



Annual Report
at December 31, **2020**

Financial Statements

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BALANCE SHEET

(in euros)		Year 2020	Year 2019
ASSETS:			
note * NON-CURRENT ASSETS			
1	Intangible assets	28.249	53.034
2	Property, plant and equipment	7.691.518	6.315.482
3	Non-current financial assets	840.271	856.351
	Total non-current assets	8.560.488	7.224.867
CURRENT ASSETS			
4	Inventories	3.707.896	3.844.399
5	Trade and other receivables	3.110.531	3.397.568
6	Cash and cash equivalents	2.970.762	6.700.799
7	Current financial assets	3.146.111	2.542.499
8	Other current assets	67.931	65.892
	Total current assets	13.003.231	16.551.157
	TOTAL ASSETS	21.563.719	23.776.024

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

EQUITY AND LIABILITIES:		Year 2020	Year 2019
note	EQUITY		
9	Share capital	7.500.000	7.500.000
	Revaluation reserve	383.633	---
	Other reserves	1.500.000	1.310.452
	Retained earnings	2.171.356	665.519
	Reserve from exchange gains	17.754	13.469
	Net profit	2.058.750	5.149.669
	Total equity	13.631.493	14.639.109
NON-CURRENT LIABILITIES			
10	Provisions for employee benefits	204.668	204.667
11	Other non-current liabilities	216.696	217.557
	Total non-current liabilities	421.364	422.224
CURRENT LIABILITIES			
12	Trade payables	2.135.865	2.342.244
12	Current tax liabilities	127.543	738.898
12	Other current liabilities	4.831.443	4.805.549
13	Accrued liabilities and deferred income	416.011	828.000
	Total current liabilities	7.510.862	8.714.691
TOTAL LIABILITIES		7.932.226	9.136.915
TOTAL LIABILITIES AND EQUITY		21.563.719	23.776.024

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

INCOME STATEMENT

(in euros)	Year 2020	Year 2019
note REVENUES		
14 Net sales from operations	13.112.546	20.193.965
Other revenues and income	65.811	103.718
Total revenues	13.178.357	20.297.683
OPERATING EXPENSES		
15 Raw materials and consumables	3.366.470	5.457.865
16 Services	2.550.346	3.662.511
17 Payroll and related costs	3.299.049	3.443.098
18 Depreciation and amortization	708.738	598.184
Provision for risk and charges	---	---
Other operating expenses	608.645	619.889
Total operating expenses	10.533.248	13.781.547
OPERATING PROFIT	2.645.109	6.516.136
Financial income (expense)		
Financial income	92.402	332.076
Financial expense	46.131	---
Total financial income (expense)	46.271	332.076
Adjustments to financial assets		
Write-downs of financial receivables	---	---
PROFIT BEFORE INCOME TAXES	2.666.136	6.848.209
Income taxes	607.386	1.698.540
NET PROFIT	2.058.750	5.149.669

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

STATEMENT OF CHANGES IN SHAREHOLDERS EQUITY

in euros	Share capital	Revaluation reserve	Legal reserve	Retained earnings	Reserve from exchange gains	Net profit	Total
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			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
Retained earnings and allocation to legal reserve and reserve from exchange gains			189.548	1.505.836	4.285	-1.699.669	
Distributed dividends						-3.450.000	-3.450.000
Revaluation		383.633					383.633
Rounding				1			1
Net profit 2020						2.058.750	2.058.750
December 31, 2020	7.500.000	383.633	1.500.000	2.171.356	17.754	2.058.750	13.631.493

CASH FLOW STATEMENT 2020

Year 2020

Year 2019

A.CASH FLOW FROM OPERATING ACTIVITIES

Net profit	2.058.750	5.149.669
Income taxes	607.386	1.698.540
Interests (Income) and expenses	-92.402	-52.580
(Dividends)	---	-160.000
Loss (Gain) on disposal of non-current assets	-3.955	-9.339
1. Profit before income taxes, interests, dividends, gains/losses on disposals	2.569.779	6.626.290
<hr/>		
Adjustments for		
Provisions	7.711	10.149
Amortization	708.738	584.880
2. Cash flow from operating activities before changes in net working capital	3.286.228	7.221.319
<hr/>		
Changes in net working capital		
Decrease (Increase) in inventories	136.503	2.253.244
Decrease (Increase) in trade receivables	483.976	1.238.449
Increase (Decrease) in trade payables	-206.379	-1.117.947
Decrease (Increase) in other current assets	-2.039	26.563
Increase (Decrease) in accrued liabilities and deferred income	-411.989	578.100
Other changes in net working capital	-20.803	-5.050.382
3. Cash flow after changes in net working capital	3.265.497	5.149.346
<hr/>		
Other changes		
Interest received (paid)	92.402	49.630
(Income taxes paid)	-1.384.601	-1.003.460
Dividends received	---	160.000
(Release of provisions)	-4.819	-31.057
CASH FLOW FROM OPERATING ACTIVITIES (A)	1.968.479	4.324.459

B. CASH FLOW FROM INVESTING ACTIVITIES

Property, plant and equipment		
(Investments)	-1.626.687	-118.688
Proceeds from disposal of property, plant and equipment	9.960	6.119
Intangible assets		
(Investments)	-43.807	-83.279
Non-current financial assets		
(Investments)	---	-4.284
Proceeds from disposal of non-current financial assets	20.725	1.473.609
Current financial assets		
(Investments)	-603.612	-585.617
CASH FLOW FROM INVESTING ACTIVITIES (B)	-2.248.516	687.860

C. CASH FLOW FROM FINANCING ACTIVITIES

Dividends paid	-3.450.000	-2.962.500
CASH FLOWS FROM FINANCING ACTIVITIES (C)	-3.450.000	-2.962.500
Increase (Decrease) in cash and cash equivalents	-3.730.037	2.049.819
Cash and cash equivalents at beginning of period	6.700.799	4.650.980
Cash and cash equivalents at end of period	2.970.762	6.700.799

BASIS OF PRESENTATION

Structure and Contents of Balance Sheet and Income Statement

These Financial Statements as per December 31, 2020, 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 2019	Increases	Decreases	Year 2020
Industrial patents and rights to use intellectual properties	123.838	700	---	124.538
(Depreciation)	-117.819	-6.369	---	-124.188
Brands	2.282	175	---	2.457
(Depreciation)	-887	-137	---	-1.024
Software	88.353	2.932	-17.112	74.173
(Depreciation)	-52.733	-37.087	17.112	72.707
Other intangible assets	10.000	40.000	-25.000	<u>25.000</u>
				28.249

2 Tangible Assets

The breakdown of net tangible assets, compared with 2019, is as follows:

	Year 2019	Increases	Decreases	Year 2020
Land and buildings	6.007.032	391.083	---	6.398.115
(Depreciation)	-2.407.089	-160.050	4.415	-2.562.724
Vehicles	230.733	28.304	---	259.037
(Depreciation)	-133.712	-33.220	---	-166.932
Plant and machinery	6.055.070	1.587.084	-106.091	7.536.063
(Depreciation)	-3.553.649	-410.780	100.241	-3.864.188

Industrial equipment	200.665	---	---	200.665
(Depreciation)	-190.344	-5.873	---	-196.217
Office furniture	57.728	---	---	57.728
(Depreciation)	-43.393	-2.217	---	-45.610
Office equipment	290.416	12.999	-2.360	301.055
(Depreciation)	-203.530	-28.005	2.206	-229.329
Other tangible assets	20.382	---	---	20.382
(Depreciation)	-16.527	---	---	-16.527
Assets in progress	1.700	---	-1.700	---
				7.691.518

Tangible assets were subject to monetary revaluations in accordance to specific regulations (Italian laws no. 576/1975 - 72/1983 - 413/1991 - 185/2008 - 104/2020). 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	Rev. 104/20
Machinery	53.907	9.145	13.487			
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	395.498

3 Non-current Financial Assets

INTERESTS IN ASSOCIATES AND OTHER COMPANIES (balances at the date of Financial Statement - December 31, 2020)

Name	Head office	Share capital	Total equity	Net profit (loss)	% held	Cost
SICMA USA CORP*	Concord New Hampshire – USA	900	31.711	11.736	100,00%	16.376
COMAC Srl	Villanova d'Asti	100.000	2.150.494	63.037	40%	660.000

* Balance sheet at December 31, 2019

OTHER NON CURRENT FINANCIAL ASSETS - FINANCIAL RECEIVABLES

Consists of:

- investment in the Conai Consortium (euros 6);
- euro 164.339 in interest-free loan to the subsidiary Sicma USA Corp.

CURRENT ASSETS

4 Inventories

	dec.31.2020	dec.31.2019	difference
Raw materials and supplies	502.479	580.526	-78.017
Work in progress and semi-finished goods	3.205.417	3.263.873	-58.456
	<hr/> 3.707.896	<hr/> 3.844.399	<hr/> -136.503

5 Trade and Other Receivables

RECEIVABLES	dec.31.2020	dec.31.2019	difference
Trade receivables	2.152.477	2.598.041	-445.564
Commercial paper	36.749	93.614	-56.865
Invoices to be issued	34.407	39.453	-5.046
(Allowance for doubtful credits)	-109.461	-134.668	25.207
Trade receivables (net of allowance for doubtful credits)	<hr/> 2.114.172	<hr/> 2.596.440	<hr/> -482.268
VAT credit – Italy	690.874	631.105	59.769
Income tax credits	272.403	58.091	214.312
VAT credit – France	---	410	-410
VAT credit – Belgium	---	9.125	-9.125

VAT credit – Czech Republic	6.809	---	6.809
Advances to suppliers	---	56.650	-56.650
Guarantee deposits	4.415	4.415	---
Parent company receivables	---	1.708	-1.708
Other receivables	21.858	39.624	-17.766
	<hr/>		
	3.110.531	3.397.568	-287.037

6 Cash and Cash Equivalents

	dec.31.2020	dec.31.2019	difference
Cash on hand	11.807	12.488	-681
Bank Accounts	2.958.955	6.688.311	-3.729.356
	<hr/>		
	2.970.762	6.700.799	-3.730.037

7 Current Financial Assets

	dec.31.2020	dec.31.2019	difference
Administratively Regulated Deposits	3.146.111	2.542.499	603.612

8 Other Current Assets: Pre-Paid Expenses and Accruals

	dec.31.2020	dec.31.2019	difference
Accrued income	---	2.950	-2.950
Prepayments	67.931	62.942	4.989
	<hr/>		
	67.931	65.892	2.039

Consist of the following:

Prepayments:

Insurance	36.116
Sureties commissions	2.773

Service fees	20.411
Accident prevention material	4.763
Others	3.868

EQUITY & LIABILITIES

9 NET EQUITY

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

	dec.31.2020	dec.31.2019	difference
Share capital	7.500.000	7.500.000	---
Revaluation reserve	383.633	---	383.633
Legal reserve	1.500.000	1.310.452	189.548
Retained earnings	2.171.356	665.519	1.505.837
Reserve from exchange gains	17.754	13.469	4.285
Net profit	2.058.750	5.149.669	-3.090.919
	<hr/>	<hr/>	
	13.631.493	14.639.109	-1.007.616

NON-CURRENT LIABILITIES

10 Provisions for Employee Benefits

Provisions for employee benefits concern indemnities upon termination of employment. The balance at December 31, 2020 consists of euros 204.668 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
204.667	4.819	4.820	204.668

11 Provisions

	Year 2019	Increases	Decreases	Year 2020
Managing directors termination indemnity	55.535	---	---	55.535
Agents termination indemnity	7.761	2.891	---	10.652
Deferred tax liabilities	4.261	---	-3.752	509
Reserves for contingencies	150.000	---	---	150.000
	<hr/> 217.557	2.891	-3.752	216.696

12 **CURRENT LIABILITIES**

Current liabilities consist of the following:

	dec.31.2020	dec.31.2019	difference
Trade payables	2.135.865	2.342.244	-206.379
Due to tax offices	-	568.769	-568.769
Employee income tax withholding	112.040	166.676	-54.636
	<hr/> 112.040	735.445	-623.405
Advances from customers	4.379.399	4.322.132	57.267
Contributions to social security and welfare organizations	149.975	200.543	-50.568
Payables to Employees	211.679	211.993	-314
Other payables	105.893	74.334	31.559
	<hr/> 7.094.851	7.886.691	-791.840

At December 31, 2020 there were no short or long term bank loans.

13 Other Current Liabilities: Accrued Liabilities and Deferred Income

	dec.31.2020	dec.31.2019	difference
Accrued liabilities	11	---	11
Deferred income	416.000	828.000	-412.000
	<hr/> 416.000	828.000	-412.000

416.011	828.000	-411.989
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Deferred income consists of euros 416.000 suspended revenues in relation to specific jobs that are not yet fully complete, whereas accrued liabilities consist of euros 11 referred to car taxes.

NOTES TO THE INCOME STATEMENT

14 REVENUES

In the year 2020, the headcount by products and by geographic area is the following.

Sales of plants and machinery (in euros):

Italy	1.084.729
EU Countries	4.662.182
Russian Federation	2.055.370
Asia	1.696.142
Americas	1.132.768
Africa	231.750
Oceania	---
Spare parts, maintenance service and others	2.308.061
+/- Changes in contract work in progress	-58.456
	13.112.546

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:

	dec.31.2020	dec.31.2019	difference
Raw, ancillary and consumable materials and goods	3.288.423	5.440.676	-2.152.253
Variations in inventories	78.047	17.189	60.858

	3.366.470	5.457.865	-2.091.395
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16 Services

This caption includes especially industrial services.

	dec.31.2020	dec.31.2019	difference
Services	2.550.346	3.662.511	-1.112.165

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:

	dec.31.2020	dec.31.2019	difference
Wages and salaries	2.308.978	2.461.201	-152.223
Social security contributions	681.187	740.494	-59.307
Employee termination indemnities	148.137	152.931	-4.794
Others	160.747	88.472	72.275
	3.299.049	3.443.098	-144.049

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:

	dec.31.2020	dec.31.2019	difference
Amortization of intangible assets	68.593	61.942	6.651
Amortization of tangible assets	640.145	522.938	117.207
Write-down of receivables among current assets	---	13.304	-13.304
	708.738	598.184	110.554

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 2.214.026).

C) AVERAGE NUMBER OF EMPLOYEES

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

White collar 28, Blue collar 43.

D) EMOLUMENTS TO THE DIRECTORS AND TO THE STATUTORY AUDITORS

Emolument to Managing Directors: euros 380.000.

Emolument to Statutory Auditors: euros 15.288.

E) SHARE CAPITAL

As of December 31, 2020, 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, 2020, the Company had no derivative instruments.

H) LEASING CONTRACTS

At December 31, 2020, the Company had no leasing contracts.

On behalf of the Board of Directors

The Chairman Michele Bertolino