



Annual Report  
at December 31, **2019**

Financial Statements

## CONTENTS

### Accounting prospects

Balance Sheet Assets	3
Balance Sheet Liabilities	4
Income Statement	5
Statement of Changes in Equity	6
Cash Flow Statement	7

### Notes

Basis of presentation	9
Summary of significant accounting policies	10
Notes to the Balance Sheet	14
Notes to the Income Statement	20
Additional information	22

## BALANCE SHEET

(in euros)		Year 2019	Year 2018
<b>ASSETS:</b>			
note * NON-CURRENT ASSETS			
1	Intangible assets	53.034	31.696
2	Property, plant and equipment	6.315.482	6.736.474
3	Non-current financial assets	856.351	2.305.713
	Total non-current assets	7.224.867	9.073.883
CURRENT ASSETS			
4	Inventories	3.844.399	6.097.643
5	Trade and other receivables	3.397.568	4.608.253
6	Cash and cash equivalents	6.700.799	4.650.980
7	Current financial assets	2.542.499	1.956.882
8	Other current assets	65.892	89.505
	Total current assets	16.551.157	17.403.263
	<b>TOTAL ASSETS</b>	<b>23.776.024</b>	<b>26.477.146</b>

(\*) The Notes constitute an integral part of the Financial Statements.

<b>EQUITY AND LIABILITIES:</b>		<b>Year 2019</b>	<b>Year 2018</b>
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Other reserves	1.310.452	1.152.696
	Retained earnings	665.519	637.372
	Reserve from exchange gains	13.469	6.762
	Net profit	5.149.669	3.155.109
	Total equity	14.639.109	12.451.939
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	204.668	226.344
11	Other non-current liabilities	217.557	215.759
	Total non-current liabilities	422.224	442.103
CURRENT LIABILITIES			
12	Trade payables	2.342.244	3.460.191
12	Current tax liabilities	738.898	161.963
12	Other current liabilities	4.805.549	9.711.050
13	Accrued liabilities and deferred income	828.000	249.900
	Total current liabilities	8.714.691	13.583.104
TOTAL LIABILITIES		9.136.915	14.025.207
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>23.776.024</b>	<b>26.477.146</b>

(\*) The Notes constitute an integral part of the Financial Statements.

## INCOME STATEMENT

(in euros)	Year 2019	Year 2018
note REVENUES		
14 Net sales from operations	20.193.965	18.265.738
Other revenues and income	103.718	99.133
Total revenues	20.297.683	18.364.871
OPERATING EXPENSES		
15 Raw materials and consumables	5.457.865	6.381.064
16 Services	3.662.511	3.181.795
17 Payroll and related costs	3.443.098	3.271.011
18 Depreciation and amortization	598.184	541.186
Provision for risk and charges	---	60.016
Other operating expenses	619.889	640.437
Total operating expenses	13.781.547	14.075.509
OPERATING PROFIT	6.516.136	4.289.362
Financial income (expense)		
Financial income	332.076	70.955
Financial expense	---	---
Total financial income (expense)	332.076	70.955
Adjustments to financial assets		
Write-downs of financial assets	---	55.917
PROFIT BEFORE INCOME TAXES	6.848.209	4.304.400
Income taxes	1.698.540	1.149.291
NET PROFIT	5.149.669	3.155.109

(\*) The Notes constitute an integral part of the Financial Statements.

## STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

in euros	Share capital	Legal reserve	Retained earnings	Reserve from exchange gains	Net profit	Total
December 31, 2017	7.500.000	987.814	611.350	27.512	3.297.653	12.424.329
Retained earnings and allocation to legal reserve		164.883	5.270	-	-170.153	
Distributed dividends					-3.127.500	-3.127.500
Partial release of reserve from exchange gains			20.752	-20.752		
Rounding		-1		2		1
Net profit 2018					3.155.109	3.155.109
December 31, 2018	7.500.000	1.152.696	637.372	6.762	3.155.109	12.451.939
Retained earnings and allocation to legal reserve and reserve from exchange gains		157.756	28.145	6.708	-192.609	
Distributed dividends					-2.962.500	-2.962.500
Rounding			2	-1		1
Net profit 2019					5.149.669	5.149.669
December 31, 2019	7.500.000	1.310.452	665.519	13.469	5.149.669	14.639.109

**CASH FLOW STATEMENT 2019**

Year 2019

Year 2018

**A.CASH FLOW FROM OPERATING ACTIVITIES**

Net profit	5.149.669	3.155.109
Income taxes	1.698.540	1.149.291
Interests (Income) and expenses	-52.580	-63.594
(Dividends)	-160.000	
Loss (Gain) on disposal of non-current assets	-9.339	-5.734
1. Profit before income taxes, interests, dividends, gains/losses on disposals	6.626.290	4.235.072
<hr/>		
Adjustments for		
Provisions	10.149	69.248
Amortization	584.880	524.485
2. Cash flow from operating activities before changes in net working capital	7.221.319	4.828.805
<hr/>		
Changes in net working capital		
Decrease (Increase) in inventories	2.253.244	-3.042.162
Decrease (Increase) in trade receivables	1.238.449	852.919
Increase (Decrease) in trade payables	-1.117.947	785.302
Decrease (Increase) in other current assets	26.563	-32.105
Increase (Decrease) in accrued liabilities and deferred income	578.100	-232.344
Other changes in net working capital	-5.050.382	3.464.654
3. Cash flow after changes in net working capital	5.149.346	6.625.069
<hr/>		
Other changes		
Interest received (paid)	49.630	63.594
(Income taxes paid)	-1.003.460	-1.615.987
Dividends received	160.000	
(Release of provisions)	-31.057	-5.930
<b>CASH FLOW FROM OPERATING ACTIVITIES (A)</b>	<b>4.324.459</b>	<b>5.066.746</b>

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**B. CASH FLOW FROM INVESTING ACTIVITIES**

Property, plant and equipment		
(Investments)	-118.688	-882.392
Proceeds from disposal of property, plant and equipment	6.119	9.635
Intangible assets		
(Investments)	-83.279	-30.350
Non-current financial assets		
(Investments)	-4.284	-6.709
Proceeds from disposal of non-current financial assets	1.473.609	
Current financial assets		
(Investments)	-585.617	-1.174.084
<b>CASH FLOW FROM INVESTING ACTIVITIES (B)</b>	<b>687.860</b>	<b>-2.083.900</b>

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**C. CASH FLOW FROM FINANCING ACTIVITIES**

Dividends paid	-2.962.500	-3.127.500
<b>CASH FLOWS FROM FINANCING ACTIVITIES (C)</b>	<b>-2.962.500</b>	<b>-3.127.500</b>
<b>Increase (Decrease) in cash and cash equivalents</b>	<b>2.049.819</b>	<b>-144.654</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>4.650.980</b>	<b>4.795.634</b>
<b>Cash and cash equivalents at end of period</b>	<b>6.700.799</b>	<b>4.650.980</b>

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## BASIS OF PRESENTATION

### Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2019, are composed of the Balance Sheet, the Income Statement, the Cash Flow Statement and the Notes and are prepared according to the general principles set forth in the Italian Legislative Decree n. 127 dated April 9, 1991, which fulfils the Fourth and Seventh EC Directives and in the Italian Legislative Decree n. 139 dated August 18, 2015. These principles have been integrated with the accounting principles elaborated by the Organismo Italiano Contabilità (O.I.C.).

Balance Sheets, Income Statements and Cash Flow Statements items having a balance equal to zero are not disclosed; all amounts indicated in these Financial Statements are expressed in euros and compared with previous year.

### Presentation Criteria

The Financial Statements are comprised of the Balance Sheet, Income Statement, Statement of Changes in Equity, Cash Flow Statement and the Notes thereto.

The Income Statement is classified on the basis of the nature of costs.

In the Balance Sheet, assets and liabilities are classified on a current/non-current basis.

Current assets, which include cash and cash equivalents, are those held for realization, sale or consumption in the Company's normal operating cycle. Current liabilities are those expected to be settled in the Company's normal operating cycle or within one year from the Balance Sheet date.

The Financial Statements have been prepared using the historic cost method.

The Financial Statements and the figures in the Notes have been prepared in euros, unless otherwise specified.

## SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant accounting policies used for the preparation of the Financial Statements are shown below.

### **Current Assets**

#### **Cash and Cash Equivalents**

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which have no risk of changes in value.

#### **Receivables**

Receivables are shown at estimated realizable value and written down by way of the doubtful credits allowance.

#### **Inventories**

Inventories, with the exception of work-in-progress and semi-finished goods, are stated at the lower of purchase cost and net realizable value. Net realizable value is defined as the estimated selling price of the inventory in the ordinary course of business.

The cost of inventories is determined by applying the L.I.F.O. method.

Work-in-progress and semi-finished goods are stated on the basis of production cost calculated on the basis of the work performed.

The valuation of work-in-progress considers all directly related costs.

### **Non-current Assets**

#### **Property, Plant and Requirement**

Tangible assets, including investment properties, are recognized using the cost model and stated at their purchase or production cost including ancillary costs which can be directly attributed to them as are required to make the asset ready for use.

Tangible assets, from the moment they begin or should begin to be used, are depreciated systematically.

The amount to be depreciated is represented by the book value.

Assets are depreciated systematically on the basis of rates determined in accordance with their residual value and estimated useful lives and according to the amortization rates stated by Decree by Ministry – D.M. 29/10/1974 and 31/12/1988.

The rates used are as follows:

Industrial buildings	3%
Plant and machinery	10%
Industrial equipment	25%
Photovoltaic plant	9%
Office equipment	20%
Office furniture	12%
Trucks	20%
Cars	25%

Ordinary maintenance and repair costs are expensed when incurred.

#### Intangible Assets

Intangible assets are assets without physical substance, controlled by the Company and able to produce future economic benefits. Intangible assets are stated at cost as determined by the criteria used for tangible assets.

No revaluation is made of intangible assets.

Intangible assets are amortized systematically over their useful life estimated as the period over which the assets will be used by the Company.

### Financial Fixed Assets

Investments in associates are accounted for at cost.

Receivables and other financial assets are stated at cost.

### **Liabilities**

#### Payables

Payables are booked at face value.

#### Accruals and Deferrals

Costs and incomes pertaining to more than one year are booked on an accruals basis.

#### Reserve for Severance Indemnities

The reserve for severance indemnities covers the liability to all employees, accrued in accordance with current laws and labour contracts. The liability is index-linked.

### **Revenues**

Revenues associated with sales of products and services, with the exception of contract work-in-progress, are recorded when significant risks and rewards of ownership pass to the customer or when the transaction can be considered settled and associated revenue can be reliably measured.

Revenues are stated net of returns, discounts, rebates and bonuses.

### **Costs**

Costs are recognized when the related goods and services are sold, consumed or allocated.

Labour costs comprise remuneration paid, provisions made to pension funds, accrued holidays, national insurance and social security contributions in compliance with national contracts of employment and current legislation.

#### Exchange Rate Differences

Revenues and costs concerning transactions in currencies are stated at the exchange rate on the date of the transaction.

Assets and liabilities in currencies are converted into euros by applying the year-end exchange rate and the effect is stated in the Income Statement.

### Income Taxes

Current income taxes are determined on the basis of estimated taxable income. The estimated liability is recognized in “Current tax liabilities”. Current tax assets and liabilities are measured at the amount expected to be paid to (recovered from) the tax authorities, using the tax rates and tax laws that have been enacted by the Balance Sheet date.

## NOTES TO THE BALANCE SHEET

### ASSETS

#### NON CURRENT ASSETS

##### 1 Intangible Assets

The breakdown of intangible assets at the end of the financial year is as follows:

	Year 2018	Increases	Decreases	Year 2019
Industrial patents and rights to use intellectual properties	111.800	12.038	---	123.838
(Depreciation)	-105.181	-12.638	---	-117.819
Brands	2.282	---	---	2.282
(Depreciation)	-760	-127	---	-887
Software	47.204	71.241	-30.092	88.353
(Depreciation)	-38.648	-44.177	30.092	-52.733
Other intangible assets	15.000	---	-5.000	10.000
				53.034

##### 2 Tangible Assets

The breakdown of net tangible assets, compared with 2018, is as follows:

	Year 2018	Increases	Decreases	Year 2019
Land and buildings	6.007.032	---	---	6.007.032
(Depreciation)	-2.247.029	-160.060	---	-2.407.089
Vehicles	222.292	57.306	-48.865	230.733
(Depreciation)	-142.110	-24.659	33.057	-133.712
Plant and machinery	6.047.919	9.751	-2.600	6.055.070
(Depreciation)	-3.249.367	-305.947	1.665	-3.553.649

Industrial equipment	197.775	2.890	---	200.665
(Depreciation)	-184.658	-5.686	---	-190.344
Office furniture	55.102	2.800	-174	57.728
(Depreciation)	-41.518	-2.049	174	-43.393
Office equipment	335.645	44.242	-89.471	290.416
(Depreciation)	-268.464	-24.537	89.471	-203.530
Other tangible assets	20.382	---	---	20.382
(Depreciation)	-16.527	---	---	-16.527
Assets in progress		1.700	---	<u>1.700</u>
				6.315.482

Tangible assets were subject to monetary revaluations in accordance to specific regulations (Italian laws no. 576/1975 - 72/1983 - 413/1991 - 185/2008). The detail of monetary revaluations made during the years is the following:

Asset	Original cost	Rev. 576/75	Rev. 72/83	Rev. 413/91	Rev. 185/08
Machinery	53.907	6.728	12.583		
Industr. equip.nt	216		151		
Office equip.nt	3.675		1.395		
Buildings	244.792	45.412	164.151	40.006	
Buildings	1.302.540				4.208.617

### **3** Non-current Financial Assets

INTERESTS IN ASSOCIATES AND OTHER COMPANIES (balances at the date of Financial Statement - December 31, 2019)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
SICMA USA CORP*	Concord New Hampshire – USA	900	24.583	1.889	100,00%	16.376
COMAC Srl	Villanova d'Asti	100.000	2.087.457	64.570	40%	660.000

\* Balance sheet at December 31, 2018

## OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 179.969 in interest-free loan to the subsidiary Sicma USA Corp.

## CURRENT ASSETS

### 4 Inventories

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Raw materials and supplies	580.526	597.715	-17.189
Work in progress and semi-finished goods	3.263.873	5.499.928	-2.236.055
	<hr/> 3.844.399	<hr/> 6.097.643	<hr/> -2.253.244

### 5 Trade and Other Receivables

RECEIVABLES	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Trade receivables	2.598.041	3.910.913	-1.312.872
Commercial paper	93.614	47.381	46.233
Invoices to be issued	39.453	4.900	34.553
(Allowance for doubtful credits)	-134.668	-128.599	-6.069
Trade receivables (net of allowance for doubtful credits)	<hr/> 2.596.440	<hr/> 3.834.595	<hr/> -1.238.155
VAT credit – Italy	631.105	387.556	243.549
Income tax credits	58.091	183.374	-125.283
VAT credit – France	410	---	410
VAT credit – Belgium	9.125	9.125	---



Advances to suppliers	56.650	161.320	-104.670
Guarantee deposits	4.415	4.022	393
Parent company receivables	1.708	2.002	-294
Other receivables	39.624	26.259	13.365
	<hr/>		
	3.397.568	4.608.253	-1.210.685

**6** Cash and Cash Equivalents

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Cash on hand	12.488	10.438	2.050
Bank Accounts	6.688.311	4.640.542	2.047.769
	<hr/>		
	6.700.799	4.650.980	2.049.819

**7** Current Financial Assets

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Administratively Regulated Deposits	2.542.499	1.956.882	585.617

**8** Other Current Assets: Pre-Paid Expenses and Accruals

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Accrued income	2.950	---	2.950
Prepayments	62.942	89.505	-26.563
	<hr/>		
	65.892	89.505	-23.613

Consist of the following:

Accrued income:

Interest income 2.950

Prepayments:

Insurance 31.557

Sureties commissions	4.452
Service fees	20.691
Accident prevention material	5.009
Others	1.233

## **EQUITY & LIABILITIES**

### **9 NET EQUITY**

The breakdown is as follows (movements are disclosed in the Statement of Changes in Shareholders Equity):

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Share capital	7.500.000	7.500.000	---
Legal reserve	1.310.452	1.152.696	157.756
Retained earnings	665.519	637.372	28.147
Reserve from exchange gains	13.469	6.762	6.707
Net profit	5.149.669	3.155.109	1.994.560
	<hr/>	<hr/>	
	14.639.109	12.451.939	2.187.170

## **NON-CURRENT LIABILITIES**

### **10 Provisions for Employee Benefits**

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2019 consists of euros 204.667 and fully provides for liabilities towards affected employees according to current legislation; variations in this fund were as follows:

opening balance	decreases	increases	closing balance
226.344	31.056	9.379	204.667

## 11 Provisions

	<b>Year 2018</b>	<b>Increases</b>	<b>Decreases</b>	<b>Year 2019</b>
Managing directors termination indemnity	55.535	---	---	55.535
Agents termination indemnity	6.991	770	---	7.761
Deferred tax liabilities	3.233	1.028	---	4.261
Reserves for contingencies	150.000	---	---	150.000
	<hr/>			
	215.759	1.798	---	217.557

## 12 **CURRENT LIABILITIES**

Current liabilities consist of the following:

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Trade payables	2.342.244	3.460.191	-1.117.947
Due to tax offices	568.769	---	568.769
Employee income tax withholding	166.676	158.394	8.282
	<hr/>		
	735.445	158.394	577.051
Advances from customers	4.322.132	9.149.147	-4.827.015
Contributions to social security and welfare organizations	200.543	222.814	-22.271
Payables to Employees	211.993	262.283	-50.290
Other payables	74.334	80.375	-6.041
	<hr/>		
	7.886.691	13.333.204	-5.446.513

At December 31, 2019 there were no short or long term bank loans.

## 13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Deferred income	828.000	249.900	578.100

Deferred income consists of euros 828.000 suspended revenues in relation to specific jobs that are

not yet fully complete.

## NOTES TO THE INCOME STATEMENT

### 14 REVENUES

In the year 2019, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	1.586.422
EU Countries	11.253.902
Russian Federation	119.808
Asia – Australia	3.434.231
Americas	4.500.372
Africa	---
Spare parts, maintenance service and others	1.535.286
+/- Changes in contract work in progress	-2.236.056
	<hr/>
	20.193.965

### OPERATING EXPENSES

### 15 Raw Materials and Consumables

This caption includes costs incurred to purchase materials used in ordinary operations and plant maintenance. It consists of the following:

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Raw, ancillary and consumable materials and goods	5.440.676	6.604.626	-1.163.950
Variations in inventories	17.189	-223.562	240.751
	<hr/>	<hr/>	
	5.457.865	6.381.064	-923.199

### 16 Services

This caption includes especially industrial services.

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Services	3.662.511	3.181.795	480.716

## **17** Payroll and Related Costs

This caption includes the cost of wages and salaries, social security contributions and other costs incurred by the Company.

It consists of the following:

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Wages and salaries	2.461.201	2.373.933	87.268
Social security contributions	740.494	724.650	15.844
Employee termination indemnities	152.931	142.483	10.448
Others	88.472	29.945	58.527
	<hr/>	<hr/>	
	3.443.098	3.271.011	172.087

## **18** Depreciation and Amortization

These relate to accruals during the year calculated on the basis of amortization rates that reflect the useful lives of the Company's plant, property and equipment and intangible assets.

The breakdown is as follows:

	<b>dec.31.2019</b>	<b>dec.31.2018</b>	<b>difference</b>
Amortization of intangible assets	61.942	37.764	24.178
Amortization of tangible assets	522.938	486.721	36.217
Write-down of receivables among current assets	13.304	16.701	-3.397
	<hr/>	<hr/>	
	598.184	541.186	56.998

## ADDITIONAL INFORMATION

### A) FINANCIAL EXPENSES BOOKED TO ASSETS IN THE BALANCE SHEET

No material financial interest costs are booked to assets in the Balance Sheet.

### B) MEMORANDUM ACCOUNTS – GUARANTEES, COMMITMENTS AND COLLATERALS

Sureties: these consist of sureties issued by banks in favour of costumers to guarantee the regular construction of plants and machinery (euros 3.267.288).

### C) AVERAGE NUMBER OF EMPLOYEES

The average number of employees, by category, is as follows:

White collar 28, Blue collar 42.

### D) EMOLUMENTS TO THE DIRECTORS AND TO THE STATUTORY AUDITORS

Emolument to Managing Directors: euros 375.000.

Emolument to Statutory Auditors: euros 15.288.

### E) SHARE CAPITAL

As of December 31, 2019, share capital was made up as follows:

Shares	number	value €	total share capital
Ordinary	7.500.000	1,00	7.500.000

### F) OBLIGATIONS NOT RECORDED IN THE BALANCE SHEET

There are no obligations not recorded in the Statement of Assets and Liabilities.

### G) DERIVATIVE CONTRACTS

At December 31, 2019 the Company had no derivative instruments.

### H) LEASING CONTRACTS

At December 31, 2019, the Company had no leasing contracts.

On behalf of the Board of Directors

*The Chairman Romano Bertolino*