



CARRON

DIRECTOR'S REPORT 2018

CARRON

OUR COMMITMENT TO AND LOVE FOR BUILDING



Dear partners, dear collaborators,

Our company is over 56 years old and my biggest dream is that it can live for unlimited time, trusting in our solid foundation of values, aware that without them companies are short-lived.

A dream to live an unlimited time by shaping the company's leadership and those universal principles that make it an ideal place to work, ensuring the wellbeing of all of us and our families.

Our principles evoke "business and ethics" as inseparable values, with the conviction that only in tandem can they change the world: business without ethics generates monsters, while ethics without business adds no value to reality.

This is something I have learned over the years, building on the teachings of my father who founded our company inspiring its identity, according to which conduct based on the principles of honesty, simplicity and discipline can help us never lose direction, in good times as well as bad.

I have always tried to interpret these principles and set a good example for those around me, especially in these years of turbulence due to one of the deepest and most devastating financial crises of recent decades, and now due to the dramatic spread of the coronavirus pandemic, which has revealed itself to be a true "monster", not only in terms of public health, but also for the fate of our economy. Nonetheless, our company has become large and complex and looks destined to grow more and more, precisely because it is built on a very strong foundation of values.

The year 2019 was marked by important results, confirming our company among the major players in the construction sector, with the Group's business volume close to 220 million euros and an operating profit of about 16 million euros, corresponding to 7.33% of product value.

Operating performance was therefore in contrast to the average performance of an industry that includes the medium to large companies' segment, with growth of approximately 23% on the previous year.

I ask myself and all of you to be custodians of these values, and I would always like them to inspire our professional and personal lives, giving us that vital energy that helps us overcome the many difficulties and accompanies us on the path to an increasingly better outlook. We are confident that our near future holds new opportunities on the path to a profitable business that can produce further values for the life of the company and all of us who participate in it.

I like to say that in life and in the world of work, to get results you have to know what you're doing, but to know what you're doing, first of all you must know how to act!

This is why business is inextricably linked to ethics!

This is why there is always a form of contemplation behind a good and effective action!

And this is why financial power should always be associated with a love for work!

Together we must all contribute to supporting a company where it is worth spending our time and in this way contribute to the positive evolution of our life experience. I

hope that these considerations, which are also based on the uncertainties that have defined these first months of 2020, can inspire our behaviour, not only at Carron, but also with our families and everything the surrounds us outside the company, in order to build together a place where we and our children can find ideal living conditions to achieve the fulfilment of our aspirations.

Diego Carron
Chairman

THE GROUP

Company's profile

The Carron Group was established in 1964 and for over 55 years it has been engaged in civil and infrastructure construction projects in Italy.

With over 250 employees and potential sideline activities of over 1000 units, in 2019 the Group's annual production was about Euro 220 million.

The Group has been growing over the years, including through external acquisitions, in terms of size, portfolio, orders and value of production, to become one of the top fifteen leading groups in Italy in the construction of large civil and infrastructure works, where it conducts its activities as Builder and as project promoter under concession arrangements and public - private partnerships in the field of construction and infrastructure, as well as real estate developer.

Activities performed

- civil construction (airports, hospitals, schools, offices and commercial buildings, as well as restoration and renovation)
- road infrastructure
- tunnels and underground works
- specialized works (earthworks, projects involving cultural heritage)
- historic and artistic works, special finishes, waterproofing, prefabricated industrial structures
- special structural works and components
- self-promoted real estate projects in the residential, commercial, office and production sectors
- concession management of swimming facilities.

The Group has carried out major infrastructure and civil construction works, which enabled the company and its personnel to gain valuable experience in managing large projects in specialised sectors.

Sustainability

While performing its activities, the Carron Group has undertaken a policy of sustainable development that aims to improve the company's performance in compliance with the expectations of its stakeholders.

These policies require significant financial and organisational effort and the adoption of certified and recognised safety, environmental and quality management systems and rigorous procedures that call upon all employees and partners to behave responsibly and fairly. The Group is deeply committed to constantly improving the way in which it supports the interests of its major stakeholders: customers, employees, lenders and the communities it has the honour to work with.

The Group believes that its goals can only be achieved if it adopts business practices that are based on rigorous principles of sustainable and long-term development.

While carrying out their activities, all Group companies are inspired by the principles of health and safety of their personnel and the respect for the environment and the places where the Group operates.

We are proud of the many goals we have already achieved and confirm our firm and determined commitment to do our best to continue and possibly improve along this path.

Vision

In our relentless commitment to reaching ambitious goals, our multidisciplinary expertise ensures that our customers, both in the private and public sector, obtain excellent results in terms of quality and timely delivery of the works. We are aware that through our works we can contribute to improving the daily lives of those for whom they are designed.

For more than a decade, the Group has played a leading economic role in Northern Italy, a role that we intend to strengthen to support both the development of the region in which we conduct business and our own growth.





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COMPANY BODIES

BOARD OF DIRECTORS

Diego Carron	Chairman
Marta Carron	Vice-Chairman
Paola Carron	CEO
Arianna Carron	CEO
Barbara Carron	CEO

BOARD OF STATUTORY AUDITORS

Marco Contessotto	President
Primo Ceppellini	Statutory Auditor
Alberto Da Dalto	Statutory Auditor
Alessandra Poloniato	Alternate statutory auditor
Paolo Girotto	Alternate statutory auditor

SUPERVISORY BOARD *(Italian) Leg. Decree no. 231/2001*

Chiara Anselmi	Chairman
Marco Contessotto	Member
Andrea Dal Negro	Member

AUDIT FIRM

DELOITTE & TOUCHE

DIRECTORS' REPORT
CONSOLIDATED FINANCIAL STATEMENTS
AT 31.12.2019





Introduction

This report was drawn up by the Board of Directors of the parent/consolidating company, Carron Holding S.r.l., and outlines the performance of the company for the year ended 31 December 2019. Except as otherwise specified, the amounts are presented in thousands of Euro in order to facilitate understanding and clarity.

MACRO-ECONOMIC FRAMEWORK

MACRO-ECONOMIC FRAMEWORK

Global economic growth in 2019 showed signs of continued decline, but world trade has started to expand again, signalling the easing of disputes over tariffs and protective measures. However, the outlook has remained uncertain while geopolitical tensions have heightened.

Less pessimistic growth forecasts, aided by the accommodative stance of central banks, have nevertheless propelled stock prices and facilitated a moderate recovery in long-term yields.

In the Eurozone, economic activity was held back by the weakness of manufacturing sectors, particularly in Germany, despite a higher than expected performance in November. The risk remains that growth in services, which has so far remained more solid, will also be affected.

The performance of the economy has an impact on inflation, which in the Eurosystem forecasts is supported by the monetary stimulus but is still expected to be less than two per cent over the next three years. The ECB Governing Council has reconfirmed the need to maintain the current accommodative stance.

The development prospects for economic activity in the Eurozone and the world's economies as a whole, moderately positive in the forecasts made by the OECD in November 2019, have now been changed as a result of the Coronavirus epidemic that spread from the Chinese city of Wuhan starting from the last days of December 2019, before spreading in Europe and worldwide in the first months of 2020. The short-term impact on the Chinese and world economies will be much more severe than in 2003 with the SARS epidemic, as many countries are now heavily affected by measures taken at all levels by their governments.

European and world GDP growth will be affected by a sharp decline, not only in consumption, but also in production. To date, a significant decline in GDP growth can be expected at least for the first part of 2020.

The intensity and duration of this contraction will depend on the spread of the virus and on how the governments of the various countries affected manage to impose appropriate contagion prevention measures and support national health systems, and subsequently deploy adequate resources for policies to support the most affected sectors and relaunch the economy.

THE ITALIAN ECONOMY

Production growth in Italy halted the industrial cycle, causing the stabilisation of orders and the latest information available at the end of 2019 indicates that economic activity, which grew slightly in the third quarter, remained almost stationary in the fourth quarter, continuing to suffer mainly from the weakness of the manufacturing sector.

In terms of employment, the index grew for all sectors, especially the service sector, and wage growth was positive (up 0.7% on the previous year), although in decline, reflecting the persistence of significant sectors of the economy awaiting contract renewal.

Inflation was contained (0.5% in December) and services in particular contributed to price dynamics, with still modest growth in industrial goods prices. Core inflation strengthened to 0.7% in the autumn months. In the most recent surveys, companies' inflation expectations have fallen slightly.

The cost of credit has generally fallen, for households in a significant way. For the latter, growth was solid while it was negative for businesses, mainly reflecting weak demand for funding. According to the banks, the measures taken by the ECB Governing Council in September will contribute to improving credit conditions. In the ISTAT (Italian National Institute of Statistics) and Bank of Italy surveys, companies expressed slightly more favourable assessments on orders and foreign demand, but continued to view uncertainty and trade tensions as factors that disrupted their business. For 2020, companies were planning to expand investments, albeit more modestly than the previous year.

In the projections for Italy for the three-year period 2020-22, a gradual recovery of the economy is expected on the assumption of growth in world trade and accommodative monetary conditions that should result in low cost of credit for companies.

On the basis of these assumptions, the projections indicate a GDP increase of 0.5% in 2020, 0.9% in 2021 and 1.1% in 2022. Inflation is estimated to gradually increase from 0.7% in the current year to 1.3% in 2022, mainly due to a recovery in wages and profit margins which are expected to benefit from the improved cyclical situation.

As explained above, these outlooks have now been modified due to the Coronavirus epidemic. To date, a significant drop in GDP can be expected for 2020.

It is hoped that the resumption of production activities and the awareness of the very serious effects that the pandemic crisis is having on the economic and social fabric of the country will represent an opportunity to give new impetus to investments in favour of the country's development.

THE CONSTRUCTION INDUSTRY

The Italian economy continues to lack the fundamental contribution of construction, which in recent years has experienced a deep crisis and has not been able to sustain the economy as it did in the previous expansion cycle from 1998-2008: +28.4% investments in construction and +16.1% GDP. It is sufficient to point out that the construction sector today still makes a significant contribution to GDP (8%) and is capable of generating the greatest driving force on the economy out of all sectors, thanks to its long and complex supply chain linked to almost 90% of economic sectors. Growth of the construction sector would enable the country to recover.

The growth estimate by ANCE (Italian Association of Construction Contractors) for 2019 saw a 2.3% increase in construction investments in real terms, in line with the forecast already issued by the Observatory at the start of 2019. This result was linked to the continuation of the positive trend in the private residential and non-residential sector and a first "plus" sign in public works.

INVESTMENT IN CONSTRUCTIONS					
	2019	2017	2018	2019 (*)	2020 (*)
	million / euro	Change % By quantity			
CONSTRUCTIONS	129,853	-1.0%	1.7%	2.3%	1.7%
homes	64,940	1.8%	1.5%	1.9%	1.8%
- new [°]	17,545	-7.7%	4.5%	5.4%	2.5%
- non-routine maintenance [°]	47,395	0.0%	0.5%	0.7%	1.5%
non-residential	64,914	0.1%	1.9%	2.6%	1.7%
- private [°]	41,831	4.2%	4.9%	2.5%	0.4%
- public [°]	23,083	-6.0%	-3.2%	2.9%	4.0%

(*) Investments in construction net of costs for transfer of ownership

[°] Ance estimates

Ance data on Istat data

ISTAT data on investments in construction also showed a further 2.5% increase in the third quarter of 2019, compared to the same period of the previous year, a slow-down compared to the significant increases of the previous two quarters (+6% in the first quarter of 2019 and +3.4% in the second quarter of 2019). Overall, the upward trend for 2019 stood at 4%, representing a positive sign after a decade of decline, also demonstrated by the increase in round reinforcing steel delivered, according to Federacciai (Federation of Italian Steel Companies) estimates.

THE SECTORS IN 2019

New homes in 2019 recorded an increase of 5.4% in real terms compared to 2018, after a drastic reduction in production levels of approximately 70%, being the most penalised by the long crisis.

Housing redevelopment confirmed the positive trend of previous years, accounting for approximately 37% of the value of investments. Compared to 2018, growth is estimated at 0.7% in real terms. The figure takes into account the extension, until the end of 2020, of the 50% increase in the deduction for building renovations and the 65% deduction for building energy efficiency upgrades. The 2019 result also includes the first effects on production levels, albeit limited, deriving from the earthquake bonus and eco bonus for entire buildings (condominiums).

Non-residential construction increased by 2.5% in 2019, reflecting the positive trend in building permits from 2015. There was an initial setback in the first quarter of 2019: -7.9% in terms of new permits granted compared to the same period of the previous year, a first negative signal that could affect production levels in 2020. Confirmation of this slow-down is also provided by the credit data for the construction sector. During the first nine months of 2019, mortgages provided for investments fell by 30% after substantial increases in previous years.

Non-residential public buildings. The measures introduced by the government in recent years have produced the first effects on investment levels. The trend of the entire public works sector, together with the good performance of local authorities, confirms, however, the continued difficulties and uncertainties in the large infrastructure sector for big-spending organisations like ANAS (National Autonomous Roads Corporation) and Ferrovie dello Stato Italiane (Italian State Railways), due to the very long approval times of programme contracts that have led to the accumulation of delays with respect to programming.

DIRECTORS' REPORT - Consolidated Financial Statements

These dynamics are part of a positive trend in invitations to tender for public works, ongoing for three years now. 2019 ended with a further increase in the amounts tendered (+25.7% year on year), against a setback in the number (-4.8%). The particularly positive trend in value was mainly driven by large-scale works, which once again accounted for an important share of public works demand, equal to 30% (in 2018 this reached minimum levels of only 10%). Constructions times for these works are very long, as they are complex and of a significant size.

FORECASTS FOR 2020 IN THE CONSTRUCTION SECTOR

Estimates made by ANCE before the spread of the Coronavirus epidemic predicted that the budget package for 2020 would have an aggravating effect on the level of public investment, quantified at 860 million euros less than the level forecast for 2020 by previous budget laws. On these grounds, the economic forecasts for 2020 led to postpone the future assumption of a substantial recovery in investment levels, especially public investment, and on this basis the ANCE forecast for 2020 is an increase in construction of 1.7% in real terms, given by the average of the individual sectors.

These forecasts will be heavily influenced by the events linked to the spread of the viral epidemic. It is reasonable to believe that in the face of a significant contraction in activity in the first half of the year, a recovery may take place in the second half of the year, also in view of the rapid and massive measures that the government will have to put in place to support economic recovery, which it is hoped will give new impetus to investments in favour of the country's development.

THE PUBLIC WORKS SECTOR

ANCE estimates for 2020 before the spread of the Coronavirus epidemic predicted an increase of 4% on 2019, as the result of various factors, namely:

- The current market trends that show a recovery in demand expressed by the invitations to tender published in the three-year period 2017-2019 which should produce positive effects not only for 2019, but also for the year 2020;
- The measures to support public investment, in addition to the Municipality Investment Programme, extended to all and in place until 2024 with annual funding of 500 million euros;
- The unlocking of several infrastructure interventions, thanks also to the measures contained in the so-called "Sblocca Cantieri" decree (Italian Legislative Decree 32/2019);
- The reconstruction of earthquake-affected areas which has seen the spending of just 49 million euros three and a half years after the first event, compared to the programming of 2.16 billion euros.

The following are highlighted as negative components of the sector's production dynamics:

- Continuing delays in the implementation of the programming of the large implementing parties, such as ANAS and Ferrovie dello Stato Italiane, and of the Development and Cohesion Fund, demonstrated also by the funding cuts and reprogramming of resources made by the 2020 budget law for these important investment expenditure areas;
- The persistence of economic difficulties faced by a number of large companies that are holding back the start and progress of important works;
- The chronic difficulties that slow down the spending of allocated resources and lead to extremely long delays in the implementation of investments in public works.

NURSING HOMES, INVESTMENTS GROW BY 15-20% PER YEAR

In this sector the company plans to widen its field of action.

Focus

The elderly population, currently about 14 million people, will reach 18 million in 2035, an increase of 31%. The over 85s will rise from the current 2.1 million to 3 million in 2035 and there is a projected significant increase in centenarians, expected to surpass 42,000 against the current 16,000, an increase of 170%.

There are currently over 200,000 non-self-sufficient elderly people living in nursing homes and according to UBI Banca estimates, there will be around 600,000 in 2035. In the most optimistic scenario, with 75% of non-self-sufficient elderly people in nursing homes, over 200,000 new beds will be needed, with a presumed total investment of around 14 billion euros, assuming that a quarter of the elderly with acute cognitive deficits will be cared for at home, or more than 20 billion euros to ensure the creation of an adequate number of new beds in nursing homes if this portion were to fall to zero. *(Source: UBI Banca/Duff & Phepls)*

The role of the public sector in the nursing home facility sector is currently marginal compared to that of the private sector, which is made up of for-profit companies and non-profit organisations.

The profitability of the facilities grows as turnover increases due to the greater economies resulting from increasing size, a factor that is pushing the for-profit sector towards an ever increasing average size and the progressive abandonment of smaller facilities. Future investments will also tend to be focused on facilities with at least 100 beds. As for the non-profit sector, given that profitability is, by definition, lower than that of the for-profit sector, the problem highlighted by the analysis concerns the profitability of existing facilities, not only to keep them in good working order but also to generate resources that can be invested in new projects.

The strategic choice in the sector

The scenario briefly described is the basic element of the development strategy adopted by the company for this sector, whose field of action presents broad prospects.

By leveraging its consolidated experience in the real estate sector, the company has started to develop new projects in the health and social care field, aimed at the creation of nursing homes with a view to satisfying part of the group's production needs, which, like the entire sector, is affected by the persistent market crisis, both for public works and private operators.

It is a sector that appears to be able to produce results in line with those recorded before the last decade, considering that the market appears to be very positively oriented in the nursing home facility sector, even though it is characterised by a high fragmentation of ownership, and because it is believed that the product destined to the same sector corresponds to a real and priority need for the beneficiaries to whom it is addressed, as well to the objectives set out in the company's action plan.

It should also be noted that the negative factors include the particularly long timeframe to build a new nursing home facility due to the complex construction, authorisation, accreditation and affiliation process. The country is ageing rapidly and the non-self-sufficient population does not find an adequate response to the demand for assistance in the national health system, and families, also due to the crisis, find it increasingly difficult to take charge of their elderly. The lack of RSAs (nursing homes) has become a truly national emergency to which real estate investors, together with specialised sector operators, can not only provide a solution, but also turn it into an investment with excellent returns, as already happens abroad.

Strategic variables – project financing

It has been observed and it is known that for financing nursing homes, particular importance is given to the performance of the facilities through the analysis, on the basis of market statistics, of the characteristic performances (turnover and EBITDA) and the relative occupancy rate.

The "senior housing & care" market, which includes nursing homes, is also very attractive in relation to the increase in the average age of the population and life expectancy. Real estate investments in the sector have recorded an interesting increase in Europe, particularly in Germany and France, but there has also been increasing attractiveness of this asset class in recent years in Italy and other southern European countries. The main investors in this sector are institutional players, including both listed and unlisted real estate companies, developers and government bodies, with an important role also played by Real Estate Operating Companies (REOCs) and Real Estate Investment Trust (REITs), both public and private, who in 2018 invested a total of approximately 5 billion euros in Germany, 3 billion euros in France, 2 billion euros in Spain and less than 1 billion euros in Italy.

National socio-demographic changes are influencing the increase in demand for housing that is attentive to quality, efficiency of services and healthcare, and the increase in average age and the number citizens over 65, in particular, is highlighting the growing demand for social welfare facilities for the senior population group. From the real estate point of view, these social phenomena are reflected in the interest in alternative markets, in which nursing homes are included. The attractiveness of this asset class is supported both by the growing volume of corporate investments recorded in recent years and by low-risk investment variables.



THE SITUATION IN TRENTINO-ALTO ADIGE

Abstract

After three years of high growth, the results of the quality survey carried out by the Bolzano Chamber of Commerce show a significant slow-down in the revenues of construction companies: the balance between the share of companies that forecast an increase in their turnover in the current year and those that indicate a decrease has decreased to 5 percentage points, from about 25 in 2018. The growth in hours worked (1.2%) also fell considerably (8%, source: Cassa Edile).

Public demand support to the construction sector is set to weaken in the coming months: the value of invitations to tender for the construction of public works published in the first quarter was substantially in line with that recorded in the same period of the previous year (source: Cresme).

Bank loans to companies from Trentino-Alto Adige grew markedly (4.2%, in line with the growth rate recorded in December 2018), driven by the intense increase in loans to medium to large companies (7%). Bank loans to small companies, on the other hand, fell slightly (-0.9%). The positive trend in lending to the manufacturing sector reflects both the acceleration in loans to the manufacturing industry and the growth of funding to service companies, in the face of the decline in construction.

Effect of Coronavirus on the Trentino-Alto Adige economy

The trend of GDP in Trentino-Alto Adige is no small cause for concern, considering that it has already shown a drastic decrease in the early stages following the Coronavirus crisis. While the provinces and trade associations are looking for a solution to kick-start companies and the economy, the figures forecast by IRE (Institute for Economic Research) are unequivocal: in 2020 GDP will record a contraction between 7 and 11%.

The first effects of the recession on the labour market were already seen in March, with the number of employees falling by 4.5% compared to the same month in 2019, mainly due to the closure of the tourism sector.

The territory is among those most at risk as Trentino-Alto Adige could suffer more than the rest of the country, mainly because of the great importance for the economy of some sectors strongly affected by the epidemic, such as the tourism, retail trade and automotive sectors. The current 2019/2020 winter tourism season ended early on 11 March.

The Coronavirus epidemic is taking a toll on the Trentino-Alto Adige economic system. In recent years, the dynamics of the local economy have been favourable and businesses have shown great resilience to the economic difficulties, but in the current situation massive support measures are needed, with the close cooperation of the provinces, the banking system and state and European institutions.

DIRECTORS' REPORT - Consolidated Financial Statements

ACQUISITIONS

The Carron Group made important work acquisitions in 2019, both in the public works sector and from private customers.

The most important include:

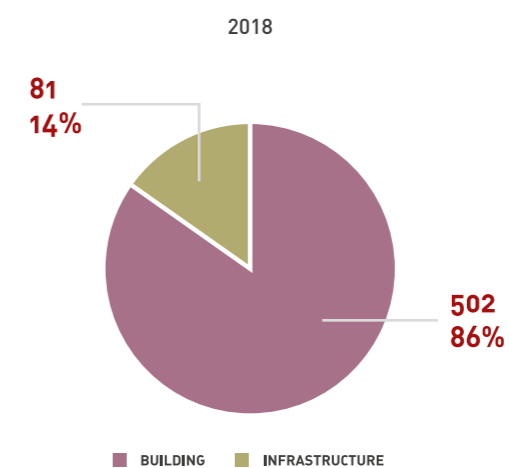
Customer	Subject of contract	Amount
Zambon S.p.A.	Construction of a building complex called Marco Polo" within the production site in Vicenza	€ 6,540,000
Autostrada BS - PD	Completion works of the bus station in Montecchio Maggiore	€ 56,813,000 pro quota 40%
Hotel Lido Uno	Renovation of 15 damaged rooms at the Hotel Excelsior in Venice	€ 873,000
Patavium S.r.l.	Renovation and restructuring of the Roccabonella building in Padua	€ 10,000,000
Various professional investors in the nursing home sector	Construction of 16 buildings for use as nursing homes. Despite the interest of the investors with whom the company is in an advanced state of concluding agreements, about half of the projects are still in the phase of feasibility studies and verification of authorisation procedures to be carried out by the relevant authorities. The necessary formalities are expected to be completed by the end of the 2020 financial year.	€ 325,000,000
SAVE S.p.A.	Extension of passenger terminal (lot 2A) and renovation of existing terminal – Venice Marco Polo Airport	€ 247,366,000 pro quota 20%
	The Contracting Authority suspended the order award procedure, given the uncertainty linked to the COVID-19 pandemic, its effects on air traffic trends and related impacts on airport management. The award procedure to formalise the contract has been postponed to a later date when the current pandemic is over.	
Municipality of Selva di Val Gardena	Construction of an underground car park	€ 7,001,000
Residence Hotel Antares	Construction of a garage annexed to the hotel building	€ 3,485,000
Bressanone Hospital	Renovation and upgrading of the heating and air conditioning system	€ 201,000
Malles retirement home	Construction of an intermediate unit added to the existing building	€ 3,493,000
Municipality of Selva di Val Gardena	Construction of a music pavilion and other cultural facilities	€ 1,307,000

Customer	Subject of contract	Amount
Municipality of Laives	Restoration work on the pool and technological systems of the swimming pool adjacent to the middle school in the municipality of Laives	€ 833,000
Municipality of San Leonardo	Renovation of the Santa Barbara retirement home	€ 1,885,000
Municipality of Selva di Val Gardena	Road construction works on Strada Nives	€ 1,468,000

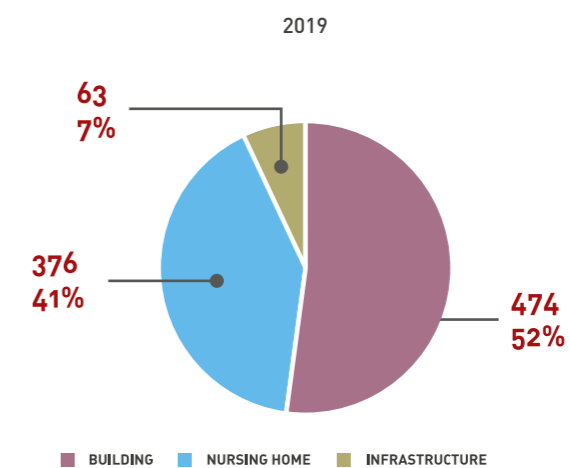
ORDER BOOK

The Group's backlog of works at 31.12.2019 amounted to 913 million euros, of which 474 million euros was for tender contracts and execution of civil construction works, 376 million euros for the construction of nursing home facilities and 63 million euros for the execution of infrastructure works. The amount of the backlog includes tender contracts awarded for 131 million euros, but with pending appeals, as well as 187 million euros relating to nursing home facilities within a framework agreement with proposing parties.

ORDER BOOK AT 31/12/2018
(million/euro)



ORDER BOOK AT 31/12/2019
(million/euro)



MAIN ONGOING PROJECTS



CLIENT

METROPOLITAN CITY OF BOLOGNA

COMPLETION OF THE GENERAL BYPASS ROAD FOR PROVINCIAL ROAD NO. 569 IN VIGNOLA FOR THE DEVELOPMENT OF BYPASS ROADS FOR PROVINCIAL ROAD NO. 27 "VALLE DEL SAMOGGIA" AND PROVINCIAL ROAD NO. 78 "CASTELFRANCO - MONTEVEGLIO" IN THE MUNICIPALITY OF VALSAMOGGIA, BAZZANO AND CREPELLANO



Execution of excavations and embankments; water collection and disposal network; electrical and lifting systems; safety and soundproofing barriers; installation of vertical and horizontal signs; and final paving with asphalt of the sections from Km 0+000 to Km 4+375 and Km 4+394 to Km 9+832; final paving with asphalt of the S.P. 27 roundabout exit; the S.P. 27 Valle del Samoggia overpass; and the S.P. 78 and S.P. 27 embankment section.

CLIENT

MARCHE REGION

EXECUTIVE PLANNING AND EXECUTION OF THE WORKS NECESSARY FOR THE EFFECTIVE AND FUNCTIONAL CONSTRUCTION OF THE NEW HOSPITAL IN CAMPIGLIONE DI FERMO IN THE MUNICIPALITY OF FERMO, PROVINCE OF FERMO.



Executive design activities, preliminary archaeological surveys and preparatory works were carried out, such as soil consolidation by means of rigid inclusions, general excavations and earthworks and the laying of the concrete sub-base. As for the complementary contract for the link road, the executive design has been completed.

CLIENT

ALLIANZ S.P.A.

PRESERVATION WORKS WITH CHANGE IN INTENDED USE FOR THE CONSTRUCTION OF A HOTEL IN PIAZZA DELLA REPUBBLICA NO. 1 IN TRIESTE



Completion of the conservative restoration of the historic areas; completion of interior finishes such as finishing coats, painting, carpet laying; completion of electrical and mechanical installations in the rooms and communal areas; fitting-out of all the rooms; as far as the external areas are concerned, redevelopment of Via Santa Caterina da Siena; inauguration of the hotel.

CLIENT

ALLIANZ S.P.A.

REQUALIFICATION AND RENOVATION OF BUILDINGS IN THE ALLIANZ GROUP HEADQUARTERS IN LARGO UGO IRNERI IN TRIESTE - CONSISTING OF A CENTRAL BUILDING CALLED BUILDING "H" (WINGS H1 - H2 - H3 - H4) AND A BUILDING CALLED BUILDING "A".



Completion of interior finishes of the H4 wing with installation of false ceilings and painting; completion of electrical and mechanical installations; completion of external areas with paving in natural stone, railings and parapets, and portions of green areas; delivery of rooms.

CLIENT

CA' TRON – H-CAMPUS - CLOSED REAL ESTATE FUND
CONSTRUCTION OF AN INNOVATION AND TRAINING HUB

- Buildings for training activities (H-School)
- Buildings for recreational, sports and catering services (service centre and sport arena)
- Student residence building
- Buildings for other activities (Farm 3)
- Infrastructure and green areas

Activities carried out: excavations and earthworks for school and office building works; reinforced concrete works for civil structures; installation of structures for roofing; installation of prestressed slabs; creation of ventilated crawl spaces; creation of wastewater and sewage drain lines; construction of geothermal field. As regards external works, the following were carried out: road embankments; preparation of underground utilities (wastewater and sewage drains; installation of power lines and public lighting); special foundations; steel structures; reinforced concrete works; laying of street kerbs; asphaltting works; greenery and irrigation works.

CLIENT

OSPEDAL GRANDO S.R.L. – LICENSEE PROJECT COMPANY
CONSTRUCTION OF THE "CITTADELLA SANITARIA" AT THE HOSPITAL IN TREVISO

Work on sections 1 and 2 of building 36 have been completed and delivered to the hospital trust with the new HEMS (Helicopter Emergency Medical Service) / SUEM (Urgent Care and Medical Emergency Service) operations centre; the new ambulance depot; the new heliport complete with hangar; the new underpass connecting the MTL logistics macro-area with the MAO hospital macro-area; and the new Via S.M. del Cà Foncello road. Construction of building 29 has begun with temporary and preparatory works necessary to free the areas where the new large building will be built; construction site set-up works; demolition of the existing buildings and roads that occupied part of the area; installation of wellpoint systems and wells to lower the aquifer; installation of temporary works and sheet piling to make the land safe near the excavations; execution of excavations for the foundations; remediation of land contaminated by hydrocarbons and ACMs; and the start of construction of foundations and reinforced concrete works.

CLIENT

PIZZATO ELETTRICA S.R.L.
CONSTRUCTION OF THE NEW HEADQUARTERS IN MAROSTICA (VI)

Activities carried out: Waterproofing; coats and insulations; dry masonry (plasterboard walls and false ceilings); sub-bases; floors and wall coverings; windows and facades; canopies and pergolas; blacksmith works; mechanical installations; electrical and special installations; painting; external works.

CLIENT

PROVINCE OF TRENTO

EXECUTIVE DESIGN AND EXECUTION OF CONSTRUCTION WORK FOR THE 1ST EXPANSION STAGE OF THE TRENTO 3 WATER TREATMENT PLANT AND REGRADING OF STATE ROAD 12 OF ABETONE AND BRENNERO



SEWER SYSTEMS (Section I): Installation of sheet piling, excavations and filling; laying of sewer pipes; construction of systems for discharge of sewage into the Adige river; construction of state-owned pit crossing; removal of construction site tracks; restoration and return of land to private individuals subject to temporary expropriation.

PUMPING STATION (section II): Completion of temporary works (diaphragms and tie rods); excavations; construction of structural works (in reinforced concrete; preparation of sewer systems).

PURIFICATION PLANT (section III): Start of pipe pushing system (sheet piling, drainage systems, push pit excavations, jet grouting); completion of temporary works (diaphragms and tie rods); construction of groundwater pumping wells; excavation of earthworks; start of works in reinforced concrete; construction of the new SS12 road (embankments, roadbeds, asphalt works, safety barriers, various finishes); environmental impact works (vegetated ledges, darkening, etc.).

CLIENT

ZAMBON IMMOBILIARE S.P.A.

REQUALIFICATION OF THE "EX BOCCARDO" BUILDING IN BRESSO, MILAN



Activities carried out: All the works provided for in the contract and the building was delivered to the client. Specifically, in 2019 the following works were carried out: completion of external steel and glass facades; installation of internal steel staircases and walkways with wood finish; raised floors with wood finish and resin floorings/claddings; installation of internal walls in steel and glass; steel and glass connections of the Z-Life building with the existing building; completion of mechanical installations, air conditioning systems and special and supervisory electrical installations; installation of external safety staircases and all external landscaping with creation of washed gravel flooring and green areas.

CLIENT

KRYALOS S.G.R. S.P.A.

DEMOLITION AND CONSTRUCTION OF A BUILDING FOR OFFICE USE AND ANNEXED FUNCTIONS ON VIA GATTAMELATA, MILAN



Activities carried out: Executive and construction design; demolition of buildings; asbestos and MMVF removal; excavations and preliminary works (Berlinese retaining walls).

CLIENT

KRYALOS S.G.R. S.P.A.

CONSTRUCTION OF A BUILDING FOR OFFICE USE AND ANNEXED FUNCTIONS ON VIALE SARCA, 222, MILAN



Activities carried out: Completion of structural civil works; facades; finishing works (floorings, wood coatings); installations; external works; gardening works.

CLIENT

SAVILLS I.M. S.G.R. S.P.A.

REQUALIFICATION OF THE BUILDING ON VIA DELLA MOSCOVA AND VIA SOLFERINO, MILAN



Activities carried out: Demolitions and excavations; structures in reinforced concrete; consolidation of existing structures; masonry and plasterwork; metallic carpentry and gratings; REI treatments; external facades and fixtures; dry masonry works (plasterboard walls and false ceilings); sub-bases; floors and coatings; stone works; insulations and waterproofing; blacksmith works; mechanical installations; electrical and special installations; painting.

CLIENT

REAM S.G.R. S.P.A. – DIMAR S.P.A.

CONSTRUCTION OF A RESIDENTIAL AND COMMERCIAL COMPLEX IN THE MUNICIPALITY OF TURIN, STRADA DELLA PRONDA; THE RESIDENTIAL BUILDING WILL BE SOLD TO REAM S.G.R. S.P.A., WHILE THE COMMERCIAL ONE TO DIMAR S.P.A., BOTH AS "PROPERTY YET TO BE BUILT".



Activities carried out: Excavations; cast-in-place reinforced concrete works; terracotta brickwork; plasterboard works; mechanical installations; electrical installations; various sub-bases; ceramic flooring and cladding; painting; exterior insulation; elevators; underground utilities; infrastructure works; waterproof surfaces; general insulation work; exterior fixtures; interior fixtures; REI fixtures.

CLIENT

ICADE S.A. - NUMERIA S.G.R. S.P.A. – SALUTE 2 FUND

CONSTRUCTION OF NURSING HOMES FOR NON SELF-SUFFICIENT PEOPLE FOR A TOTAL OF 180 BEDS ON VIA DEBOUCHÉ, MUNICIPALITY OF NICHELINO, TURIN



Activities carried out: Excavations; cast-in-place reinforced concrete works; terracotta brickwork; plasterboard works; mechanical installations; electrical installations; various sub-bases; ceramic flooring and cladding; painting; exterior insulation; elevators; underground utilities; infrastructure works; waterproof surfaces; general insulation work; exterior fixtures; interior fixtures; REI fixtures.

CLIENT
FONDO SALUTE ITALIA
NURSING HOME VIA SERVAIS TO



Activities carried out: Demolitions; strip-outs; environmental remediation; structural surveys.

CLIENT
REAM S.G.R. S.P.A.
NURSING HOME TORREVECCHIA PIA (PV)



Environmental survey activities; construction site set-up; earthworks.

CLIENT
**ISTITUTO DI CULTURA E DI LINGUE PER L'EDUCAZIONE E L'ISTRUZIONE
NELLE SCUOLE SUORE MARCELLINE**
REAL ESTATE/FUNCTIONAL REDEVELOPMENT OF AN EDUCATIONAL INSTITUTION RUN BY
MARCELLINE NUNS - BOLZANO



Activities carried out: finishing works on the first school lot including floorings; fixtures; blacksmith works; electrical installations; assembly and wiring of equipment; mechanical installations; installation of bathroom fixtures; start-up and testing of systems related to the school. In addition, demolition work and the execution of special foundations has begun, as well as the first works in reinforced concrete for the kindergarten and the new boarding school that is part of the second lot.

CLIENT
CONFCOOPERTATIVE
CONSTRUCTION OF A RESIDENTIAL BUILDING WITH 62 APARTMENTS AND UNDERGROUND LEVEL
IN BOLZANO IN THE C2 EXPANSION AREA - PRATI DI GRIES - LOT A1.



Activities carried out: contractual works on finishings completed such as floorings, fixtures, painting and blacksmith works, and the completion of installations.

CLIENT

LEGACOOP

CONSTRUCTION OF A RESIDENTIAL BUILDING WITH 47 APARTMENTS IN BOLZANO IN THE C2 EXPANSION AREA - PRATI DI GRIES.



Activities carried out: contractual works on finishings completed such as floorings, fixtures, painting and blacksmith works, and the completion of installations..

CLIENT

PROVINCE OF BOLZANO

EXTENSION WORKS OF THE SCUOLA PROFESSIONALE PER IL COMMERCIO, L'ARTIGIANATO E L'INDUSTRIA "DIPL. ING. LUIS ZUEGG" IN MERANO



Activities carried out: reinforced concrete works completed, as well as internal partitions; roofing and sheet metal work; exterior insulations; floorings; claddings; fixtures; paintwork and installations. External works to be completed.

CLIENT

MUNICIPALITY OF MERANO

CONSTRUCTION OF A PRIMARY AND MIDDLE SCHOOL IN THE MUNICIPALITY OF SINIGO



Activities carried out: works in reinforced concrete completed, as well as external insulations; concrete screeds; walls; false ceilings in plasterboard; and paintwork. Electrical and mechanical installations at an advanced stage.

CLIENT

MUNICIPALITY OF BOLZANO

CONSTRUCTION OF THE SCHOOL CANTEEN OF THE SCHWEITZER MIDDLE SCHOOL IN BOLZANO



Activities carried out: all finishing works (building and plant engineering) completed.

CLIENT

TEUTONIC ORDER OF LANA

CONSTRUCTION OF ST. JOSEF" NURSING HOME IN MERANO



Activities carried out: special foundation and excavation works completed.

Activities carried out: works in reinforced concrete; concrete screeds; walls in single-sheet plasterboard; technological systems such as the boiler room, air handling units and the sprinkler system for the underground car park, while the in-wall electrical installation fittings have been put in place.

CLIENT

ACCADEMIA NICOLÒ CUSANUS

RENOVATION OF THE ACCADEMIA CARDINALE NICOLÒ CUSANUS IN BRESSANONE



Activities carried out: works in reinforced concrete; concrete screeds; walls and false ceilings in plasterboard; external landscaping; paintwork; external fixtures; and mechanical and electrical installations.

CLIENT

MUNICIPALITY OF SELVA DI VAL GARDENA

REDEVELOPMENT OF THE MUNICIPALITY BUILDINGS FOR USE AS A MUSIC PAVILION



Activities carried out: preliminary demolition and consolidation works.

CLIENT

MUNICIPALITY OF SELVA DI VAL GARDENA

CONSTRUCTION OF AN UNDERGROUND CAR PARK IN SELVA DI VAL GARDENA



Activities carried out: excavation support works by means of diaphragms, reinforced concrete works and waterproofing works.

CLIENT

RESIDENCE HOTEL ANTARES

CONSTRUCTION OF AN UNDERGROUND CAR PARK IN SELVA DI VAL GARDENA



Activities carried out: excavation support works by means of diaphragms, reinforced concrete works and waterproofing works.

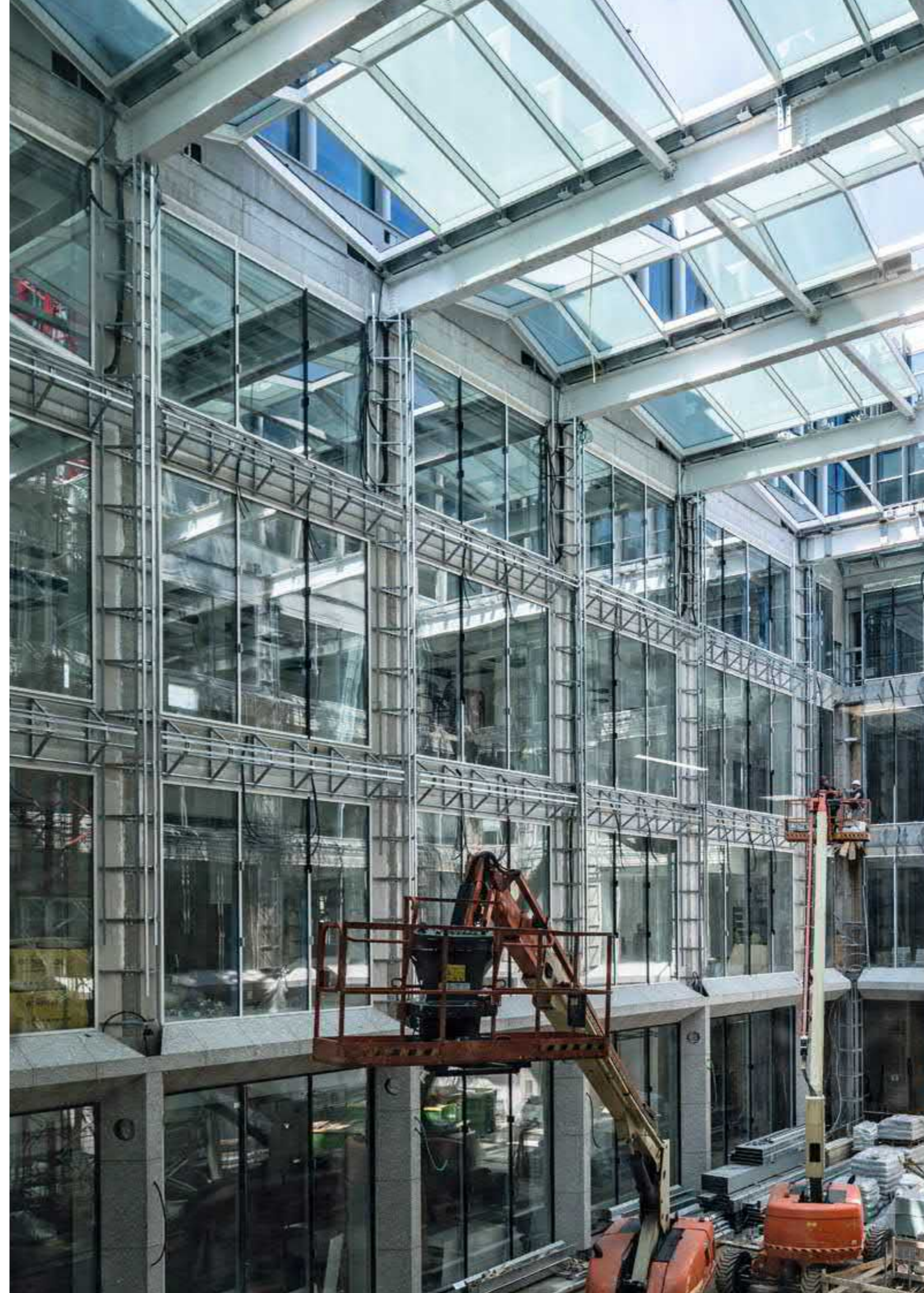
CLIENT

BRESSANONE HOSPITAL

RENOVATION AND UPGRADING OF FACILITIES AT BRESSANONE HOSPITAL



Activities carried out: modernisation and renovation of the ventilation and air conditioning system.





CONSOLIDATED ECONOMIC DATA AT 31 DICEMBRE 2019

Million/Euro

DESCRIPTION	2019	2018	Variazione
Revenues	217.5	207.9	+4.59%
Earnings before interest, taxes, depreciation, and amortization - Ebitda	15.9	12.9	+23.2%
Ebitda %	7.33%	6.22%	
Earnings before interest and taxes - Ebit	14.4	11.9	+21.1%
Ebit %	6.60%	5.70%	
Result before taxes	13.1	12.5	+4.39%
Net result for the period	9.1	9.0	+1.58%

Ebitda

It is defined as earnings before interest, taxes, depreciation, and amortization

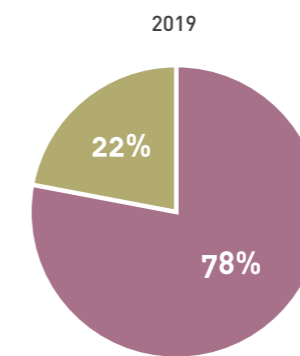
Ebit

Corresponds to the operating profit as shown in the income statement of the financial statements under item "Difference between value and production costs".

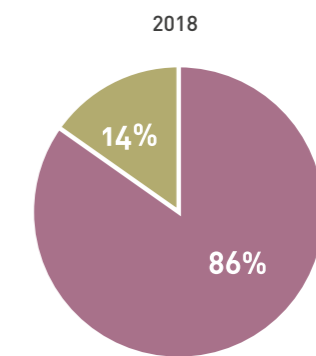
BREAKDOWN OF REVENUE BY SEGMENT

Million/Euro

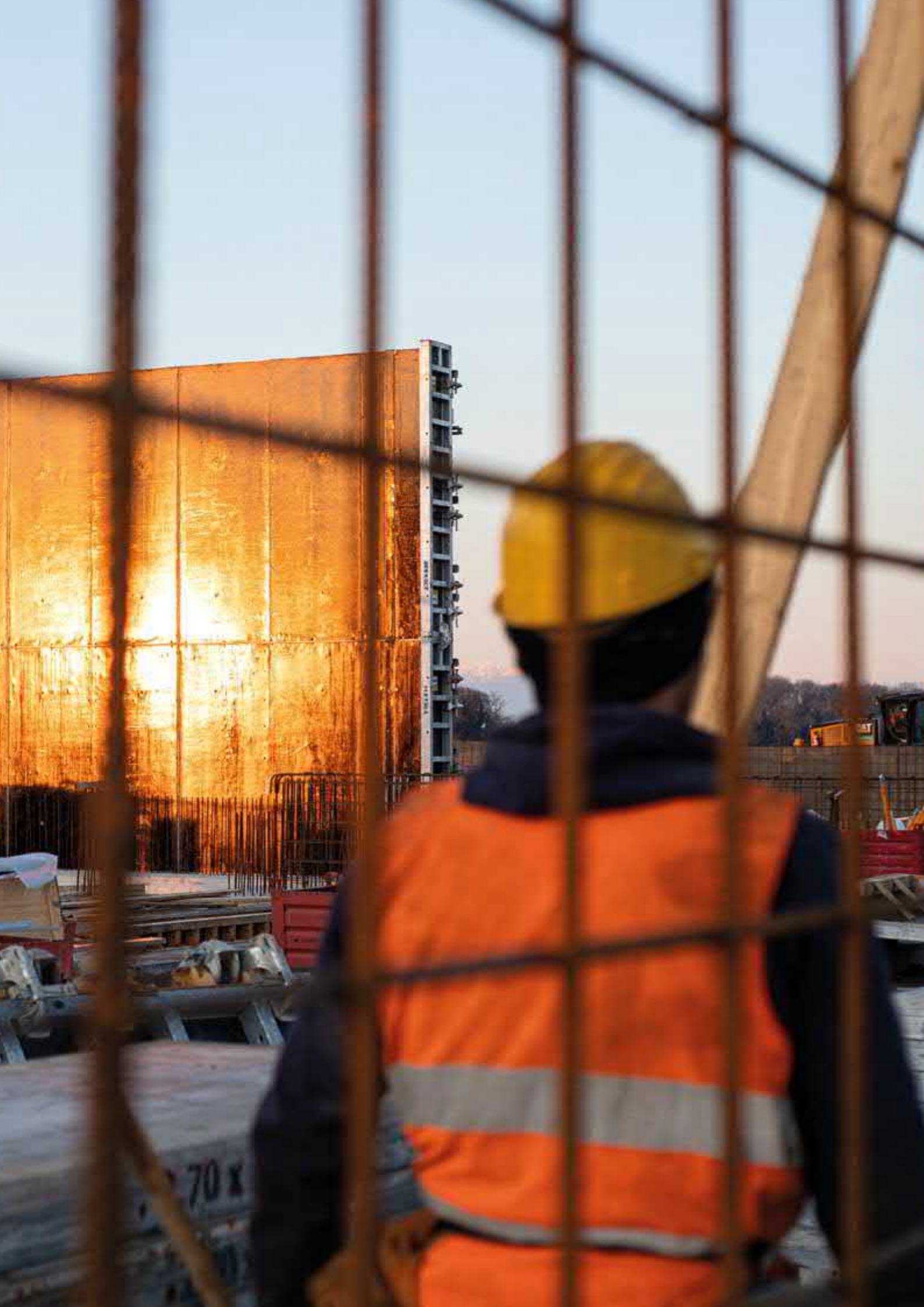
DESCRIPTION	31 December 2019		DESCRIPTION	31 December 2018	
	Edilizia	Infrastrutture		Edilizia	Infrastrutture
Italy	78%	22%	Italy	86%	14%
Percentage of revenue			Percentage of revenue		



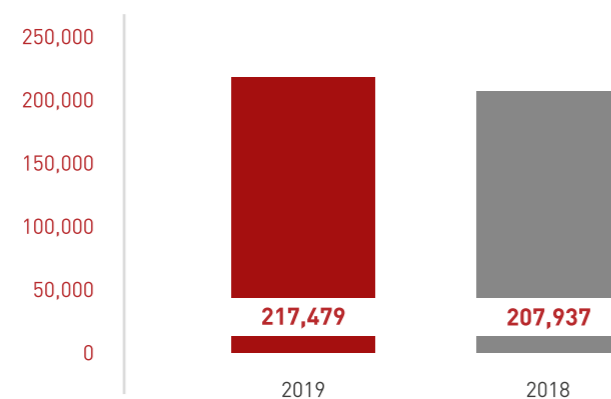
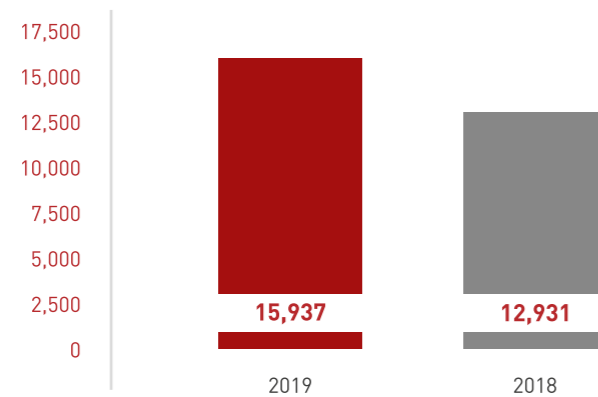
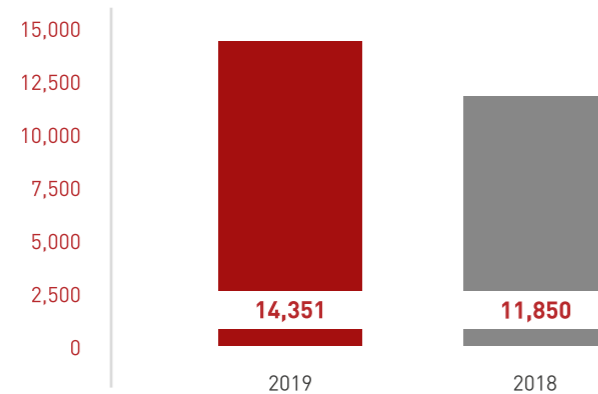
■ BUILDING ■ INFRASTRUCTURE



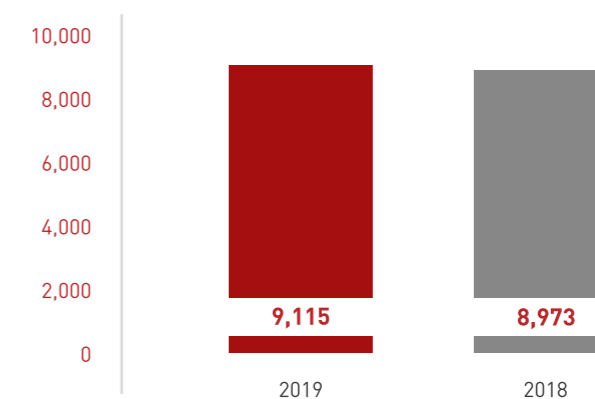
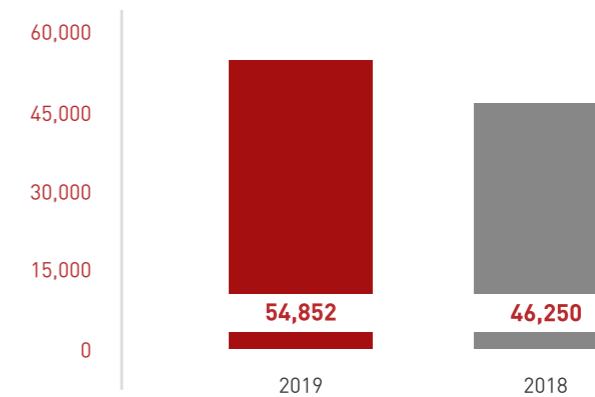
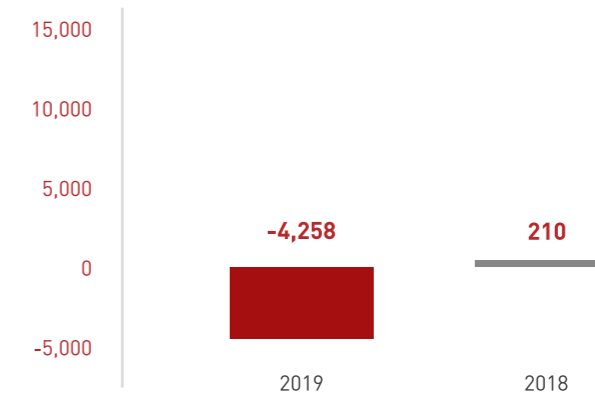
■ BUILDING ■ INFRASTRUCTURE



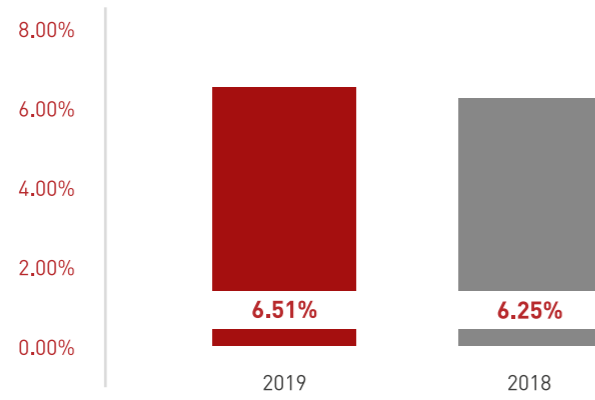
2019 FIGURES

VALUE OF PRODUCTION
(EURO / 1000)EBITDA
(EURO / 1000)EBIT
(EURO / 1000)

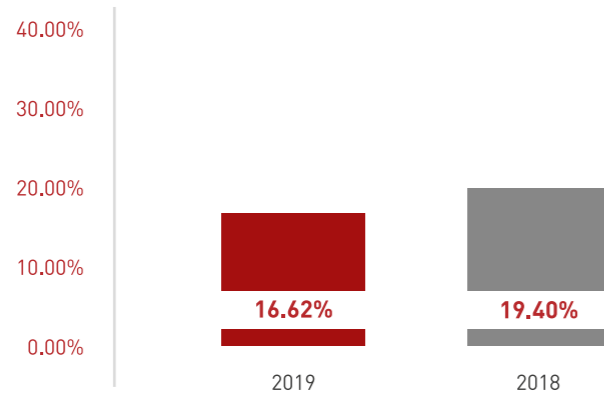
DIRECTORS' REPORT - Consolidated Financial Statements

NET PROFIT
(EURO / 1000)SHAREHOLDERS' EQUITY
(EURO / 1000)NET FINANCIAL POSITION VIS-À-VIS INSTITUTIONS
(EURO / 1000)

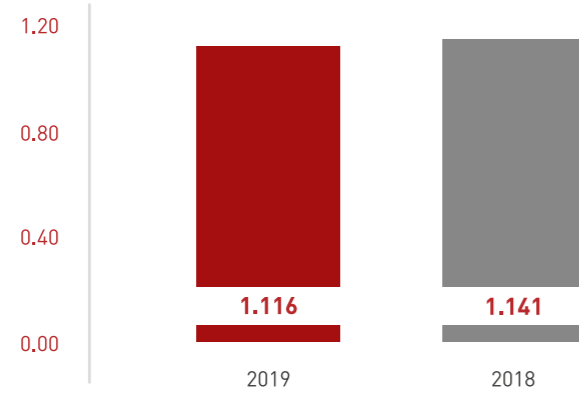
R.O.I.



R.O.E.

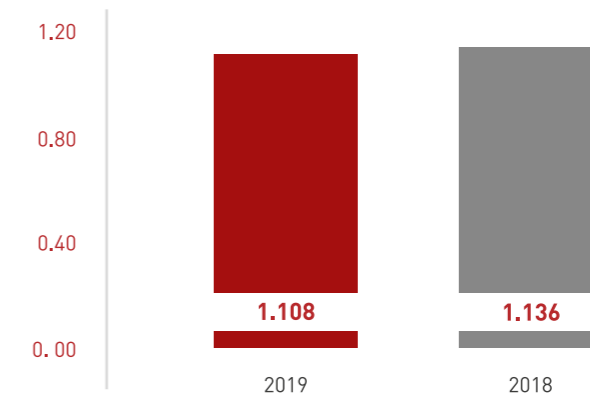


CURRENT RATIO
CURRENT ASSETS/CURRENT LIABILITIES

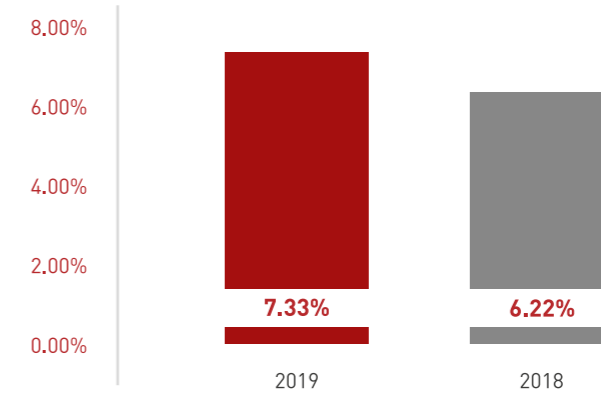


DIRECTORS' REPORT - Consolidated Financial Statements

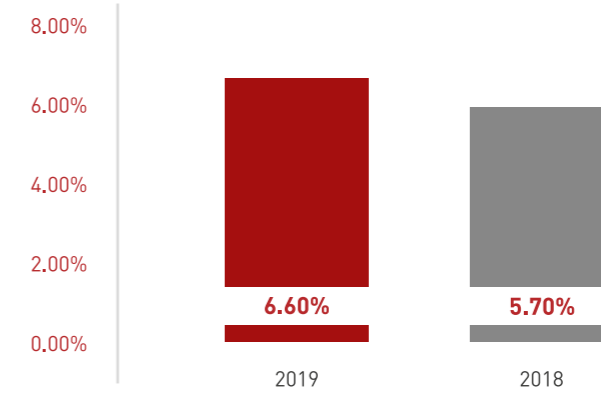
QUICK RATIO



EBITDA



EBIT



COMMENTS

The production volume at 31 December 2019 of Euro 217,5 million is up by 4.59 % compared to the figure for 2018. Certain projects that entered the phase of full operation contributed to this result, after the initial one for the planning and organisational preparation, as well as the operating activity in the Trentino-Alto Adige region through Carron Bau S.r.l., which showed an increase by 45.5% in 2019 compared with the previous year.

As highlighted for 2018, due to lengthy organisation procedures of some Contracting Authorities, some orders have been significantly delayed during start-up, essentially due to interruptions in the proceedings of the contracting authorities with respect to the initial schedules (*Treviso Hospital, Fermo Hospital, H Farm*), preventing the full achievement of the industrial plan objectives, involving the shift of the production in 2020. The contribution of civil construction, in terms of production value, proved to be prevalent (84%) as evidence of the fact that in the market there were no significant works in the infrastructure sector that the Group could pursue.

The income dynamic has recorded significant overall progress and **the EBITDA has gone from 6.22% in 2018, for a value of Euro 12.9 million, to 7.33% in the year 2019, recording an increase of 23.2 %, with a value of Euro 15.9 million.**

The operating margin has improved, thanks to targeted interventions in the acquisition of the most profitable orders. There was also the positive contribution to improved margins from the “*real estate closed*” (nursing homes) operation, limited in 2019 to the Turin initiative, of which the characteristics and commercial tools made it possible to improve operational measures in relation to traditional procurement activities, on the basis of special product appraisal mechanisms that such operations potentially allow.

In some rare cases, the orders budget had to be revised, the execution of which envisaged negative trends, whose expected losses were entirely attributed to the financial year in order to sterilise the effects on the next years.

CONSOLIDATED BALANCE SHEET AND FINANCIAL DATA AT 31 DECEMBER 2019

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Intangible fixed assets	761	575	186
Tangible fixed assets	22,490	16,482	6,008
Financial fixed assets	1,206	570	636
Financial receivables due beyond twelve months and other securities	15,560	17,223	(1,663)
Trade receivables and other receivables due beyond twelve months	17,586	12,816	4,770
Fixed assets	57,603	47,666	9,937
Net working capital	5,347	1,469	3,908
Provisions for liabilities, staff severance indemnity, net long term debt	(2,871)	(2,687)	(184)
Net invested capital	60,078	46,417	13,661
Shareholders' equity	54,852	46,250	8,602
Net financial position vs banking system	4,258	(209)	4,467
Other financial payables vs leasing	968	376	592
Sources	60,078	46,417	13,661

INVESTED CAPITAL

The net invested capital amounts to Euro 60.1 million (Euro 46,4 million in 2018), an increase of Euro 13.7 million, mainly due to value of works carried out within the Nursing Home sector and the progress of works on some construction sites which, due to the contractual conditions governing the relationship, recorded a slower turnover compared to the historical data, expanding the scope of current commercial assets, however without transferring that same effect to the current liabilities (in particular as regards the supplier segment).

FIXED ASSETS

For the purposes of reclassification of the financial statement values, non-current assets include intangible and tangible assets at their net value, as well as medium/long-term financial assets, typically represented by investments not included in the scope of consolidation, loan receivables and trade receivables due after 12 months.

At 31.12.2019, non-current assets amount to Euro 57,6 million (Euro 47,7 million at 31.12.2018), of which Euro 0,8 million for intangible assets (Euro 0,6 million at 31.12.2018), Euro 22,5 million for tangible assets (Euro 16,5 million at 31.12.2018), Euro 1,2 million for financial assets (Euro 0,6 million at 31.12.2018), Euro 15,6 million for financial receivables and due after 12 months and other securities (Euro 17,2 million at 31.12.2018), Euro 17,6 million for trade receivables and other securities due after 12 months (Euro 12,8 million at 31.12.2018), recording an overall increase, compared with the figure at 31.12.2018, of Euro 9,9 million.

The detailed analysis of the changes occurred is contained in the specific illustrative section of the “Explanatory notes to the financial statements” to which reference is made.

OPERATING WORKING CAPITAL (excluding financial assets and liabilities)

The operating working capital, given by the difference between current trade assets, amounting to Euro 124.9 million (receivables, inventories, work in progress and other assets) and current trade liabilities, amounting to Euro 119,60 million (suppliers, advances from customers and property promisee purchasers, trade payables and other payables), amounts to Euro 5,3 million and is made up as follows:

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Inventories	17,561	14,132	3,429
Work in progress	78,441	67,361	11,080
Trade receivables	18,122	23,492	(5,370)
Receivables due from controlled consortium companies	464	565	(101)
Receivables from associated companies	2,215	1,901	314
Receivables due from controlled companies by the parent company	3	-	3
Tax receivables	1,530	3,310	(1,780)
Receivables for prepaid taxes	246	102	144
Receivables due from others	5,440	3,104	2,336
Current financial assets	102	122	(20)
Accruals and deferrals	803	943	(140)
Total current trade assets	124,928	115,031	9,895
Advances received	38,196	33,807	4,389
Trade payables	68,047	66,485	1,562
Payables due to controlled companies	222	4,245	(4,023)
Payables due to associated companies	3,961	2,762	1,199
Tax payables	4,629	1,475	3,154
Payables due to pension and social security institutions	1,211	1,167	44
Other payables	3,257	3,582	(325)
Accruals and deferrals	56	70	(14)
Total current trade liabilities	119,580	113,593	5,986
Net working capital at 31.12.2019	5,347	1,469	3,908

The net working capital goes from Euro 1,4 million at 31.12.2018 to Euro 5,3 million at 31.12.2019, marking an increase of Euro 3,9 million.

INVENTORIES

The inventories item includes the value of land (15.9 million euros), on which a nursing home facility in Piedmont and a commercial building in Emilia-Romagna will be built, both between 2020 and 2021.

WORK IN PROGRESS

This item includes medium/long-term contracts that are valued based on fees accrued with reasonable certainty, according to the percentage of work completed, applying the cost-to-cost method.

CURRENT TRADE ASSETS

Amounted to a total of 124.9 million euros and increased by 9.9 million euros compared to 31.12.2018 (115.1 million euros). The incidence index is 57.4% on production value. The value of "Inventories" and "Work in progress" accounts for 62.8% of "Total current business assets" (58.6% at 31.12.2018) highlighting a high current financial requirement given by the nature of the elements of which it is composed (land and construction works in progress) according to the different turnover ratios between the business cycle (fast) and the financial cycle (slow) of the underlying performances (in the financial statements it is represented by the sale of real estate in sales contracts for future assets).

NET WORKING CAPITAL

The increase was impacted by the presence, in its composition, of works with slow financial turnover related to the underlying nature of the contracts governing their execution, in this case called "sale of future assets", the final payment of which takes place when they come into existence and related sale by notarial deed. The trend of net working capital is impacted by the way in which the activity is carried out, which varies according to the specific conditions that govern the contracts of companies carrying out the works, of the contractual relationships with suppliers and subcontractors and, in general, of third parties with whom the company deals in carrying out activities. The rotation speed of turnovers is different and, in almost all cases, the business cycle has a faster turnover speed than the financial cycle.

SHAREHOLDERS' EQUITY

At 31.12.2019 the Group shareholders' equity, consisting of the share capital and the legal and optional reserves, amounts to Euro 54,9 million, recording an increase of Euro 8,6 million compared with the figure at 31.12.2018 (Euro 46,3 million). Please refer to the explanatory notes for further information.

NET FINANCIAL POSITION*(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Cash and cash equivalents	75	67	8
Cash and cash equivalents held in banks	37,922	26,739	11,183
Liquidity	37,998	26,805	11,193
Short-term bank debt	(26,150)	(10,568)	(15,582)
Non-current bank loans	(16,105)	(16,028)	(77)
Net financial position towards the lending system	(4,258)	210	(4,468)
Receivables due from controlled companies after 12 months	400	-	400
Receivables due from associated companies after 12 months	103	103	0
Receivables due from other companies after 12 months	12,533	14,102	(1,569)
Financial position towards others	13,035	14,205	(1,170)
Total net financial position	8,777	14,414	(5,637)

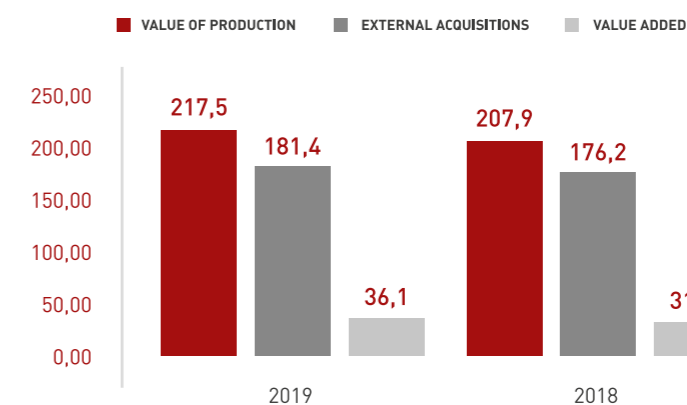
The Group's financial position vis-à-vis the banking system increased by Euro 4,5 million, from Euro (+) 0,2 million at 31.12.2018 to Euro (-) 4,3 million at 31.12.2019. The overall position, which includes financial receivables and payables from/to other companies and from/to associated companies, amounted to Euro + 8,8 million, a decrease of Euro - 5,6 million compared with 31.12.2018 (Euro 14,4 million).

NOTES TO THE INCOME STATEMENT**Reclassification of the income statement - "value-added approach"**

The following reclassification highlights the intermediate results of economic management by highlighting the "Value added", the "Gross operating margin or Ebitda", the "Operating margin or Ebit" and the result for the year:

(In thousands of Euro)

DESCRIPTION	2019	%	2018	%
VALUE OF PRODUCTION	217,479	100.00	207,937	100.00
Costs for acquisitions	(181,350)	(83.39)	(176,222)	(84.75)
VALUE ADDED	36,129	16.61	31,715	15.25
Labour costs	(17,913)	(8.24)	(17,162)	(8.25)
Sundry operating expenses	(1,923)	(0.88)	(1,533)	(0.74)
Other provisions	(357)	(0.16)	(89)	(0.04)
EBITDA	15,937	7.33	12,931	6.22
Depreciation	(1,088)	(0.50)	(851)	(0.41)
Amortisation, depreciation and write-downs	(499)	(0.23)	(231)	(0.11)
EBIT	14,351	6.60	11,850	5.70
Financial income and (charges)	(492)	(0.23)	1,291	(0.62)
Revaluations (write-downs)	(785)	(0.36)	(616)	(0.30)
Profit before tax	13,074	6.01	12,525	6.02
Income taxes	(3,959)	(1.82)	(3,552)	(1.71)
Net profit for the year	9,115	4.19	8,973	4.32

Income statement

Production in 2019 records an increase by 4.59 % compared to the previous year, from Euro 207,9 million to Euro 217,5 million.

Costs for external acquisitions of goods and services amounted to Euro 181,4 million, accounting for 83.39% of the value of production (Euro 176,2 million, accounting for 84.75% in 2018).

Value added amounted to Euro 36,1 million, which corresponds to 16.61 % of the value of production, against Euro 31,7 million in the previous year (15.25% of the value of production).

The item “value of production” is broken down as follows:*(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Sales and services revenues	204,325	171,518	32,806
Changes in work in progress	11,079	35,884	(24,805)
Changes in product inventories	(99)	(760)	(661)
In-house work	438	88	350
Other revenues and income	1,736	1,207	529
Total value of production	217,478	207,937	9,542

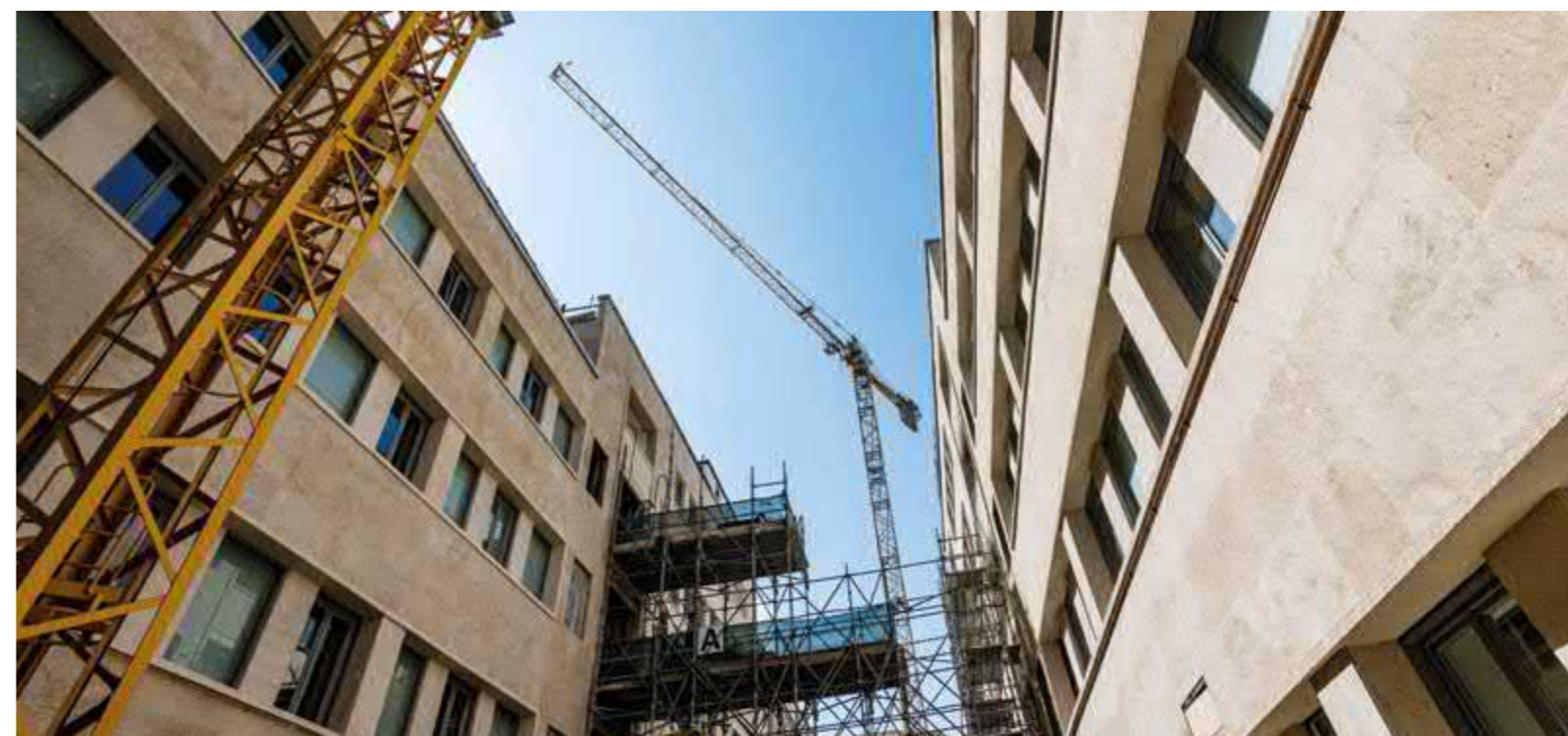
The item “production costs” is broken down as follows:*(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Raw and ancillary materials	44,750	28,908	15,841
Services	134,669	140,393	(5,724)
Use of third-party assets	5,458	5,240	218
Changes in inventories	(3,527)	1,681	(5,208)
Total external purchases	181,350	176,222	5,128
Labour costs	17,913	17,162	751
Amortisation and depreciation, risk provision and write-downs	1,586	1,081	505
Other provisions	357	89	268
Sundry operating expenses	1,923	1,533	389
Total production costs	203,128	196,087	7,041

DIRECTORS' REPORT - Consolidated Financial Statements**The item “value added” is broken down as follows:***(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Value added	36,129	31,715	4,414
Compensation for work	(17,913)	(17,162)	(751)
Sundry operating expenses	(1,923)	(1,533)	(390)
Other provisions	(357)	(89)	(268)
EBITDA	15,937	12,931	3,006
Depreciation	(1,088)	(851)	(237)
Amortisation, depreciation and write-downs	(499)	(231)	(268)
EBIT	14,351	11,850	2,501
Financial income and (charges)	(492)	1,291	(1,783)
Write-downs	(785)	(616)	(169)
Profit before tax	13,074	12,525	549
Taxes	(3,959)	(3,552)	(407)
Shareholder's net income	9,115	8,973	142

EBITDA for the year showed an increase, from 6.22% at 31.12.2018 to 7.33% at 31.12.2019, especially due to the contribution of the activities carried out in the Nursing Home sector during the year.



INFORMATION REQUESTED BY THE PROVISIONS OF LEG. DECREE 32/2007, IMPLEMENTING DIRECTIVE 2003/51/EC AMENDING ARTICLE 2428 OF THE ITALIAN CIVIL CODE

INDICATOR	2019	2018
Ratio of current assets to current liabilities Current assets/current liabilities	1.116	1.141
Equity to fixed assets ratio Shareholders' equity/Fixed assets	0.952	0.971
Ratio of fixed assets to total assets Fixed assets/net assets	0.261	0.252
Flexibility of net assets Current assets/net assets	0.739	0.748
Overall debt ratio Shareholders' equity/Total liabilities	0.331	0.323
Debt to equity ratio Shareholders' equity/Net financial position vis-à-vis lenders	10.49	277.3
Acid test Current assets-stocks/Current liabilities	1.108	1.136
Total debt ration Total liabilities/ Shareholders' equity	3.020	3.097
Current debt position Net working capital/Shareholders' equity	30.85%	37.94%
Financial debt/Ebitda Financial position vis-à-vis lenders/gross operating margin	0.328	0.013
Ebitda/Financial payables Gross operating margin/financial position vis-à-vis lender	3.049	77.532

OPERATING PERFORMANCE THROUGH ASSOCIATED AND CONTROLLED COMPANIES**Investments in consortium companies**

The investee consortium companies indicated under the item "Financial assets not held as fixed assets" in the Balance Sheet, represent corporate instruments through which the Group companies, as principals or contractors of Temporary Business Associations, perform the services deriving from the contracts acquired. As per the operating procedure, the purpose of the consortium companies is to carry out contract work, thus primarily meeting organisational and operational requirements of associated companies.

The consortium companies take over from the Temporary Business Associations by right, without this constituting a transfer of the contract. As for their responsibilities, in the case of "horizontal" Temporary Business Associations, all the companies, principals and contractors are bound by the bond of solidarity in fulfilment of the obligation (indivisible and unitary) assumed. It follows that, since all the companies are equally co-contractors and jointly liable for the entire contracted work (the pro-quota quantitative subdivision of the contracted work has merely internal relevance), the contracting entity can legitimately request the entire service from each debtor, with the exception of internal regressions (each company belonging to the TBA can, after complying in full, take action against the other companies according to contractual shareholdings).

On the contrary, in the case of a "vertical" TBA, joint and several liability does not involve all companies, jointly, but the principal company for its share of work and the contractor holding company.

By their nature, consortium companies are non-profit organisations as they act in the exclusive interest of the companies grouped together in the temporary consortium ("A.T.I.") to which they "charge back" the entire cost of their operations without any remuneration for their work. The financial and earnings effects of operations are therefore entirely attributed to the participating companies in proportion to their shareholding.

OTHER INFORMATION**Status of the dispute**

The civil litigation situation regarding the group's activities, supported by the assessments of the designated lawyers, does not give rise to particular concerns, given that the pending litigations and their very modest value are not deemed to influence or prejudice the economic and financial situation of the companies belonging to the Group.

Tax situation

From 17 June to 26 November 2015, an audit of the accounts of Carron Cav. Angelo S.p.A., the most important investee company, was conducted by the Guardia di Finanza - Venice Tax Police Unit (Italian financial police - Venice tax police unit) - concerning VAT, income taxes and other taxes, for the 2013 tax period and for the period from 01.01.2014 until the date of access.

In 2018, following the notification of the assessment notices for the objections referring to the year 2012 and the notification with invitation to consent to the objections referring to the year 2013, the company Carron S.p.A. signed the relevant consent agreement, the effect of which was recorded in 2018.

The findings for the 2014 and 2015 tax years of the above company were remedied by voluntary disclosure in the month of September 2019. At present, all positions resulting from the aforementioned Guardia di Finanza (Italian financial police) tax audit report served on 26.11.2015 have been closed following settlement, consent agreement and voluntary disclosure.

With regard to the pending appeal case against an assessment for the 2006 tax year of the company Carron Cav. Angelo S.p.A., with a disputed amount for IRES (corporate income tax) purposes of € 660,000, the company, on 28.05.2019, took advantage of the benefits of the settlement concessions under Article 6 of (Italian) Legislative Decree 119/2018, proceeding with the payment in instalments of the tax being settled. On 20.12.2019 the Veneto CTR (regional tax tribunal) declared the case dismissed due to discontinuance of the proceedings. The related debt due for the instalment payment was recorded under liabilities.

Risk management policies

The Carron Group's business is generally subject to various operational, counterparty and contract risks, as well as financial risks:

Operational risks

In this case, the risks that could affect the creation of value and due to an inefficient and/or ineffective management of business operations were taken into account, in particular those connected with the management of offers and the actual execution of orders. The various risk areas that fall into this category include the planning of offers, warehouse management and logistics, as well as risks related to the management of IT systems, planning and reporting, effective supply chain and personnel management, also with reference to health and safety, the environment, human rights and local communities. These risks may occur if, during the bidding and/or order implementation process, policies and procedures of the business entities are not sufficiently adequate to manage the risk factors arising from the degree of complexity of the project, or as a result of unforeseeable events. To this end, the activity carried out is aimed at controlling these risks from the analysis phase of the commercial initiative to be undertaken (bidding) with a view to assessing the risk-return of the project in case of award and its impact on the portfolio configuration, both in terms of concentration and overall risk profile. In this context, among other activities, a pre-bid assessment is carried out to identify potential risks and consequent impacts related to the project, as well as to identify the necessary mitigation and/or contingency measures to cover risks. The risk recognition activity is then performed again during the award phase and monitored and updated during execution of the order to swiftly detect evolution of the risk exposure and promptly adopt appropriate mitigation measures.

Counterparty risk

The size and/or technical capability of the counterparty indicates the potential problems connected with relations with customers, shareholders, subcontractors and suppliers of the Group companies, giving as complete a picture as possible of the characteristics of partners with whom to start or continue a collaboration. For each of these types of counterparties, the risk factors connected with financial and operational reliability take on more or less significance, in addition to the strategic role that may be assumed by a collaboration as opposed to a specific business initiative, as well as everything connected with legal, compliance and applicable standards (ethics, quality, health and safety, environment, human rights) to protect the regularity of the relationship.

Order risk

This aspect is crucial for an effective analysis of all the risks arising from the Group's core business, to define which instruments to use to identify and monitor the so-called order risks from the bidding phase, with a view to risk prevention as part of an in-depth risk assessment of opportunities linked to the pursuit of a specific initiative. It is also fundamental to constantly monitor risks once they have been understood by the management, by proactively and dynamically managing the resulting risk exposure and the continuous evolution that this may undergo over time.

Financial risks

These risks can be classified as follows:

- Market risk (price of raw materials and fluctuation of share prices)
- Credit risk
- Exchange rate risk
- Interest rate risk
- Liquidity risk

The management of the Group's financial risks is carried out within the framework of specific organisational directives that govern the management of the aforementioned risks and the control of all the operations that have strict relevance in the composition of financial and/or commercial assets and liabilities.

Group companies do not have any derivative financial instruments, nor are there any specific financial, price, credit or liquidity risks other than those deriving from operating activities.

The Group has a minimal exposure to interest rate risk, which therefore only affects the return on financial liquidity. There is no exposure to exchange rate risk as operations are carried out and revenues are produced exclusively in Italy, and the main costs incurred are in euros.

There are no particularly significant credit risk areas; the operating procedures allow to control the credit risk, selecting the execution of contracts and/or services on behalf of customers who have an adequate level of credit and guarantees. Therefore, the maximum exposure to credit risk is represented by the book value in the financial statements.

The Group is exposed, to a non-significant extent, to fluctuations in the price of raw materials and services; this risk is managed by the operating companies through the use of a large supplier base enabling the best market conditions and through the conclusion, where possible, of procurement contracts that contain limitation clauses for risks related to the trend of raw material costs.

The risk areas relating to the protection of the health and safety of workers are managed in strict compliance with the laws and regulations.

Quality - Environment - Safety

The tools that allow to increase the efficiency of the quality system have assumed an increasing importance within the Group and also in the year 2019 maximum attention was placed on strengthening this aspect by implementing all the measures dictated by the regulations in force.

To this end, the Group systematically updates the "Integrated Management System (IMS) - Quality, Environment and Safety". The system therefore complies with the new international standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and BS OHSAS 18001:2007. The three management systems are certified in accordance with the standards for the construction sector, for the following activities:

- Design, construction, renovation and maintenance of construction, infrastructural (road and railway) and hydraulic engineering works;
- Restoration of real estate under protection.

The relevant certificates were issued by ASACERT (an independent certification body in accordance with international standards ISO/IEC 17021). Certifications are maintained annually and renewed every three years.

The Group operates using the certified Quality Management System, also with regard to the Environment and Safety.

The system has been pre-established in order to achieve general objectives with the aim of:

- Rationalising and optimising both management and executive activities consistent with the new organisation of the Group, by implementing the use of computerised processes;
- Minimising errors;
- Guaranteeing customer satisfaction, namely by assuring customers that the work, in technical and economic terms, is accomplished and maintained with the required quality, and also allowing external verification on the Integrated Management System;
- Orienting corporate culture towards environmentally-friendly behaviour (control and rationalisation of the consumption of water and energy resources, correct management and separation of waste and waste produced) and operated in compliance with the binding legislation and the voluntary regulatory framework (UNI EN ISO 14001);
- Pursuing the best possible conditions in terms of health and safety in the workplace and hygiene of the environments in which the personnel operates, in compliance with the requirements of current legislation and the voluntary framework (BS OHSAS 18001);
- Managing their activities also with the aim of preventing accidents, injuries and work-related diseases and safeguarding the health of workers, company assets, third parties and the community in which the Group companies operate, thereby arranging the purchase, operation and maintenance of machines, plants and equipment, the organisation of workplaces, and the definition of operating methods and organisational aspects, with a view to continuous improvement;
- Ensuring the widest possible dissemination of all information notices regarding health and safety risks in the workplace and the intervention procedures in emergency situations that may harm persons or the environment;
- Reducing the general negative environmental impacts during the performance of activities through an assessment of the same already in the planning phase and through an accurate selection, assessment and awareness-raising of suppliers and contractors;
- Seeking clear and direct forms of internal and external communication that give evidence of transparent behaviour and are founded on respect and collaboration;
- Seeking the satisfaction of all internal and external stakeholders;

DIRECTORS' REPORT - Consolidated Financial Statements

- Maintaining the certification of the company's Integrated Management System.

The Integrated Management System policy is based on compliance with several general concepts:

- Participation and involvement at all levels, based on the critical nature of the tasks and responsibilities of each operator;
- Continuous improvement, both in terms of satisfying customer requirements and the effectiveness of the Integrated Management System;
- Planning and review of company objectives.

In particular, the objectives and resources used to achieve them are defined yearly on a corporate basis following the review of the Integrated Management System and can be updated in relation to organisational and process changes, or strategic choices relating to the market policy of the company. The achievement of objectives is monitored on the basis of parametric values in order to objectively evaluate the achievement and take decisions based on factual information.

Particular attention is paid to the environmental and safety aspects in the workplace by applying the Management System, with constant actions by all personnel involved, assisted by the Internal Prevention and Protection Service composed of a supervisor and 3 employees.

The main actions are summarised as follows:

- Education, communication and training activities for all workers (office employees, labourers, technicians, supervisors, managers, emergency workers, workers with specific duties, prevention and protection service supervisor and staff, workers' representatives) in compliance with current legislation, including updates and supplementing with appropriate alternative training in order to improve knowledge and apply safety in the workplace;
- Supplier qualification, also and above all, in terms of legality and the absence of mafia infiltrations (through verification of registration to prefectural 'white lists' or through the Unindustria trade association by means of the legality protocol), and qualifying safety with a careful analysis of the documentation for verifying technical and professional suitability and the operational safety plan;
- Continuous maintenance and control of machines and equipment in compliance with current legislation, standards adopted and internal procedures in order to always have efficient machines and equipment and avoid accidents in the workplace;
- Management of chemical products through the acquisition of the relative safety data sheets, their updating, subsequent distribution and application of the requirements set out;
- Analysis of the planned work on site, drafting of the operational safety plans and subsequent updating according to the progress of the site;
- Systematic surveillance and monitoring in the workplace to comply with the provisions of the safety plans and the current legislation on safety in the workplace;
- Investigation of any accidents, injuries and dangerous behaviour or situations in order to establish the causes and implement appropriate preventive and corrective actions.

Human resources

The Group's dedicated departments pay constant attention to staff development by dedicating time and customised measures to improving know-how and skills, with the aim of enhancing customer satisfaction and initiating new projects and business areas.

The purpose of HR management is to guarantee the effective and efficient use of resources, with reference to both the quantitative and qualitative aspects of the personnel, providing mutual benefit for the companies and their people. For this to be effective, it is necessary to ensure, at the various levels of the organisation, that the individual, professional and organisational skills of those persons holding positions of responsibility correspond to and are consistent with expected performance.

Training and development

The objective of staff training is of significant importance, especially regarding aspects governed by regulations in relation to technical and professional skills and managerial behaviour.

The training activity in 2019 is the result of careful assessments of the needs expressed by the business lines and functions of the Group companies.

The investment made in terms of training hours and personnel involved was significant. Technical training courses, language training courses and refresher courses for personnel in the administration and control department have been provided, in accordance with relevant legislation, its evolution and the practical application of the relative frameworks.

White list registration

The operating companies belonging to the Group are registered in the list of suppliers, service providers and operators not subject to mafia infiltration attempts, operating in the sectors most exposed to risk (the so-called white list) as identified in Article 1, Paragraphs 53 and 54 of Law no. 190 of 6 November 2012 and concerning the following sectors:

- transport of materials to landfill on behalf of third parties;
- extraction, supply and transport of soil and inert materials;
- packaging, supply and transport of concrete and bitumen;
- hiring of machinery without operator;
- supply of wrought iron;
- hiring of machinery with operator;
- road haulage on behalf of third parties;

Registration on the white list, which is voluntary, fulfils the requirements of anti-mafia certification for carrying out the activities for which registration has been ordered and is therefore subject to the following conditions:

- Absence of one of the causes of forfeiture, suspension or prohibition pursuant to Art. 67 of Legislative Decree no. 159 of 6 September 2011 (Anti-mafia Code);
- Absence of any mafia infiltration attempts designed to influence the company's choices and intentions pursuant to Art. 84, Paragraph 3, of the Anti-Mafia Code.

Legality rating

The "Autorità Garante della Concorrenza e del Mercato" (the Italian Competition Authority) has attributed to the operating companies of the Carron Group a legality rating, which carries a maximum score of three stars.

The legality rating is a new tool introduced in 2012 for Italian companies, aimed at promoting and introducing principles of ethical behaviour by assigning a rating on compliance with the law to requesting companies and, more generally, on the level of attention paid to the proper management of business. A sufficient legality rating level can help companies obtain benefits in terms of the granting of public funding and easier access to bank lending.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2019

- Please refer to the "Business Outlook" paragraph for information on the events that occurred after the closing of the financial year.

It is also hereby specified that:

- The company does not own any treasury shares, neither directly nor through a trust company or third party;
- over the course of the year, the company did not buy or sell treasury shares, neither directly nor through a trust company or third party.

BUSINESS OUTLOOK

As is known, since January 2020 the national and international scenario has been marked by the spread of Coronavirus and the consequent restrictive measures for its containment implemented by the public authorities of the countries concerned. These circumstances, extraordinary by nature and extent, have direct and indirect repercussions on economic activity and have created a context of general uncertainty, the evolution and effects of which are unpredictable. As far as the evolution of management is concerned, on the basis of the projects in portfolio, the data and the indicators for the 2020 financial year, production of approximately 300 million euros was planned, with a significant increase compared to the 2019 financial year, also in terms of percentage returns, considering the business potential in the nursing home facility sector. In particular, as a result of the restrictive measures issued by the Italian government, work on construction sites involving Carron Group companies was stopped from 16 March 2020 to 4 May 2020, the date on which they resumed operations. The closure of construction sites for this period is expected to determine a postponement of part of the production forecast for the current financial year to the 2021 financial year. It is therefore reasonable to assume that for the 2020 financial year, even if the value cannot be determined, there will be a contraction in revenues and earnings, not offset by a proportional reduction in expenses due to the presence of fixed costs, and therefore a reduction in profits. The financial situation of the companies belonging to the Group and the Group as a whole will allow to face the new scenario on valid assumptions, in line with profitability targets to be considered adequate for 2020.

The Sole Director of the consolidating company - Carron Holding S.r.l.

Marta Carron



CONSOLIDATED FINANCIAL STATEMENTS
AT 31.12.2019
BALANCE SHEET AND INCOME STATEMENT

2019 CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	31.12.2019	31.12.2018
B		
FIXED ASSETS		
I) Intangible fixed assets		
1 start-up and expansion costs	12,856	-
3 industrial patents and intellectual property rights	130,758	60,622
7 Others	616,970	513,925
TOTAL INTANGIBLE ASSETS	760,584	574,547
II) Tangible fixed assets		
1 Land and buildings	19,478,713	14,070,424
2 Plants and machinery	1,215,999	1,330,711
3 Industrial and commercial equipment	878,376	298,037
4 Other assets	916,496	783,587
TOTAL TANGIBLE FIXED ASSETS	22,489,584	16,482,759
III) Financial fixed assets		
1 Equity investments in:		
a) controlled companies	94,666	116,491
b) associated companies	673,219	13,020
d-bis) other companies	437,770	440,371
Total equity investments	1,205,655	569,882
2 Receivables:		
a) controlled companies	400,000	0
b) from associated companies	102,800	102,800
Total receivables from associated companies	502,800	102,800
d-bis) from others	12,532,730	14,102,031
Total other accounts receivable	12,532,730	14,102,031
Total receivables	13,035,530	14,204,831
3 Other securities	2,222,503	2,713,096
Total other securities	2,222,503	2,713,096
TOTAL FINANCIAL FIXED ASSETS	16,463,688	17,487,809
B) TOTAL FIXED ASSETS	39,713,856	34,545,115
C		
CURRENT ASSETS		
I) Inventories		
1 Raw and ancillary materials and consumables	16,974,662	13,447,812
3 Work in progress to order	78,440,608	67,361,137
4 Finished products and goods	585,978	684,875
TOTAL INVENTORIES	96,001,248	81,493,824
II) Receivables		
1 Trade receivables		
a) due within one year	18,122,387	23,491,616
b) due after one year	12,810,645	12,785,892
Total trade receivables	30,933,032	36,277,508
2 From controlled companies		
a) due within one year	464,414	565,045
Total receivables due from controlled companies	464,414	565,045

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	31.12.2019	31.12.2018
3 From associated companies		
a) due within one year	2,215,226	1,900,585
b) due after one year	4,744,982	-
Total receivables from associated companies	6,960,208	1,900,585
5 from companies subject to the control of the parent company		
a) due within one year	2,727	-
Total receivables due from controlled companies	2,727	-
5-bis Tax credits		
a) due within one year	1,529,883	3,309,859
b) due after one year	30,381	29,889
Total tax credits	1,560,264	3,339,748
5-ter Prepaid taxes	246,412	101,807
Total prepaid taxes	246,412	101,807
5-quater Due from others		
a) due within one year	5,439,962	3,103,812
b) due after one year	302,166	304,672
Total other accounts receivable	5,742,128	3,408,484
TOTAL RECEIVABLES	45,909,185	45,593,177
III) Current financial assets		
1 Equity investments in controlled companies	6,677	11,852
2 Equity investments in associated companies	87,507	82,307
4 Other equity investments	7,796	27,796
TOTAL CURRENT FINANCIAL ASSETS	101,980	121,955
IV) Cash and cash equivalents		
1 Bank and post office deposits	37,922,126	26,739,050
3 Cash and cash equivalents on hand	75,375	66,858
TOTAL CASH AND CASH EQUIVALENTS	37,997,501	26,805,908
C) TOTAL CURRENT ASSETS	180,009,914	154,014,864
D		
ACCRUALS AND DEFERRALS	803,322	942,577
TOTAL ASSETS	220,527,092	189,502,556

BALANCE SHEET

LIABILITIES	31.12.2019	31.12.2018
A SHAREHOLDERS' EQUITY		
I Share capital	1,000,000	1,000,000
IV Legal reserve	200,000	-
VI Other reserves, with corresponding details		
- Statutory reserves	3,090,595	-
- Reserves of investee companies	39,372,772	35,235,283
IX Profit (loss) for the year	7,990,683	8,077,097
TOTAL SHAREHOLDERS' EQUITY	51,654,051	44,312,380
Third-party capital and reserves	2,073,103	1,042,206
Profit (loss) for the year attributable to third parties	1,124,408	895,897
Total third-party's equity	3,197,511	1,938,103
TOTAL CONSOLIDATED SHAREHOLDERS' EQUITY	54,851,562	46,250,483
B PROVISIONS FOR LIABILITIES AND CHARGES		
2 Provision for taxes, also deferred	767,298	722,455
4 other provisions	1,407,027	1,197,400
B) TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	2,174,325	1,919,855
C STAFF SEVERANCE INDEMNITY	696,665	767,322
D PAYABLES		
4 Payables due to banks		
a) due within one year	26,150,318	10,568,157
b) due after one year	16,105,252	16,028,223
Total payables due to banks	42,255,570	26,596,380
5 Payables due to other lenders		
a) due within one year	289,536	139,229
b) due after one year	679,093	237,084
Total payables due to other lenders	968,629	376,313
6 Advances		
a) due within one year	36,256,332	25,681,878
b) due after one year	1,940,000	8,125,000
Total advances	38,196,332	33,806,878
7 Trade payables		
a) due within one year	68,047,923	66,318,948
Total trade payables	68,047,923	66,318,948
9 Payables due to controlled companies		
a) due within one year	221,720	4,244,920
Total payables due to controlled companies	221,720	4,244,920
10 Payables due to associated companies		
a) due within one year	3,961,292	2,927,620
Total payables due to associated companies	3,961,292	2,927,620
12 Tax payables		
a) due within one year	4,628,926	1,474,755
Total tax payables	4,628,926	1,474,755

CONSOLIDATED FINANCIAL STATEMENTS

BALANCE SHEET

LIABILITIES	31.12.2019	31.12.2018
13 Payables due to pension and social security institutions		
a) due within one year	1,210,645	1,166,955
Total payables due to pension and social security institutions	1,210,645	1,166,955
14 Other payables		
a) due within one year	3,239,084	3,574,407
b) due after one year	18,070	8,070
Total other payables	3,257,154	3,582,477
D) TOTAL PAYABLES	162,748,191	140,495,246
E ACCRUALS AND DEFERRALS	56,349	69,650
TOTAL LIABILITIES	220,527,092	189,502,556

INCOME STATEMENT

	31.12.2019	31.12.2018	
A	VALUE OF PRODUCTION		
1	Sales and services revenues	204,324,742	171,518,455
2	Changes in inventories of work in progress, semi-finished and finished goods	[98,897]	[759,831]
3	Changes in contract work in progress	11,079,471	35,884,148
4	Increases in fixed assets for in-house production	437,717	87,606
5	Other revenues and income	1,735,623	1,206,547
	TOTAL VALUE OF PRODUCTION (A)	217,478,656	207,936,925
B	PRODUCTION COSTS		
6	For raw and ancillary materials, consumables and goods	44,749,680	28,908,441
7	For services	134,669,208	140,392,764
8	For use of third-party assets	5,457,571	5,239,726
9	For personnel:		
	a) salaries and wages	12,802,727	12,414,502
	b) social security contributions	4,270,756	3,984,720
	c) staff severance indemnity	685,598	672,440
	d) other costs	153,504	90,418
	Total personnel costs	17,912,585	17,162,080
10	Amortisation, depreciation and write-downs		
	a) amortisation of intangible fixed assets	85,863	84,149
	b) depreciation of tangible fixed assets	1,001,753	766,501
	c) Write-downs of current receivables and cash equivalents	498,541	230,813
	Total amortisation, depreciation and write-downs	1,586,157	1,081,463
11	Changes in inventories of raw and ancillary materials, consumables and goods	[3,526,850]	1,680,734
13	Other provisions	357,081	88,681
14	Sundry operating expenses	1,922,636	1,533,349
	TOTAL PRODUCTION COSTS (B)	203,128,068	196,087,238
	DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	14,350,588	11,849,687
E	FINANCIAL INCOME AND CHARGES		
15	Income from equity investments		
	A) from others	54,500	50,000
	Total income from equity investments	54,500	50,000
16	Other financial income		
	a) income other than the above	181,937	1,736,616
	Total other financial income	181,937	1,736,616
17	Interest and other financial charges		
	- from controlled companies not included in the scope of consolidation		(146,034)
	- from others	(728,089)	(349,723)
	Total interest and other financial charges	(728,089)	(495,757)
	TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 + 17)	(491,652)	1,290,859

CONSOLIDATED FINANCIAL STATEMENTS

INCOME STATEMENT

	31.12.2019	31.12.2018	
F	VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
19	Write-downs::		
	a) of shares	[785,040]	[616,016]
	Total write-downs	(785,040)	(616,016)
	TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES (18 - 19)	(785,040)	(616,016)
	RESULT BEFORE TAKES (A - B + C +-D)	13,073,896	12,524,530
20	Current, deferred and prepaid income taxes for the year		
	a) current taxes	(4,440,684)	(3,735,135)
	b) deferred and prepaid taxes	481,880	183,599
	Total current, deferred and prepaid income taxes for the year	(3,958,804)	(3,551,536)
21	PROFIT (LOSS) FOR THE YEAR	9,115,092	8,972,994
	GROUP'S PROFIT (LOSS) FOR THE YEAR	7,990,684	8,077,097
	PROFIT (LOSS) FOR THE YEAR ATTRIBUTABLE TO THIRD PARTIES	1,124,408	895,897

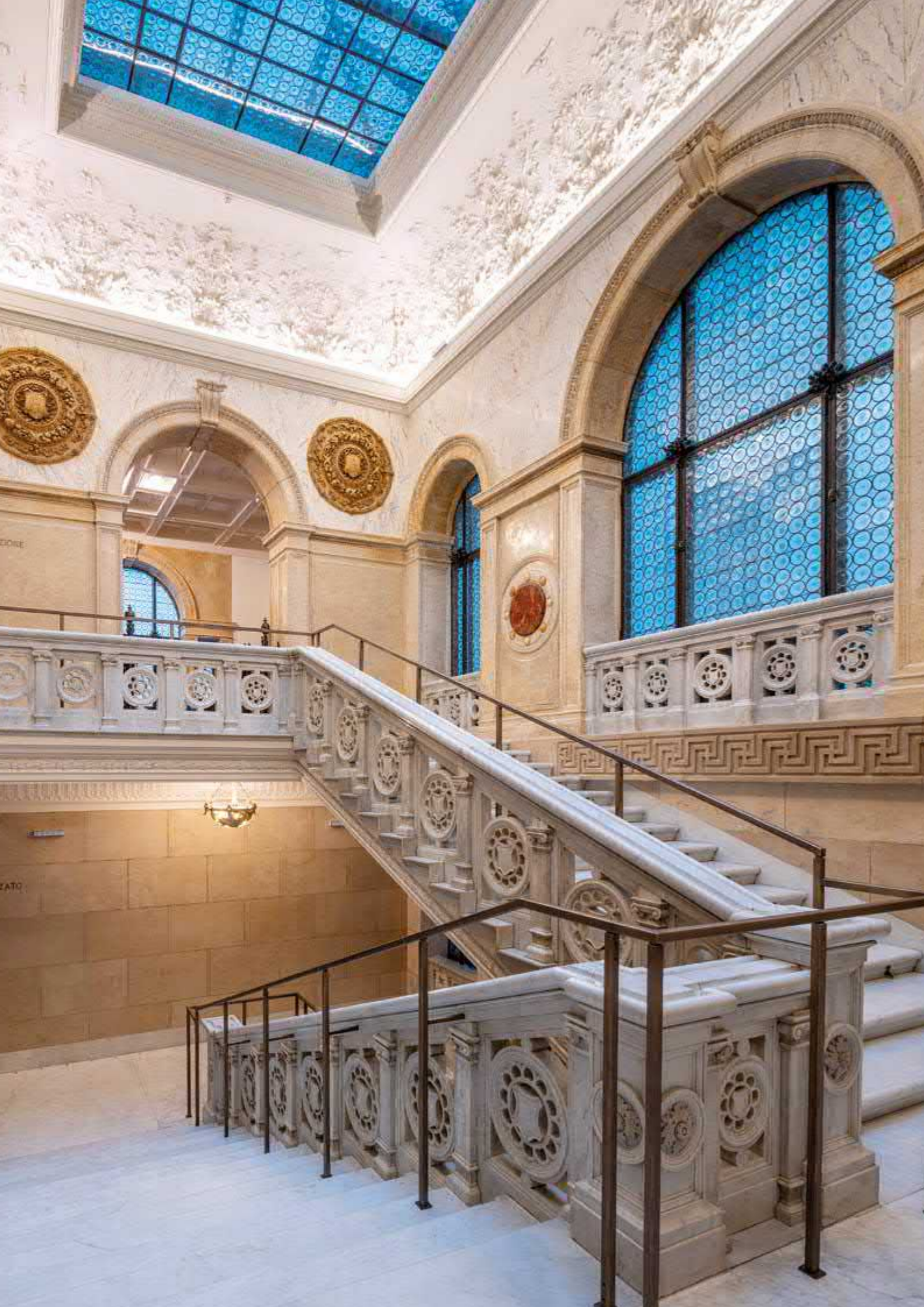
CASH FLOW STATEMENT

KEY ITEMS	2019	2018
A Cash flow from operating activities (indirect method)		
Profit (loss) for the year	9,115,092	8,973,980
Income taxes	3,339,777	3,551,536
Interest payable (Interest receivable)	546,152	(1,386,893)
Other financial charges (income)	-	(1,736,616)
(Gains)/Losses from the disposal of assets	(4,500)	95,961
1 Profit (loss) for the year before income taxes, interest, dividends and gains/losses from disposals	12,996,521	9,497,968
Adjustments for non-monetary items without an offsetting counterpart in net working capital		
Allocations to provisions	209,627	142,349
Amortisation and depreciation of fixed assets	1,087,616	850,650
Write-downs due to value impairments	785,040	616,016
Other adjustments	(34,643)	-
Total adjustments for non-monetary items	2,047,640	1,609,015
2 Cash flow after changes to net working capital	15,044,161	11,106,983
Changes to net working capital		
(Increase) or decrease in inventories	(14,507,424)	(33,443,582)
(Increase) or decrease in trade receivables	1,040,367	4,621,649
(Increase) or decrease in accrued income and prepaid expenses	140,604	631,390
Increase or (decrease) in trade payables	4,538,746	(12,896,839)
Increase/(Decrease) in advances from customers	4,389,454	23,923,872
Other decreases/(Other increases) in net working capital	(3,578,098)	(1,684,416)
Increase or (decrease) in accrued liabilities and deferred income	(13,301)	55,793
Total changes in net working capital	(7,989,652)	(18,792,133)
3 Cash flow after changes to net working capital	7,054,509	(7,685,150)
Other adjustments		
Collected/(paid) interest	(703,152)	1,162,893
Financial income received	-	1,736,616
(Income taxes duly paid)	(4,451,827)	(3,735,134)
Increase or (use) of staff severance indemnity fund	(215,262)	(141,499)
Total other adjustments	(5,370,241)	(977,124)
FINANCIAL FLOW FROM OPERATING ACTIVITIES (A)	1,684,268	(8,662,273)
B Cash flows from investment activity		
Tangible fixed assets		
(Investments)	(2,169,447)	(917,642)
Divestments	-	19,975
Intangible fixed assets		
(Investments)	(259,044)	(155,687)
Divestments	-	1,179
Financial fixed assets and other securities		
(Investments)	(900,000)	(4,989,262)
Divestments	24,426	680,000

CONSOLIDATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT

KEY ITEMS	2019	2018
Current financial assets		
(Investments)	(3,309,947)	-
Divestments	1,699,276	-
CASH FLOW FROM INVESTMENT ACTIVITY (B)	(4,914,736)	(5,361,437)
C Cash flows from financing activity		
Third-party financing		
Increase (decrease) in short-term payables due to banks and other lender	614,602	4,277,855
Raising finance	41,700,600	16,376,313
(Repayment of loans)	(26,868,141)	(5,136,811)
Equity		
Paid share capital increase	-	245,000
(Dividends and advances on dividends paid by the parent company or to minority shareholders)	(1,025,000)	(310,000)
CASH FLOW FROM FINANCING ACTIVITY (C)	14,422,061	15,452,357
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	11,191,593	1,428,647
INITIAL CASH AND CASH EQUIVALENTS	26,805,908	25,377,261
FINAL CASH AND CASH EQUIVALENTS	37,997,501	26,805,908



EXPLANATORY NOTES
CONSOLIDATED FINANCIAL STATEMENTS
AT 31.12.2019



Introduction

Carron Holding S.r.l. was established at the end of June 2018 as part of the plan to reorganise the ownership structure of the Carron Group. Therefore, these are the Group's second consolidated financial statements.

Carron Holding S.r.l. is the parent company carrying out the management and coordination activities of the controlled companies operating in the construction industry, in line with the respective company purpose.

At the date of presenting these explanatory notes, the shareholders owning a stake in the share capital of Carron Holding S.r.l. are:

Diego Carron

Direct shareholding of 80%

Arianna Carron

Direct shareholding of 5%

Paola Carron

Direct shareholding of 5%

Marta Carron

Direct shareholding of 5%

Barbara Carron

Direct shareholding of 5%

PREPARATION AND ACCOUNTING CRITERIA USED FOR THE CONSOLIDATED FINANCIAL STATEMENTS

The consolidated financial statements at 31 December 2019, made up of the Balance Sheet, Income Statement, Cash Flow Statement and these Explanatory Notes, have been drawn up in compliance with the provisions of (Italian) Legislative Decree no. 127/91, which implemented the VII Directive of the European Union in Italy, and are accompanied by the Directors' Report, which includes the tables with information on the reclassified balance sheet and income statement, in summary form, as well as the description of the nature of company activities, business outlook and all other information required by law.

To interpret and integrate legal provisions, reference was made to the national accounting standards issued by the "Organismo Italiano di Contabilità" (O.I.C. - the "Italian Accounting Board") and the relative documents issued.

Applying the principle of prudence has led to the individual assessment of elements making up the individual asset and liability items, in order to avoid any compensation among items that should be recognised and profits that should not be recognised as not yet realized.

For the purpose of accounting records and in compliance with the principle of accrual-basis accounting, the effect of transactions and other events is attributed to the year to which said transactions and events refer and not to the year in which the relative cash flows take place (collections and payments).

Continuing to use the same accounting criteria over time is necessary in order to allow for the Company's financial statements to be comparable over different years.

Pursuant to art. 2427, point 22-ter of the (Italian) Civil Code, it is hereby specified that the Group does not have any off-balance-sheet agreements in place that could lead to significant risks and/or benefits and which would otherwise need to be described in order to better understand the consolidated financial statements.

The consolidated financial statements are accompanied by the Directors' Report, prepared in accordance with article 2428 of the (Italian) Civil Code. Please refer to the Directors' Report for information about the nature of the company's activities, a description of events after the reporting date and the business outlook, as well as for all other information required by law.

As required by applicable legislation, the consolidated financial statements at 31st December 2019 have been drawn up in Euro and are based on accounting entries recorded in Euro cents. When drawing up the financial statements, accounting figures expressed in Euro cents were transformed into figures expressed in Euro through rounding; the mathematical sum of the different amounts is allocated to Shareholders' Equity reserves.

Monetary values are therefore indicated in these Explanatory Notes in Euro, unless otherwise specified, therefore this document contains rounded figures. Consequently, homogeneous data presented in different tables may undergo modest variations and some totals, in some tables, may not be the algebraic sum of the respective addends.

Exceptions

Financial statement items were assessed without recourse to exceptions, pursuant to article 2423, paragraph 4, and article 2423-bis, paragraph 2, of the (Italian) Civil Code.

Consolidation principles

The consolidation principles adopted to draw up the consolidated financial statements are as follows:

- As part of the first consolidation, in accordance with the "line-by-line" consolidation method, the book value of consolidated equity investments was eliminated against the shareholders' equity of the investee companies valued at current values. The difference between the purchase cost of the equity investments and the relative portion of shareholders' equity, as at the time of purchase, was recorded under the specific asset and liability items based on the relevant valuations. Any negative residual difference was recorded under a shareholders' equity item called the "Consolidation reserve"; if positive, and unable to be allocated to specific asset and liability items in the balance sheet, this difference was recorded under "Goodwill" or, in the absence of a future useful life, charged to the Income Statement;
- Assets, liabilities, costs, expenses, revenues and income of companies included in the scope of consolidation using the "line-by-line" consolidation method, were recorded in full in the consolidated financial statements, regardless of the parent company's percentage shareholding;
- Dividends, revaluations and write-downs of equity investments included in the scope of consolidation, as well as capital gains and losses on intra-group sales of said equity investments were removed;
- When calculating the Group's shareholders' equity and result for the year, the amounts relating to third-party shareholders were highlighted in specific balance sheet and income statement items;
- Receivables, payables, costs, expenses, revenues and income relating to companies included in the scope of consolidation were subject to elimination, as were the guarantees, commitments and risks relating to the companies in question;
- Profits and losses deriving from transactions between companies included in the scope of consolidation that were not yet realized as at the reporting date, were subject to elimination. Profits and losses were not eliminated if the relative amounts were insignificant;
- No changes were made to the consolidation principles compared with the previous year.

In order to draw up the consolidated financial statements, the financial statements of all Group companies at 31 December 2019 were used, all of which had already been approved by the respective Boards of Directors, with any necessary adjustments being made in order to ensure uniform accounting criteria for consolidation purposes. Lastly, there are no companies that close their financial year on a different date to the reporting date of the consolidated financial statements, which would otherwise require specific interim annual financial statements to be prepared.

SCOPE OF CONSOLIDATION

The scope of consolidation includes the financial statements of the parent company and the companies over which it has direct or indirect control, pursuant to article 26 of (Italian) Legislative Decree no. 127/91.

At 31.12.2019, the Group comprises the following companies that are consolidated using the "full consolidation" method:

Company	Headquarters	% Shareholding
Carron Holding S.r.l. Activity: Holding and management of equity investments	San Zenone degli Ezzelini (TV)	Parent company
Carron Cav. Angelo S.p.A. Activity: construction of buildings and infrastructure on its own behalf and on behalf of third parties	San Zenone degli Ezzelini (TV)	100.00%
Carron BAU Srl Activity: construction of buildings and infrastructure on its own behalf and on behalf of third parties	Varna (BZ)	70.00%
Prennhof Società Agricola a r.l. Activity: agricultural activity	Varna (BZ)	70.00% indiretta

Please find below the list of equity investments in controlled companies not included in the scope of consolidation with the related reason for exclusion:

Company name	Headquarters	Share capital	% Equity investment	reason for exclusion
Carron Swiss S.A.	Switzerland	92,039	100.00%	(4)
Carron Gest S.r.l.	San Zenone degli Ezzelini (TV)	100,000	70.00%	(3)
Forte Joint Venture	Malta	10,000	52.00%	(4)

Reason for exclusion

- (1) Heterogeneity of the activity carried out
- (2) Limitation in exercising control
- (3) Irrelevance of the controlled company
- (4) Company in liquidation or subject to bankruptcy proceedings
- (5) Shares or quotas held exclusively for subsequent sale
- (6) Other

The controlled company Carron Swiss SA and the equity investment in Forte JV are excluded from the scope of consolidation as neither recorded operations during 2019 and both are also currently subject to liquidation proceedings and the sale of their business. Both are recorded in the financial statements for the corresponding portion of shareholders' equity. The equity investment in the company Carron Gest S.r.l. is also excluded from the scope of consolidation, as it is not relevant considering that it started its operating activities only in the second part of the financial year 2019 and that the related balance sheets do not include financial payables to third parties. It should also be noted that for Carron Gest S.r.l. negotiations are currently underway for the sale of the shareholding to external parties.

The controlled and associated companies established as a consortium among competitors who come together pursuant to article 93 of (Italian) Presidential Decree no. 207/2010, in order to carry out all or part of a given work contract as a single unit, are also not included in the scope of consolidation, since they do not appear to have a significant effect on the values of the Group's consolidated financial statements.

It is also noted that through the "charge back" mechanism, the economic/financial performance of

EXPLANATORY NOTES - Consolidated Financial Statements

consortium companies are already reflected pro-quota in the financial statements of the shareholders and that these entities do not have a significant financial debt towards third parties in their balance sheets. The relative equity investments are valued at cost and are included among financial assets under "Current asset" items ("Current financial assets").

Pursuant to art. 37 of (Italian) Legislative Decree no. 127/91, there are joint ventures that need to be included in the scope of consolidation using the "proportional method".

No changes have been made to the consolidation principles compared with the previous year.

Associated companies

Associated companies are companies over which the Group exerts significant influence, which is presumed to exist if a shareholding involves between 20% and 50% of the voting rights.

Equity investments in associated companies are valued using the "Shareholders' Equity" method and are initially recorded at cost. Subsequent changes are recorded in the following way:

- book values of these equity investments are in line with the Shareholders' Equity and include the greater values attributed to the assets and liabilities and any goodwill identified upon acquisition;
- profits and losses pertaining to the Group are recorded on the date when the significant influence or joint control began and until the date when the significant influence or joint control cease; if, due to losses, the company valued using the method in question records negative Shareholders' Equity, then the book value of the equity investment is written-off and any excess pertaining to the Group, should the latter be committed to fulfilling the legal or implicit obligations of the investee company, or in any case to covering its losses, shall be recorded in a dedicated provision. Any balance sheet changes for companies valued using the "Shareholders' Equity" method, which are not represented by the Income Statement, are recorded directly as an adjustment to Shareholders' Equity reserves.

Company	Headquarters	% Equity investments
Consorzio Vie Del Mare	Mestre (VE)	25%
Europont Srl Activity: lease with installation of scaffolding for construction	Laives (Province of Bolzano)	34.3%

Other companies

Equity investments in other companies other than controlled and associated companies (generally with a shareholding of less than 20%) are valued at cost, reduced to reflect any value impairment.

Company name	Headquarters	Share capital	% Equity investments
Strada del Mare S.p.A.	Jesolo (VE)	720,000	4.55%
Parcheggio Piazza Vittoria S.r.l.	Milan	2,000,000	5.00%
Cons. Nogara Mare - in liquidation	Venice	600,000	5.98%
New Jersey S.r.l.	Vicenza	150,000	5.08%
Ospedal Grando S.r.l.	Padua	11,000,000	2.50%

Use of estimates

When drawing up the consolidated financial statements, the Directors had to use accounting principles and methods which, in some circumstances, were based on difficult and subjective assessments and estimates based on past experience and assumptions that are considered reasonable and realistic on a case-by-case basis, depending on the relative circumstances. Using these estimates and assumptions affected the amounts reported in the Financial Statement tables, including the Balance Sheet, Financial Position and Income Statement, as well as the explanatory notes provided. The final results of the Financial Statement entries which used the aforementioned estimates and assumptions may differ from those reported in future financial statements, due to the uncertainty that characterises the assumptions and the conditions on which said estimates are based.

The accounting principles and Financial Statement items that require greater subjectivity than others when making estimates and for which a change in the conditions underlying the assumptions may have a significant impact on the Group's consolidated financial statements, are as follows:

- **taxes:** (current and deferred) income taxes are calculated in accordance with a prudent interpretation of applicable tax legislation. In turn, this process leads to complex estimates on the calculation of taxable income and the deductible and taxable temporary differences between book values and values for tax purposes. In particular, the assessment as to whether assets will be recovered for prepaid taxes, recorded in relation to both tax losses to be used in future years and deductible temporary differences, takes into account the estimate of expected future taxable amounts;
- **write-down of receivables:** the recoverability of receivables is assessed by taking into account the risk of said receivables not being paid, how long they have been in place for and the losses on similar types of receivables recorded in the past;
- **work in progress risks:** the Group operates in industries with complex contractual frameworks; to better support estimates, the Group uses management systems to analyse contract risks aimed at identifying, monitoring and quantifying the risks related to carrying out said contracts;
- **legal disputes:** provisions for disputes are the result of a process based on an assessment of the likelihood of losing a case;
- **revenues** are recognised based on the fees agreed in proportion to the progress of the work. The estimate of the expected contract margin is a complex valuation process which involves identifying the various risks inherent to operating activities, market conditions and all other elements necessary to quantify future costs and expected time frames to complete the project.

In particular, the following accounting criteria were used to prepare the financial statements:

INTANGIBLE FIXED ASSETS

Subject to the prior consent of the Board of Statutory Auditors where necessary, intangible fixed assets are recorded at their acquisition cost or production cost, net of amortisation. Ancillary costs are included in the purchase cost. The production cost includes all costs directly attributable to the product and other costs, for the reasonably attributable portion, up to the time the asset is ready for use.

They consist of non-monetary, clearly identifiable assets without physical substance, controllable and capable of generating future economic benefits.

These elements are recorded at cost, inclusive of directly attributable ancillary costs necessary to make the assets available for use. The useful life of each intangible asset is determined at the time of initial recognition. The estimated useful life of an asset is reviewed annually and any adjustments, where necessary, are made on a prospective basis.

EXPLANATORY NOTES - Consolidated Financial Statements

Intangible assets are shown net of accumulated amortisation and of any value impairments, as determined according to the methods described below. Amortisation begins when the asset is ready for use and is systematically allocated according to the residual possibility of using the asset, i.e. based on its useful life.

If an asset is sold, or when no future economic benefits are expected from its use, it is derecognised and any profit or loss (calculated as the difference between the sale value and the relative net book value) is recognised in the Income Statement in the year of derecognition.

TANGIBLE FIXED ASSETS

Property, plants and machinery, equipment and other assets are recorded at cost including any directly attributable ancillary costs which are necessary to make the asset ready for its intended use. If there are current obligations in place, the cost is increased by the current value of the estimated cost for the decommissioning and removal of the asset.

Expenses incurred for ordinary and/or recurring maintenance and repairs are directly charged to the Income Statement in the year in which they are incurred. Costs incurred for the expansion, modernisation or improvement of owned or third-party structural elements are only capitalised to the extent that they meet the requirements for being classified separately as an asset or part of an asset. Property, plants and machinery are shown net of accumulated depreciation and of any value impairments, as determined based on the methods described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset, which is reviewed annually. Any adjustments, where necessary, are made on a prospective basis.

The estimated useful life of the main property, plants and machinery is indicated below:

	Useful life of the tangible asset
Buildings	33 anni
General equipment	10 anni
Operator machinery and specific equipment	7 anni
Excavators and mechanical loaders	5 anni
Light constructions	8 anni
Metal formwork	4 anni
Workshop equipment	10 anni
Electrical and electronic instruments and levels	2,5 anni
Miscellaneous minor equipment	2,5 anni
Office furniture and ordinary office equipment	8 anni
Electromechanical and electronic office equipment	5 anni
Computers and electronic telephone systems	5 anni
Transport vehicles	5 anni
Cars	4 anni

Land, whether free of constructions or annexed to civil and industrial buildings, is not depreciated as it has an unlimited useful life.

If an asset is sold, or when no future economic benefits are expected from its use, it is derecognised and any profit or loss (calculated as the difference between the sale value and the relative net book value) is recognised in the Income Statement in the year of derecognition.

Some categories of assets reflect the revaluations made under (Italian) Law no. 342/2000. Real estate assets recognized as tangible fixed assets in the Company's financial statements at 31/12/2007, and again in the 2008 financial statements, were subject to revaluation in accordance with (Italian) Decree Law no. 185 dated 29/11/2008, art. 15, paragraphs 16 and 22.

Tangible fixed assets purchased by exercising the purchase option at the end of a financial lease are recognised at the amount paid to exercise said right.

Gains or losses on the sale of assets, if referring to the sale or write-off of relatively insignificant capital goods used in the company's ordinary activities, are recognised in the income statement under "other revenues" or "sundry operating expenses", respectively.

Accounting for financial leasing - The Group has adopted the provisions of OIC 17, therefore leasing contracts are valued using the "financial lease" method. The costs of assets used through operating leases, in which the lessor substantially maintains all the risks and benefits associated with ownership of the assets, are recorded on a straight-line basis in the income statement throughout the life of the leasing contract.

INVENTORIES

Inventories of raw, ancillary and consumable materials are valued and recorded at either their cost, calculated using the LIFO method, or their value based on market prices, whichever is lower, in accordance with applicable statutory and tax laws.

Buildings to be sold (finished products) and work in progress are valued at either their cost, calculated as above, or their normal market value, whichever is lower; if a preliminary agreement has been signed, the building has been completed and delivered to the other party, and provided that a significant cash flow has been received from the promissory buyers, the buildings to be sold are valued at the amounts agreed in the preliminary agreement.

Advances and deposits received from the parties to a preliminary agreement are recorded as liabilities in the balance sheet and are recognised as revenues at the time the notarial deed is concluded.

CONTRACT WORK IN PROGRESS

This item includes medium/long-term contracts that are valued based on fees accrued with reasonable certainty, according to the percentage of work completed, applying the cost-to-cost method. Any losses on contracts that are estimated with reasonable approximation are entirely deducted from the value of the work in progress in the year in which they become known. If this loss exceeds the value of the work in progress, the Company makes a special provision for liabilities and charges that is equal to the excess loss. Any likely losses are recognised in the year in which they become foreseeable, on the basis of an objective and reasonable assessment of existing circumstances. Losses are recognised regardless of the stage of completion of the contract. No such losses have been offset with positive margins expected on other contracts. For the purpose of recognising losses, contracts are therefore considered individually. Additional fees are only included among contract revenues if the client has formally accepted the additional charges by the reporting date; or, if there is no formal acceptance, if it is highly probable as at the reporting date that the request for additional fees will be accepted on the basis of the most recent information available and past experience. Sums received from clients while carrying out the work, which are a form of financial advance, are recorded as liabilities in the balance sheet, under a specific "advances from customers" item, while those paid to subcontractors are recorded under this item as "advances".

Contract work in progress is recognised net of any write-down provisions and/or final losses, as well as of the advances on the contract in progress, paid by Clients on the basis of duly accepted Work Progress Reports, the amounts of which are recognised as Revenues.

EXPLANATORY NOTES - Consolidated Financial Statements

If the provision for final losses for an individual contract exceeds the value of the work recognised as an asset in the balance sheet, then this excess shall be allocated to the provisions for liabilities and charges.

Future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

Contract revenues include the contractually agreed fees, any work variations, price alterations, incentives and any claims, to the extent to which they are reasonably certain to arise and can be determined in a reliable way.

In this regard, the relative assessments were carried out with reference to:

- specific legislation on public works;
- contractual clauses;
- the progress of negotiations with the customer and the probability of said negotiations having a positive outcome;
- technical-legal investigations, if necessary due to the complexity of specific cases; these may be carried out with the help of external consultants and are aimed at confirming the validity of the assessments made.

CONTRACT COSTS

Contract costs include all costs directly relating to the contract, the costs that may be attributable to contract activities in general and that can be allocated to the contract itself, in addition to any other costs that may be specifically charged to the customer on the basis of contractual clauses. Costs also include:

- pre-operational costs, i.e. costs incurred in the initial phase of the contract before construction work begins (depending on the case in question, tendering costs, design costs, costs for organising and launching production, construction site installation costs).
- post-operating costs incurred after completing the contract (construction site removal, return of machinery/plants to the head office).
- costs for services to be performed after completion of the works, remunerated as part of the contract referring to the contract activities (such as periodic maintenance, assistance and supervision in the initial periods of operation of the individual works).
- future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

RECEIVABLES

Receivables are recorded in the financial statements based on the amortised cost method, taking into account the time factor and the presumable realizable value. The amortised cost method is not applied when the effects are irrelevant, i.e. when the transaction costs, commission paid between the parties and any other difference between the initial value and the value upon expiry are not very significant or if the receivables are short-term (meaning that they are due within 12 months).

Some trade receivables, upon initial recognition, without the payment of interest, or bearing interest that is significantly different to market rates, and the related revenues, are initially recorded at the value calculated by discounting future cash flows to the market interest rate. The difference between the initial value recorded for the receivable, calculated in the above way, and the value when due is reported through a dedicated shareholders' equity reserve.

The value of receivables, as calculated above, may be altered, if necessary, using a bad debt provision, to directly reduce the value of the receivables themselves, in order to adjust them to their presumable

realisable value. The write-down amount at the reporting date is equal to the difference between the book value and the value of estimated future cash flows, reduced by the amounts that are not expected to be collected, discounted by the receivables original effective interest rate (i.e. the effective interest rate calculated when the receivable was first recorded).

The write-down amount is recorded in the income statement.

CURRENT FINANCIAL ASSETS

Current financial assets are recorded at the lower of their purchase cost, including ancillary costs, or their estimated realizable value, which is derived, where possible, from market performance or other market indicators. The item also includes:

- Investments in controlled companies;
- Investments in associated companies.

These investments mainly refer to controlled and associated companies established as a consortium. Information on their evaluation criteria has already been shown.

ACCRUED INCOME AND PREPAID EXPENSES

These are expressed on an accrual basis, in compliance with the principle of matching expenses and revenues.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities represent liabilities of a specific nature whose existence is probable, the values of which are estimated, while the provisions for charges represent liabilities of a specific nature whose existence is certain, the amount or date of which is estimated, related to obligations already undertaken at the reporting date, but which will be paid in subsequent financial years. Provisions for liabilities and charges are recorded in the income statement under the operating items to which the transaction refers, as the criterion of classifying costs by nature applies. The amount allocated to the provisions is measured with reference to the best estimate of costs, including legal fees, at each reporting date. If, when measuring the provisions, a range of variable values is obtained, then the provision shall be the best estimate between the upper and lower limits of the range of variable values. The subsequent use of a provision is directly booked to the provision and is only recognised for the expenses and liabilities for which the provision was originally created. Any negative differences with respect to the charges actually incurred are recognised in the income statement in line with the original provision, while if the surplus is the result of positive business developments, the elimination or reduction of the excess provision is accounted for as income in the category of the same nature.

These Provisions for Liabilities and Charges include taxes, including deferred taxes, that reflect the expenses estimated to settle the ongoing tax dispute, and the deferred tax provision calculated in relation to income from short-term contracts, which, for statutory accounting purposes, is measured based on the percentage of completion of the work, but, for tax purposes, is subject to taxation upon completion of the contract.

EXPLANATORY NOTES - Consolidated Financial Statements

The item "Other provisions" refers to:

- the costs estimated to complete contracts, which normally refer to:
 - costs for dismantling the construction site, i.e., costs for removing the installations;
 - costs for bringing machinery back to our headquarters;
 - costs for the transport of unused materials to another site or to our headquarters, including losses on abandoned materials;
- costs for testing the work carried out;
- charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;
- post-delivery maintenance costs relating to the work, if stated in the contract;
- charges for contractual guarantees.
- and furthermore:
 - costs for dealing with legal disputes;
 - costs for remedying any non-conformities and defects in relation to the works that arise within two years after provisional testing, which may be eliminated at the expense of the contractor (pursuant to articles 1667/1668 of the Italian Civil Code).

STAFF SEVERANCE INDEMNITY PROVISION

The item "staff severance indemnity" shows the amount that employees would be entitled to receive if they ceased to be employed at the reporting date. The indemnities for length-of-service represented by this item, namely the provision for the year and the annual revaluation of the existing provision, are determined in accordance with applicable laws and regulations. Staff severance indemnity is recorded in the relevant liability item (C) and the relative provision is recorded in the corresponding income statement item (B9). It should be noted that the changes made to the staff severance indemnity regulations by (Italian) Law no. 296 ("2007 Budget Law") and the subsequent implementing Decrees and Regulations, had an impact on the accounting criteria applied to the shares of severance indemnity accrued at 31 December 2006 and to those accrued from 1 January 2007 for the consolidated Carron Cav. Angelo which, following the reform, recorded an increase in the item in question only as a result of the revaluation amount of the provision, due to the fact that, after 2007, almost all the indemnities were paid either to supplementary pension funds or to the Treasury Fund held at INPS (Italian National Social Security Institution), depending on the choice made by each individual worker. For the other companies of the Group, the legislation in question has not had any impact since, as provided for by the same legislation, for companies who at the date of entry into force of the legislation with fewer than 50 employees, both the TFR (severance pay) provisions accrued at 31 December 2006 and those accrued from 1 January 2007 continue to remain within the company for employees who did not opt to pay into a complementary fund.

PAYABLES

Payables are recorded based on the amortised cost method, taking into consideration the time factor. This criterion is not applied to financial payables that already existed before (Italian) Legislative Decree no. 139/2015 (the so-called "financial statement decree") came into force, which still had an effect as at 1st January. These payables are recorded at their nominal value. The amortised cost method is not applied to payables if their effects are irrelevant. Effects are considered irrelevant for short-term payables (meaning that they are due within 12 months). For more details on the amortised cost method, please refer to the information provided in the section on receivables.

Payables for holidays accrued by employees and for deferred remuneration, inclusive of the amount due to social security institutions, are allocated on the basis of the amount that should be paid out in the event of employment being terminated at the reporting date.

REVENUES

Revenues generated by the sale of goods are recorded upon substantial and not formal transfer of ownership, taking the transfer of risks and benefits as reference criteria to define "substantial transfer".

Revenues generated by the sale of products and goods or service provision relating to the company's ordinary activities are recorded net of returns, discounts, rebates and bonuses, and net of taxes directly connected to the sale of products and provision of services.

Revenues for the provision of services, or related to services established in contracts, are recognised upon completion and/or accrual, or on the basis of duly approved and certified Work Progress Reports. Transactions with related parties are carried out under normal market conditions.

COSTS

Costs are accounted for on an accrual basis, regardless of the date of collection and payment, net of returns, discounts, rebates and bonuses.

COMMITMENTS, GUARANTEES AND RISKS

Personal guarantees, distinguished between sureties and other personal guarantees, are reported in the explanatory notes for the amount of the actual commitment; in addition to commitments and risks, transactions relating to all the commitments and risks existing at the reporting date are also reported. The details are shown in a specific table at the end of the comments in the "Balance Sheet Liabilities" section.

INCOME TAXES

Taxes for the year are calculated on the basis of a realistic estimate of taxes payable, in accordance with current tax regulations. Deferred and prepaid taxes are calculated on the temporary differences between the value attributed to an asset or liability according to statutory accounting criteria and the value attributed to said asset or liability for tax purposes.

Prepaid tax assets are only recorded if there is reasonable certainty that, in the years in which the deductible temporary differences will be reversed, the taxable income will not be less than the amount of the differences that they will use. Deferred taxes, on the other hand, are recorded even if it is not very likely that the relative payable shall arise.

Payables for deferred taxes and receivables for prepaid taxes, if recorded, are recorded, respectively, under the fund for liabilities and charges or under receivables due from others among current assets in the balance sheet.

LEASED ASSETS

In compliance with the provisions of accounting standard OIC 17 (issued by the Italian Accounting Board), capital goods held under a financial lease are recorded by applying the "finance lease" method, which involves them being recorded as fixed assets, with depreciation in relation to their residual useful life; a corresponding financial payable is simultaneously recorded under liabilities. Likewise, the nature of the cost of leasing fees is reclassified from the item "costs for the use of third-party assets" to the items "depreciation of tangible fixed assets" and "financial charges" based on the relative share of reference.

EXPLANATORY NOTES - Consolidated Financial Statements**EMPLOYMENT FIGURES**

The group's headcount at 31.12.2019 is shown below:

	31.12.2019	31.12.2018	Variation
Senior managers	7	7	-
Junior managers	6	5	1
White-collar workers	159	159	-
Blue-collar workers	70	75	(5)
Others	3	4	(1)
Total	245	250	(5)



BALANCE SHEET - ASSETS**INTANGIBLE FIXED ASSETS**

At 31.12.2019, intangible fixed assets amounted to Euro 760,584, broken down as follows:

Description <i>(euro/1000)</i>	31.12.218	Increases	Decreases	31.12.219
Start-up and expansion	-	14	1	13
Industrial patent rights	61	86	16	131
Others	514	172	69	617
Total	575	272	86	761

The item "Start-up and expansion" costs reflects the charges incurred to establish companies; they are recorded at their historical costs and are amortised over five years.

START-UP AND EXPANSION COSTS	Amount
Historical cost	3
Depreciation from previous years	(3)
Balance at 31.12.2018	-
Purchases during the year	14
Divestments during the year	-
Amortisation for the year	(1)
Balance at 31.12.2019	13

The item "Industrial patent rights" includes the costs to purchase management software.

SOFTWARE	Amount
Historical cost	369
Depreciation from previous years	(309)
Balance at 31.12.2018	60
Purchases during the year	86
Divestments during the year	-
Amortisation for the year	(16)
Balance at 31.12.2019	130

The item "Other intangible fixed assets" includes the costs to improve the Villa Freya property, located in the municipality of Asolo, held under concession for a period of ninety-nine years, as well as the costs incurred to obtain SOA certifications.

OTHER INTANGIBLE FIXED ASSETS	Amount
Historical cost	783
Depreciation from previous years	(269)
Balance at 31.12.2018	514
Purchases during the year	172

EXPLANATORY NOTES - Consolidated Financial Statements

Divestments during the year	(49)
Reversal of provision for disposals	49
Amortisation for the year	(69)
Balance at 31.12.2019	617

TANGIBLE FIXED ASSETS

At 31.12.2019, they amount to Euro 22,489,584. The changes for each category of assets and the changes during the year as per the financial statements of the companies included in the scope of consolidation, are as follows:

Description <i>(euro/1000)</i>	31.12.2018	Purchases for the year	Disposals for the year	Use of provisions	Amortisation and depreciation for the year	Changes in the scope of consolidation	31.12.2019
Land and buildings	14,070	1,723			(333)	4,018	19,478
Plants and machinery	1,331	25	(2)	2	(139)		1,217
Industrial and commercial equipment	298	754	(55)	55	(174)		878
Other assets	784	496	(54)	46	(355)		917
Total	16,483	2,998	(111)	103	(1,001)	4,018	22,490

LAND AND BUILDINGS

Description <i>(euro/1000)</i>	Amount
Historical cost	15,566
Revaluation of assets pursuant to art. 185/2008	2,336
Depreciation from previous years	(3,832)
Balance at 31.12.2018	14,070
Purchases during the year	1,723
Divestments during the year	-
Amortisation for the year	(333)
Consolidation entries	4,018
Balance at 31.12.2019	19,478

The balance of the item "land and buildings" also includes the value of plots of land which, in line with the tax provisions introduced by [Italian] Decree Law no. 232/2006, are no longer subject to depreciation.

PLANTS AND MACHINERY

Description <i>(euro/1000)</i>	Amount
Historical cost	3,065
Monetary revaluation	9
Depreciation from previous years	(1,743)
Balance at 31.12.2018	1,331
Purchases during the year	25
Divestments during the year	(2)
Use of the provision for dismissals	2
Amortisation for the year	(139)
Balance at 31.12.2019	1,216

INDUSTRIAL AND COMMERCIAL EQUIPMENT

Description <i>(euro/1000)</i>	Amount
Historical cost	1,567
Monetary revaluation	128
Depreciation from previous years	(1,397)
Balance at 31.12.2018	298
Purchases during the year	754
Divestments during the year	(55)
Use of the accumulated amortisation for disposals	55
Amortisation for the year	(174)
Balance at 31.12.2019	878

OTHER ASSETS

Description <i>(euro/1000)</i>	Amount
Historical cost	2,492
Monetary revaluation	81
Depreciation from previous years	(1,790)
Balance at 31.12.2018	784
Purchases during the year	496
Divestments during the year	(54)
Use of the accumulated amortisation for disposals	46
Amortisation for the year	(355)
Balance at 31.12.2019	917

EXPLANATORY NOTES - Consolidated Financial Statements

Revaluation of tangible fixed assets

The total amount of revaluations, incorporated in the value of tangible assets, at the end of the year presents the following detail:

Description <i>(euro/1000)</i>	Revaluation pursuant to (Italian) law
Land and buildings	2,336
Plants and machinery	9
Industrial and commercial equipment	123
Other assets	78
Total	2,546



FINANCIAL FIXED ASSETS

EQUITY INVESTMENTS

The equity investments recorded under point III of the Balance Sheet are made up of the following:

Description <i>(euro/1000)</i>	31.12.2019
Controlled companies	95
Associated companies	673
Other companies	438
Total	1,206

More specifically:

Controlled companies:

Company name	Headquarters	Share capital	% Shareholding	Value
Carron Swiss SA in liq.	Switzerland	100,000 FR.	100.00	19,466
Forte JV in liq.	Malta	10,000	52.00	5,200
Carron Gest S.r.l.	S. Zenone degli Ezzelini (TV)	100,000	70.00	70,000
Total				94,666

Imprese collegate:

Company name	Headquarters	Share capital	% Shareholding	Value
Consorzio Vie del Mare	Mestre (VE)	50,000	25.00	13,020
Europont Srl	Laives (BZ)	400,000	49.00	660,199
Total				673,219

Altre imprese:

Company name	Headquarters	Share capital	% Shareholding	Value
Strada del Mare S.p.A.	Lido di Jesolo (VE)	720,000	4.55	25,474
Parking Piazza Vittoria S.r.l.	Milan	2,000,000	5.00	97,423
Consorzio NOG.MA. in liq.	Mestre (VE)	600,000	5.98	30,000
New Jersey S.r.l.	Vicenza	150,000	5.08	9,873
Ospedal Grando S.r.l.	Padua	11,000,000	2.50	275,000
Total				437,770

EXPLANATORY NOTES - Consolidated Financial Statements

DIFFERENCE BETWEEN THE PURCHASE COST AND THE PORTION HELD OF SHAREHOLDERS' EQUITY OF INVESTEE COMPANIES

Company name	value at 31/12/2019	shareholders' equity at 31.12.2019	profit (loss)	% shareholding	book value amount (bxd)	difference
	(a)	(b)	(c)	(d)	(e)	
Controlled companies						
Carron Swiss SA in liq. (**)	19,466	0	0	100.00%	-	(19,466)
Forte JV in liq. (**)	5,200	(28,982)	(38,982)	52.00%	(20,270)	(25,470)
Carron Gest S.r.l.	70,000	110,332	8,265	70.00%	77,232	7,232
Total	94,666	81,350	(30,717)		56,962	(37,704)
Associated companies						
Consorzio Vie del Mare (*)	13,020	50,000	0	26.04%	13,020	0
Total	13,020	50,000	0		13,020	0
Other companies						
Strada del Mare S.p.A. (*)	25,474	537,605	(17,574)	4.54%	24,407	(1,067)
Parch. Piazza Vittoria S.r.l. (*)	97,423	1,921,387	(13,929)	5.00%	96,069	(1,354)
Consorzio NOG.MA. in liq.	30,000	600,000	-	5.99%	35,928	5,928
New Jersey	9,873	1,552,043	(27,459)	5.08%	78,844	68,971
Ospedal Grando S.r.l. (*)	275,000	11,040,554	1,620,478	2.50%	276,014	1,014
Total	437,770	15,651,589	1,561,516		511,262	73,492

(*) The values indicated refer to the financial statements at 31.12.2018

(**) pending formal closing figures by the relevant bodies

NON-CURRENT RECEIVABLES

At 31.12.2019, receivables recorded under financial fixed assets amounted to Euro 13,035 thousand, recording a decrease of Euro 1,169 thousand compared with the figure at 31.12.2018, and are broken down as follows:

Description (euro/1000)	Value at 31.12.2018	Increases	Decreases	Value at 31.12.2019
Receivables from controlled companies				
Carron Gest S.r.l.	-	400	-	400
Total	-	400	-	400
Receivables from associated companies				
Consorzio Vie del Mare	31			31
Trento Tre S.c.a.r.l.	72			72
Total	103	-	-	103
Receivables due from others				
Immobilmarca S.r.l.	9,874	102		9,976
Pieve S.r.l. ora Five S.r.l.	250	8		258
New Jersey S.r.l.	99			99
Manus S.r.l. - interest-bearing loan	2,329		(229)	2,100
Galileo S.r.l.	100		0	100
Sima S.r.l. - interest-bearing loan	1,450		(1,450)	0
Total	14,102	110	(1,679)	12,533
Total	14,205	510	(1,679)	13,036

The receivable due from Immobilmarca S.r.l. mainly refers to loans granted to the company, which already belonged to the Group, while work was being carried out by Carron S.p.A. on its behalf.

This receivable is expected to be repaid gradually over the course of 2021-2023, awaiting the results to sell the debtor's real estate assets forming part of the commercial centre in Silea (TV), or the results of said company's activities to develop real estate for residential use in Riese Pio X (TV), which is currently being sold, and in Silea (TV), which is under construction and at an advance stage of sale.

Likewise, a total of Euro 12,811 thousand is expected to be returned for the remaining work contract fee for the work carried out by Carron S.p.A. On behalf of Immobilmarca S.r.l., as described below in the notes for the item "C.2 - "Current RECEIVABLES", meaning total repayments of Euro 22,787 thousand during the three-year period 2021 - 2023.

EXPLANATORY NOTES - Consolidated Financial Statements**OTHER SECURITIES**

The value of other non-current securities amounted to Euro 2,222 thousand. This item is broken down as follows:

Other securities (euro/1000)	Amount
Geminus investment fund (formerly Sansovino)	173
Fondo salute 2	2,050
Total	2,223

Other securities refer to shares in the "Geminus" real estate investment fund and the "Salute 2" real estate investment fund.

CURRENT ASSETS

At 31.12.2019, current assets were made up of the following:

Description (euro/1000)	31.12.2019	31.12.2018	Variation
Inventories	96,001	81,494	14,507
Receivables	45,909	45,593	316
Current financial assets	102	122	(20)
Cash and cash equivalents	37,998	26,806	11,192
Accruals and deferrals	803	943	(140)
Total	180,813	154,958	25,855

More specifically:

INVENTORIES

Description (euro/1000)	31.12.2019	31.12.2018	Variation
Raw and ancillary materials and consumables	16,975	13,448	3,527
Work in progress to order	78,441	67,361	11,079
Finished products and goods	586	685	(99)
Total	96,002	81,496	14,507

Contract work in progress is performed for an average of 18 months.

With regard to the accounting criteria adopted, please refer to the section entitled "ACTIVITIES FOR CONTRACT WORK IN PROGRESS" in the relevant section of these Explanatory Notes.

"Finished products and goods" include the material "stock" of construction sites at the end of the year, as well as a number of properties left over from real estate initiatives taken in the past.

"Raw materials" include the value of two pieces of land, at a purchase cost of Euro 15,921 thousand, where work will begin to construct two buildings in 2020. The legal-contractual configuration of the two operations, due to the fact that they are linked to contractually agreed work as a single unit, shall become relevant for the purposes of point 5) of accounting standard no.23 issued by the OIC (Italian Accounting Board) and shall instead be included, once construction is started, among "contract work in progress" in the financial statements.

RECEIVABLES

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Trade receivables	30,933	36,278	(5,344)
From controlled companies	464	565	(101)
From associated companies	6,960	1,901	5,060
From companies subject to the control of the parent company	3	0	3
For tax credits	1,560	3,340	(1,779)
For prepaid taxes	246	102	145
Due from others	5,742	3,408	2,334
Total	45,908	45,594	318

The breakdown of receivables by due date is as follows:

Description <i>(euro/1000)</i>	Within 12 months	After 12 months	Total
Trade receivables	18,122	12,811	30,933
Due from controlled consortium companies	464	-	464
Due from associated companies	2,215	4,745	6,960
From companies subject to the control of the parent company	3	0	3
For tax credits	1,530	30	1,560
For prepaid taxes	246	-	246
Due from others	5,440	302	5,742
Total	28,020	17,888	45,908

Trade receivables due after twelve months, amounting to Euro 12,811 thousand, refer to the residual fee for the contract work carried out by Carron Cav. Angelo S.p.A. vis-à-vis the associated company Immobiliarca S.r.l., which no longer belongs to the group's scope of consolidation following the spin-off completed by Carron Cav. Angelo S.p.A. in 2017.

This receivable is due to be repaid gradually over the course of 2021-2023, awaiting the results of the plan to sell the debtor's (Immobiliarca S.r.l.) real estate assets, or the results of said company's activities to develop real estate for residential use in Riese Pio X (TV), currently ongoing, and in Silea (TV), due to start in 2019.

Together with the repayment of the fee for Euro 12,811 thousand connected to the contract work, the amounts granted as a loan to Immobiliarca S.r.l. while work was being carried out are also expected to be repaid, for a total of Euro 9,976 thousand, as described in these notes for the item "NON-CURRENT RECEIVABLES". This is why total repayments during the three-year period 2021-2023 should amount to a total of Euro 22,787 thousand.

Trade receivables do not present significant concentrations of credit risk. There are no receivables due after five years. Trade receivables are reported net of credit notes and include the amounts for invoices yet to be issued. Trade receivables are mainly represented by receivables from contracting parties for work progress reports that have been invoiced or are yet to be invoiced, in accordance with contractual clauses.

EXPLANATORY NOTES - Consolidated Financial Statements

These are recorded net of the bad debt provision, the balance of which is broken down below:

Description <i>(euro/1000)</i>	Amount
Balance at 31.12.2018	1.554
Use for losses on receivables	(97)
Allocation for the year	15
Total at 31.12.2019	1.472

Receivables due from controlled and associated companies are made up of receivables from consortium companies that are excluded from the scope of consolidation. They mainly concern the business relationships for services rendered to the consortium companies, i.e. credit entries from the collections made by the consortium companies against contractual payments made by the contracting authorities for invoicing by the consolidated companies (Carron Cav. Angelo S.p.A. and Carron Bau S.r.l.), given the system of delegating payments in favour of the participating consortium companies aimed at ensuring the required funding to carry out the works entrusted to them.

Among tax credits, the most significant item is the VAT credit.

Among other receivables, the most significant items refer to advances granted to suppliers for Euro 4,722 thousand.



CURRENT FINANCIAL ASSETS

Equity investments in consortium companies reported under item "III. Current financial assets" in the Balance Sheet refer to instruments through which the controlled companies, in their capacity as representatives or principals of temporary business associations ("A.T.I. - Associazioni Temporanee d'Imprese), perform the services under the contracts in place with the respective Contracting Parties. The purpose of the consortium companies is to carry out contract work together with the other associates, thus primarily meeting organisational and operational requirements.

By their nature, consortium companies are non-profit organisations as they act in the exclusive interest of the companies grouped together in the temporary consortium ("A.T.I.") to which they "charge back" the entire cost of their operations without any remuneration for their work. The financial and earnings effects of operations are therefore entirely attributed to the participating companies in proportion to their shareholding.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Controlled companies			
Vallenari S.c.r.l. (in liquidation)	-	5	(5)
Beato Pellegrino s.c.r.l.	7	7	-
Total	7	12	(5)
Associated companies			
Trento Tre s.c.r.l.	9	8	1
Arese Sud s.c.r.l.	5	5	-
Farro S.r.l. (in liquidation)	55	55	-
Valdastico 14 S.c.r.l. (in liquidation)	3	3	-
Sansovino S.c.r.l.	5	5	-
Caserme VDA S.c.r.l.	7	7	-
Montecchio Scarl	4		4
Total	88	83	5
other equity investments			
Impianti Sportivi Aquapolis S.r.l.	-	15	(15)
Aquapolis s.s.d. r.l.	-	5	(5)
Pedemontana Veneta (in liquidation)	7	7	-
La Quado S.c.r.l. (in liquidation)	1	1	-
Total	8	28	(20)
TOTAL	103	123	(20)

EXPLANATORY NOTES - Consolidated Financial Statements

CASH AND CASH EQUIVALENTS

Cash and cash equivalents refer to the balances of the current accounts held with credit institutions as well as cash and equivalents on hand.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Bank and post office deposits	37,922	26,739	11,183
Cash and cash equivalents on hand	75	67	8
Total	37,997	26,806	11,191

ACCRUED INCOME AND PREPAID EXPENSES

These refer to adjusting entries recorded during the period on an accrual basis. No deferrals or accruals were recorded with a duration of over five years. More specifically:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Insurance premiums	502	740	238
Commissions on bank guarantees	81	36	(45)
Others	220	167	(53)
Total	803	943	140

BALANCE SHEET - LIABILITIES**SHAREHOLDERS' EQUITY****Reconciliation statement between the net result and shareholders' equity of the parent company and the corresponding values in the consolidated financial statements**

COMPONENTS	Shareholders' equity at 31.12.2019	Result for the year 2019
Shareholders' equity and result for the year of the parent company Carron Holding S.r.l.	5,122,646	785,856
Removal of the book value of consolidated equity investments:		
Book value of the equity investments	(7,869,462)	-
Pro-rata value of the group shareholders' equity eliminated	52,840,896	8,308,380
Difference between the book value of the equity investments and the pro-rata value of shareholders' equity	44,971,434	9,094,236
Other adjustments		
- Intra-group profits on work and the sale of assets	-	50,000
-	1,824,398	-
- intra-group dividends	-	(875,000)
- equity investments valued using the "shareholders' equity" method	(239,801)	(239,801)
- valuation of leasing contracts using the "financial lease" method	(24,624)	(38,752)
Total other adjustments	1,559,972	(1,103,553)
Shareholders' equity and result for the year for the group	51,654,052	8,776,539
Third-party capital and result	3,197,511	1,124,409
Consolidated shareholders' equity	54,851,563	8,973,980

EXPLANATORY NOTES - Consolidated Financial Statements

Details of changes to consolidated shareholders' equity components:*(Euro thousand)*

Description	Share capital	Legal reserve	Extra-ordinary reserve	Other reserves	Profit (loss) carried forward	Profit for the year	Capital and third-party reserve	Profit (third-party loss)	TOTAL
at 01.01.2019	1,000	-	-	-	35,235	8,078	1,938	-	46,251
Allocation of profit									
- To reserve	-	200	3,741	-	4,137	(8,078)	-	-	-
Inclusion in the scope of consolidation	-	-	-	-	-	-	510	-	510
Allocation of dividends	-	-	(650)	-	-	-	(375)	-	(1,025)
Result for the year	-	-	-	-	-	7,991	-	1,124	9,115
at 31/12/2018	1,000	200	3,091	-	39,373	7,991	2,073	1,124	54,851

PROVISIONS FOR LIABILITIES AND CHARGES

These provisions are made to cover taxes, including deferred taxes and possible costs for tax disputes regarding pending proceedings vis-à-vis the tax authorities, as well as estimated costs and charges to be incurred after completing contracts.

This item is made up of the following:

Description	31.12.2018	Increases	Decreases	Variation in the scope of consolidation	31.12.2019
<i>(euro/1000)</i>					
for taxes, also deferred	722	-	(722)	767	767
others:					
- future contract charges	347	248	(169)		426
- post-testing contract risks	790	357	(226)		921
- legal disputes	60	-	-		60
Total	1,919	605	(1,117)	767	2,174

The tax provision includes the provision for deferred taxes. The following costs and charges were allocated to the item "Other provisions":

- **Future contract costs:** the costs estimated after completing contracts, which normally relate to:
 - costs for dismantling the construction site. i.e. costs for removing installations, for bringing the machinery back to our headquarters, for the transport of unused materials to another site or to our headquarters, including any losses on abandoned materials;
 - costs for testing the work carried out;
 - charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;
 - post-delivery maintenance costs relating to the work, if stated in the contract;
 - charges for contractual guarantees.
- Post-testing contract risks: estimated costs to be incurred after testing work, for remedying any non-conformities and defects in relation to the works that arise within two years after provisional testing, which may be eliminated at the expense of the contractor (pursuant to articles 1667/1668 of the Italian Civil Code).

EXPLANATORY NOTES - Consolidated Financial Statements**STAFF SEVERANCE INDEMNITY**

The amount of the provision is sufficient to fulfil contractual and legal obligations and is shown net of any advances paid to employees. Details of the changes are provided below:

Description	31.12.2018	Increases	Decreases	31.12.2019
<i>(euro/1000)</i>				
Staff severance fund, changes during the period	767	84	155	696

PAYABLES

The group's outstanding payables at 31.12.2019, broken down by category, are presented below:

Description	Within 12 months	After 12 months	After 5 years	Total
<i>(euro/1000)</i>				
payables due to banks	26,150	16,105	-	42,255
payables due to other lenders	290	679	-	969
advances	36,256	1,940	-	38,196
trade payables	68,048	-	-	68,048
payables due to controlled companies	222	-	-	222
payables due to associated companies	3,961	-	-	3,961
tax payables	4,629	-	-	4,629
payables due to pension and social security institutions	1,211	-	-	1,211
other payables	3,239	18	-	3,257
Total	144,006	18,742	-	162,748

More specifically:

Payables due to banks

Payables due to banks represent overall exposure to the banking system at year-end. The balance includes both payables referring to short-term loans, taken out to meet temporary operating requirements, and payables referring to mortgage loans and unsecured loans.

Description	31.12.2019	31.12.2018	Variation
<i>(euro/1000)</i>			
payables due to banks within 12 months			
- for current account overdrafts	7,027	6,412	615
- unsecured loans and mortgage loans due within 12 months	19,123	4,156	14,967
payables due to banks after 12 months			
- amounts due after 12 months but within 5 years	16,105	16,028	77
- amounts due after 5 years	-	-	-
Total	42,255	26,596	15,659

Advances

Advances represent the amounts paid by customers by way of contractual advances, i.e. down payments and confirmation deposits in relation to contract work in progress and real estate purchases, respectively. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	Variation
advances for contract work in progress	21,045	14,927	6,118
advances/deposits on property sales within 12 months	15,212	10,755	4,457
Sub-total	36,257	25,682	10,575
advances/deposits on property sales after 12 months	1,940	8,125	(6,185)
Total	38,197	33,807	4,390

Trade payables

These mainly refer to invoices received for subcontracted services and supplies of goods, as well as the amount of invoices yet to be received from suppliers for services rendered up to 31.12.2019, ascertained on the basis of work progress reports (payable) for services rendered. They therefore include retention guarantees that will be paid, within the established contractual deadline, upon completion and approval of the works, to be confirmed by the relevant testing certifications.

Description (euro/1000)	31.12.2019	31.12.2018	Variation
trade payables for issued invoices	53,627	49,918	3,709
trade payables for invoices and credit notes yet to be received	14,421	16,401	(1,980)
Total	68,048	66,319	1,729

Payables to controlled companies (consortium companies)

"Payables to controlled companies" refer to commercial transactions, carried out under normal market conditions, with consortiums and consortium companies set up to carry out the contract work acquired as temporary consortia ("ATI") together. They mainly arise from the charge-back of costs incurred by the investee consortium companies. They are not included in the scope of consolidation as their impact on the Group's consolidated financial statements is not relevant.

Please find below the relative details:

Description (euro/1000)	31.12.2019	31.12.2018	Variation
Payables due to controlled companies	222	4,245	(4,023)

EXPLANATORY NOTES - Consolidated Financial Statements**Payables due to associated companies**

Payables due to associated companies show the values of commercial relationships held during the year with non-controlled consortium companies that are not included in the scope of consolidation, for the same reasons explained in the previous point.

More specifically:

Description (euro/1000)	31.12.2019	31.12.2018	Variation
Payables due to associated companies	3,961	2,928	1,033

Tax payables

At 31.12.2019, tax payables amounted to Euro 4,629 thousand, recording an increase of Euro 3,154 thousand compared with the previous year. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	Variation
Ires (corporate income tax) for the year	769	440	328
Irap (regional income tax) for the year	241	132	109
Value added tax	2,528	-	2,528
withholding taxes relating to employees	896	874	22
Other withholding taxes	195	28	166
Total	4,629	1,475	3,154

Other payables

The item "Other payables" mainly includes:

- the payable for employees' holidays accrued but not yet taken,
- payables to investee companies not included among payables to controlled and associated companies,
- the amounts not yet paid to supplementary pension funds to which employees' staff severance indemnity is transferred,
- the payable for insurance premiums not yet paid to the respective insurance companies.

Description (euro/1000)	31.12.2019	31.12.2018	Variation
within twelve months			
salaries and other staff entitlements	2,120	1,995	125
remuneration payables to directors	66	67	(1)
payables to insurance companies	967	1,335	(368)
other payables	86	177	(92)
total payables due within twelve months	3,238	3,574	(336)
after twelve months			
security deposits payable	18	8	10
total payables due after twelve months	18	8	10
Total	3,256	3,582	(326)

ACCRUED LIABILITIES AND DEFERRED INCOME

These refer to adjusting entries recorded during the period on an accrual basis. The breakdown of this item is provided below. There are no accruals or deferrals with a duration of over five years.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
accrued liabilities for interest	56	69	(13)
others	-	1	(1)
Total	56	70	(14)

COMMITMENTS, GUARANTEES, RISKS AND CONTINGENT LIABILITIES

Pursuant to article 38, paragraph 1, of (Italian) Legislative Decree no. 127/91, the following table summarises any off-balance-sheet commitments, guarantees and contingent liabilities, specifying the nature of the collateral provided.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
insurance guarantees for contractual advances	5,621	1,573	4,048
insurance guarantees on work being carried out properly	24,251	24,245	6
other insurance guarantees	2,037	1,060	977
bank guarantees on work being carried out properly	42,299	41,674	625
bank guarantees for contractual advances	3,329	1,741	1,588
bid bonds issued by banks	1,500	950	550
bank guarantees as a guarantee for "closed real estate" commitments	-	450	(450)
other bank guarantees	1,318	1,398	(80)
bank surety guarantees in the interest of third parties	-	2,543	(2,543)
surety guarantees in the interest of related parties	32,943	37,753	(4,810)
surety guarantees in the interest of controlled companies by the parent company	878	637	241
surety guarantees in the interest of investee companies and consortium companies	20	477	(457)
pledge of company shares	619	619	-
Total	114,815	115,120	(305)

EXPLANATORY NOTES - Consolidated Financial Statements

To better explain the content of the item "surety guarantees in the interest of related parties and in the interest of consortium companies", it is hereby specified that:

- The item "bank guarantees on work being carried out properly" includes the Euro 18 million guarantee issued to the concessionaire Ospedal Grando S.r.l. by Carron Cav. Angelo S.p.A., lead company for the special-purpose temporary consortium ("A.T.I.") contracting the work relative to the Cittadella Sanitaria ("Healthcare District") in Treviso. The value of the aforementioned guarantee is shown net of the bank guarantee of Euro 4 million, for the same purpose, issued in favour of Carron Cav. Angelo S.p.A. by ARCO LAVORI soc.coop., which succeeded Apleona Spa;
- with regard to the amount of Euro 33 million, the guarantees issued refer to those granted on behalf of companies that were transferred with the demerger on 02.10.2017 and are in addition to the first priority mortgage guarantees issued by the investee companies on assets respectively belonging to them in favour of the lenders; these guarantees therefore represent a second, ancillary guarantee;
- With regard to the following payables recorded in the financial statements under the item "Advances", it is hereby specified that bank guarantees have been issued for a total of Euro 25,468 thousand.



INFORMATION AND CLARIFICATIONS ABOUT THE INCOME STATEMENT

Before analysing the individual items, please note that comments on overall performance are provided in the Directors' Report, pursuant to article 2428 of the (Italian) Civil Code.

Given the analytical presentation of revenues and costs in the Income Statement and the previous comments on balance sheet items, only the main items are commented on below

INCOME STATEMENT SUMMARY

Description <i>(euro/1000)</i>	2019		2018	
	amount	% weighting	amount	% weighting
value of production	217,478	100,00%	207,937	100,00%
production costs				
raw, ancillary and consumable materials	(44,750)	(20.58%)	(28,908)	(13.90%)
services	(134,669)	(61.92%)	(140,393)	(67.52%)
use of third-party assets	(5,458)	(2.51%)	(5,240)	(2.52%)
personnel costs	(17,913)	(8.24%)	(17,162)	(8.25%)
amortisation, depreciation and write-downs	(1,586)	(0.73%)	(1,081)	(0.52%)
changes in inventories of raw materials	3,527	1.62%	(1,681)	(0.81%)
other provisions	(357)	(0.16%)	(89)	(0.04%)
sundry operating expenses	(1,922)	(0.88%)	(1,533)	(0.74%)
total production costs	(203,128)	(93.40%)	(196,087)	(94.30%)
Ebit	14,350	6.60%	11,850	5.70%
financial income and (charges)	(492)	(0.23%)	1,291	0.62%
value adjustments to financial assets	(785)	(0.36%)	(616)	(0.30%)
result before taxes	13,073	6.01%	12,525	6.02%
income taxes	(3,958)	(1.82%)	(3,552)	(1.71%)
consolidated profit for the year	9,115	4.19%	8,973	4.32%
profit for the year attributable to third parties	(1,124)	(0.52%)	(896)	(0.43%)
profit for the year for the group	7,991	3.67%	8,077	3.88%



VALUE OF PRODUCTION

This item is made up of the following:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Sales and services revenues	204,325	171,518	32,807
Changes in inventories of work in progress, semi-finished and finished goods	(99)	(760)	661
Changes in contract work in progress	11,079	35,884	(24,805)
Increases in fixed assets for in-house production	438	88	350
Other revenues and income	1,735	1,207	529
Total	217,479	207,937	9,541

Details of the item "sales and services revenues" are shown in the following table.

Description <i>(euro/1000)</i>	31.12.2019
Sale of real estate	42,075
Services and construction work for public and private customers	161,526
Rental income	713
Others	11
Total	204,325

The value of production was entirely generated in Italy.

EXPLANATORY NOTES - Consolidated Financial Statements

PRODUCTION COSTS

Production costs are strictly linked to the specific section in the Directors' Report and to the performance of point A (Value of production) of the Income Statement. Details of production costs are shown in the following tables.

Raw and ancillary materials, consumables and goods

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Raw materials	22,644	15,364	7,280
Land and buildings	21,208	12,630	8,578
Other materials	141	173	(32)
Office supplies	35	53	(18)
Fuels and lubricants	624	602	22
Miscellaneous	98	87	11
Total	44,750	28,909	15,841

Services

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Outsourced services and work	112,127	113,397	(1,270)
Services provided by investee consortium companies	6,819	12,550	(5,731)
Professional services	6,101	8,038	(1,937)
Travel, board and lodging	1,897	1,575	322
Insurance premiums	1,417	1,900	483
Remuneration to directors and statutory auditors	1,930	1,713	217
Fees to the Independent Auditors	84	61	23
Legal, tax, administration and notarial consulting services	451	575	(124)
Others	3,843	584	3,259
Total	134,669	140,393	(5,724)

Use of third-party assets

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Rents and leases	490	618	(128)
Operating leases	12	5	7
Others	4,956	4,616	340
Total	5,458	5,240	218

Personnel costs

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Gross salaries	12,804	12,415	389
Pension and social security contributions	4,271	3,985	286
Provisions for staff leaving indemnity	685	672	13
Other personnel costs	153	90	63
Total	17,913	17,162	751

Amortisation, depreciation and write-downs

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Amortisation of intangible fixed assets	85	84	1
Depreciation of tangible fixed assets	1,002	766	236
Credit risk provision	499	231	268
Total	1,586	1,081	505

Changes in inventories of raw and ancillary materials, consumables and goods

The change in inventories, recorded as a decrease of production costs, amounted to Euro 3,527 thousand and is made up of the following:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Inventories of raw materials	826	561	256
Inventories for land and buildings	16,148	12,886	3,262
Total changes	16,974	13,447	3,527

Other provisions

The item includes the provisions allocated for the adjustment of the provision for risks relating to potential costs and charges arising after testing the work carried out.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Other provisions	357	89	268

Sundry operating expenses

This item includes the costs incurred for taxes and duties other than income taxes, non-recurring losses and the costs incurred on behalf of third parties and subsequently charged back in full, recording a specific positive entry in the income statement.

EXPLANATORY NOTES - Consolidated Financial Statements

FINANCIAL INCOME AND CHARGES

At 31.12.2019, the financial management recorded an overall net burden of Euro 492 thousand and is made up as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	Variation
Income from equity investments	55	50	5
Other income	181	1,737	(1,556)
Interest and other financial charges	(728)	(496)	(232)
Total	(492)	1,291	(1,783)

More specifically, other financial income includes interest receivable from credit institutions and other kinds of financial income.

The item "interest and other financial charges", on the other hand, includes Euro 356 thousand of charges referring to mortgage loan transactions and Euro 132 thousand of interest for the use of current account credit lines.

VALUE ADJUSTMENTS TO FINANCIAL ASSETS**Write-downs of equity investments**

This item includes the write-down of shares in the "Geminus fund" for a value of Euro 540 thousand, reducing the book value, as a result of the N.A.V. reported at 31 December 2019, in addition to Euro 240 thousand relating to the effect of the consolidation with the equity method of the associated company Europont S.r.l. and Euro 5 thousand for write-downs of the investments in Imprenditori Riuniti S.r.l. and Vallenari S.c.a.r.l.

INCOME TAXES FOR THE YEAR

Current income taxes for the year are calculated on the basis of estimated taxable income and in compliance with applicable legislation.

Deferred tax assets and liabilities are calculated on the temporary differences between the assets and liabilities recorded in the consolidated financial statements and the corresponding values recognised for tax purposes, based on the tax rates and tax legislation in force or substantially in force at the reporting date. Prepaid taxes are recorded as assets when it is likely that they will be recovered, i.e. when it is expected that taxable amounts will become available in the future that are sufficient to recover the asset.

The recoverability of prepaid tax assets is reviewed at the close of each financial year. Current and deferred taxes are recorded in the Income Statement, with the exception of those relating to items that are directly debited from or credited to Shareholders' Equity through the overall Income Statement, in which case the tax effect is directly recognised under Shareholders' Equity. Current and deferred taxes are compensated if income taxes are applied by the same tax authority, there is a legal right to compensation and the Net Balance is expected to be paid out.

Other taxes not referring to income, such as property taxes, are included among "Sundry operating expenses".

Please find below a dedicated table containing the description of the temporary differences that led to deferred and prepaid taxes being recorded.

(Euro thousand)

Prepaid taxes	Tax rate Previous year (taxable amount)	Previous year tax)	Changes for the year (taxable amount)	Changes for the year (tax)	Variazioni dell' esercizio (imposta)	Current year (taxable amount)	Current year (tax)
Depreciation revaluation pursuant to (Italian) Decree Law no. 185/2008	31.40	109	34	-	-	109	34
Credit risks	24.00	35	8	-	-	35	8
Contract post-testing provisions	24.00	240	58	30	7	270	65
Future contract charges	24.00	7	2	-	-	7	2
Other charges	24.00	-	-	484	116	484	116
Total prepaid taxes		391	102	514	123	905	225
Deferred taxes							
Recoveries for short-term contracts pursuant to art. 92 of the TUIR	24.00	1.865	447	-899	-360	426	88
Total deferred taxes		1,865	447	-899	-360	426	88
Net deferred (prepaid) taxes		1,474	345	-1,413	-483	-479	-137

EXPLANATORY NOTES - Consolidated Financial Statements**Leased assets**

For a better understanding, the following table shows the details of the effect of applying the "financial lease" accounting method to leased assets, as provided for by accounting standard OIC 17 (issued by the Italian Accounting Board).

A) ASSETS		
A	Ongoing contracts	
a1)	Value of leased assets at the end of the previous year	
	of which gross value	700,790
	of which accumulated depreciation	(247,111)
	of which adjustments	-
	of which value reinstatements	-
	Total	453,679
a2)	assets purchased during the year	986,245
a3)	assets for which purchase option was exercised during the year	-
a4)	share of depreciation for the year	296,520
a5)	adjustments for the year	-
a6)	value reinstatements during the year on assets	-
a7)	Value of leased assets at the end of the current year	
	of which gross value	1,687,035
	of which accumulated depreciation	(543,631)
	of which adjustments	-
	of which value reinstatements	-
	Total	1,143,399
a8)	reversal of prepaid expenses for financial leasing transactions	198,183
B	Assets for which the purchase option is exercised	
b1)	difference in value of assets for which the purchase option is exercised, calculated according to the "finance lease" method, compared to their net book value at the end of the year	-
C	LIABILITIES	
c1)	lease liabilities at the end of the previous year	
	of which due during the next year	139,229
	of which due between 1 and 5 years	237,084
	of which due after 5 years	-
	Total	376,313
c2)	lease liabilities arising during the year	804,445
c3)	reductions for capital repayment	212,129
c4)	reductions for purchase options exercised during the year	-
c5)	lease liabilities at the end of the year	
	of which due during the next year	298,536
	of which due between 1 and 5 years	679,093
	of which due after 5 years	-
	Total	969,629
c6)	reversal of accruals on financial leasing fees	-

D	total gross effect at year-end	(23,413)
E	net tax effect	1,216
F	effect on shareholders' equity at year-end	(24,629)
INCOME STATEMENT		
	Reversal of fees on financial leasing transactions	277,741
	(of which financial charges)	-
	Depreciation recorded on contracts in place	296,520
	Depreciation recorded on assets for which purchase option was exercised	-
	Financial charge on leasing transactions recorded	12,006
	Adjustments / value reinstatements on leased assets	-
	Effect on pre-tax result	(30,787)
	Tax effect recorded	(4,335)
	Effect on the result for the year	(26,452)

INFORMATION ON TRANSACTIONS WITH RELATED PARTIES

Transactions carried out between "related parties", as identified by Accounting Standard no. 12 issued by the OIC (Italian Accounting Board), referred to by article 2427, no. 22-bis of the (Italian) Civil Code, were completed under normal market conditions.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2019

For an analysis of the nature of the business and any significant events after 31.12.2019, business outlook and all other information concerning the financial statements, please refer to the Directors' Report.

Information pursuant to art. 1, paragraph 125 of (Italian) law no. 124 dated 4th August 2017

In relation to the transparency obligations introduced by (Italian) law no. 124 dated 4 August 2017, article 1, paragraph 125, the Group has received the following grants from the public administration:

Year	Beneficiary	Allocating body	Allocating body Tax code and VAT no	Mandate	Date	Total gross amount	Reason	Date of collection
2019	Carron Bau S.r.l.	Fondim-presa	97278470584	ID 230823	12/04/2019	1,750.00	Contributo	11/12/2019
2019	Carron Bau S.r.l.	Fondim-presa	97278470584	ID 242421	26/07/2019	4,200.00	Contributo	06/12/2019
2019	Carron Cav. Angelo S.p.A.	Fondim-presa	97278470584	ID 200958	18/10/2019	11,622.00	Contributo	26/11/2019
						17,572.00		

EXPLANATORY NOTES - Consolidated Financial Statements

OTHER INFORMATION

In accordance with the law, please find below the total remuneration due to members of the Board of Directors and members of the Board of Statutory Auditors, as well as the fees paid to the independent audit firm appointed to carry out the statutory audit of accounts for the parent company and for the companies included in the scope of consolidation through the "full consolidation" method.

Role (euro/1000)	Remuneration
Directors	1,693
Board of Statutory Auditors	64
To the audit firm appointed to carry out the statutory audit of accounts	84
Total	1,841

These consolidated financial statements, which consist of the balance sheet, income statement and explanatory notes, provide a true and correct representation of the balance sheet and financial position as well as the result for the year and correspond to the results of accounting entries of the parent company and the information sent by the companies included in the scope of consolidation.

The Sole Director

Marta Carron



EXTERNAL AUDITOR'S
REPORT
TO THE CONSOLIDATED FINANCIAL STATEMENTS

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Quotaholders of
Carron Holding S.r.l.**

REPORT ON THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Opinion

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

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at December 31, 2019, and of its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with the Italian law governing financial statements.

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 Carron Holding S.r.l. (the "Company") in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Sole Director for the Consolidated Financial Statements

The Sole Director is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance the Italian law governing financial statements and, within the terms established by law, for such internal control as the Sole Director determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Sole Director is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Director has identified the existence of the conditions for the liquidation of the Company or the termination of the business or has no realistic alternatives to such choices.

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 the 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 exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Sole Director.
- Conclude on the appropriateness of the use by the Sole Director 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 consolidated financial statements or, if such disclosures are inadequate, to modify 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.
- Evaluate 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities 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 communicate 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 OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e), of Legislative Decree 39/10

The Sole Director of Carron Holding S.r.l. is responsible for the preparation of the report on operations of Carron Holding Group as at December 31, 2019, including its consistency with the related consolidated financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the consolidated financial statements of Carron Holding Group as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the consolidated financial statements of Carron Holding Group as at December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
 Partner

Treviso, Italy
 June 18, 2020

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



DIRECTORS' REPORT
CARRON S.P.A. FINANCIAL STATEMENTS
AT 31.12.2019



Introduction

This report was prepared by the company's Board of Directors and approved with special resolution on 29 May 2020 and shows the operating performance for the year ended 31 December 2019.

Except as otherwise specified, the amounts are presented in thousands of Euro in order to facilitate understanding and clarity.

MACRO-ECONOMIC FRAMEWORK

MACRO-ECONOMIC FRAMEWORK

Global economic growth in 2019 showed signs of continued decline, but world trade has started to expand again, signalling the easing of disputes over tariffs and protective measures. However, the outlook has remained uncertain while geopolitical tensions have heightened.

Less pessimistic growth forecasts, aided by the accommodative stance of central banks, have nevertheless propelled stock prices and facilitated a moderate recovery in long-term yields.

In the Eurozone, economic activity was held back by the weakness of manufacturing sectors, particularly in Germany, despite a higher than expected performance in November. The risk remains that growth in services, which has so far remained more solid, will also be affected.

The performance of the economy has an impact on inflation, which in the Eurosystem forecasts is supported by the monetary stimulus but is still expected to be less than two per cent over the next three years. The ECB Governing Council has reconfirmed the need to maintain the current accommodative stance.

The development prospects for economic activity in the Eurozone and the world's economies as a whole, moderately positive in the forecasts made by the OECD in November 2019, have now been changed as a result of the Coronavirus epidemic that spread from the Chinese city of Wuhan starting from the last days of December 2019, before spreading in Europe and worldwide in the first months of 2020. The short-term impact on the Chinese and world economies will be much more severe than in 2003 with the SARS epidemic, as many countries are now heavily affected by measures taken at all levels by their governments.

European and world GDP growth will be affected by a sharp decline, not only in consumption, but also in production. To date, a significant decline in GDP growth can be expected at least for the first part of 2020.

The intensity and duration of this contraction will depend on the spread of the virus and on how the governments of the various countries affected manage to impose appropriate contagion prevention measures and support national health systems, and subsequently deploy adequate resources for policies to support the most affected sectors and relaunch the economy.

THE ITALIAN ECONOMY

Production growth in Italy halted the industrial cycle, causing the stabilisation of orders and the latest information available at the end of 2019 indicates that economic activity, which grew slightly in the third quarter, remained almost stationary in the fourth quarter, continuing to suffer mainly from the weakness of the manufacturing sector.

In terms of employment, the index grew for all sectors, especially the service sector, and wage growth was positive (up 0.7% on the previous year), although in decline, reflecting the persistence of significant sectors of the economy awaiting contract renewal.

Inflation was contained (0.5% in December) and services in particular contributed to price dynamics, with still modest growth in industrial goods prices. Core inflation strengthened to 0.7% in the autumn months. In the most recent surveys, companies' inflation expectations have fallen slightly.

The cost of credit has generally fallen, for households in a significant way. For the latter, growth was solid while it was negative for businesses, mainly reflecting weak demand for funding. According to the banks, the measures taken by the ECB Governing Council in September will contribute to improving credit conditions. In the ISTAT (Italian National Institute of Statistics) and Bank of Italy surveys, companies expressed slightly more favourable assessments on orders and foreign demand, but continued to view uncertainty and trade tensions as factors that disrupted their business. For 2020, companies were planning to expand investments, albeit more modestly than the previous year.

In the projections for Italy for the three-year period 2020-22, a gradual recovery of the economy is expected on the assumption of growth in world trade and accommodative monetary conditions that should result in low cost of credit for companies.

On the basis of these assumptions, the projections indicate a GDP increase of 0.5% in 2020, 0.9% in 2021 and 1.1% in 2022. Inflation is estimated to gradually increase from 0.7% in the current year to 1.3% in 2022, mainly due to a recovery in wages and profit margins which are expected to benefit from the improved cyclical situation.

As explained above, these outlooks have now been modified due to the Coronavirus epidemic. To date, a significant drop in GDP can be expected for 2020.

It is hoped that the resumption of production activities and the awareness of the very serious effects that the pandemic crisis is having on the economic and social fabric of the country will represent an opportunity to give new impetus to investments in favour of the country's development.

THE CONSTRUCTION INDUSTRY

The Italian economy continues to lack the fundamental contribution of construction, which in recent years has experienced a deep crisis and has not been able to sustain the economy as it did in the previous expansion cycle from 1998-2008: +28.4% investments in construction and +16.1% GDP. It is sufficient to point out that the construction sector today still makes a significant contribution to GDP (8%) and is capable of generating the greatest driving force on the economy out of all sectors, thanks to its long and complex supply chain linked to almost 90% of economic sectors. Growth of the construction sector would enable the country to recover.

The growth estimate by ANCE (Italian Association of Construction Contractors) for 2019 saw a 2.3% increase in construction investments in real terms, in line with the forecast already issued by the Observatory at the start of 2019. This result was linked to the continuation of the positive trend in the private residential and non-residential sector and a first "plus" sign in public works.

INVESTMENT IN CONSTRUCTIONS					
	2019	2017	2018	2019 (*)	2020 (*)
	million/euro	Change % By quantity			
CONSTRUCTIONS	129,853	-1.0%	1.7%	2.3%	1.7%
homes	64,940	1.8%	1.5%	1.9%	1.8%
- new [°]	17,545	-7.7%	4.5%	5.4%	2.5%
- non-routine maintenance [°]	47,395	0.0%	0.5%	0.7%	1.5%
non-residential	64,914	0.1%	1.9%	2.6%	1.7%
- private [°]	41,831	4.2%	4.9%	2.5%	0.4%
- public [°]	23,083	6.0%	-3.2%	2.9%	4.0%

(*) Investments in construction net of costs for transfer of ownership

[°] Ance estimates

Ance data on Istat data

ISTAT data on investments in construction also showed a further 2.5% increase in the third quarter of 2019, compared to the same period of the previous year, a slow-down compared to the significant increases of the previous two quarters (+6% in the first quarter of 2019 and +3.4% in the second quarter of 2019). Overall, the upward trend for 2019 stood at 4%, representing a positive sign after a decade of decline, also demonstrated by the increase in round reinforcing steel delivered, according to Federacciai (Federation of Italian Steel Companies) estimates.

THE SECTORS IN 2019

New homes in 2019 recorded an increase of 5.4% in real terms compared to 2018, after a drastic reduction in production levels of approximately 70%, being the most penalised by the long crisis.

Housing redevelopment confirmed the positive trend of previous years, accounting for approximately 37% of the value of investments. Compared to 2018, growth is estimated at 0.7% in real terms. The figure takes into account the extension, until the end of 2020, of the 50% increase in the deduction for building renovations and the 65% deduction for building energy efficiency upgrades. The 2019 result also includes the first effects on production levels, albeit limited, deriving from the earthquake bonus and eco bonus for entire buildings (condominiums).

Non-residential construction increased by 2.5% in 2019, reflecting the positive trend in building permits from 2015. There was an initial setback in the first quarter of 2019: -7.9% in terms of new permits granted compared to the same period of the previous year, a first negative signal that could affect production levels in 2020. Confirmation of this slow-down is also provided by the credit data for the construction sector. During the first nine months of 2019, mortgages provided for investments fell by 30% after substantial increases in previous years.

Non-residential public buildings. The measures introduced by the government in recent years have produced the first effects on investment levels. The trend of the entire public works sector, together with the good performance of local authorities, confirms, however, the continued difficulties and uncertainties in the large infrastructure sector for big-spending organisations like ANAS (National Autonomous Roads Corporation) and Ferrovie dello Stato Italiane (Italian State Railways), due to the very long approval times of programme contracts that have led to the accumulation of delays with respect to programming.

DIRECTORS' REPORT - Carron SPA Financial Statements

These dynamics are part of a positive trend in invitations to tender for public works, ongoing for three years now. 2019 ended with a further increase in the amounts tendered (+25.7% year on year), against a setback in the number (-4.8%). The particularly positive trend in value was mainly driven by large-scale works, which once again accounted for an important share of public works demand, equal to 30% (in 2018 this reached minimum levels of only 10%). Constructions times for these works are very long, as they are complex and of a significant size.

FORECASTS FOR 2020 IN THE CONSTRUCTION SECTOR

Estimates made by ANCE before the spread of the Coronavirus epidemic predicted that the budget package for 2020 would have an aggravating effect on the level of public investment, quantified at 860 million euros less than the level forecast for 2020 by previous budget laws. On these grounds, the economic forecasts for 2020 led to postpone the future assumption of a substantial recovery in investment levels, especially public investment, and on this basis the ANCE forecast for 2020 is an increase in construction of 1.7% in real terms, given by the average of the individual sectors.

These forecasts will be heavily influenced by the events linked to the spread of the viral epidemic. It is reasonable to believe that in the face of a significant contraction in activity in the first half of the year, a recovery may take place in the second half of the year, also in view of the rapid and massive measures that the government will have to put in place to support economic recovery, which it is hoped will give new impetus to investments in favour of the country's development.

THE PUBLIC WORKS SECTOR

ANCE estimates for 2020 before the spread of the Coronavirus epidemic predicted an increase of 4% on 2019, as the result of various factors, namely:

- The current market trends that show a recovery in demand expressed by the invitations to tender published in the three-year period 2017-2019 which should produce positive effects not only for 2019, but also for the year 2020;
- The measures to support public investment, in addition to the Municipality Investment Programme, extended to all and in place until 2024 with annual funding of 500 million euros;
- The unlocking of several infrastructure interventions, thanks also to the measures contained in the so-called "Sblocca Cantieri" decree (Italian Legislative Decree 32/2019);
- The reconstruction of earthquake-affected areas which has seen the spending of just 49 million euros three and a half years after the first event, compared to the programming of 2.16 billion euros.

The following are highlighted as negative components of the sector's production dynamics:

- Continuing delays in the implementation of the programming of the large implementing parties, such as ANAS and Ferrovie dello Stato Italiane, and of the Development and Cohesion Fund, demonstrated also by the funding cuts and reprogramming of resources made by the 2020 budget law for these important investment expenditure areas;
- The persistence of economic difficulties faced by a number of large companies that are holding back the start and progress of important works;
- The chronic difficulties that slow down the spending of allocated resources and lead to extremely long delays in the implementation of investments in public works.

NURSING HOMES, INVESTMENTS GROW BY 15-20% PER YEAR

In this sector the company plans to widen its field of action.

Focus

The elderly population, currently about 14 million people, will reach 18 million in 2035, an increase of 31%. The over 85s will rise from the current 2.1 million to 3 million in 2035 and there is a projected significant increase in centenarians, expected to surpass 42,000 against the current 16,000, an increase of 170%.

There are currently over 200,000 non-self-sufficient elderly people living in nursing homes and according to UBI Banca estimates, there will be around 600,000 in 2035. In the most optimistic scenario, with 75% of non-self-sufficient elderly people in nursing homes, over 200,000 new beds will be needed, with a presumed total investment of around 14 billion euros, assuming that a quarter of the elderly with acute cognitive deficits will be cared for at home, or more than 20 billion euros to ensure the creation of an adequate number of new beds in nursing homes if this portion were to fall to zero. *(Source: UBI Banca/Duff & Phepls)*

The role of the public sector in the nursing home facility sector is currently marginal compared to that of the private sector, which is made up of for-profit companies and non-profit organisations.

The profitability of the facilities grows as turnover increases due to the greater economies resulting from increasing size, a factor that is pushing the for-profit sector towards an ever increasing average size and the progressive abandonment of smaller facilities. Future investments will also tend to be focused on facilities with at least 100 beds. As for the non-profit sector, given that profitability is, by definition, lower than that of the for-profit sector, the problem highlighted by the analysis concerns the profitability of existing facilities, not only to keep them in good working order but also to generate resources that can be invested in new projects.

The strategic choice in the sector

The scenario briefly described is the basic element of the development strategy adopted by the company for this sector, whose field of action presents broad prospects.

By leveraging its consolidated experience in the real estate sector, the company has started to develop new projects in the health and social care field, aimed at the creation of nursing homes with a view to satisfying part of the group's production needs, which, like the entire sector, is affected by the persistent market crisis, both for public works and private operators.

It is a sector that appears to be able to produce results in line with those recorded before the last decade, considering that the market appears to be very positively oriented in the residential care facility sector, even though it is characterised by a high fragmentation of ownership, and because it is believed that the product destined to the same sector corresponds to a real and priority need for the beneficiaries to whom it is addressed, as well to the objectives set out in the company's action plan.

It should also be noted that the negative factors include the particularly long timeframe to build a new nursing home facility due to the complex construction, authorisation, accreditation and affiliation process. The country is ageing rapidly and the non-self-sufficient population does not find an adequate response to the demand for assistance in the national health system, and families, also due to the crisis, find it increasingly difficult to take charge of their elderly. The lack of RSAs (nursing homes) has become a truly national emergency to which real estate investors, together with specialised sector operators, can not only provide a solution, but also turn it into an investment with excellent returns, as already happens abroad.

Strategic variables – project financing

It has been observed and it is known that for financing nursing homes, particular importance is given to the performance of the facilities through the analysis, on the basis of market statistics, of the characteristic performances (turnover and EBITDA) and the relative occupancy rate.

The "senior housing & care" market, which includes nursing homes, is also very attractive in relation to the increase in the average age of the population and life expectancy. Real estate investments in the sector have recorded an interesting increase in Europe, particularly in Germany and France, but there has also been increasing attractiveness of this asset class in recent years in Italy and other southern European countries. The main investors in this sector are institutional players, including both listed and unlisted real estate companies, developers and government bodies, with an important role also played by Real Estate Operating Companies (REOCs) and Real Estate Investment Trust (REITs), both public and private, who in 2018 invested a total of approximately 5 billion euros in Germany, 3 billion euros in France, 2 billion euros in Spain and less than 1 billion euros in Italy.

National socio-demographic changes are influencing the increase in demand for housing that is attentive to quality, efficiency of services and healthcare, and the increase in average age and the number citizens over 65, in particular, is highlighting the growing demand for social welfare facilities for the senior population group. From the real estate point of view, these social phenomena are reflected in the interest in alternative markets, in which nursing homes are included. The attractiveness of this asset class is supported both by the growing volume of corporate investments recorded in recent years and by low-risk investment variables.

ACQUISITIONS

The Carron S.p.A. made important work acquisitions in 2019, both in the public works sector and from private customers.

Tra i più importanti si segnalano:

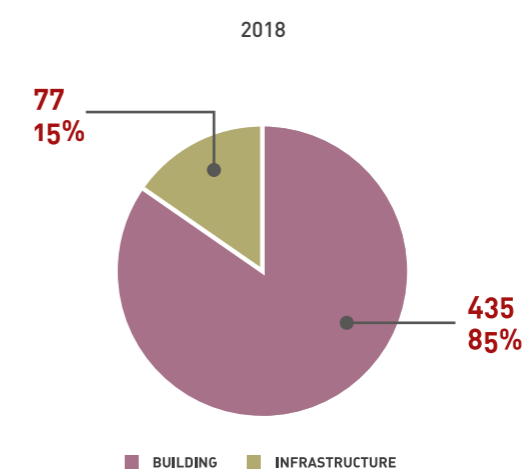
Customer	Subject of contract	Amount
Zambon S.p.A.	Construction of a building complex called Marco Polo" within the production site in Vicenza	€ 6,540,000
Autostrada BS - PD	Completion works of the bus station in Montecchio Maggiore	€ 56,813,000 pro quota 40%
Hotel Lido Uno	Renovation of 15 damaged rooms at the Hotel Excelsior in Venice	€ 873,000
Patavium S.r.l.	Renovation and restructuring of the Roccabonella building in Padua	€ 10,000,000
Various professional investors in the nursing home sector	Construction of 16 buildings for use as nursing homes with whom the company is in an advanced state of concluding agreements, about half of the projects are still in the phase of feasibility studies and verification of authorisation procedures to be carried out by the relevant authorities. The necessary formalities are expected to be completed by the end of the 2020 financial year.	€ 325,000,000
SAVE S.p.A.	Extension of passenger terminal (lot 2A) and renovation of existing terminal – Venice Marco Polo Airport	€ 247,366,000 pro quota 40%

The Contracting Authority suspended the order award procedure, given the uncertainty linked to the COVID-19 pandemic, its effects on air traffic trends and related impacts on airport management. The award procedure to formalise the contract has been postponed to a later date when the current pandemic is over.

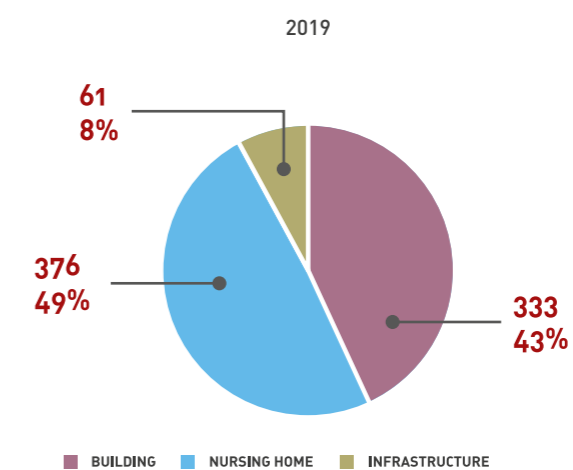
ORDER BOOK

Carron Spa's backlog of works amounts to Euro 770 million at 31.12.2019, of which Euro 333 million for contracts and civil constructions works, Euro 376 million for the development of nursing homes and Euro 61 million for the development of infrastructure projects. The order backlog amount includes the contract with SAVE S.p.A., awarded but currently with an appeal pending, for an amount of Euro 247.4 million, of which Euro 49.5 million for Carron, a participant in the consortium, as well as Euro 187 million for nursing homes that are part of a framework agreement with applicants.

ORDER BOOK AT 31.12.2018
(million/euro)



ORDER BOOK AT 31.12.2019
(million/euro)





ECONOMIC DATA AT 31 December 2019

Million/Euro

DESCRIPTION	2019	2018	Variation
Value of production	168.5	174.3	-3.33%
Earnings before interest, taxes, depreciation, and amortization - Ebitda	9.9	8.8	+12.5%
Ebitda %	5.89%	5.04%	
Earnings before interest and taxes - Ebit	8.9	7.9	+12.5%
Ebit %	5.30%	4.54%	
Result before taxes	7.8	14.5	-46.2%
Net result for the period	5.4	11.9	-54.6%

Ebitda

It is defined as earnings before interest, taxes, depreciation, and amortization

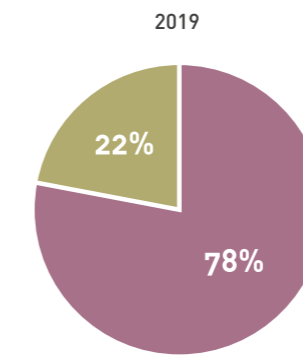
Ebit

Corresponds to the operating profit as shown in the income statement of the financial statements under item "Difference between value and production costs".

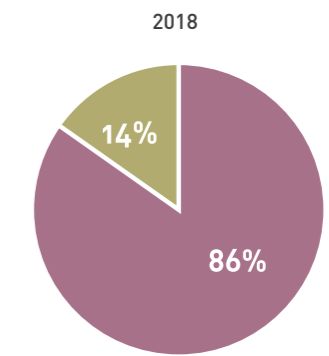
BREAKDOWN OF REVENUE BY SEGMENT

Million/Euro

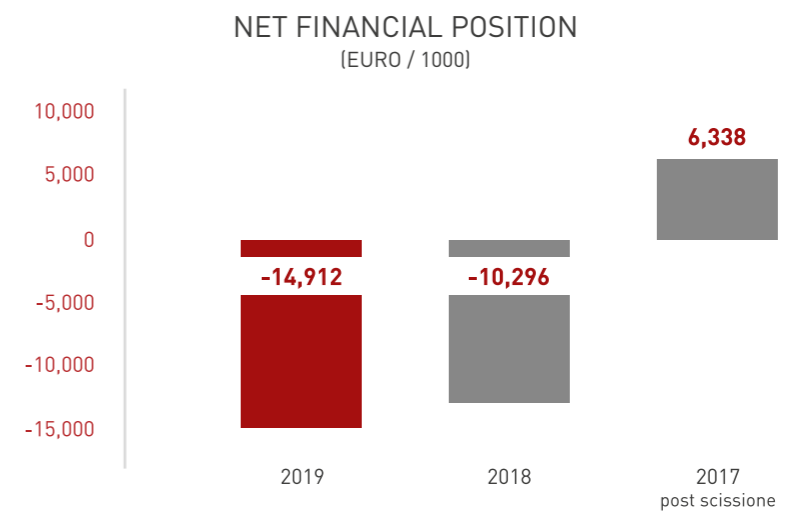
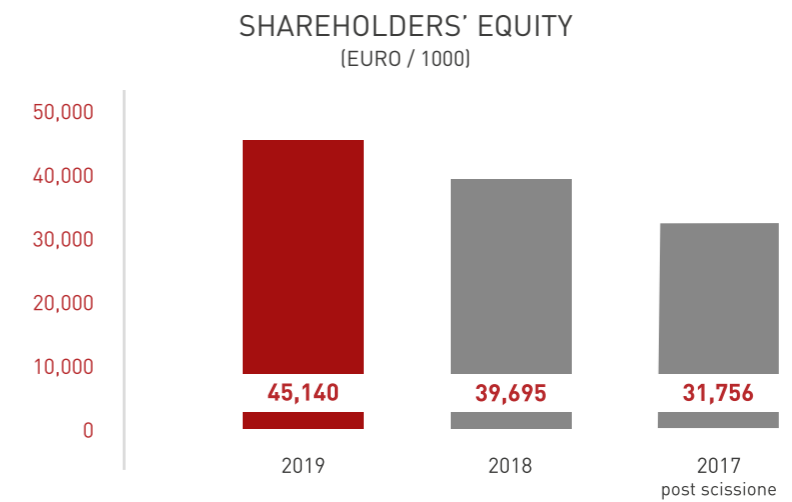
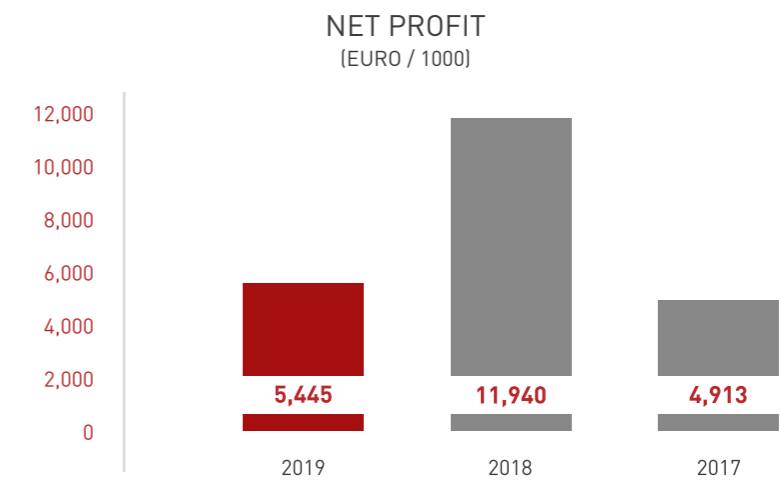
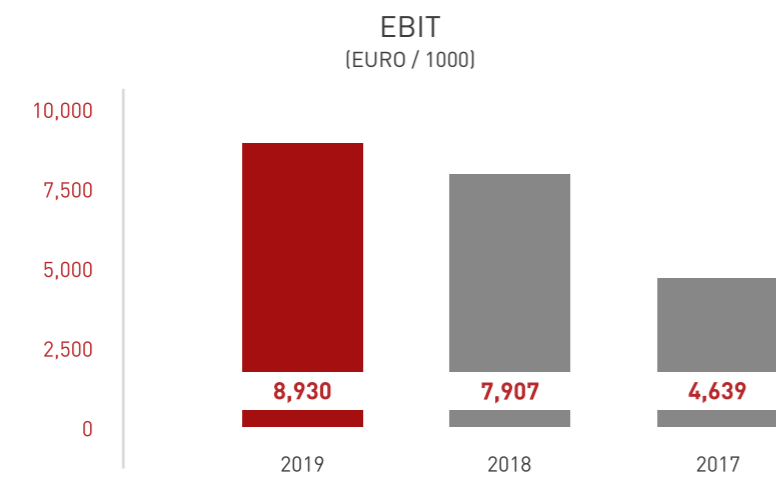
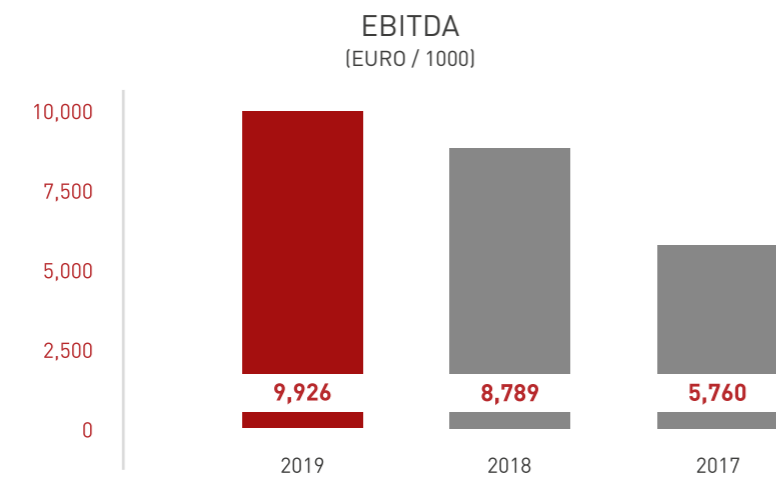
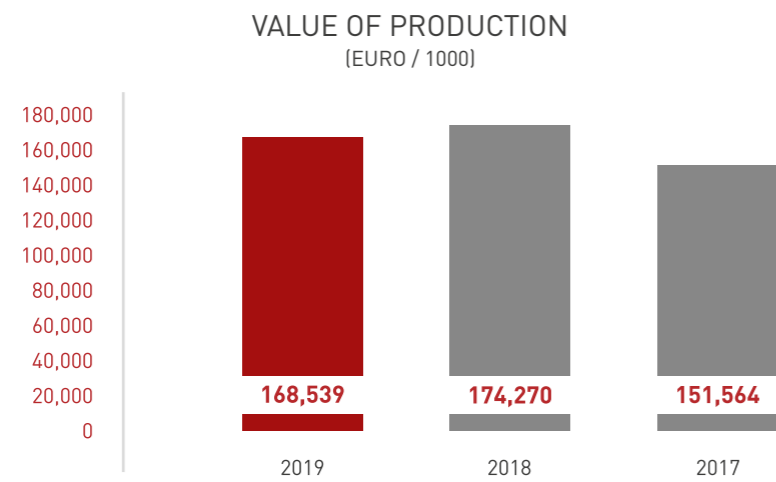
DESCRIPTION	31 December 2019		DESCRIZIONE	31 December 2018	
	Building	Infrastructure		Building	Infrastructure
Italy	78%	22%	Italy	86%	14%
Percentage of revenue			Percentage of revenue		



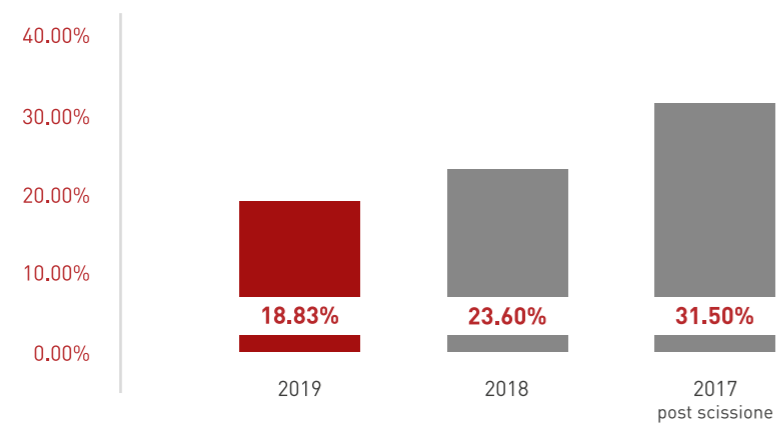
■ BUILDING ■ INFRASTRUCTURE



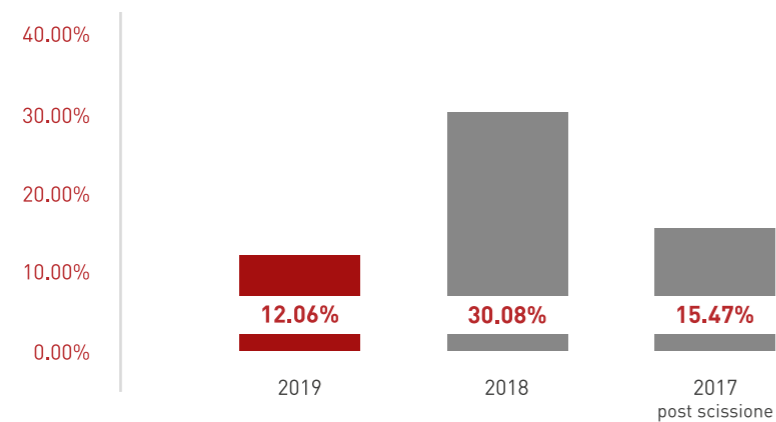
■ BUILDING ■ INFRASTRUCTURE



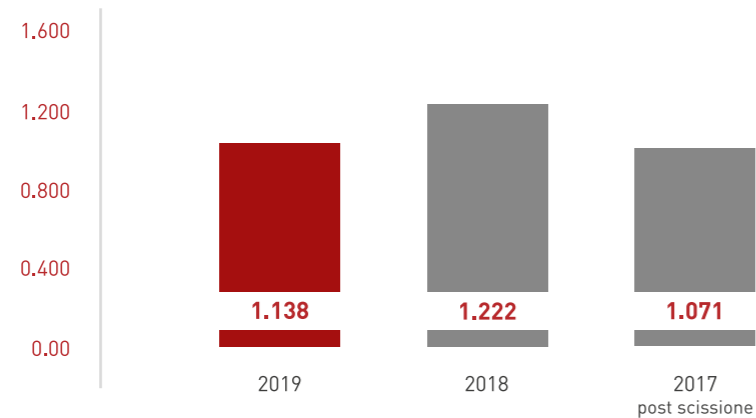
R.O.I.



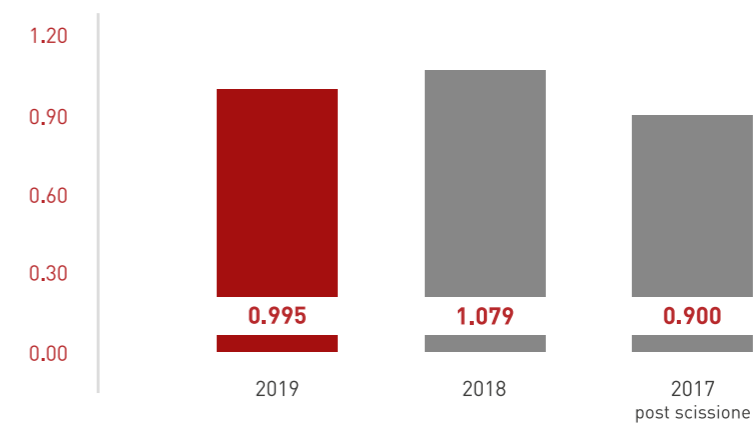
R.O.E.



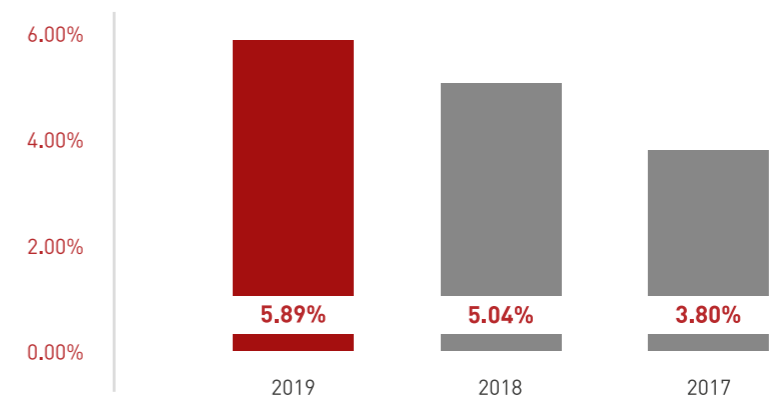
CURRENT RATIO
CURRENT ASSETS/CURRENT LIABILITIES



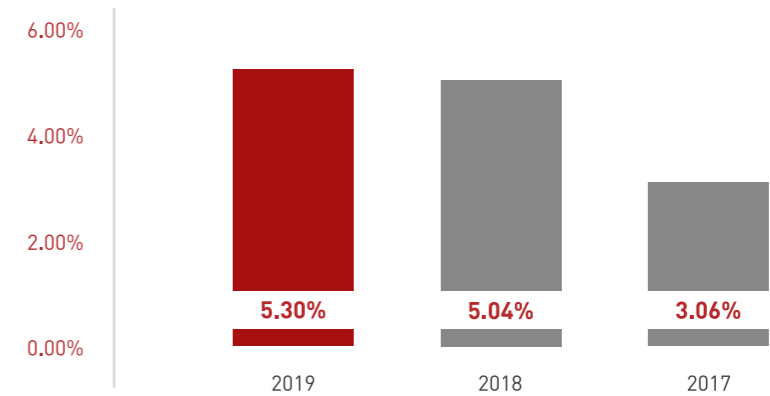
QUICK RATIO



EBITDA



EBIT



FOCUS ON CONSTRUCTION SITES**METROPOLITAN CITY OF BOLOGNA**

Completion of the general bypass road for Provincial Road no. 569 in Vignola for the development of bypass roads for Provincial Road no. 27 "Valle del Samoggia" and Provincial Road no. 78 "Castelfranco - Monteveglio" in the municipality of Valsamoggia, Bazzano and Crespellano

- Execution of excavations and embankments; water collection and disposal network; electrical and lifting systems; safety and soundproofing barriers; installation of vertical and horizontal signs; and final paving with asphalt of the sections from Km 0+000 to Km 4+375 and Km 4+394 to Km 9+832; final paving with asphalt of the S.P. 27 roundabout exit; the S.P. 27 Valle del Samoggia overpass; and the S.P. 78 and S.P. 27 embankment section.

MARCHE REGION

Executive planning and execution of the works necessary for the effective and functional construction of the new hospital in Campiglione di Fermo in the Municipality of Fermo, province of Fermo.

- Executive design activities, preliminary archaeological surveys and preparatory works were carried out, such as soil consolidation by means of rigid inclusions, general excavations and earthworks and the laying of the concrete sub-base. As for the complementary contract for the link road, the executive design has been completed.

ALLIANZ S.p.A.

Preservation works with change in intended use for the construction of a hotel in Piazza della Repubblica No. 1 in Trieste

- Completion of the conservative restoration of the historic areas; completion of interior finishes such as finishing coats, painting, carpet laying; completion of electrical and mechanical installations in the rooms and communal areas; fitting-out of all the rooms; as far as the external areas are concerned, redevelopment of Via Santa Caterina da Siena; inauguration of the hotel.

ALLIANZ S.p.A.

Requalification and renovation of buildings in the Allianz Group headquarters in Largo Ugo Irneri in Trieste - consisting of a central building called building "H" (wings H1 - H2 - H3 - H4) and a building called building "A".

- Completion of interior finishes of the H4 wing with installation of false ceilings and painting; completion of electrical and mechanical installations; completion of external areas with paving in natural stone, railings and parapets, and portions of green areas; delivery of rooms

OSPEDAL GRANDO S.r.l. – Licensee project company

Construction of the "Cittadella Sanitaria" at the hospital in Treviso

- Work on sections 1 and 2 of building 36 have been completed and delivered to the hospital trust with the new HEMS (Helicopter Emergency Medical Service) / SUEM (Urgent Care and Medical Emergency Service) operations centre; the new ambulance depot; the new heliport complete with hangar; the new underpass connecting the MTL logistics macro-area with the MAO hospital macro-area; and the new Via S.M. del Cà Foncello road. Construction of building 29 has begun with temporary and preparatory works necessary to free the areas where the new large building will be built; construction site set-up works; demolition of the existing buildings and roads that occupied part of the area; installation of wellpoint systems and wells to lower the aquifer; installation of temporary works and sheet piling to make the land safe near the excavations; execution of excavations for the foundations; remediation of land contaminated by hydrocarbons and ACMs; and the start of construction of foundations and reinforced concrete works.

CA' TRON – H-CAMPUS - closed real estate fund

Construction of an innovation and training hub consisting of:

- Buildings for training activities (H-School)
- Buildings for recreational, sports and catering services (service centre and sport arena)
- Student residence building
- Buildings for other activities (Farm 3)
- Infrastructure and green areas

- Activities carried out: excavations and earthworks for school and office building works; reinforced concrete works for civil structures; installation of structures for roofing; installation of prestressed slabs; creation of ventilated crawl spaces; creation of wastewater and sewage drain lines; construction of geothermal field. As regards external works, the following were carried out: road embankments; preparation of underground utilities (wastewater and sewage drains; installation of power lines and public lighting); special foundations; steel structures; reinforced concrete works; laying of street kerbs; asphalt works; greenery and irrigation works.

PROVINCE OF TRENTO

Executive design and execution of construction work for the 1st expansion stage of the Trento 3 water treatment plant and regrading of S.S. (State road) 12 of Abetone and Brennero

- SEWER SYSTEMS (Section I): Installation of sheet piling, excavations and filling; laying of sewer pipes; construction of systems for discharge of sewage into the Adige river; construction of state-owned pit crossing; removal of construction site tracks; restoration and return of land to private individuals subject to temporary expropriation.
- PUMPING STATION (section II): Completion of temporary works (diaphragms and tie rods); excavations; construction of structural works (in reinforced concrete; preparation of sewer systems.
- PURIFICATION PLANT (section III): Start of pipe pushing system (sheet piling, drainage systems, push pit excavations, jet grouting); completion of temporary works (diaphragms and tie rods); construction of groundwater pumping wells; excavation of earthworks; start of works in reinforced concrete; construction of the new SS12 road (embankments, roadbeds, asphalt works, safety barriers, various finishes); environmental impact works (vegetated ledges, darkening, etc.).

PIZZATO ELETTRICA S.r.l.

Construction of the new headquarters in Marostica (VI)

- Activities carried out: Waterproofing; thermal coating and insulations; dry masonry (plasterboard walls and false ceilings); sub-bases; floors and wall coverings; windows and facades; internal doors and gates, canopies and pergolas; blacksmith works; mechanical installations; electrical and special installations; painting; external works.

ZAMBON IMMOBILIARE S.p.A.

Requalification of the "Ex Boccardo" building in Bresso, Milan

- Activities carried out: All the works provided for in the contract and the building was delivered to the client. Specifically, in 2019 the following works were carried out: completion of external steel and glass facades; installation of internal steel staircases and walkways with wood finish; raised floors with wood finish and resin floorings/claddings; installation of internal walls in steel and glass; steel and glass connections of the Z-Life building with the existing building; completion of mechanical installations, air conditioning systems and special and supervisory electrical installations; installation of external safety staircases and all external landscaping with creation of washed gravel flooring and green areas.

KRYALOS S.G.R. S.p.A.

Demolition and construction of a building for office use and annexed functions in via Gattamelata, Milan

- Activities carried out: Executive and construction design; demolition of buildings; asbestos and MMVF removal; excavations and preliminary works (Berlinese retaining walls).

KRYALOS S.G.R. S.p.A.

Construction of a building for office use and annexed functions in Viale Sarca, 222, Milan

- Activities carried out: Completion of structural civil works; facades; finishing works (floorings, wood coatings); installations; external works; gardening works.

SAVILLS I.M. S.G.R. S.p.A.

Requalification of the building in Via della Moscova and Via Solferino, Milan

- Activities carried out: Demolitions and excavations; structures in reinforced concrete; consolidation of existing structures; masonry and plasterwork; metallic carpentry and gratings; REI treatments; external facades and fixtures; dry masonry works (plasterboard walls and false ceilings); sub-bases; floors and coatings; stone works; insulations and waterproofing; blacksmith works; mechanical installations; electrical and special installations; painting.

REAM S.G.R. S.p.A. – DIMAR S.p.A.

Construction of a residential and commercial complex in the Municipality of Turin, Strada della Pronda; the residential building will be sold to REAM S.G.R. S.p.A., while the commercial one to Dimar S.P.A.

- Activities carried out: Excavations; works in reinforced concrete; works in precast reinforced concrete; terracotta brickwork and concrete blocks; sub-bases in general; mechanical installations; electrical installations; external scaffolding; waterproof surfaces

ICADE S.A. - NUMERIA S.G.R. S.p.A. – Salute 2 fund

Construction of nursing homes for non self-sufficient people for a total of 180 beds in Via Debouché, municipality of Nichelino, Turin

- Activities carried out: Excavations; cast-in-place reinforced concrete works; terracotta brickwork; plasterboard works; mechanical installations; electrical installations; various sub-bases; ceramic flooring and cladding; painting; exterior insulation; elevators; underground utilities; infrastructure works; waterproof surfaces; general insulation work; exterior fixtures; interior fixtures; REI fixtures.

FONDO SALUTE ITALIA

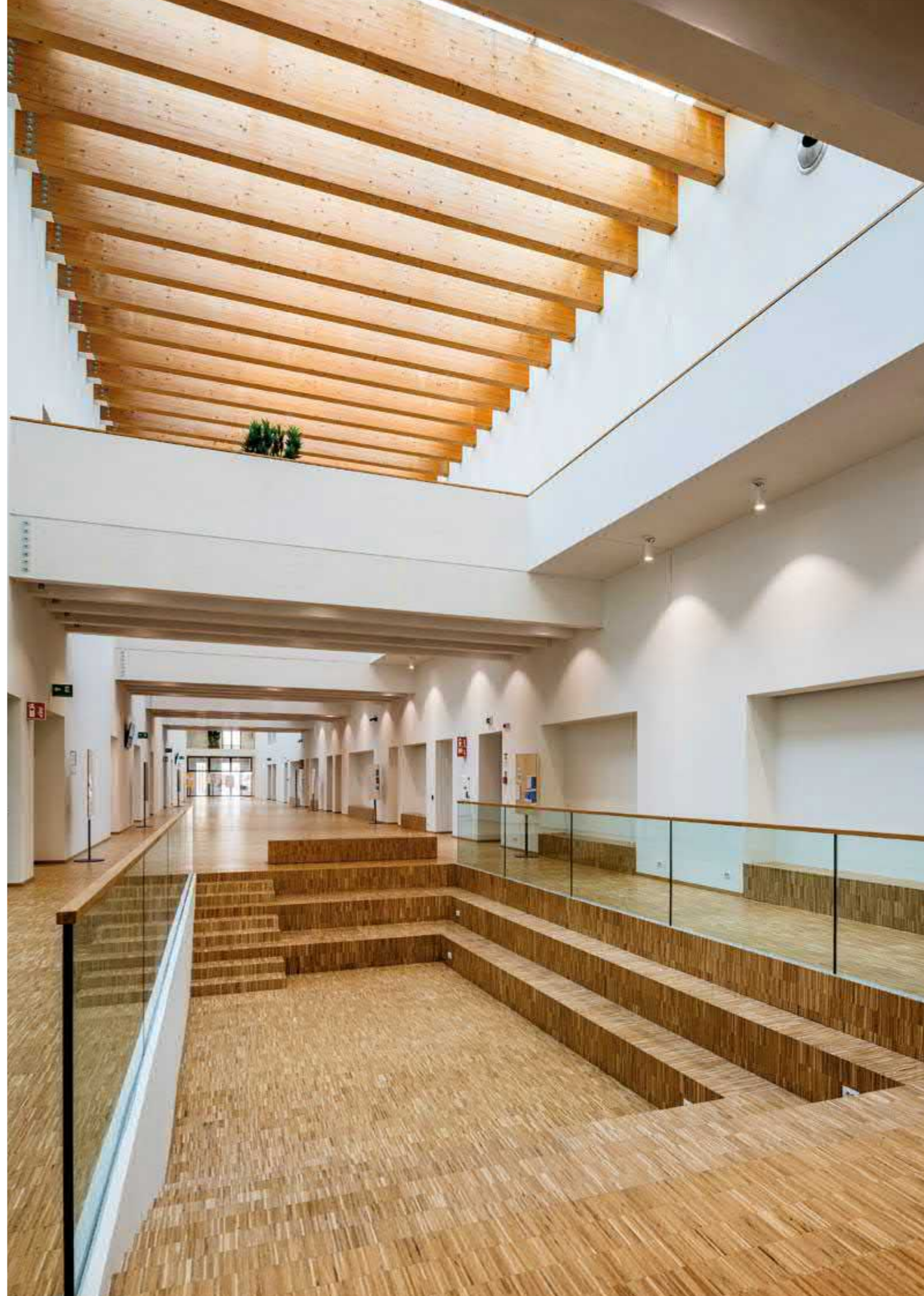
NURSING HOME, via Servais, Province of Turin

- Activities carried out: Demolitions; strip-outs; environmental remediation; structural surveys.

REAM S.G.R. S.p.A.

Nursing Home Torrecchia Pia (Province of Pavia)

- Environmental survey activities; construction site set-up; earthworks.



BALANCE SHEET AND FINANCIAL DATA AT 31 DECEMBER 2019*(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Fixed assets	35,615	31,443	4,172
Financial receivables due from associated companies after 12 months	12,635	12,755	(120)
Total non-current assets	48,250	44,198	4,052
Net working capital	15,552	16,125	(573)
Provisions for liabilities, staff severance indemnity, net long term debt	(1,803)	(2,198)	395
Net invested capital	61,999	58,125	3,874
Shareholders' equity	45,140	39,695	5,445
Other liabilities due after 12 months	1,948	8,133	(6,185)
Payables (credit lines) vis-à-vis the banking system	14,912	10,297	4,615
Sources	61,999	58,125	3,874

INVESTED CAPITAL

The net invested capital amounts to Euro 62 million (Euro 58,1 million in 2018), an increase of Euro 3,9 million, mainly due to value of works carried out within the Nursing Home sector and the progress of works on some construction sites which, due to the contractual conditions governing the relationship, recorded a slower turnover compared to the historical data, expanding the scope of current commercial assets, however without transferring that same effect to the current liabilities (in particular as regards the supplier segment).

FIXES ASSETS

For the purposes of reclassification of the financial statement values, non-current assets include intangible and tangible assets at their net value, as well as medium/long-term financial assets, typically represented by investments not included in the scope of consolidation, loan receivables and trade receivables due after 12 months.

At 31.12.2019, non-current assets amount to Euro 48,3 million (Euro 44,2 million at 31.12.2018), of which Euro 0,6 million for intangible assets (Euro 0,5 million at 31.12.2018), Euro 15,8 million for tangible assets (Euro 15,9 million at 31.12.2018), Euro 1,6 million for financial assets (Euro 0,6 million at 31.12.2018), Euro 12,6 million for trade receivables and other securities due after 12 months (Euro 12,8 million at 31.12.2018), recording an overall increase, compared with the figure at 31.12.2018, of Euro 4,1 million.

The detailed analysis of the changes occurred is contained in the specific illustrative section of the "Explanatory notes to the financial statements" to which reference is made.



OPERATING WORKING CAPITAL (excluding financial assets and liabilities)

The operating working capital, given by the difference between current trade assets, amounting to Euro 111.1 million (receivables, inventories, work in progress and other assets) and current trade liabilities, amounting to Euro 95,6 million (suppliers, advances from customers and property promisee purchasers, trade payables and other payables), amounts to Euro 15,6 million and is made up as follows:

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Inventories	17,363	14,063	3,300
Work in progress	69,036	60,362	8,674
Trade receivables	15,184	20,775	(5,591)
Receivables due from controlled consortium companies	464	565	(101)
Receivables from associated companies	2,215	1,901	314
Receivables due from parent companies	400	601	(201)
Receivables due from controlled companies by the parent company	197	59	138
Tax receivables	150	2,167	(2,017)
Receivables for prepaid taxes	34	34	0
Receivables due from others	5,165	2,767	2,398
Current financial assets	102	122	(20)
Accruals and deferrals	800	670	130
Total current assets	111,110	104,086	7,024
Advances received	27,542	17,269	10,273
Trade payables	56,812	58,186	(1,374)
Payables due to controlled companies	222	4,245	(4,023)
Payables due to associated companies	3,856	2,928	928
Tax payables	3,361	1,184	2,177
Payables due to pension and social security institutions	977	968	9
Other payables	2,731	3,111	(380)
Accruals and deferrals	56	70	(14)
Total current trade liabilities	95,558	87,961	7,597
Net commercial working capital at 31.12.2019	15,552	16,125	(573)

At 31.12.2018, the net working capital amounted to Euro 16,1 million, while at 31.12.2019 it amounted to Euro 15,6 million, recording a decrease of Euro 0,6 million.

The "inventories" item includes the value of the land (Euro 15,9 million) used for the construction of a nursing home in Piedmont and a commercial facility in the Emilia Romagna region, both to be constructed between 2020 and 2021.

WORK IN PROGRESS

This item includes medium/long-term contracts that are valued based on fees accrued with reasonable certainty, according to the percentage of work completed, applying the cost-to-cost method.

NET WORKING CAPITAL

The increase was impacted by the presence, in its composition, of works with slow financial turnover related to the underlying nature of the contracts governing their execution, in this case called "sale of future assets", the final payment of which takes place when they come into existence and related sale by notarial deed. The trend of net working capital is impacted by the way in which the activity is carried out, which varies according to the specific conditions that govern the contracts of companies carrying out the works, of the contractual relationships with suppliers and subcontractors and, in general, of third parties with whom the company deals in carrying out activities.

SHAREHOLDERS' EQUITY

At 31.12.2019 the Group shareholders' equity, consisting of the share capital and the legal and optional reserves, amounts to Euro 45,1 million, recording an increase of Euro 5,4 million compared with the figure at 31.12.2018 (Euro 39,7 million), mainly from the profits for the year. For further information, please refer to the Explanatory notes.

NET FINANCIAL POSITION

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Cash and cash equivalents	50	50	0
Cash and cash equivalents held in banks	27,394	16,250	11,144
Liquidity	27,344	16,300	11,144
Short-term bank debt	(26,150)	(10,568)	(15,582)
Non-current bank loans	(16,105)	(16,028)	(77)
Net financial position towards the lending system	(14,912)	(10,297)	(4,615)
Receivables due from associated companies after 12 months	103	103	0
Receivables due from other companies after 12 months	12,532	12,652	(120)
Financial position towards others	12,635	12,755	(120)
Total net financial position	(2,276)	2,458	(4,735)

The Group's financial position vis-à-vis the banking system increased by Euro 4,6 million, from Euro (-) 10,3 million at 31.12.2018 to Euro (-) 14,9 million at 31.12.2019. The overall position, which includes financial receivables and payables from/to other companies and from/to associated companies, amounted to Euro (-) 2,3 million, an increase of Euro (-) 4,7 thousand compared with 31.12.2018.

NOTES TO THE INCOME STATEMENT

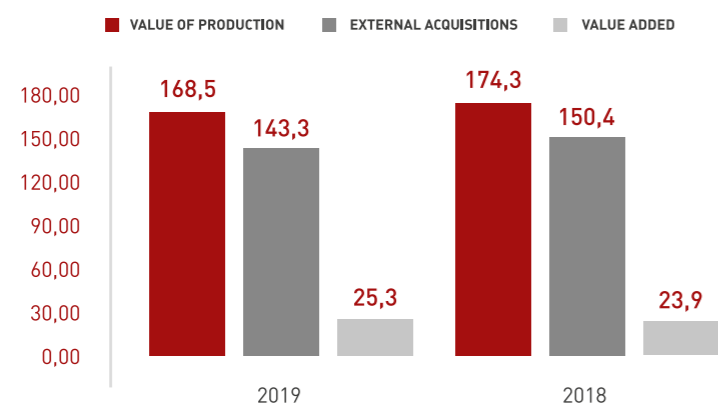
Reclassification of the income statement - "value-added approach"

The following reclassification highlights the intermediate results of economic management by highlighting the "Value added", the "Gross operating margin or Ebitda", the "Operating margin or Ebit" and the result for the year:

(In thousands of Euro)

DESCRIPTION	2019	%	2018	%
VALUE OF PRODUCTION	168,539	100.00	174,270	100.00
Costs for acquisitions	(143,283)	(85.02)	(150,407)	(86.31)
VALUE ADDED	25,255	14.98	23,863	13.69
Labour costs	(13,726)	(8.14)	(13,627)	(7.82)
Sundry operating expenses	(1,604)	(0.95)	(1,447)	(0.83)
EBITDA	9,926	5.89	8,789	5.04
Depreciation	(686)	(0.41)	(651)	(0.37)
Amortisation, depreciation and write-downs	(310)	(0.18)	(231)	(0.13)
EBIT	8,930	5.30	7,907	4.54
Financial income and (charges)	(545)	(0.32)	7,237	4.15
Revaluations (write-downs)	(545)	(0.32)	(616)	(0.35)
Profit before tax	7,840	4.65	14,527	8.34
Income taxes	(2,395)	(1.42)	(2,588)	(1.48)
Net profit for the year	5,445	3.23	11,940	6.85

Income statement



Production in 2019 records a decrease by 3.33 % compared to the previous year, from Euro 174,3 million to Euro 168,5 million.

Costs for external acquisitions of goods and services amounted to Euro 143,3 million, accounting for 85.02% of the value of production (Euro 150,4 million, accounting for 86.3% in 2018).

Value added amounted to Euro 25,3 million, which corresponds to 14.98% of the value of production, against Euro 23,9 million in 2018 (13.69% of the value of production).

DIRECTORS' REPORT - Carron SPA Financial Statements

The item "value of production" is broken down as follows:

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Sales and services revenues	157,381	138,377	19,004
Changes in work in progress	8,674	35,504	(26,830)
Changes in product inventories	(99)	(760)	661
In-house work	367	-	367
Other revenues and income	2,215	1,149	1,066
Total value of production	168,539	174,270	(5,732)

The item "production costs" is broken down as follows:

(In thousands of Euro)

DESCRIPTION	2019	2018	Variation
Raw and ancillary materials	36,628	23,928	12,700
Services	106,525	120,877	(14,352)
Use of third-party assets	3,529	3,896	(367)
Changes in inventories	(3,398)	1,706	(5,104)
Total external purchases	143,283	150,407	(7,123)
Labour costs	13,726	13,627	99
mortisation and depreciation, risk provision and write-downs	996	881	115
Sundry operating expenses	1,604	1,447	157
Total production costs	159,609	166,363	(6,755)

The item “value added” is broken down as follows:*(In thousands of Euro)*

DESCRIPTION	2019	2018	Variation
Value added	25,255	23,863	1,393
Compensation for work	(13,726)	(13,627)	(99)
Sundry operating expenses	(1,604)	(1,447)	(156)
EBITDA	9,926	8,789	1,137
Depreciation	(686)	(651)	(35)
Amortisation, depreciation and write-downs	(310)	(231)	(78)
EBIT	8,930	7,907	1,023
Financial income and (charges)	(545)	7,237	(7,782)
Write-downs	(545)	(616)	71
Profit before tax	7,840	14,528	(6,688)
Taxes	(2,395)	(2,588)	193
Shareholder's net income	5,445	11,940	(6,495)

EBITDA for the year showed an increase, from 5.04% at 31.12.2018 to 5.89% at 31.12.2019 (+17%), especially due to the contribution of the activities carried out in the nursing Home sector during the year.

DIRECTORS' REPORT - Carron SPA Financial Statements

INFORMATION REQUESTED BY THE PROVISIONS OF (ITALIAN) LEG. DECREE 32/2007, IMPLEMENTING DIRECTIVE 2003/51/EC AMENDING ARTICLE 2428 OF THE ITALIAN CIVIL CODE

TABLE OF CONTENTS	2019	2018
Ratio of current assets to current liabilities		
Current assets/current liabilities	1.138	1.222
Equity to fixed assets ratio		
Shareholders' equity/Fixed assets	1.038	0.899
Ratio of fixed assets to total assets		
Fixed assets/net assets	0.233	0.268
Flexibility of net assets		
Current assets/net assets	0.742	0.731
Overall debt ratio		
Shareholders' equity/Total liabilities	0.319	0.318
Debt to equity ratio		
Shareholders' equity/Net financial position	3.027	3.855
Acid test		
Current assets-stocks/Current liabilities	0.995	1.079
Total debt ration		
Liabilities/ Shareholders' equity	3.136	3.146
Financial debt/Ebitda		
Financial position vis-à-vis lenders/gross operating margin	1.502	1.172
Ebitda/Financial payables		
Gross operating margin/financial position vis-à-vis lender	0.666	0.854

OPERATING PERFORMANCE THROUGH ASSOCIATED AND CONTROLLED COMPANIES

Investments in consortium companies

The investee consortium companies indicated under the item "Financial assets not held as fixed assets" in the Balance Sheet, represent corporate instruments through which the Group's companies, as principals or contractors of Temporary Business Associations, perform the services deriving from the contracts acquired. As per the operating procedure, the purpose of the consortium companies is to carry out contract work, thus primarily meeting organisational and operational requirements.

The consortium companies take over from the Temporary Business Associations by right without this constituting a transfer of the contract. As for their responsibilities, in the case of "horizontal" Temporary Business Associations, all the companies, principals and contractors are bound by the bond of solidarity in fulfilment of the obligation (indivisible and unitary) assumed. It follows that, since all the companies are equally co-contractors and jointly liable for the entire contracted work (the pro-quota quantitative subdivision of the contracted work has merely internal relevance), the contracting entity can legitimately request the entire service from each debtor, with the exception of internal regressions (each company belonging to the TBA can, after complying in full, take action against the other companies according to contractual shareholdings).

On the contrary, in the case of a "vertical" TBA, joint and several liability does not involve all companies, jointly, but the principal company for its share of work and the contractor holding company.

By their nature, consortium companies are non-profit organisations as they act in the exclusive interest of the companies grouped together in the temporary consortium ("A.T.I.") to which they "charge back" the entire cost of their operations without any remuneration for their work. The financial and earnings effects of operations are therefore entirely attributed to the participating companies in proportion to their shareholding.

OTHER INFORMATION

Status of the dispute

The civil litigation situation regarding the group's activities, supported by the assessments of the designated lawyers, does not give rise to particular concerns, given that the pending litigations and their very modest value are not deemed to influence or prejudice the economic and financial situation of the company.

Tax situation

From 17 June to 26 November 2015, an audit of the accounts of Carron Cav. Angelo S.p.A. was conducted by the Guardia di Finanza - Venice Tax Police Unit (Italian financial police - Venice tax police unit) - concerning VAT, income taxes and other taxes, for the 2013 tax period and for the period from 01.01.2014 until the date of access.

In 2018, following the notification of the assessment notices for the objections referring to the year 2012 and the notification with invitation to consent to the objections referring to the year 2013, the company Carron S.p.A. signed the relevant consent agreement, the effect of which was recorded in 2018.

DIRECTORS' REPORT - Carron SPA Financial Statements

The findings for the 2014 and 2015 tax years of the above company were remedied by voluntary disclosure in the month of September 2019. At present, all positions resulting from the aforementioned Guardia di Finanza (Italian financial police) tax audit report served on 26.11.2015 have been closed following settlement, consent agreement and voluntary disclosure.

With regard to the pending appeal case against an assessment for the 2006 tax year, with a disputed amount for IRES (corporate income tax) purposes of € 660,000, the company, on 28.05.2019, took advantage of the benefits of the settlement concessions under Article 6 of (Italian) Legislative Decree 119/2018, proceeding with the payment in instalments of the tax being settled. On 20.12.2019 the Veneto CTR (regional tax tribunal) declared the case dismissed due to discontinuance of the proceedings. The related debt due for the instalment payment was recorded under liabilities.

Risk management policies

The company's business is generally subject to various operational, counterparty and contract risks, as well as financial risks:

Operational risks

In this case, the risks that could affect the creation of value and due to an inefficient and/or ineffective management of business operations were taken into account, in particular those connected with the management of offers and the actual execution of orders. The various risk areas that fall into this category include the planning of offers, warehouse management and logistics, as well as risks related to the management of IT systems, planning and reporting, effective supply chain and personnel management, also with reference to health and safety, the environment, human rights and local communities. These risks may occur if, during the bidding and/or order implementation process, policies and procedures of the business entities are not sufficiently adequate to manage the risk factors arising from the degree of complexity of the project, or as a result of unforeseeable events. To this end, the activity carried out is aimed at controlling these risks from the analysis phase of the commercial initiative to be undertaken (bidding) with a view to assessing the risk-return of the project in case of award and its impact on the portfolio configuration, both in terms of concentration and overall risk profile. In this context, among other activities, a pre-bid assessment is carried out to identify potential risks and consequent impacts related to the project, as well as to identify the necessary mitigation and/or contingency measures to cover risks. The risk recognition activity is then performed again during the award phase and monitored and updated during execution of the order to swiftly detect evolution of the risk exposure and promptly adopt appropriate mitigation measures.

Counterparty risk

The size and/or technical capability of the counterparty indicates the potential problems connected with relations with customers, shareholders, subcontractors and suppliers of the company, giving as complete a picture as possible of the characteristics of partners with whom to start or continue a collaboration. For each of these types of counterparties, the risk factors connected with financial and operational reliability take on more or less significance, in addition to the strategic role that may be assumed by a collaboration as opposed to a specific *business initiative*, as well as everything connected with legal, compliance and applicable standards (ethics, quality, health and safety, environment, human rights) to protect the regularity of the relationship.

Order risk

This aspect is crucial for an effective analysis of all the risks arising from the company's core business, to define which instruments to use to identify and monitor the so-called order risks from the bidding phase, with a view to risk prevention as part of an in-depth risk assessment of opportunities linked to the pursuit of a specific initiative. It is also fundamental to constantly monitor risks once they have been understood by *the management*, by proactively and dynamically managing the resulting risk exposure and the continuous evolution that this may undergo over time.

Financial risks

These risks can be classified as follows:

- Market risk (price of raw materials and fluctuation of share prices)
- Credit risk - Exchange rate risk - Interest rate risk
- Liquidity risk

The management of the Group's financial risks is carried out within the framework of specific organisational directives that govern the management of the aforementioned risks and the control of all the operations that have strict relevance in the composition of financial and/or commercial assets and liabilities. The company does not have any derivative financial instruments, nor are there any specific financial, price, credit or liquidity risks other than those deriving from operating activities. The company has a minimal exposure to interest rate risk, which therefore only affects the return on financial liquidity. There is no exposure to exchange rate risk as operations are carried out and revenues are produced exclusively in Italy, and the main costs incurred are in euros. The company does not have particularly significant credit risk areas; the operating procedures allow to control the credit risk, selecting the execution of contracts and/or services on behalf of customers who have an adequate level of credit and guarantees. Therefore, the maximum exposure to credit risk is represented by the book value in the financial statements. The company is exposed, to a non-significant extent, to fluctuations in the price of raw materials and services; this risk is managed by the operating companies through the use of a large supplier base enabling the best market conditions and through the conclusion, where possible, of procurement contracts that contain limitation clauses for risks related to the trend of raw material costs. The risk areas relating to the protection of the health and safety of workers are managed in strict compliance with the laws and regulations.

Quality - Environment - Safety

The tools that allow to increase the efficiency of the quality system have assumed an increasing importance within the company and also in the year 2019 maximum attention was placed on strengthening this aspect by implementing all the measures dictated by the regulations in force.

To this end, the company has completely updated the "Integrated Management System (IMS) - Quality, Environment and Safety". The system therefore complies with the new international standards UNI EN ISO 9001:2015, UNI EN ISO 14001:2015 and BS OHSAS 18001:2007. The three management systems are certified in accordance with the standards for the construction sector, for the following activities:

- Design, construction, renovation and maintenance of construction, infrastructural (road and railway) and hydraulic engineering works;
- Restoration of real estate under protection.

The relevant certificates were issued by ASACERT (an independent certification body in accordance with international standards ISO/IEC 17021). Certifications are maintained annually and renewed every three years.

DIRECTORS' REPORT - Carron SPA Financial Statements

The company operates using the certified Quality Management System, also with regard to the Environment and Safety.

The system has been pre-established in order to achieve general objectives with the aim of:

- Rationalising and optimising both management and executive activities consistent with the new company organisation, by implementing the use of computerised processes;
- Minimising errors;
- Guaranteeing customer satisfaction, namely by assuring customers that the work, in technical and economic terms, is accomplished and maintained with the required quality, and also allowing external verification on the Integrated Management System;
- Orienting corporate culture towards environmentally-friendly behaviour (control and rationalisation of the consumption of water and energy resources, correct management and separation of waste and waste produced) and operated in compliance with the binding legislation and the voluntary regulatory framework (UNI EN ISO 14001);
- Pursuing the best possible conditions in terms of health and safety in the workplace and hygiene of the environments in which the personnel operates, in compliance with the requirements of current legislation and the voluntary framework (BS OHSAS 18001);
- Managing their activities also with the aim of preventing accidents, injuries and work-related diseases and safeguarding the health of workers, company assets, third parties and the community in which the company operates, thereby arranging the purchase, operation and maintenance of machines, plants and equipment, the organisation of workplaces, and the definition of operating methods and organisational aspects, with a view to continuous improvement;
- Ensuring the widest possible dissemination of all information notices regarding health and safety risks in the workplace and the intervention procedures in emergency situations that may harm persons or the environment;
- Reducing the general negative environmental impacts during the performance of company activities through an assessment of the same already in the planning phase and through an accurate selection, assessment and awareness-raising of suppliers and contractors;
- Seeking clear and direct forms of internal and external communication that give evidence of transparent behaviour and are founded on respect and collaboration;
- Seeking the satisfaction of all internal and external stakeholders;
- Maintaining the certification of the company's Integrated Management System.

The Integrated Management System policy is based on compliance with several general concepts:

- Participation and involvement at all levels, based on the critical nature of the tasks and responsibilities of each operator;
- Continuous improvement, both in terms of satisfying customer requirements and the effectiveness of the Integrated Management System;
- Planning and review of company objectives.

In particular, the objectives and resources used to achieve them are defined yearly on a corporate basis following the review of the Integrated Management System and can be updated in relation to organisational and process changes, or strategic choices relating to the market policy of the company. The achievement of objectives is monitored on the basis of parametric values in order to objectively evaluate the achievement and take decisions based on factual information.

The company pays particular attention to the environmental and safety aspects in the workplace by applying the Management System, with constant actions by all personnel involved, assisted by the Internal Prevention and Protection Service composed of a supervisor and 3 employees.

The main actions are summarised as follows:

- Education, communication and training activities for all workers (office employees, labourers, technicians, supervisors, managers, emergency workers, workers with specific duties, prevention and protection service supervisor and staff, workers' representatives) in compliance with current legislation, including updates and supplementing with appropriate alternative training in order to improve knowledge and apply safety in the workplace;
- Supplier qualification, also and above all, in terms of legality and the absence of mafia infiltrations (through verification of registration to prefectural 'white lists' or through the Unindustria trade association by means of the legality protocol), and qualifying safety with a careful analysis of the documentation for verifying technical and professional suitability and the operational safety plan;
- Continuous maintenance and control of machines and equipment in compliance with current legislation, standards adopted and internal procedures in order to always have efficient machines and equipment and avoid accidents in the workplace;
- Management of chemical products through the acquisition of the relative safety data sheets, their updating, subsequent distribution and application of the requirements set out;
- Analysis of the planned work on site, drafting of the operational safety plans and subsequent updating according to the progress of the site;
- Systematic surveillance and monitoring in the workplace to comply with the provisions of the safety plans and the current legislation on safety in the workplace;
- Investigation of any accidents, injuries and dangerous behaviour or situations in order to establish the causes and implement appropriate preventive and corrective actions.

Human resources

Carron pays constant attention to staff development by dedicating time and customised measures to improving know-how and skills, with the aim of enhancing customer satisfaction and initiating new projects and business areas.

The purpose of HR management is to guarantee the effective and efficient use of resources, with reference to both the quantitative and qualitative aspects of the personnel, providing mutual benefit for the group and its people. For this to be effective, it is necessary to ensure, at the various levels of the organisation, that the individual, professional and organisational skills of those persons holding positions of responsibility correspond to and are consistent with expected performance

Training and development

The objective of staff training is of significant importance, especially regarding aspects governed by regulations in relation to technical and professional skills and managerial behaviour.

The training activity in 2019 is the result of careful assessments of the needs expressed by the business lines and functions of the Group companies.

The investment made in terms of training hours and personnel involved was significant. Technical training courses, language training courses and refresher courses for personnel in the administration and control department have been provided, in accordance with relevant legislation, its evolution and the practical application of the relative frameworks.

White list registration

The company is registered in the list of suppliers, service providers and operators not subject to mafia infiltration attempts, operating in the sectors most exposed to risk (the so-called white list) as identified in Article 1, Paragraphs 53 and 54 of (Italian) Law no. 190 of 6 November 2012 and concerning the following sectors:

- transport of materials to landfill on behalf of third parties;
- extraction, supply and transport of soil and inert materials;
- packaging, supply and transport of concrete and bitumen;
- hiring of machinery without operator;
- supply of wrought iron;
- hiring of machinery with operator;
- road haulage on behalf of third parties;

Registration on the white list, which is voluntary, fulfils the requirements of anti-mafia certification for carrying out the activities for which registration has been ordered and is therefore subject to the following conditions:

- Absence of one of the causes of forfeiture, suspension or prohibition pursuant to Art. 67 of Legislative Decree no. 159 of 6 September 2011 (Anti-mafia Code);
- Absence of any mafia infiltration attempts designed to influence the company's choices and intentions pursuant to Art. 84, Paragraph 3, of the Anti-Mafia Code.

Legality rating

The "Autorità Garante della Concorrenza e del Mercato" (the Italian Competition Authority) has attributed to Carron Cav. Angelo S.p.A. a legality rating, which carries a maximum score of three stars.

The legality rating is a new tool introduced in 2012 for Italian companies, aimed at promoting and introducing principles of ethical behaviour by assigning a rating on compliance with the law to requesting companies and, more generally, on the level of attention paid to the proper management of business. A sufficient legality rating level can help companies obtain benefits in terms of the granting of public funding and easier access to bank lending.

SIGNIFICANT EVENTS AFTER 31 DECEMBER 2019

Please refer to the "Business Outlook" paragraph for information on the events that occurred after the closing of the financial year.

It is also hereby specified that:

The company does not own any treasury shares, neither directly nor through a trust company or third party;
over the course of the year, the company did not buy or sell treasury shares, neither directly nor through a trust company or third party

BUSINESS OUTLOOK

As is known, since January 2020 the national and international scenario has been marked by the spread of Coronavirus and the consequent restrictive measures for its containment implemented by the public authorities of the countries concerned. These circumstances, extraordinary by nature and extent, have direct and indirect repercussions on economic activity and have created a context of general uncertainty, the evolution and effects of which are unpredictable.

As far as the evolution of management is concerned, on the basis of the projects in portfolio, the data and the indicators for the 2020 financial year, production of approximately 260 million euros was planned, with a significant increase compared to the 2019 financial year, also in terms of percentage returns, considering the business potential in the residential care facility sector.

In particular, as a result of the recent restrictive measures issued by the Italian government, work on construction sites involving the company was stopped from 16 March 2020. The potential effects of this phenomenon on the financial statements cannot be determined at present and will be constantly monitored throughout the year.

The closure of construction sites for an indefinite period of time is likely to determine a postponement of part of the production forecast for the current financial year to the 2021 financial year. It is conceivable that for the 2020 financial year, even if the value cannot be determined, there will be a contraction in revenues and earnings, not offset by a reduction in expenses due to the presence of fixed costs, and therefore a reduction in profits.

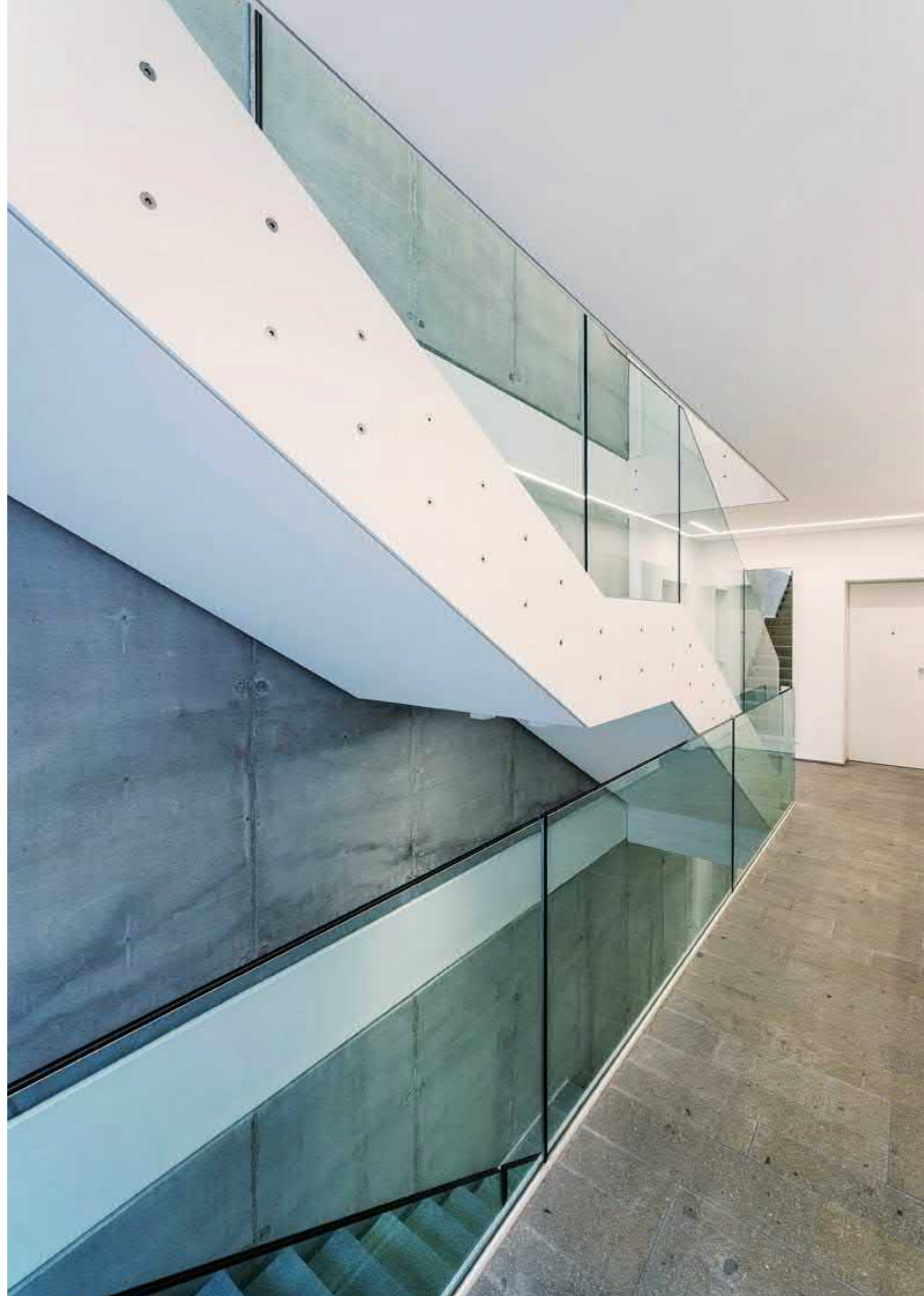
The company resumed full operations on 4 May 2020.

Albeit the effects of the COVID-19 pandemic, the company's financial situation is still stable – even if the financial management in 2020, due to the aforementioned causes, should reduce expected operating performance – to allow the company to regularly meet all the financial commitments undertaken or to be undertaken in 2020.

The Board of Directors

The Chairman

Arch. Diego Carron





STATUTORY FINANCIAL STATEMENTS AT 31.12.2019
CARRON S.P.A.

2019 STATUTORY FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	31.12.2019	31.12.2018
B FIXED ASSETS		
I) Intangible fixed assets		
3 industrial patents and intellectual property rights	126,766	53,596
7 Others	441,942	427,519
TOTAL INTANGIBLE ASSETS	568,708	481,114
II) Tangible fixed assets		
1 land and buildings	14,120,495	14,070,424
2 plants and machinery	1,215,999	1,330,711
3 industrial and commercial equipment	76,337	54,560
4 Other assets	399,512	407,319
TOTAL TANGIBLE FIXED ASSETS	15,812,342	15,863,014
III) Financial fixed assets		
1 equity investments in:		
a) controlled companies	24,666	116,491
b) associated companies	13,020	13,020
d-bis) other companies	437,770	440,371
Total equity investments	475,456	569,882
2 receivables:		
a) From associated companies	102,800	102,800
Total receivables from associated companies	102,800	102,800
d-bis) from others	12,532,730	12,652,031
Total other accounts receivable	12,532,730	12,652,031
Total receivables	12,635,529	12,754,831
3 Other securities	1,172,503	1,713,096
Total other securities	1,172,503	1,713,096
TOTAL FINANCIAL FIXED ASSETS	14,283,488	15,037,809
B) TOTAL FIXED ASSETS	30,664,538	31,381,937
C CURRENT ASSETS		
I) Inventories		
1 raw, ancillary and consumable materials	16,776,576	13,378,225
3 contract work in progress	69,035,729	60,361,580
4 finished products and goods	585,978	684,875
TOTAL INVENTORIES	86,398,283	74,424,680
II) Receivables		
1 trade receivables		
a) due within one year	15,183,552	20,775,393
b) due after one year	12,810,645	12,785,892
Total trade receivables	27,994,198	33,561,285
2 From controlled companies		
a) due within one year	464,414	565,045
Total receivables due from controlled companies	464,414	565,045

STATUTORY FINANCIAL STATEMENTS

BALANCE SHEET

ASSETS	31.12.2019	31.12.2018
3 From associated companies		
a) due within one year	2,215,226	1,900,585
b) due after one year	4,744,982	0
Total receivables from associated companies	6,960,208	1,900,585
4 from parent companies		
a) due within one year	400,032	600,610
Total receivables from parent companies	400,032	600,610
5 From companies subject to the control of parent companies		
a) due within one year	197,385	59,259
Total receivables due to companies subject to the control of parent companies	197,385	59,259
5-bis tax credits		
a) due within one year	150,178	2,167,599
b) due after one year	30,381	29,889
Total tax credits	180,559	2,197,488
5-ter prepaid taxes	34,093	34,093
Total prepaid taxes	34,093	34,093
5-quater due from others		
a) due within one year	5,164,952	2,766,899
Total other accounts receivable	5,164,952	2,766,899
TOTAL RECEIVABLES	41,395,841	41,685,264
III) Financial fixed assets that do not constitute assets		
1 Equity investments in controlled companies	6,677	11,852
2 Equity investments in associated companies	87,507	82,307
4 Other equity investments	7,796	27,796
TOTAL CURRENT FINANCIAL ASSETS	101,980	121,955
IV) Cash and cash equivalents		
1 bank and post office deposits	27,293,605	16,249,704
3 cash and equivalents on hand	50,311	49,989
TOTAL CASH AND CASH EQUIVALENTS	27,343,916	16,299,693
C) TOTAL CURRENT ASSETS	155,240,020	132,531,592
D ACCRUALS AND PREPAYMENTS	799,800	670,231
TOTAL ASSETS	186,704,358	164,583,760

BALANCE SHEET

LIABILITIES		31.12.2019	31.12.2018
A	SHAREHOLDERS' EQUITY		
I	Share capital	10,000,000	10,000,000
III	Revaluation reserves	2,191,552	2,191,552
IV	Legal reserve	1,539,517	942,537
VI	Altre riserve, distintamente indicate		
	- Extraordinary reserve	25,964,207	14,621,596
IX	Profit (loss) for the year	5,444,960	11,939,589
	A) TOTAL SHAREHOLDERS' EQUITY	45,140,235	39,695,274
B	PROVISIONS FOR LIABILITIES AND CHARGES		
2	Provision for taxes, also deferred	102,212	592,856
4	Other provisions	1,129,827	950,200
	B) TOTAL PROVISIONS FOR LIABILITIES AND CHARGES	1,232,039	1,543,056
C	STAFF SEVERANCE INDEMNITY	570,912	654,931
D	PAYABLES		
4	payables due to banks		
	a) due within one year	26,150,318	10,568,157
	b) due after one year	16,105,252	16,028,223
	Total payables due to banks	42,255,570	26,596,380
6	advances		
	a) due within one year	27,542,037	17,269,381
	b) due after one year	1,940,000	8,125,000
	Total advances	29,482,037	25,394,381
7	trade payables		
	a) due within one year	56,812,260	58,185,560
	Total trade payables	56,812,260	58,185,560
9	payables due to controlled companies		
	a) due within one year	221,720	4,244,920
	Total payables due to controlled companies	221,720	4,244,920
10	payables due to associated companies		
	a) due within one year	3,856,206	2,927,620
	b) due after one year	0	0
	Total payables due to associated companies	3,856,206	2,927,620
12	tax payables		
	a) due within one year	3,360,747	1,184,397
	Total tax payables	3,360,747	1,184,397
13	Payables due to pension and social security institutions		
	a) due within one year	977,359	968,433
	Total payables due to pension and social security institutions	977,359	968,433

STATUTORY FINANCIAL STATEMENTS

BALANCE SHEET

LIABILITIES		31.12.2019	31.12.2018
14	other payables		
	a) due within one year	2,730,854	3,111,087
	b) due after one year	8,070	8,070
	Total other payables	2,738,924	3,119,157
	D) TOTAL PAYABLES	139,704,823	122,620,849
E	ACCRUALS AND DEFERRALS	56,349	69,650
	TOTAL LIABILITIES	186,704,358	164,583,760

INCOME STATEMENT

	31.12.2019	31.12.2018	
A	VALUE OF PRODUCTION		
1	Sales and services revenues	157,381,970	137,828,235
2	Changes in inventories of work in progress, semi-finished and finished goods	[98,897]	[759,831]
3	Changes in contract work in progress	8,674,149	36,052,281
4	Increases in fixed assets for in-house production	367,105	-
5	Other revenues and income	2,214,569	1,149,272
	TOTAL VALUE OF PRODUCTION (A)	168,538,896	174,269,957
B	PRODUCTION COSTS		
6	For raw and ancillary materials, consumables and goods	36,628,067	23,927,877
7	For services	106,524,601	120,877,200
8	For use of third-party assets	3,529,121	3,896,004
9	For personnel:		
	a) salaries and wages	9,913,710	9,936,686
	b) social security contributions	3,148,519	3,061,466
	c) staff severance indemnity	543,197	549,387
	d) other costs	120,382	79,020
	Total personnel costs	13,725,808	13,626,559
10	amortisation, depreciation and write-downs		
	a) amortisation of intangible fixed assets	47,948	49,523
	b) depreciation of tangible fixed assets	638,039	601,031
	c) Write-downs of current receivables and of cash and cash equivalents	0	200,000
	Total amortisation, depreciation and write-downs	685,987	850,554
11	changes in inventories of raw and ancillary materials, consumables and goods	[3,398,351]	1,706,106
12	Risk provisions	309,825	31,406
13	Other provisions	-	-
14	sundry operating expenses	1,603,582	1,447,490
	TOTAL PRODUCTION COSTS (B)	159,608,641	166,363,196
	DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	8,930,255	7,906,761
C	FINANCIAL INCOME AND CHARGES		
15	Income from equity investments:		
	a) controlled companies	4,500	5,760,000
	b) associated companies	0	100,000
	Total income from equity investments	4,500	5,860,000
16	Other financial income:		
	c) from current securities other than equity investments	-	-
	d) other income	157,295	1,719,309
	Total other financial income	157,295	1,719,309
17	interest and other financial charges		
	- from others	[707,090]	[342,590]
	Total interest and other financial charges	[707,090]	[342,590]
	TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 + 17)	[545,295]	7,236,719

STATUTORY FINANCIAL STATEMENTS

INCOME STATEMENT

	31.12.2019	31.12.2018	
D	VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES		
19	Write-downs:		
	a) of shares	[545,239]	[616,016]
	Total write-downs	[545,239]	[616,016]
	TOTAL VALUE ADJUSTMENTS TO FINANCIAL ASSETS AND LIABILITIES (18 - 19)	[545,239]	[616,016]
	RESULT BEFORE TAXES (A - B + - C + - D)	7,839,721	14,527,464
20	Current, deferred and prepaid income taxes for the year		
	- current taxes	[2,610,405]	[2,893,872]
	- deferred and prepaid taxes	215,644	305,997
	Total current, deferred and prepaid income tax for the year	[2,394,761]	[2,587,875]
21	Profit (loss) for the year	5,444,960	11,939,589

CASH FLOW STATEMENT

DESCRIPTION	31.12.2019	31.12.2018
A CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	5,444,960	11,939,589
Income taxes	2,394,761	2,587,875
Interest payable/(Interest receivable)	707,090	342,590
Other financial charges/(financial income)	(295)	(1,719,309)
(Dividends)	0	(1,240,000)
(Gains)/Losses from the sale of assets	(4,500)	(4,620,000)
1 Profit (loss) for the year before income taxes, interests, dividends and gains/losses from disposals	8,542,016	7,290,745
Adjustments for non-monetary items without an offsetting counterpart in net working capital		
Allocations to provisions	309,825	31,406
Amortisation and depreciation of fixed assets	685,987	650,553
Write-downs due to value impairments	545,239	616,016
Other adjustments for non-monetary items	(157,000)	(594,369)
Total adjustments for non-monetary items	1,384,051	703,606
2 Cash flow before changes to net working capital	9,926,067	7,994,351
Changes to net working capital		
(Increase) or decrease in inventories	(11,973,603)	(33,037,636)
(Increase) or decrease in trade receivables	808,672	5,819,264
(Increase) or decrease in accrued income and prepaid expenses	(129,569)	692,862
(Increase) or decrease in trade payables	(4,467,914)	(14,108,581)
(Increase) or decrease in advances from customers	4,087,656	20,419,825
Other decreases/(Other increases) in net working capital	2,543,174	(2,509,720)
Increase or (decrease) in accrued liabilities and deferred income	(13,301)	57,978
Total changes in net working capital	(9,144,885)	(22,666,008)
3 Financial flow after changes to the net working capital	781,182	(14,671,656)
Other adjustments		
Collected/(paid) interest	(707,090)	(342,590)
Collected dividends	4,500	1,240,000
Other financial income	295	1,719,309
(Income taxes duly paid)	(3,652,142)	(3,046,048)
Increase or (use) of staff severance indemnity fund	(704,861)	2,567
Total other adjustments	(5,059,297)	(426,762)
FINANCIAL FLOW FROM OPERATING ACTIVITIES (A)	(4,278,115)	(15,098,419)

STATUTORY FINANCIAL STATEMENTS

CASH FLOW STATEMENT

DESCRIPTION	31.12.2019	31.12.2018
B CASH FLOW FROM INVESTMENT ACTIVITY		
Tangible fixed assets		
(Investments)	(587,367)	(231,330)
Divestments	0	128,330
Intangible fixed assets		
(Investments)	(135,542)	(51,207)
Divestments	0	51,500
Financial fixed assets and other securities		
(Investments)	0	(2,063,262)
Divestments	89,781	4,630,000
Financial receivables		
(Investments)	0	0
Divestments	276,302	0
Current financial assets		
Divestments	19,975	0
Cash flow from investment activity (B)	(336,852)	2,464,031
C CASH FLOWS FROM FINANCING ACTIVITY		
Third-party financing		
Increase (decrease) in short-term payables due to banks and other lender	15,582,161	3,422,126
Raising finance	41,700,600	16,859,433
(Repayment of loans)	(22,500,237)	(984,716)
Transfer of short-term portion of medium-to-long term loans)	(19,123,334)	(4,155,799)
Equity		
(Dividends duly paid)	0	(4,000,000)
CASH FLOW FROM FINANCING ACTIVITY (C)	15,659,190	11,141,044
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	11,044,223	(1,493,343)
INITIAL CASH AND CASH EQUIVALENTS	16,299,693	17,793,036
FINAL CASH AND CASH EQUIVALENTS	27,343,916	16,299,693



EXPLANATORY NOTES

CARRON S.P.A. FINANCIAL STATEMENTS AT 31.12.2019

INTRODUCTION

The company Carron Cav. Angelo S.p.A., whose financial statements for 2019 are henceforth analysed, including these explanatory notes which form an integral and substantial part thereof, is subject to the rules on the "management and coordination of companies by the parent company Carron Holding S.r.l., pursuant to articles 2497 and 2497 – septies of the (Italian) Civil Code.

**COMPANY SUBJECT TO MANAGEMENT AND COORDINATION
BY THE PARENT COMPANY CARRON HOLDING S.R.L. - TAX CODE 04930970266**

CARRON HOLDING S.r.l. – FINANCIAL STATEMENTS BALANCE SHEET AT 31.12.2018

ITEMS OF THE BALANCE SHEET	31.12.2018
A) RECEIVABLES DUE TO SHAREHOLDERS FOR UNPAID CAPITAL CONTRIBUTIONS	0
B) FIXED ASSETS	4,855,064
C) CURRENT ASSETS	732,286
D) ACCRUALS AND PREPAYMENTS	0
TOTAL ASSETS	5,587,350
A) SHAREHOLDERS' EQUITY	4,940,596
- Share capital	1,000,000
- Reserves	1
- Profit for the year	3,940,595
B) PROVISIONS FOR LIABILITIES AND CHARGES	0
C) STAFF SEVERANCE INDEMNITY	0
D) PAYABLES	646,754
E) ACCRUALS AND DEFERRALS	0
TOTAL LIABILITIES	5,587,350

**FINANCIAL STATEMENTS
INCOME STATEMENT 2018**

ITEMS OF THE INCOME STATEMENT	31.12.2018
A) VALUE OF PRODUCTION	0
B) PRODUCTION COSTS	(15,023)
C) FINANCIAL INCOME AND CHARGES	4,000,017
D) VALUE ADJUSTMENTS TO FINANCIAL ASSETS	0
E) TAXES	(44,399)
PROFIT (LOSS) FOR THE YEAR	3,940,595

EXPLANATORY NOTES - Carron SPA

SIGNIFICANT FIGURES, NEWS AND EVENTS DURING 2019

For a description of the significant figures, news and events that characterised the company's activities during the year, please refer to the Directors' Report, prepared by the Board of Directors and attached to the financial statements for the year ended 31 December 2019.

STRUCTURE AND CONTENT OF THE FINANCIAL STATEMENTS

The financial statements for the year ended 31 December 2019 have been prepared in accordance with the rules of the Italian Civil Code, as interpreted and supplemented by the accounting principles and criteria developed by the Organismo Italiano di Contabilità (OIC) ("Italian Accounting Board") and, if not provided, by the standards issued by the International Standards on Accounting Board (IASB), to the extent that they are not in conflict with Italian rules and accounting principles.

The financial statements have been drawn up on a going concern basis, as there are no doubts regarding this assumption.

The financial statements are made up of the balance sheet, income statement, cash flow statement (prepared in accordance with the tables provided by articles 2424 and 2424 bis of the Italian civil code, articles 2425 and 2425 bis of the Italian civil code and article 2425 ter of the Italian civil code, respectively) and these explanatory notes.

The purpose of these explanatory notes is to illustrate, analyse and, in some cases, supplement financial statement data; they contain the information required by articles 2427 and 2427 bis of the Italian Civil Code and other provisions of the Italian Civil Code as well as other prior laws. They also provide all the additional information that is considered necessary in order to provide the most transparent and complete representation possible, even if this is not required by specific legal provisions.

For an analysis of the nature of the business and any significant events after 31.12.2019, business outlook and all other information concerning the financial statements, please refer to the Directors' Report.

Amounts are expressed in Euro, unless otherwise specified.

EXCEPTIONAL CIRCUMSTANCES PURSUANT TO ARTICLE 2423, FIFTH PARAGRAPH, OF THE (ITALIAN) CIVIL CODE

There were no exceptional circumstances that required recourse to one of the exceptions referred to by article 2423, paragraph 5, of the (Italian) Civil Code.

ACCOUNTING CRITERIA

The most significant accounting criteria used to prepare the financial statements at 31 December 2019, in accordance with article 2426 of the (Italian) Civil Code and the aforementioned accounting standards, are as follows:

INTANGIBLE FIXED ASSETS

Intangible fixed assets are recorded at purchase or production cost, including any ancillary and directly attributable costs, and do not include any financial charges. They are systematically amortised in each financial year on a straight-line basis. Start-up and expansion costs are amortised over a five-year period, on a straight-line basis. Development costs are amortised over their useful life (5 years); in exceptional cases, where their useful life cannot be reasonably estimated, they are amortised over a period of no more than five years. Until amortisation is complete, dividends may only be distributed if there are sufficient available reserves to cover the amount of non-amortised costs.

Improvements to third-party assets are capitalised and recorded under "other intangible fixed assets" if they are not separable from the assets themselves (otherwise they are recorded under the relevant item of "Tangible fixed assets"); they are systematically amortised either over the period of expected future useful life or the residual lease period, whichever is shorter, taking into account any renewal period, if this is at the discretion of the Company.

If, irrespective of any amortisation already recorded, the value of the asset is impaired, then the asset is written-down accordingly; if, in subsequent years, the reasons justifying the write-down no longer apply, the original value shall be restored, up to the value that the asset would have had if the value adjustment had never occurred, except for the items "Goodwill" and "Long-term Charges" referred to by point 5 of art. 2426 of the (Italian) Civil Code.

TANGIBLE FIXED ASSETS

Tangible fixed assets are recorded at the purchase or internal construction cost, net of the depreciation applied during the current and previous years. The cost includes the ancillary costs and direct and indirect costs for the portion reasonably attributable to the asset, relating to the construction period and up to the moment when the asset can be used. Likewise, the cost may include the financial charges incurred to finance the (internal or external) construction up to the moment when the asset is ready for use, within the limit of its recoverable value. Tangible fixed assets can only be revalued if special laws so require or permit.

Fixed assets recorded at cost in a foreign currency are reported using the exchange rate at the time of their purchase or at the lower exchange rate at the financial year-end, if the reduction is considered to be long-lasting.

Fixed assets are systematically depreciated each year on a straight-line basis, based on the rates established by applicable tax laws, which are considered to reflect the assets' residual useful life. The rates applied are detailed below:

industrial buildings	3.00%
light constructions	12.50%
general equipment	10.00%
operator machinery and specific equipment	15.00%
workshop equipment	10.00%
electrical and electronic instruments and levels	40.00%
excavators and mechanical loaders	20.00%
metal formwork and metal sheet piles	25.00%
miscellaneous minor equipment	40.00%
office furniture and ordinary office equipment	12.00%
electromechanical and electronic office equipment	20.00%
computers and electronic telephone systems	20.00%
transport vehicles	20.00%
cars	25.00%

For fixed assets that came into operation during the year, rates are reduced by 50%, based on the assumption that purchases are evenly distributed throughout the year.

If, irrespective of any depreciation already recorded, the value of the asset is impaired, then the asset is written-down accordingly; if, in subsequent years, the reasons justifying the write-down no longer apply, the original value shall be restored, up to the value that the asset would have had if the value

EXPLANATORY NOTES - Carron SPA

adjustment had never occurred.

Ordinary maintenance and repair costs are fully charged to the income statement. Incremental maintenance costs are attributed to the assets to which they refer and are depreciated in relation to their residual useful life.

Costs incurred to expand, modernise or improve the structural elements of a tangible asset are only capitalised if they produce a significant and measurable increase in the production capacity, safety or useful life of the asset. If these costs do not produce these effects, they are treated as routine maintenance and charged to the income statement.

Once intangible fixed assets are destined for sale, they are reclassified in a specific item under current assets and are valued at either their net book value or their realizable value based on market trends, whichever is lower. Assets destined for sale are no longer subject to depreciation.

Spare parts are distinguished between:

- parts with a low unit cost and low total value that are used on a recurring basis, which are recognised as costs at the time of purchase;
- spare parts with a high unit cost that are not used on a recurring basis, which are classified as tangible fixed assets and depreciated over a period of time that is equal to either the residual useful life of the asset to which they refer or their own useful life, calculated by estimating the period of use, whichever is shorter;
- parts with a high unit cost that are used on a very recurring basis, which are included among inventories and charged to the income statement based on consumption.

INVENTORIES

Inventories are recorded at either the purchase or production cost, calculated based on the specific cost, whichever is lower. Purchase cost means the actual purchase price plus ancillary costs, excluding financial charges.

Buildings to be sold (finished products) are valued at either the cost, calculated as above, or the normal market value, whichever is lower.

Advances and deposits received from the parties to a preliminary agreement are recorded as liabilities in the balance sheet and are recognised as revenues at the time the notarial deed is concluded.

CONTRACT WORK IN PROGRESS

This item includes medium/long-term contracts that are valued based on fees accrued with reasonable certainty, considering the percentage of work completed, applying the cost-to-cost method. Any losses on contracts that are estimated with reasonable approximation are entirely deducted from the value of the work in progress in the year in which they become known. If this loss exceeds the value of the work in progress, the Company makes a special provision for liabilities and charges that is equal to the excess loss. Any likely losses are recognised in the year in which they are foreseeable, on the basis of an objective and reasonable assessment of existing circumstances. Losses are recognised regardless of the stage of completion of the contract. No such losses have been offset with positive margins expected on other contracts. For the purpose of recognising losses, contracts are therefore considered individually. Additional fees are only included among contract revenues if the client has formally accepted them by the reporting date; or, if there is no formal acceptance, if it is highly probable as at the reporting date that the request for additional fees will be accepted on the basis of the most recent information available and past experience.

Sums received from clients while carrying out the work, which are a form of financial advance, are recorded as liabilities in the balance sheet, under a specific "advances from customers" item, while those paid to subcontractors are recorded under this item as "advances".

Contract work in progress is recognised net of any write-down provisions and/or final losses, as well as of the advances on the contract in progress, paid by Clients on the basis of duly accepted Work Progress Reports, the amounts of which are recognised as Revenues.

If the provision for final losses for an individual contract exceeds the value of the work recognised as an asset in the balance sheet, then this excess shall be allocated to the provisions for liabilities and charges.

Future charges for construction contracts related to repairs, penalties, guarantees and risks in general, are quantified and accrued in a specific risk provision.

RECEIVABLES

Receivables are recorded in the financial statements based on the amortised cost method, taking into account the time factor and the presumable realizable value. The amortised cost method is not applied when the effects are irrelevant, i.e. when the transaction costs, commission paid between the parties and any other difference between the initial value and the value upon expiry are not very significant or if the receivables are short-term (meaning that they are due within 12 months).

Trade receivables due after 12 months from the date of initial recognition, without the payment of interest, or bearing interest that is significantly different to market rates, and the related revenues, are initially recorded at the value calculated by discounting future cash flows to the market interest rate. The difference between the initial value recorded for the receivable, calculated in the above way, and the value when due is reported in the income statement as financial income throughout the duration of the receivable, using the effective interest rate criterion.

The value of receivables, as calculated above, may be altered, if necessary, using a bad debt provision, to directly reduce the value of the receivables themselves, in order to adjust them to their presumable realizable value. The write-down amount at the reporting date is equal to the difference between the book value and the value of estimated future cash flows, reduced by the amounts that are not expected to be collected, discounted by the receivable's original effective interest rate (i.e. the effective interest rate calculated when the receivable was first recorded).

The write-down amount is recorded in the income statement.

CASH AND CASH EQUIVALENTS

Cash and cash equivalents at year-end are recognized at their nominal value. Cash and cash equivalents in a foreign currency are valued using the year-end exchange rate.

ACCRUALS AND DEFERRALS

The "accruals and deferrals" item includes the portion of costs and revenues that refer to the year but are payable/receivable in future years, as well as the portion of costs and revenues that are paid/collected in the current financial year but actually refer to future years, in accordance with the accrual principle.

PROVISIONS FOR LIABILITIES AND CHARGES

Provisions for liabilities and charges are set aside to cover specific losses or payables whose existence is certain or probable, but for which it is not possible to determine either the actual amount or date of occurrence at the financial year-end. The provisions made reflect the best estimate possible on the basis of the information available. Risks for which the occurrence of a liability is only possible are

EXPLANATORY NOTES - Carron SPA

described in the explanatory notes on the provisions, without setting aside any provision for liabilities and charges. Provisions for liabilities and charges are primarily recognised as cost items in the income statement, under the relevant classes (B, C or D). Should it not be possible to make a correlation between the nature of the provision and one of the items to the aforementioned classes, the provisions for liabilities and charges are recognized under items B12 and B13 of the income statement.

The separate item "Other provisions" includes the costs estimated after completing contracts, which normally relate to:

- costs for dismantling the construction site, i.e. costs for removing installations, for bringing the machinery back to our headquarters, for the transport of unused materials to another site or to our headquarters, including any losses on abandoned materials;
- costs for testing the work carried out;
- charges for contractual penalties, for work that is redone according to customer specifications, for settling "claims" made by sub-contractors or sub-suppliers;
- post-delivery maintenance costs relating to the work, if stated in the contract;
- charges for contractual guarantees.

Costs are allocated on the basis of the company's past experiences.

STAFF SEVERANCE INDEMNITY

The item "staff severance indemnity" shows the amount that employees would be entitled to receive if they ceased to be employed at the reporting date. The indemnities for length-of-service represented by this item, namely the provision for the year and the annual revaluation of the existing provision, are determined in accordance with applicable laws and regulations. Staff severance indemnity is recorded in the relevant liability item and the relative provision is recorded in the corresponding income statement item.

Following the reform of regulations for supplementary pension funds and staff severance indemnity, which came into force on 01/01/2007 through (Italian) Legislative Decree no. 252/2005, this item only increased as a result of the revaluation at 31/12/2006, due to the fact that, after 2007, almost all the indemnities were paid either to supplementary pension funds or to the Treasury Fund held at INPS (*Italian National Social Security Institution*), depending on the choice made by each individual employee.

PAYABLES

Payables are recorded based on the amortised cost method, taking into consideration the time factor. This criterion is not applied to financial payables that already existed before (Italian) Legislative Decree no. 139/2015 (the so-called "financial statement decree") came into force, which still had an effect as at 1 January. These payables are recorded at their nominal value. The amortised cost method is not applied to payables if their effects are irrelevant. Effects are considered irrelevant for short-term payables (meaning that they are due within 12 months). For more details on the amortised cost method, please refer to the information provided in the section on receivables.

Payables for holidays accrued by employees and for deferred remuneration, inclusive of the amount due to social security institutions, are allocated on the basis of the amount that should be paid out in the event of employment being terminated at the reporting date.

REVENUES

Revenues generated by the sale of goods are recorded upon substantial and not formal transfer of ownership, taking the transfer of risks and benefits as reference criteria to define "substantial transfer".

Revenues generated by the sale of products and goods or service provision relating to the company's ordinary activities are recorded net of returns, discounts, rebates and bonuses, and net of taxes directly connected to the sale of products and provision of services.

Revenues for the provision of services, or related to services established in contracts, are recognised upon completion and/or accrual, or on the basis of duly approved and certified Work Progress Reports. Transactions with related parties are carried out under normal market conditions.

COSTS

Costs are accounted for on an accrual basis, regardless of the date of collection and payment, net of returns, discounts, rebates and bonuses.

FINANCIAL INCOME AND CHARGES

Financial income and charges are recorded on an accrual basis. Costs for the disposal of receivables in any form (*with recourse and without recourse*) and of any kind (*commercial, financial, other*) are recorded in the year to which they refer.

INCOME TAXES FOR THE YEAR

Income taxes are recorded based on estimated taxable income in accordance with applicable regulations, taking into account any tax exemptions and tax credits to which the company is entitled. Deferred tax assets and liabilities are calculated on the temporary differences between the values of assets and liabilities based on statutory accounting criteria and the corresponding amounts recognised for tax purposes. They are valued by taking into account the presumable tax rate that the Company is expected to pay in the year when these differences shall contribute to the formation of the tax result, considering the tax rates already in force or issued at the reporting date. They are reported, respectively, in the "deferred tax provision" item under liabilities, among the "provisions for liabilities and charges", and in the "receivables for prepaid taxes" item under current assets.

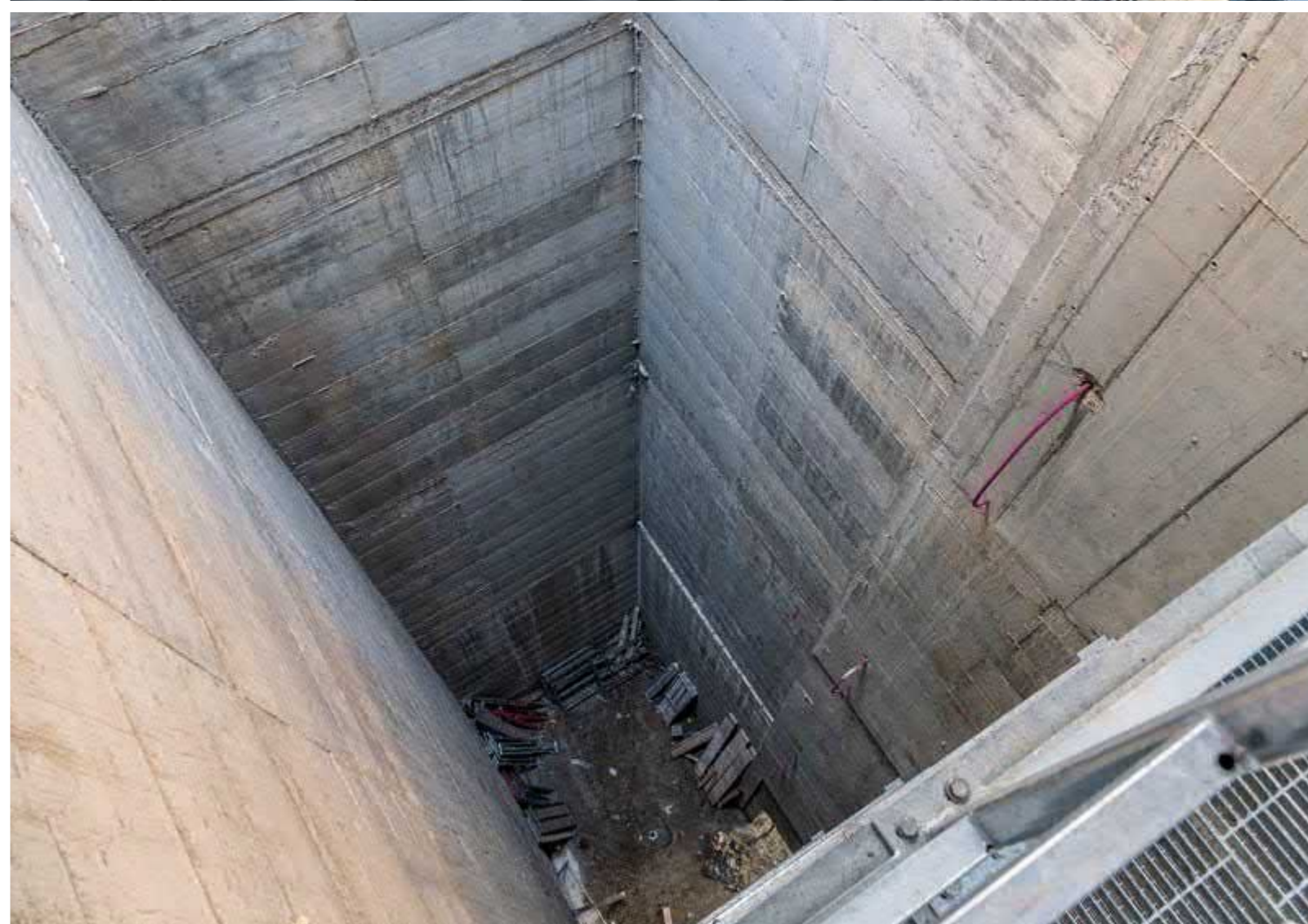
Prepaid tax assets are recognised for all deductible temporary differences, in compliance with the principle of prudence, if there is reasonable certainty that, in the years in which such differences will be reversed, the taxable income will not be less than the differences that they will cancel.

In contrast, deferred tax liabilities are recognised for all taxable temporary differences.

Deferred taxes relating to reserves that are subject to tax upon distribution are not recognised if it is unlikely that said reserves will be distributed to shareholders.

CONSOLIDATED FINANCIAL STATEMENTS

Carron Holding S.r.l., as the parent company, shall take on responsibility for drawing up the consolidated financial statements required by applicable legislation, starting from the financial statements for the year ended 31.12.2018.



Information on items in the balance sheet and memorandum accounts and on the changes to corresponding items from the previous year

BALANCE SHEET

ASSETS

B – FIXED ASSETS

The total value of fixed assets at 31.12.2019 amounted to Euro 30,665 thousand, recording a decrease of Euro 717 thousand compared with the previous year (Euro 31,382 thousand).

B.I – INTANGIBLE FIXED ASSETS

At 31.12.2019, they amounted to Euro 569 thousand, showing a net increase of Euro 88 thousand on the previous year for costs for the management and maintenance of SOA (certifying body) certification and costs for the purchase of software.

Description	Rights, patents, use of intellectual property	Concessions, Licenses, trademarks and rights similar	Others	Total
<i>(euro)</i>				
Value at the beginning of the year 2019				
Cost	356,286	144	584,564	940,994
(accumulated amortisation)	(302,690)	(144)	(157,046)	(459,880)
Initial book value	53,596	-	427,518	481,114
Changes during the year				
Increases for acquisitions	83,696	-	51,846	135,542
Changes during 2019	(10,596)	-	(37,422)	(48,018)
Divestments during the year			(48,847)	(48,847)
Reversal of provision for disposals			48,847	48,847
Total changes	73,170	-	14,424	87,594
Value at 31.12.2019	126,766	-	441,942	568,708
Cost	439,982	144	587,543	1,027,669
Accumulated amortisation	(313,216)	(144)	(145,601)	(458,961)
Book value	126,766	-	441,942	568,708

EXPLANATORY NOTES - Carron SPA

B.II – TANGIBLE FIXED ASSETS

At 31.12.2019, tangible fixed assets amounted to Euro 15,812 thousand, down Euro 51 thousand compared with the previous year; they are made up of:

Description	Importo
<i>(euro)</i>	
Land and buildings	14,120,495
Plants and machinery	1,215,999
Industrial and commercial equipment	76,337
Other assets	399,512
Value at 31.12.2019	15,812,342

A detailed description of the changes that have occurred for each asset category and the changes during the year is presented below.

LAND AND BUILDINGS

Description	Importo
<i>(euro)</i>	
Value at the beginning of the year 2019	
Land and buildings	
Historical cost	15,556,276
Revaluation of assets pursuant to art. 185/2008	2,336,178
Depreciation from previous years	(3,832,030)
Balance at 31.12.2018	14,070,424
Changes during the year	
Purchases during the year	367,105
Amortisation for the year	(317,034)
Total changes during the year	50,071
Value at the end of the year	14,120,495
Historical cost	15,933,381
Revaluations	2,336,178
Depreciation	(4,149,064)
Value at 31.12.2019	14,120,495

At 31.12.2019, the item "land and buildings" includes the value of land, for Euro 3,892 thousand, which is not subject to depreciation as a result of the tax provisions introduced by (Italian) Decree Law no. 223/2006. This item also includes Euro 2,336 thousand resulting from the revaluation carried out pursuant to (Italian) Legislative Decree no. 185/2008.

PLANTS AND MACHINERY

Description	Importo
<i>(euro)</i>	
Value at the beginning of the year	
Plants and machinery	
Historical cost	3,065,226
Revaluations	8,887
Depreciation	(1,743,402)
Value at 31.12.2018	1,330,711
Changes during 2019	
Purchases during the year	24,701
Divestments during the year	(1,632)
Reversal of amortisation provisions for disposals	1,551
Amortisation for the year	(139,332)
Total changes during the year	(114,712)
Value at the end of the year	1,215,999
Historical cost	3,088,295
Revaluations	8,887
Ammortamenti	(1,881,183)
Value at 31.12.2019	1,215,999

INDUSTRIAL AND COMMERCIAL EQUIPMENT

Description	Importo
<i>(euro)</i>	
Value at the beginning of the year	
Industrial and commercial equipment	
Historical cost	1,187,070
Revaluations	125,345
Depreciation	(1,257,855)
Balance at 31.12.2018	54,560
Changes during the year	
Purchases during the year	65,010
Divestments during the year	(54,961)
Reversal of amortisation provisions for disposals	54,741
Amortisation for the year	(43,012)
Total changes during the year	21,777
Value at the end of the year	76,337
Historical cost	1,197,118
Revaluations	125,345
Depreciation	(1,246,127)
Balance at 31.12.2019	76,337

EXPLANATORY NOTES - Carron SPA

OTHER ASSETS

Description	Importo
<i>(euro)</i>	
Value at the beginning of the year	
Other assets	
Historical cost	1,903,564
Revaluations	81,041
Depreciation	(1,577,286)
Balance at 31.12.2018	407,319
Changes during the year	
Purchases during the year	138,512
Divestments during the year	(53,616)
Reversal of amortisation provisions for disposals	45,957
Amortisation for the year	(138,661)
Total changes during the year	(7,807)
Value at the end of the year	399,512
Historical cost	1,988,460
Revaluations	81,041
Depreciation	(1,669,990)
Balance at 31.12.2019	399,512

STATEMENT OF THE REVALUATIONS CARRIED OUT

(art. 10 of Italian Law no. 72/1983)

Book values at 31.12.2019 for the following asset categories include the revaluations carried out in accordance with the Law.

Description	Legal revaluations	Others	Total revaluations
<i>(euro)</i>			
Land and buildings	2,336,178		2,336,178
Plants and machinery	8,887		8,887
Industrial and commercial equipment	122,570		122,570
Other assets	77,540		77,540
Total	2,545,175		2,545,175

AMORTISATION, DEPRECIATION AND WRITE-DOWNS

Amortisation, depreciation and write-downs for 2019 amounted to a total of Euro 686 thousand, of which Euro 48 thousand referring to the amortisation of intangible fixed assets, Euro 638 thousand referring to the depreciation of tangible fixed assets.

B.III – FINANCIAL FIXED ASSETS

At 31.12.2019, financial fixed assets amounted to Euro 14,283 thousand, recording a decrease of Euro 754 thousand compared with the previous year.

More specifically:

B.III.1 – EQUITY INVESTMENTS

At 31.12.2019, equity investments in controlled, associated and other companies amounted to a total of Euro 475 thousand, recording a net decrease of Euro 94 thousand compared with the previous year.

Equity investments recorded under fixed assets represent the company's long-term and strategic investments in other companies whose activities are strictly linked to its own core business.

Investments that are instrumental to the company's core business include those in special-purpose consortium companies formed to carry out contract work (with other partners in a temporary consortium - "ATI"). These are therefore not long-term investments as they only last for the amount of time it takes to complete the work to which they refer. In consideration of the above, these equity investments are recorded, at their acquisition cost, among the current assets, under the item "Current financial assets", to which reference should be made.

Description	B.III.1.a Equity investments controlled companies	B.III.1.b Equity investments associated companies	B.III.1.c Equity investments other companies	Total	Other securities
<i>(euro)</i>					
Value at the beginning of the year					
Cost	116,491	13,020	440,371	569,882	1,713,096
Value at 31.12.2018	116,491	13,020	440,371	569,882	1,713,096
Changes during the year					
Decreases for disposals	(70,000)	-	-	(70,000)	-
Decreases for capital repayment	(21,825)	-	-	(21,825)	-
Write-downs	-	-	(2,601)	(2,601)	(540,593)
Total changes	(91,825)	-	(2,601)	(90,426)	(540,593)
Value at the end of the year	24,666	13,020	437,770	475,456	1,172,503
Cost					
Value at 31.12.2019	24,666	13,020	437,770	475,456	1,172,503

Changes to equity investments during 2019 are analysed in the following tables:

EXPLANATORY NOTES - Carron SPA

B.III.1.a – Equity investments in controlled companies

Company name	Value at 31.12.2018	Increases 2019	Tran- sfers2019	Write-downs 2019	Value at 31.12.2019
<i>(euro)</i>					
Controlled companies					
Carron Swiss	41,291	-	(21,825)	-	19,466
Forte EEIG	5,200	-	-	-	5,200
Carron Gest S.r.l.	70,000	-	(70,000)	-	-
Total	116,491	-	(91,825)	-	24,666

In November 2019 the controlling interest held by Carron Gest S.r.l., with a nominal value of Euro 70,000.00, was sold to the parent company Holding Carron S.r.l. Together with the shareholding, the receivable amounting to Euro 400,000 for loans granted on several occasions during 2019 by Carron S.p.A. was also sold.

B.III.1.b – Equity investments in associated companies

Denominazione sociale	Value at 31.12.2018	Increases 2019	Tran- sfers2019	Write-downs 2019	Value at 31.12.2019
<i>(euro)</i>					
Associated companies					
Consorzio Vie del Mare	13,020	-	-	-	13,020
Total	13,020	-	-	-	13,020

B.III.1.d-bis – Equity investments in other companies

Denominazione sociale	Value at 31.12.2018	Increases 2019	Tran- sfers2019	Write-downs 2019	Value at 31.12.2019
<i>(euro)</i>					
other companies					
Strada del Mare S.p.a.	25,474	-	-	-	25,474
Imprenditori Riuniti S.r.l. in liquidazione	2,601	-	-	(2,601)	-
Parking Piazza Vittoria S.r.l.	97,423	-	-	-	97,423
Consorzio NOG.MA.	30,000	-	-	-	30,000
New Jersey Srl.	9,873	-	-	-	9,873
Ospedal Grando S.r.l.	275,000	-	-	-	275,000
Total	440,371	-	-	(2,601)	437,770

INFORMATION REQUIRED BY ART. 2427, POINT 5, OF THE (ITALIAN) CIVIL CODE WITH REGARD TO EQUITY INVESTMENTS

Please find below the detailed list of direct and indirect equity investments in controlled companies, associated companies and other companies, together with the information required by article 2427, point 5, of the (Italian) Civil Code.

Company name <i>(euro)</i>	City or country	Share capital or fund	Pertinent equity at 31.12.2019	Profit (loss) 2019	%	Pertinent shareholders' equity
Controlled companies						
Carron Swiss SA in liq.	Switzerland	0	0	0	100.00%	0
Forte JV (*)	Malta	10,000	(38,982)	0	52.00%	(20,271)
Carron Gest S.r.l. (*)	S. Zenone	100,000				
Associated companies						
Consorzio Vie del Mare (*)	Mestre (VE)	50,000	50,000	0	26.04%	13,020
Other companies						
Strada del Mare S.r.l.	Jesolo	720,000	537,605	(17,574)	4.54%	24,407
Piazza Vittoria S.r.l.	Milan	2,000,000	1,921,387	(13,929)	5.00%	96,069
Consorzio NOG.MA	Mestre	600,000	600,000	0	5.99%	35,928
New Jersey S.r.l.	Schio	150,000	1,552,042	(27,459)	5.08%	78,844
Ospedal Grando S.r.l.	Padua	11,000,000	11,040,554	1,620,478	2.50%	276,014

(*) The values indicated refer to the financial statements at 31.12.2019

LAW NO. 72 OF 19.03.1983 AND ARTICLE 2427 OF THE (ITALIAN) CIVIL CODE

Pursuant to article 10 of (Italian) Law no. 72 dated 19/03/1983 and article 2427 of the (Italian) Civil Code, it is hereby specified that no economic or monetary revaluations have been carried out on the equity investments held by the company at 31.12.2019.

Controlled companies, associated companies and other companies do not have profit or capital reserves that are subject to restrictions or limitations or that are subject to taxation upon distribution. The "Shareholders' equity" and "Profit (Loss)" values shown in the above table reflect the results of the companies' financial statements at 31.12.2019.

Equity investments recorded as fixed assets represent long-term investments and are instrumental to the company fulfilling its purpose.

Equity investments in controlled and associated companies are valued in accordance with the principle of continuity of valuation criteria, at purchase cost or subscription costs, including any payments made by shareholders for future share capital increases. Other equity investments are recorded at subscription cost.

The difference between the purchase cost and the book value of the portion held of shareholders' equity of investee companies is analysed below:

EXPLANATORY NOTES - Carron SPA

DIFFERENCE BETWEEN THE PURCHASE COST AND THE PORTION HELD OF SHAREHOLDERS' EQUITY OF INVESTEE COMPANIES

Company name <i>(euro)</i>	(a) value at 31.12.2019	(b) shareholders' equity at 31.12.2019	(c) profit (loss) 2019	(d) % shareholding	(e) amount of book value (bx)	difference at 31.12.2019
Controlled companies						
Carron Swiss SA (**)	19,466	0	0	100.00%	0	(19,466)
Forte JV in liquidaz. (**)	5,200	(38,982)	0	52.00%	(20,271)	(25,471)
Total	24,666	(38,982)	0	0	(20,271)	(44,937)
Associated companies						
Consorzio Vie del Mare	13,020	50,000	-	26.04%	13,020	-
Total	13,020	50,000	-	-	13,020	-
Other companies						
Strada del Mare S.p.A. (*)	25,474	537,605	(17,574)	4.54%	24,407	(1,067)
Parch. Piazza Vittoria S.r.l. (*)	97,422	1,921,387	(13,929)	5.00%	96,069	(1,353)
Consorzio NOG.MA. in liquidazione	30,000	600,000	-	5.99%	35,928	5,928
New Jersey	9,873	1,552,043	(27,459)	5.08%	78,844	68,971
Ospedal Grando S.r.l.	275,000	11,040,554	1,620,478	2.50%	276,014	1,014
Total	437,770	15,651,589	1,561,516	-	511,262	73,492
Total equity investments	475,456	15,662,607	1,561,516		504,012	28,556

(*) The values indicated refer to the financial statements at 31.12.2018

(**) pending formal closing figures by the relevant bodies

B.III.2 – RECEIVABLES

At 31.12.2019, receivables recorded under financial fixed assets amounted to Euro 12,636 thousand, recording a decrease of Euro 119 thousand compared with the figure at 31.12.2018, and are broken down as follows:

Description (euro/1000)	value at 31.12.2018	increases 2019	decreases 2019	Reclassifi- cations	value at 31.12.2019
receivables from associated companies					
Consorzio Vie del Mare	31	-	-	-	31
Trento Tre S.c.r.l.	72	-	-	-	72
Total	103	-	-	-	103
receivables due from others					
Immobilmarca S.r.l.	9,874	102	-	-	9,976
Pieve S.r.l. ora Five S.r.l.	250	8	-	-	258
New Jersey Srl.	99	-	-	-	99
Manus Srl.	2,329	-	(229)	-	2,100
Galileo Srl.	100	-	-	-	100
Total	12,652	110	(229)	-	12,533
TOTAL	12,755	110	(229)	-	12,636

The receivable due from Immobilmarca S.r.l. mainly refers to loans granted to the former controlled company while work was being carried out. Repayment of the abovementioned credit is expected in gradual stages over the years 2021-2023, in anticipation of the programme for the disposal of movable property of the debtor that is part of the commercial hub in Silea (Province of Treviso), or the results of the activities that it is carrying out for the development of real estate for residential use on the complexes in Riese Pio X (Province of Treviso), now being marketed, and in Silea (Province of Treviso), under construction and at an advanced stage of marketing.

To strengthen the prospect of full settlement of its debt position towards the company, Immobilmarca S.r.l. also reports that it has planned to carry out a number of initiatives in the nursing home sector over the next three years, for which negotiations are underway with specialist sector advisors, with a view to their purchase.

At the same time and on the same assumptions as referred to above, the amount of Euro 12,811 is expected to be recovered for the remaining amount due for the contract work carried out, as illustrated below in the comment to item "C.2 Current receivables"

On these assumptions, the total amount recovered for the three-year period 2021-2023 is Euro 22,787.

Changes and due date of non-current receivables

Description (euro/1000)	Verso imprese collegate	Verso altre imprese	Totale crediti immobilizzati
Value at the end of 2018	103	12,652	12,755
Changes during 2019	-	(119)	(119)
Value at the end of 2019	103	12,533	12,636
Amount due after 2020	103	12,533	12,636

EXPLANATORY NOTES - Carron SPA

B.III.3 – OTHER SECURITIES

The value of other non-current securities amounted to Euro 1,173 thousand, recording a decrease of Euro 541 thousand compared with the previous year. This item is broken down as follows:

<i>(euro/1000)</i>	
Fondo investimento Geminus (formerly Sansovino)	173
Salute 2 fund	1,000
Total	1,173

Other securities refer to shares in the "Geminus" real estate investment fund and the "SALUTE 2" real estate investment fund. The investment in the Geminus fund recorded a decrease of Euro 541 thousand compared with 31.12.2018, due to a write-down of the shares to reflect the N.A.V. at 30th June 2019.

C – CURRENT ASSETS

Current assets at 31.12.2019 amounted to a total of Euro 155,240 thousand, recording an increase of Euro 22,709 thousand compared with the previous year; the changes to this item are analysed in detail in the following tables.

Changes to the composition of current assets**C.I – INVENTORIES**

At 31.12.2019, inventories amounted to Euro 86,398 thousand, recording an increase of Euro 11,974 thousand compared with the previous year. More specifically:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
inventories			
raw, ancillary and consumable materials	16,777	13,378	3,398
contract work in progress	69,036	60,362	8,674
finished products and goods	586	685	(99)
Total	86,398	74,425	11,974

Raw and ancillary materials

At 31.12.2019, raw and ancillary materials amounted to a total of Euro 16,777 thousand. This item includes the value of two pieces of land, at a purchase cost of Euro 15,921 thousand, where work will begin to construct two buildings in 2020. The legal-contractual configuration of the two operations, due to the fact that they are linked to contractually agreed work as a single unit, shall become relevant for the purposes of point 5) of accounting standard no.23 issued by the OIC (Italian Accounting Board) and shall instead be included, once construction is started, among "contract work in progress" in the financial statements.

Contract work in progress

At 31 December 2019, the value of "contract work in progress" (Euro 69,036 thousand) and the "change" during the year (Euro 8,674 thousand) compared with the values recorded at 31.12.2018 (Euro 60,362 thousand) are summarised below:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Value of unfinished contracts	342,320	472,177	(129,857)
revenues recorded	(273,285)	(411,816)	138,531
work in progress yet to be recorded	69,036	60,362	8,674

The "Value of unfinished contracts" includes the fees for services provided as at 31.12.2019 as well as finished contracts for which contract provision shall remain outstanding in the accounting records until the Customers complete the relative testing. Once the work has been tested, the contracts are to be considered fulfilled and the Customers are obliged to declare that the work has been formally delivered and that they have taken possession of the constructions. At this point, the contractor records the work under revenues. In most cases, these refer to contracts spanning several years

C.II – RECEIVABLES

At 31.12.2019, current receivables, analysed in detail in the below tables, amounted to Euro 41,396 thousand, recording a decrease of Euro 289 thousand compared with the previous year. More specifically:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Trade receivables due within 12 months	15,184	20,775	(5,592)
Trade receivables due after 12 months	12,811	12,786	25
Receivables due from controlled companies within 12 months	464	565	(101)
Receivables due from associated companies within 12 months	2,215	1,901	315
Receivables due from associated companies after 12 months	4,745	-	4,745
Receivables due from parent companies within 12 months	400	601	(201)
Receivables due from companies subject to the control of parent companies within 12 months	197	59	138
Tax credits within 12 months	150	2,168	(2,017)
Tax credits after 12 months	30	30	-
Receivables for prepaid taxes	34	34	-
Receivables due from others within 12 months	5,165	2,767	2,398
Total	41,396	41,685	(289)

Trade receivables due after twelve months, for Euro 12,811 thousand, refers to the residual fee for the contract work carried out by the company vis-à-vis the associated company Immobiliarica S.r.l. (already controlled), which no longer belongs to the company's scope of consolidation following the spin-off completed in 2017.

EXPLANATORY NOTES - Carron SPA

This receivable is expected to be repaid gradually over the course of 2021-2023, awaiting the results to sell the debtor's real estate assets forming part of the commercial centre in Silea (TV), or the results of said company's activities to develop real estate for residential use in Riese Pio X (TV), which is currently being sold, and in Silea (TV), which is under construction and at an advance stage of sale.

As mentioned in the comment on item "B.III.2 – RECEIVABLES", to strengthen the prospect of full settlement of the debt position towards the company, Immobiliarica S.r.l. also reports that it has planned to carry out a number of initiatives in the nursing home facility sector over the next three years, for which negotiations are underway with specialist sector advisors, with a view to their purchase.

Together with the repayment of the fee for Euro 12,811 thousand connected to the contract work, the amounts granted as a loan to Immobiliarica S.r.l. while work was being carried out are also expected to be repaid, for a total of Euro 9,976 thousand, as described in these notes for the item "B.III.2 – Non-Current RECEIVABLES". This is why total repayments during the three-year period 2019 – 2021 should amount to a total of Euro 22,787 thousand.

Pursuant to article 2427, first paragraph, point 6, of the (Italian) Civil Code, Italy is the only geographic area of reference for the receivables.

More specifically, trade receivables are broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Trade receivables			
Trade receivables for issued invoices	29,103	31,909	(2,806)
Trade receivables for invoices and credit notes yet to be issued	280	3,139	(2,859)
Credit risk provision	(1,388)	(1,486)	98
Total	27,994	33,561	(5,567)

BAD DEBT PROVISION

At 31.12.2019, the bad debt provision reported the following changes:

Description (euro/1000)	CHANGES
Balance at 31.12.2018	1,486
Use for losses on receivables	(97)
Allocation during the year	-
Total at 31.12.2019	1,388

RECEIVABLES FROM CONTROLLED COMPANIES

At 31.12.2019, receivables from controlled companies amounted to Euro 464 thousand, recording a decrease of Euro 101 thousand compared with the figure at 31.12.2018. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Receivables from controlled companies			
Within twelve months			
For issued invoices	1	201	(200)
For invoices yet to be issued	463	366	97
Other receivables/(payables) from/(to) controlled companies	-	(2)	2
Total	464	565	(101)

Receivables for invoices to be issued refer to Beato Pellegrino S.c.r.l., for Euro 463 thousand and Euro 1 thousand respectively, and to Carron Gest S.r.l.

RECEIVABLES FROM ASSOCIATED COMPANIES

At 31.12.2019, receivables from associated companies amounted to Euro 6,960 thousand, recording an increase of Euro 5,060 thousand. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Receivables due from associated companies within 12 months			
For issued invoices and advances	995	198	797
For invoices yet to be issued	130	27	103
Other receivables	1,091	1,675	(584)
Total	2,215	1,901	315
Receivables due from associated companies after 12 months			
Other receivables due from Montecchio S.c.r.l.	4,745	-	4,745
Total	6,960	1,901	5,060

RECEIVABLES FROM PARENT COMPANIES

At 31.12.2019, receivables from parent companies amounted to Euro 400 thousand, recording a decrease of Euro 201 thousand compared with the figure at 31.12.2018. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
For invoices issued to Carron Holding S.r.l.	-	1	(1)
Other receivables due from Carron Holding S.r.l.	400	600	(200)
Total	400	601	(201)

The receivable from Carron Holding S.r.l. is the result of the sale of the company's shareholding in Carron Gest S.r.l. Together with the value of the shareholding, the receivable amounting to Euro 400,000 for loans granted to the subsidiary in 2019 was sold.

EXPLANATORY NOTES - Carron SPA

RECEIVABLES FROM COMPANIES SUBJECT TO THE CONTROL OF PARENT COMPANIES

At 31.12.2019, receivables from companies subject to the control of parent companies amounted to Euro 197 thousand. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Carron Bau S.r.l. for issued invoices	29	33	(4)
Carron Bau S.r.l. for invoices yet to be issued	168	27	141
Total	197	59	138

TAX CREDITS

At 31.12.2019, tax credits amounted to Euro 181 thousand, down Euro 2,017 thousand compared with the figure at 31.12.2018. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Tax credits			
Within twelve months			
IRES (regional income tax) credit (greater advance paid)	141	-	141
VAT credit	-	2,158	(2,158)
Credit for withholding taxes	-	2	(2)
Credit for deductions on GSE contributions (Italian electricity services provider)	9	8	1
Total receivables within twelve months	150	2,167	(2,017)
After twelve months			
Credit for the reimbursement of investee company taxes	30	30	-
Total receivables after twelve months	30	30	-
Total tax credits	181	2,197	(2,017)

PREPAID TAXES

At 31.12.2019, prepaid taxes amounted to Euro 34 thousand, remaining unchanged compared with the figure at 31.12.2018.

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
Tax credits for prepaid taxes			
Within twelve months			
Prepaid tax credit	34	34	-
Total	34	34	-

Prepaid taxes refer to deductible temporary differences; they are described in the relative table in the last section of these explanatory notes.

RECEIVABLES DUE FROM OTHERS

At 31.12.2019, receivables due from others, under various different names, amounted to Euro 5,165 thousand, recording an increase of Euro 2,398 thousand compared with the figure at 31.12.2018. This item is broken down as follows

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
receivables due from others			
within 12 months			
Receivables due from various entities (INAIL, Construction Workers' social security fund, C.I.G., FASI, Wages Guarantee Fund)	29	56	(27)
From suppliers for advances and deposits	4,722	1,469	3,253
From directors	11	11	-
Security deposits	96	77	19
Receivables due from other and other sundry receivables	307	1,153	(846)
Total within twelve months	5,165	2,767	2,398

The item "Advances to suppliers" shows advances and deposits paid for the purchase of land and as consideration for the assignment of preliminary contracts for the sale of buildings to be used as nursing home facilities.



EXPLANATORY NOTES - Carron SPA

C.III – C.III FINANCIAL ASSETS NOT HELD AS FIXED ASSETS

Current financial assets refer to equity investments in the companies indicated in the relevant Balance Sheet item and are represented in more detail in the following table.

These are investments in consortium companies specifically set up to carry out the work, pursuant to the provisions of article 2602 et seq. of the (Italian) Civil Code. These companies are non-profit as they are specifically set up to perform work contracted out by public entities, together with other associates.

The Consortium Companies therefore implement a shared organisation of the member companies for the purpose of regulating and performing the work covered by the contract.

In accordance with the provisions of the Articles of Association governing the consortium companies, all direct and indirect costs incurred by said companies in carrying out their activities are charged to the member companies, in proportion to the share held by each of them during the period.

The other equity investments recorded in this category, also listed in the following table, are shown net of the bad debt provision set aside to adjust their book value.

At 31.12.2019, these amounted to Euro 102 thousand, and are made up of the following:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
equity investments in special-purpose consortium companies to carry out public contracts			
Controlled companies			
Vallenari s.c.r.l.	-	5	(5)
Beato Pellegrino s.c.r.l.	7	7	-
Total	7	12	(5)
Associated companies			
Valdastico 14 s.c.r.l.	3	3	-
Sansovino s.c.r.l.	5	5	-
Caserme VDA s.c.r.l.	7	7	-
Farro S.r.l.	55	55	-
Trento Tre s.c.r.l.	9	8	1
Arese Sud s.c.r.l.	5	5	-
Montecchio s.c.r.l.	4	-	4
Total	88	82	6
Other equity investments			
La Quado s.c.r.l. (in liquidation)	1	1	-
Impianti Sportivi Aquapolis S.r.l.	-	15	(15)
Aquapolis s.s.d. S.r.l.	-	5	(5)
Pedemontana Veneta (in liquidation)	7	7	-
Total	8	28	(20)
Total	102	122	(20)

C.IV – CASH AND CASH EQUIVALENTS

Cash and cash equivalents refer to the balances of the accounts held with credit institutions as well as cash and equivalents on hand. At 31.12.2019, they amounted to Euro 27,344 thousand, an increase by Euro 11,044 thousand compared with the figure at 31.12.2018. This item is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
Cash and cash equivalents			
Within 12 months			
Bank and post office deposits	27,294	16,250	11,044
Cash and other equivalents	50	50	-
Total	27,344	16,300	11,044

D.- ACCRUED INCOME AND PREPAID EXPENSES

Accrued income and prepaid expenses were determined in compliance with the accrual principle. At 31.12.2019, they amounted to Euro 800 thousand, an increase by Euro 130 thousand compared with the previous year. More specifically:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
Accrued income and prepaid expenses			
Prepaid expenses for leasing fees	218	56	162
Prepaid expenses for insurance premiums	343	427	(84)
Other prepaid expenses	157	152	5
Prepaid expenses for surety guarantees	81	34	47
Total	800	670	130

There are no accruals or deferrals with a duration of over five years.

EXPLANATORY NOTES - Carron SPA

LIABILITIES AND SHAREHOLDERS' EQUITY**A. SHAREHOLDERS' EQUITY**

At 31.12.2019, the company's shareholders' equity amounted to Euro 45,140 thousand, an increase by Euro 5,445 thousand compared with the figure at 31.12.2018. This item is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
Shareholders' equity			
Share capital	10,000	10,000	-
Revaluation reserves	2,192	2,192	-
Legal reserve	1,539	943	596
Extraordinary reserve	25,964	14,622	11,342
Profit for the year	5,445	11,940	(6,495)
Total	45,140	39,695	5,445

DETAILS OF CHANGES TO SHAREHOLDERS' EQUITY COMPONENTS:

Details are provided below on the changes that occurred to shareholders' equity:

Description <i>(euro/1000)</i>	Share capital	Legal reserve	Revaluation reserve	Extra-ordinary reserve	Profit for the year	TOTAL
At the beginning of 2018	10,000,000	942,537	2,191,552	13,708,116	4,913,483	31,755,687
Allocation of the 2017 result						
- to the extraordinary reserve				4,913,483	(4,913,483)	
- distribution of dividends				(4,000,000)		(4,000,000)
- 2018 result for the year					11,939,589	11,939,589
At the end of 2018	10,000,000	942,537	2,191,552	14,621,599	11,939,589	39,695,276
Destinazione risultato 2018						
- alla riserva straordinaria				11,342,610	(11,342,610)	-
- alla riserva legale		596,979			(596,979)	-
Allocation of the 2018 result					5,444,960	5,444,960
At the end of 2019	10,000,000	1,539,517	2,191,552	26,664,207	5,444,960	45,840,235
Reserve for application of the amortised cost method				(700,000)		(700,000)
Shareholders' equity at 31.12.2019	10,000,000	1,539,517	2,191,552	25,964,207	5,444,960	45,140,235

A.I.- SHARE CAPITAL

The share capital, fully subscribed and paid-up, is made up of 10,000,000 ordinary shares, each with a value of one Euro.

Classification of reserves by origin, use, possibility of distribution and use in the three previous years.

In the following table, shareholders' equity items are broken down by origin, possible uses, possibility of distribution and actual uses during the previous three years.

Description	Amount	Useful life (see key)	Available share	Used in the three previous years	Note
<i>(euro)</i>					
reserve classification					
Share capital	10,000,000	B	-	-	-
Revaluation reserve pursuant to (Italian) Decree Law no. 185/2008	2,191,552	A - B - C	2,191,552	-	-
Legal reserve	1,539,517	B	1,539,517	-	-
Extraordinary reserve	26,664,207	A - B - C	26,664,207	4,000,000	dividends 2017/2018 2019
{other reserves}	{700,000}		{700,000}		
Total other reserves	39,695,276				
				-	2017
				4,000,000	2018
					2019
Profit for the year	5,444,960	-	5,444,960	-	-
Total	45,140,236	-	35,140,236	4,000,000	-
Non-distributable amount	-	-	{1,539,517}	-	-
<i>(legal reserve)</i>	-	-	{1,539,517}	-	-
<i>(start-up costs)</i>	-	-	-	-	-
Residual distributable amount	-	-	33,600,719	-	-

key:
A: for capital increase
B: to cover losses
C: for distribution to shareholders

EXPLANATORY NOTES - Carron SPA

Additional information in compliance with the provisions of accounting principle no. 28 concerning Shareholders' Equity**A.III.- REVALUATION RESERVE**

This amounted to Euro 2,192 thousand. The reserves arising from application of (Italian) Law no. 342/2000, as recorded in the financial statements for the years 2001, 2003 and 2005, for a total amount of Euro 5,503 thousand, were used in full to increase the share capital. The reserve arising from the revaluation carried out in 2008 pursuant to (Italian) Decree Law no. 185/2008, for a total amount of Euro 8,780 thousand, was used, for Euro 3,952 thousand, to increase the share capital in 2009, with Euro 21 thousand being recovered on property sale transactions. As part of the demerger completed on 2nd October 2017, the reserve was split, with Euro 2,659 thousand being transferred to the beneficiaries Manus s.r.l. (Euro 1,415 thousand) and Five s.r.l. (Euro 1,243 thousand). At 31 December 2017, the reserve amounted to Euro 2,192 thousand.

The following table shows the changes to the revaluation reserve over time:

Description <i>(euro/1000)</i>	Total
revaluation reserve	
2001 - revaluation pursuant to (Italian) law no. 342/2000	4,137
{-} 19% substitute tax	{786}
revaluation reserve recorded in the financial statements at 31/12/2001	3,351
2003 - revaluation pursuant to (Italian) law no. 342/2000	1,362
{-} 19% substitute tax	{259}
revaluation reserve recorded in the financial statements at 31/12/2003	1,104
2005 - revaluation pursuant to (Italian) law no. 342/2000	1,190
{-} 19% substitute tax	{143}
revaluation reserve recorded in the financial statements at 31/12/2005	1,048
total revaluation reserves accrued	5,503
{-} use of the reserve for share capital increase in 2002	{1,984}
{-} use of the reserve for share capital increase in 2006	{2,471}
residual reserves pursuant to (Italian) law no. 342/2000 at 31/12/2008	1,048
2008 - revaluation reserve pursuant to (Italian) law no. 185/2008	8,780
{-} 2009 - use of reserve pursuant to (Italian) law no. 342/2000 for share capital increase	{1,048}
{-} 2009 - use of reserve pursuant to (Italian) law no. 185/2008 for share capital increase	{3,931}
Total reserves at 31/12/2016	4,850
{-} transferred to the beneficiary MANUS S.r.l. due to demerger - deed dated 02/10/2017	{1,415}
{-} transferred to the beneficiary FIVE S.r.l. due to demerger - deed dated 02/10/2017	{1,243}
TOTAL AT 31.12.2018	2,192

For tax purposes, in the event of distribution, the taxable amount is the revaluation amount gross of substitute tax.

Reserves that are included in the company's taxable income in the event of distribution

Shareholders' equity includes revaluation reserves which, if they were distributed, would be included in the company's taxable income, regardless of the period in which they originated. More specifically, this refers to the revaluation reserve pursuant to (Italian) Decree Law no. 185/2008, recorded in the financial statements for a total of

Euro 2,192 thousand, of which Euro 397 thousand are free from limitations and would therefore not be included in the company's taxable income in the event of distribution.

Description <i>(euro/1000)</i>	Amount
Revaluation reserve pursuant to (Italian) Decree Law no. 185/2008	1,795
Total	1,795

Reserves incorporated into the share capital

The following reserves have been used for free share capital increases and, regardless of the period in which they originated, they would contribute to the company's taxable income in the event of distribution.

Description <i>(euro/1000)</i>	Amount
reserves incorporated into the share capital	
2001 - use of reserves pursuant to (Italian) law no. 342/2000	1,984
2006 - use of reserves pursuant to (Italian) law no. 342/2000	2,471
2009 - use of reserves pursuant to (Italian) law no. 342/2000	1,048
total incorporated reserves pursuant to (Italian) law no. 342/2000	5,503
2009 - use of reserves pursuant to (Italian) law no. 185/2008	3,952
Total reserves used to increase the share capital	9,455
(-) transferred to the beneficiary MANUS S.r.l. - deed dated 02/10/2017	(2,526)
(-) transferred to the beneficiary FIVE S.r.l. - deed dated 02/10/2017	(2,490)
TOTAL AT 31.12.2018	4,439

EXPLANATORY NOTES - Carron SPA

B.- PROVISIONS FOR LIABILITIES AND CHARGES

At 31.12.2019, provisions for liabilities and charges amounted to a total of Euro 1,232 thousand, decreasing by Euro 311 thousand compared with the figure at 31.12.2018. These provisions are made to cover taxes, including deferred taxes, costs for tax disputes regarding pending proceedings vis-à-vis the tax authorities, legal disputes, estimated costs and charges to be incurred after completing contracts and costs that may potentially arise after work is tested.

Description <i>(euro/1000)</i>	31.12.2018	Increases 2019	Decreases 2019	31.12.2019
Tax provisions				
provision for taxes, also deferred	318	102	(318)	102
risk provision for tax disputes	275	-	(275)	-
total	593	102	(593)	102
other provisions				
for future contract charges	340	248	(169)	420
for post-testing costs	550	310	(210)	650
for legal disputes	60	-	-	60
total	950	570	(391)	1,130
Totale	1,543	672	(984)	1,232

In particular:

B.2- TAX PROVISIONS

At 31.12.2019, tax provisions amounted to Euro 102 thousand, down Euro 491 thousand compared with the previous year as a result of the following changes:

Description <i>(euro/1000)</i>	Amount
tax provision	
Balance at 31.12.2018	593
allocation for temporary differences in 2019	102
use in 2019	(593)
Balance at 31.12.2019	102

B.3- OTHER PROVISIONS

At 31.12.2019, other provisions amounted to Euro 1,130 thousand, recording an increase by Euro 180 thousand compared with 2018; they include the provision to cover costs to be incurred after the completion of contracts (Euro 650 thousand), the provision to cover future charges on completed contracts (Euro 420 thousand) and the provision to cover the costs of legal actions brought by and against third parties (Euro 60 thousand).

C.- STAFF SEVERANCE INDEMNITY

At 31.12.2019, net of advances paid to employees, the staff severance indemnity provision amounted to Euro 571 thousand, down Euro 84 thousand compared with the figure at 31.12.2018, as a result of the following changes:

Description (euro/1000)	Importo
net staff severance indemnity provision at 31.12.2018	655
staff severance indemnity provision for 2019 and adjustment for previous periods	20
staff severance indemnity paid in 2019	(103)
net staff severance indemnity provision at 31.12.2019	571

The final amount is sufficient to fulfil contractual and legal obligations. The amount of staff severance indemnity relating to terminated employment contracts at 31.12.2019 that has not yet been paid, is recorded under D.13 of balance sheet liabilities, under the item "Other payables".

EXPLANATORY NOTES - Carron SPA

D.- PAYABLES

At 31.12.2018, total payables amounted to Euro 139,705 thousand, up Euro 17,084 thousand compared with the previous year.

Changes to items making up "payables":

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
payables			
within 12 months			
due to banks	26,150	10,568	15,582
for advances	27,542	17,269	10,273
trade payables	56,812	58,186	(1,373)
due to controlled companies	222	4,245	(4,023)
due to associated companies	3,856	2,928	928
for tax payables	3,361	1,184	2,177
due to pension and social security institutions	977	968	9
for other payables	2,731	3,111	(380)
Total	121,651	98,459	23,192
after 12 months			
due to banks	16,105	16,028	77
for advances	1,940	8,125	(6,185)
for other payables	8	8	-
Total	18,053	24,161	(6,108)
Total	139,705	122,620	17,084

At 31.12.2019, payables due to banks within twelve months amounted to Euro 26,150 thousand, recording an increase of Euro 15,582 thousand compared with the previous year. This item includes the short-term portion of medium/long-term loans and the balances for use of short-term credit facilities granted, in the forms set out in the table below:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
payables due to banks			
within 12 months			
short-term portion of loans	19,123	4,156	14,967
other payables for financing	7,027	6,412	615
Total	26,150	10,568	15,582

At 31.12.2019, payables due to banks after twelve months amounted to Euro 16,105, recording an increase of Euro 77 thousand compared with the previous year. The breakdown of this item over time is as follows:



Description <i>[euro/1000]</i>	31.12.2019	31.12.2018	CHANGES
after twelve months and up to five years	16,105	16,028	77
after five years	-	-	-
Total	16,105	16,028	77

The position reflects the amounts due for loans, mortgage loans and other medium/long-term financing granted to the company.

Loans and mortgage loans referring to real estate assets are secured by a first priority mortgage.

D.6 – ADVANCES

At 31.12.2019, advances amounted to Euro 29,482 thousand, recording an increase of Euro 4,088 thousand compared with the previous year.

They represent the amount paid by customers by way of advance on contract work in progress, as well as advances and deposits from customers on consignment of future sale of real estate. They are broken down as follows:

Description <i>[euro/1000]</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
advances on contract work in progress	12,330	6,514	5,816
deposits on property sales	4,985	7,845	(2,860)
advances from customers on property sales	10,227	2,910	7,317
Total	27,542	17,269	10,273
after 12 months			
Advances and deposits from customers on property sales	1,940	8,125	(6,185)
Total	1,940	8,125	(6,185)
Total	29,482	25,394	4,088

Advances related to contract work in progress, paid by Customers while work is still being carried out and normally ascertained through Work Progress Reports, are recorded under the item "revenues".

D.7 – TRADE PAYABLES

At 31.12.2019, trade payables amounted to Euro 56,812 thousand, recording a decrease of Euro 1,373 thousand compared with the previous year. This item is broken down as follows:

Description <i>[euro/1000]</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
trade payables for issued invoices	44,356	44,529	(173)
trade payables for invoices and credit notes yet to be received	12,456	13,657	(1,201)
Total	56,812	58,186	(1,373)

Trade payables are recorded net of discounts and rebates.

EXPLANATORY NOTES - Carron SPA

D. 9 – PAYABLES DUE TO CONTROLLED COMPANIES

These are made up of trade payables and, at 31.12.2019, amounted to Euro 222 thousand, recording a decrease of Euro 4,023 compared with the previous year. This item is broken down as follows:

Description <i>[euro/1000]</i>	31.12.2019	31.12.2018	CHANGES
Beato Pellegrino s.c.r.l. for invoices to be issued and to be received	16	3,856	(3,840)
Beato Pellegrino Scrl financial account	206	389	(183)
Total	222	4,245	4,023

D. 10 – PAYABLES DUE TO ASSOCIATED COMPANIES

These are made up of trade payables and, at 31.12.2019, amounted to Euro 3,856 thousand, recording an increase of Euro 929 thousand compared with the previous year.

This item is broken down as follows:

Description <i>[euro/1000]</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
Valdastico 14 S.c.r.l.	44	42	2
Sansovino S.c.r.l.	1	-	1
Arese S.c.r.l.	343	191	152
Trento Tre S.c.r.l.	485	166	319
Valdastico 14 S.c.r.l. – invoices to be received	5	(6)	11
Sansovino S.c.r.l.	1	12	(11)
Trento Tre S.c.r.l. - invoices to be received	2,692	2,220	472
Arese Sud S.c.r.l. - invoices to be received	34	303	(270)
Consorzio Vie del Mare	1	-	1
Montecchio S.c.r.l.	250	-	250
Total	3,856	2,928	929

D.12 – TAX PAYABLES

At 31.12.2019, tax payables amounted to Euro 3,361 thousand, recording an increase of Euro 2,176 thousand compared with the previous year. This item is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
IRES (corporate income tax) for the year	-	440	(440)
IRAP (regional income tax) for the year	52	132	(80)
VAT	2,532	4	2,528
withholding taxes relating to employees	597	590	7
withholding taxes relating to self-employed workers	60	15	45
withholding taxes relating to salary-backed loans to employees	-	1	(1)
taxes on staff severance indemnity revaluation	-	2	(2)
Tax dispute	119	-	119
Total	3,361	1,184	2,176

D.13 – PAYABLES DUE TO PENSION AND SOCIAL SECURITY INSTITUTIONS

At 31.12.2019, payables due to pension and social security institutions amounted to Euro 977 thousand, recording an increase of Euro 9 thousand compared with the previous year. This item is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
I.N.P.S. – I.N.A.I.L.	483	461	22
I.N.P.S. – I.N.A.I.L. – for accruals	334	346	(12)
Construction workers' social security fund	28	40	(12)
Pension funds for transfer of staff severance indemnity	133	122	11
Total	977	968	9

EXPLANATORY NOTES - Carron SPA

D.14 – OTHER PAYABLES

At 31.12.2019, other payables amounted to Euro 2,739 thousand, recording a decrease of Euro 380 thousand compared with the previous year. This item is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
within 12 months			
salaries and other staff entitlements	1,679	1,745	(66)
Payables due to remuneration to directors	39	47	(8)
other payables	68	27	41
payables due to others	159	149	10
payables to insurance companies	786	1,143	(357)
total payables due within twelve months	2,731	3,111	(380)
after 12 months			
security deposits payable	8	8	-
total payables due after twelve months	8	8	-
Total	2,739	3,119	(380)

Breakdown of payables by geographic area

Pursuant to article 2427, first paragraph, point 6, of the [Italian] Civil Code, Italy is the geographic area of reference for payables, amounting to a total of Euro 146,105 thousand, as shown below:

Description <i>(euro/1000)</i>	31.12.2019
Payables due to banks	42,255
Advances	29,482
Trade payables	56,812
Payables due to controlled companies	222
Payables due to associated companies	3,856
Tax payables	3,361
Payables due to pension and social security institutions	977
Other payables	2,739
Total	139,705

E. - ACCRUED LIABILITIES AND DEFERRED INCOME

Accrued liabilities and deferred income amounted to Euro 56 thousand, recording a decrease of Euro 13 thousand compared with the previous year.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
accrued interest payable	56	70	(13)
Total	56	70	(13)

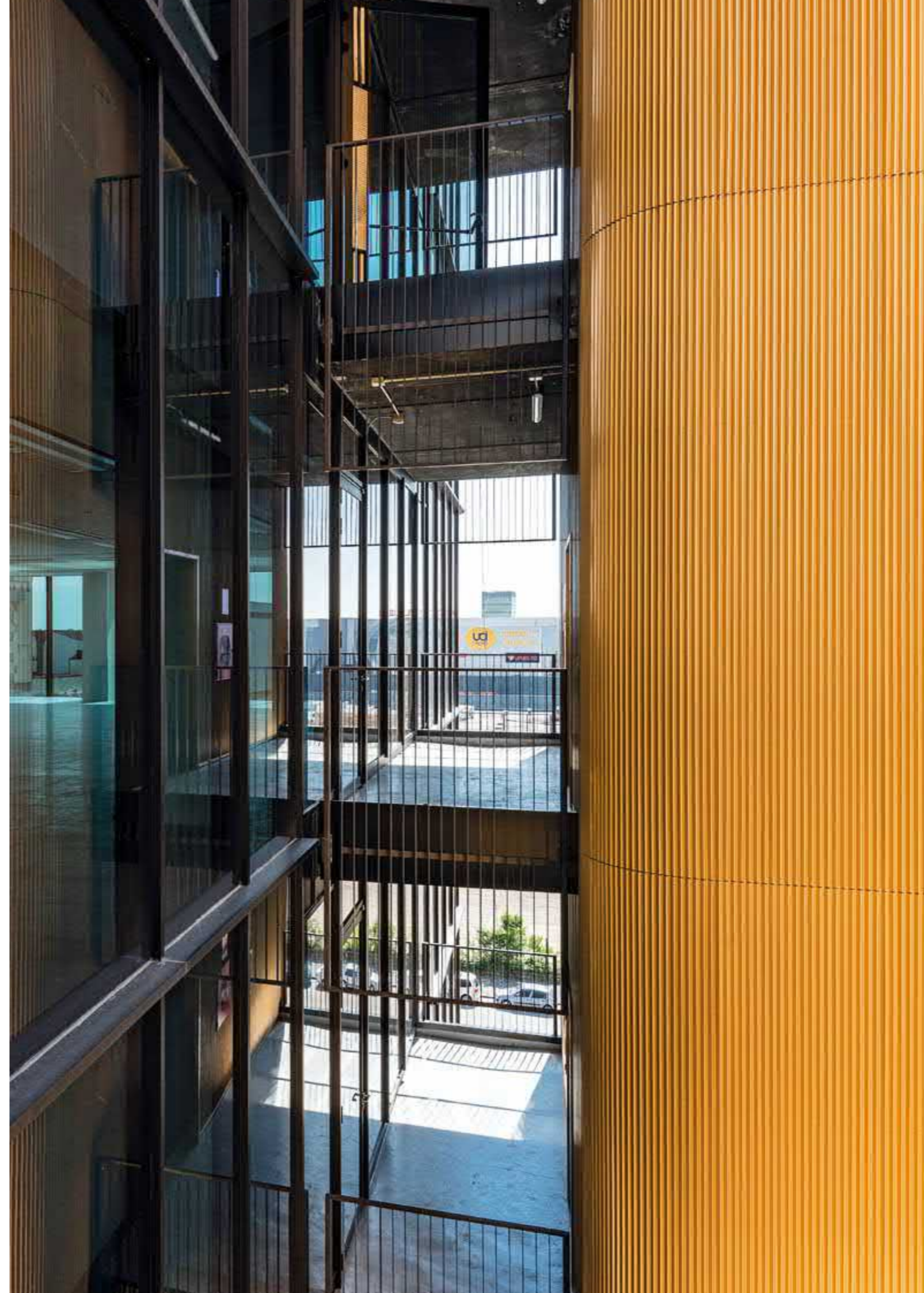
There are no accrued liabilities or deferred income with a duration of over five years.

COMMITMENTS, GUARANTEES, RISKS AND CONTINGENT LIABILITIES

Pursuant to article 2427, paragraph 1, point 9, of the (Italian) Civil Code, the following table summarises any off-balance-sheet commitments, guarantees and contingent liabilities, specifying the nature of the collateral provided.

In accordance with accounting standard no. 12 issued by the OIC (Italian Accounting Board), the sureties issued to third parties in the interest of the company are reported below:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
insurance guarantees for contractual advances	5,621	1,573	4,048
insurance guarantees on work being carried out properly	21,095	20,277	818
other insurance guarantees	1,319	793	526
bank guarantees on work being carried out properly	38,298	38,614	(316)
bank guarantees for contractual advances	3,329	1,741	1,588
bid bonds issued by banks	1,500	950	550
bank guarantees for advances/deposits regarding "closed real estate" transactions	-	450	(450)
other bank guarantees	977	787	190
Total	72,139	65,185	6,954
surety guarantees in the interest of third parties	-	2,543	(2,543)
surety guarantees in the interest of related parties	32,943	37,754	(4,811)
surety guarantees in the interest of controlled companies by the parent company	1,489	637	852
surety guarantees in the interest of investee companies and consortium companies	20	477	(457)
Pledge of company shares	619	619	-
Total at 31.12.2019	107,210	107,215	(5)



To further explain the content of the items, it is hereby specified that:

- the item "bank guarantees on work being carried out properly" includes the 18 million guarantee issued to the concessionaire Ospedal Grando Srl for the performance of work at the Cittadella Sanitaria ("Healthcare District") in Treviso; the value, included in the overall total of Euro 38.3 million shown in the table, is reported net of the bank guarantee of Euro 4 million, as this has the same content and was issued in our favour by another member of the temporary consortium, ARCO LAVORI soc. Coop., which succeeded Apleona Spa.
- with regard to "surety guarantees in the interest of related parties", the amount of Euro 33 million refers to guarantees given to companies that were subject to a demerger on 28.10.2017 and are in addition to the first priority mortgage guarantees issued by the investee companies on assets belonging to them in favour of the lenders; these guarantees therefore represent a second, ancillary guarantee.

With regard to the following payables recorded in the financial statements under the item "Advances", it is hereby specified that the following bank guarantees have also been issued:

- a guarantee for the advance paid by Aspiag Service S.r.l. regarding the preliminary sale contract for a "property yet to be built" in Castelfranco Veneto:

B.P.M.	Euro	1,098,000.00
---------------	-------------	---------------------

- a guarantee for the advance paid by DIMAR S.p.A. regarding the preliminary sale contract for a "property yet to be built" (for commercial use) in Via Pronda, Turin:

Deutsche Bank	Euro	4,312,090.00
Unicredit	Euro	1,830,000.00
Total	Euro	6,142,090.00

- a guarantee for the advance paid by REAM S.G.R. regarding the preliminary sale contract for a "property yet to be built" (for residential use) in Via Pronda, Turin:

Unicredit	Euro	7,011,186.00
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- a guarantee for the deposit paid by ICADE S.A. regarding the preliminary sale contract for a "property yet to be built" (nursing home) in Nichelino (TO):

Unicredit	Euro	2,907,000.00
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- a guarantee for the advance paid by REAM S.G.R. S.p.A. regarding the preliminary sale contract for a "property yet to be built" (nursing home) in Torrevicchia Pia (PV):

Deutsche Bank	Euro	2,168,000.00
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EXPLANATORY NOTES - Carron SPA

OTHER INFORMATION REQUIRED BY ARTICLE 2427 OF THE (ITALIAN) CIVIL CODE

- Details of the equity investments held by the company in controlled and associated companies at 31.12.2019 are indicated and specified in the relevant sections of these Explanatory Notes.
- Financial payables due after five years, in place at 31.12.2019 and backed by real guarantees on company assets, are indicated and specified in the relevant section of these Explanatory Notes; the company does not have any residual receivables that are due after five years.
- At 31.12.2019, the company had no assets or transactions exposed to significant effects from exchange rate fluctuations after the reporting date.
- At 31.12.2019, the company had no receivables or payables related to transactions involving repurchase agreement obligations for the buyer.
- The breakdown of the items "accrued income and prepaid expenses", "accrued liabilities and deferred income" and "other provisions" in the balance sheet, and the breakdown of the item "other reserves" are shown in the relevant sections of these Explanatory Notes
- Shareholders' equity items and their origins are indicated and specified in the dedicated table in the relevant section of these Explanatory Notes.
- At 31.12.2019, the company had not attributed any financial charges to any value recorded under assets in the balance sheet.
- The total amount of off-balance-sheet commitments, guarantees and contingent liabilities, with indication of the nature of the collateral provided, is provided in the relevant section of these Explanatory Notes.
- At 31.12.2019, there were no commitments regarding pension liabilities and similar obligations, nor any commitments undertaken vis-à-vis controlled companies, associated companies, parent companies or companies subject to the control of parent companies.
- The breakdown of sales and services revenues by category and by geographic area is shown in the relevant section of these Explanatory Notes.
- The financial statements at 31.12.2019 do not include income from equity investments, other than the dividends referred to by article 2425, no. 5, of the (Italian) Civil Code.
- The breakdown of interest and other financial charges relating to 2019, as referred to by article 2425, no. 17, of the (Italian) Civil Code, are indicated in the relevant section of these Explanatory Notes.
- The financial statements at 31.12.2019 do not include any revenue or cost items of exceptional size or incidence.
- The temporary differences that led to prepaid taxes being recorded are reported in the relevant section of these Explanatory Notes, with indication of the tax rate applied, any changes compared with the previous financial year and their amount.
- The average number of employees, broken down by category, is shown in the relevant section of these Explanatory Notes.
- The remuneration paid to statutory auditors and the fees payable to the firm appointed to carry out the statutory audit of accounts are reported in the relevant section of these Explanatory Notes. No advances or credits were granted to statutory auditors.
- The company did not issue any financial instruments.
- Transactions carried out with related parties are disclosed in the relevant section of these Explanatory Notes.
- There are no off-balance-sheet economic agreements in place.
- Carron Holding S.r.l. with registered office in San Zenone degli Ezzelini (TV), Via Bosco 14/1, controls the company and shall draw up the consolidated financial statements at 31 December 2019, pursuant to the law. Said consolidated financial statements will be available at the latter's registered office.
- The proposal for the allocation of profit is presented in the final section of these Explanatory Notes.

SIGNIFICANT EVENTS OCCURED AFTER THE CLOSING OF THE FINANCIAL YEAR

Please refer to the "Business Outlook" paragraph in the Directors' Report for information on the events that occurred after the closing of the financial year.

EMPLOYMENT FIGURES

The average headcount, broken down by category, is presented below:

Categories	31.12.2019	31.12.2018	CHANGES
Senior managers	5	5	-
Junior managers	6	5	1
White-collar workers	134	136	(2)
Blue-collar workers	46	46	-
Total	191	192	(1)

The labour contract that governs relationships with employees is the one for the construction industry and similar industries in force at the reporting date.

EXPLANATORY NOTES - Carron SPA

INFORMATION AND CLARIFICATIONS ABOUT THE INCOME STATEMENT

Before analysing the individual items, please note that comments on overall performance are provided in the Directors' Report, pursuant to article 2428 of the (Italian) Civil Code.

Given the analytical presentation of revenues and costs in the Income Statement and the previous comments on balance sheet items, only the main items are commented on below.

INCOME STATEMENT SUMMARY

Description	2019		2018	
	amount	% weighting	amount	% weighting
<i>(euro/1000)</i>				
value of production	168,539	100,00	174,270	100,00
production costs				
raw, ancillary and consumable materials	(36,628)	(21.7)	(23,928)	(13.7)
services	(106,525)	(63.2)	(120,877)	(69.4)
use of third-party assets	(3,529)	(2.1)	(3,896)	(2.2)
personnel costs	(13,726)	(8.1)	(13,627)	(7.8)
amortisation, depreciation and write-downs	(686)	(0.4)	(651)	(0.5)
changes in inventories of raw materials	3,398	2.0	1,706	1.0
risk provisions	(310)	(0.2)	(231)	(0.0)
sundry operating expenses	(1,604)	(1.0)	(1,447)	(0.8)
total production costs	(159,609)	(94.7)	(166,363)	(95.5)
ebit	8,930	5.3	7,907	4.5
financial income and (charges)	(545)	(0.3)	7,237	4.2
value adjustments to financial assets	(545)	(0.3)	(616)	(0.4)
result before taxes	7,840	4.7	14,527	8.3
income taxes	(2,395)	(1.4)	(2,588)	(1.5)
profit for the year	5,445	3.2	11,940	6.9

A.- VALUE OF PRODUCTION

The item "value of production" is broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
sales and services revenues	157,382	138,377	19,005
changes in product inventories	(99)	(760)	661
changes in contract work in progress	8,674	35,504	(26,829)
in-house work	367	-	367
other revenues and income	2,214	1,149	1,065
Total	168,539	174,270	(5,731)

Please refer to the Directors' Report for further information on the reasons behind these changes.

The breakdown of revenues by category of activity is shown below:

Description <i>(euro/1000)</i>	31.12.2019	% weighting
revenues from contract work	110,335	70.1%
Profits on property sales	42,075	26.7%
revenues from the sale of materials	36	0.0%
miscellaneous revenues, revenues for the provision of services and income	4,224	2.7%
rental income	713	0.5%
Total	157,382	100.0%

B.- PRODUCTION COSTS

At 31.12.2019, production costs amounted to a total of Euro 159,609 thousand, recording a decrease of Euro 6,755 thousand compared with the previous year; the details of production costs are provided in the following tables.

Description <i>(euro/1000)</i>	31.12.2019	% weighting	31.12.2018	% weighting
raw and ancillary materials, consumables and goods	36,628	22.9%	23,928	14.4%
services	106,524	66.7%	120,877	72.7%
use of third-party assets	3,529	2.2%	3,896	2.3%
personnel costs	13,726	8.6%	13,627	8.2%
amortisation, depreciation and write-downs	686	0.4%	851	0.5%
changes in inventories of raw materials	(3,398)	(2.1)%	1,706	1.0%
risk provisions	310	0.2%	31	0.0%
sundry operating expenses	1,604	1.0%	1,447	0.9%
Total production costs	159,609	100.0%	166,363	100.0%

EXPLANATORY NOTES - Carron SPA

B.6 – Raw and ancillary materials, consumables and goods

At 31.12.2019, these amounted to Euro 36,628 thousand, recording an increase of Euro 12,700 thousand compared with the previous year.

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
raw materials	14,814	10,575	4,239
land and buildings	21,208	12,630	8,578
other materials	51	114	(63)
office supplies	26	45	(19)
fuels and lubricants	457	492	(35)
miscellaneous	72	71	1
Total	36,628	23,928	12,700

The item "land and buildings" includes the fees for the purchase of two building plots to be used for the construction of two real estate complexes, one for residential and commercial use and one to be used for a nursing home, which will be sold to economic operators once work is complete, based on preliminary sale contracts referring to "properties yet to be built".

B.7 – For services

At 31.12.2019, these amounted to Euro 106,525 thousand, recording a decrease of Euro 14,353 thousand compared with the previous year. The main services purchased include:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
work outsourced for construction sites	93,914	93,273	641
services provided by investee consortium companies	6,819	12,550	(5,731)
professional services	5,108	7,290	(2,182)
travel, board and lodging, rent payable	1,504	1,237	267
miscellaneous insurance and premiums on insurance guarantees	1,018	1,158	(140)
remuneration to directors and statutory auditors	1,169	985	184
fees to the Independent Auditors	44	61	(17)
cleaning services	119	370	(251)
waste disposal	465	686	(221)
security services	373	501	(128)
electricity	510	365	145
legal and notarial consulting services	292	278	14
tax and administration consulting services	148	193	(45)
advertising expenses	112	86	26
telephone expenses	159	143	16
car maintenance and repair	107	108	(1)
water and gas	117	49	68
recruitment and training	51	41	10
surety expenses	629	451	178

B.8 – For use of third-party assets

At 31.12.2019, these amounted to Euro 3,529 thousand, recording a decrease of Euro 367 thousand compared with the previous year. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
rental of machinery and equipment and maintenance costs	2,641	3,171	(530)
rent payable	411	552	(141)
operating leases	277	138	139
Maintenance costs and costs for use of third-party assets	200	35	165
total	3,529	3,896	(367)

B.9 – Personnel costs

At 31.12.2019, personnel costs amounted to Euro 13,726 thousand, recording an increase of Euro 99 thousand compared with the previous year. This item is broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
employee salaries	9,914	9,937	(23)
pension and social security contributions	3,149	3,063	87
staff severance indemnity	543	549	(6)
other personnel costs	120	79	41
total	13,726	13,627	99

This item includes all expenses for employees, including merit-based pay rises, promotions, cost-of-living adjustments, paid holidays accrued but not taken and provisions required by laws and labour contracts.

B.10 – Amortisation, depreciation and write-downs

At 31.12.2019, these amounted to a total of Euro 686 thousand, down Euro 165 thousand compared with the previous year.

B.10.a – Amortisation of intangible fixed assets

At 31.12.2019, amortisation amounted to a total of Euro 48 thousand, broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
software costs	11	13	(2)
other intangible fixed assets	37	37	-
total	48	50	(2)

EXPLANATORY NOTES - Carron SPA

B.10.b – Depreciation of tangible fixed assets

At 31.12.2019, depreciation amounted to a total of Euro 638 thousand, broken down as follows:

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
buildings and light constructions	317	300	17
plants and machinery	139	144	(5)
industrial and commercial equipment	43	31	12
other tangible assets	138	125	13
total	638	601	37

B.10.d – Write-downs of current receivables and of cash and cash equivalents

They refer to the provision for losses on receivables that are recognised based on tax regulations, which are considered reasonably representative of their actual potential arising. As the consistency of the fund at 31.12.2019 was recognised, it was not necessary to make any provision.

Description (euro/1000)	31.12.2019	31.12.2018	CHANGES
write-down of current receivables	-	200	(200)
total	-	200	(200)

B.11 – Changes in inventories of raw and ancillary materials, consumables and goods

The change in the value of inventories led to a decrease in production costs of Euro 3,398 thousand, given by the difference between the initial value of inventories (Euro 13,379 thousand) and the end value (Euro 16,777 thousand).

Please refer to the notes on the item "inventories" for a better explanation of the transaction relating to the purchase of the real estate complexes, which contribute to the change in the value shown under item B.11 of the Income Statement.

B.13 – Risk provisions and other provisions

Among the provisions made at 31.12.2019 was the adjustment to the provision for risks related to costs and charges arising after works testing, amounting to Euro 310,000.

B.14 – Sundry operating expenses

At 31.12.2019, these amounted to Euro 1,604 thousand, and are broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
(deductible) duties and taxes	22	39	(17)
I.M.U. (property tax) - TASI (Italian council tax)	297	146	151
registration, mortgage, cadastral, certification fees	171	87	84
membership fees	56	20	36
donations	27	-	27
other duties and taxes (occupation of public land, substitute tax contract registration and miscellaneous)	512	451	61
state concessions	12	14	(2)
ordinary capital losses	-	14	(14)
non-recurring expenses	240	9	231
expenses in the interest of society	-	27	(27)
finances and penalties	45	37	8
repeatable expenses	-	373	(373)
others	220	231	(11)
total	1,604	1,447	156

C. - FINANCIAL INCOME AND CHARGES

At 31.12.2019, depreciation amounted to a total of Euro 545 thousand, broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
income from equity investments	4	5,860	5,856
other income (interest income from bank accounts and receivables)	157	1,719	1,562
interest and other financial charges	(707)	(342)	365
Total	(545)	7,237	7,782

Income from equity investments refers to dividends and capital gains on the sale of equity investments. More specifically:

Descrizione <i>(euro/1000)</i>	31.12.2019
Capital gain on the sale of the equity investment in AQUAPOLIS SSD S.r.l.	4
Total	4

EXPLANATORY NOTES - Carron SPA

Breakdown of income from equity investments

(Ref. article 2427, first paragraph, no. 11, of the Italian Civil Code)

Description <i>(euro/1000)</i>	Controlled companies	Others	Total
Capital gains on the sale of equity investments	-	4	4
Total	-	4	4

C.16 – Other financial income

At 31.12.2019, other financial income amounted to a total of Euro 157 thousand, broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
Interest income from receivables at amortised cost	157	224	(67)
Other income	-	1,495	(1,495)
Total	157	1,719	(1,562)

C.17 – Interest and other financial charges

At 31.12.2019, these amounted to a total of Euro 707 thousand, broken down as follows:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
interest and commissions payable to institutions	130	114	16
interest payable to suppliers and others	13	9	4
interest payable on loans	356	65	291
Other financial charges	207	154	53
Total	707	343	364

Other financial charges are made up of commissions and fees payable to lender institutions for granting the loans in place.

D. – VALUE ADJUSTMENTS TO FINANCIAL ASSETS**D.19 a) WRITE-DOWN OF EQUITY INVESTMENTS**

A total of Euro 545 thousand was recorded, referring to the write-down of the following equity investments:

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
write-downs			
other securities			
Geminus Fund	540	616	(76)
Imprenditori Riuniti S.r.l.	3	-	3
Vallenari S.c.r.l.	2	-	2
Total	545	616	(71)

The write-down of the shares held by the company in the Geminus Fund was carried out based on the NAV at 30/06/2019.

20. INCOME TAXES FOR THE YEAR

At 31.12.2019, income taxes amounted to Euro 2,395 thousand, broken down as follows

Description <i>(euro/1000)</i>	31.12.2019	31.12.2018	CHANGES
current taxes	(2,610)	(2,894)	284
<i>(IRES - corporate income tax)</i>	(2,437)	(2,675)	238
<i>(IRAP - regional income tax)</i>	(465)	(416)	(49)
<i>(IRES on non-taxable non-recurring income)</i>	291	197	94
deferred (prepaid) taxes	216	306	(90)
<i>deferred (IRES - corporate income tax)</i>	216	306	(90)
Total	2,395	2,588	(193)

STATEMENT OF IRES CALCULATION

Description <i>(euro/1000)</i>	Valori di base	Valori imposte
result before taxes	7,840	
increases	3,556	
decreases	(1,242)	
taxable amount	10,154	
current income taxes for the year	24.00%	2,437

EXPLANATORY NOTES - Carron SPA

STATEMENT OF IRAP CALCULATION

Description <i>(euro/1000)</i>	Valori di base	Valori imposte
difference between value and costs of production	8,930	
irrelevant costs for IRAP purposes	14,036	
total	22,966	
increases	2,056	
decreases	(5,066)	
gross value of production	19,986	
deductions pursuant to art. 11, paragraph 1, letter a) of (Italian) legislative decree no. 446	8,037	
IRAP taxable amount	11,919	
current IRAP for the year	3.90%	465

DEFERRED TAXES

Prepaid tax assets are recorded if there is reasonable certainty that, in the years in which the deductible temporary differences will be reversed, in relation to which the prepaid taxes were recorded in the first place, the taxable income will not be less than the differences that they will cancel.

No entries were made in relation to deferred taxes that may result from distribution to shareholders of the reserve set up with the revaluation surplus. This is in accordance with Accounting Standard no. 25 according to which deferred taxes may not be recognised if it is considered highly unlikely for said payable to arise.

“Deferred” taxes are shown in more detail below:

Description	year ending 31.12.2019	year ending 31.12.2019	year ending 31.12.2018	year ending 31.12.2018
	temporary differences IRES	IRES Tax effect	temporary differences IRES	IRES Tax effect
Deferred taxes (euro)				
Recoveries for short-term contracts pursuant to art. 92 of the TUIR	425,885	102,212	1,324,400	317,856
Rate 24%				
Total	425,885	102,212	1,324,400	317,856
Net deferred (prepaid) taxes		102,212		317,856
Details of taxable temporary differences				
Description	Amount at 31.12.2018	Changes Year 2019	Amount at 31.12.2019	Tax effect Ires Rate 24.00%
Riprese commesse infrannuali ex Art. 92 TUIR	1,324,400	(898,515)	425,885	102,212

FINANCIAL LEASING TRANSACTIONS

The company has a financial leasing contract in place, the summary of which is provided below, pursuant to article 2427, point 22, of the (Italian) Civil Code:

OIC (Italian Accounting Board) RECLASSIFICATION

A ASSETS	
A) Ongoing contracts	
a1) Value of leased assets at the end of the previous year	
of which gross value	635,778
of which accumulated depreciation	(230,858)
of which adjustments	-
of which value reinstatements	-
Total	404,920
a2) assets purchased during the year	968,245
a3) assets for which purchase option was exercised during the year	-
a4) share of depreciation for the year	288,394
a5) adjustments for the year	-
a6) value reinstatements during the year on assets	-
a7) Value of leased assets at the end of the current year	
of which gross value	1,622,023
of which accumulated depreciation	(519,252)
of which adjustments	-
of which value reinstatements	-
Total	1,102,767
a8) reversal of prepaid expenses for financial leasing transactions	195,276
B Assets for which the purchase option is exercised	
b1) difference in value of assets for which the purchase option is exercised, calculated according to the "finance lease" method, compared to their net book value at the end of the year	-
C LIABILITIES	
c1) lease liabilities at the end of the previous year	
of which due during the next year	129,403
of which due between 1 and 5 years	210,735
of which due after 5 years	-
Total	340,138
c2) lease liabilities arising during the year	804,445
c3) reductions for capital repayment	202,303
c4) reductions for purchase options exercised during the year	-
c5) lease liabilities at the end of the year	
of which due during the next year	279,440
of which due between 1 and 5 years	662,840
of which due after 5 years	-
Total	942,280
c6) reversal of accruals on financial leasing fees	-
D total gross effect at year-end	34,689
E net tax effect	380
F effect on shareholders' equity at year-end	35,069

EXPLANATORY NOTES - Carron SPA

INCOME STATEMENT	
Reversal of fees on financial leasing transactions	264,668
Depreciation recorded on contracts in place	288,394
Depreciation recorded on assets for which purchase option was exercised	-
Financial charge on leasing transactions recorded	11,144
Adjustments / value reinstatements on leased assets	-
Effect on pre-tax result	34,872
Tax effect recorded	4,638
Effect on the result for the year	30,234

OTHER INFORMATION**Transactions with related parties pursuant to art. 2427 no. 22-bis of the (Italian) civil code**

Transactions carried out by the company between "related parties", as identified by Accounting Standard no. 12 issued by the OIC (Italian Accounting Board), referred to by article 2427, no. 22-bis of the (Italian) Civil Code, were completed under normal market conditions.

Information pursuant to art. 1, paragraph 125 of (Italian) law no. 124 dated 4th August 2017

In relation to the transparency obligations introduced by (Italian) law no. 124 dated 4 August 2017, article 1, paragraph 125, the Group has received the following grants from the public administration:

Year	Beneficiary	Allocating body	Tax Code	Mandate	Date	Total gross amount	Reason	Date of collection
2019	Carron S.p.A.	Fondimpresa	97278470584	ID 220958	18.10.2019	11.622,00	contribution	26.11.2019

Off-balance-sheet agreements

The company has no off-balance-sheet agreements in place affecting its balance sheet amounts or financial position, other than those already disclosed in the Directors' Report.

Remuneration due to Directors, Statutory Auditors and the independent audit firm in charge of the statutory audit of accounts

Please find below the total remuneration paid to the directors, the members of the Board of Statutory Auditors and to the independent audit firm in charge of the statutory audit of accounts:

Position	Compenso
To the board of directors	1,002
To the board of statutory auditors	53
To the audit firm appointed to carry out the statutory audit of accounts	41
Total	1,096

These financial statements, which consist of the Balance Sheet, Income Statement, Cash Flow Statement and Explanatory Notes, provide a true and correct representation of the company's balance sheet and financial position as well as the result for the year, and correspond to the results of accounting entries.

Dear Shareholders,

Lastly, we would like to submit for your examination and approval the financial statements at 31 December 2019, the main figures of which are summarised below:

- value of production of € 168.5 mln, down by 3.29% compared with 2018;
- EBITDA of € 9.9 mln, accounting for 5.89% of the value of production (5.04% in 2018);
- amortisation and depreciation of tangible fixed assets, amortisation and depreciation of intangible fixed assets and other write-downs and provisions for € 1 mln (€ 0.9 mln in 2018);
- EBIT of € 8.9 mln, accounting for 5.30% of the value of production (4.54% in 2018);
- pre-tax profit of € 7.8 mln (€ 14.5 mln in 2018) which, net of taxes for € 2.4 mln (€ 2.6 mln in 2018), results in a net profit of € 5.4 mln (€ 11.9 mln at 31.12.2018);
- a net financial position vis-à-vis the banking system of – € 14.9 mln (- € 10.3 mln at 31.12.2018).

If you agree with the criteria used to prepare the financial statements and with the accounting standards and procedures applied, then we propose that you pass the following resolutions:

**The Shareholders' Meeting,
having examined the company's financial statements at 31 December 2019,
considering the report by the Board of Statutory Auditors
to the Shareholders' Meeting, hereby resolves**

to approve the company's financial statements for the year ended 31 December 2019, as a whole and with regard to the individual items;

to leave the shareholders' meeting to decide on allocation of profit for the financial year, amounting to Euro 5,444,960.

The Chairman of the Board of Directors

Arch. Diego Carron





BOARD OF STATUTORY AUDITORS'
REPORT
TO CARRON SPA'S FINANCIAL STATEMENTS

CARRON CAV. ANGELO SPA with sole shareholder

REPORT OF THE SUPERVISORY BODY

To the Shareholders' meeting of CARRON CAV. ANGELO S.p.A.

Introduction

Dear Shareholders, given that, in accordance with the current Bylaws, your company assigned to the Supervisory Body only administrative supervision tasks, while the statutory auditing function was assigned to the auditing company Deloitte & Touche SpA, this report shows the work performed in terms of statutory auditing.

Report on the supervisory activity pursuant to art. 2429, par. 2, of the (Italian) Civil Code

Over the course of the year closed on 31 December 2019 we based our work on legal provisions and the rules of conduct for the Board of Statutory Auditors issued by the Italian Board of Professional Accountants and Auditors, on the basis of which we carried out a self-assessment, with a positive result, for each member of the board.

Supervisory activities pursuant to article 2403 et seq. of the (Italian) Civil Code

We made sure that the company complied with laws and the articles of association and that it respected correct management principles.

We attended the Shareholders' meetings and Board of Directors meetings, in relation to which, based on the information available, there were no violations of the law or of the articles of association to report, nor were there any transactions that were manifestly imprudent, risky, involving a potential conflict of interest or such as to jeopardise the integrity of the company's assets.

During the meetings held, the Supervisory Body provided us with information on the general running of the company and the foreseeable business outlook, as well as on the most significant transactions carried out by the company, in terms of their size or their characteristics. Based on the information we have obtained, we do not have any particular observations to report.

We acquired information from the Supervisory Body and read the Annual Report issued by the same; no critical issues emerged with respect to the correct implementation of the "M.O.G. - Organisational Model" that must be highlighted in this report.

For the areas falling under our scope of responsibility, we acquired knowledge of the company's organisational structure and made sure that it is appropriate and works correctly, also by gathering information from department supervisors. In this regard, we have no particular observations to report. For the areas falling under our scope of responsibility, we acquired knowledge of the company's administration-accounting system and made sure that it is appropriate and works correctly, as well as overseeing its reliability to correctly represent facts regarding management activities, by obtaining information from department supervisors and examining company documentation. In this regard, we have no particular observations to report.

No complaints were received from shareholders pursuant to art. 2408 of the (Italian) Civil Code.

Over the course of the year, the Board of Statutory Auditors did not issue any legally-required professional opinions.

During the supervisory activities described above, no other significant facts emerged that are such as to require mention in this report.

STATUTORY AUDITORS' REPORT

Observations regarding the financial statement

As far as we know, when preparing the financial statements, the directors did not make any exceptions to laws pursuant to article 2423, paragraph 5, of the (Italian) Civil Code.

With regard to the revaluation of assets performed pursuant to art. 11, par. 3, Law no. 342 of 21st 21 November 2000, we attest to the fact that it does not exceed the value actually attributable to the it pursuant to art. 11, par. 2, Law no. 342 of 21 November 2000.

The results of the audit that we carried out on the financial statements are contained in the "External Auditors' report pursuant to art. 14 of (Italian) Leg. Decree 39/2010" issued by Deloitte & Touche S.p.a, on today's date.

Observations and proposals regarding approval of the financial statements

Considering the results of the activities that we have carried out, we hereby propose that the Shareholders' Meeting approve the financial statements at 31 December 2019, as prepared by the Directors. The Board also agrees with the Directors' proposal in the explanatory notes on the allocation of the result for the year.

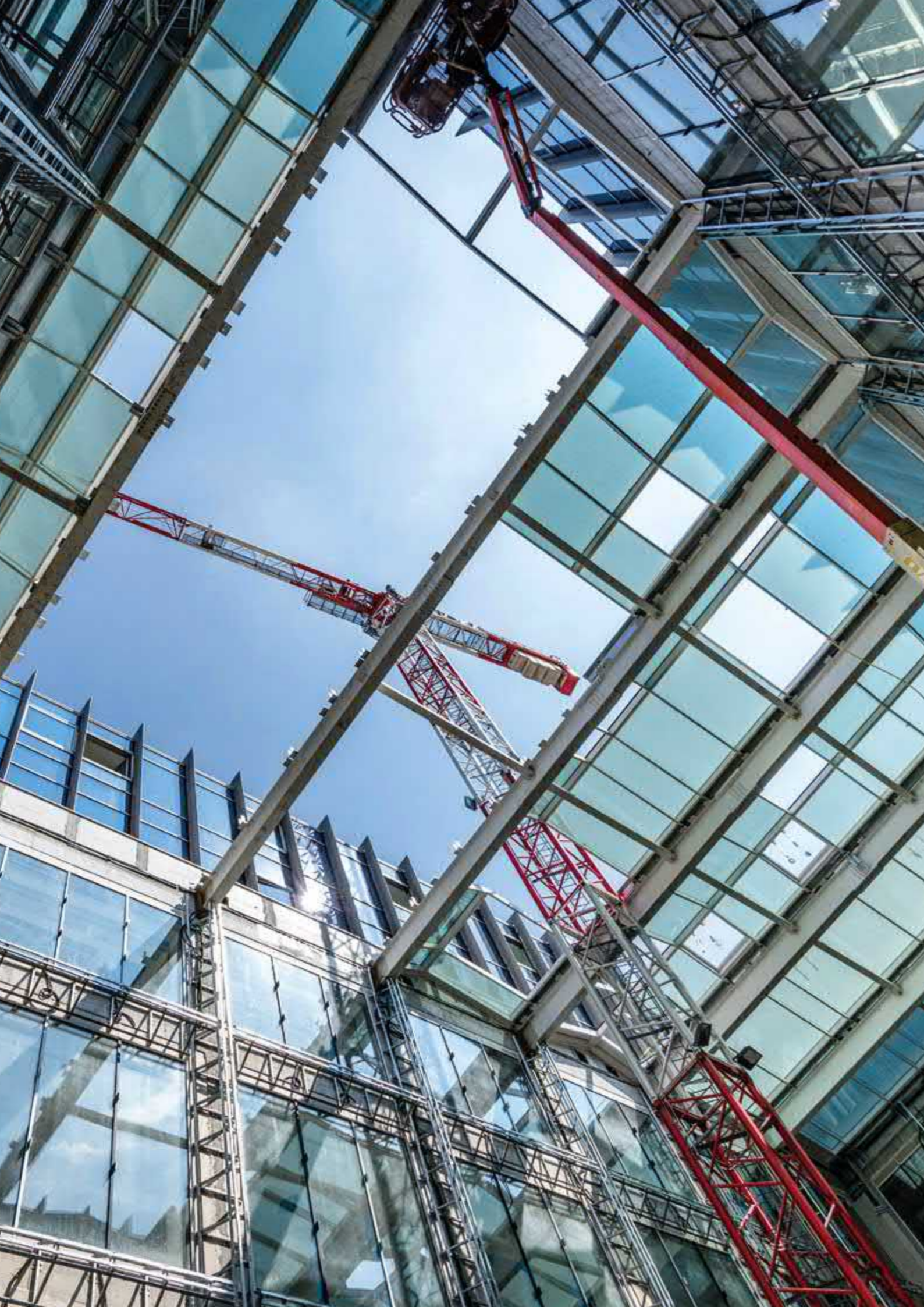
Treviso 22 May 2020

THE BOARD OF STATUTORY AUDITORS

MR. MARCO CONTESSOTTO

MR. ALBERTO DA DALTO

MR. PRIMO CEPPELLINI



EXTERNAL AUDITOR'S
REPORT
TO CARRON SPA'S FINANCIAL STATEMENTS.

**INDEPENDENT AUDITOR'S REPORT
PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE No. 39 OF JANUARY 27, 2010**

**To the Sole Shareholder of
Carron Cav. Angelo S.p.A.**

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Carron Cav. Angelo S.p.A. (the Company), which comprise the balance sheet as at December 31, 2019, the statement of income and statement of cash flows for the year then ended and the explanatory notes.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with the Italian law governing financial statements.

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 Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with the Italian law governing financial statements, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they have identified the existence of the conditions for the liquidation of the Company or the termination of the business or have no realistic alternatives to such choices.

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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.
- Obtain 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 Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- Conclude on the appropriateness of management's 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 Company'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 modify 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 Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate 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 OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinion pursuant to art. 14, paragraph 2 (e) of Legislative Decree 39/10

The Directors of Carron Cav. Angelo S.p.A. are responsible for the preparation of the report on operations of the Company as at December 31, 2019, including its consistency with the related financial statements and its compliance with the law.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Carron Cav. Angelo S.p.A. as at December 31, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Carron Cav. Angelo S.p.A. as at December 31, 2019 and is prepared in accordance with the law.

With reference to the statement referred to in art. 14, paragraph 2 (e), of Legislative Decree 39/10, made on the basis of the knowledge and understanding of the entity and of the related context acquired during the audit, we have nothing to report.

DELOITTE & TOUCHE S.p.A.

Signed by
Giorgio Moretto
Partner

Treviso, Italy
May 22, 2020

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

ANNEXES



CARRON HOLDING S.R.L.'S FINANCIAL STATEMENTS

KEY DATA OF CARRON HOLDING S.R.L.'S FINANCIAL STATEMENTS AT 31 DECEMBER 2019

The key data of the parent company Carron Holding S.r.l., shown in the following summary table, have been extracted from the relevant financial statements for the year ending on 31 December 2019.

In order to adequately and thoroughly understand Carron Holding S.r.l.'s (parent company) balance sheet and financial position at 31 December 2019 and of the net result for the financial year closed on the same date, please refer to the financial statements which are available, supplemented by the report of the independent auditors, in the forms and manner required by law.

Income statement	2019
Value of production	0
Production costs	42,971
Operating profit	(42,971)
Financial income and charges	875,020
Result before taxes	832,049
Income taxes	-
Net result	832,049
Balance sheet	
Assets	
Financial fixed assets	5,325,064
Current assets	204,302
Total assets	5,529,366
Liabilities	
Shareholders' equity	5,122,645
Payables	406,721
Total liabilities	5,529,366

The Sole Director

dott.ssa Marta Carron



CARRON BAU S.R.L. – G.M.B.H.'S FINANCIAL STATEMENTS**BALANCE SHEET**

ASSETS	31.12.2019	31.12.2018
B FIXED ASSETS		
I) Intangible fixed assets		
1) start-up and expansion costs	0	0
3) Industrial patents and intellectual property rights	3,992	7,026
7) Other	175,028	86,407
Total	179,020	93,433
II) Tangible fixed assets		
1) land and buildings	1,339,658	0
3) industrial and commercial equipment	10,311	16,502
4) Other assets	149,182	149,564
Total	1,499,151	166,066
III) Financial fixed assets		
1) equity investments in:		
a) controlled companies	3,014,398	0
b) associated companies	900,000	0
2) receivables:		
d) bis From others	0	1,450,000
3) other securities	1,050,000	1,050,000
Total	4,964,398	2,500,000
TOTAL FIXED ASSETS (B)	6,642,569	2,759,499
C CURRENT ASSETS		
I) Inventories		
1) raw, ancillary and consumable materials	198,086	69,587
3) Contract work in progress	9,404,879	6,999,557
5) advances	0	0
Total	9,602,965	7,069,144
II) Receivables		
1) trade receivables		
a) due within one year	2,928,835	2,716,233
4) From parent companies	0	0
5) from companies subject to the control of parent companies	121	0
5-bis) Tax credits	1,352,162	1,137,323
5-ter) Prepaid taxes	212,319	67,714
5-quater) From others		
a) due within one year	275,010	336,901
b) due after one year	302,166	304,672
Total receivables	5,070,613	4,562,833
IV) Cash and cash equivalents		
1) Bank and post office deposits	10,337,542	9,757,077
3) Cash and cash equivalents on hand	25,063	16,869
Total cash and cash equivalents	10,362,605	9,773,946
TOTAL CURRENT ASSETS (C)	25,036,183	21,405,923
D ACCRUALS AND DEFERRALS	200,356	336,570
TOTAL ASSETS	31,879,108	24,501,992

BILANCIO CARRON BAU S.R.L. – G.M.B.H.**BALANCE SHEET**

LIABILITIES	31.12.2019	31.12.2018
A SHAREHOLDERS' EQUITY		
I Share capital	2,250,000	1,500,000
IV Legal reserve	269,316	120,000
VI Other reserves		
- Extraordinary reserve	2,691,027	1,854,019
- Euro rounding difference	(1)	0
VIII Profits (losses) carried forward	0	0
IX Profit (loss) for the year	4,003,186	2,986,323
TOTAL SHAREHOLDERS' EQUITY (A)	9,213,528	6,460,342
B PROVISIONS FOR LIABILITIES AND CHARGES		
2) Provision for taxes, also deferred	0	129,599
4) Other provisions	277,200	247,200
TOTAL PROVISIONS FOR LIABILITIES AND CHARGES (B)	277,200	376,799
C STAFF SEVERANCE INDEMNITY	125,753	112,391
D PAYABLES		
4) payables due to banks	0	0
6) advances	8,714,295	8,412,496
7) trade payables	11,228,827	8,131,143
10) payables due to associated companies	105,086	0
11) payables due to parent companies	0	0
11-bis) payables from companies subject to the control of parent companies	194,779	56,620
12) tax payables	1,268,124	290,358
13) payables due to pension and social security institutions	233,286	198,522
14) other payables		
a) due within one year	508,230	463,321
b) due after one year	10,000	0
TOTAL PAYABLES (D)	22,262,627	17,552,460
TOTAL LIABILITIES	31,879,108	24,501,992

STATUTORY INCOME STATEMENT

	31.12.2019	31.12.2018
A	VALUE OF PRODUCTION	
1)	47,319,605	33,800,304
3)	2,405,322	380,574
4)	70,612	87,606
5)	142,041	60,877
	49,937,580	34,329,361
TOTAL VALUE OF PRODUCTION (A)		
B	PRODUCTION COSTS	
6)	8,122,104	4,983,793
7)	28,553,882	19,822,784
8)	2,379,186	1,631,567
9)	For personnel:	
	a) salaries and wages	3,275,989
	b) social security contributions	1,122,237
	c) staff severance indemnity	142,401
	d) other costs	33,122
	Total	4,573,749
10)	Amortisation, depreciation and write-downs	
	a) amortisation of intangible fixed assets	36,701
	b) depreciation of tangible fixed assets	65,320
	c) Write-downs of current receivables and of cash and cash equivalents	498,541
	Total	600,562
11)	(128,499)	(25,372)
12)	0	0
13)	47,256	57,275
14)	299,053	83,972
	44,447,293	30,395,790
	44,447,293	30,395,790
DIFFERENCE BETWEEN VALUE AND COSTS OF PRODUCTION (A - B)	5,490,287	3,933,571

BILANCIO CARRON BAU S.R.L. - G.M.B.H.

STATUTORY INCOME STATEMENT

	31.12.2019	31.12.2018
C	FINANCIAL INCOME AND CHARGES	
16)	Other financial income	
	a) receivables recorded under fixed assets due from others	7,151
	d) income other than interest receivable	17,441
	Total	24,592
17)	Interest and other financial charges	
	- from others	(1,810)
	Total	(1,810)
17-bis)	Exchange rate gains (losses)	
		0
	TOTAL FINANCIAL INCOME AND CHARGES (15 + 16 - 17 + - 17-bis)	22,782
	TOTAL PROFIT (LOSS) BEFORE TAXES (A-B+-C+-D)	5,513,069
20)	Income taxes for the year	
	a) current	1,784,086
	b) differed	(129,599)
	c) pre-paid	(144,605)
	Total	1,509,883
21	Profit (loss) for the year	4,003,186
		2,986,323

CASH FLOW STATEMENT

DESCRIPTION	31.12.2019	31.12.2018
A CASH FLOW FROM OPERATING ACTIVITIES (INDIRECT METHOD)		
Profit (loss) for the year	4,003,186	2,986,323
+ Income taxes	1,509,883	963,662
+/- Interest payable/(Interest receivable)	(22,782)	(16,414)
-/+ (Gains)/Losses from the disposal of assets	0	1,179
1 Profit (loss) for the year before taxes and interests	5,490,287	3,934,750
Adjustments for non-monetary items without an offsetting counterpart in net working capital		
+ provision for staff severance indemnity	64,501	53,668
+ Amortisation and depreciation of fixed assets	102,021	76,462
+ Allocations to provisions	47,256	57,275
+ Other adjustments for non-monetary items	129,598	0
Total adjustments for non-monetary items	343,376	187,405
2 Cash flow before changes to net working capital	5,833,663	4,122,155
Changes to net working capital		
(Increase)/decrease in inventories of raw and ancillary materials	(128,499)	(25,372)
(Increase)/decrease in inventories of work in progress to order	(2,405,322)	(380,574)
(Increase)/decrease in advances		
(Increase)/decrease in trade receivables	(212,612)	(1,197,617)
Increase/(Decrease) in trade payables	3,097,684	1,209,496
(Increase)/decrease in in tax credits	(359,444)	83,968
(Increase)/decrease in payables due to parent companies	0	(124,927)
(Increase)/decrease in payables due to associated companies	105,086	0
(Increase)/decrease in payables due to companies subject to the control of parent companies	138,159	56,620
(Increase)/(Decrease) in accrued income and prepaid expenses	136,214	(124,710)
(Increase)/(Decrease) in receivables from parent companies	0	0
(Increase)/decrease in receivables due to companies subject to the control of parent companies	(121)	0
(Increase)/(Decrease) in receivables from others	64,397	71,878
Increase/(Decrease) in advances from customers	301,799	3,504,046
Increase/(Decrease) in tax payables	91,776	74,794
Increase/(Decrease) in payables due to pension and social security institutions	34,764	45,279
Increase/(Decrease) in other payables	54,909	162,000
Total changes to the net working capital	918,790	3,354,881
3 Cash flow after changes to net working capital	6,752,453	7,477,036
Other adjustments		
Collected/(paid) interest	22,782	16,414
(Income taxes duly paid)	(753,492)	(1,024,698)
(Use of the provision for taxes)	(129,598)	0
(Use of the warranty provision)	(17,256)	(10,075)
(Use of the provision for staff severance indemnity)	(51,139)	(5,476)
Total other adjustments	(928,703)	(1,023,835)
FINANCIAL FLOW FROM OPERATING ACTIVITIES (A)	5,823,750	6,453,201

BILANCIO CARRON BAU S.R.L. - G.M.B.H.

CASH FLOW STATEMENT

DESCRIPTION	31.12.2019	31.12.2018
B CASH FLOW FROM INVESTMENT ACTIVITY		
Tangible fixed assets		
(Investments)	(1,398,405)	(109,000)
Divestments realizable price	0	0
Intangible fixed assets		
(Investments)	(122,288)	(104,480)
Financial fixed assets		
(Investments)	(3,914,398)	(2,500,000)
Divestments realizable price	1,450,000	0
Cash flow from investment activity (B)	(3,985,091)	(2,713,480)
C CASH FLOS FROM FINANCING ACTIVITY		
Shareholders' payment (repayment) for future capital increases (Dividends and advances on dividends paid-up)	(1,250,000)	(1,550,000)
CASH FLOW FROM FINANCING ACTIVITY (C)	(1,250,000)	(1,550,000)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS (A ± B ± C)	588,659	2,189,721
01.01.2019 INITIAL CASH AND CASH EQUIVALENTS	9,773,946	7,584,225
31.12.2019 FINAL CASH AND CASH EQUIVALENTS	10,362,605	9,773,946



