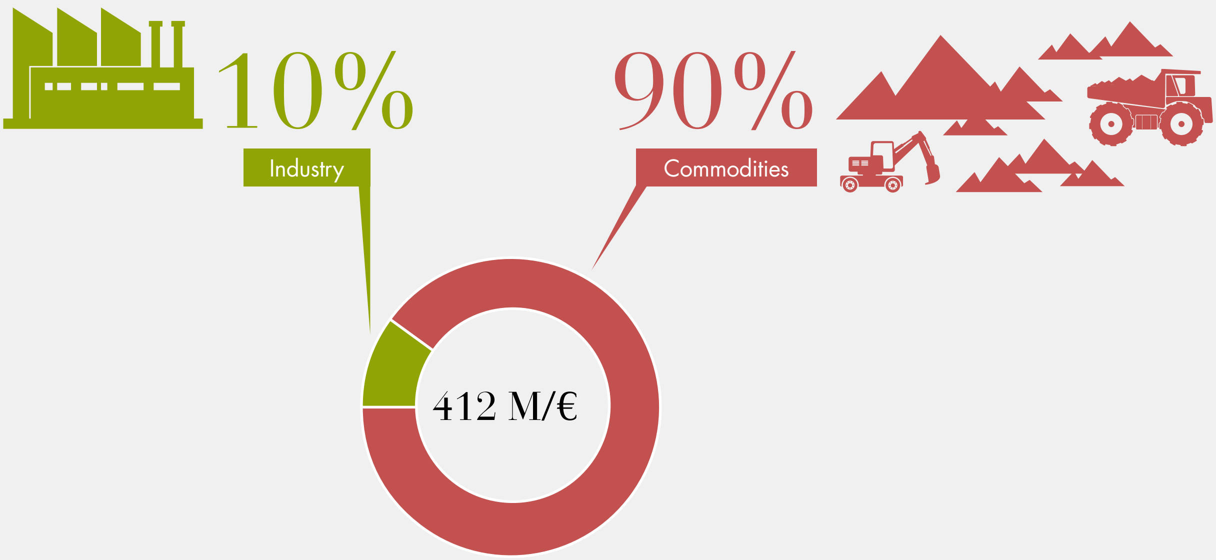
TONNES HANDLED (THOUSANDS OF METRIC TONNES - MT) COMMODITIES DIVISION



Increase of 354 thousand tonnes handled compared to 2018

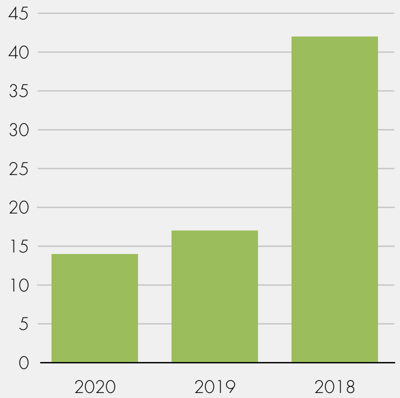
2020	8,441
2019	8,922
2018	8,087

2020 TURNOVER BY DIVISION



PRODUCTIVE CAPITAL

INVESTMENTS* (M/EURO)



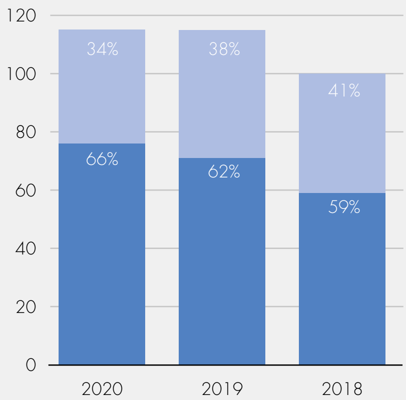
Investments over the last 3 years equal to Euro 73 million

2020	14
2019	17
2018	42

Investments in 2018 reflected early investments made by the Commodities Division for the sake of financial expediency

* Does not include investments made by companies consolidated using the equity method

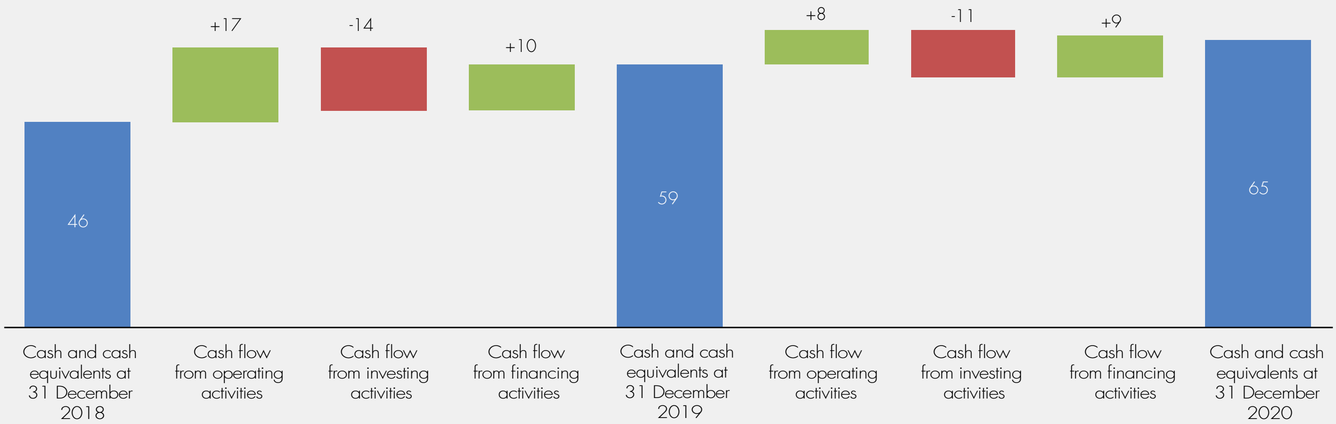
FINANCIAL LIABILITIES (M/EURO)



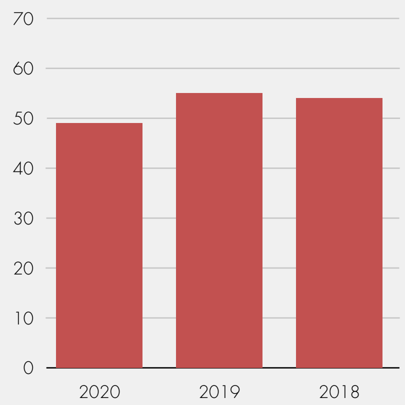
Short term financial liabilities
Medium-long term financial liabilities

2020	114
2019	114
2018	100

CASH FLOW (M/EURO)



NET FINANCIAL POSITION (M/EURO)



2020	49
2019	55
2018	54

HUMAN CAPITAL

N° OF EMPLOYEES	2020	2019
America	7	13
Asia & Oceania	28	29
Russia & Middle East	827	814
Europe	358	410
Total	**1,220**	**1,266**

	2020	2019
Average age of employees	**42**	**42**

	2020	2019
Level of education*	**57%**	**55%**

* This index considers the percentage of white collar Group's employees with university degrees

COMMODITIES DIVISION

	2020	2019	2018
Tonnes handled	8,440,954	8,921,655	8,087,154
Turnover	369,574	805,456	854,666
Ebitda	18,823	42,604	43,992
Ebit	12,367	35,043	39,842
Net Result	5,090	24,276	26,810

+ 5.1 MLN

Euro of Net Result in 2020

During the second quarter, a major business contract was transformed from a trading agreement to an agency agreement which substantially reduced turnover and slightly reduced profits, but primarily decreased the company's exposure to counterparty risk.

The slowdown of the global economy and the consequent contraction in coal trading determined a reduction in sales prices in 2020. This situation affected volumes handled to a lesser extent with a reduction of 5% from the comparison period.

In 2020 the reference coal market indices reflected a sharp reduction in prices. The API2 and API4 indexes showed an average price of 50 USD/T and 65 USD/T respectively, with reductions of 18% and 10% from average prices in 2019 which were 61 USD/T and 72 USD/T respectively. It should be noted that prices reflected in the API2 and API4 indexes in the second quarter of 2020 reached record lows.

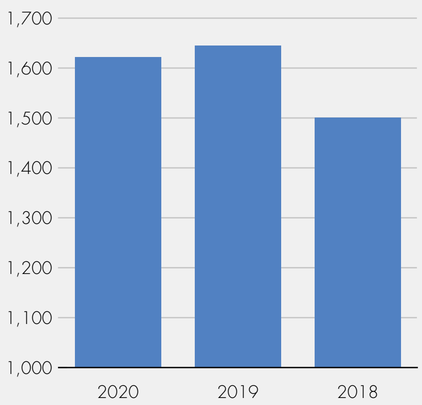
The above factors resulted in a 54% decrease in turnover. Nonetheless, the Commodities Division's profitability in terms of EBITDA margin remained nearly unchanged at just over 5%. This result was achieved thanks to the high quality of the coal extracted as well as management's accurate projection of market trends that made it possible to keep sales prices for the period above the market average following a careful, timely negotiation with main customers.

With regard to extraction activity at the owned mine in Kuzbass, in the Kemerovo region, extracted volumes remained mostly unchanged moving from 1,652 thousand tonnes extracted in 2019 to 1,629 thousand tonnes extracted in 2020. The ability to maintain stable quantities of tonnes extracted was mainly due to sizable investments made in recent years, the flexibility attained by the local production unit and policies to improve the efficiency of operational means implemented by the management. There was also a positive contribution deriving from the devaluation of the ruble on the mine's production costs (the EUR/RUB exchange rate moved from an average of 72.44 in 2019 to an average of 82.65 in 2020 with a 14% devaluation).

Lastly, there was a positive contribution from trading activities, which in an environment characterized by growing uncertainty, made it possible, on the one hand, to seize the moment to achieve higher profits on certain products (for example on Chinese coke for Vietnam and Russian steam coal for Pakistan), and on the other hand, to maintain profitability on other products.

Here below follows quantities of tonnes extracted, turnover trend and a breakdown of turnover by geographical area:

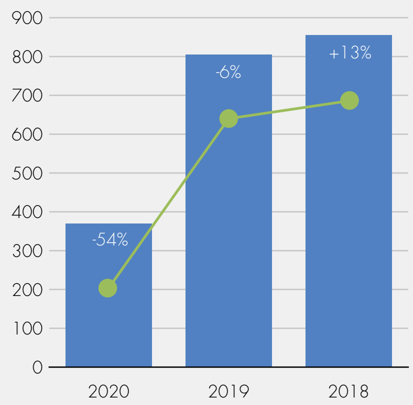
TONNES EXTRACTED (THOUSAND OF MT)



Increase of 128 thousand tonnes extracted compared to 2018

2020	1,629
2019	1,652
2018	1,501

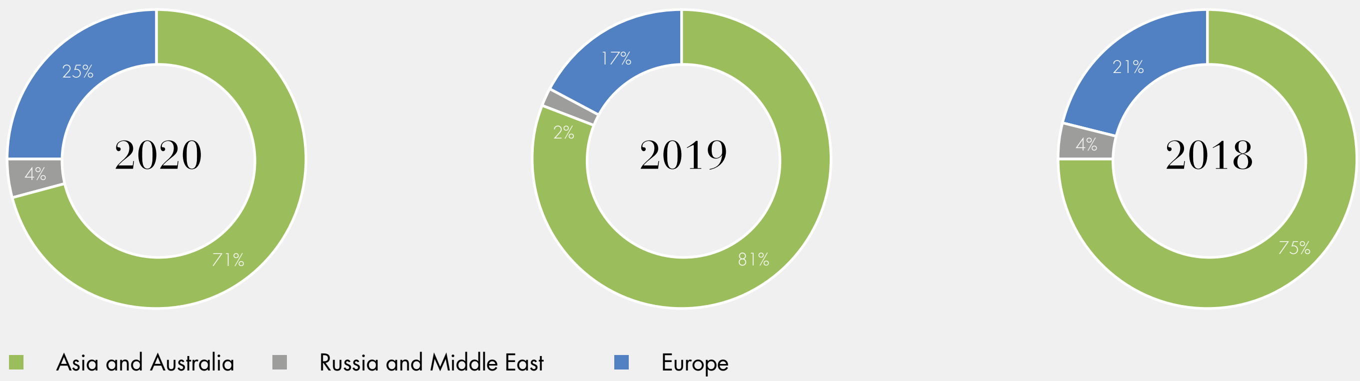
TURNOVER TREND (M/ EURO)



CAGR -24.4%

2020	370
2019	805
2018	855

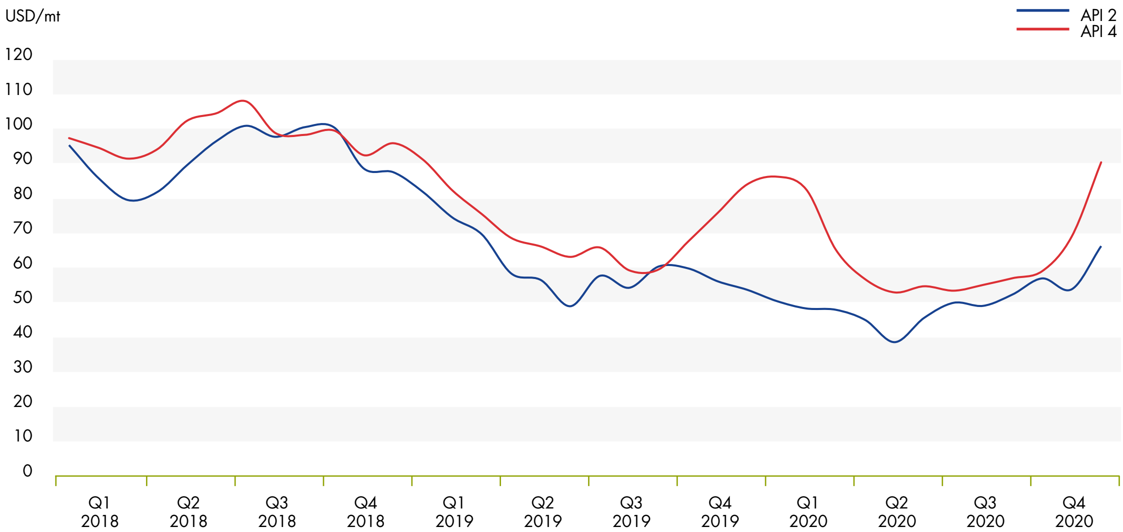
TURNOVER BY GEOGRAPHICAL AREA



During 2020, API2, the main reference index for the business carried out by the Division, was down by 18% over the previous year and by 46% compared to 2018. Nonetheless, the Division was able to take advantage of the volatility peak at the end of 2019 managing to successfully conclude sales for the first half of 2020.

The API4 index, related to South African coal intended mainly for Asian markets, was down by 10% over the previous year and by 34% compared to 2018. However, Asian trading activity was able to limit the erosion in margins in historical markets with profitable sales in new geographic areas, such as Poland in terms of purchases and Vietnam and Pakistan in terms of sales.

The evolution of the two main coal market indicators in the previous three years appears below, showing the volatility of the raw material price compared to the two previous years.



API#2 = CIF coal price (including freight cost) - unloading ARA (Amsterdam-Rotterdam-Antwerp)

API#4 = FOB coal price (without freight cost) - port of Richards Bay (South Africa)

VALUES IN $	2020	2019	2018
API#2 INDEX – average	50	61	92
API#4 INDEX – average	65	72	98

INDUSTRY DIVISION

	2020	2019	2018
Turnover (Value of production)	42,734	63,871	77,580
Ebitda	(10,582)	(709)	(1,095)
Ebit	(13,847)	(3,953)	(2,813)
Net Result	(13,425)	(5,856)	(3,315)

+20%

Orders intake compared to 2019

Orders intake totaled Euro 67.6 million in 2020 and was 20% higher than in 2019 mainly due to the contribution of converting machines' orders. After the first half of the year when orders intake (about Euro 24 million) fell short of expectations owing in part to the global pandemic, in the second half of the year, the Sales Department managed to close a significant number of deals in the plastic film segment thereby ensuring a large backlog for 2021.

On the other hand, 2019 ended with an extremely low number of new orders making it even more difficult to generate a sufficient value of production for 2020. In addition, the lockdown due to the international health situation forced the Division to close down plants in March and April, which had a further impact on the ability to generate value of production, totaling Euro 42,734 thousand in 2020, which was down sharply from comparison data. In this situation, the Division used social safety nets to reduce the percentage of fixed costs by about 10%, but these measures were not sufficient to offset the decline in value of production.

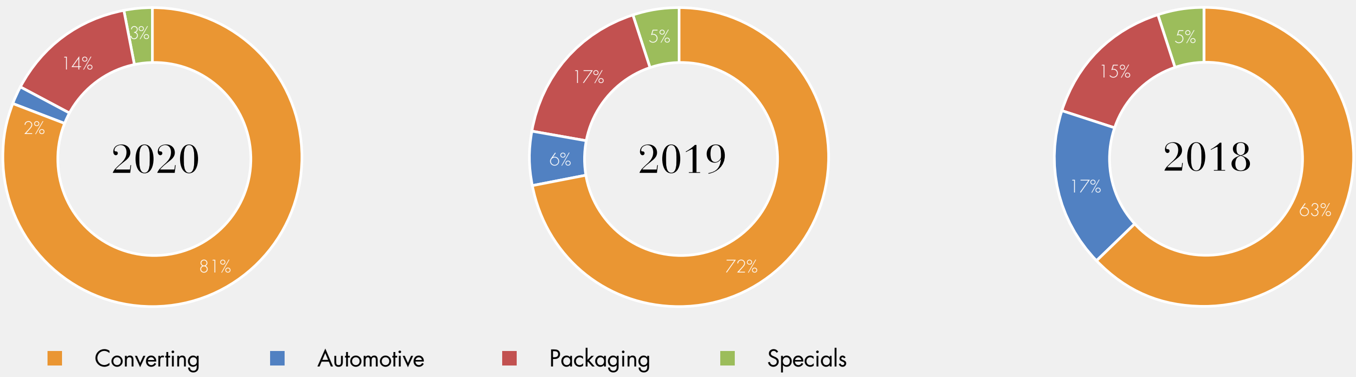
EBITDA, EBIT and net result for the period were also affected by non-recurring costs of Euro 5.3 million attributable primarily to the German subsidiary.

As a matter of fact, during the year, the restructuring process for the German subsidiary Goebel was completed. Following this reorganization, the German entity will mainly carry out engineering, sales and post-sales activities for the plastic sector's machinery line while manufacturing and assembly activities for these machines will be concentrated in Italian plants. In 2020, the first machine designed completely by the Germany subsidiary and assembled at the Italian site was shipped. In the first part of the year, the reorganization of entities operating in the US was completed with the closing of the Detroit site and concentrating operations into a single site in New Jersey with resulting operational streamlining and cost efficiencies.

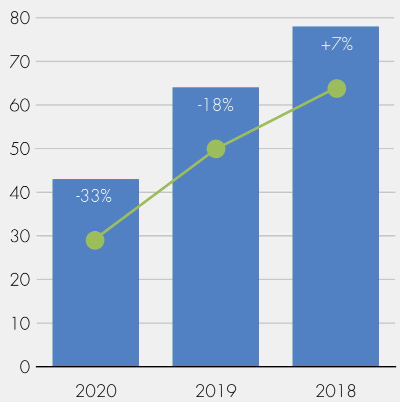
From an organizational standpoint, the review of the sales structure was completed which will promote better and more efficient coverage of geographic and business areas through the review of agency agreements and the internal reorganization of resources. This review definitely contributed to the achievement of excellent orders intake. During the year, the organization of the Operation area was also changed with the introduction of two new positions, the Engineering Director and the Operation Director, who are highly specialized and have experience in the sector in which the Division operates. This new structure will allow the Engineering department to put more emphasis on R&D and technological development activities (e.g. Industry 4.0), and on streamlining the product line and implementing the 'design to cost' approach. At the same time, the Operation department will be able to focus on improving production efficiency, improving processes and reducing production lead time for machines. All these projects will make it possible to improve profitability in future years.

The graphs which follow disclose a breakdown of orders intake by Division, showing the preeminence of the Converting Division, the trend in value of production and the breakdown of turnover by geographical area and by Division.

ORDERS INTAKE BY DIVISION



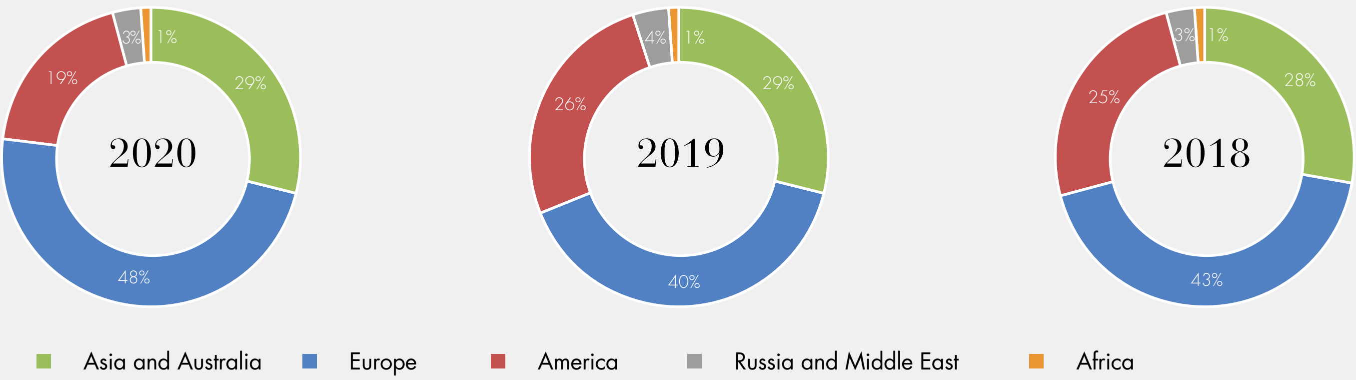
VALUE OF PRODUCTION TREND (M/EURO)



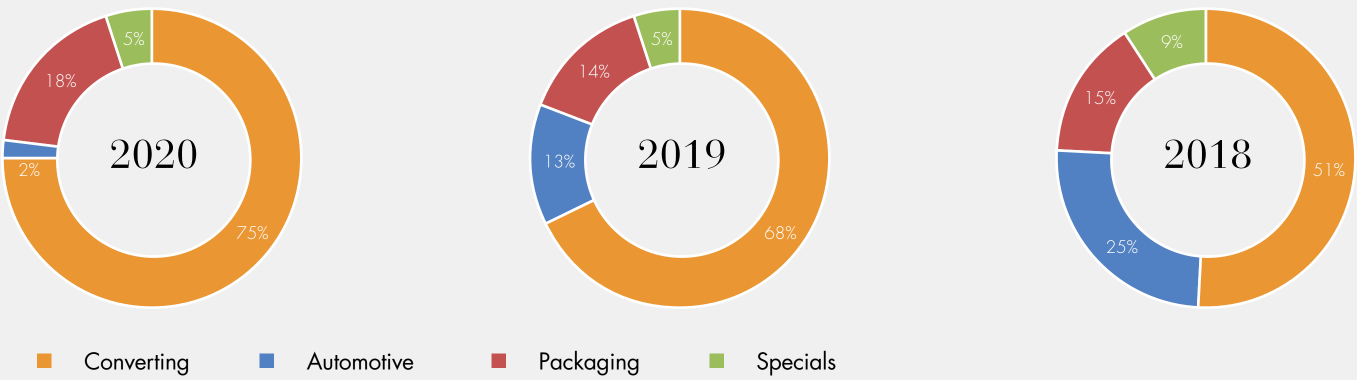
CAGR -18.0%

2020	43
2019	64
2018	78

TURNOVER BY GEOGRAPHICAL AREA



TURNOVER BY DIVISION



LOGISTICS & SHIPPING DIVISION

The Division is no longer operational due to the Group's exit from the transhipment sector in the first half of 2018 and the sale of the equity interest in the jointly-controlled entity dACC Maritime d.a.c. to the d'Amico Group on January 14, 2019.

HOLDING COMPANY

Following the reorganization process which gave more autonomy to the divisions by transferring personnel and structures, the Holding focused on the coordination, control and definition of the strategic guidelines of the Coeclerici Group. The Holding Company continues to offer its subsidiaries IT and Human Resource services.

RESEARCH AND DEVELOPMENT

The Industry Division mainly carries out experimental studies and pre-competitive development activities on new technical and technological solutions aimed at the realization of new machines for automated industrial plants and the technological modernization of existing models. The research activities are booked to the income statement, the development activities are capitalized if the conditions apply, and are amortized over five years. Within the sphere of the applicable Italian legislation, the possibility of accessing the tax concession granted for the research and development activities is checked.

STAFF TRAINING

During 2020, health and safety courses required by applicable laws were planned, as well as language courses. Overall 7,922 hours of training were provided.

OWN SHARES AND SHARES OF THE PARENT COMPANY

The Holding Company does not hold its own shares nor those of its parent company.

TRANSACTIONS WITH PARENT AND RELATED COMPANIES

The Group has relations for tax consolidation procedures with the parent company Fincler Srl. The Italian companies Coeclerici SpA and IMS Technologies SpA participate in tax consolidation, and Fincler Srl acts as the consolidator. The credit arising from this position at 31 December 2020 towards Fincler Srl is mentioned in the Notes to the consolidated financial statements. Furthermore, a rental contract exists between the Group and its direct parent company, Fincler Srl, referring to archives and parking places in Piazza Generale Armando Diaz, 7 – Milan.
In accordance with clause 5, article 2497 bis of the Italian Civil Code, it is hereby affirmed that relations with Fincler Srl, which conducts activities of direction and coordination of the Group, exclusively concerned a rental contract which was regulated by normal market conditions, as well as the tax consolidation, as described in the Notes to the consolidated financial statements.
Finally, the Holding Company's articles of incorporation specify that 1% of any consolidated profit for the previous year must be transferred to the Paolo Clerici Foundation.
Below is a summary of receivables, payables, revenues and costs towards the Parent Company Fincler Srl:

DESCRIPTION	FINCLER SRL
RECEIVABLES	
- trade receivables	2
- receivables for tax consolidation (direct taxes)	11,051
TOTAL	**11,053**
PAYABLES	
- payables for operating leases*	1,633
- trade payables	203
TOTAL	**1,836**
INCOME STATEMENT	
Commercial revenues	8
Commercial costs	(71)
Depreciation of right-of-use assets	(379)
Interest expenses on operating leases	(34)
Tax-related proceeds	4,188
TOTAL	**3,712**

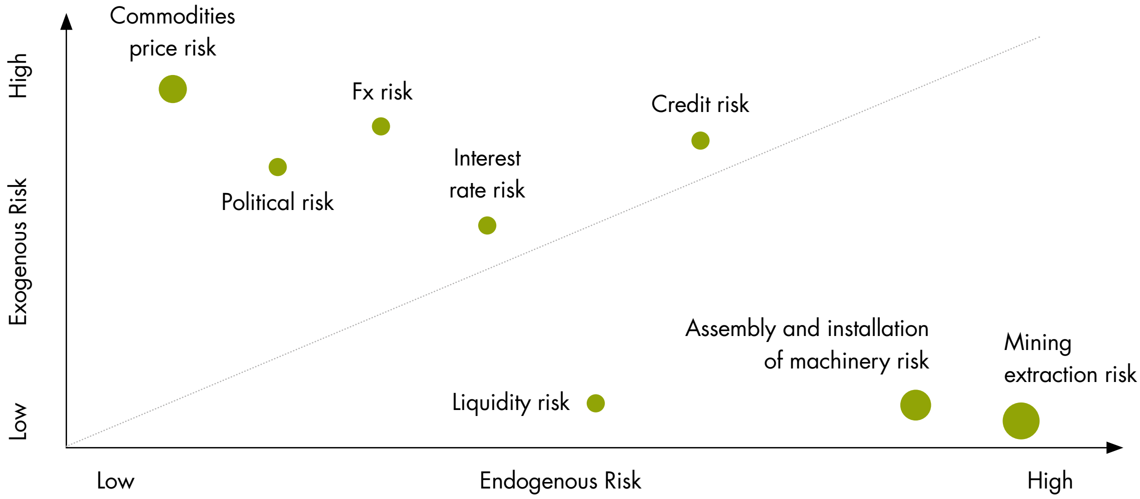
* To offset the recognition of this payable, under assets the item 'Right-of-use assets' includes Euro 1,676 thousand for archives and parking places located at Piazza Generale Armando Diaz, 7 in Milan

MAIN RISKS AND UNCERTAINTIES TO WHICH THE GROUP IS EXPOSED

The main risks linked to the Group's activities, monitored and handled by Coeclerici SpA and its subsidiaries, are as follows:

- market risk resulting from exposure to the volatility of commodities prices;
- market risk resulting from exposure to fluctuations in the exchange rates;
- market risk resulting from exposure to fluctuations in interest rates;
- credit risk resulting from the possibility of insolvency of a counterparty;
- liquidity risk resulting from lack of financial resources to meet commitments undertaken;
- political risk, resulting from activities conducted in countries where from time to time elements of uncertainty arising from specific political and social conditions may be present;
- operational risk, mainly damages to persons / objects or failure to comply with machinery performance, associated with the construction, assembly, installation and testing of the machinery both at the plants used by the Group and at the customer's production sites, for the Industry Division;
- operational risk inherent to the extraction of coal, typical of open-face mining, for the Mining Division.

Refer to 'Note 28 – Risks characterizing the Group's business' for further details.



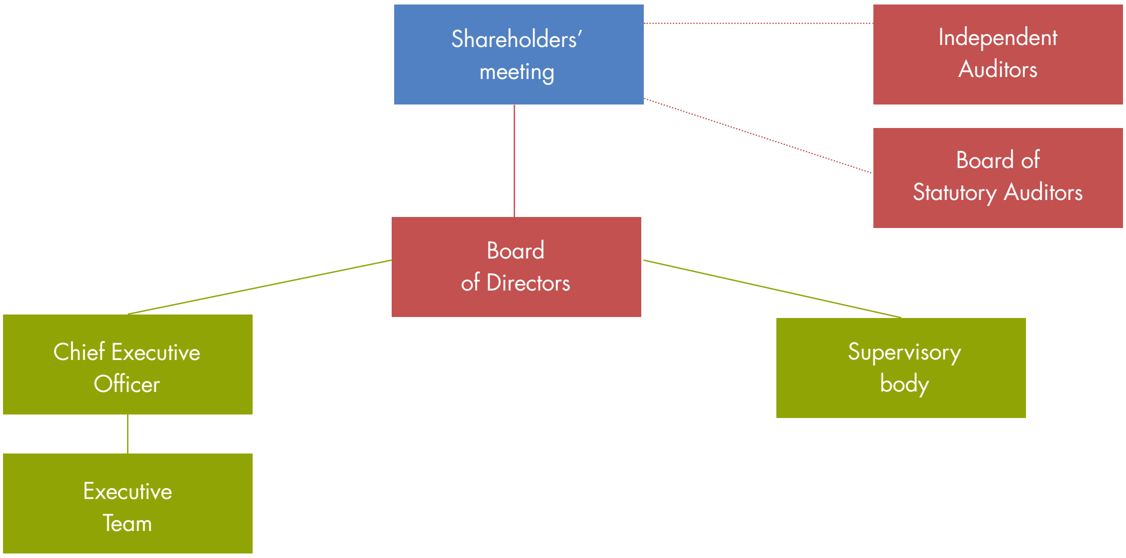
ENVIRONMENT AND SAFETY

The Coeclerici Group is particularly sensitive to the need to protect its employees in any place where they may have to work.
With regards to the Russian mining site, the Group has put into place all the prevention activities relevant to environment and safety in compliance with the local laws in force. In 2020 we were awarded the following certifications: ISO 9001:2015 quality management systems, ISO 14001:2015 environmental management system and ISO 45001:2018 occupational health and safety management systems.
With regard to the Industry Division, there is a constant commitment to improve the health and safety conditions of its workers and to observe the environmental legislation in force in the countries in which the business activities are carried out. In particular, at the time of enforcement of new legislation or if changed operational needs render the geographic reallocation of part of the production cycle necessary, the Group makes a continual effort to adapt to the new requirements, both by means of use of internal resources and via recourse to specialized external resources, with the aim of seeking and constantly realizing the best health and safety conditions in the working environments, monitoring the safety, rightly considering the production needs.
Company management is fully involved and takes part in the commitments made, and provides resources, co-ordination and the desire to establish an ever better health and safety system.

CORPORATE GOVERNANCE

This section seeks to give a general picture of the system of corporate governance adopted by Coeclerici.

The structure of Coeclerici's corporate governance is organized in line with the traditional Italian model which delegates: (i) company management to the Board of Directors, the fulcrum of the organizational system which is appointed for the period defined at appointment time, for a maximum of a three-year period and may be reelected, (ii) the functions of overseeing compliance with the law and articles of association to the Board of Statutory Auditors and (iii) legally-required auditing of the company accounts to an auditing firm approved at the shareholders' meeting, after hearing the opinion of the Board of Statutory Auditors.
The Board nominates one or more Managing Directors, to whom it delegates, within legal and statutory limits, activities aimed at furthering the Company's objectives. Moreover, the Board can set up an Executive Committee, made up of its own members, with a decision-making role on matters concerning overall Group management.



Board of Directors

Composition

In accordance with article 17 of the Statute, the number of members of the Board of Directors may vary between a minimum of three and a maximum of fifteen. An ordinary shareholders' meeting determines the number, within these limits. The Board of Directors, appointed by the ordinary shareholders' meeting on 7 May 2020, was given an annual mandate expiring with the approval of the financial statements for the financial year 2020.

Duties

The Board of Directors has wide powers for the ordinary and extraordinary management of the business and, consequently, may put into effect such measures as it considers necessary and opportune to meet the Company's objectives, excluding only those that by law are specifically reserved for the shareholders' meeting.

Requisites of independence

The Board of Directors has a central role in checking and guiding the process of Company management. The efficiency and effectiveness of this organization is guaranteed by the presence within it of independent directors who pay great attention to the substance as well as the form of Company activities. In particular, the presence of independent directors guarantees (i) checks that Company management is inspired by criteria of prudence and transparency; (ii) checks of the adequacy of reporting, ensuring that information is reliable and complete; (iii) the budget review of the Group for the subsequent year, in line with strategic intentions and the financial resources available; (iv) proposals (in the light of the above) for possible corrective action and support to the owners and management of the Company in the execution of their activities; (v) maintenance, over the period of the mandate, of a careful supervision of the Company in order to identify any risks which may not have been adequately guarded against or evaluated.

Executive Team

Executive Team has the task to define and put into effect the corporate strategy and assess its effectiveness; the members belonging to such body hold top roles within Coeclerici Group.

Internal control system

For Coeclerici the so-called 'risk and related control' culture helps to characterize and affect the outlook and choices of management in pursuing Company objectives and reporting their results. Coeclerici has therefore for some time encouraged the increase and spread of awareness regarding internal control among all Company employees.

In order to ensure that the business's activities are managed properly, correctly and coherently with the pre-established objectives, Coeclerici supports a preventive approach to risk management which aims to orient management towards choices and activities which reduce the probability that negative events will take place and may more easily be contained if they do. To this end, Coeclerici uses risk management strategies which depend on the nature and type of those risks, and which are considered in more detail in 'Note 28 – Risks characterizing the Group's business'.

The ways in which management identifies, evaluates, manages and monitors the specific risks arising from Company processes are set out by the regulatory, procedural and organizational instruments contained in the Company's regulatory system. These instruments are permeated with risk culture and therefore geared towards risk containment.

The internal control system is reviewed and updated from time to time to guarantee its suitability for safeguarding against the main risks involved in Company activity, bearing in mind the features of its various operating sectors and organizational structure, as well as any new laws.

Reporting activities

Each month the companies of the Group prepare financial reports which aim to communicate and share information. During the reporting phase, specific checks are made on the accounting procedures and the output data arising from these procedures, so that any errors may be identified and corrected which could affect the correctness and completeness of financial information. This is done both for routine processes taking place during the financial year, and for non-routine ones which generally occur when the accounts are closed at year-end.

Adoption of the Organization, Management and Control Model in accordance with Italian law D.lgs 231/2001

Italian law D.Lgs. 231/2001 introduced administrative responsibility for juridical persons, companies and associations. Specifically, it introduced the criminal responsibility of organizations for certain crimes committed in their interest or to their advantage by persons who hold a representative, administrative or managerial role within the organization or within any of its sub-sections possessing administrative and functional autonomy, as well as by persons who exercise by title or in fact the management and control of the same and, finally, by persons under the direction or supervision of the entities indicated above. The important criminal actions are those against the Public Administration and in favor of the company's interests.

However, arts. 6 and 7 of Italian Legislative Decree 231/2001 envisage a form of exemption from liability, should (i) the company demonstrate that it had adopted and put into practice organizational, management and control models, before the crime was committed, suited to preventing the crimes indicated in the law; (ii) if the task of supervising the functioning and observance of the models and ensuring that they are updated has been entrusted to a department of the organization with autonomous powers of initiative and control.

To this end, on 27 September 2012, the Board of Directors of Coeclerici SpA approved the organization, management and control model established by D.Lgs. 231/2001, revised and updated as a result of organizational changes affecting the Group, with the purpose of creating a structured and organic system of

procedures and preventive control activities having as its objective the prevention of crimes referred to in the aforementioned decree.
The supervisory body consists of one external and one internal member who were appointed by the Board of Directors on 26 March 2020; it will remain in office until the approval of the 2020 financial statements.
During the year, the supervisory body has analysed the systems of information flow which enable it to supervise the functioning and observance of the models, including similarly an examination of reports arising from audit, as well as the planning of further activities.
In order to put the checks into effect, the supervisory body has set up a series of interventions to check that the protocols adopted are respected.

Activity of Management and Coordination

Coeclerici SpA is subject to management and coordination by Fincler Srl. For the purposes of article 2497 bis of the Italian civil code, the Italian subsidiary IMS Technologies SpA has indicated Coeclerici SpA as the company exercising management and coordination. This activity consists in identifying general and operational strategic indications for the Group, and takes shape in the defining and adjusting of internal control and risk management systems together with governance models and Company organization, in the issuing of a Code of Conduct adopted at Group level and in the creation of general policies for human and financial resource management, and the supply of productive, marketing and communication factors.
Management and coordination, at Group level, enables subsidiaries, which remain fully autonomous at a managerial and operational level, to enjoy economies of scale by using the professionalism and specialist knowledge available thereby raising quality levels and concentrating their energies on their core business.
Subsidiaries based abroad generally benefit from such activities.

OUTLOOK

The year 2021, which began modestly accompanied by blows from the second wave of the pandemic, opened the door to the first vaccinations. If vaccines prove to be fully effective, the gradual extinguishing of the pandemic and easing of restrictions could follow.
The economic outlook is inevitably tied to the epidemic's evolution, which is still uncertain. At the beginning of 2021, the efforts of western countries will be focused on the goal of gradually increasing the percentage of people vaccinated. Therefore, 2021 can be divided into two phases: an initial period that is still heavily affected by restrictions, and the second half of the year focused on recovery. Growth for the entire year will be heavily affected by the success and timing of vaccination campaigns, and thus, by what date it is expected that it is possible to gradually normalize behavior.

With regard to coal consumption, based on the projections of the International Energy Agency, following a drop of over 5% reported in 2020, global coal demand is expected to recover by 3% in 2021. The increase in coal demand comes entirely from India and the South East Asian countries.

In the first quarter of 2021, there was a clear upward trend in coal prices which returned to satisfactory levels.

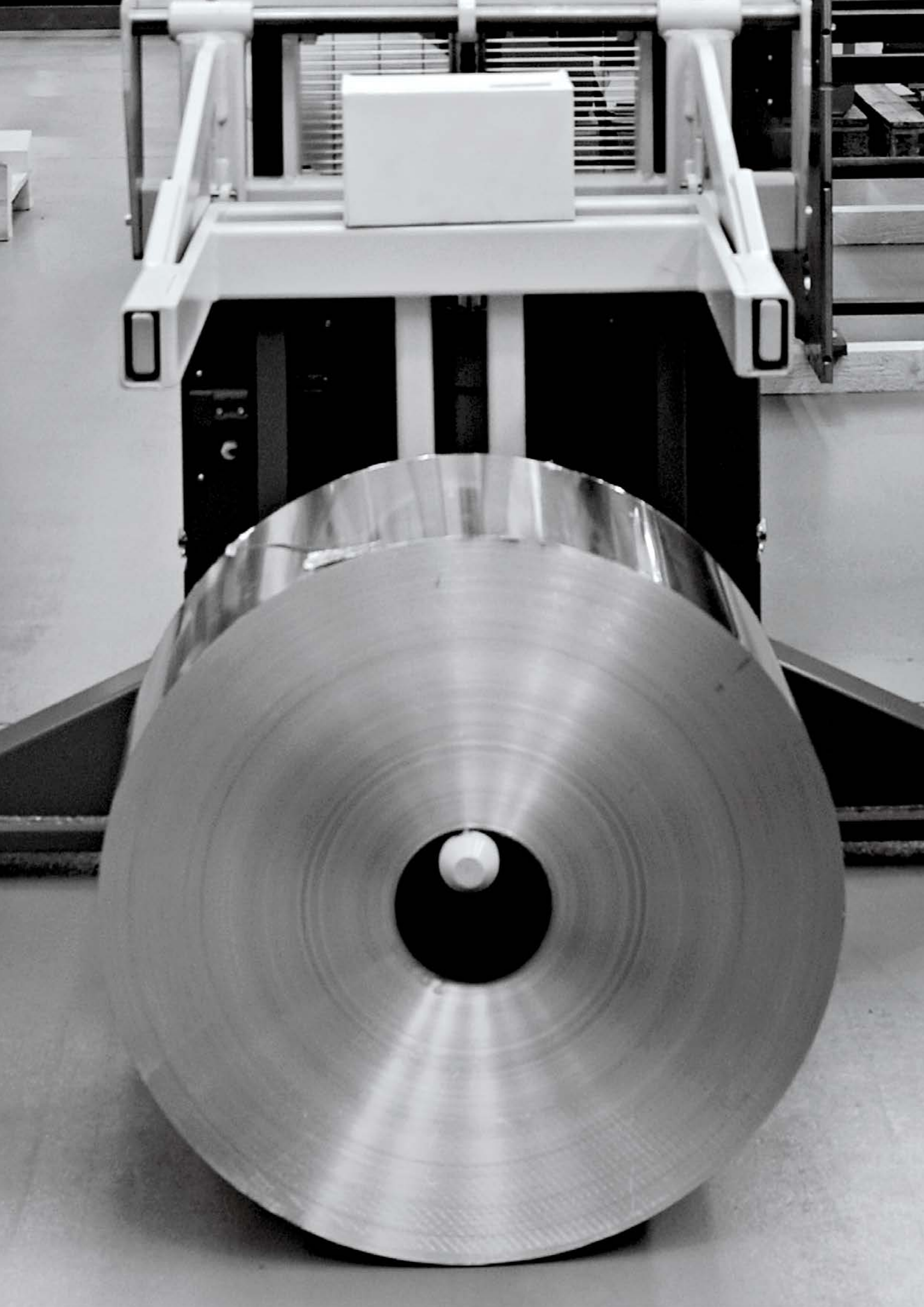
Within this sphere, the Group's strategy is aimed at seizing the best opportunities for development through the consolidation and optimization of its core business thanks to the know-how achieved over the years. Great attention continues to be places on creating the conditions for long-term success; likewise focus will be placed on short-term results and maintenance of a fundamental balance within the company.

With regard to the Commodities Division, there will be a special focus on the proper advancement of existing projects, and especially the construction of the coal washing plant in Russia, which is the Division's main

strategic focus, and which will result in the growth of production and related profitability in the coming years.
With regard to the Trading activities, efforts are under way to bring in new customers and enter new markets, always guided by the goal of reducing counterparty risk by using various trade finance tools and/or credit insurance. The development of recently penetrated business areas is continuing also in order to defend ourselves from growing protectionist policies that prevail in the global macroeconomic scene, especially in those countries where the Division has traditionally operated. Lastly, a new office was opened in Vietnam that will make it possible to more thoroughly explore this highly profitable market.

With regard to the Industry Division, 2021 will be a turning point. 2020 was heavily affected by the health situation and it can be seen as a year of transition during which a number of projects were completed that will have a positive impact in the coming years.
The completion of the German subsidiary's 'technology transfer' is already showing initial positive results ensuring that it will be possible to take advantage of new synergies and optimize production processes in the future.
It is expected that higher volumes and improved production process efficiency will allow the Division to achieve satisfactory profitability. The geopolitical and health situation is inevitably affecting the ways the Division operates in its reference markets. The use of new technologies for remote installations is increasing and new engineering approaches are being assessed to facilitate self-commissioning by customers.
The streamlining of the machine line and implementation of the design-to-cost approach will allow the Division to be more competitive in the markets in which it operates.
The strengthening of the Mould business unit is already producing positive results leading to volume growth at attractive margins. Lastly, the new IT projects, which were finalized in 2020, will provide a new and more efficient approach for the management of operations for orders and more efficient sales and service operations.

The final impact of the spread of Covid-19 is unforeseeable at this time, and as a result, it is not possible to assess the impact it will have on end markets and the Group's operating and financial position. However, although there is still considerable uncertainty regarding the possible effects deriving from the epidemic, at present we are not aware of any factors that could threaten the company's going concern, and thus we can confirm the principles used to prepare the financial statements.



CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED FINANCIAL STATEMENTS

CONSOLIDATED BALANCE SHEET AT 31 DECEMBER 2020 (thousands of Euro)

ASSETS	(NOTE)	31-Dec-2020	31-Dec-2019	CHANGES
NON-CURRENT ASSETS				
Property, plant and equipment	1	60,013	70,167	(10,154)
Right of use assets	2	18,765	22,700	(3,935)
Intangible assets	3	10,601	8,407	2,194
Other investments	4	2	5	(3)
Available-for-sale financial assets	4	208	289	(81)
Deferred tax assets	25	763	1,057	(294)
Other non-current assets	5	11,789	13,334	(1,545)
TOTAL NON-CURRENT ASSETS		102,141	115,959	(13,818)
CURRENT ASSETS				
Inventories	6	80,193	89,876	(9,683)
Trade receivables	7	22,343	30,040	(7,697)
Prepayments	8	1,384	2,865	(1,481)
Other receivables and current assets	9	14,329	26,054	(11,725)
Cash and cash equivalents	10	64,785	59,212	5,573
TOTAL CURRENT ASSETS		183,034	208,047	(25,013)
TOTAL ASSETS		285,175	324,006	(38,831)

EQUITY AND LIABILITIES	(NOTE)	31-Dec-2020	31-Dec-2019	CHANGES
SHAREHOLDERS' EQUITY				
Group equity	11	46,355	69,063	(22,708)
Minority interests	11	67	-	67
TOTAL SHAREHOLDERS' EQUITY		46,422	69,063	(22,641)
NON-CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	75,605	70,578	5,027
Provision for risks and charges	13	6,017	11,263	(5,246)
Post-employment benefits	14	3,438	3,160	278
Deferred tax liabilities	25	2,684	2,907	(223)
TOTAL NON-CURRENT LIABILITIES		87,744	87,908	(164)
CURRENT LIABILITIES				
Interest bearing liabilities and borrowings	12	38,516	43,647	(5,131)
Provision for risks and charges	13	1,513	803	710
Trade payables	15	26,369	57,581	(31,212)
Other payables and current liabilities	16	84,611	65,004	19,607
TOTAL CURRENT LIABILITIES		151,009	167,035	(16,026)
TOTAL SHAREHOLDERS’ EQUITY AND LIABILITIES		285,175	324,006	(38,831)

CONSOLIDATED INCOME STATEMENT AT 31 DECEMBER 2020 (thousands of Euro)

	(NOTE)	2020	2019	CHANGES
Revenues from sales and services	17	412,308	869,327	(457,019)
Operating costs	18	(365,577)	(790,884)	425,307
GROSS MARGIN		46,731	78,443	(31,712)
Overhead and administrative expenses	19	(39,360)	(50,376)	11,016
Capital gains / (losses) on non-current assets	20	25	(246)	271
Other net operating income (costs)	21	(1,110)	4,207	(5,317)
EBITDA		6,286	32,028	(25,742)
Depreciation, amortization and write-down	22	(10,656)	(18,895)	8,239
EBIT		(4,370)	13,133	(17,503)
Net financial income / (expenses)	23	(5,301)	(6,869)	1,568
Profit / (loss) on foreign exchange	24	(2,173)	1,614	(3,787)
RESULT BEFORE TAXES		(11,844)	7,878	(19,722)
Taxes	25	1,933	(783)	2,716
NET RESULT FROM CONTINUING OPERATIONS		(9,911)	7,095	(17,006)
Net result from discontinued operations		-	-	-
NET RESULT		(9,911)	7,095	(17,006)
Attributable to the Coeclerici Group		(9,908)	7,095	(17,003)
Attributable to minority interests		(3)	-	(3)

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME AT 31 DECEMBER 2020
(thousands of Euro)

	(NOTE)	2020	2019	CHANGES
NET RESULT		(9,911)	7,095	(17,006)
Items that may be reclassified subsequently to the Income Statement:				
- Differences from conversion of financial statements in currencies other than Euro		(7,665)	4,483	(12,148)
- Change in the fair value of cash flow hedge financial instruments	27	(12)	(147)	135
Total items that may be reclassified, net of tax effects		(7,677)	4,336	(12,013)
Items that will NOT be reclassified subsequently to the Income Statement:				
- Change in the fair value of available-for-sale financial assets	4	37	18	19
- Actuarial gains / (losses)		(90)	(133)	43
Total items that will NOT be reclassified, net of tax effects		(53)	(115)	62
NET INCOME RECORDED DIRECTLY IN EQUITY		(7,730)	4,221	(11,951)
TOTAL COMPREHENSIVE INCOME		(17,641)	11,316	(28,957)
ATTRIBUTABLE TO:				
- Attributable to the Coeclerici Group		(17,634)	11,316	(28,950)
- Attributable to minority interests		(7)	-	(7)

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY AT 31 DECEMBER 2020 (thousands of Euro)

	SHARE CAPITAL	LEGAL RESERVE	TRANSLATION RESERVE	MERGER SURPLUS RESERVE	RESERVE RELATED TO THE FAIR VALUE OF FINANCIAL INSTRUMENTS	ACTUARIAL GAINS / (LOSSES)	OTHER RESERVES	RETAINED EARNINGS	NET RESULT	TOTAL CC GROUP EQUITY	TOTAL MINORITY EQUITY	TOTAL EQUITY
At 31 December 2018	**10,000**	**2,000**	**(5,167)**	**10,232**	**(1,463)**	**(122)**	**49,198**	**(113,931)**	**116,972**	**67,719**	**-**	**67,719**
2018 net result transferred to reserves	-	-	-	-	-	-	-	116,972	(116,972)	**-**	-	**-**
Dividends paid	-	-	-	(7,336)	-	-	-	(2,664)	-	**(10,000)**	-	**(10,000)**
Net income recorded directly in equity	-	-	4,483	-	(129)	(133)	-	-	-	**4,221**	-	**4,221**
Effect of change in consolidation area	-	-	(937)	-	-	-	-	965	-	**28**	-	**28**
Net result for 2019	-	-	-	-	-	-	-	-	7,095	**7,095**	-	**7,095**
At 31 December 2019	**10,000**	**2,000**	**(1,621)**	**2,896**	**(1,592)**	**(255)**	**49,198**	**1,342**	**7,095**	**69,063**	**-**	**69,063**
2019 net result transferred to reserves	-	-	-	-	-	-	-	7,095	(7,095)	**-**	-	**-**
Dividends paid	-	-	-	-	-	-	-	(5,000)	-	**(5,000)**	-	**(5,000)**
Net income recorded directly in equity	-	-	(7,661)	-	25	(90)	-	-	-	**(7,726)**	(4)	**(7,730)**
Effect of change in consolidation area	-	-	-	-	-	22	-	(96)	-	**(74)**	74	**-**
Net result for 2020	-	-	-	-	-	-	-	-	(9,908)	**(9,908)**	(3)	**(9,911)**
At 31 December 2020	**10,000**	**2,000**	**(9,282)**	**2,896**	**(1,567)**	**(323)**	**49,198**	**3,341**	**(9,908)**	**46,355**	**67**	**46,422**

CONSOLIDATED STATEMENT OF CASH FLOWS AT 31 DECEMBER 2020 (thousands of Euro)

	2020		2019	
A CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	59,212		46,333	
B CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES				
BEFORE CHANGES IN NET WORKING CAPITAL	(6,555)		23,573	
Net result		(9,908)		7,095
Minority interest net result		(3)		-
Depreciation of property, plant and equipment		6,332		7,250
Amortization of intangible assets		748		732
Depreciation of right of use assets		3,364		3,180
Write-down of tangible and intangible assets		212		7,733
Losses (gains) on non-current assets		(25)		246
Interest paid		(3,017)		(3,791)
Net change in provisions for liabilities and charges		(4,536)		737
Net change in post-employment benefits		278		391
CHANGES IN NET WORKING CAPITAL	14,190		(6,974)	
Net change in deferred taxes		71		784
Change in inventories		9,683		6,044
Change in trade receivables		7,697		5,419
Change in trade payables		(31,212)		11,403
Change in advances from customers		23,370		(28,208)
Other changes in working capital		4,581		(2,416)
CASH FLOW GENERATED (ABSORBED) FROM OPERATING ACTIVITIES (B)	7,635		16,599	
C CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES				
Investments in property, plant and equipment	(8,492)		(12,146)	
Investments in right of use assets	(1,285)		(2,940)	
Investments in intangible assets	(3,914)		(2,017)	
Disposal of property, plant and equipment	87		1,741	
Disposal of intangible assets	-		80	
Disposal of right of use assets	398		-	
Change in other non-current assets	1,545		(1,063)	
Disposal / (Increase) of investments in other companies	3		-	
Disposal / (Increase) of investments in available-for-sale financial assets	98		2,357	
Dividends received from other companies	41		-	
CASH FLOW GENERATED (ABSORBED) FROM INVESTING ACTIVITIES (C)	(11,519)		(13,988)	
D CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES				
Change in current and non-current financial receivables	7,148		14,686	
Net change in current and non-current financial payables	7,309		5,582	
Dividends paid	(5,000)		(10,000)	
CASH FLOW GENERATED (ABSORBED) FROM FINANCING ACTIVITIES (D)	9,457		10,268	
E OVERALL CASH FLOW GENERATED (ABSORBED) (E = B + C + D)	5,573		12,879	
F CASH AND CASH EQUIVALENTS AT END OF PERIOD (A + E)	64,785		59,212	

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

of the Coeclerici Group as of December 31, 2020

PRINCIPLES USED IN DRAWING UP THE FINANCIAL STATEMENTS

The consolidated financial statements have been drawn up in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. IFRS also include the International Accounting Standards (IAS) still in place, as well as the interpretations of the IFRS Interpretations Committee, formerly called the International Financial Reporting Interpretations Committee (IFRIC) and even earlier the Standing Interpretations Committee (SIC).

The financial statements have been drawn up on the basis of historical cost, modified as requested for the evaluation of some financial instruments.

The financial statements are in euro, and unless otherwise indicated, figures are in thousands of euro.

The consolidated financial statements consist of the balance sheet, income statement, comprehensive income statement, a statement of changes in equity, a cash flow statement and notes to the financial statements; they have been drawn up by using the accounts of the Holding Company and its subsidiaries, whether Italian or foreign, in which Coeclerici SpA directly or indirectly holds a majority of voting rights, and on which it therefore exercises control or from which it obtains benefits in virtue of its power of regulating their financial and operational policies.

For the purposes of drawing up the consolidated financial statements, the financial statements of the period to 31 December 2020 have been used. The financial statements have been adjusted where necessary to respect consolidation requirements and bring them into line with International Financial Reporting Standards (IFRS).

Financial statement models

The Coeclerici Group presents its income statement by expense type, a manner regarded as more representative than classification by function.

The balance sheet has been drawn up in conformity with IAS 1 by classifying assets and liabilities as ‘current / non-current’.

Current assets are classified as such when they may predictably be realized within the normal operational cycle of the business, that is within twelve months from the date of the financial statements. Inventories and trade receivables are included in current assets.

Tangible and intangible assets, as well as all assets other than current ones, are included as non-current assets.

Current liabilities are classified as such when they may predictably be discharged within the normal operational cycle of the business, that is within twelve months from the date of the financial statements.

The cash flow statement was drawn up according to the indirect method.

Some items in the financial statements and notes to the financial statements were reclassified to provide better comparisons.

PRINCIPLES OF CONSOLIDATION

Subsidiaries

These are firms that the Group controls, as defined by ‘IFRS 10 – Consolidated Financial Statements’, standard issued by the IASB in May 2011. Control exists when the Group has the direct or indirect power to govern the

financial and operating policies of an entity to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date control begins until such time as that control ceases to exist. The amounts of equity and profit attributable to minority shareholders are shown separately in the consolidated balance sheet and income statement. Where necessary, adjustments have been made to the financial statements of subsidiaries to bring their accounting policies in line with those adopted by the Group.
The book value of the shares held is eliminated against a corresponding fraction of the subsidiary's equity, calculated by attributing each asset and liability its value at the date the Group acquired control. Any remaining positive difference is included under 'goodwill'; any negative difference is recorded in the income statement, as required by 'IFRS 3 – Business Combinations'.

Jointly controlled entities

These are firms over whose business the Group has joint control as defined in 'IFRS 11 – Joint Arrangements', issued by the IASB in May 2011. The consolidated financial statements include the share of the results of jointly controlled entities attributable to the Group, measured using the equity method, from the date on which joint control starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of jointly controlled entities to bring their accounting policies in line with those adopted by the Group.

Associated companies

These are companies over whose financial and operating policies the Group has considerable influence, but not control or joint control, as defined by 'IAS 28 – Investments in associates and joint ventures'.
The consolidated financial statements include the share of the results of associated firms attributable to the Group, measured using the equity method, from the date on which considerable influence starts until the moment it ceases to exist. If the share of losses attributable to the Group exceeds the book value of the equity investment in the financial statements, the value of the equity investment is written off and the Group's share of any further losses is not recorded, unless and to the extent to which the Group is obliged to answer for them. Where necessary, adjustments have been made to the financial statements of associated companies to bring their accounting policies in line with those adopted by the Group.

Other investments

Minor equity investments in other companies are entered at fair value with the effects charged to the equity reserve along with the other components of the comprehensive income; the variations in the fair value shown in the equity are never reversed in the income statement as specified in 'IFRS 9 – Financial Instruments'. When the investment is not listed in a regulated market and the fair value cannot be reliably determined, the investment is valued at cost adjusted for loss of value. Dividends received from these businesses are included in the income statement.

Transactions eliminated during consolidation

When preparing the consolidated financial statements, all balances and significant transactions between Group companies are eliminated, as well as all unrealized gains and losses on intercompany transactions.

Foreign currency transactions

Items originally expressed in foreign currency are converted into EURO at the historical exchange rate on the date of the transaction. Exchange rate differences upon collection of receivables and settlement of payables in foreign currency are recorded in the income statement. Foreign currency assets and liabilities are entered at the year-end spot exchange rate and the relevant exchange gains and losses are recorded in the income statement. Any net profit is set aside in a special non-distributable reserve until it is realized.

The conversion of the financial statements of foreign subsidiaries using other currencies into EURO is on the basis of the year-end exchange rate for balance sheet items and the average annual exchange rate for income statement items. Exchange differences stemming from the conversion of financial statements expressed in foreign currencies are allocated directly to the 'translation reserve' item under equity.

ACCOUNTING POLICIES

The most important criteria used for valuing when drawing up the consolidated financial statements are shown below.

Property, plant and equipment

Tangible fixed assets are entered at cost price or production cost and are not re-valued.

Any costs incurred after the purchase are included only if they increase the future economic benefits inherent in the asset they refer to. All other costs are recorded in the income statement when incurred. Assets are depreciated by applying the following depreciation rates, which are designed to spread the value of the tangible assets adequately over their estimated useful life.

	DEPRECIATION RATES
Buildings	3%
Plant and equipment	10% - 25%
Other tangible assets	12% - 25%

Land is not depreciated.

'Coal reserves' are determined on the basis of an assessment of the fair value of the coal reserves conducted at the moment the mine was purchased, in keeping with 'IFRS 3 – Business Combinations' and this item takes into account amounts paid for subsequent extensions. Mine depreciation is calculated on the basis of the production schedule taking into consideration the quantities mined during the reference period. The depreciation schedule used will write off the value of the coal reserves when the licence expires. The carrying amount of the coal reserves, which is determined on the basis of the recoverability of the book value, may be written down, as outlined in IAS 36.

The costs of dismantling and reclaiming mining sites are recorded in compliance with IAS 16 as a separate component of the reference asset and amortized over the whole remaining life of that asset. These costs are set off against a special risk provision that is used when amounts are paid out to reclaim the sites.

'Assets under construction' include all investments that have not yet become part of the production process.

Intangible assets

According to 'IAS 38 – Intangible Assets', intangible assets are entered as assets when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.

Goodwill

If companies are taken over, the assets, liabilities and potential liabilities acquired and identifiable are recorded at their fair value on the takeover date.
If the difference between the takeover price and the share held by the Group at its fair value is positive, this difference is classified as goodwill and is entered in the financial statements as intangible assets.
Any negative difference (badwill) is instead recognized in the income statement at the time of acquisition.
Goodwill is not amortized but its value is tested annually, or whenever specific events or changes in circumstances suggest it may have been impaired. After initial determination, goodwill is calculated at cost less any accumulated impairment losses. If a previously acquired company whose takeover gave rise to goodwill is partly or entirely transferred, the remaining goodwill will be taken into account in the capital gain or capital loss calculation.
When the International Financial Reporting Standards were applied for the first time, the Group chose not to apply 'IFRS 3 – Business Combinations' retroactively to company takeovers that occurred before 1 January 2006.
Consequently, the allocations made on the purchase dates have not been reviewed.

Exploration assets

Costs relating to the purchase of exploration rights, geological and topographical surveys, exploratory drilling and excavation, sampling, and the technical feasibility and commercial viability studies of a mining resource are recorded as exploration and evaluation assets, in compliance with IFRS 6.
These costs are recorded as intangible assets and amortized over the period during which it is expected the relevant mining will take place. Exploration assets may be decreased in value in compliance with the procedures laid down in IAS 36, when their book value is not recoverable.

Other intangible assets

According to 'IAS 38 – Intangible Assets', other intangible assets (purchased or produced internally) are entered as such when it is likely that the use of the asset will generate future economic benefits and when the cost of the asset may be measured reliably.
These assets are assessed at purchase price or production cost and amortized on a straight-line basis over their estimated useful lives if they have a definite useful lifespan. Intangible assets with indefinite useful lives are not amortized, but are assessed for loss of value annually, or whenever specific events suggest they may have been impaired.
Other intangible assets acquired after taking over a company are entered separately from goodwill if their fair value can be measured reliably.

Leasing contracts

'IFRS 16 – Leases' which replaced 'IAS 17 – Leases' went into effect on 1 January 2019.
The new standard provides a new definition of lease and introduces a new criterion based on the control (right of use) of an asset to distinguish lease agreements from service agreements. The discriminating factors are the identification of the asset, the right to replace it, the right to obtain substantially all economic rewards deriving from the use of the asset and the right to control the use of the asset underlying the contract. The standard establishes a single model for recognizing and measuring lease agreements for the lessee; it calls for recording the asset covered by a lease, including an operating lease, under assets with a financial payable as a balancing entry.
The standard does not include significant changes for lessors. An agreement is classified as a finance lease or a operating lease when entered into by examining

the contract requirements and/or the kind of asset being leased.
In the balance sheet, the application of the new standard to lease agreement entails initially recording a right-of-use asset pursuant to IFRS 16, equal to the present value of the minimum future mandatory payments that the tenant will have to pay, that will be amortized over the lesser of the economic-technical life of the asset and the remaining term of the agreement, and recording a financial payable equal to the present value of the minimum future mandatory payments the tenant will have to pay. The payable will later be reduced gradually as the rent payments are made. Starting in 2019, rent payments will no longer be recorded in the income statement. The depreciation of the right of use will instead be recorded as well as financial expense on the payable recorded.
When adopting IFRS 16, the Group took advantage of the exemption provided in Paragraph 5 a) in relation to short-term leases and the exemption granted in Paragraph 5 b) concerning lease agreements in which the underlying asset is a low-value asset. For these leases, IFRS 16 does not require the recognition of the financial lease liability and the related right of use, but lease payments can be recognized in the income statement on a straight-line basis over the life of the respective leases.

Loss of asset value

The Group regularly assesses the recoverability of the book values of intangible and tangible assets to determine if there is any sign they may have been impaired. If there is such evidence, the book values of the assets concerned are decreased to their respective recoverable values. The recoverable value of an asset is either its fair value less any costs of sale or its value in use, whichever the greater.
To determine the value in use of an asset, the Group calculates the present value of the estimated future cash flows (gross of taxation) discounted at a before-tax rate which reflects the current market time value of money and the specific risks associated with that asset.
An impairment loss is recorded if the recoverable value is lower than the book value. When an impairment loss (excluding impairment losses on goodwill) subsequently reverses or decreases, the book value of that asset or cash-generating unit is increased to the revised estimate of its recoverable amount which cannot exceed the book value that would have been determined had no impairment loss been recognized for that asset. Reversal of an impairment loss is immediately recognized in the income statement.

Available-for-sale financial assets

Available-for-sale financial assets are initially recorded at purchase price and subsequently assessed at fair value.
Gains and losses from changes in fair value are recognized directly in shareholders' equity, and these gains and losses are never reversed in the income statement as specified in 'IFRS 9 – Financial Instruments'.

Financial instruments

A financial instrument is any contract that gives rise to a financial asset for one entity and a financial liability or equity instrument for another entity.
Non-current financial assets other than equity investments, current financial assets, and financial liabilities are entered according to 'IFRS 9 – Financial instruments'.

Financial derivatives

Financial derivatives are normally used with the intention of hedging. In line with IFRS 9, financial derivatives may be recorded according to the methods laid down for hedge accounting only when, at the beginning of the hedging, the Group formally designates and documents the hedging relationship, the nature of the risk, its objectives in managing the risk, the strategy followed and methods it will use to assess whether the hedging relationship will continue to meet the requirements of an effective hedge (including an analysis of sources of the hedge's ineffectiveness and how the hedging relationship is determined).

A hedging relationship satisfies qualifying criteria for hedge accounting if all the following conditions are met:

- there is an economic relationship between the hedged item and the hedging instrument;
- the impact of credit risk does not prevail over changes in value resulting from the above economic relationship.

All financial derivatives are measured at their fair value, as laid down in IFRS 9. When financial instruments have the appropriate characteristics to be entered according to hedge accounting methods, the following accounting principles are applied:

- Fair value hedge – if a financial derivative is designated to hedge the exposure to changes in fair value of an asset or liability shown on the financial statements and attributable to a particular risk which may affect the income statement, the gain or loss from subsequently re-measuring the hedging instrument at fair value is entered on the income statement. The gain or loss on the hedged item attributable to the hedged risk changes the book value of that item and is recognized in the income statement.
- Cash flow hedge – if a financial derivative is designated to hedge exposure to changes in the future cash flows of an asset or liability entered into the financial statements or of a highly probable forecasted transaction that may affect the income statement, the effective portion of the gains or losses on the financial derivative is recorded in equity. Accrued equity gains or losses are reversed and entered into the income statement in the same period in which the hedged transaction is recorded. Gains or losses associated with hedging (or part thereof) which becomes ineffective are recorded in the income statement immediately. If a hedging instrument or hedging relationship is closed before the hedged transaction occurs, the accrued gains and losses recorded up to that time in equity are recorded in the income statement when the relevant transaction actually occurs.

If the hedged transaction is no longer considered likely, the gains or losses that have not yet been realized and are suspended in equity are immediately recorded in the income statement. If hedge accounting cannot be applied, the gains or losses arising from the fair value assessment of the financial derivative are immediately entered in the income statement.

Inventories

Inventories of commodities are entered at either the cost price of the inventories on hand, measured according to the FIFO method, or their estimated realizable value on the basis of market price, whichever the lower.

Work in progress is recorded at the value of the agreed fees, accrued with reasonable certainty, according to the percentage of completion method, having taken into account the stage of completion achieved. The stage of work completion is measured with reference to the job costs incurred as of the balance sheet date in relation to the total costs estimated for each order.

If the result of a work in progress cannot be reliably estimated, the job revenue is recognized only to the extent that the costs incurred are likewise recoverable. When the result of an order can be reliably estimated and it is probable that the contract will generate a profit, the job revenue is recognized over the duration of the contract. When it is probable that the total of the job costs exceeds the total of the job revenues, the potential loss is recognized immediately in the income statement.

The Group presents as an asset the amount owed by the customers for the contracts relating to the jobs underway in relation to which the costs incurred, plus the recognized margins (less the recognized losses), exceed the invoicing on a stage of completion basis. The amounts invoiced, but not yet collected from the customers, are included under the caption 'Trade receivables'.

The Group presents as liability the amount owed to the customers, for the contracts for all the jobs underway in relation to which the amounts invoiced on a stage of completion basis exceed the costs incurred, inclusive of the recognized margins (less the recognized losses). The liabilities are included under the heading 'Other payables and current liabilities'.

Trade receivables

These are recorded at their presumed realizable value.

Cash and cash equivalents

These include cash on hand, the surplus balance of current accounts, the total of bank deposits, and all high-liquidity investments with due date within the next three months.

Provisions for risks and charges

The Group records provisions for risks and charges when: it has a legal or implicit obligation towards third parties, it is likely that Group resources will be needed to fulfil this obligation and when a reliable estimate of the total value of the obligation itself may be made. The provisions reflect the best possible estimate on the basis of the facts available. Estimates are updated to the date of the financial statements. Changes in the estimates are reflected in the income statement for the period during which they are made.

Post-employment benefits

Post-employment benefits are calculated according to IAS 19.

The severance indemnity reserve is regarded as a 'defined benefit plan' and is measured on the basis of actuarial calculations using the 'Projected Unit Credit Method'. The actuarial gains and losses generated by applying this method are recognized under the equity caption 'Actuarial gains / (losses)'.

For Italian companies belonging to the Group with a number of employees of less than 50, the amendments made by Italian law No. 296 of 27 December 2006 (the 2007 Finance Act) and subsequent decrees and regulations issued during the first months of 2007 allow employees to keep their post-employment benefit within the company without being obliged to opt to hand it over to a supplementary pension fund or assign the post-employment benefit to the treasury fund at the Italian national social security institute (INPS).

Recognition of revenues and costs

Revenues deriving from contracts with customers are recognized when control over the goods and services is transferred to the customer in an amount that reflects the consideration the Group expects to receive in exchange for such goods and services. Revenues are shown net of discounts and allowances.

Financial revenues and revenues from services are recognized on an accrual basis.

Revenues from the sale of industrial machines are accounted for when the machine is installed and tested at the customer's plant.

Capital grants

Capital grants are recognized when they are definitively assigned to the Company and recorded in the income statement at the same time as the asset they refer to is depreciated.

Financial income and expenses

Financial income and expenses are recognized on an accrual basis, according to the amount of time that passes and using the actual effective rate.

Income taxes for the period

Income taxes include all the taxes calculated on the Group taxable income. They are recognized in the income statement, with the exception of those concerning items directly charged or credited to equity, in which case the tax effect is recorded directly in equity. Other taxes not related to income, such as taxes on property and capital, are included among the operating expenses. The taxable income is different from the amount recorded in the income statement since it excludes positive and negative components. The liability for current taxes is calculated using the rates officially or actually in force at the year-end. Deferred taxes are set aside according to the overall liability allocation method. They are calculated on all temporary differences which may emerge between the taxable base of an asset or liability and the book value in the consolidated financial statements. Deferred tax assets on tax losses and unused tax receivables that may be carried forward, as well as on temporary differences, are recognized to the extent that it is likely that future taxable income may emerge against which they can be recovered.

Use of estimates

In order to draw up the financial statements, the Directors produce estimates and assessments that affect the amounts recorded as assets, liabilities, costs and revenues, as well as on the presentation of potential assets and liabilities. The Directors periodically check their estimates and assessments on the basis of past experience and other factors considered reasonable in the circumstances. The use of estimates and assessments is particularly important in determining the following balance sheet and income statement items:

a) Tangible and intangible assets – Useful life and recoverability estimates

The Company has significant quantities of tangible and intangible assets. Establishing the useful lives of assets and determining whether they are recoverable (in order to decide whether the company should write them down), involves assessments and estimates.
Assets are depreciated or amortized on the basis of their useful lives, which is estimated for each category (tangible and intangible). The recoverable value of tangible and intangible assets depends on the possibility the assets have of generating sufficient net cash flows to recover their book value over the course of their estimated useful life.

b) Additional estimates

Estimates are also used to enter the presumed values of certain receivables, the fair value of derivatives and available-for-sale financial assets, the funds set aside for employee benefits, taxes and other provisions. Further details about these kinds of estimates can be found in the specific notes on each item. Generally speaking, the final figures in the following accounting period may differ from the estimates originally entered.
Changes in estimates are recorded in the income statement for the accounting period during which they actually appear.
In the absence of an established principle or interpretation applicable to a specific operation, the Group's management decides which accounting methods to adopt, through its own well thought-out and subjective evaluations, in order to provide relevant and reliable information so that the financial statements:

- paint a true picture of the company's balance sheet and financial position, net result and cash flow;
- reflect the economic substance of transactions;
- are neutral;
- are prepared on a prudent basis;
- are complete in all relevant aspects.

CONSOLIDATION AREA

A list of companies included in the consolidation area is attached to the notes to the financial statements. Some transactions brought about variations in the Group area of consolidation when compared to the previous financial year:

- the sale of 2.5% of the Singaporean company Coeclerici Far East (Pte) Ltd to an employee;
- the winning of an auction by the subsidiary Slitters Rewinders Machines Srl; the auction was announced by the court of Vercelli and was aimed at allotting the business division of the company Laem System Srl, an industrial operator with which a business division lease was signed;
- the merger via incorporation of the Italian subsidiary Slitters Rewinders Machines Srl into its direct parent company IMS Technologies SpA; this merger, which is in keeping with the approach to streamline and simplify the company structure, occurred on 16 December 2020 with effect for accounting and tax purposes backdated to 1 January 2020.

ACCOUNTING PRINCIPLES RECENTLY ISSUED

IFRS Accounting principles, amendments and interpretations applied starting on 1 January 2020

The following amendments were applied for the first time by the Group starting on 1 January 2020:

- 'Amendment to IFRS 3 – Business Combinations', published on 22 October 2018 and issued by the IASB with the aim of determining rules whereby a transaction must be recorded as an acquisition of assets or as a business combination. The changes to IFRS 3 clarify that to be considered a business, an integrated collection of assets and goods must include at least one input and one underlying process which together contribute significantly to the ability to create an output. In addition, it was clarified that a business may exist without including all the inputs and processes necessary to create an output. The adoption of this amendment had no impact on the Group's consolidated financial statements.

- 'Amendment to IAS 1 and IAS 8: Definition of material', published on 31 October 2018 and issued by the IASB to standardize the definition of 'material' in the standards and to clarify certain aspects of the definition. The new definition indicates that information is considered material if, as a result of its omission, or following its inaccurate or incomprehensible presentation, it could reasonably be expected to affect the decisions that the main users of the financial statements would make on the basis of financial information contained therein. Materiality depends on the nature or importance of the information, or on both. The entity must assess whether the information on its own or in combination with other information is material in the context of the financial statements taken as a whole. The adoption of this amendment had no impact on the Group's consolidated financial statements.

- 'Amendment to IFRS 16 Leases Covid 19 – Related Rent Concessions', published on 28 May 2020 and issued by the IASB with the aim of allowing a lessee to refrain from applying the requirements of IFRS 16 to the accounting effects resulting from contractual modifications to reduce lease payments granted by lessors that are a direct consequence of the Covid-19 epidemic. The change introduces a practical expedient whereby a lessee may choose not to assess whether the reduction in lease payments constitute contractual changes. A lessee that chooses to use this expedient must record these reductions as if they were not contractual changes within the scope of IFRS 16. Changes are applicable to financial statements with reporting periods beginning on or after 1 June 2020. Early application is allowed, and the Group applied this standard starting with the 2020 financial statements. These changes had a positive impact of Euro 42 thousand on the Group's consolidated financial statements.

Accounting standards, amendments and interpretations issued by the IASB/IFRIC and approved by the European Commission

As at the reporting date, there were no accounting standards, amendments or interpretations issued by the IASB/IFRIC and ratified by the European Commission that are not yet in force.

Accounting standards, amendments and interpretations issued by the IASB/IFRIC and not yet approved by the European Commission

At the date of the Consolidated Financial Statements, the relevant bodies of the European Union had not yet finished the process of ratification necessary to adopt the principle and the amendments described below.

- On 18 May 2017, the IASB issued 'IFRS 17 – Insurance Contracts', a new standard related to insurance contracts that covers recognition, measurement, presentation and disclosures. When it goes into effect, this standard will replace 'IFRS 4 – Insurance Contracts' which was issued in 2005. It will apply to all types of insurance contracts (for example life, non-life, direct insurance, re-insurance), regardless of the kind of entity that issues them, and to some guarantees and financial instruments with discretionary participation features. The general aim of IFRS 17 is to introduce an accounting model for insurance contracts that is more useful and uniform for insurers. IFRS 17 will apply to financial years beginning on or after 1 January 2023.

- On 23 January 2020, the IASB published 'Amendments to IAS 1: Classification of liabilities as current or non-current'; these changes specify requirements for classifying liabilities as current or non-current. The changes clarify:
  - what is meant by the right to subordinate maturity;
  - that the subordination right must exist at the end of the financial year;
  - that the classification is not impacted by the likelihood that the entity will exercise is subordination right.

The changes will apply to financial years beginning on or after 1 January 2023 and must be applied retroactively.

- On 14 May 2020, the IASB published the 'Amendment to IAS 16 Property, Plant and Equipment – Proceeds before intended use' which prohibits an entity from deducting from the cost of an item of property, plant and equipment any proceeds from the sale of products sold while bringing such asset into the location and condition necessary for it to be capable of operating in the manner intended by management. An entity must instead record the proceeds from the sale of such products and the costs for producing them in the income statement. The change will go into effect for financial years beginning on or after 1 January 2022 and must be applied retroactively to units of property, plant and equipment made available for use on or after the start date of the period before the period in which the entity applies this change for the first time.

- On 14 May 2020, the IASB published the 'Amendment to IAS 37 – Onerous contract – Costs of fulfilling a contract' to specify which costs must be considered by an entity in assessing whether a contract is onerous / at a loss. The change calls for applying an approach called the 'directly related cost approach'. Costs related directly to a contract for providing goods or services must include incremental costs as well as costs directly attributed to contractual activities. General and administrative expenses are not directly related to a contract and are excluded unless they can be explicitly allocated to the counterpart on the basis of the contract's provisions. The changes will go into effect for financial years beginning on or after 1 January 2022. The Group will apply these changes to contracts for which it has not yet met all its obligations at the beginning of the financial year in which the Group applies such changes for the first time.

- As a part of the process of annual improvements to IFRS standards for 2018-2020, on 14 May 2020 the

IASB published the 'Amendment to IFRS 9 – Fees in the 10% test for derecognition of financial liabilities'. This change clarifies the fees that an entity includes when determining whether the conditions of a new or modified financial liability differ substantially from the conditions of the original financial liability. These fees include only those paid or received between the borrower and the lender including fees paid or received by the borrower or the lender on behalf of others. Entities must apply this change to financial liabilities that are modified or exchanged following the date of the first financial year in which the entity applies the change for the first time. The change will be effective for financial years beginning on or after 1 January 2022.

The Directors do not expect any impact from the application of such principle and such amendments.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

The figures shown in these comments are expressed in thousands of Euro. Figures from the previous period or the exchange value of the amount in the currency of reference are shown in brackets.

Property, plant and equipment (Note 1)

The changes that occurred in property, plant and equipment during 2020 are summarized in the following table:

	LAND AND BUILDINGS	PLANT AND MACHINERY	OTHER ASSETS	COAL RESERVES	CLEAN-UP AND RESTO-RATION COSTS	TANGIBLE ASSETS UNDER CON-STRUCTION	TOTAL
At 31 December 2018	**31,130**	**33,606**	**7,844**	**3,327**	**2,062**	**817**	**78,786**
Transfer to right-of-use assets as of 1 January 2019	(14,001)	(3,576)	(86)	-	-	-	(17,663)
Increases	1,018	3,660	1,636	4,616	552	664	12,146
Decreases	(1,341)	(38)	(190)	-	-	(172)	(1,741)
Depreciation and write-down	(318)	(5,265)	(1,708)	(427)	(265)	-	(7,983)
Exchange rate differences	1,361	3,423	809	613	298	118	6,622
At 31 December 2019	**17,849**	**31,810**	**8,305**	**8,129**	**2,647**	**1,427**	**70,167**
Increases	1,081	4,367	657	1,272	85	1,030	8,492
Transfer from right-of-use assets	-	750	-	-	-	-	750
Decreases	-	-	(87)	-	-	-	(87)
Depreciation, write-down and revaluation	(370)	(5,256)	(1,268)	223	127	-	(6,544)
Exchange rate differences	(2,407)	(7,111)	(161)	(2,056)	(642)	(388)	(12,765)
At 31 December 2020	**16,153**	**24,560**	**7,446**	**7,568**	**2,217**	**2,069**	**60,013**

The increases in the items 'Land and buildings' (Euro 1,081 thousand), 'Plant and machinery' (Euro 4,367 thousand), 'Other assets' (Euro 657 thousand), 'Coal reserves' (Euro 1,272 thousand), 'Clean-up and restoration costs' (Euro 85 thousand) and 'Tangible assets under construction' (Euro 1,030 thousand) are mainly attributable to investments made by the Russian subsidiaries SC Kisk and Taylepskoe (Euro 6,905 thousand) necessary to improve the production efficiency of the mining site.

The item 'Transfer from right-of-use assets' refers to the reclassification under the caption 'Plant and machinery' of machinery and other assets used in mining acquired under finance leases by the Russian subsidiary LLC Razrez and previously recorded under the item 'Right-of-use assets', after exercising the purchase option.

Right of use assets (Note 2)

The changes that occurred in right of use assets during 2020 are summarized in the following table:

	VEHICLES	PLANT AND MACHINERY, TOOLS	LAND, OFFICES AND INDUSTRIAL PLANTS	OTHER TANGIBLE ASSETS	TOTAL
At 31 December 2018	**-**	**-**	**-**	**-**	**-**
Gross book value at 1 January 2019	645	-	4,433	40	5,118
Transfer from property, plant and equipment as of 1 January 2019	-	3,662	14,001	-	17,663
Increases	155	52	2,733	-	2,940
Depreciation	(297)	(1,123)	(1,752)	(8)	(3,180)
Exchange rate differences	6	25	128	-	159
At 31 December 2019	**509**	**2,616**	**19,543**	**32**	**22,700**
Increases	258	-	1,027	-	1,285
Decreases	-	-	(398)	-	(398)
Transfer to property, plant and equipment	-	(750)	-	-	(750)
Depreciation	(312)	(884)	(2,160)	(8)	(3,364)
Exchange rate differences	(30)	(358)	(320)	-	(708)
At 31 December 2020	**425**	**624**	**17,692**	**24**	**18,765**

Increases were mainly for the renewal of operating leases for offices for the Commodities Division and the operating lease of a property in New Jersey where the US company IMS Technologies Inc. carries out its operations.

Decreases refer to the early termination of the operating lease for the property in Darmstadt where the German company Goebel carries out its operations.

The item 'Transfer to property, plant and equipment' refers to the transfer of machinery and other assets used in mining and acquired under finance leases by the Russian subsidiary LLC Razrez. These assets were reclassified in the caption 'Property, plant and equipment' after exercising the purchase option.

At 31 December 2020 the item 'Right of use assets' mainly included the net carrying amount of the Calcinate and Seriate plants where the subsidiary IMS Technologies carries out industrial activities (Euro 13,405 thousand).

Intangible assets (Note 3)

The changes that occurred in intangible assets during 2020 are summarized in the following table:

	GOODWILL	OTHER INTANGIBLE ASSETS	TOTAL
At 31 December 2018	**8,814**	**4,966**	**13,780**
Increases	-	2,017	2,017
Decreases	-	(80)	(80)
Amortization and write-down	(7,000)	(732)	(7,732)
Exchange rate differences	-	422	422
At 31 December 2019	**1,814**	**6,593**	**8,407**
Increases	1,268	2,646	3,914
Amortization and write-down	-	(748)	(748)
Exchange rate differences	-	(972)	(972)
At 31 December 2020	**3,082**	**7,519**	**10,601**

The opening balance of the item 'Goodwill', totaling Euro 1,814 thousand as of 31 December 2019, refers to the recognition of the additional value paid in 2017 for the acquisition of the majority of the IMS Technologies Group (called the IMS Deltamatic Group until 1 May 2018) in excess of the fair value of the identifiable assets purchased net of the write-down of Euro 7,000 thousand recognized in 2019.

The Euro 1,268 thousand increase in the item 'Goodwill' refers to the recognition of the additional value paid during the year by the subsidiary Slitters Rewinders Machines Srl to acquire the business division of the company Laem System Srl (an industrial operator with which a business division lease was signed allowing the Group to enter the flexible packaging business) in excess of the fair value of the identifiable assets acquired.

Increases in other intangible assets, totaling Euro 2,646 thousand, primarily included the purchase of software licenses and development projects carried out by the Industry Division.

At 31 December 2020, the heading 'Other intangible assets' mainly included the residual value of the mining license held by the Russian subsidiary SC Kisk and development projects carried out by the Industry Division.

Other investments and available-for-sale financial assets (Note 4)

This item consists of the following:

	31/12/2020	31/12/2019
Other investments	2	5
Available-for-sale financial assets	208	289
Total	**210**	**294**

The heading 'Other investments' consisted of the following at 31 December 2020:

	31/12/2020	31/12/2019
Consorzio Maturatori 2000	1	1
Consortiums	1	1
CGTH Srl	-	3
Total other investments	**2**	**5**

Throughout the year the company CGTH Srl was liquidated. In addition to the reimbursement of share capital (Euro 3 thousand), during the year the Group received dividends totaling Euro 41 thousand as indicated in Note 23 'Net financial income / (expenses)'.

'Available-for-sale financial assets' consist of the following:

	31/12/2020	31/12/2019
Hao Capital Fund II L.P.	208	289
Total available-for-sale financial assets	**208**	**289**

During 2020 this item decreased by Euro 81 thousand. This reduction was mainly attributable to a reimbursement from the Hao Capital Fund II L.P. investment fund received during the year.

Further information regarding the closed investment fund Hao Capital Fund II L.P. is given under 'Note 29 – Obligations and guarantees'.

Other non-current assets (Note 5)

This heading consists of the following:

	31/12/2020	31/12/2019
Other receivables	99	98
Tax receivables	1,836	2,457
Receivables from holding company for tax consolidation	11,051	11,958
Guarantee deposits	201	219
Provision for bad debts on other non-current assets	(1,398)	(1,398)
Total other non-current assets	**11,789**	**13,334**

'Other receivables' refer to cash and cash equivalents in an escrow account held by the subsidiary Elvezia Immobiliare.

'Tax receivables', amounting to Euro 1,836 thousand, include Euro 1,398 thousand related to fiscal and tax receivables, recorded by the Holding Company, for which a request for reimbursement was made in previous years; the amounts have not been recovered and have been fully written down. This item also includes Euro 438 thousand related to fiscal and tax receivables recorded by the Commodities Division.

'Receivables from holding company for tax consolidation' refer to net receivables arising from the tax consolidation for IRES purposes; they represent the recoverable amount based on the Group's projected future taxable income. For further details regarding the composition of this amount, refer to 'Note 25 – Taxes'. These receivables, which arose as a result of the transfer of Group tax losses to the parent company, shall be liquidated, pursuant to the tax consolidation agreement, upon the Consolidator's use of the aforementioned tax losses.

Inventories (Note 6)

Inventories, equal to Euro 80,193 thousand (Euro 89,876 thousand at 31 December 2019), are made up as follows:

	31/12/2020	31/12/2019
Raw, subsidiary and consumable materials	3,998	3,390
Work in progress and semifinished goods	68,855	56,479
Industry Division goods	276	62
Goods	7,064	29,945
Total inventories	**80,193**	**89,876**

The heading 'Work in progress and semifinished goods' contains the valorization of the contracts underway in relation to the Industry Division according to the percentage of completion method. The 22% increase in this item is consistent with the rise in payables for advance payments recorded by the Industry Division.
As shown in the breakdown of the item 'Goods' indicated below, referring entirely to various types of coal, the value of goods in inventory is lower than the amounts reported as at 31 December 2019 mainly due to a reduction in inventories, a lower unit cost of goods in inventory due to a lower percentage of inventories that also reflect transportations costs and the devaluation of the ruble (exchange rate of EUR/RUB 91.47 as of 31 December 2020 compared to an exchange rate of 69.96 as of 31 December 2019).

	31/12/2020		31/12/2019	
	TONNES	EURO/000	TONNES	EURO/000
Goods	192,553	7,064	514,291	29,945

Trade receivables (Note 7)

This heading amounts to Euro 22,343 thousand (Euro 30,040 thousand at 31 December 2019) and consists entirely of receivables resulting from normal commercial operations with customers. It is shown net of the provision for bad debts amounting to Euro 7,215 thousand (Euro 14,468 thousand at 31 December 2019).
Trade receivables at 31 December 2020 can be divided between the following expiry periods:

	31/12/2020	31/12/2019
Receivables not yet due	13,570	19,584
Due < 60 days	5,483	5,007
Due < 180 days	887	1,915
Due < 365 days	607	896
Due > 1 year	9,011	17,106
Provision for bad debts	(7,215)	(14,468)
Total trade receivables	**22,343**	**30,040**

It should be noted that in the months subsequent to December 2020, a large proportion of the receivables shown in the table at 31 December 2020 with an expiry of less than 60 days was actually collected.

The movement in the provision for bad debts during 2020 was as follows:

Provision for bad debts at 31 December 2019	(14,468)
Provisions	(18)
Releases	3,038
Uses	3,673
Exchange rate differences	560
Provision for bad debts at 31 December 2020	**(7,215)**

Releases refer to the collection of receivables written down in prior periods.

Prepayments (Note 8)

The final balance of Euro 1,384 thousand (Euro 2,865 thousand at 31 December 2019), refers mainly to advances paid by the Industry Division primarily relating to the supply of goods (Euro 859 thousand) and the purchase of fuel for equipment used in extraction activities (Euro 284 thousand).

Other receivables and current assets (Note 9)

This heading consists of the following:

	31/12/2020	31/12/2019
Other receivables	613	1,105
Receivables relating to the fair value of financial instruments	267	334
Financial receivables from d'Amico	-	7,148
Tax receivables	11,976	16,128
Accrued income and prepaid expenses	1,473	1,339
Total other receivables and current assets	**14,329**	**26,054**

'Receivables relating to the fair value of financial instruments' refer to forward currency purchases made by the Group, as more fully described in 'Note 27 – Information regarding financial instruments', which gives further details. In 2020 all the 'Financial receivables from d'Amico' were collected.
'Tax receivables' refer mainly to VAT receivables.

Cash and cash equivalents (Note 10)

This heading consists of the following:

	31/12/2020	31/12/2019
Bank and postal deposits	64,726	59,160
Cash in hand	59	52
Total cash and cash equivalents	**64,785**	**59,212**

Bank deposits held with mainstream banks are managed centrally by the Holding Company's Treasury department, or under its direct supervision if held separately. Refer to the Cash Flow Statement for an explanation of the variations in cash and cash equivalents.

Total Equity (Note 11)

The movements which occurred in the various elements of Group equity are indicated in the relevant notes.

The 'Share capital', wholly subscribed to and paid up, amounts to Euro 10,000 thousand and consists of 10,000,000 ordinary shares each of a nominal value of Euro 1.

The 'Legal reserve' of Euro 2,000 thousand is the legal reserve held in the Holding Company.

The 'Translation reserve' had a negative balance of Euro 9,282 thousand, related to the conversion into Euro of the financial statements of consolidated foreign subsidiaries that prepare financial statements in currencies other than the Euro; it decreased by Euro 7,661 thousand, mainly due to the devaluation of the Russian ruble (exchange rate of EUR/RUB 91.47 as of 31 December 2020 compared to an exchange rate of 69.96 as of 31 December 2019).

The 'Merger surplus reserve' had a positive balance of Euro 2,896 thousand and remained unchanged compared to its value at 31 December 2019.

The 'Reserve related to the fair value of financial instruments', with a negative value of Euro 1,567 thousand, improved by Euro 25 thousand due to the increase in the fair value of available-for-sale financial assets of Euro 37 thousand, which was partially offset by the decrease in the fair value of derivative financial instruments (as more fully described in 'Note 27 – Information regarding financial instruments') totaling Euro 12 thousand.

The heading 'Actuarial gains / (losses)' with a negative balance of Euro 323 thousand, decreased by Euro 68 thousand and is related to the actuarial evaluation of defined benefit plans (TFR) at 31 December 2020 (as more fully detailed in 'Note 14 – Post-employment benefits').

The item 'Other reserves', with a positive balance of Euro 49,198 thousand, remained unchanged compared to its value at the end of the previous financial year.

The item 'Retained earnings' showed a positive balance of Euro 3,341 thousand after retaining the profit for the previous financial year for Euro 7,095 thousand, distributing dividends to the sole shareholder for Euro 5,000 thousand and reporting a decrease due to the change in consolidation area in the amount of Euro 96 thousand.

With reference to the information envisaged by IAS 1 paragraph 134, it should be noted that the objectives identified by the Group in the management of its capital are the following: the creation of value for its shareholders, the safeguarding of the company's future and support for the development of the other Group companies. For these reasons, the Group seeks to maintain an adequate level of capitalization enabling it to give its shareholders a satisfactory financial return and ensure it has access to external sources of financing, also by means of an adequate credit rating. This strategy has remained the same since the previous financial period.
The Group monitors its capital structure constantly, especially the level of net financial debt, calculated as the ratio between the net financial position and equity. This ratio, compared with that of the previous financial year, was as follows:

	31/12/2020	31/12/2019
Net financial position	49,336	55,013
Equity	46,422	69,063
NFP/EQUITY	**1.06**	**0.80**

Interest bearing liabilities and borrowings (Note 12)

This heading consists of the following:

	31/12/2020			31/12/2019		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Short term advances	6,134	-	**6,134**	17,490	-	**17,490**
Secured loans from financial institutions	6,217	11,457	**17,674**	7,663	18,838	**26,501**
Unsecured loans from financial institutions	23,547	57,415	**80,962**	14,792	41,789	**56,581**
Finance leases	1,074	3,446	**4,520**	1,797	5,377	**7,174**
Operating leases	1,544	3,287	**4,831**	1,905	4,574	**6,479**
Interest bearing liabilities and borrowings	**38,516**	**75,605**	**114,121**	**43,647**	**70,578**	**114,225**

Short term advances, amounting to Euro 6,134 thousand (Euro 17,490 thousand at 31 December 2019), refer mainly to loans disbursed by lending institutions to finance coal trading.

Secured loans from financial institutions, totaling Euro 17,674 thousand, down by Euro 8,827 thousand compared to 2019, refer to the loan for the acquisition of the property located in Riva Paradiso, Lugano, headquarters of the holding of the Commodities Division (Euro 2,577 thousand) and loans for investments made to improve the production efficiency of the mining site obtained by the Russian subsidiaries SC Kisk and LLC Razrez (Euro 15,097 thousand). The decrease in this item was mainly due to reimbursements made by the companies SC Kisk and LLC Razrez totaling Euro 3,560 thousand and the 31% weakening of the ruble (exchange rate of EUR/RUB 91.47 as of 31 December 2020 compared to an exchange rate of 69.96 as of 31 December 2019).

Unsecured loans from financial institutions, amounting to Euro 80,962 thousand, were up by Euro 24,381 thousand compared to 2019, and refer to loans granted by leading banks to finance the Group's investment activities.

It should be noted that the financial covenants included in the financing contracts were always respected.

The item 'Finance leases' mainly includes the payable resulting from the takeover of the holding company in the two finance lease agreements for the Calcinate and Seriate plants where the operating activities of the subsidiary IMS Technologies are carried out and the payable deriving from the signing of finance lease agreements by the Russian subsidiary SC Kisk to purchase machinery and other assets necessary for mining production.

The item 'Operating leases' includes the payable deriving from the signing of operating lease agreements as required by 'IFRS 16 – Leases' which entered into force for financial statements for years starting on or after 1 January 2019. This payable is mainly attributable to the Holding Company's offices in Milan, land and offices for the Commodities Division, offices and plants for the Industry Division and cars.

'Interest bearing liabilities and borrowings' at 31 December 2020 had the following expiry periods:

	Within 2021	2022-2023	2024-2025	After 2025	TOTAL
Short term advances	6,134	-	-	-	**6,134**
Secured loans from financial institutions	6,217	8,963	56	2,438	**17,674**
Unsecured loans from financial institutions	23,547	57,415	-	-	**80,962**
Finance leases	1,074	1,889	401	1,156	**4,520**
Operating leases	1,544	1,976	639	672	**4,831**
Interest bearing liabilities and borrowings	**38,516**	**70,243**	**1,096**	**4,266**	**114,121**

'Interest bearing liabilities and borrowings' consists of the following currencies:

	31/12/2020			31/12/2019		
	CURRENT	NON CURRENT	TOTAL	CURRENT	NON CURRENT	TOTAL
Eur	15,971	62,989	**78,960**	12,955	48,504	**61,459**
Rub	6,396	9,614	**16,010**	7,767	19,143	**26,910**
Usd	15,533	173	**15,706**	21,524	891	**22,415**
Chf	173	2,610	**2,783**	960	1,752	**2,712**
Sgd	318	117	**435**	221	37	**258**
Inr	48	96	**144**	89	167	**256**
Cny	55	6	**61**	115	67	**182**
Idr	11	-	**11**	16	17	**33**
Aud	11	-	**11**	-	-	**-**
Interest bearing liabilities and borrowings by currency	**38,516**	**75,605**	**114,121**	**43,647**	**70,578**	**114,225**

During the financial year, the changes in this heading were as follows:

At 31 December 2019	**114,225**
(Reimbursements) / Drawdowns	7,309
Exchange rate differences	(7,413)
At 31 December 2020	**114,121**

Provisions for risks and charges (Note 13)

This heading comprises all the provisions made for possible liabilities arising from legal, fiscal and commercial disputes in being. It also includes the cost of dismantling and reclaiming the Russian mine; these provisions will be used when amounts are actually paid to carry out the work in question. Releases were made after previous provisions created against potential liabilities were considered no longer necessary.

At 31 December 2020, this heading consisted of the following:

	31/12/2020	31/12/2019
Current	1,513	803
Non current	6,017	11,263
Total provisions for risks and charges	**7,530**	**12,066**

During the financial year, the movements under this heading were as follows:

At 31 December 2019	**12,066**
Provisions	2,107
Actuarial variation in restoration costs	275
Restoration costs	85
Releases	(5,833)
Uses	(140)
Exchange rate differences	(1,030)
At 31 December 2020	**7,530**

During the financial year, Euro 2.1 million was set aside to meet possible liabilities which could reasonably result from previous judicial relations.

It should be noted that, in previous financial years, the company and a few Group companies were subject to tax audits.

All the verification notices received were appealed against to the appropriate taxation tribunals with the assertion that they were illegitimate and unfounded. To date, several disputes have been settled by resorting to certain tax abatement schemes of the so-called 'tax amnesty'. For the others, all decisions made by the taxation tribunals, both at the first and second level, had a positive outcome with either the acceptance of appeals or confirmation of favorable decisions at the first level. Based on the above, it was deemed appropriate to release the related provisions that were originally established, in the amount of Euro 5 million, with a balancing entry in the income statement under income taxes since there were no reasonable reasons to maintain these provisions in the financial statements.

The balance at 31 December 2020 includes costs for dismantling and reclaiming the Russian mine totaling Euro 3,494 thousand.

Post-employment benefits (Note 14)

The changes in post-employment benefit provision were as follows:

At 31 December 2018	**2,769**
Provisions for the period	376
Actuarial (gains) / losses	139
Exchange rate differences	75
Uses	(199)
At 31 December 2019	**3,160**
Provisions for the period	475
Actuarial (gains) / losses	107
Exchange rate differences	(158)
Uses	(146)
At 31 December 2020	**3,438**

The main assumptions behind the actuarial valuation of the post-employment benefit provisions are as follows:

	31/12/2020	31/12/2019
Discount rate	-0.02%	0.37%
Inflation rate	0.80%	1.20%
Annual salary increase rate	2.00%	2.00%
Annual post-employment benefit increase rate	2.10%	2.40%

The method of recalculating the TFR fund on an actuarial basis is set out in the accounting principles; in accordance with IAS 19, the method used is that of 'Unitary Credit Projection'. Actuarial gains and losses generated by applying this method are included in equity. As required by IAS 19, actuarial losses arising in the financial year, amounting to Euro 107 thousand, consisted of 'actuarial losses from experience' for Euro 93 thousand and 'actuarial losses from change of discount rate' for Euro 14 thousand.

There follows below an analysis of the sensitivity of each important actuarial hypothesis in order to show the effects (in absolute terms and in thousands of Euro) which would result following reasonably possible variations at that date in determining the liability at 31 December 2020:

	Changes	31/12/2020
Inflation rate	+0.25%	29
Inflation rate	-0.25%	(28)
Discount rate	+0.25%	(38)
Discount rate	-0.25%	39

Trade payables (Note 15)

The balance of Euro 26,369 thousand (Euro 57,581 thousand at 31 December 2019) includes current payables for supplies linked to the Group's normal operating activities.

The change for the year was due mainly to the decrease in trade payables generated by the Commodities Division's normal activities.

Other payables and current liabilities (Note 16)

'Other payables and current liabilities' consist of the following:

	31/12/2020	31/12/2019
Advances from customers	68,042	44,672
Other payables	8,805	10,963
Payables relating to the fair value of financial instruments	1	20
Tax payables	6,188	7,789
Payables to social security institutions	1,491	1,433
Accrued expenses and deferred income	84	127
Total other payables and current liabilities	**84,611**	**65,004**

The item 'Advances from customers' includes Euro 65,826 thousand for advance payments received by the Industry Division, whose main business is the production of industrial machineries under contracts, in relation to which customers normally make an advance payment that may be followed by other payments on account upon the achievement of certain events specified from time to time in the contracts. In these cases, from an accounting standpoint, the service is completed and the related transfer of risks and rewards takes place when the industrial machine is installed and tested at the customer's facilities. Until such time, collections received are recognized as advances from customers under the balance sheet liabilities and, at the same time, under the assets are recorded gross work in progress.

The increase in this item is consistent with the rise in work in progress and semifinished goods, and was also affected by advances received on many orders signed in the second half of the year.

The item 'Other payables' amounted to Euro 8,805 thousand (Euro 10,963 thousand at 31 December 2019), and included payables of various types falling due within 12 months.

'Payables relating to the fair value of financial instruments' amounted to Euro 1 thousand (Euro 20 thousand at 31 December 2019) and refer to the recognition of an interest rate swap at fair value, that was executed to hedge against interest rate fluctuations on a loan made to IMS Technologies, as more fully described in 'Note 27 – Information regarding financial instruments' which gives further details.

The item 'Tax payables' mainly includes payables for income tax.

Revenues from sales and services (Note 17)

The item is composed as follows:

	2020	2019
Raw material sales	369,574	805,456
Industrial machine sales	42,734	63,871
Total revenues from sales and services	**412,308**	**869,327**

'Raw material sales' amounted to Euro 369,574 thousand and referred to the Commodities Division's activity relating to the sale of coal.

These revenues were down by 54% due to the transformation, in the second quarter, of a major coal trading agreement to an agency arrangement with only the related commission being recorded in revenues, the sharp reduction in reference coal market indexes (the API2 index reflected an average annual price of 50 USD/T, which was 18% lower than the average price in 2019 of 61 USD/T) and a 5% reduction in volumes handled owing to the slowdown in the global economy due to the evolution of the pandemic.

'Industrial machine sales' amounted to Euro 42,734 thousand, included changes in work in progress, and referred to activities carried out by the Industry Division. The decrease was due to a low beginning backlog, the slowdown in production activity due to the lockdown which inevitably resulted in less progress made on orders, and a lower orders intake in the first half of the year owing to the climate of uncertainty generated by the global health emergency.

Information by division is shown in 'Note 26 – Information by operating segment and geographical area'.

Operating costs (Note 18)

The heading is composed as follows:

	2020	2019
Purchase of raw materials	296,308	702,309
Mine operating costs	30,775	35,055
Cost of mining personnel	7,326	7,611
Industrial machine operating costs	20,639	30,929
Industrial machine personnel costs	10,529	14,980
Total operating costs	**365,577**	**790,884**

Costs related to the 'Purchase of raw materials', amounting to Euro 296,308 thousand, refer to the Commodities Division's activities; these costs decreased by 58% over the comparison period.

This decrease is in line with the reduction seen in the item 'Raw material sales' and as already commented for that caption, was mainly due to the transformation, in the second quarter, of a major coal trading agreement to an agency arrangement with only the related commission being recorded in revenues in the income statement, the sharp reduction in coal prices and the reduction in volumes handled.

The decrease in the item 'Mine operating costs', totaling Euro 4,280 thousand, was mainly due to the weakening of the ruble (average exchange rate of EUR/RUB 82.65 in 2020 compared to an average of EUR/RUB 72.44 in the comparison period) and policies to improve the efficiency of operational means implemented by the company's management.

The items 'Industrial machine operating costs', amounting to Euro 20,639 thousand, and 'Industrial machine personnel costs', totaling Euro 10,529 thousand, refer to the operating costs incurred for the production of industrial machines by the Industry Division.

As already noted for the item 'Industrial machine sales', the decrease in these items was due to lower production owing to the production slowdown caused by the lockdown, which inevitably led to less progress on orders, a low beginning backlog and a decline in orders intake during the first half as a result of the climate of uncertainty generated by the global health emergency.

Overhead and administrative expenses (Note 19)

The item is composed as follows:

	2020	2019
Personnel costs	24,681	28,837
Consultancies	4,949	5,797
Directors and Statutory Auditors' fees	1,417	3,632
Rents, leases and similar	780	1,579
Other costs	3,283	3,936
Travel expenses	404	1,944
Entertainment expenses – donations	1,057	1,473
Utilities – Building administration – Representative offices	1,531	1,779
Consumables	202	209
Advertising	1,056	1,190
Total overhead and administrative expenses	**39,360**	**50,376**

For the heading 'Personnel costs', amounting to Euro 24,681 thousand, further details are provided in 'Note 31 – Other information'.
In view of the current economic environment, the item 'Consultancies' was down by Euro 848 thousand to Euro 4,949 thousand. This cost reduction could be seen in all sectors in which the Group operates. 'Directors and Statutory Auditors' fees', totaling Euro 1,417 thousand, underwent a decrease of Euro 2,215 thousand. The item mainly includes fees due to Directors and Statutory Auditors of the Holding, as shown below:

	2020		2019	
	Number	Remuneration	Number	Remuneration
Directors	10	1,181	10	3,480
Statutory Auditors	3	58	3	58
Total fees	**13**	**1,239**	**13**	**3,538**

The reduction in the item 'Rents, leases and similar' was mainly due to the inclusion, in the balance for the previous period, of certain sites that were not included in the item 'Right of use assets' since the Group took advantage of the exemption granted by paragraph 5a) of IFRS 16 in relation to leases with a remaining term of up to 12 months. Following the contract renewals for these sites, the Group treated these contracts as specified for 'Right of use assets'. The Euro 799 thousand reduction in this item was partially offset by the increase in the item 'Depreciation of right of use assets: operating leases' totaling Euro 422 thousand.

The reduction in the heading 'Travel expenses' was a natural consequence of restrictions due to the current health situation.
The caption 'Entertainment expenses – donations' included Euro 200 thousand donated in March to three hospitals in Lombardy (Papa Giovanni XXIII in Bergamo and Sacco and San Raffaele in Milan) to support them during the health emergency resulting from the spread of the coronavirus.
The reduction in other items was due mainly to the current economic situation.

Capital gains / (losses) on non-current assets (Note 20)

The item is composed as follows:

	2020	2019
Capital gains	36	129
Capital losses	(11)	(375)
Total capital gains (losses) on non-current assets	**25**	**(246)**

The item 'Capital gains' mainly included the positive impact from the sale of certain tangible assets by the Russian subsidiary SC Kisk.

Other net operating income / (costs) (Note 21)

The item is composed as follows:

	2020	2019
Other operating income		
Release of provisions and other liabilities	833	647
Insurance claims	619	54
Gains on derivatives	332	3,519
Release of provisions for bad debts	3,038	-
Other net income (costs)	-	1,064
Total other operating income	**4,822**	**5,284**
Other operating costs		
Allocations to provisions for risks and charges	(2,107)	(866)
Allocations to provisions for bad debts	(109)	(211)
Non-recurring costs	(3,592)	-
Other net income (costs)	(124)	-
Total other operating costs	**(5,932)**	**(1,077)**
Total other net operating income / (costs)	**(1,110)**	**4,207**

This item mainly included gains on derivatives, changes in the heading 'Provision for bad debts' already described in 'Note 7 – Trade receivables', changes in the caption 'Provisions for risks and charges' already described in 'Note 13 – Provisions for risks and charges' and non-recurring costs that mainly refer to the restructuring costs incurred by the Germany company Goebel.

Depreciation, amortization and write-down (Note 22)

The heading is composed as follows:

	2020	2019
Depreciation of property, plant and equipment, revaluations and write-downs	6,544	7,983
Depreciation of right of use assets: finance leases	1,183	1,421
Depreciation of right of use assets: operating leases	2,181	1,759
Amortization of intangible assets	748	732
Write-downs of intangible assets	-	7,000
Total depreciations, amortizations, and write-downs	**10,656**	**18,895**

The decrease in the items 'Depreciation of property, plant and equipment, revaluations and write-downs' totaling Euro 1,439 thousand and 'Depreciation of right of use assets: finance leases' totaling Euro 238 thousand, was primarily attributable to the weakening of the ruble (average exchange rate of EUR/RUB 82.65 in 2020 compared to an average of EUR/RUB 72.44 in the comparison period).

The increase in the heading 'Depreciation of right of use assets: operating leases', amounting to Euro 422 thousand, was mainly due to the recording of depreciation in 2020 for several sites not included in the comparison balance since at 31 December 2019 these operating leases had a remaining term of less than 12 months and the Group took advantage of the exemption granted by paragraph 5a) of IFRS 16 and therefore the Group recorded the cost in the item 'Rents, leases and similar'. Following the renewal of leases for these sites, the Group treated such leases as specified for 'Right-of-use assets'.

Net financial income / (expenses) (Note 23)

This heading consists of the following financial income (expenses):

	2020	2019
Total financial income (expenses)	**(5,301)**	**(6,869)**

The category includes the following financial income:

	2020	2019
Interest received	212	857
Dividends from other investments	41	-
Other income	-	19
Total financial income	**253**	**876**

The item 'Interest received' amounted to Euro 212 thousand and mainly included financial income on the receivable from the d'Amico Group as described in 'Note 9 – Other receivables and current assets' and to interest received from banks on current and deposit accounts.

The heading 'Dividends from other investments' included dividends approved and distributed by CGTH Srl.

Financial expenses included the following:

	2020	2019
Bank charges	(1,976)	(2,602)
Interest expenses	(3,368)	(4,904)
Interest expenses on operating leases (IFRS 16)	(210)	(239)
Total financial expenses	**(5,554)**	**(7,745)**

'Bank charges' refer mainly to the utilization of the syndicated line and the stipulation of new loan agreements related specifically to investments underway.
'Interest expenses' refer mainly to financial charges on bank loans, mentioned in more detail in 'Note 12 – Interest bearing liabilities and borrowings'. The Euro 1,536 thousand reduction in this item was mainly due to the reduction in reference bank rates and the drop in business volume in the Commodities Division.

Profit / (loss) on foreign exchange (Note 24)

In addition to the exchange rate differences arising at the end of the financial period from the translation of assets and liabilities in other currencies, this heading also shows exchange rate differences realized during the financial period. The item also includes the impacts deriving from the currency hedges (Ruble and USD). Details of exchange rate differences, both realized and not realized in 2020, and their comparison to the previous financial period, are shown in the table below:

	2020			2019		
	REALIZED	NON REALIZED	TOTAL	REALIZED	NON REALIZED	TOTAL
Exchange gains	1,802	171	**1,973**	5,600	788	**6,388**
Exchange losses	(2,090)	(2,056)	**(4,146)**	(4,612)	(162)	**(4,774)**
Total exchange gains (losses)	**(288)**	**(1,885)**	**(2,173)**	**988**	**626**	**1,614**

Taxes (Note 25)

The amount of the tax burden regarding the period was positive for Euro 1,933 thousand. It was calculated in conformity with existing statutory regulations and includes expected exemptions, elements of deferred taxation and, as far as Italian companies in the Group are concerned, the effects of adhesion to the tax consolidation produced by the holding company Fincler Srl.

The amount of taxation consists of the following:

	2020	2019
Current taxes	1,878	113
Deferred taxes	55	(896)
Total taxes	**1,933**	**(783)**

The amounts in the table below refer to deferred tax assets and liabilities held in the statutory balance sheets of Group companies and to the effects of consolidation recordings.

	2020	2019
Deferred tax assets	763	1,057
Deferred tax liabilities	(2,684)	(2,907)
Net balance of deferred tax assets (provision for deferred tax liabilities)	**(1,921)**	**(1,850)**

The balance of 'Deferred tax assets' and 'Deferred tax liabilities' includes deferred tax assets / liabilities resulting from the allocation of positive or negative income components with deferred taxation.

The tax assets and liabilities of Group companies, related to direct taxes, included in the taxation consolidation at 31 December 2020 were as follows:

	RECEIVABLES	PAYABLES	TOTAL
Coeclerici SpA	9,783	-	**9,783**
IMS Technologies SpA	1,268	-	**1,268**
Total receivables (payables) owing to tax consolidation	**11,051**	**-**	**11,051**

Information by operating segment and geographical area (Note 26)

The information by operating segment for 2020 period is summarized in the following table:

	COMMODITIES	INDUSTRY	HOLDING ADJUSTMENT	TOTAL
Revenues from sales and services	369,574	42,734	-	**412,308**
Operating profit (EBIT)	12,367	(13,847)	(2,890)	**(4,370)**
Net financial income / (expenses)	(3,464)	(677)	(1,160)	**(5,301)**
Net result	5,090	(13,425)	(1,576)	**(9,911)**

The following table shows details of Group revenues from sales and services broken down by geographical area:

	COMMODITIES	INDUSTRY	TOTAL
Africa	-	508	**508**
Americas	602	8,082	**8,684**
Asia and Australia	262,193	12,284	**274,477**
Russia and Middle East	14,079	1,412	**15,491**
Europe	92,700	20,448	**113,148**
Total revenues from sales and services	**369,574**	**42,734**	**412,308**

Information regarding financial instruments (Note 27)

Financial derivative instruments

The Group has used hedging transactions (cash flow hedges) to cover the risks of oscillations in the RUB/USD exchange rates and the risk of fluctuating interest rates.

Cash flow hedge

At 31 December 2020 currency transactions were in being which had the characteristics of cash flow hedges, and the variations to their fair value have been included net of the tax effects in equity under the heading 'Reserve related to the fair value of financial instruments', as shown in detail below:

EXPIRY	AMOUNT (THOUSAND)	CURRENCY	USD/RUB OPTION STRIKE PRICE	NOTIONAL VALUE (USD/000)	FAIR VALUE AT 31/12/2020 (EUR/000)
Q1 2021	101,000	RUB	80.00	1,263	84
Total purchases				**1,263**	**84**

EXPIRY	AMOUNT (THOUSAND)	CURRENCY	USD/RUB COLLAR PRICE		FAIR VALUE AT 31/12/2020 (EUR/000)
			LOWER MARGIN	SUPERIOR MARGIN	
Q1 2021	79,950	RUB	78.00	83.02	42
Q1 2021	65,000	RUB	76.01	79.65	18
Q2 2021	85,000	RUB	78.00	83.02	40
Q2 2021	76,000	RUB	76.01	79.65	16
Q3 2021	85,050	RUB	78.00	83.02	34
Q3 2021	76,000	RUB	76.01	79.65	10
Q4 2021	60,000	RUB	78.00	83.02	19
Q4 2021	71,000	RUB	76.01	79.65	4
Total purchases / sales					**183**

An interest rate swap (IRS) with the following characteristics was entered into to hedge the risk of fluctuating interest rates on a loan to IMS Technologies:

EXPIRY	AMOUNT (THOUSAND)	CURRENCY	FIXED CONTRACT RATE	NOTIONAL VALUE (EUR/000)	FAIR VALUE AT 31/12/2020 (EUR/000)
Q2 2022	667	EUR	1.75%	667	(1)
Total IRS				**667**	**(1)**

Summary of fair value of derivative financial instruments

The values and variations in the fair value of derivative instruments in existence at 31 December 2020 are shown in the table below:

	31/12/2019	CHANGES IN EQUITY	CHANGES IN INCOME STATEMENT	31/12/2020
Receivables				
Foreign exchange market	334	(48)	(19)	267
Total receivables	**334**	**(48)**	**(19)**	**267**
Payables				
IRS and foreign exchange market	(2)	1	-	(1)
Forward coal sales	(18)	18	-	-
Total payables	**(20)**	**19**	**-**	**(1)**
Total net value	**314**	**(29)**	**(19)**	**266**

The fair value of all financial derivatives has been calculated on the basis of forward quotations of market indices at the reference date. The reserve in equity, which includes the fair value of financial instruments, is shown net of any taxation.

The table below shows an analysis of financial instruments at their fair value, grouped in levels from 1 to 3 on the basis of the ability to calculate their fair value:

- level 1, the fair value is determined by prices quoted in active markets;
- level 2, the fair value is determined by valuing techniques on the basis of variables which are, directly or indirectly, observable in the market;
- level 3, the fair value is determined by means of valuing techniques which are on the basis of significant variables which cannot be observed in the market.

	LEVEL 1	LEVEL 2	LEVEL 3
Financial assets			
Available-for-sale	-	-	208
Hedging derivatives	-	267	-
Total financial assets	**-**	**267**	**208**
Financial liabilities			
Hedging derivatives	-	(1)	-
Total financial liabilities	**-**	**(1)**	**-**

Financial instruments classified at level 1 are shares in listed companies, whose value is listed daily, and open investment funds.

Level 2 includes financial derivatives; in order to determine their market value, the Group uses the following model for measuring and evaluating them:

TYPE	INSTRUMENT	PRICING MODEL	MARKET DATA USED	DATA PROVIDER	IFRS 7 HIERARCHY
Foreign exchange / coal derivatives	Forward / Option / Collar	Discounted cash flow	- Spot rate - Zero coupon curve of reference currency	Bank of reference	Level 2
Interest rate derivatives	IRS	Discounted cash flow	- Spot rate - Reference rate curve	Bank of reference	Level 2

Instruments classified as level 3 refer to shares held at 31 December 2020 in closed-end investment funds.

Other financial information

For completeness, some additional financial information is given below:

- 'Note 12 – Interest bearing liabilities and borrowings' summarizes the characteristics of the bank loans and gives their due dates;
- 'Note 23 – Net financial income / (expenses)' gives information about interest received and interest expenses relating to financial items.

Risks characterizing the Group's business (Note 28)

The main risks connected with the Group's business, which are monitored and managed by Coeclerici SpA and its subsidiaries, are as follows.

Commodity risk

The company's profit is affected by changes in the prices of the commodities and services it sells through its Commodities Division. The volatility of coal prices and freight rates generally lead to volatile operating profits and sales margins. The risks connected with the coal trading may be limited by:

- Back-to-Back transactions;
- undertaking commitments to purchase / sell coal and transport services (freight) at values mainly pegged to the API#2 and API#4 indices and partly to fixed values; prior inspection and approval of transactions according to the corporate policy.

Trading risks are assessed through:

- constant monitoring of all trading transactions, including the continuous monitoring of trading partners;
- periodic business projections and analysis of the effects of the main variables (freight rates and commodity indices).

As regards sources of coal supply, the Group has depended less on suppliers since the Group took over the Russian 'SC Kisk' mine in 2008.

Exchange rate risk

Most of the Group's revenues and operating costs are recorded in currencies other than EUR (mainly USD and RUB). The Group manages the exchange rate risk, where it deems necessary, through forward currency transactions and foreign currency loans. In addition, loans are stipulated by the operating companies in the same currency as the revenues, where possible, in order to attenuate exchange rate oscillations.

Interest rate risk

Funding by the Coeclerici Group is at both variable and fixed rates. The Group's policy is to monitor the trend in interest rates and the long-term forecasts in order to make sure that financial expenditure is always sustainable. In the current market situation, the Group does not consider it wise to engage in hedging transactions with the aim of stabilizing interest rates over time, with the exception of the execution of the interest rate swap contract described in 'Note 27 – Information regarding financial instruments'. In a risk sensitivity assessment, it was estimated that a 10% increase in market interest rates compared to those actually applied during 2020, would have had a negative effect of Euro 340 thousand on the 2020 income statement and of Euro 318 thousand on equity.

Credit risk

Credit risk is the Group's exposure to potential losses deriving from the failure of trading partners to comply with their commitments. Commercial credit management is entrusted to the business units, in agreement with the Holding, on the basis of formal risk assessment procedures, including debt collection and any dispute proceedings. Furthermore, all outstanding receivables are monitored monthly by Division credit committees, including regular prospective analysis of credit limits.

The credit position of certain customers with a degree of financial risk identified by scores representing levels of risk is monitored with even daily frequency.

Credit risk hedging is mainly carried out through the following instruments:

- confirmed letters of credit (bank guarantees) in the Commodities Division;
- commercial credit insurance by leading insurance agencies (SACE B.T. SpA and Credendo), in the Commodities Division;
- collection of advances from customers to an extent appropriate to the counterparty and type of product object of the sale at the signing of the contract and, subsequently, at the achievement of specific stages of completion, in the Industry Division;
- letters of credit issued at the time equipment is shipped at the customers' plants for the Industry Division.

Liquidity risk

Liquidity risk is the risk that financial resources may not be available or are only available at high cost. Thanks in part to the use of the credit system, the structure of the Coeclerici Group's sources of finance is diversified and makes sufficient sources of finance available to satisfy foreseeable financial needs both in the short term and in the medium-long term. Moreover, corporate liquidity risk management aims to ensure a suitable level of operational elasticity for the Group's development programmes.

The Commodities Division needs to finance its working capital, especially the down payments made to Russian suppliers for the purchase of commodities. This need is mainly met by short-term borrowing through bank loans.

With regard to the Industry Division, the financial requirements associated with the performance of the activities are satisfied initially by means of the negotiation of advances from customers to an extent in line with the counterparty and the type of product being sold, at the signing of the contract and also, subsequently, at the achievement of specific stages of completion; this solution also complies with the need to protect oneself from the risk of insolvency of the counterparty. Secondly, the Division resorts to short-term bank advances on receivables due to mature in the future or on contracts which will be achieved. With regard to the investments relating to tangible fixed assets, typically associated with those linked to the purchase of new machinery, the Division has access to medium-term unsecured loans or leasing agreements, entered into with leading financial counterparties. With a view to the optimization of the resources at Group level, intercompany loans are implemented, provided under normal market conditions.

Political risk

The Group's business takes place through investments all over the world. In the case of investments made in a country considered to be politically 'at risk', the Group protects itself where possible with a specific investment insurance policy drawn up with a leading insurance company, SACE SpA. These investment insurance policies protect companies that set up or hold shares in foreign companies or that make indirect investments through foreign companies controlled by the Italian company. These policies cover the risk of losses in capital, earnings, interest and amounts owed to the Italian company or its subsidiaries in connection with the investment, caused by the following political events: expropriation and other acts of absolute power, currency restrictions and moratoriums, force majeure events and civil unrest.

Industry Division operational risk

The operational risk of the Industry Division is mainly associated with the activities for the construction, assembly and testing of the machines (normally certain levels of performance are guaranteed), both in the plants used by the Group and at the time of installation at the customers' production sites. These risks, which may concern both damages to individuals involved in the production cycle and damages to machinery and structures, owned by the Group or the customers care of which the products are installed, are mitigated in the first place by means of the adoption of all the highest safety solutions, which regard both the work environment and the products sold, which observe the highest legislative standards; secondly, by means of recourse to insurance instruments taken out with leading market operators, aimed at covering the most diverse risks inherent to the various production, transportation and installation / functioning phases at the customers' production sites.

Operational risk of extraction

As far as the Mining Division is concerned, the operational risks arising from mining activities are mitigated by the usual civil liability insurance for any damages caused by the use of equipment to move the coal once extracted, as well as the compulsory protection regarding cover for professional accidents.

Obligations and guarantees (Note 29)

Obligations relating to derivatives

The existing derivatives are shown in 'Note 27 – Information regarding financial instruments' and concern forward transactions on the foreign exchange and on interest rate markets.

Obligations relating to financial investments

'Obligations relating to financial investments' are shown in the following table:

	YEAR OF SUBSCRIPTION	OVERALL COMMITMENT	SUBSCRIBED AMOUNT	DISTRIBUTIONS	RESIDUAL COMMITMENT
Hao Capital Fund II L.P.	2008	815	693	485	122
Total financial investments		**815**	**693**	**485**	**122**

Hao Capital Fund II L.P.

The 'Hao Capital Fund II L.P.' is a private equity fund investing in the Chinese market. During 2008, the Group took on the commitment to buy the shares, at a cost of USD 1 million equal to Euro 815 thousand at 31 December 2020. The financial investment was recorded to its market value of Euro 208 thousand, as indicated under the heading 'Available-for-sale financial assets'.

Guarantees issued

At 31 December 2020, guarantees given to third parties stood at Euro 26,961 thousand, and are illustrated below:

	31/12/2020	31/12/2019
Bank guarantees	26,961	24,237
Total guarantees issued	**26,961**	**24,237**

Guarantees received

At 31 December 2020, guarantees received by third parties stood at Euro 3,000 thousand, and are illustrated below:

	31/12/2020	31/12/2019
Bank guarantees	3,000	3,000
Total guarantees received	**3,000**	**3,000**

Related party transactions (Note 30)

During the financial period, a number of transactions were conducted with the holding company, Fincler Srl, in the tax consolidation of the Group whose holding company is also the consolidating company, as described in 'Note 5 – Other non-current assets'. Furthermore, a property lease is in effect between the Company and its direct holding company, Fincler Srl, referring to archives and parking places at Piazza Generale Armando Diaz, 7 – Milan.

The Chairman of the Board of Directors and the CEO of Coeclerici SpA is a Group's shareholder and Chairman of the Board of Directors of the subsidiary IMS Technologies. In accordance with provisions of the Parent Company's articles of incorporation, 1% of any consolidated profit for the previous year must be transferred to the Paolo Clerici Foundation.

Other information (Note 31)

Staff costs

Personnel costs for 2020 totalled Euro 42,536 thousand (Euro 51,428 thousand in 2019), of which Euro 7,326 thousand related to personnel at the Russian mine (Euro 7,611 thousand in 2019), Euro 10,529 thousand related to personnel involved in the design and production of industrial machines (Euro 14,980 thousand in 2019) and Euro 24,681 thousand related to staff personnel (Euro 28,837 thousand in 2019).

The average composition of employees was as follows:

	2020	2019
Executives	24	23
White Collars	405	392
Blue Collars	177	192
Miners	621	625
Total employees	**1,227**	**1,232**

Information required by Law 124/2017

Starting with the financial statements for 2018, Law No. 124 of 4 August 2017 introduced certain transparency requirements for entities that receive 'subsidies, contributions, paid jobs and economic benefits of any kind' from public administrations or from a number of entities similar to them, with whom they have an economic relationship.

Based on the fact that this law raised interpretation and application questions that are still unresolved, the Group performed the necessary investigations, and, in addition, based on the most recent guidelines, it believes that the following do not need to be published:

- amounts received as compensation for public works, services and supplies;
- paid jobs considered to be the typical business activities;
- general measures that can be taken by all entities falling under the overall structure of the reference system determined by the state (for instance ACE);
- selective economic benefits, received pursuant to an aid mechanism available to all businesses that meet certain conditions on the basis of general predetermined criteria (for example subsidies for research and development projects and tax relief);
- public resources attributable to government entities in other (EU or non-EU) states and European institutions;
- training subsidies received from interprofessional funds (for example Fondimpresa and Fondirigenti) since they are funds in the form of an association and are of the same legal nature as entities under private law that are funded by contributions paid by such companies.

During the financial year, the Italian entities did not receive any contribution that fall into the category of gifts or other ad hoc public aid, or any donations that are not provided on the basis of a certain mechanism.

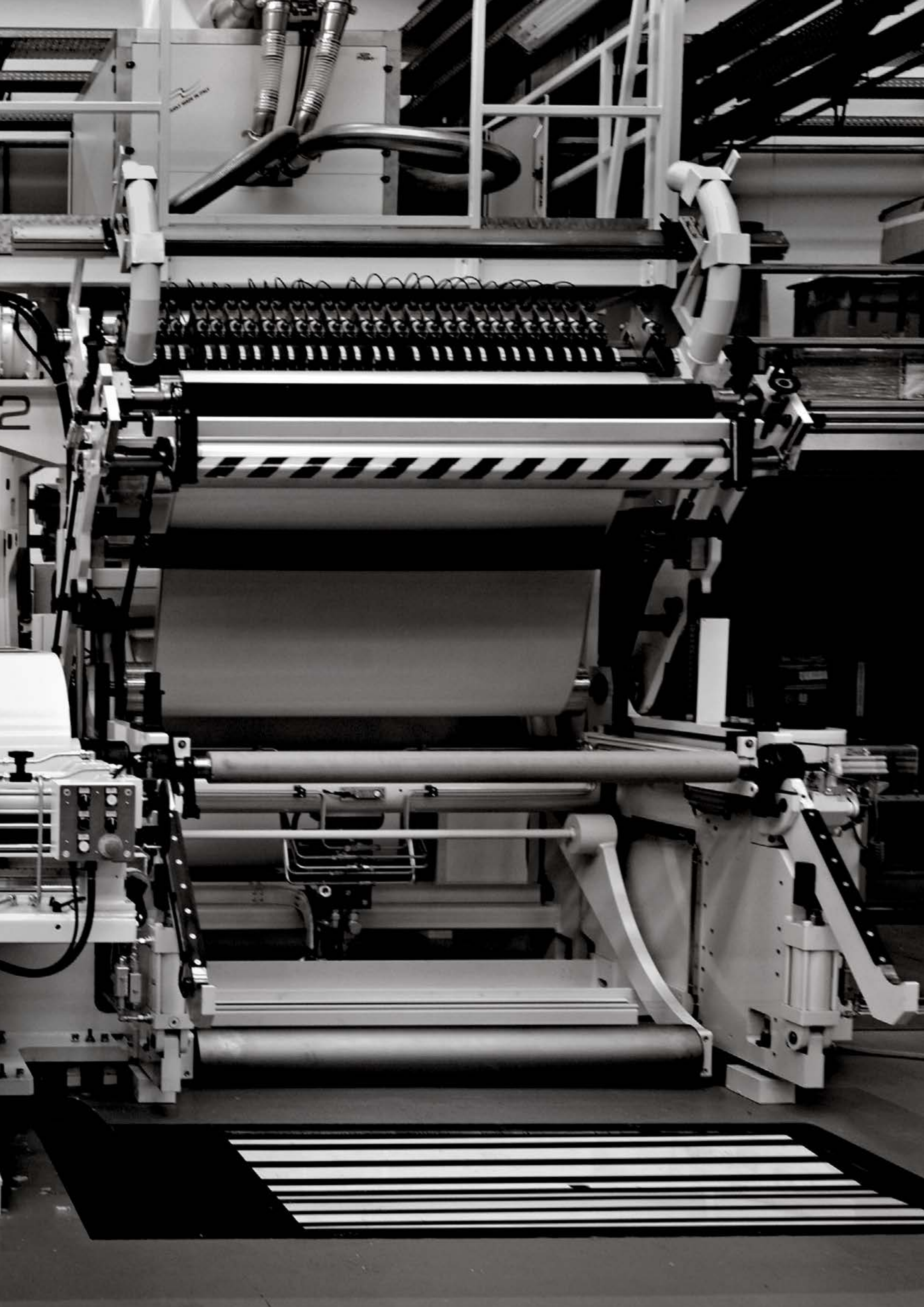
Subsequent events (Note 32)

From 31 December 2020 until the date these financial statements were approved, there was no company event that had a material impact on the financial results reported, as required by Paragraph 8 of 'IAS 10 – Events after the reporting period'.

With regard to the events and situations indicated in the 'Outlook' paragraph of the Directors' Report concerning the Covid-19 emergency, any possible impact on the Group's financial situation should be considered events that will not result in any changes to financial statement balances pursuant to IAS 10 – Paragraph 21.

As indicated in the Directors' Report, at present, given the uncertain final impact that the spread of Covid-19 pandemic may have on the economy, it is impossible to forecast its possible impact on the Group's business, and thus, the future impact on the Group's operating and financial situation.

However, although there is still considerable uncertainty regarding the possible effects of Covid-19, at present we are not aware of any factors that could threaten the company's going concern, and thus we can confirm the principles on which the financial statements were prepared.



APPENDIX 1
LIST OF COMPANIES CONSOLIDATED USING FULL CONSOLIDATION METHOD

NAME	REGISTERED OFFICES	CURRENCY	SHARE CAPITAL	EQUITY SHARE
Beijing GOEBEL Slitting Technologies Co., Ltd	China	Cny	889,083	100.00%
Nuevaco Imobiliaria Srl	Dominican Republic	Dop	90,696,000	99.98%
Goebel Schneid- und Wickelsysteme GmbH	Germany	Eur	1,500,000	100.00%
CGU Logistic Ltd	India	Inr	151,379,000	100.00%
PT Coeclerici Indonesia	Indonesia	Idr	2,265,000,000	100.00%
IMS Technologies SpA	Italy	Eur	4,470,000	100.00%
SC Kuznetskaya Investitsionno – Stroitelnaya Compania ("Kisk")	Russia	Rub	1,060,000,000	100.00%
LLC Coeclerici Russia	Russia	Rub	4,000,000	100.00%
LLC Razrez Korciakolskij	Russia	Rub	40,000,000	100.00%
LLC Scc-Rozko	Russia	Rub	13,381,000	100.00%
LLC Yuzhno – Kuzbasskoe promyshlenno – transportnoe upravlenie ("Ptu")	Russia	Rub	10,000	100.00%
Selskohozyaistvennoe predpriyatie Taylepskoe	Russia	Rub	125,600,000	100.00%
Coeclerici Far East (Pte) Ltd	Singapore	Usd	10,000,000	97.50%
Coeclerici Commodities SA	Switzerland	Chf	10,000,000	100.00%
Elvezia Immobiliare SA	Switzerland	Chf	1,300,000	100.00%
IMS Technologies Inc.	United States	Usd	10	100.00%
Kasper Machine Co	United States	Usd	399,000	100.00%
Bulkguasare de Venezuela SA	Venezuela	Vef	2,408,000	100.00%

APPENDIX 2
COMPARISON OF EQUITY OF COECLERICI SPA AND THAT OF GROUP

	NET RESULT	EQUITY
Coeclerici SpA at 31 December 2020	**7,827**	**78,586**
Net result and equity recorded by consolidated companies	(7,254)	77,401
Consolidation adjustments:		
- elimination of transactions between consolidated companies with exception of intercompany dividends and holdings in subsidiaries	1,049	(111,714)
- application of IAS/IFRS international accounting principles	856	2,082
- elimination of intercompany dividends	(12,386)	-
Coeclerici Group at 31 December 2020	**(9,908)**	**46,355**

TECHNICAL GLOSSARY

API#2 (cif ARA): Average Coal Price Index (cost insurance freight on the Amsterdam-Rotterdam-Antwerp route). Average weekly coal price index including cost of freight on Amsterdam-Rotterdam-Antwerp route.

API#4 (fob Richards Bay): Average Coal Price Index (free on board on the Richards Bay port). Average weekly coal price index without freight cost referring to port of Richards Bay (South Africa).

IRS: Interest Rate Swap, a contract with which two parties agree to exchange payments, calculated on the basis of differing and pre-defined interest rates applied to a notional capital, for a period of time previously defined at the moment the contract is drawn up.

PCI: Pulverized Coal Injection. Coal used in steelworks, whose main characteristics are a low ashes content and a high heatproducing power.


ROTOMAC

AUDITORS' REPORT

EY

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Sole Shareholder of
Coeclerici S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Coeclerici Group (the Group), which comprise the consolidated balance sheet as at 31 December 2020, and the consolidated income statement, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2020, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

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

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Group's ability to continue as a going concern and, when preparing the consolidated financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the consolidated financial statements on a going concern basis unless they either intend to liquidate the Parent Company Coeclerici S.p.A. or to cease operations, or have no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

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Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to consider this matter in forming our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of Coeclerici S.p.A. are responsible for the preparation of the Director's Report of Group Coeclerici as at 31 December 2020, including its consistency with the related consolidated financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Director's Report, with the consolidated financial statements of Coeclerici Group as at 31 December 2020 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Director's Report is consistent with the consolidated financial statements of Coeclerici Group as at 31 December 2020 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milano, 4 May 2021

EY S.p.A.
Signed by: Renato Macchi, Auditor

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

BOARD OF STATUTORY AUDITORS' REPORT

COECLERICI S.p.A.

joint stock company with a sole shareholder

Registered offices in Milan (MI), P.zza Generale Armando Diaz, 7

share capital of Euro 10.000.000.00

tax code 00269690103 - registered with the Company Register of Milan at no. 00269690103

Subject to management and coordination by the company Fincler Srl

Report of the board of statutory auditors pursuant to article 2429, second paragraph, of the Italian Civil Code.

To the Assembly of Shareholders of Coeclerici SpA

Introduction

During the financial year ended at December 31, 2020, the Board of Statutory auditors carried out the functions provided for by Article 2403 et seq. of the Italian civil Code, and those provided for by Article 2409 - bis of the Italian Civil Code were carried out by the auditing firm EY SpA.

During the year ended December 31, 2020 our activity was inspired by the provisions of the law and the Rules of Conduct of the Board of Statutory Auditors issued by the National Council of Chartered Accountants and Accounting Experts, in respect of which we carried out the self-assessment, with a positive result, for each member of the statutory auditor board.

Supervisory activities pursuant to Article 2403 et seq. of the Italian Civil Code

We have monitored compliance with the law and the articles of association as well as compliance with the principles of correct administration.

We have attended the shareholders' meetings and the meetings of the Board of Directors, in relation to which, on the basis of available information, we have not found violations of the law and the articles of association, nor operations manifestly imprudent, risky, in potential conflict of interest or such as to compromise the integrity of corporate assets.

During the meetings held, the Board of Directors provided us with information on the general management trend and its foreseeable evolution, as well as on the most significant transactions, due to their size or characteristics, carried out by the company and its subsidiaries; based on the information acquired, we have no particular observations to report.

We have met the supervisory board and no critical issues emerged regarding the correct implementation of the organizational model that should be highlighted in this report.

We have acquired knowledge and supervised, as far as we are responsible, on the adequacy and functioning of the company's organizational structure, also by collecting information from the heads of the departments and in this regard we have no particular observations to report.

We examined and monitored, within the scope of our responsibilities, the adequacy and functioning of the administrative and accounting system and its reliability in correctly representing the management situation, by obtaining information from managers and the examination of company documents, and in this regard, we have no particular observations to report.

No complaints were received from the shareholders pursuant to Article 2408 of the Italian Civil Code.

The Board of Auditors did not issue the opinions envisioned by the law during the financial year.

During the carrying out of supervisory activities, as described above, there were no other significant events that would require mention in this report.

Comments regarding the financial statements

To the best of our knowledge, the directors, in drafting the financial statements, did not derogate from the provisions of the law pursuant to Article 2423, paragraph 4, of the Italian Civil Code.

Comments regarding the consolidated financial statements

Given the company's nature as a holding company, particular attention must be given to the consolidated financial statements that are presented for appropriate information and knowledge.

In this regard, we point out that the Group has voluntarily adopted the IAS/IFRS international accounting standards for the preparation of the consolidated financial statements.

With regard to the consolidated financial statements of the group as at 31.12.2020, we specify the following.

Since we are not responsible for analytical control of the content of the consolidated financial statements, we have monitored the general approach given to it and its general compliance with the law as regards its formation and structure and in this regard, we have no particular observations to report.

In the meetings held with the statutory auditor EY SpA we have examined the analytical list of the companies included in the scope of consolidation, we have gathered information on the various levels of control and examined the main consolidation principles adopted. Regarding the possible existence of weaknesses found in the instructions provided to the investee companies and of differences with the accounting principles of the parent company, the auditing company did not report any findings.

The statutory auditor EY S.p.a. has released the report pursuant to art. 14 of Legislative Decree no. 39/2010 stating that the consolidated financial statements provide a truthful and correct representation of the financial position of the Coeclerici Group, of the economic result and of the cash flows for the year ended December 31, 2020, in compliance with IFRS and on the consistency of the management report with the financial statements, expressing a positive opinion; the same, the full text of which should be consulted, does not contains findings or references to information.

Observations and proposals regarding the approval of the financial statements

Considering the results of the activity carried out by us, as well as the results of the report on the financial statements issued by the auditing company, the board proposes to the shareholders to approve the financial statements for the year ended December 31, 2020, as prepared by the directors.

The board agrees with the proposed allocation of the operating result made by the directors in the explanatory notes.

Lastly, we remind you that with the approval of the financial statements at 31.12.2020 our mandate comes to the end of the three-year term. Therefore, during the Shareholders' Meeting you will be called to resolve on the appointment of the Statutory Auditors.

Milan, May 4th 2021

The Board of Statutory Auditors

Guglielmo Calderari

Isabella Resta

Maurizio Dragoni

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