



AMBIENTHESIS

THINK GREEN, ACT SMART

HALF-YEAR FINANCIAL REPORT
AS AT 30 JUNE 2021

AMBIENTHESIS S.p.A.

Via Cassanese, 45
20054 Segrate (MI)

Share Capital Euro 48,204,000.00 fully paid-up

Tax code 10190370154

VAT number 02248000248

Register of Companies no. 10190370154

R.E.A. CCIAA MI 1415152

www.ambienthesis.it



HALF-YEAR FINANCIAL REPORT AS AT 30 JUNE 2021

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GROUP HIGHLIGHTS

1H2021

52,951

thousand Euros

Revenues

5,420

thousand Euros

EBITDA

-5,958

thousand Euros

NFP

2,794

thousand Euros

Net Profit

3,064

thousand Euros

Net Profit

(Adjusted)

10.2%

KPI Profitability

EBITDA
Revenues



CORPORATE BODIES

Board of Directors

Giovanni Bozzetti (*) ⁽¹⁾	<i>Chairman</i>
Damiano Belli (*) ⁽²⁾	<i>CEO</i>
Gabriella Chiellino ⁽³⁾	
Giovanni Mangialardi ⁽⁴⁾	
Roberto Zocchi ⁽⁴⁾	
Susanna Pedretti ⁽³⁾	
Paola Margutti ⁽³⁾	

Control and Risk and Sustainability Committee

Susanna Pedretti	<i>Chairwoman</i>
Gabriella Chiellino ⁽³⁾	
Giovanni Mangialardi ⁽⁴⁾	

Remuneration Committee

Paola Margutti ⁽³⁾	<i>Chairwoman</i>
Susanna Pedretti ⁽³⁾	
Giovanni Mangialardi ⁽⁴⁾	

Board of Statutory Auditors

Bernardino Quattrociocchi	<i>Chairman</i>
Michaela Marcarini	<i>Standing Auditor</i>
Enrico Calabretta	<i>Standing Auditor</i>
Roberto Toldo	<i>Deputy Auditor</i>
Paola Pizzelli	<i>Deputy Auditor</i>

Executive in charge of drafting the Company financial statements

Marina Carmeci

Auditing Company

Ernst & Young S.p.A., in brief also EY S.p.A.

Notes:

(*): Executive Director

(1): Responsible for relations with institutional investors and other Shareholders

(2): Appointed by the Board to coordinate the Internal Audit and Risk Management System

(3): Independent Director

(4): Non-executive Director

BOARD OF DIRECTORS' MANAGEMENT REPORT

Mission

We aim to be a constant reference point for our own improvement and that of the people working with us, for what concerns the technological innovation capacity and systemic approach to services in the environmental field, in order to pursue the creation of a business model both environmentally sustainable and pragmatic, aimed at improving environmental and life quality.

Aware that the environment is a primary asset for the community and taking into account the social outreach of the activities we carry out, we aim to combine the carrying out of our business and the creation of value with the protection of the environment through the continuous improvement of our activities.

We believe that the current strong commitment in respecting, enhancing and protecting the environment is the best investment for tomorrow.

“The best way to predict the future is to invent it”

(Alan Kay)

**We are building
a GREENER FUTURE**



Introduction


AMBIENTHESIS

Ambienthesis S.p.A. is a joint-stock company incorporated in Italy and registered with the Register of Companies of Milan. The address of its registered office is Segrate (MI), via Cassanese 45.

The abridged consolidated half-year financial statements of the Ambienthesis Group (hereinafter the “Group” or the “ATH Group”) as at 30 June 2021 include the financial statements of Ambienthesis S.p.A. (also called the “Company” or the “Parent Company” or “ATH”) and those of Italian and foreign companies over which ATH has the right to exercise direct or indirect control, determining their financial and management choices, as well as the right to obtain the related benefits.

These abridged consolidated half-year financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter “IFRS” or “international accounting standards”) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, according to the procedure referred to in Article 6 of the Regulation (EC) No. 1606/2002 of the European Parliament and of the Council of 19 July 2002 and in compliance with the provisions of Article 9 of Legislative Decree no. 38/2005. IFRS are understood to mean all international standards, as well as all interpretation documents issued by the International Financial Reporting Interpretations Committee (IFRIC).

The format and content of these abridged consolidated half-year financial statements are compliant with the disclosure requirements of IAS 34 – Interim Financial Reporting, and with Article 154-*ter* of the Consolidated Finance Act.

The accounting standards and evaluation criteria adopted are the same as those applied in preparing the Consolidated Financial Statements as at 31 December 2020. Moreover, reference is made to the contents of paragraph “New standards, amendments and interpretations of existing standards that are not mandatory yet or have not been adopted by the Group in advance”, in the explanatory notes to the abridged consolidated half-year financial statements.

The Auditing Company Ernst & Young S.p.A., in short EY S.p.A., has carried out a limited audit of the abridged consolidated half-year financial statements as at 30 June 2021.

All values below and the items of the financial statements are expressed in thousands of Euros.

Company data

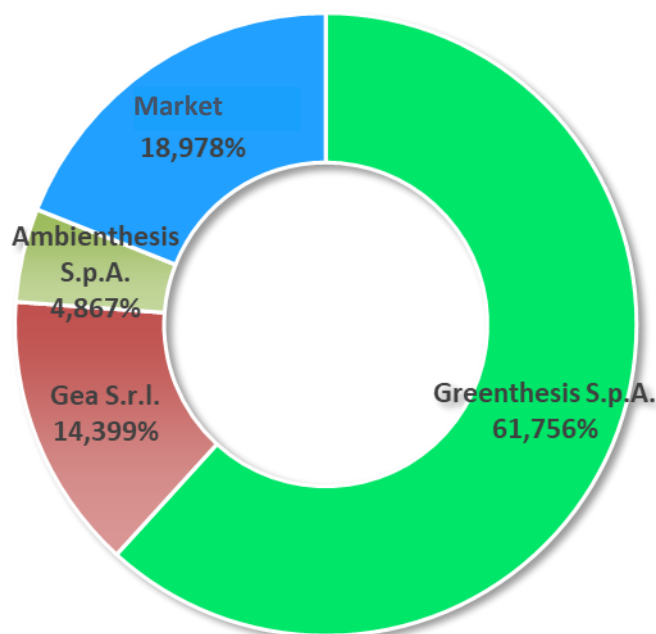
As at 30 June 2021, according to the shareholders' register, supplemented by the notices received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the Company, the following shareholders held the following shares in the share capital of Ambienthesis S.p.A. – either directly or indirectly, with voting rights exceeding 2% of the share capital – formed by **no. 92,700,000** outstanding shares:

- **Greenthesis S.p.A.**, holder of no. 57,717,131 ordinary shares, equal to approximately **61.756%** of the share capital;
- **Gea S.r.l.**, holder of no. 13,348,043 ordinary shares, equal to approximately **14.399%** of the share capital;
- **Ambienthesis S.p.A.**, holder of no. 4,511,773 treasury shares, equal to approximately **4.867%** of the share capital.

As at today, Ambienthesis S.p.A. holds a total of no. 4,511,773 treasury shares, equal to approximately **4.867%** of the share capital, with an average carrying value of approximately Euro 0.55.

In this respect, it is recalled that, in accordance with the shareholders' resolutions of 24 April 2008 and 29 April 2009, from 24 to 27 February 2015, Ambienthesis S.p.A. proceeded to sell on the Italian Electronic Stock Exchange (Mercato Telematico Azionario – MTA) no. 123,400 treasury shares, equal to (approximately) 0.133% of the share capital.

The current shareholding structure, with a percentage of 18.978% placed on the market, is therefore represented in the chart below:



The company Greenthesis S.p.A. is indirectly controlled by RAPS Sas di Marina Rina Cremonesi & C.

As at 30 June 2021, the reference share price of ATH was Euro 0.77 (approximately +35.1% compared to the same period of 2020, when it stood at Euro 0.57).

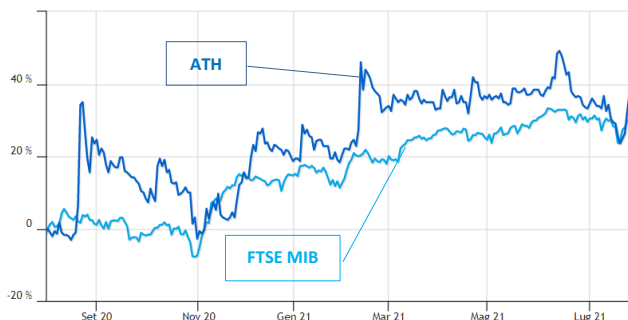
On the other hand, as at 06 August 2021, the ATH share price was Euro 0.81, with the following performances:

Performance 1 month:	+4.94%
Performance 6 months:	+12.22%
Performance 1 year:	+41.75%

Chart of ATH share performance over the last 12 months



Chart of ATH share performance (blue) compared to FTSE MIB index over the same period (light blue)



Source: Teleborsa

The Parent Company does not hold, or has held during the reporting period, shares of the controlling companies.

The Ambienthesis Group and its business model

The Ambienthesis Group represents, in Italy, one of the leading players in the field of integrated management of industrial waste and environmental remediation. It operates in the following areas:

Research and Development

The ability to innovate is bound to become increasingly important



Waste

Waste provides a great opportunity for sustainable growth in terms of reduced consumption of natural resources



Renewable Energy

Improving sustainability of energy supply by reducing greenhouse gas emissions



Air

Restoring air quality in urban and industrial areas is a primary objective to fight climate change



Water

A vital resource



Remediations

An activity with great potential in terms of land improvement and development



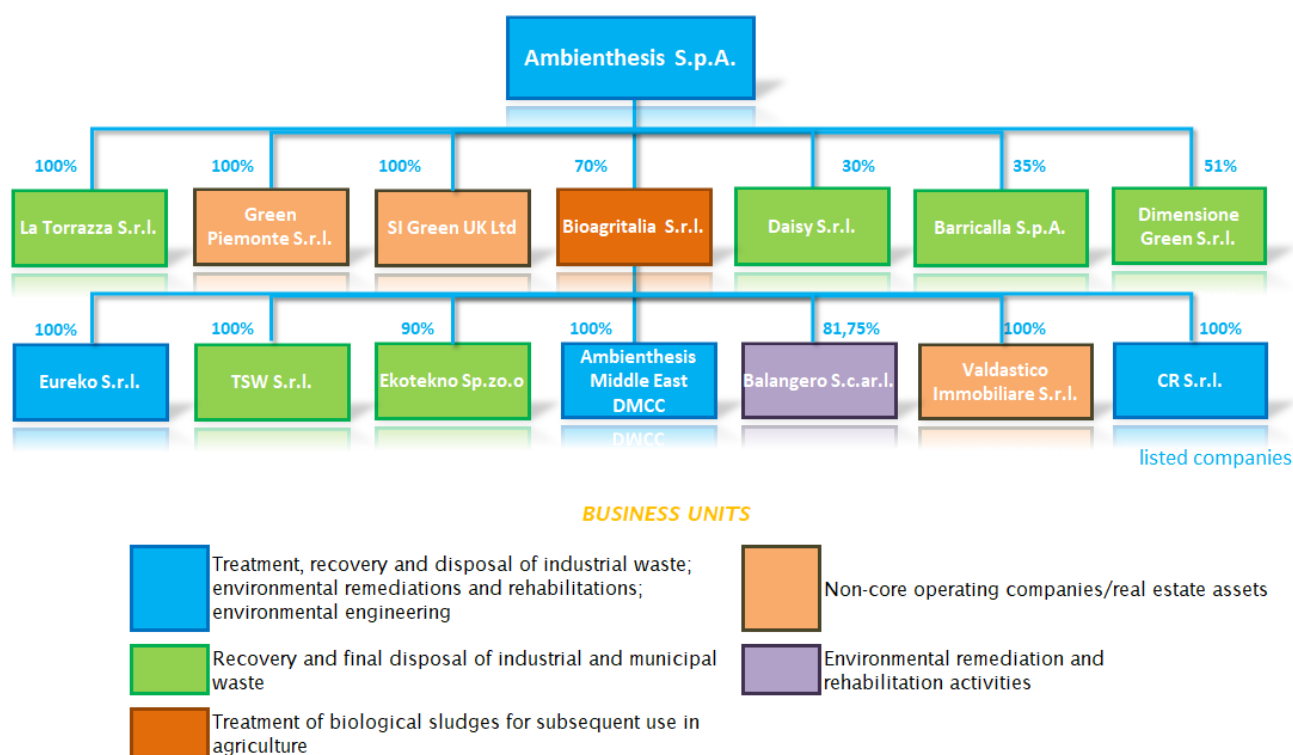
Recent EU Directives require very high standards for waste management, and for the corresponding technology.

These requirements, with high environmental impact, can only be met by following the principles of **Circular Economy** throughout the whole chain:

This is the cross-cutting driver on which the Group's policies are based and evolve



The structure of the Ambienthesis Group as at 30 June 2021 is represented in the chart below:



As at 30 June 2021, the scope of consolidation included, as well as Ambienthesis S.p.A., the following companies:

- Ambienthesis Middle East DMCC	100%	UAE
- Balangero S.c.a.r.l.	81.75%	ITALY
- Bioagritalia S.r.l.	70%	ITALY
- C.R. S.r.l.	100%	ITALY
- Dimensione Green S.r.l.	51%	ITALY
- Ekotekno Sp. Z.o.o.	90%	POLAND
- Eureko S.r.l.	100%	ITALY
- Green Piemonte S.r.l. in liquidazione	100%	ITALY
- La Torrazza S.r.l.	100%	ITALY
- S.I. Green Uk Ltd	100%	UNITED KINGDOM
- TSW S.r.l.	100%	ITALY
- Valdastico Immobiliare S.r.l.	100%	ITALY

During FY 2020, the following companies were also added to the scope of consolidation:

- C.R. S.r.l.	100%	ITALY
- Eureko S.r.l.	100%	UAE

Moreover, the Group holds the following investments, consolidated using the equity method:

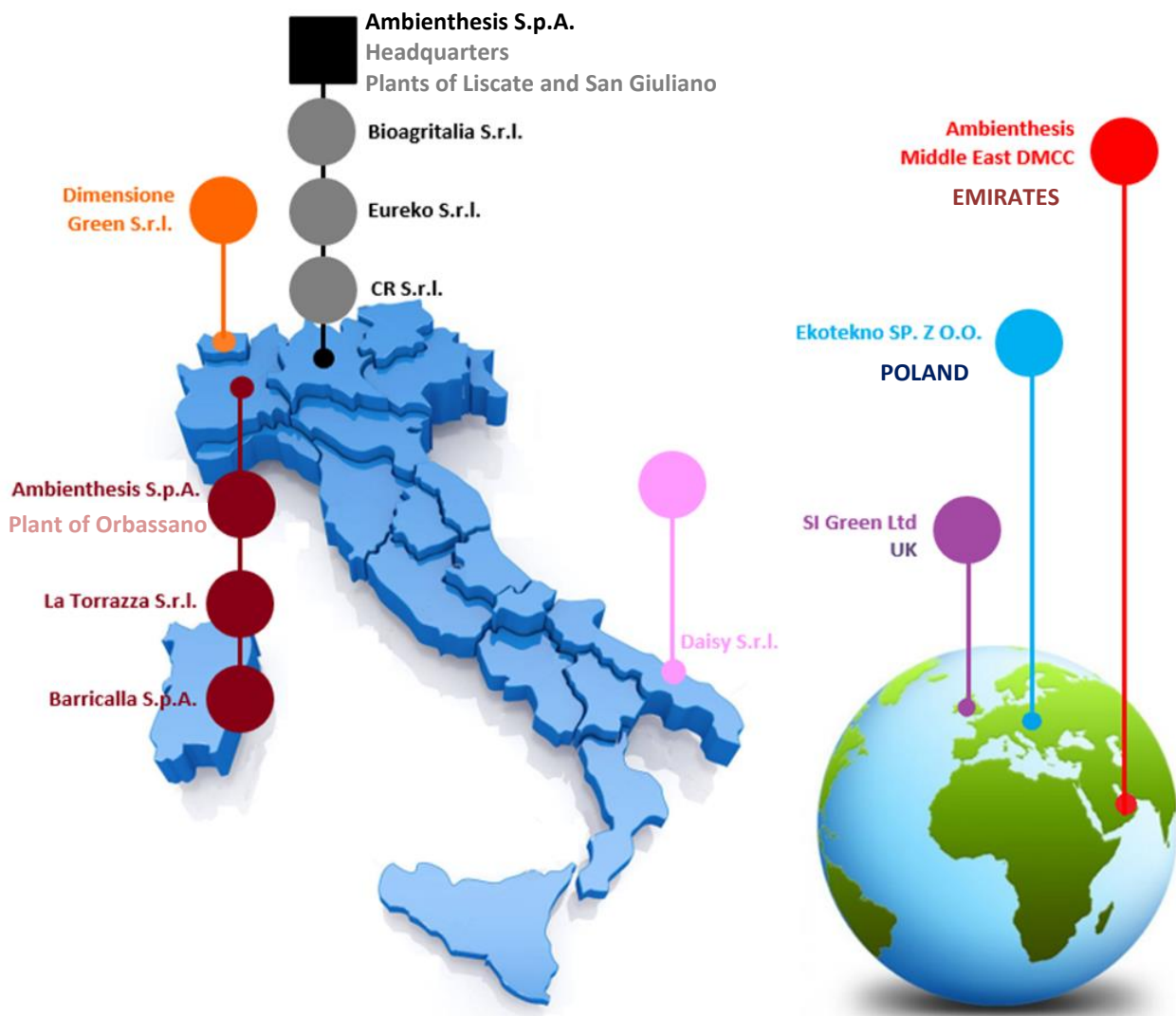
- Barricalla S.p.A.	35%	ITALY
- Daisy S.r.l.	50%	ITALY
- B&A Waste Management Co. LLC	49%	UAE

Ambienthesis S.p.A. owns and operates, in Orbassano (TO), the largest platform in Italy for the treatment of hazardous and non-hazardous special waste (authorised capacity over 500,000 t/year).

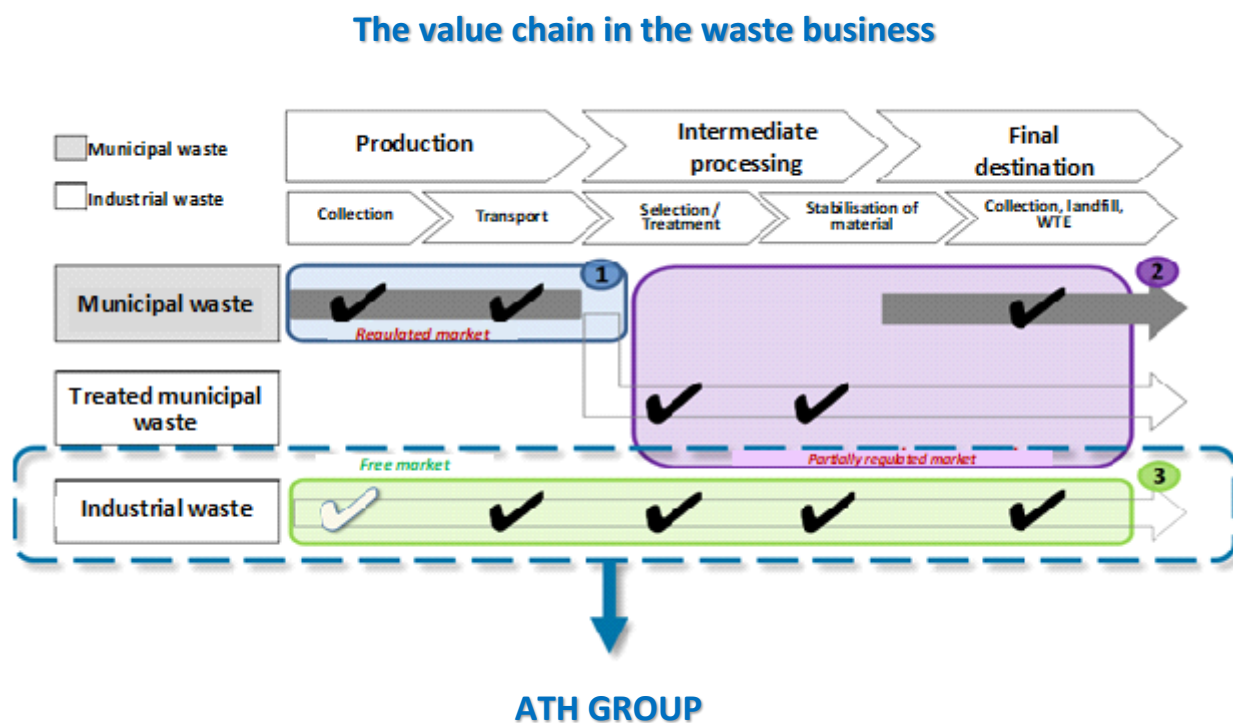
Furthermore, the Company operates two other proprietary plants: the first, located in Liscate (MI), provides a specific disposal service for various types of liquid waste of both civil and industrial origin; the second, located in San Giuliano Milanese (MI), is intended for the storage of many waste types (batteries, paints, containers contaminated with hazardous substances, drugs, acids, bases and reagents), and is specialised in the disposal of hazardous waste containing asbestos.

Through its subsidiaries La Torrazza S.r.l., CR S.r.l., Eureka S.r.l. and Bioagritalia S.r.l. (all 100% owned, except for Bioagritalia, 70% owned), the Company controls four other plants: the first one, located in Torrazza Piemonte (TO), is a landfill for hazardous and non-hazardous special waste; the second one, located in Sannazzaro de' Burgondi (PV), operates in the treatment of hazardous and non-hazardous special waste; the third one, located in Peschiera Borromeo (MI), operates in the treatment of waste to reuse it in the production of inert materials; the fourth one, located in Corte de' Frati (CR), is a plant for the treatment and recovery of biological sludge for subsequent reuse in agriculture.

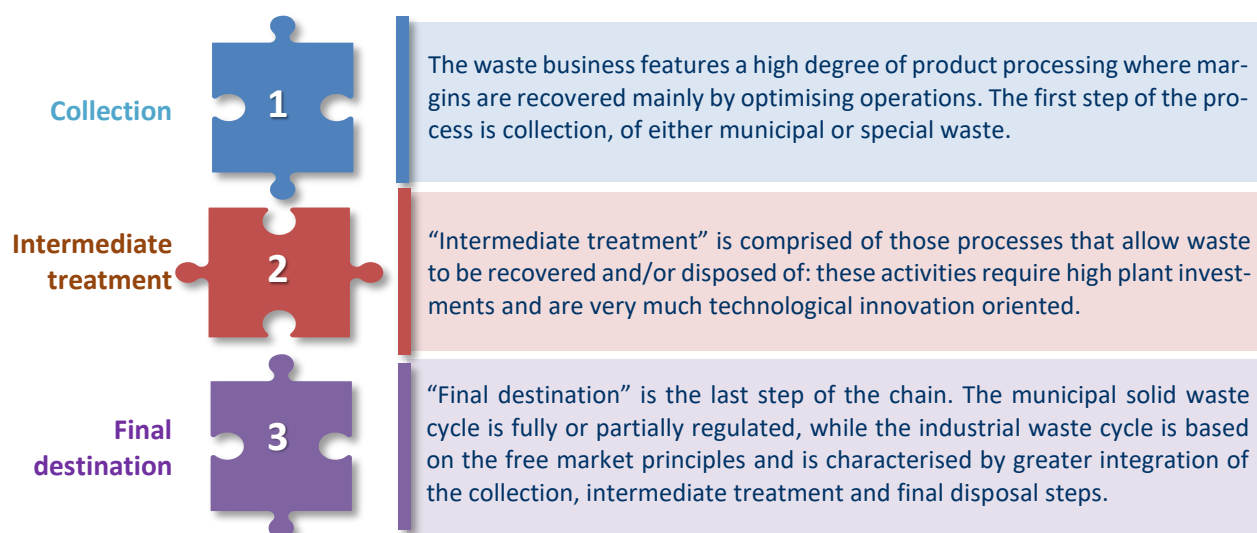
Finally, Ambienthesis S.p.A. holds a 50% stake in Daisy S.r.l., which operates a landfill in San Procopio (BT) that incorporates a plant for rendering non-hazardous special waste inert, and a 35% stake in Barricalla S.p.A., which owns and operates Italy's largest landfill for hazardous and non-hazardous special waste in Collegno (TO).



The Ambienthesis Group operates within a well-defined business model as summarised in the following chart, which shows the waste value chain in brief:



The **value chain** in the waste business consists of three micro phases for two types of waste (municipal waste and industrial waste):



SUMMARY OF ECONOMIC AND FINANCIAL PERFORMANCE OF THE AMBIENTHESIS GROUP AS AT 30.06.2021

31/12/2020	ECONOMIC DATA Values in thousands of Euros	30/06/2021	30/06/2020	Variation %
85.452	Revenues	52.951	39.102	35,4%
-78.822	Operating costs	-47.531	-35.096	35,4%
6.630	Gross operating margin (Ebitda)	5.420	4.006	35,3%
-2.892	Amortisation, depreciation and write-downs	-2.138	-1.739	22,9%
3.738	Net operating margin (Ebit)	3.282	2.267	44,8%
4.274	Profit/(loss) before tax	3.653	2.600	40,5%
3.234	Final net result - Profit/(Loss)	2.794	2.090	33,7%

Adjusted	ECONOMIC DATA Values in thousands of Euros	30/06/2021	30/06/2020	Variation %
	Revenues	52.951	39.102	35,4%
	Operating costs	-47.531	-34.876	36,3%
	Gross operating margin (Ebitda)	5.420	4.226	28,3%
	Amortisation, depreciation and write-downs	-1.868	-1.457	28,2%
	Net operating margin (Ebit)	3.552	2.769	28,3%
	Profit/(loss) before tax	3.923	3.102	26,5%
	Final net result - Profit/(Loss)	3.064	2.451	25,0%

31/12/2020	EQUITY DATA Values in thousands of Euros	30/06/2021	30/06/2020	Variation %
6.638	Net working capital	7.304	12.860	-43,2%
133.503	Total assets	139.969	113.317	23,5%
51.017	Equity	53.289	49.874	6,8%

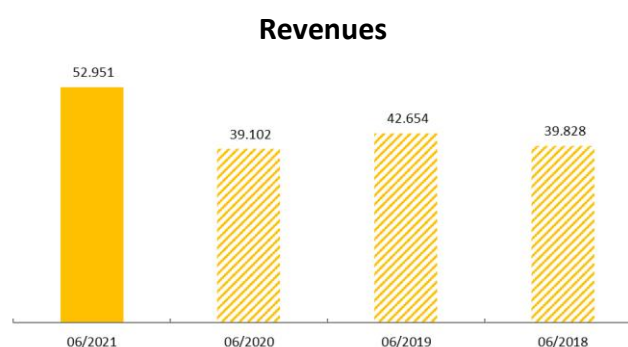
NFP	Values in thousands of Euros	30/06/2021	31/12/2020*	Variation %
	Net financial position	-5.958	-12.341	-51,7%

* Calculated in accordance with the new ESMA provisions – for details, see page 17

Operating performance

Consolidated net revenues generated by the Ambienthesis Group in the first half of 2021 amounted to **Euro 52,951 thousand**, up by **35.4%** compared to the same period of the previous year.

In spite of the enduring COVID-19 pandemic, the Ambienthesis Group has managed to achieve very satisfactory results in the first half of 2021. Consolidated net sales revenues generated by the Group in the first half of 2021 amounted to Euro 52,951 thousand, up by 35.4% compared to the same period of the previous year, when they amounted to Euro 39,102 thousand. The increase in sales revenues has resulted from the excellent performance of revenues from the “Waste disposal, recovery and transport” business unit, which

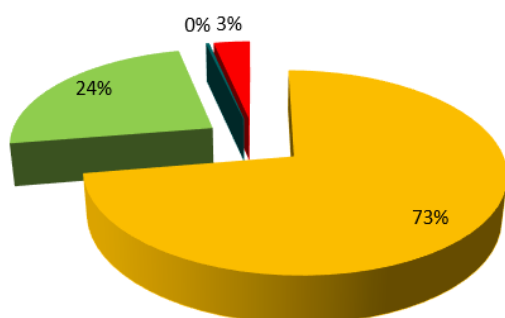


improved by +39.8% (+17.6% of which from company acquisitions in the late months of 2020), and from the “Environmental remediations” business unit, which improved by +33.6% compared to the same period of the previous year.

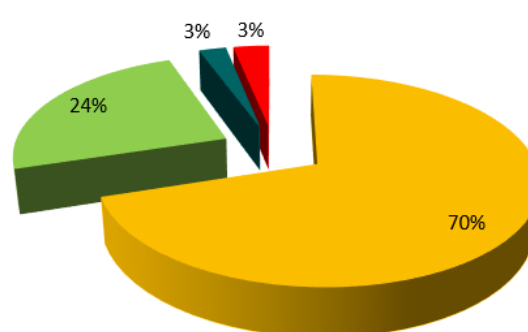
The breakdown of Group revenues for the first half of 2021 and for the same period of the previous year is shown in the table and charts below:

REVENUES Values in thousands of Euros	30/06/2021	30/06/2020	Variation %
Waste disposal, transport and storage	38.319	27.406	39,8%
Environmental remediations	12.714	9.519	33,6%
Construction and engineering	144	938	-84,6%
Other revenues	1.774	1.239	43,2%
TOTAL REVENUES	52.951	39.102	35,4%

2021 FY REVENUES



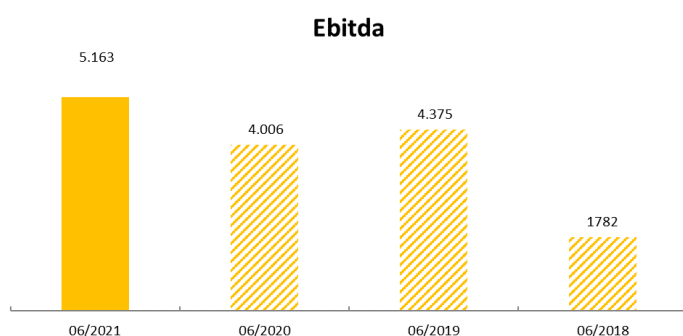
2020 FY REVENUES



■ Waste disposal, transport and storage ■ Environmental remediations ■ Construction and engineering ■ Other revenues

Consolidated operating costs in FY 2021 amounted to **Euro -47,788 thousand**, up – also due to the recent company acquisitions, as already pointed out for revenues – by 36.2% (+13.2% of which from company acquisitions in the late months of 2020), compared to the same period of the previous year, when they amounted to Euro - 35,096 thousand. It can be noted that costs have increased less than proportionally to the increase in revenues.

In detail, “Purchases of raw materials and semi-finished products” increased by +42.5%, “Services” increased by +39.4%, “Personnel costs” increased by +32.1%, and finally, “Other operating costs and provisions” decreased by 28.78%.



The **consolidated gross operating margin** was positive for **Euro 5,420 thousand**, thus showing an increase by +35.3% compared to the same figure for 2020, of Euro 4,006 thousand (**Euro +1,414 thousand**).

The **final consolidated net result** was positive in the amount of **Euro 2,794 thousand** (against a profit of Euro 2,090 thousand in the first half of 2020), after expensing amortisation, depreciation and write-downs for Euro 2,138 thousand (against Euro 1,739 thousand in the same period of FY 2020).

In order to better express, as is customary, the real ability of the Ambienthesis Group to create value, the above margins of economic significance have been recalculated net of those non-recurring and extraordinary cost items that occurred in the first half of 2021. In this regard, such non-recurring expense items are listed below, details of which are provided in the explanatory notes:

<i>in thousands of Euros</i>	<i>30 June 2021</i>	<i>30 June 2020</i>
Settlement agreement with supplier		(100)
Addition to provision for works in the Casei Gerola area		(120)
Write-down of Dimensione Green assets under construction		(70)
Write-down of La Torrazza assets under construction	(270)	(211)
Taxes AA.PP.		141
TOTAL	(270)	(361)

Hence, the **gross operating margin**, less any non-recurring items which have not materialised (**adjusted**), amounted to **Euro 5,420 thousand** compared to a positive margin of Euro 4,226 thousand in the previous year (Euro +1,194 thousand), thus recording an increase (+28.3%) against the first half of 2020.

The **final consolidated net result**, also net of non-recurring items (**adjusted**), was positive for **Euro 3,064 thousand** (compared to Euro +2,451 thousand in the first half of 2020).

ECONOMIC DATA <i>Values in thousands of Euros</i>	Adjusted data*					
	30/06/2021	30/06/2020	Variation %	30/06/2021	30/06/2020	Variation %
Revenues	52.951	39.102	35,4%	52.951	39.102	35,4%
Operating costs	-47.531	-35.096	35,4%	-47.531	-34.876	36,3%
Gross operating margin (Ebitda)	5.420	4.006	35,3%	5.420	4.226	28,3%
Amortisation, depreciation and write-downs	-2.138	-1.739	22,9%	-1.868	-1.457	28,2%
Net operating margin (Ebit)	3.282	2.267	44,8%	3.552	2.769	28,3%
Profit/(loss) before tax	3.653	2.600	40,5%	3.923	3.102	26,5%
Final net result - Profit/(Loss)	2.794	2.090	33,7%	3.064	2.451	25,0%

**Adjusted data express economic values net of any non-recurring items*

EBITDA/Revenues ratio	10,2%	10,2%	10,2%	10,8%
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Since 05 May 2021, the net financial position must be presented in accordance with ESMA recommendations. Hence, the table below shows both the results as at 30 June 2021 and those as at 31 December 2020 using the new method.

The total net financial position (**NFP**) as at 30 June 2021 significantly improved and stood at **Euro -5,958 thousand** against Euro -12,341 thousand as at 31 December 2020. The degree of leverage – understood as the ratio between net financial position and shareholders' equity – was therefore -0.1118.

NET FINANCIAL POSITION	30/06/2021	31/12/2020 ESMA recommendations	31/12/2020
Values in thousands of Euros			
A. Cash	1.144	41	41
B. Cash equivalents	17.085	13.255	13.255
C. Other current financial assets	1.322	1.168	660
–of which from related parties	1.007	922	660
D. Cash and cash equivalents (A)+(B)+(C)	19.552	14.464	13.956
E. Current financial payables	-7.061	-6.188	-6.188
–of which to related parties	-205	-205	-205
F. Current portion of non-current debt	-1.949	-1.291	-1.291
G. Current financial debt (E)+(F)	-9.011	-7.479	-7.479
H. Net current financial debt (G)-(D)	10.541	6.985	6.477
I. Non-current financial payables	-9.724	-11.829	-11.829
J. Issued bonds	-7.428	-7.789	-7.789
K. Trade payables and other non-current payables	-958	-959	0
–of which to related parties	-70	-68	0
L. Non-current financial debt (I)+(J)+(K)	-18.110	-20.576	-19.617
M. Net financial debt (H)-(L)	-7.569	-13.592	-13.141
N. Long-term financial assets	1.612	1.251	1.251
–of which from related parties	1.103	750	750
O. Total financial debt (M)-(N)	-5.958	-12.341	-11.890

As at 30 June 2021, the covenants for the Euro 8 million debenture loan issued on 31 March 2020 in the framework of “Programma Elite – Intesa Sanpaolo Basket Bond” were met, as follows:

BOND COVENANTS	30/06/2021
< 2,5x Leverage ratio	1,0x
> 4,0x Interest cover ratio	6,6x
< 0,75x Gearing ratio	0,10x

Significant events occurred during the first half of the year

▪ Acquisition of new job orders

During FY 2021, the acquisition of new job orders amounted to a total of Euro 1.3 million.

The main job orders obtained in 2021 included the following:

In January 2021, Ambienthesis acquired the remediation works at the site called “Former I.C.M.I. Area”, located in Naples, totalling approximately Euro 0.4 million. It also launched preliminary and preparatory activities to carry out the remediation plan in the “Tremonti Area” located in the Site of National Interest of Bussi sul Tirino.

The **consolidated order book** as at 30 June 2021, exclusively for “contract” activities, amounted to approximately **Euro 41 million**, of which Euro 34 million in the environmental remediation sector and Euro 7 million in the plant construction sector.

▪ Completion of the plant upgrade at the Orbassano (TO) platform

The plant upgrade – which, since 2019, has involved building and putting the Regenerative Thermal Oxidizer (RTO) and the trigeneration plant into full operation to serve the entire complex at the Orbassano (TO) industrial site – will be completed by the end of 2021 by finalising the construction of a new warehouse to process waste that must undergo volume reduction treatment (SESI line). The new facility will be equipped with special fire-fighting features, suitably sized and with automatic or remote activation.

▪ Real estate development of SI Green UK’s area in Swansea

After obtaining the planning permission to develop the property owned by the subsidiary Company from the competent authorities on 11 January 2018, and following the preliminary closure of the existing landfill, real estate development activities could start. As a matter of fact, final capping works were completed in June 2019, and after-closure activities were started by launching safety works in the landfill under the surveillance of Natural Resources Wales (local environmental authority). Meanwhile, the final design for ancillary urbanisation works in the area was submitted to the City of Swansea, and construction works for the first infrastructures of the urban complex began (surface drains and accessways). The activities to build the first lot (28 out of 300 real estate units) were launched in the second half of 2020, and the first units were sold and delivered in the early months of 2021.

▪ Decision of the Court of Cassation on the action brought by the counterparty against the judgments of the Court of Appeal of Genoa in the appeal judgment number R.G. 195/2005 on the so-called “Jolly Rosso” credit

As already mentioned on a number of occasions in the past reports, as concerns the adverse decision of the Court of Cassation relating to the judgement submitted on 07 February 2017, Ambienthesis S.p.A. has set aside a provision to cover such risk in full.

Against said decision of the Supreme Court, Ambienthesis S.p.A., based on a specific mandate to its lawyers of the law firm Bonelli-Erede of Milan, has filed, in parallel, an application for revision under Article 391-*bis* of the Italian Code of Civil Procedure and appeal to the European Court of Human Rights.

On 06 February 2018 the hearing in chambers was held at the Court of Cassation, in which the Court examined Ambienthesis’ application without the presence of the defence lawyers, reserving the right to communicate its decision through the Registry. We are awaiting the outcome of the hearing, which should happen relatively soon. The appeal to the European Court of Human Rights passed the first screening of eligibility and was assigned the

no. 2355/2017, but, to date, it is not possible to predict exactly how long the proceedings and the decision will take to progress.

- **Update on the Polish subsidiary Ekotekno Sp. Z o.o.**

As already mentioned in past reports, and completely unexpectedly, at the hearing held on 04 March 2020, the Polish Council of State dismissed the appeal of the subsidiary Ekotekno against the ruling of the Regional Administrative Court in Lodz dated 06 August 2019, which effectively excluded Ekotekno's project from the regional development planning.

While waiting to define the next steps to be taken and following the changes in the environmental regulatory framework, it is worth noting that, according to one of the possible scenarios to give value to this initiative, the project could, in any case, develop as of now (also by reaching an agreement with a leading local operator) in two separate phases: the first one, which can already be implemented as it has been already authorised, concerns the construction of a landfill; the second one, which is conditioned on the outcome of the ongoing litigation, or on the regulatory framework that is being developed, concerns the construction of an annexed plant for treatment and recovery of municipal solid waste and similar waste. We believe that the ongoing negotiations will lead to agreements capable of enhancing the asset value.

- **Ongoing activities of B&A Waste Management Co. LLC, a Joint Venture between Ambienthesis Middle East DMCC and B&A Waste Management Co. LLC**

In the first half of 2021, safety and environmental regeneration operations have continued and are still ongoing at a site of the multinational company ADNOC – the works in the Emirate of Abu Dhabi will continue throughout the current year and their value is around Euro 500 thousand.

Continuation after the testing and prototyping phase of the “NavaMASK” project to manufacture innovative and new-generation face masks – promoted together with the Khalifa University in Abu Dhabi and the University of Salerno – is also worth noting.

- **“Chalamy” landfill in Issogne**

By decision no. 48/2021 of 15 June 2021, published on 06 July, the Valle d’Aosta Regional Administrative Court (TAR), having acknowledged that Regional Law no. 3/2020 – based on which the authorisation to build and operate a landfill for special inert waste, called “Chalamy” and located in Issogne (AO), had been revoked – has been declared unconstitutional, ruled to annul that revocation and ordered the administrative authority to enforce its ruling.

Negotiations are ongoing between Ambienthesis and Cape S.r.l. (the owner of the landfill) to sell the equity investment in Dimensione Green to Cape itself.

- **Intermonte SIM S.p.A. launches coverage of ATH stock with Outperform rating and target price at Euro 0.90**

On 08 January 2021, Intermonte SIM – current Specialist Operator of the Company and leading independent investment bank on the Italian financial market – launched coverage of ATH stock by issuing an Outperform rating and setting a target price of Euro 0.90 per share. The publication of the Coverage Initiation Report falls within the scope of the corporate broking mandate granted to Intermonte and aimed at institutional marketing and stock coverage activities to be carried out by the research office, with a view to developing the Company's relations with the market and its appreciation by operators.

- **Signed preliminary sales agreement for Casei Gerola (PV) property complex**

On 17 July 2019, following extensive negotiations, Ambienthesis entered into a preliminary agreement with a leading operator in the field of real estate development in the framework of industrial logistics, subject to a number of conditions precedent being satisfied and concerning the sale of the aforesaid property complex.

The Prospective Buyer positively carried out the Due Diligence process by the deadline agreed in the eighth addendum, dated 31 March 2021. The Parties have agreed to postpone the final deadline for them to finally proceed to execute the notarial deed to transfer the property complex itself to 31 March 2022, subject to certain conditions precedent being satisfied.

- **Confirmation of public rating to B1.2 (Investment Grade)**

On 15 March 2021, Cerved Rating Agency S.p.A. – Italian rating agency specialising in the assessment of non-financial businesses' creditworthiness – confirmed the public rating of Ambienthesis S.p.A. as B1.2, which falls within the scope of the "Investment Grade" class, as granted on 13 September 2018 and later confirmed on 27 May 2019 and on 23 April 2020.

- **"BBB" (High Class) ESG rating obtained**

Based on the analysis of the consolidated non-financial disclosure relating to 2019, last May, the rating agency CERVED – which rates not only the creditworthiness of businesses, but also their level of sustainability – placed Ambienthesis in the "HIGH" class as far as its global performance in environmental, social and corporate governance matters is concerned, and gave it an ESG Rating of "BBB", i.e. a score of 65.7 on a scale from 0 to 100.

- **Sale of the area located in San Benigno Canavese (TO), previously owned by the 100% subsidiary Green Piemonte S.r.l.**

Last 09 April, the subsidiary Green Piemonte S.r.l. sold the area (non-core asset for the Group) it owned in the Municipality of San Benigno Canavese for Euro 237 thousand.

- **Distribution of 2020 dividends**

The Shareholders' Meeting held on 24 May 2021 resolved to distribute a gross dividend of Euro 0.0080 per outstanding ordinary share entitled to profits, i.e. an aggregate amount of Euro 705 thousand (Euro 926 thousand in the previous year). The dividend was paid starting from 16 June 2021 (payment date).

Events occurred after the end of the first half of the year

- **Acquisition of new job orders**

In July 2021, as better explained in the following paragraph, Ambienthesis acquired the works for the first interventions in the northern part of the Tre Monti area in the Bussi sul Tirino SIN. Such works, to be carried out over three years, total approximately Euro 40 million.

- **Acquisition of 49% in Tre Monti S.r.l.**

The deal for Ambienthesis S.p.A.'s acquisition of a 49% stake in Tremonti S.r.l. at its nominal value was closed on 14 July, in the context of the Framework Agreement entered into by Ambienthesis, Herambiente Servizi Industriali (Hera Group), Sersys Ambiente and Edison last 24 May. As a result, Ambienthesis S.p.A. is now the relative majority shareholder of Tremonti, against a countervalue of Euro 49,000.

Also in accordance with the Framework Agreement, Ambienthesis S.p.A. has also been entrusted with a portion of remediation and waste removal works to be carried out in the "Tre Monti" area of the Bussi sul Tirino (PE) Site of National Interest (SIN) – which Tremonti Srl took over from Edison S.p.A. – against a consideration currently quantified as approximately Euro 40 million.

The NewCo will progressively expand its activity to the areas of Piano d'Orta and of the Bussi industrial plant, as soon as the legal proceedings still pending allow to do so. This special-purpose company will serve as a paradigm for the management and successful solution of soil contamination cases by historical industries in our country, such as the former Montedison sites, the recovery of which has been taken over by Edison in full.

- **Application for the creation of a new landfill cell**

On 16 July 2021, the Metropolitan City of Turin confirmed its adverse opinion, given on 04 June 2020, on the environmental compatibility of the application submitted in 2017 by the company La Torrazza to build and use a new landfill cell (Cell 9), for a total volume of 512,000 m³.

The company, which stands firm in its belief that the project will further enhance the site, challenged that decision before the Piedmont Regional Administrative Court (TAR) last 01 September. The Administrative Court granted the Company's preliminary application and ordered the Metropolitan City of Turin to resume the environmental compatibility procedure. The Company is now considering the opportunity to file another application.

- **Ambienthesis S.p.A. and Greenthesis S.p.A. signed a Memorandum of Understanding for a possible project aimed at concentrating any further operations of the Greenthesis Group in the environmental sector in the hands of Ambienthesis, in order to create the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services**

On 28 July, Ambienthesis S.p.A. and Greenthesis S.p.A. – holding company of the Grossi family that controls Ambienthesis S.p.A. by holding a direct and indirect stake of approximately 76.2% in its capital – signed a non-binding Memorandum of Understanding for a possible business and corporate integration transaction aimed at concentrating all operations of the Greenthesis Group in the environmental sector in the hands of Ambienthesis, by means of a contribution in kind or another equivalent corporate transaction.

Namely, by executing the MoU, Ambienthesis and Greenthesis have aimed at acknowledging each other's interest in assessing the presence of the business, financial, economic and legal basis to carry out the Potential Transaction, as well as negotiating an investment agreement in good faith. Based on the preliminary negotiations recorded in the MoU, the possible signing of the investment agreement is expected by the month of October

2021, subject to certain conditions precedent being met, in accordance with the usual market practice for similar transactions – including the positive outcome of the Issuer’s due diligence and the approval of the Potential Transaction in accordance with Ambienthesis’ related-party transaction policy. If the conditions are met, the Potential Transaction should be closed by the end of 2021.

The scope of the Potential Transaction should include, inter alia, the transfer of the following to Ambienthesis from Greenthesis:

- ownership and management of the waste-to-energy plant in Dalmine (BG), a national strategic facility that boasts a complex technology and is one of the most advanced – especially in terms of environmental requirements – and efficient in Italy;
- integrated management and multi-material recycling along the entire cycle of urban waste collected in the Valle d’Aosta Region until 2036;
- ownership and management of the strategic regional landfill of the Veneto Region, devoted to disposal of mostly municipal and non-hazardous special waste, and of its ancillary plants for biogas upgrading and liquid waste treatment, located in the Municipality of S. Urbano (PD);
- ownership of the areas and development of landfill basins in the post-closure phase in Latina (Borgo Montello), which feature a system to produce electricity from biogas, and where a liquefied biomethane production plant and annexed photovoltaic park are currently being built;
- authorisation to build and operate a plant for the treatment of the organic fraction of waste and green residues (80,000 tons per year in total), with a view to producing liquefied biomethane and high-quality compost, to be located in the Province of Latina.

Based on the financial statements of the companies involved, in the year ended 31 December 2020, the above-said operations generated aggregate revenues for approximately Euro 55 million and an aggregate EBITDA of approximately Euro 18 million.

The Potential Transaction aims at concentrating the Greenthesis Group’s operations in the hands of Ambienthesis, in order to create the largest independent pure play listed company in Italy that specialises in the integrated management of environmental services, able to offer innovative and sustainable solutions and obtain the following benefits for the Ambienthesis Group and its shareholders:

- streamlining, integrating and improving the efficiency of the Group’s structure as a whole, in line with the best practices of listed companies, by concentrating all activities relating to the same business into a single listed group;
- expanding and diversifying sectors of operation, which are currently focussed on environmental remediations and industrial waste, with high-added value activities in the environmental service field – such as waste to energy, electricity generation and production of advanced biofuels in accordance with the principles of circular economy, treatment, recovery, multi-material recycling and disposal of urban waste, special waste and similar waste;
- increasing the size of the company, strengthening its market positions and expanding its development potential by achieving synergies, economies of scale and greater organisational and financial efficiency.

Intra-group relations and related parties

With regard to transactions with related parties, it should be noted that the same fall within the normal course of business of the Group companies and are regulated at market conditions, taking into account characteristics of the goods or services involved. Please note that the above transactions do not qualify as either atypical or unusual.

For details regarding relations with related parties, please refer to the explanatory notes to the consolidated financial statements.

Operating outlook

The early months of 2021, too, have been characterised and affected by the adverse consequences on the macroeconomic framework of the spread of the COVID-19 pandemic on a global level.

However, there have been grounds for optimism in this period, also by virtue of the agreement reached by the European Union and the United Kingdom on their future cooperation, and of the upcoming launch of the Recovery and Resilience Facility, which should provide new stimulus to the European economy within the Next Generation EU programme. On a global level, the Commission expects the GDP to grow for two years after the 2020 fall (-6.8% in the Euro area and -6.3% in the European Union). In 2021, the GDP is expected to increase by 3.7% in the European Union and by 3.8% in the Euro area, while in 2022 it should grow by 3.9% in the European Union and by 3.8% in the Euro area. Although recovery times vary across the various EU countries, the GDP could return to pre-crisis levels earlier than expected, perhaps even between the late 2021 and early 2022. Against this scenario, the global economic activity is strongly affected by the evolution of the pandemic. The real global GDP (excluding the EU) decreased by 3.4% in 2020, but it is expected to resume growing by 5.2% in 2021 and by 3.8% in 2022.

Positive and satisfactory economic dynamics have been confirmed in the first half year by preserving a balanced financial and capital ratio. Having regard to this, according to the three-year Business Plan of the Group, average annual revenues will be around Euro 105 million in the current year, with a profitability in line with the figures most recently achieved. Even more solid foundations have been laid in an attempt to achieve excellence as to the Group's business positioning. As a matter of fact, consistently with our Mission and Vision – based on logics that identify 5 macro-areas to govern corporate strategies – Organic and external growth, Efficiency, Innovation, Environmental Sustainability and Reputation – we believe that 2021, while still being affected by the general economic slowdown, will see the implementation of ecological transition measures, in the framework of which proactive approaches such as those that the Group expects to adopt will allow creating long-term value. The now undisputed attention for an increasingly integrated, efficient and digital-oriented business model, aiming more and more at a sustainable development and at activities in line with the most recent guidelines of circular economy, will lead Ambienthesis to become a leading operator even more.

Segrate, 09 August 2021

On behalf of the Board of Directors
The Chairman
Giovanni Bozzetti