



AMBIENTHESIS

THINK GREEN, ACT SMART

HALF-YEAR FINANCIAL REPORT
AS AT 30 JUNE 2020

AMBIENTHESIS S.p.A.

Via Cassanese, 45
20090 Segrate (MI)

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

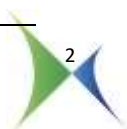
Tax code 10190370154

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 2020

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GROUP HIGHLIGHTS

1H2020

39,102

thousand Euros

Revenues

4,006

thousand Euros

EBITDA

-1,598

thousand Euros

NFP

2,090

thousand Euros

Net Profit

2,451

thousand Euros

Net Profit

(Adjusted)

10.2%

KPI Profitability

ROS



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 Quattrociochi	<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

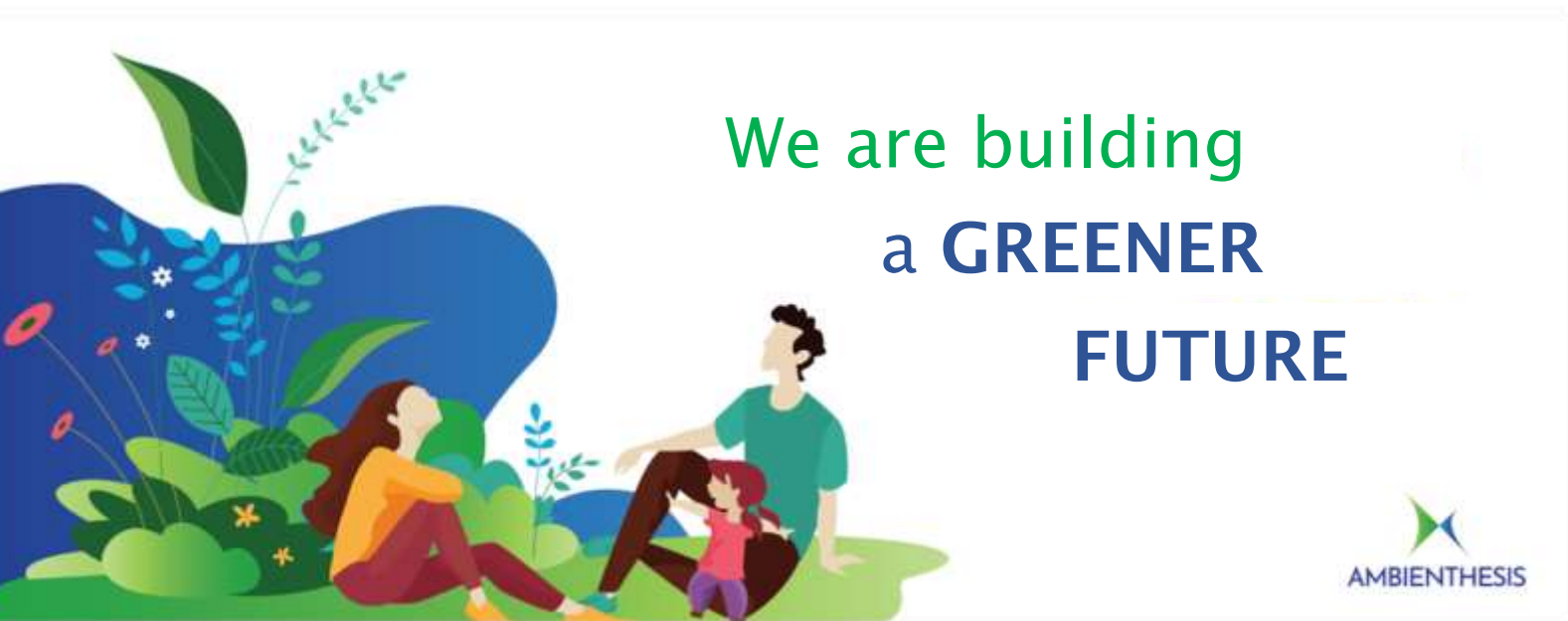
BOARD OF DIRECTORS' MANAGEMENT REPORT

Mission

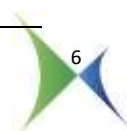
We aim to be a constant reference point for our own improvement and that of the people working with us, for what concerns the technological innovation capacity and systemic approach to services in the environmental field, in order to pursue the creation of a business model both environmentally sustainable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



We are building
a **GREENER**
FUTURE



Introduction

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 2020 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.

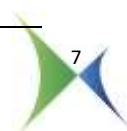
These abridged consolidated half-year financial statements are prepared in accordance with the International Financial Reporting Standards (hereinafter “IFRS” or “international accounting standards”) issued by the International Accounting Standards Board (IASB) and endorsed by the European Commission, 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 2019. 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 2020.

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



Company data

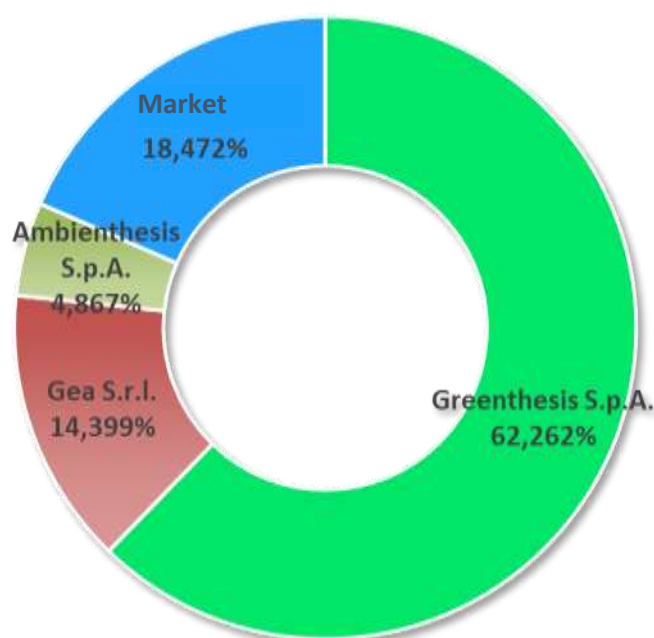
As at 30 June 2020, according to the shareholders' register, supplemented by the notices received under Article 120 of the Consolidated provisions on financial intermediation under Legislative Decree no. 58/1998, as well as according to other information available to the Company, the following shareholders 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 **62.262%** 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 18.472% 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 2020, the reference share price of ATH was Euro 0.57 (approximately +54.1% compared to the same period of 2019, when it stood at Euro 0.37).

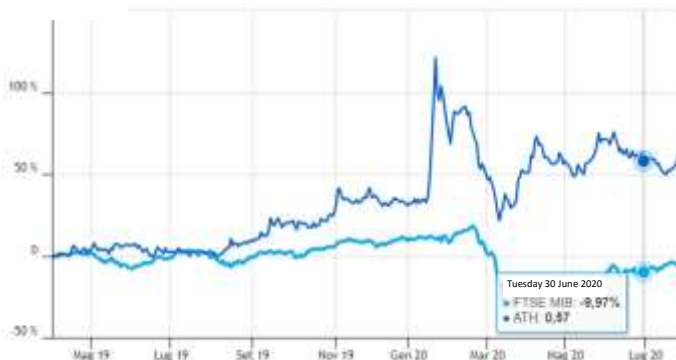
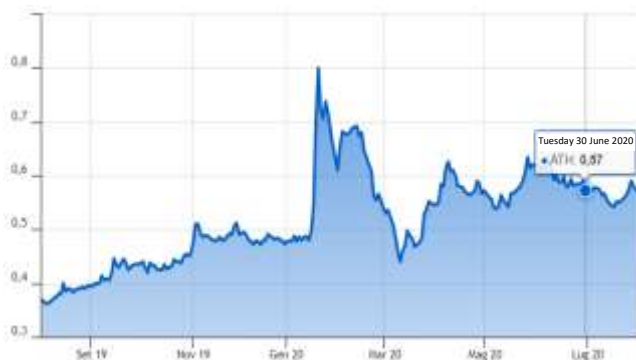
On the other hand, as at 05 August 2020, the ATH share price was Euro 0.57, with the following performances:

Performance 1 month:	-1.39%
Performance 6 months:	-13.46%
Performance 1 year:	+55.07%

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



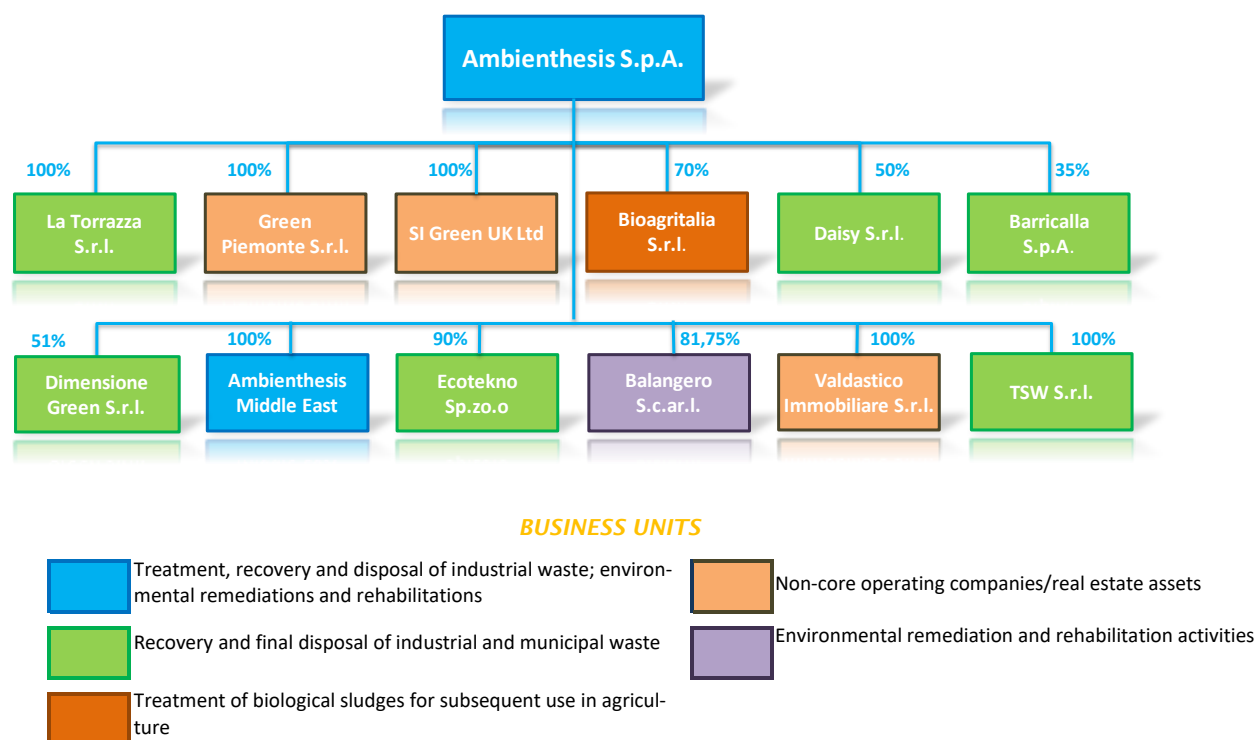
Recent EU Directives require very high standards for waste management, and for the corresponding technology.

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 2020 is represented in the chart below:



As at 30 June 2020, the scope of consolidation included, as well as Ambienthesis S.p.A., the following companies:

- Bioagritalia S.r.l.	70%	ITALY
- Green Piemonte S.r.l.	100%	ITALY
- La Torrazza S.r.l.	100%	ITALY
- S.I. Green Uk Ltd	100%	UNITED KINGDOM
- Valdastico Immobiliare S.r.l.	100%	ITALY
- Balangero S.c.a.r.l.	81,75%	ITALY
- Ekotekno Sp. Z.o.o.	90%	POLAND
- Dimensione Green S.r.l.	51%	ITALY
- TSW S.r.l.	100%	ITALY
- Ambienthesis Middle East DMCC	100%	UAE

During the year 2019, the following companies were also added to the scope of consolidation:

- TSW S.r.l.	100%	ITALY
- Ambienthesis Middle East DMCC	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

Following the shareholders' resolution of 25 June 2020, approving the final liquidation financial statements and the resulting winding-up of Grandi Bonifiche S.c.a.r.l. in liquidation, that company was removed from the scope of consolidation.

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).

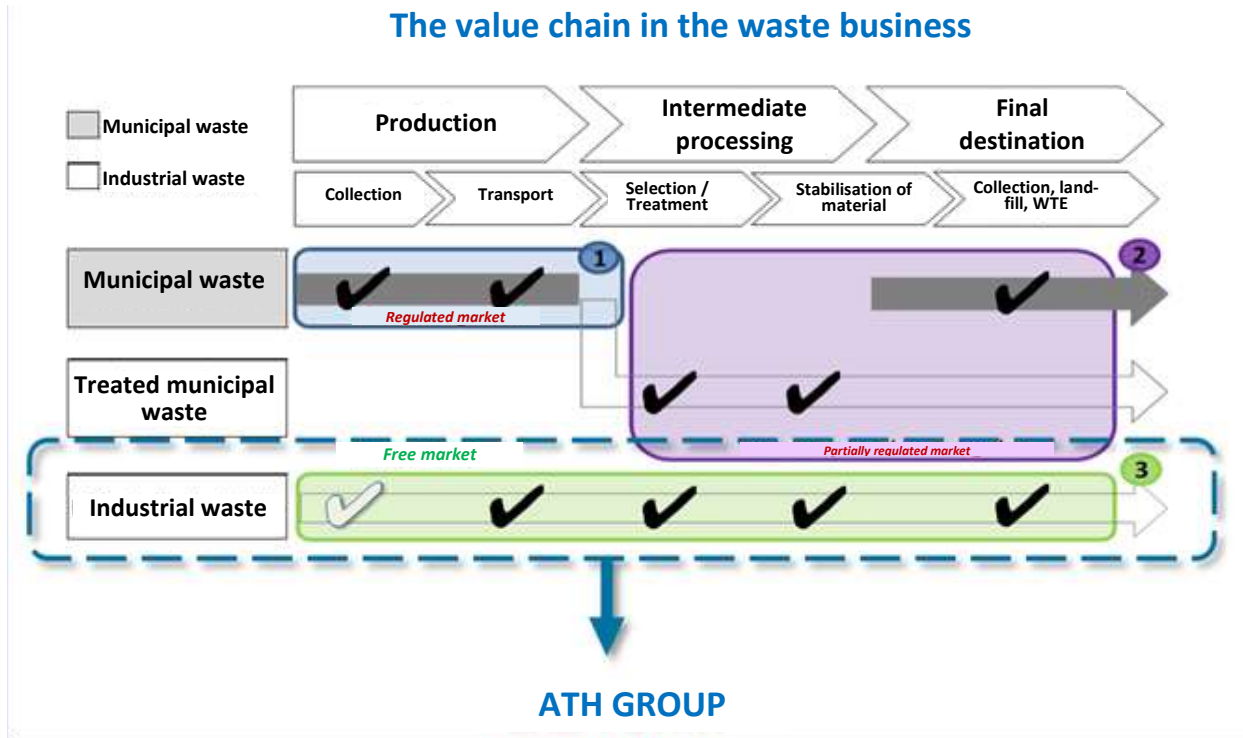
Furthermore, the Company operates two other proprietary plants: the first, located in Liscate (MI), provides a specific disposal service for various types of liquid waste of both civil and industrial origin; the second, located in San Giuliano Milanese (MI), is intended for the storage of many waste types (batteries, paints, containers contaminated by 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. and Bioagritalia S.r.l. (owned 100% and 70%, respectively), the Company controls two other plants: the first, located in Torrazza Piemonte (TO), is a landfill for hazardous and non-hazardous special waste; the second, 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 30.06.2020

31/12/2019	ECONOMIC DATA Values in thousands of Euros	30/06/2020	30/06/2019	Variation %
86,608	Revenues	39,102	42,654	-8.3%
-79,225	Operating costs	-35,096	-38,279	-8.3%
7,383	Gross operating margin (Ebitda)	4,006	4,375	-8.4%
-2,598	Amortisation, depreciation and write-downs	-1,739	-1,280	35.9%
4,785	Net operating margin (Ebit)	2,267	3,095	-26.8%
6,043	Pre-tax income	2,600	3,859	-32.6%
4,465	Final net result Profit/(Loss)	2,090	2,770	-24.5%

Adjusted*	ECONOMIC DATA Values in thousands of Euros	30/06/2020	30/06/2019	Variation %
	Revenues	39,102	42,654	-8.3%
	Operating costs	-34,876	-38,134	-8.5%
	Gross operating margin (Ebitda)	4,226	4,520	-6.5%
	Amortisation, depreciation and write-downs	-1,457	-1,280	13.8%
	Net operating margin (Ebit)	2,769	3,240	-14.5%
	Pre-tax income	3,102	4,004	-22.5%
	Final net result - Profit/(Loss)	2,451	2,915	-15.9%

31/12/2019	FINANCIAL DATA Values in thousands of Euros	30/06/2020	30/06/2019	Variation %
2,529	Net working capital	12,860	-268	n.a.
110,561	Total assets	113,317	106,525	6.4%
49,032	Equity	49,874	47,236	5.6%

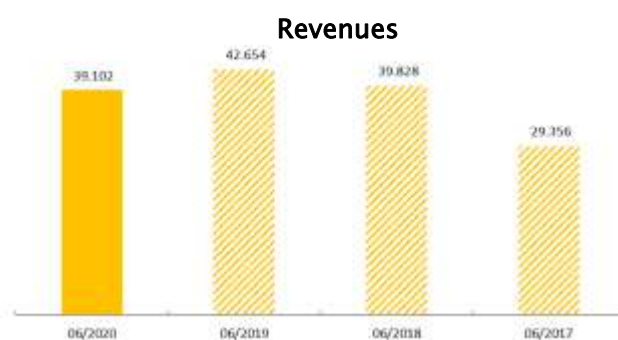
31/12/2019	NFP Values in thousands of Euros	30/06/2020	30/06/2019	Variation %
-1,822	Net financial position	-1,598	-1,139	40.3%

Operating performance

Consolidated net revenues generated by the Ambienthesis Group in the first half of 2020 amounted to **Euro 39,102 thousand**, down by **8.3%** compared to the same period of the previous year.

In many industries and for many businesses, the year 2020 will bring economic results that are not in line with the performance expected and of past financial years. Since the Ambienthesis Group's business sector was not involved in the lockdown measures arising from the Covid-19 health emergency, we still managed to achieve satisfactory results. Consolidated net revenues generated by the Group in the first half of 2020 amounted to Euro 39,102 thousand, down by 8.3% compared to the same period of the previous year, when they amounted to Euro 42,654 thousand.

This decrease in sales revenues essentially derives from the slowdown of some works of the "Remediations" business unit, due to the containment measures introduced by some clients in connection with the well-known health emergency. The "Disposal, recovery and transport"



business unit maintained a good performance, only recording a slight decrease compared to the same period of the previous year (-3.9%).

These results reflect the Group's excellent resilience in the face of both unexpected and unfavourable market dynamics across the social and productive fabric of our country and the entire world.

The breakdown of Group revenues for the first half of 2020 and for the same period of the previous year is shown in the table and charts below:

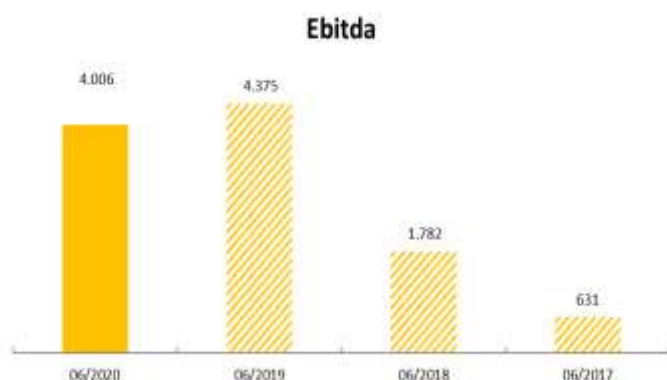
REVENUES Values in thousands of Euros	30/06/2020	30/06/2019	Variation %
Waste disposal, transport and storage	27,406	28,518	-3.9%
Environmental remediations	9,519	12,284	-22.5%
Construction and engineering	938	979	-4.2%
Other revenues	1,239	873	42.0%
TOTAL REVENUES	39,102	42,654	-8.3%



■ Transport, recovery and disposal ■ Electricity generation ■ Remediations ■ Other services

Consolidated operating costs in 2020 amounted to **Euro -34,876 thousand**, down by 8.3% compared to the same period of the previous year, when they amounted to Euro -38,279 thousand.

In detail, "Purchases of raw materials and semi-finished products" decreased by 3.3%, "Services" decreased by 11.0%, "Personnel costs" remained essentially unchanged, and finally, "Other operating costs and provisions" increased by 9.0%.



The **consolidated gross operating margin** was positive for **Euro 4,006 thousand**, thus showing a decrease by -8.4% compared to the same figure for 2019, of Euro 4,375 thousand (**Euro -369 thousand**).

The **final consolidated net result** was positive in the amount of **Euro 2,090 thousand** (against a profit of Euro 2,770 thousand in the first half of 2019), after expensing amortisation, depreciation and write-downs for Euro 1,739 thousand (against Euro 1,280 thousand in the same period of FY 2019).

In order to better express 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 2020. In this regard, such non-recurring expense items are listed below, details of which are provided in the explanatory notes:

<i>in thousands of Euro</i>	30 June 2020	30 June 2019
Settlement agreement with supplier	(100)	
Addition to provision for works in the Casei Gerola area	(120)	(145)
Write-down of Dimensione Green's assets under construction	(70)	
Write-down of La Torrazza's assets under construction	(211)	
Taxes AA.PP.	141	
TOTAL	(361)	(145)

The **gross operating margin**, net of non-recurring items (**adjusted**), amounted to **Euro 4,226 thousand** compared to a positive margin of Euro 4,520 thousand in the previous year (Euro +294 thousand), thus recording a decrease (-6.5%) compared to the first half of 2019.

The **final consolidated net result**, also net of non-recurring items (**adjusted**), was positive for **Euro 2,451 thousand** (compared to Euro +2,915 thousand in the first half of 2019).

ECONOMIC DATA Values in thousands of Euros	30/06/2020	30/06/2019	Variation %	Adjusted data*		
				30/06/2020	30/06/2019	Variation %
Revenues	39,109	42,654	-8.3%	39,102	42,654	-8.3%
Operating costs	-35,096	-38,279	-8.3%	-34,876	-38,134	-8.5%
Gross operating margin (Ebitda)	4,006	4,375	-8.4%	4,226	4,520	-6.5%
Amortisation, depreciation and write-downs	-1,739	-1,280	35.9%	-1,457	-1,280	13.8%
Net operating margin (Ebit)	2,267	3,095	-26.8%	2,769	3,240	-14.5%
Pre-tax income	2,600	3,859	-32.6%	3,102	4,004	-22.5%
Final net result - Profit/(Loss)	2,090	2,770	-24.5%	2,451	2,915	-15.9%

*Adjusted data express economic values, net of non-recurring values

EBITDA/Revenues ratio

10.2%

10.3%

10.8%

10.6%

The operating margin, both adjusted and non-adjusted, allows us to state that performance levels have been satisfactory and that, in spite of the widespread economic contraction, this figure has remained similar to the previous year. This is a confirmation of the Group's excellent ability to generate and maintain satisfactory margins, in spite of the adverse events that have continued to affect the economy throughout the third quarter of the year.

The total net financial position (**NFP**) as at 30 June 2020 was **Euro -1,598 thousand** against Euro -1,139 thousand as at 30 June 2019 (Euro -1,822 thousand as at 31 December 2019). The degree of leverage – understood as the ratio between net financial position and shareholders' equity – was therefore -0.038.

31/12/2019	NET FINANCIAL POSITION Values in thousands of Euros	30/06/2020	30/06/2019
32	A. Cash	34	25
3,996	B. Cash equivalents	13,789	2,810
0	C. Securities held for trading	0	0
4,029	D. Cash and cash equivalents (A)+(B)+(C)	13,824	2,835
2,893	E. Current financial receivables	1,424	3,434
-4,133	F. Current bank payables	-3,159	-3,926
-760	G. Current portion of non-current debt	-1,682	-518
-657	H. Other current financial payables	-888	-209
-206	- of which to related parties	-197	-161
-5,550	I. Current financial debt (F)+(G)+(H)	-5,730	-4,654
1,372	J. Net current financial debt (I)-(E)-(D)	9,519	1,616
-2,770	K. Non-current bank payables	-2,840	-1,978
0	L. Issued bonds	-7,779	0
-924	M. Other non-current financial payables	-1,006	-778
-3,694	N. Non-current financial debt (K)+(L)+(M)	-11,625	-2,756
-2,322	O. Net financial debt (J)+(N)	-2,107	-1,139
500	P. Long-term financial assets	508	0
-1,822	Q. Net financial debt (J)+(N)	-1,598	-1,139

Significant events occurred during the first half of the year

▪ New job orders – FY 2020

During the 2020 financial year, the acquisition of new contracts amounted to a total of Euro 5,150 thousand.

The main job orders obtained in 2020 included the following:

In January 2020, Ambienthesis S.p.A. acquired an important environmental rehabilitation contract regarding the performance of works for “permanent safety/remediation of the former Ciliverghe landfill” in the Municipality of Mazzano (BS), concerning Lot 1B and an option, already provided, for Lot 2.

Pending the execution of the corresponding final contract, these works have been awarded to a Temporary Business Grouping in which Ambienthesis acts as Lead Company holding a share of 60%. The aggregate amount of works (Lot 1B + Lot 2) is about Euro 4 million. The intervention, which will take place over a time span of 20 months, is aimed at solving the environmental issue linked to the above-said landfill through the restoration of its waterproof roofing, on the one hand, and the implementation of measures to render the perched water table safe, on the other, along with the upgrading and integration of leachate drainage and biogas capture systems.

The **consolidated order book** as at 30 June 2020, exclusively for “contract” activities, amounted to approximately **Euro 50 million**, of which Euro 45 million in the environmental remediation sector and Euro 5 million in the plant construction sector.

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

The plant upgrade – which, in 2019, involved putting the Regenerative Thermal Oxidizer (RTO) and the trigeneration plant into full operation – will be completed by the end of 2020 with the construction of a new warehouse to store waste that must undergo volume reduction treatment (SESI line). Since the waste to be stored there is flammable, the new building will be equipped with special firefighting 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 from the competent authorities on 11 January 2018, real estate development activities started in the property owned by the Company, through the preliminary closure of the landfill in the same area. 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 has been submitted to the City of Swansea, and construction works for the first infrastructures of the urban complex have begun (surface drains and accessways). Building works of residential units in the first lot (28 units out of 300) are about to start, and the sale will presumably begin in January 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 reported, at the hearing held on 04 March 2020, the Polish Council of State, against all predictions and completely unexpectedly, 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, it is worth noting that, according to one of the possible scenarios to give value to this initiative – also by virtue of the new provisions reforming the Polish law on waste – the project could, in any case, develop as of now 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.

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

On 04 June 2020, the Metropolitan City of Turin issued an adverse opinion 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, has already instructed its legal advisors to challenge this decision.

- **Incorporation of B&A Waste Management Co. LLC in the United Arab Emirates, a Joint Venture between Ambienthesis Middle East DMCC and B&A Waste Management Co. LLC**

The company "B&A Waste Management Co. LLC", 51% owned by Bee'ah Sharjah Environment Co. LLC ("Bee'ah") and 49% owned by Ambienthesis Middle East DMCC, was established in Dubai under the laws of the United Arab Emirates on 13 January 2020. This has translated into the implementation, pursuant to the Shareholders Agreement already executed, of the Joint Venture with Bee'ah, the main waste management operator in the United Arab Emirates.

By establishing this new legal entity, the product of the Joint Venture referred to above, the process for the development of joint business initiatives has kicked off – albeit much slower than we had hoped, due to the ongoing health emergency – in the United Arab Emirates region, and in the broader area falling within the scope of the international organisation known as Cooperation Council for the Arab States of the Gulf (comprising Saudi Arabia, Bahrein, United Arab Emirates, Kuwait and Oman), in the sectors of waste management and waste to energy, as well as of soil and water remediation.

- **"Chalamy" landfill in Issogne**

On 24 May 2019, Regione Autonoma Valle d'Aosta transferred the authorisation to build and operate a landfill for special inert waste, called "Chalamy" and located in Issogne (AO), in the name of Dimensione Green. The changes in the regulatory framework of Regione Valle d'Aosta, which became evident with the approval of the

2020-2022 Regional Stability Law on 03 February 2020, led to the resolution of 17 March 2020, whereby the Regional Council revoked the Authorisation to carry out works for the management of non-hazardous waste in the above-said landfill, without prejudice to the possibility to carry out, pursuant to Article 21, paragraph 2 of Regional Law 3/2020, works concerning the activities for the management of waste under Table 1 of Article 5 of Ministerial Decree 27 September 2010 (inert waste). On 01 July 2020, the Company challenged the aforesaid resolution of 17 March 2020 before the Valle d'Aosta Regional Administrative Court.

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

On 24 April 2020, 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.

- **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.

In order to carry out the required Due Diligence process, the Prospective Buyer asked to postpone the deadline to complete such process first to 30 June, and then to 31 December of this year, and the final deadline for the Parties to finally proceed to execute the notarial deed to transfer the property complex itself to 30 September, later postponed to 31 March 2021, subject to certain conditions precedent being satisfied.

- **New Specialist Operator Intermonte SIM S.p.A.**

As of 01 April 2020, Intermonte SIM S.p.A., a major independent investment bank in the Italian financial market, has replaced Banca Akros S.p.A. as Specialist Operator in charge of providing liquidity support for the ordinary shares of the Company, pursuant to Article 4.4.1 of the Rules of the Markets Organised and Managed by Borsa Italiana S.p.A., and Article IA.4.4.1 of the corresponding Instructions.

Such appointment, having an initial term of 24 months, falls within the scope of a broader plan agreement aimed at keeping the investors' attention high.

- **Issue of an Euro 8 million debenture loan with duration of seven years in the framework of "Programma Elite – Intesa Sanpaolo Basket Bond", aimed at supporting its business plan**

On 31 March 2020, Ambienthesis S.p.A., as Issuer of the Securities, placed a non-convertible, non-subordinated and unsecured debenture loan having a principal amount of Euro 8 million, fully subscribed by Intesa Sanpaolo S.p.A.

The bond issue – carried out by virtue of an agreement executed by and between the Issuer itself, Intesa Sanpaolo S.p.A. as initial subscriber of the Securities, and Banca IMI S.p.A. as Arranger of the Transaction – involved 80 Securities having par value of Euro 100 thousand each.

The security was fully subscribed by Banca Intesa Sanpaolo in the framework of the broader Basket Bond transaction launched in partnership with ELITE, London Stock Exchange Group's international business platform aimed at accelerating the growth of business through an organisational and management development approach. The innovative Basket Bond mechanism meets the medium-long term financing needs of companies, to ensure the implementation of their development and investment plans.

The Transaction was arranged by Banca IMI S.p.A., the investment bank of Intesa Sanpaolo Group. The bonds, fully subscribed by Intesa Sanpaolo S.p.A., will then be subject to a securitisation transaction intended for institutional investors. The Securities, which are issued as dematerialised securities and held at Monte Titoli S.p.A., are represented by bookkeeping systems and their ownership will be transferred through such systems, in accordance with the provisions of Article 83-bis of the Consolidated Finance Act and of the joint regulation adopted by Bank of Italy and Consob by Decree of 13 August 2018 (Rules governing central counterparties, central securities depositories and central depository services – “Joint regulation on post-trading”).

The debenture loan repayment plan will be based on an amortisation schedule over 7 years, inclusive of a pre-amortisation period of 2 years. Interest on bonds, i.e. 3.30% per year, will be paid every six months on a deferred basis.

The Rules governing the debenture loan provide for specific economic and financial covenants and for certain threshold values to be met in terms of Net Financial Position/EBITDA, Net Financial Position/Shareholders’ Equity, and EBITDA/Gross interest payments. The same were met upon issue, as they are now, with reference to figures as at 30 June 2020, i.e.

BOND COVENANTS		30/06/2020
<	2.5x Leverage ratio	0.4x
>	4.0x Interest cover ratio	8.3x
<	0.75x Gearing ratio	0.03x

All the above – consistently with the underlying assumptions of broadening the sources of funding with a view to supporting the Company’s growth – is expected to result, in the short term, in transactions that will allow supplementing the Group’s plants in the field of both environmental remediations and disposal and treatment of industrial waste.

▪ **Distribution of 2019 dividends**

The Shareholders’ Meeting held on 21 May resolved to distribute a gross dividend of Euro 0.0105 per outstanding ordinary share entitled to profits, i.e. an aggregate amount of Euro 926 thousand, up by +31.25% compared to the dividend declared and distributed in relation to the 2018 financial statements. The dividend was paid starting from 17 June 2020 (payment date).

▪ **Ambienthesis S.p.A., in cooperation with the Circular Economy Lab, launched a scouting activity aimed at identifying innovative start-ups and SMEs to develop projects of interest in the field of technological innovation of products and processes, also consistently with the guidelines of Circular Economy**

In May 2020, Ambienthesis S.p.A., together with three other companies of the Greenthesis Group, launched a targeted scouting activity aimed at identifying and selecting business projects with high innovative content in the field of the integrated waste cycle. This was done in cooperation with the Circular Economy Lab, an initiative sponsored by Cariplo Factory and Intesa Sanpaolo Innovation Center, focussing on the design, development and provision of innovation-specific services linked to Circular Economy. Such scouting activity aims at identifying, by applying open-innovation models, new-generation solutions and technologies in the field of circular economy, with a twofold goal: to develop innovative business processes and to trigger cross-industry synergies across different sectors; all the above based on an approach that fully meets the principles of environmental sustainability and is chiefly oriented at creating shared value.

More specifically, the above-said scouting activity translated into a call for bids, from 27 May to 30 June 2020, with a view to selecting existing start-ups, innovative SMEs and research projects able to provide technological solutions that are useful for the Greenthesis Group’s (and, therefore, for Ambienthesis’) business, which, once

implemented, will ensure high technological maturity, energy efficiency and low environmental impacts.

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

▪ **Ambienthesis S.p.A. – New contracts**

In July 2020, Ambienthesis acquired yet another important contract, concerning the capping of Lot 5 at the land-fill of Barricalla S.p.A., in the Municipality of Collegno (TO).

Such works will be carried out in the framework of a Temporary Business Grouping of which Ambienthesis is a member, for an aggregate amount of approximately Euro 4.5 million.

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 good results achieved in the first half of the year prove that the various actions implemented at management level, and especially the more capillary market penetration and strengthening of financial resources, have managed to contain the adverse economic impact of the health emergency significantly. It is also believed that in the second half of the year – consistently with the underlying concepts of the Group’s strategic plan operating guidelines – the Company’s dynamics will return in line with our growth targets as set.

In Chairman Giovanni Bozzetti’s words, “The constant effort in streamlining management together with the Company’s economic and financial solidity have enabled us to soften the impacts of the Covid-19 health emergency significantly, as evidenced by the increased profitability in relation to turnover. The Company’s growth has continued not only in financial terms, but also from the viewpoint of innovation, international development, corporate welfare and social responsibility, which make Ambienthesis even more a reference point for best circular economy and environmental sustainability dynamics in the market”.

Segrate, 06 August 2020

On behalf of the Board of Directors
The Chairman
Giovanni Bozzetti