FINANCIAL REPORT 2019

FINANCIAL STATEMENTS AS OF 30 SEPTEMBER 2019

TABLE OF CONTENTS
FINANCIAL REPORT 2019 - FINANCIAL STATEMENTS

PROFILE AND CORPORATE STRUCTURE

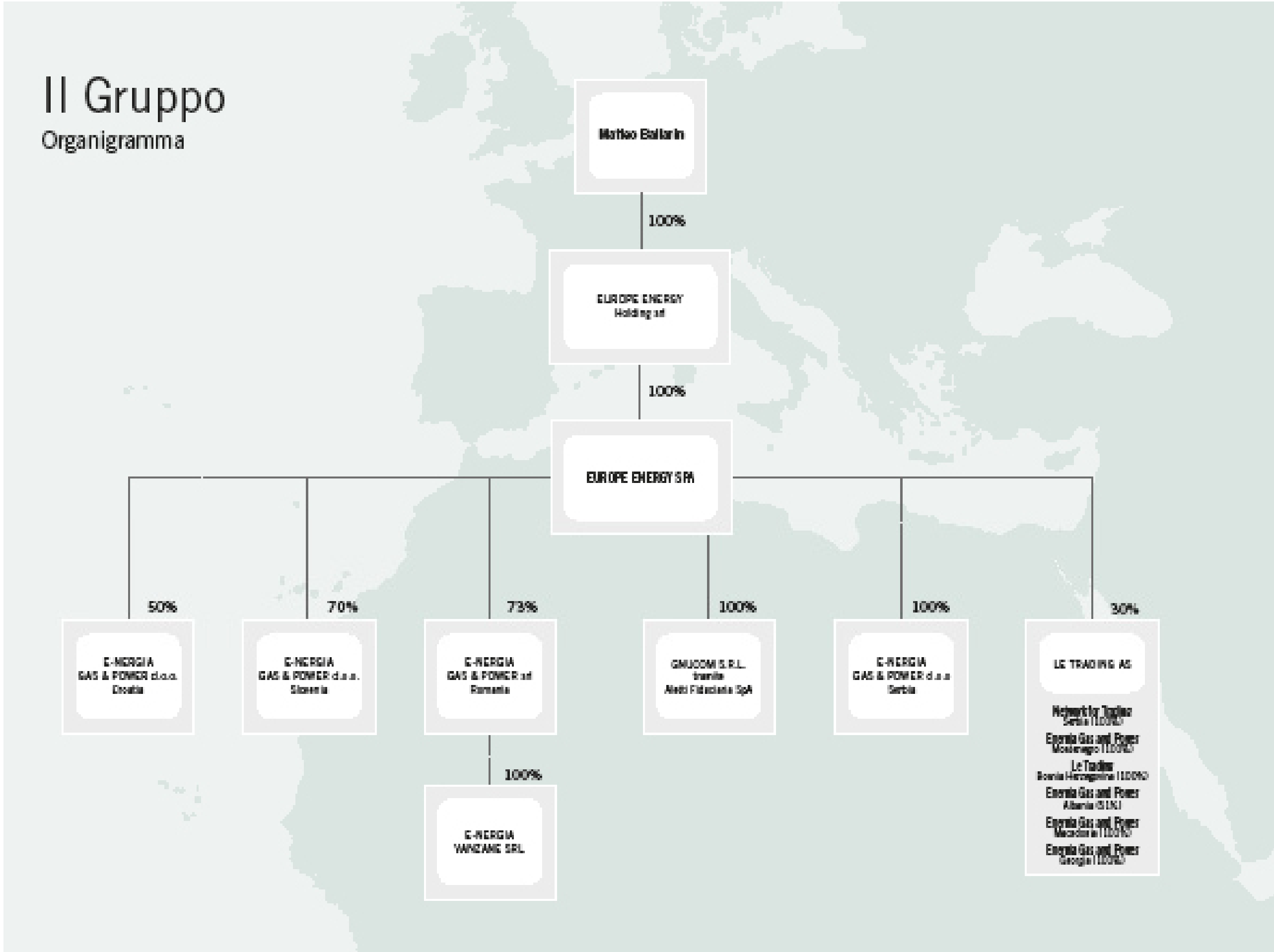
01

Europe Energy S.p.A is a joint-stock company established on 31 July 2007.

The reporting period saw the company generate a profit for the year equal to Euro 3,436 thousand, compared with Euro 3,168 thousand in the previous year.

This financial report has been drawn up in accordance with international accounting standards, even though the parent company has prepared its financial statements by applying Italian accounting standards, as usual.

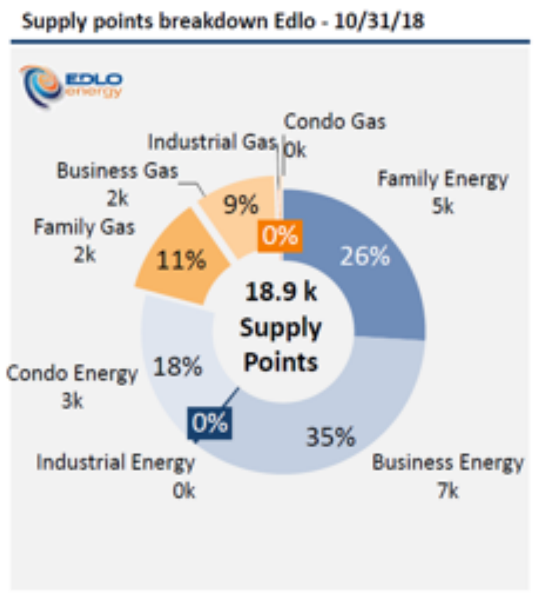
The following image shows the companies that make up the Europe Energy S.p.A. Group as of 30/09/2019:

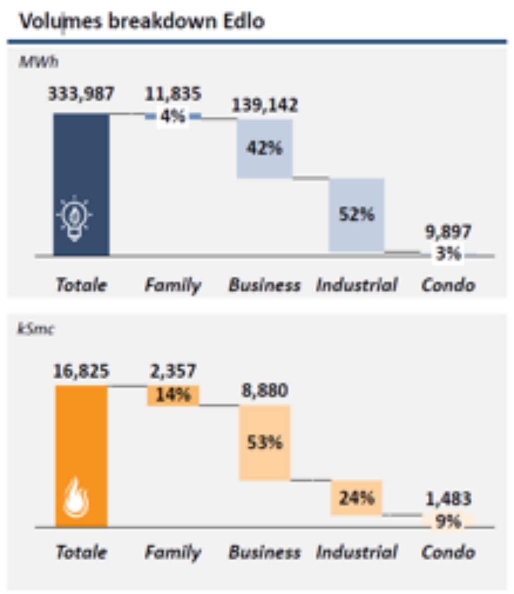


It should be noted that, over the course of the year, the following events occurred:

- On 1 October 2018, the business branch of Edlo Energy S.r.l. relating to the sale of electricity and gas was acquired, mainly made up of end clients. In particular, this covers 16,362 sampling points, of which approximately 13,800 are situated in the north of Italy;

The following image provides a breakdown of the details of this business branch.

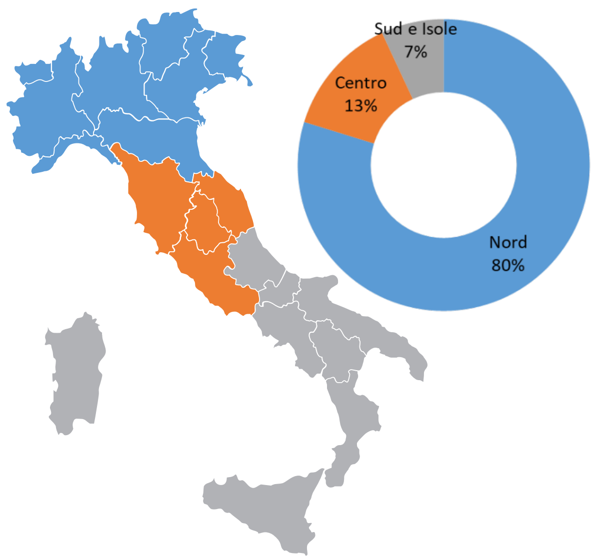




- On 15 April 2019, the company signed a framework agreement with Green Network for the provision of network services for one year, in relation to which it subsequently provided the counterparty with transport and dispatching services;

- During the reporting period, a number of transactions involving "bundles" of customers were completed, leading to the addition of approximately 17,000 customers, mainly aimed at shifting the geographic focus of the customer portfolio with a particular emphasis on north/north-east Italy;

Upon completion of the aforementioned transactions, as of the closing date of the financial year, the geographical distribution of our customers in Italy was as follows:



During the current financial year, trading activities have continued to mature, undergoing a gradual strategic change to become a perfect logistic platform, allowing us to trade electricity and gas anywhere in Europe. We thus intend to seize as many opportunities as possible that are presented to us by the European end-customer market.

To date, Europe Energy S.p.A. operates on all major continental market platforms, whether they be official Power Exchange points or OTC brokerage platforms.

Our geographical coverage of the market, either directly or through subsidiaries and/or associated companies, now stretches from Great Britain to Turkey and from Spain to Ukraine. To date, Europe Energy S.p.A. represents one of the most well-distributed and well-developed logistic platforms in Europe.

Countries where Europe Energy is able to trade electricity:

Countries where Europe Energy is able to trade gas:

Supply points in Italy increased from 33,786 as of 30 September 2018 to 76,567 as of 30 September 2019, (+127%), with performance also being affected by the inorganic growth of the portfolio, as mentioned above. As at the end of the financial year, there were 48,528 supply points for electricity and 27,915 for natural gas. The first customers in the Fibre and Mobile segments must also be added to these figures, totalling 110 and 14 respectively at the end of the financial year.

Countries where Europe Energy is active in the retail market:

On 12 June 2019, Cerved Rating Agency S.p.A. confirmed the rating B 1.2 (investment) previously assigned on 15 March 2018 to Europe Energy S.p.A.

Cerved Rating Agency S.p.A. is registered as a European rating agency (Credit Rating Agency, CRA), pursuant to Regulation (EC) no. 1060/2009 as amended, and is supervised by the ESMA. Cerved is also recognised as an External Credit Assessment Institution (ECAI) under EU Regulation No. 575/2013 of the European Parliament.

The attribution of the rating creates significant benefits when it comes to reducing the amount of bank guarantees required by counterparties.

CORPORATE STRUCTURE

The share capital of Europe Energy S.p.A. is divided into 5,000,000 shares, each with a nominal value of Euro 1. As of today, all shares are held by Europe Energy Holding S.r.l. (a single shareholder company).

No changes have occurred in the corporate management system adopted, which continues to be "traditional".

COMPANY BODIES

Board of Directors

Chair

Matteo Ballarin

Managing Director

Antonio Schiro

Board of Statutory Auditors

Stefano Breno - Chair

Tommaso Zanini

Federico Grigoli

Independent Audit Firm Deloitte & Touche S.p.A.

KEY FIGURES

02

The company recorded a pre-tax profit of Euro 5,468 thousand (+ 16.7% compared to Euro 4,683 thousand at 30/09/2018) and EBITDA of Euro 8,654 thousand (+ 80,7% compared to Euro 4,788 thousand at 30/09/2018) with the net profit for the year amounting to Euro 3,436 thousand (+ 8.4% compared to Euro 3,168 thousand at 30/09/2018).
Total revenues and income amounted to Euro 978,383 thousand (Euro 450,888 thousand at 30/09/2018).

Since the first months of 2018, the number of end customers outside of Italy has continued to grow, through the relative subsidiaries or investee companies in Romania, Croatia, Slovenia and Serbia. As of 30/09/2019, these companies count:

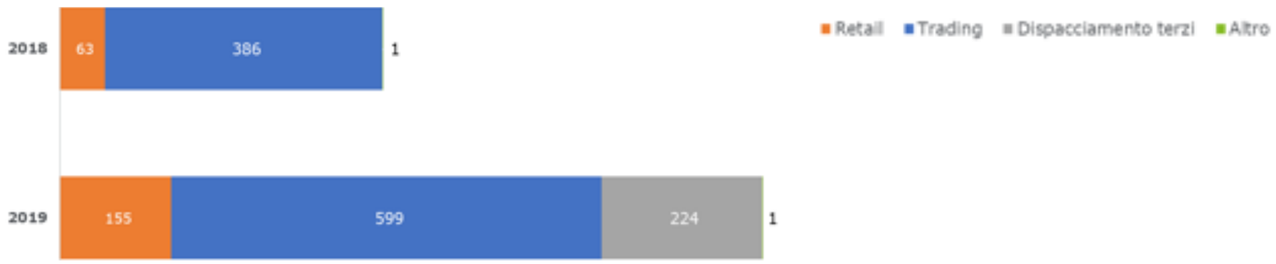
- Energia Gas & Power S.r.l. Romania: 6,011 active gas customers and 4,217 active electricity customers, for a total of 10,228 supply points.
- Energia Gas & Power D.o.o. Slovenia: 632 electricity customers;
- Energia Gas & Power D.o.o. Croatia: 363 electricity customers;
- Energia Gas & Power D.o.o. Serbia: 4,406 electricity customers;

The result for the year is shown below (along with the percentage weighting of individual items on the gross margin):

Euro/1000	Figures as of 30/09/19	%	Figures as of 30/09/2018	%
Revenues and income	978.382		450.888	
Cost of raw materials	-946.948		-433.147	
Gross margin	**31.434**	**100%**	**17.741**	**100%**
Personnel costs	-6.023	-19%	-3.357	-19%
Other operating costs	-16.757	-53%	-9.596	-54%
EBITDA	**8.654**	**28%**	**4.788**	**27%**
Depreciation and amortisation of tangible and intangible assets	-2.745	-9%	-105	-1%
EBIT	**5.909**	**19%**	**4.683**	**26%**
Income and expenses from companies of the Group	428	1%	573	3%
Financial management	-870	-3%	-573	-3%
Profit before taxes	**5.468**	**17%**	**4.683**	**26%**
Taxes	-2.032	-6%	-1.515	-9%
RESULT FOR THE YEAR	**3.436**	**11%**	**3.168**	**18%**

During the year, compared to the previous year, the value of production increased by 117%, which was forecast and reported in the Group's business plan. This performance is mainly due to the increase in the number of end customers and to the increase in energy trading, as well as the effect of the aforementioned agreement to provide network services to third parties.

The following chart provides the breakdown by business segment of the increase in revenues compared with 2018 (figures in Euro million).



We would like to highlight the effectiveness of our hedging policies and our implicit search for risk-free solutions, which have led to expected results being achieved in terms of EBITDA, despite the volatility that characterised raw material prices during the reporting period (please note that the price of electricity futures on European stock exchanges during the period in question fluctuated by up to 20%).

Margins nonetheless increased with regard to energy and natural gas brokerage (gross margin), thanks to an increasing focus on retail activities, supported by the great expertise of our trading floor (we believe this to be a particularly winning combination).

In fact, gross margin increased from Euro 17,741 thousand at 30/09/2018 to Euro 31,434 thousand at 30/09/2019.
This increase in gross margin is directly linked to the increase in the number of customers supplied, while the reduction is down to the increase in the cost of raw materials, as mentioned above.
EBITDA performance was excellent, increasing from Euro 4,788 thousand to Euro 8,654 thousand (+81.9%).
Operating profit (EBIT) for the year amounted to Euro 5,909 thousand (Euro 4,683 thousand at 30/09/2018).
Net financial expenses amounted to Euro -870 thousand compared to Euro -573 thousand in the previous year.
During the reporting period, the company continued to work and invest to affirm and consolidate its presence in European markets. Building relationships with leading players and accessing the main European platforms remain strategic milestones for the company's development and are being pursued in line with expectations.
Net debt increased by 58% compared to the previous year (Euro 7,628 thousand), details of which, in terms of structure and changes, are provided in the following table:

Euro/1000	Figures for the financial year as of 30/09/19	Figures for the financial year as of 30/09/18	Change
Non-current financial liabilities	1.454	636	818
Long-term net debt	**1.454**	**636**	**818**
Cash and cash equivalents	-5.026	-5.549	523
Other current financial assets	-7.099	-4.011	-3088
Current financial receivables	0	0	0
Current bank payables	31.350	21.974	9.376
Other current financial liabilities	0	0	0
Current financial lease payables	0	0	0
Short-term net debt/(cash)	**20.678**	**13.050**	**7.628**
NET DEBT	**20.678**	**13.050**	**7.628**

The increase in the NFP compared with 30 September 2018 was expected and was caused by the increase in the end customer portfolio, i.e the acquisition of customers. In addition to the acquisition cost, this operation also intensified the normal dynamics experienced in our reference market, in terms of the negative cash flow that is typical when selling to end customers. It should be remembered that, in the energy market, it is necessary to pay the electricity stock exchange for the raw material during the week immediately after the purchase, whereas payments are received from customers according to the normal time frames for bills (around the end of the following month). Increasing the sale of energy to end customers therefore normally leads to an increase in debt, as lines of credits are used to compensate for this time lapse.
The NFP/EBITDA ratio remains excellent, at 2.39, representing top market performance.
During the reporting period, there was once again the need to use part of the liquidity position as a guarantee on lines of credit for the issue of sureties in favour of European network operators and electricity suppliers.
Difficulties continue linked to the rating of the various Italian credit institutions (with just a few exceptions). In fact, their rating is often not sufficient to meet the requirements of institutions and/or large counterparties (such as ENI, Enel, Terna, EDF, EOn, RTE, etc.), especially not if they are foreign, who demand an investment-grade rating. From an economic point of view, the deterioration of conditions in Italy's credit market over recent years has also led to increasing costs for lines of credit.
Security deposits paid by the company to guarantee electricity and natural gas purchases amounted to a total of Euro 2,938 thousand (Euro 1,534 thousand at 30/09/2018).
Performance in terms of collecting receivables has also suffered as a result of the generally slower payment terms in the current economic context, despite the utmost attention being paid to compliance with remittance terms.
With regard to cash flows, the table below provides details of cash flows from the reporting period and from the previous year, which clearly show the financial dynamics described above:

Euro/1000	Figures as of 30/09/2019	Figures as of 30/09/2018	Change
Cash and cash equivalents at the beginning of the year	**5.549**	**4.508**	**1.041**
Cash flows from operating activities	-553	4.519	-5.072
Cash flows from investment/divestment activities	-7.075	-2.361	-4.714
Cash flows from financing activities	7.104	-1.117	8.222
Cash and cash equivalents at the end of the year	**5.026**	**5.549**	**-523**

The table below provides details of the capital structure, in terms of its composition and changes:

Euro/1000	Figures for the financial year as of 30/09/2019	Figures for the financial year as of 30/09/2018	Change
Non-current net assets:			
- tangible and intangible assets	42.899	10.306	32.593
- equity investments	3.766	2.909	857
- other non-current net assets/(liabilities)	0	0	0
Total	**46.665**	**13.216**	**33.450**
Net working capital:			
- trade receivables	271.935	95.442	176.493
- other current net assets/(liabilities)	3.736	15.568	-11.832
- trade payables	-280.636	-91.590	-189.046
Total	**-4964**	**19.420**	**-24.384**
Gross invested capital	**41.701**	**32.636**	**9.065**
Miscellaneous provisions:			
- employee benefits	-660	-415	-245
- provisions for risks and charges and net deferred taxes	826	417	408
Total	**166**	**2**	**164**
Net invested capital	**41.867**	**32.638**	**9.229**
Shareholders' equity	21.189	19.588	1.601
NET DEBT	**20.678**	**13.050**	**7.628**

The balance sheet highlights the effects of the significant changes implemented to the business, whose full effects on the income statement shall be seen starting from the next financial year. In particular, the important investments made in non-current intangible assets refer to the organic and inorganic growth of the Customer List. The reduction in other net assets is mainly down to the fair value valuation of the open trading positions on the market as at the precise closing date of the financial year. In this regard, a different timing is to be noted compared with the previous year, in the sense that there was a prevalence of positions that were already closed and completed during the year compared with open positions valued at fair value. The changes in terms of trade receivables and trade payables are very closely linked to the increase in turnover. In fact, they refer to the approximately 1-2 months of turnover that did not have a financial expression at the end of the year.
The company's equity covers 51% of the net capital invested (60% at 30/09/2018). Shareholders' equity increased due to the combined effect of the positive result for the year, partially compensated for by the Euro 1.8 million relative to the accounting effects of adopting the new IFRS 9 and IFRS 15 standards, as better explained in the explanatory notes to the financial statements. The increase in net debt is due to working capital dynamics, as better explained in the comments regarding cash flows.

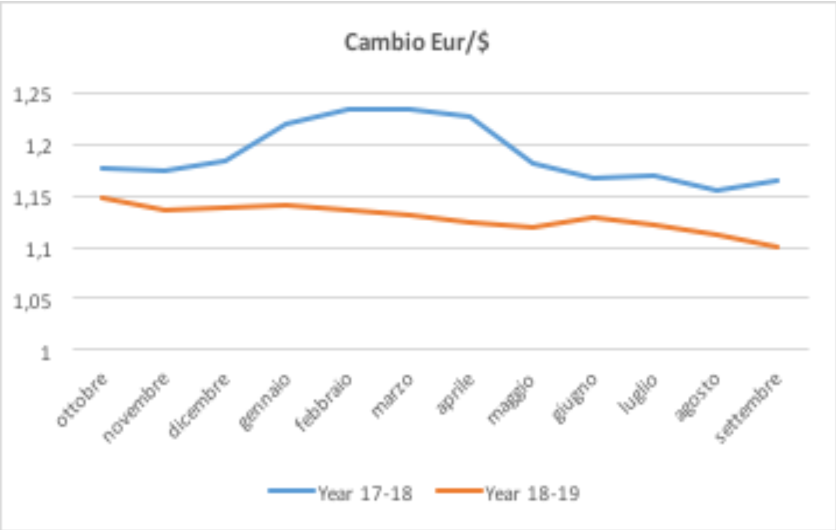
ECONOMIC FRAMEWORK OF REFERENCE

03

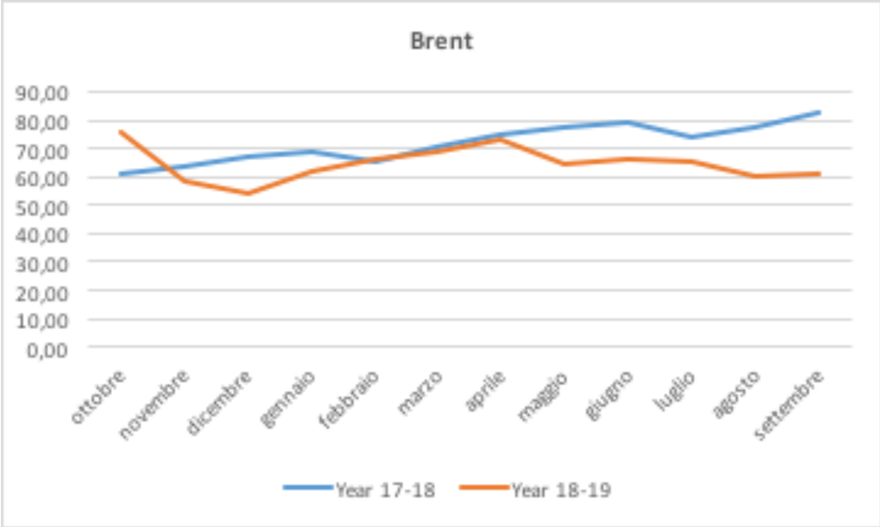
»

During the first nine months of 2019, the global economic slowdown continued, as reflected by GDP performance in the main industrialised and emerging countries. Compared with the past, the slowdown also affected industry, especially manufacturing: in fact, for the first time since 2009, a decline was recorded in global trade. Growth continues to be severely penalised by the uncertainty surrounding the tensions between the United States and China, which led to the two countries applying higher customs duties on each other's imports, which were then reduced or postponed awaiting the next bilateral meetings. The main central banks continued to adopt monetary policy to support the economy: the ECB announced a package of measures aimed at combating the continuing weakness of the European economy, whereas the FED reduced interest rates to tackle the slowdown of the country's growth rate. With reference to the United States, the slowdown in real GDP growth reflected the stagnation of non-residential investments and the decline of residential investments, as well as the drop in exports. The US manufacturing rate was affected by American companies' fear of a recession due to the high level of economic instability, leading to the worst downturn of the last ten years in September. These declines were partially compensated for by the increase in spending for private consumption and federal government spending. China has already expanded its fiscal policy, providing assistance for families and companies, and has eliminated a number of restrictions on foreign investments, encouraging a depreciation of the exchange rate. The depreciation of the yuan also weakened the currencies of the other main emerging markets, contributing to the slowdown in world trade. Elements of instability also continue in Europe, such as the risk of a Hard Brexit and the ongoing transformation process of the German automotive industry.

The Italian economy is also experiencing a slowdown, together with the other main European countries. In this regard, the new government announced a strategy involving a policy coordinated with European partners which, together with the reduction in international rates, contributed to reducing the public debt burden. During the first nine months of 2019, a 6.0% depreciation of the euro against the US dollar was recorded compared with the same period in 2018, with the average euro/US dollar exchange rate amounting to 1.12 in a context of the global economy slowing down. Considering monthly variations, the exchange rate recorded declining performance from the beginning of the year, with an exception in June, when expectations regarding a cut in interest rates by the FED led to a weakening of the US dollar. The appreciation of the dollar was supported by the greater resilience of the US economy in the face of global geo-political tensions and by the weak macroeconomic performance of the euro area. As a result, during its last meeting in September, the ECB announced a new set of stimulus measures, including a cut to the deposit rate and the return to quantitative easing starting from November 2019, for an undefined amount of time: the headquarters in Frankfurt declared that rates would remain at their current level or would be reduced based on how inflation develops, in order to encourage inflation to remain close to the objective of 2%.



With regard to the oil markets, the average stock market price of crude oil during the first nine months of 2019 amounted to USD 64.7/bbl, down 11.0% compared with the average price recorded in the same period in 2018. During the first four months of the year, the stock market price of Brent oil recorded an increasing trend, supported by the renewed commitment of OPEC and partner countries to reduce production. Prices then fell, to USD 62.0/bbl in the third quarter, down 18.4% compared with the same period the year before and 9.2% compared with the second quarter of 2019. The average crude oil price in euro amounted to € 57.6/bbl, down 5.4% compared with the first nine months of 2018. The main factors putting pressure on prices during the year included the aforementioned trade tensions, excess stockpiles and robust production on the US market, in a context that showed signs of the global economy slowing down, leading to a drop in demand for oil products. These dynamics further strengthened the high level of volatility that normally characterises crude oil prices. In September, prices increased, supported by attacks on certain Saudi infrastructure, making a large part of production capacity unavailable.

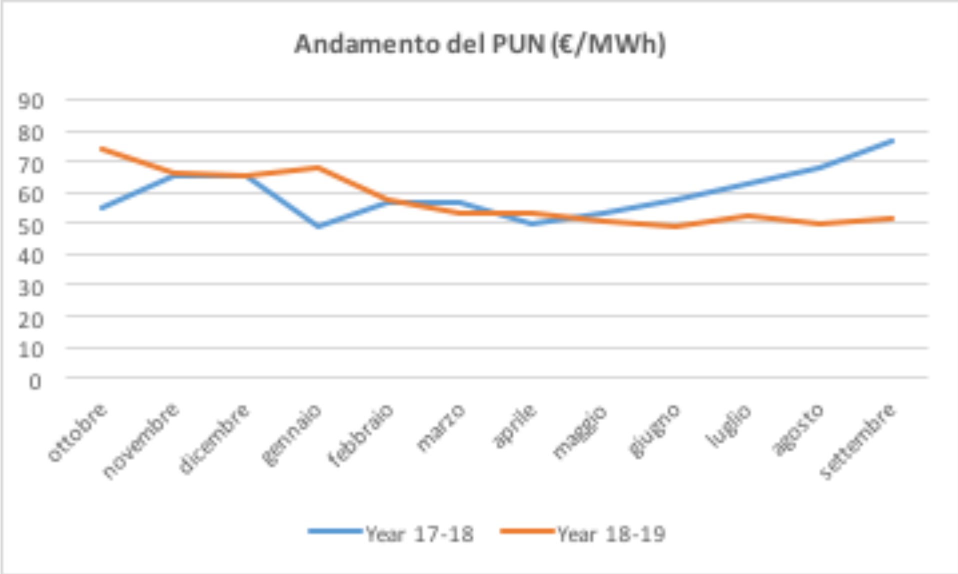


ENERGY MARKET TREND

04 »

ELECTRICITY

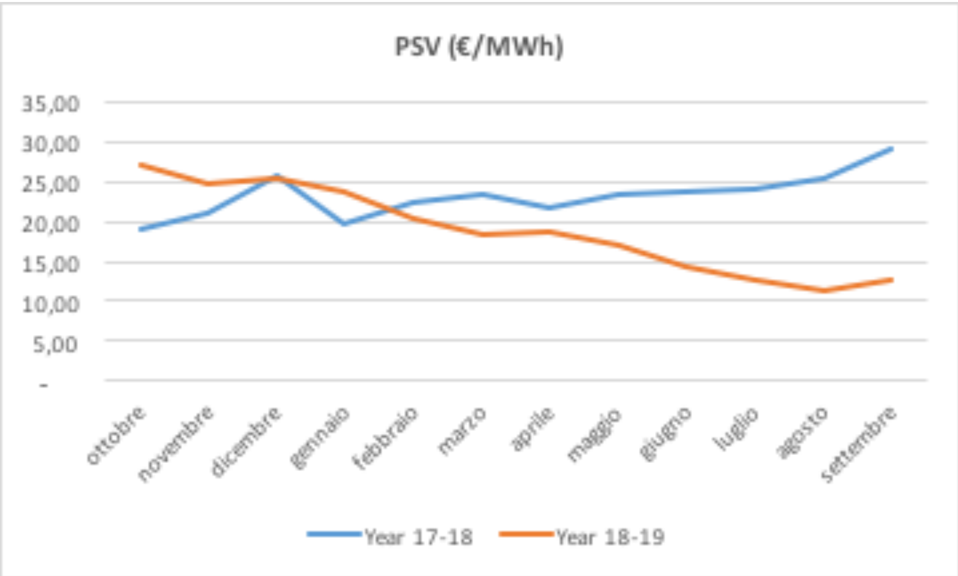
With reference to prices as of 30 September 2019, the average value of the time-weighted average ("TWA") for the "single national price" (in Italian: "PUN") in 2019 amounted to Euro 53.8/MWh, down by almost 9% compared with the figure for the same period of the previous year (Euro 58.9/MWh). The average for the third quarter of 2019 amounted to Euro 51.0/MWh, substantially in line with the previous quarter and down 25.9% compared with the same period in 2018. This reduction was mainly down to the decline in gas prices; furthermore, compared with the previous year, weather conditions during the summer were less extreme and there were less critical issues on the European market, leading to a limited change to prices during the last quarter.
Analysing the monthly evolution of the PUN, the most significant variances were recorded in January and September (+38.1% and -32.9% respectively compared with the same months of the previous year): in January, there was a significant reduction in imports from neighbouring countries due to limitations on interconnection capacity at the northern border. Starting from May, year-on-year prices began to fall at an increasing rate, in line with the decline in gas prices and in the context of a virtually stable level of demand compared with the previous year.
The monthly trend compared with the previous year is shown in the graph below:



During the first nine months of 2019, area prices also recorded a decline, down 9% across all areas and with a more moderate decrease in Sicily, equal to 4.6%. F1, F2 and F3 hourly periods recorded a decline across all time bands, in line with the PUN trend (-8.9%, -8.2% and -9.0% compared with the first nine months of 2018). This downward trend was also to be seen with regard to prices in foreign countries: in particular, during the first nine months of 2019, France recorded a drop of 14.8% compared with the same period of the previous year, with prices amounting to Euro 39.2/MWh, while Germany recorded a reduction of 8.9%, with prices recording an average of Euro 38.0/MWh

GAS

With reference to the first nine months of the year, demand for natural gas amounted to 53.9 billion cubic metres, recording a significant increase of 2.5 billion cubic metres compared with 2018 (+4.9%). This was mainly due to the contribution of thermoelectric power plants (+15.2%), substantially linked to economic factors, such as the decrease in the availability of water resources recorded during the first months of the year. During the first nine months of 2019, the spot gas price in Italy recorded a decline of 30.1% compared with the same period in 2018, reaching €c 17.5/scm. Prices recorded a downward trend throughout the year, with an average value of €c 12.9/scm during the third quarter, down 53.5% compared with the same period during the previous year. The Virtual Trading Point-TTF spread was extremely volatile during the period, recording an average of €c 2.8/scm during the first nine months of the year, up significantly (€c +1.3/scm) compared with the first nine months of 2018. During the third quarter, the price differential amounted to €c 2.0/scm, down by €c 1.8/scm compared with the previous quarter.



REFERENCE LEGISLATIVE AND REGULATORY FRAMEWORK

05 »

Reference is made to the most significant reforms introduced during the reporting period regarding the regulation of the industry in which the company operates.

Prescriptive proceedings initiated by resolutions 342/2016/E/Eel and 459/2016/E/Eel, and subsequent amendments, passed by the Authority

Following the results of the investigation, as part of this procedure, the final prescriptive measures were filed, with which the Authority verified non-diligent strategies - as part of UC and UP planning - allegedly used by operators to make significant margins; by adopting these measures, the operators in question have been ordered (if they haven't already done so) to refund Terna the amounts deriving from the application of imbalance fees from which they allegedly unduly benefited.

As at the date of drawing up the financial statements, the company had lodged an appeal with the Council of State against the judgement passed by the Regional Administrative Court regarding UC imbalances at the first hearing - in relation to UCs - and had the court appoint an expert witness (so-called "inspector", in the person of the Head of the Economics Department at the Bicocca University) to assess the real impact of these imbalances on the uplift, to the detriment of the end customers - in accordance with ARERA's interpretation - the Italian Regulatory Authority for Energy, Networks and Environment - (which, until now, ARERA has used as the basis for its requests for refunds to traders); the inspector's report contributed well to the company's position and we are currently awaiting the next hearing, scheduled for the second half of March, before the Council of State.

Approval of the proposal for balancing terms and conditions, submitted pursuant to EU Regulation no. 2017/2195 ("Balancing Regulation") and compliance checks for the relative proposals to amend the network transmission, dispatching, development and safety code - resolution no. 535/2018/R/EEL of 23 October 2018

With the publication of resolution no. 535/2018/R/EEL, ARERA approved the proposal for terms and conditions relating to balancing services, prepared by TERNA in accordance with EU Regulation no. 2017/2195 (the so-called "Balancing Regulation"), and checked the relative amendments to the Network Code with a positive result, with the exception of those concerning coordination

between the intraday market (in Italian: "MI") and the Dispatching Services Market (in Italian: "MSD"). More specifically, the proposals to amend the Network Code refer to two main issues: i) coordination between the dispatching services market and the Replacement Reserve exchange Platform (hereinafter, "RR Platform"), necessary to integrate the European balancing market segment into the national dispatching segment; ii) coordination between the intraday market and the dispatching services market, in view of the future introduction of continuous intraday trading hour h-1, as required by European Regulation no. 2015/1222 (the so-called CACM Regulation).

Provisions to strengthen safeguards to the benefit of end customers in the event of amounts being invoiced referring to consumption dating back more than two years - resolution no. 569/2018/r/com of 13 November 2018.

From 1 January 2019, also for gas bills, should the seller or distributor be responsible for significant delays with invoicing, the customer may object and only pay the invoiced amounts relating to consumption within the last two years. In order to increase transparency regarding the amounts that may be specified and to make it easier for customers to exercise their rights, sellers shall be obliged to issue a separate invoice containing only the amounts relating to consumption dating back more than two years. Alternatively, these amounts must be clearly and comprehensibly indicated in the invoice, which also contains the amounts relating to consumption within the last two years. In any case, sellers are required to inform customers of the possibility to object to the amounts that may be specified and to provide a format that makes it easy for them to provide notification of their intention not to pay.

Measures resulting from the provisions of Italian Law no. 205/2017 with reference to electronic invoicing, regarding "bill 2.0", the standard network code for electricity transport services and the standard network code for the distribution of natural gas - resolution no. 712/2018/r/com of 27 December 2018

This measure introduces the initial provisions regarding concise bills for end customers and documents recording natural gas distribution and electricity transportation services, necessary to substantially coordinate the Authority's current regulations with the new legislation on electronic invoicing referred to by Italy's 2018 "Budget Law". The aim of this is to ensure that the purposes outlined by sector regulations are achieved, in accordance with new legislative obligations.

ELECTRONIC INVOICING HAS COME INTO FORCE: legal obligations introduced by Art. 1, paragraphs 909-916, of Italian Law no. 205 of 27 December 2017 (the so-called 2018 Budget Law)

The law in question states that, from 1 January 2019, invoices for the supply of goods and for the provision of services, between persons resident in Italy or established in Italy for VAT purposes, must only be exchanged through the "Electronic Data Interchange" system (in Italian: "SDI"), in accordance with the procedures indicated therein, with the exception of certain exemptions and electronic invoicing already in place with the PA. Electronic invoices issued to end consumers are made available to the latter by the Italian Revenue Agency's telematic services.

Resolution no. 103/2019/r/eel of 19 March 2019 - additional provisions regarding the breakdown of the main network into areas, upon completion of the review process pursuant to (EU) regulation no. 2015/1222 ("CACM") resolution no. 109/2019/r/eel of 26 March 2019

The process to review the areas belonging to the Terna network will be completed as of 1 January 2021, moving Umbria from the Centre-North area to the Centre-South and introducing a new Calabria area with the elimination of the limited production hub of Rossano and the subsequent zeroing of virtual areas. This was decided by the Energy Authority through resolution no. 103/2019/R/eel, which specifies that, considering that the creation of the Calabria area shall increase the number of physical areas from six to seven, with subsequent impacts on how the 'price coupling of regions' cross-border mechanism works, this shall be subject to the competent power exchange operators approving a request to increase the PUN order feature of the Price Coupling Algorithm, necessary to handle the growing number of purchase offers involved with the creation of the new area. This resolution grants a mandate to the GME (Italian power exchange) to take the necessary steps in order to get the authorisation in good time. The decision to make this change as of 2021 is down to the time frames required for the aforementioned operation and is also due to the fact that moving Umbria before this would have had a significant impact on the services provided to safeguard the areas of Tuscany, Marche and Umbria, to be provided throughout 2020.

Resolution no. 246/2019/r/com of 18 June 2019: integration and amendments to resolution no. 712/2018/r/com passed by the Authority, regarding electronic invoicing, as a result of the provisions of Italian Law no. 205/2017

This resolution introduced integrations and amendments to resolution no. 712/2018/R/com regarding electronic invoicing, in order to make it easier for the various players involved to implement the measures. This resolution follows discussions held with operators as part of a technical round table organised by the Authority. The regulator decided to introduce an additional way to create a unique connection between the concise bill and the relative details (in the cases stated by the regulation and by the contract) and the corresponding electronic invoice, stating that sellers may alternatively generate a unique alpha-numeric code, created using a SHA-256 hash algorithm application (or similar hashing encryption function that guarantees a lack of collisions) - in accordance with the procedure governed by the Technical Specifications attached to the Italian Revenue Agency resolution dated 30/04/2018 - for the digital file of the concise bill and any relative details, with the obligation to then provide the unique alpha-numeric code generated in a txt file, not containing anything else, which is then attached to the invoice file sent to the Electronic Data Interchange; distributors must do the same thing, regardless of the size of the invoice file, with reference to the digital file for the documents recording electricity transport and natural gas distribution services. The concise bill must report the number that uniquely identifies the valid electronic invoice for tax purposes sent to the Electronic Data Interchange, accompanying said number with a note that suitably explains the fact that said number identifies the invoice file sent to the Electronic Data Interchange which is uniquely linked to the concise bill in question. A copy of the concise bill, any relative details and the documents recording electricity transport and natural gas distribution services must be registered and stored for at least 10 years, in such a way that they can be available and reused for any necessary checks and controls, as well as to guarantee substantial consistency with the digital archiving obligations applicable to electronic invoices, to which the regulatory documents are linked.

Resolution no. 300/2019/r/eel of 09 July 2019: urgent amendments to resolution no. 50/2018/r/eel passed by the Authority, regarding unpaid general charges, as integrated and amended on 26 November 2019 by resolution no. 495/2019/R/eel

This resolution introduced urgent amendments to resolution no. 50/2018/R/eel regarding unpaid general charges, excluding from the calculation of the unpaid receivables any interest charges invoiced to transport customers and revaluing the reintegration amount recognised by the "Energy and environmental services fund" (in Italian: "Csea") to distribution companies at the legal interest rate.

This resolution explains that the Authority had received reports of cases whereby distributors had invoiced interest charges only after termination of the transport contract and near to the annual expiry date for submitting the request to the Csea to be admitted to the recognition mechanism; ARERA stated that such a practice "clearly implies a waiver of the right to apply interest charges, in line with their widely recognised typical function, i.e. to act as a tool to increase the chances of the debt being paid".

Resolution no. 310/2019/r/eel of 16 July 2019: instructions for Terna to implement amendments to the proposed methodology to harmonise the main characteristics of imbalance settlement, pursuant to EU regulation no. 2017/2195 ("balancing regulation")

In coordination with the other European regulators involved, ARERA used this resolution to ask Terna to amend the proposed methodology to harmonise the main characteristics of imbalance settlement, pursuant to EU regulation no. 2017/2195 ("Balancing Regulation").

The request for amendments refers to specific and detailed changes for each article of the proposal, including: changes to the text to guarantee more clarity, if required; changes to the definitions to align them with those provided in other Regulations or methodologies, as well as the correction or elimination of certain legal references, deemed to be incorrect or out of place; changes to the article relating to the calculation of volumes that contribute to the imbalance, to make parties' responsibility for imbalances clear and unambiguous, avoiding responsibility gaps or overlapping responsibility; clarification, in the article relating to elements to be used to calculate the imbalance price, regarding compulsory and optional elements; removal of Art. 5(4) regarding the use of volume estimates, potentially to be dealt with at national level; amendment to Art. 5(7) on the additional elements of the imbalance price, so that these form part of the components used to calculate the price and are not items to be added or subtracted from it; the specific addition, as a requirement, that the imbalance price calculated with the price components described must respect the restrictions imposed by articles 55(4-6) of the Balancing Regulation; more details on any opportunities for further harmonisation of the approach to respect the restrictions imposed by articles 55(4-6) and justification of the relative choice; inclusion of the proposal for the general definition of the value of avoided activation, as required by Art. 52(2). The proposal doesn't have to include a specific calculation methodology, as these details can be developed at national level; clarification regarding the conditions for application of the dual pricing mechanism, listed in Art. 8 of the proposal, as they are not deemed to be sufficiently justified and directly applicable; supplementing Art. 8 with a list of information that the TSOs must provide to the competent regulator, to justify the request to apply the dual pricing mechanism.

Resolution no. 396/2019/r/eel of 26 September 2019: initiation of proceedings to implement the measures provided for by Italian Law no.124 of 4 August 2017 (Annual Law on Competition) regarding the setting up of a protection service for domestic customers and small companies in the electricity sector

This resolution initiated proceedings to implement the measures provided for by Italian Law no. 124 of 4 August 2017 (Annual Law on Competition), regarding the setting up of a protection service for domestic customers and small companies should they not opt for an electricity provider on the free market by the deadline for the enhanced protection service.

LEGISLATIVE CHANGES AFTER 30 SEPTEMBER 2019

Resolution no. 538/2018/r/gas of 17 December 2019: approval of proposals to update the network code of Snam Rete Gas S.p.A. and provisions to launch the gas settlement reform

This resolution approved the proposals to update the network code of Snam Rete Gas, applying the gas settlement reform, by implementing provisions to launch said reform as of 1 January 2020 (the date when the amendments to the Snam code will come into effect). This resolution provides transitional rules on the application of variance fees regarding the transport capacity necessary to provide withdrawals at the 'city gates', valid until 31 May 2020. It also states that, by the end of May 2020, transport companies must allow users of the balancing service to increase the capacity they have available at the 'city gates', valid from 1 October 2019, taking this into account when applying the variance fees. Snam Rete Gas may supplement the methods it uses to calculate the Wkr coefficient, also on the basis of up-to-date data made available by the integrated IT system manager and subject to prior notice being provided to the Authority, for the purpose of also reducing daily fluctuations of the 'IO delta' share to be supplied compared with the average value. Lastly, the validity of the numerical criteria for the incentives referred to by Art. 9 of the "TIB" ("full text on balancing"), defined with resolution no. 480/2018/R/gas, shall be extended until 19 February 2020.

Italian Decree Law no. 162 of 30 December 2019, as converted into Italian Law no. 8 of 28 February 2020 regarding the end of price protection in favour of small-scale end customers for electricity and gas

Paragraph 3 of Art. 12 introduced amendments to Italian Law no. 124/2017 (Annual Law on Competition), stating: i) the extension, from 1 July 2020 to 1 January 2022, of the deadline for the termination of price protection for small-scale end customers in the gas market; ii) extension of the deadline for said protection in the electricity market for small-sized companies, from 1 July 2020 to 1 January 2021, and, for micro-enterprises and domestic customers, from 1 July 2020 to 1 January 2022. Among other things, this Decree demands that ARERA adopts measures to ensure a service of gradual safeguards for end customers without an electricity supplier, as well as specific measures to prevent unjustified price increases and alterations to supply terms and conditions. Furthermore, it makes provisions regarding the procedures and criteria for end customers to enter the free market in a well-informed way, as well as providing the list of operators authorised to sell electricity to end customers, with particular reference to the criteria for operators to be able to remain on said list or for them to be excluded from it.

Italian Law no. 160 of 27 December 2019 (2020 Budget Law): provisions affecting the energy sector

Paragraphs 291, 292 and 293 of Art. 1 of Italy's 2020 Budget Law introduce the following significant changes for the energy sector, valid from 1 January 2020: i) sellers of electricity and/or natural gas (falling into the category of "utilities operators") are obliged to provide end customers - via registered post with acknowledgement of receipt - with clear and detailed notifications of any missing bill payments, informing them that the supply shall be cut off unless the arrears are paid, with due notice of no less than forty days; ii) sellers of electricity and/or natural gas - in the event of invoices being issued in relation to which the competent authority finds that the seller has acted unlawfully through non-compliance with procedures to duly record consumption, settle outstanding balances or issue invoices, or has charged unjustified expenses and costs for consumption, services or goods that are not due, or if such breaches are duly documented through a dedicated declaration, submitted independently also via telematic means - must pay the end customer a penalty equal to 10 per cent of the undue amount contested by the customer, in addition to the reimbursement of any amounts paid and, in any case, an amount of no less than Euro 100; iii) the seller of electricity and/or gas shall reimburse the amounts unduly received or, in any case, unjustifiably charged to the end customer in accordance with the previous point ii), as well as paying the relative penalty, by either discounting the amount from subsequent invoices, or by making a dedicated payment by a deadline that shall be no later than fifteen days from the verification, or from the positive response to the declaration independently sent by the end customer - at the discretion of the end customer in question.

MAIN RISKS AND UNCERTAINTIES

06

The risk assessment and management process is closely tied to the strategic planning process, with the aim of associating the company's overall risk profile to future profitability as per the company's business plan/budget. In this regard, it should be noted that, currently, the main risk area is represented by the sector in which the company operates, which has taken on a strongly financial connotation. In this regard, as stated above, the company is pursuing a strategy to diversify its business, with reference to both the types of markets and the geographical reference areas.

Market risk

The energy markets in which the Group operates recorded a slight recovery during 2019, despite the fact that competitive pressure remains high.

In the Italian electricity market, there was a slight increase in demand during the first few months of 2019, mainly satisfied by increased hydroelectric production, which benefited from more favourable weather conditions than in 2018, and by a recovery in imports from France, after the decrease recorded last year due to the unavailability of some nuclear power plants.

In the natural gas market, during the first half of 2019, there was a slight decrease in overall demand compared with the same period last year: the lower consumption linked in particular to the thermoelectric sector was largely offset by

an increase in the residential and industrial sectors.

Clauses to renegotiate the price of long-term gas supply contracts and the constant monitoring of changes in the energy scenario and market conditions are important mitigating factors for the Group.

Despite the above, the growing price volatility of energy commodities (electricity, oil, coal and other derivatives) over the last few years has led to an increased risk of fluctuations in economic results for companies in the industry.

This risk area is found mainly in the procurement stage, because the Group's purchases are subject to seasonal fluctuations in energy and natural gas prices, which it tends to limit and reduce.

In this context, besides regularly monitoring price trends in the industry, especially of electricity and natural gas, the Group hedges the cost through the acquisition of derivative financial instruments.

The potential risks to which the Group may be exposed are also tied to non-bilateral purchases and/or sales (i.e. commitment to purchase energy that is not sold, or vice versa), or to a misalignment between the prices to purchase electricity and natural gas and the prices to sell them. The first risk is avoided through sound management of our contract portfolio, while in the event of the second risk, the Company resorts to instruments to manage the risk of prices referred to as "CFD" (contracts for difference). These contracts enable the Company to predefine effects on sales margins, regardless of changes in market conditions.

Regulatory risk

A potential source of risk is the constant evolution of the legislative and regulatory framework, which affects the market, fee plans, the levels of service quality required, and technical and operational obligations. In fact, this risk area is tied to the current technical complexity of the industry, which requires constant updates to resolutions passed by the different competent authorities in the field, both nationally and internationally.

In this regard, Europe Energy S.p.A. has further staffed its legal & compliance department, which now counts three in-house lawyers with specific experience in regulatory matters, in order to ensure ongoing monitoring of the regulations governing the industry and to promptly implement any changes, working to minimise any resulting economic impact.

For the same reason, Europe Energy S.p.A. became a member of the EFET (European Federation of European Traders) as well as being a member of AIGET (Italian Association of Energy Wholesalers and Traders). Furthermore, it should be highlighted that the head of the company's legal department, Dott.ssa Loredana Pasqualini, is the Vice-President of General Affairs for AIGET.

Interest rate risk

The company is exposed to interest rate fluctuations, especially in terms of financial charges associated with overall debt.

Europe Energy S.p.A. regularly assesses its exposure to the risk of interest rate changes. Its main objective is to reduce the fluctuation in the volatility of financial charges. This objective is achieved through an appropriate combination of fixed-rate and variable-rate debt, if need be, also by using appropriate hedging tools.

Credit risk

With reference to the risk of potential losses deriving from non-fulfilment of the obligations taken on by the various counterparties with which the Company operates, the Group implemented procedures and tools some time ago to evaluate and select counterparties on the basis of their credit standing and to continuously monitor exposure vis-à-vis its various counterparties.

However, the Group's exposure to credit risk is mainly linked to the growing commercial activity of selling electricity and natural gas on the retail market.

In order to control this risk, the parent company has adopted a specific procedure to manage credit risk, and in 2015 it took out a specific insurance policy for trade receivables vis-à-vis business customers, which was renewed in February 2019 for another two years.

This operation, besides lowering the risk on current customers, provided more risk assessment tools that drive pre-sales activities in order to minimise counterparty risk.

Liquidity risk

The purpose of liquidity risk management is to limit the risk that the company's available financial resources are not sufficient to cover its financial and commercial obligations in line with the predetermined terms and deadlines.

With reference to cash flows, it should be noted that, apart from the price fluctuations that are typical of our line of business, no particular financial risks are faced, due to the fact that:

1. the company made a choice ahead of time regarding wholesale activities, specifying that energy would only be sold to wholesale clients, represented mainly by municipal companies or leading operators, that could guarantee timely payments, or to counterparties that issue bank sureties;

2. for the sale of electricity and natural gas to end customers, ad hoc pre-sales procedures have been implemented in order to avoid the risk of end customers not paying their bills and credit insurance has been taken out for business customers. Moreover, all procedures for disconnecting and promptly cutting off supply are duly followed, in line with specific industry regulations.

The strategic goal is to ensure that, at all times, the company is able to cope with its financial obligations for the next twelve months.

BUSINESS OUTLOOK

07

Th business is developing with an increasing focus on sales to end customers, whether domestic or business (with particular attention being paid to holders of VAT numbers, small businesses and SMEs). Our WithU brand was presented on 28 May 2019, which groups together our electricity, gas, mobile phone and internet connection services. The brand was officially launched on the market during autumn 2019 and the relative services began to be sold.

In December 2019, a national TV advertising campaign was launched for the first time, on the Mediaset channels, which was then repeated in March 2020.

Initial results have been positive and the market is increasingly supporting the concept of a single supplier for a "kit" of services.

During 2020, the group's invoicing system and accounting software will be fully migrated to the new platform acquired in 2019. Furthermore, 2020 will see us develop the group's new CRM platform.

Foreign companies shall continue to develop in order to begin supplying end customers and shall embark on a path of sustainable and solid growth in terms of new contracts.

We will attempt to expand the network of countries where we are present on the retail market, through specific start-ups or by acquiring companies.

We expect to see a volatile market, especially due to the international scenarios which are sure to have repercussions on the price of raw materials. There will therefore be an even greater focus on hedging policies.

The Group will also continue its short-term activity, i.e. supply with deliveries ranging from single hour (daily and intraday markets) up to one month at the most, or OTC transactions with leading counterparties. In fact, contracts are only entered into with institutional partners, demanding appropriate guarantees in order to avoid credit risk.

In the coming years, short-term markets, with particular reference to intraday and daily markets, will be the main investment focus in terms of know-how and growth for the group as a whole. As of today, these markets are among the most profitable, especially in relation to their relative level of risk, having very limited underlying elements in view of their short time span of reference. On the other hand, this line of business requires careful monitoring and considerable investments in terms of knowledge and understanding of cross-border energy flows and the different dynamics of national production. To successfully tackle these challenges, the Group already runs its business seven days a week.

All of the aforementioned activities are included in the group's business plan, approved by the BoD and subject to continuous updates in order to seize the opportunities for growth and development presented by the market.

MISCELLANEOUS INFORMATION

08

Investments

As of 30.09.2019, investments in financial assets amounted to Euro 7,099 thousand (Euro 4,011 thousand at 30.09.2018). This increase was mainly due to the short-term interest-bearing loans granted to E-Gas & Power S.r.l. with headquarters in Bucharest (Romania) for Euro 5,339 thousand.

Legal situation

The company's legal situation is the same as in the previous year.

Research and development

The company carries out research and development activities on an ongoing basis, aimed at identifying new projects in the energy industry and, in particular, in the field of energy from alternative sources. The company is also strongly focusing on the study of energy market volatility and correlations at transnational level.

Finally, daily research and development are carried out on the ICT tools developed in-house, in order to improve their effectiveness.

However, during the reporting period closed on 30.09.2019, the company did not opt to capitalise expenses for R&D, as provided for by the IAS 38 accounting standard.

Treasury shares or shares held by subsidiaries, associated companies, parent companies and companies controlled by the latter companies

As of 30.09.2019, Europe Energy S.p.A. did not hold treasury shares nor shares or stakes in parent companies and nor did it hold or negotiate such shares during the financial year closed on 30.09.2019. It also did not order the purchase of any such shares during the reporting period or during the following year.

There is therefore nothing to report for the purposes of Art. 2428, paragraph 2, points 3 and 4, of the Italian Civil Code.

The following table shows the relationships maintained by the company with related parties as required by art. 2427 paragraph 22 bis of the Civil Code.

Below is a summary, by macro-categories, of the relationships that took place during the year with the parent company Europe Energy Holding S.r.l, with all the other subsidiaries and associates of which a list has been given in the equity investments section of the following note.

Assets and revenues vs. parent companies	Balance at 30/09/2019	Balance at 30/09/2018
Financial receivables	1.200.000	1.150.000
Trade receivables	71.985	24.064
Other revenues and income	1.500	1.500
Interest income on loan	24.474	23.038

Assets and revenues vs. subsidiaries	Balance at 30/09/2019	Balance at 30/09/2018
Financial assets	5.824.000	1.666.000
Receivables from subsidiaries	1.134.697	636.508
Trade revenues	381.992	610.181
Other revenues	703	0
Interest income on loan	212.870	55.636

Assets and revenues vs. associated companies	Balance at 30/09/2019	Balance at 30/09/2018
Financial assets	74.445	1.194.145
Receivables from associated companies	14.416.255	11.536.232
Trade revenues	23.150.619	24.506.404
Other active interests	190.948	501.281

Liabilities and expenses vs. parent company	Balance at 30/09/2019	Balance at 30/09/2018
Trade debts	39.723	18.723

Liabilities and expenses vs. subsidiaries	Balance at 30/09/2019	Balance at 30/09/2018
Trade debts	133,475	62,782
Trade costs	46,130	22,532
Other services	440,269	7,170

Liabilities and expenses vs. associated companies	Balance at 30/09/2019	Balance at 30/09/2018
Commercial costs	0	3.706.539

Information about the Environment
With regard to environmental protection, we believe that the company's energy trading with wholesalers respects applicable energy laws and we therefore do not expect any liabilities in this regard and/or damage to the environment.

Information on the Workforce
As of 30 September 2019, the company's workforce was made up of 88 resources (69 at 30/09/2018), as already highlighted in the explanatory notes to which reference should be made.

With reference to the reporting period, the following should be noted:

- there were no injuries or deaths in the workplace for which the company has been conclusively proven to be responsible;
- there were no charges for occupational illness involving employees or former employees for which the company has been conclusively proven to be responsible;
- there were no cases of mobbing for which Europe Energy S.p.A. has been definitively declared responsible.

Milan, 13 May 2020
The Chairman of the Board of Directors
(Matteo Ballarin)

FINANCIAL STATEMENTS AS OF 30/09/2019

09

STATEMENT OF FINANCIAL POSITION

	Notes	30/09/2019	30/09/2018
			(VALORI IN UNITÀ DI EURO)
ASSETS			
NON-CURRENT ASSETS			
Tangible assets	**1**	**1.820.202**	**1.244.471**
Land		430.000	581.988
Property		1.265.155	581.585
Plant and equipment		25.431	4.550
Vehicles		1.298	0
Other property, plant and equipment		98.317	76.348
Intangible assets	**2**	**41.078.821**	**9.062.012**
Patents, trademarks and other rights		366.018	21.800
Customer list		31.672.590	0
Goodwill		9.040.212	9.040.212
Financial assets	**3**	**3.766.309**	**2.909.301**
Equity investments		3.766.309	2.909.301
Deferred tax assets	**4**	**949.601**	**485.148**
TOTAL NON-CURRENT ASSETS		**47.614.932**	**13.700.932**
CURRENT ASSETS			
Inventories	5	992.397	2.023.081
Financial assets	6	7.099.295	4.010.995
Current tax assets	7	1.975.166	2.054.811
Trade receivables	8	271.935.398	95.441.981
Cash and cash equivalents	9	5.026.275	5.548.949
Other assets	10	9.421.644	17.254.240
TOTAL CURRENT ASSETS		**296.450.175**	**126.334.057**
TOTAL ASSETS		**344.065.107**	**140.034.989**

segue >

>

	Notes	30/09/2019	30/09/2018
SHAREHOLDERS' EQUITY AND LIABILITIES			
SHAREHOLDERS' EQUITY			
Share capital		5.000.000	5.000.000
Other reserves		12.243.064	10.875.177
Reserve for actuarial gains (losses)		-63.945	-29.518
Profits (losses) carried forward		573.804	573.804
Profit (loss) for the year		3.435.887	3.168.291
TOTAL SHAREHOLDERS' EQUITY	**11**	**21.188.809**	**19.587.754**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	12	1.453.667	635.628
Provisions for risks and charges	13	93.521	35.966
Staff severance pay and other employee benefits	14	660.144	415.246
Deferred tax liabilities	15	30.419	32.019
TOTAL NON-CURRENT LIABILITIES		**2.237.750**	**1.118.859**
CURRENT LIABILITIES			
Current financial liabilities	16	31.349.830	21.974.274
Current tax liabilities	17	5.625.542	2.242.362
Trade payables	18	280.635.911	91.590.207
Other liabilities	19	3.027.264	3.521.533
TOTAL CURRENT LIABILITIES		**320.638.547**	**119.328.376**
TOTAL LIABILITIES		**322.876.298**	**120.447.235**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**344.065.107**	**140.034.989**

INCOME STATEMENT

	Notes	30/09/2019	30/09/2018
REVENUES AND INCOME		**978.382.256**	**450.887.927**
Revenues from sales and services	20	977.402.973	449.923.643
Other revenues and income	21	979.283	964.284
OPERATING COSTS		**969.728.019**	**446.099.827**
Cost of raw materials, consumables, goods	22	946.948.169	433.147.055
Other operating costs	23	16.756.722	9.595.812
Personnel costs	24	6.023.129	3.356.960
EBITDA		**8.654.236**	**4.788.100**
Depreciation of tangible assets and amortisation of intangible assets	25	2.744.790	104.698
EBIT		**5.910.164**	**4.683.402**
Financial income	26	2.633	49.226
Financial expenses	27	-872.666	-622.662
NET FINANCIAL INCOME AND EXPENSES		**-870.034**	**-573.436**
Income (Expenses) from equity investments	28	0	0
Financial income (expenses) from group companies	29	428.292	573.298
PROFIT (LOSS) BEFORE TAX		**5.467.705**	**4.683.264**
Tax expenses / (income)	30	2.031.818	1.514.973
AFTER-TAX PROFIT (LOSS) FROM CONTINUING OPERATIONS		**3.435.887**	**3.168.291**

STATEMENT OF COMPREHENSIVE INCOME	30/09/2019	30/09/2018
NET RESULT	**3.435.887**	**3.168.291**
Other components of comprehensive income:		0
A) CHANGES TO THE CASH FLOW HEDGE RESERVE	**0**	**0**
- Profit (loss) from valuations during the period	0	0
- Taxes (+/-)	0	0
B) ACTUARIAL GAINS (LOSSES)	**-34.428**	**-1.701**
- Actuarial gains (losses)	-34.428	-1.701
TOTAL OTHER COMPONENTS OF COMPREHENSIVE INCOME NET OF TAXES	**-34.428**	**-1.701**
TOTAL COMPREHENSIVE NET INCOME	**3.401.459**	**3.166.590**

Milan, 13 May 2020
The Chair of the Board of Directors
(Matteo Ballarin)

CASH FLOW STATEMENT AS OF 30.09.2019

10

CASH FLOW STATEMENT AS OF 30.09.2019

(Amounts in units of Euro)

	30/09/2019	30/09/2018
A. CASH AND CASH EQUIVALENTS - OPENING BALANCE		
Cash and cash equivalents	5.548.949	4.507.711
TOTAL A	**5.548.949**	**4.507.711**
B. CASH FLOW DURING THE YEAR		
Profit for the year	3.435.887	3.168.291
Depreciation of tangible assets and amortisation of intangible assets	2.781.297	104.698
Net change in staff severance indemnity	244.898	41.303
Net change in credit impairment provision	(667.770)	829.014
Change in deferred tax assets	(464.453)	(41.475)
Change in inventories	1.030.684	(411.749)
Change in other financial assets	(857.008)	0
Change in tax receivables	79.636	3.048.545
Change in trade receivables	(177.660.479)	(66.488.833)
Change in other assets	7.832.596	6.996.957
Net change in provisions for risks and charges	57.555	15.072
Change in deferred tax liabilities	(1.600)	(61.433)
Change in tax payables	3.383.180	1.564.578
Change in trade payables	160.736.954	55.022.913
Change in other liabilities	(494.269)	731.309
TOTAL B	**(552.883)**	**4.519.190**

segue >

>

	30/09/2017	30/09/2016
C. CASH FLOW FROM INVESTMENT ACTIVITIES		
Investments in non-current intangible assets	(6.405.025)	0
Investments / disinvestments in non-current tangible assets	(670.061)	(278.887)
Net investments to purchase equity holdings	0	(2.081.750)
TOTAL C	**(7.075.086)**	**(2.360.637**
D. CASH FLOW FROM FINANCING ACTIVITIES		
Net change in loans to group companies	(3.088.300)	7.279.855
Non-current financial payables	818.039	(4.151)
Current financial payables	9.375.556	(8.393.019)
TOTAL D	**7.105.295**	**(1.117.315)**
E. CASH FLOW FOR THE YEAR (B+C+D)	**(522.674)**	**1.041.238**
Cash and cash equivalents	5.026.275	5.548.949
CASH AND CASH EQUIVALENTS - CLOSING BALANCE	**5.026.275**	**5.548.949**

Milan, 13 May 2020

The Chair of the Board of Directors
(Matteo Ballarin)

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30.09.2019

11 »

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY AS OF 30.09.2019
(Amounts in units of Euro)

	Share capital	Legal reserve	Extraordinary reserve	Other reser-ves	FTA reserve	OCI reserves	Profit (loss) carried forward	Result for the year	Total
As at the closing date of the financial year - 30.09.2018	**5.000.000**	**589.428**	**5.308.719**	**1.935.268**	**337.426**	**-27.816**	**573.804**	**2.704.337**	**16.421.164**
Allocation of the profit for the year ending 30.09.2018	0	135.217	2.569.120	0	0	0	0	-2.704.337	0
OCI entries	0	0	0	0	0	-1.701	0	0	-1.701
Result for the current financial year (30.09.2018)	0	0	0	0	0	0	0	3.168.291	3.168.291
As at the closing date of the financial year - 30.09.2018	**5.000.000**	**724.645**	**9.813.839**	**1.935.268**	**337.426**	**-29.518**	**573.804**	**3.168.291**	**19.587.755**
Allocation of the profit for the year ending 30.09.2018	0	158.415	3.009.877	0	0	0	0	-3.168.291	0
OCI entries	0	0	0	0	0	-34.428	0	0	-34.428
Reserve for IFRS 9 credits	0	0	0	0	-760.000	0	0	0	-760.000
Reserve for FTA commissions IFRS 15	0	0	0	0	-1.040.405	0	0	0	-1.040.405
Result for the current financial year (30.09.2019)	0	0	0	0	0	0	0	3.435.887	3.435.887
As at the closing date of the financial year - 30.09.2019	**5.000.000**	**883.060**	**10.887.716**	**1.935.268**	**-1.462.980**	**-63.946**	**573.804**	**3.435.887.**	**21.188.809**

Milan, 13 May 2020

The Chair of the Board of Directors
(Matteo Ballarin)

EXPLANATORY NOTES TO THE FINANCIAL STATEMENTS AS OF 30/09/2019

12

	Depreciation rate
Plant and equipment	25%
Buildings	3%
Furniture and furnishings	15%
Vehicles	25%
Assets worth less than Euro 516.46	100%

NOTE ILLUSTRATIVE |

Right of use	255.788
Total value of the liability	255.788
of which short-term	36.665
of which medium/long-term	219.122

ASSETS

	Notes	30/09/2019	30/09/2018
NON-CURRENT ASSETS			
Tangible assets	**1**	**1.820.202**	**1.244.471**
Land		430.000	581.988
Property		1.265.155	581.585
Plant and equipment		25.431	4.550
Vehicles		1.298	0
Other property, plant and equipment		98.317	76.348
Intangible assets	**2**	**41.078.821**	**9.062.012**
Patents, trademarks and other rights		366.018	21.800
Customer list		31.672.590	0
Goodwill		9.040.212	9.040.212
Financial assets	**3**	**3.766.309**	**2.909.301**
Equity investments		3.766.309	2.909.301
Deferred tax assets	**4**	**949.601**	**485.148**
TOTAL NON-CURRENT ASSETS		**47.614.932**	**13.700.932**
CURRENT ASSETS			
Inventories	5	992.397	2.023.081
Financial assets	6	7.099.295	4.010.995
Current tax assets	7	1.975.166	2.054.811
Trade receivables	8	271.935.398	95.441.981
Cash and cash equivalents	9	5.026.275	5.548.949
Other assets	10	9.421.644	17.254.240
TOTAL CURRENT ASSETS		**296.450.175**	**126.334.057**
TOTAL ASSETS		**344.065.107**	**140.034.989**

Tangible assets: breakdown by valuation criterion

	30/09/2019	30/09/2018
Land	430.000	581.988
Property	1.265.155	581.585
Plant and equipment	25.431	4.550
Vehicles	1.298	0
Other Property, Plant and Equipment	98.317	76.348
Total	**1.820.202**	**1.244.471**

	Land	Buldings		Plant and Equipment
Initial CS	**581,988**	**730,891**		**20,746**
Increases	0	0	(A)	35,123
Decreases	0	- 32,953		0
Reclassifications (in progress)	- 151,988	151,988		0
Increases (in progress)	0	597,488		0
Final CS	**430,000**	**1,447,414**		**55,869**
Opening Depreciation	**0**	**- 149,306**		**- 16,196**
Increases (CE)	0	- 3,953		- 7,639
Increases Edlo	0	0		- 6,603
Decreases	0	0		0
Final Depreciation		**- 182,259**		**- 30,437**
Final VNC	**430,000**	**1,265,155**		**25,431**

Acquired through Edlo business unit:

CS	32,410
Depreciation	-6,603
VNC	25,807

	Vehicles	Others		Total
Initial CS	**0**	**337,593**		**1,671,218**
Increases	1,731	141,088	(B)	177,942
Decreases	0	0		- 32,953
Reclassifications (in progress)	0	0		0
Increases (in progress)	0	0		597,488
Final CS	**1,731**	**478,681**		**2,413,695**
Opening Depreciation	**0**	**- 261,245**		**- 493,388**
Increases (CE)	- 433	- 53,299		- 100,105
Increases Edlo	0	- 65,820		0
Decreases	0	0		0
Final Depreciation	**- 433**	**- 380,364**		**- 593,493**
Final VNC	**1,298**	**98,317**		**1,820,202**

(B) Acquired through Edlo business unit:

CS	97,505
Depreciation	-65,820
VNC	31,685

The non-current tangible assets listed above have a finite useful life and are therefore subject to depreciation (there are no accumulated losses in value to report).
The item "Land and Property" mainly refers to:

- property, acquired through a lease agreement entered into in 2014, for which the right to acquire ownership was exercised on 01/04/2019. This property is used as the operating headquarters of Europe Energy S.p.A. in San Martino Buon Albergo (VR), Italy, in relation to which the land is worth Euro 140,000 and the building is worth Euro 560,000, along with the relative depreciation amount equal to Euro 92,400;
- properties being built which will be home to the company's new headquarters, worth Euro 716,523.

2. INTANGIBLE ASSETS

Intangible assets amounted to Euro 41,078,821 (Euro 9,062,012 at 30/09/2018).
The item's structure, any changes in value during the year and other relevant information are provided and commented on below.
Intangible assets: breakdown by valuation criterion

	30/09/2019	30/09/2018
Patents, trademarks and other rights	366.018	21.800
Goodwill	9.040.212	9.040.212
Customer list	31.672.590	0
Total	**41.078.821**	**9.062.012**

Intangible assets: changes

Initial tCS	**131,211**	**9,040,212**	**0**		**9,171,424**
Increases	330,750	0	35,199,399	(A)	35,530,149
Increases Edlo	65,770	0	0		65,770
Decreases	-	0	- 1,201,880		- 1,201,880
Reclassifications (in progress)	-	0	0		0
Increases (in progress)	125,300	0	0		125,300
Final CS	**653,031**	**9,040,212**	**33,997,519**		**43,690,762**
Initial Depreciation	**- 109,411**	**0**	**0**		**- 109,411**
Increases (a ce)	- 139,505	0	- 2,545,273		- 2,684,778
Increases Edlo	- 38,097	0	0		- 38,097
Decreases	0	0	220,345		220,345
Final Depreciation	**- 287,013**	**0**	**- 2,324,928**		**- 2,611,941**
VNC finale	**366,018**	**9,040,212**	**31,672,590**		**41,078,821**

(A) Acquired through Edlo business unit:

CS	65,770
Depreciation	-38,097
VNC	27,673

Patents, trademarks and other rights: these refer to costs for the purchase and development of the website, the Energy Trading Risk Management software, the CRM and billing software licences and the licences for the use of general ledger software. Furthermore, over the course of the year, licences were purchased for the in-house development of "Billing" and accounting, equal to Euro 125,300.

The goodwill recorded in the financial statements, for a total of Euro 9,040,212, is made up of Euro 667,095 for the exchange deficit generated following the merger by incorporation of Europe Energy Holding S.r.l. into Europe Energy S.p.A. (so-called reverse merger), the accounting and tax effects of which began on 1 April 2014.
The remaining Euro 8,373,117 refer to the goodwill resulting from the Purchase Price Allocation (PPA) calculated by the bankruptcy procedure for Gascom S.r.l. in Liquidazione, upon the purchase in 2017 of the company selling electricity and natural gas to end customers, previously leased by the aforementioned company.

The item "Customer list" amounts to Euro 31,672,590. The cost to purchase the customer base recorded under assets was fully incurred during the reporting period in question and refers to the significant investments made by the company to consolidate its market position. More specifically, this amount refers to the following:
- Acquisition of a business branch from Edlo Energy S.p.A. which took effect on 01.10.2018. This acquisition was recorded as a business combination pursuant to IFRS 3. The Purchase Price Allocation was definitively recorded in these financial statements and involved the total excess price paid compared with the book value of the net assets acquired being allocated to the Customer List.
- Acquisition of a customer portfolio from Green Network S.p.A., which took effect on 01/07/2019. The asset acquired has been defined as a group of assets pursuant to IAS 38 and, as a result, the Purchase Price Allocation process was not necessary.
- In accordance with the newly applicable IFRS 15, incremental costs of obtaining contracts with customers that are expected to be recovered over the coming years shall be recorded, billing said customers for the contractual fees. This item includes the capitalisation of commissions paid to agencies It should be noted that the company has opted to take the practical measure permitted by IFRS 15, § 94, of directly recording the cost amount that would have had an inferior amortisation amount for the year in the income statement, without going via non-current assets. This cost is recorded among operating costs.

Recoverability of intangible assets and goodwill
During the reporting period, there were no indications of impairment loss with regard to intangible assets and goodwill.

3. Financial assets
Equity investments

	30/09/2019	30/09/2018
In associated companies	3.549.705	2.774.551
In subsidiaries	216.604	134.750
Total	**3.766.309**	**2.909.301**

As better highlighted in the management report, the shares held in the Balkans are listed under the investments. The companies, both subsidiaries and associates, are mainly start-ups in their respective markets. Therefore, the current financial position of the aforementioned companies is at a stage where there are some investments of a certain relevance without an immediate return on investment.
We must remember the strategic importance of the presence in the Balkan area, as it includes a user base extremely close to us in terms of location and culture. In these countries the liberalization of the energy markets is happening only in the past few years, with a 10/15 year delay compared to Italy and continental Europe. They are countries with an average economic growth of 3.8% and a current cultural change that drives the population to adopt consumer behaviours more similar to those of other western countries. This reflects on the consumers' purchase patterns on the energy markets as well, as they are making more conscious choices when switching to another provider.
The number of the energy provider on the market is a clear indication of the current transformation. From 2013, according to the latest statistics available, the number of providers of natural gas to end clients has risen from 3 to 46 in Croatia, from 27 to 86 in Romania and from 0 to 39 in Serbia (in Italy there is a total of 420 natural gas providers, but after the initial boom they only have rose of 8 units in the past 15 years). We can see the same pattern in the electricity market where the number providers has risen from 1 to 9 in Croatia, from 8 to 105 in Romania and from 8 to 21 in Slovenia. Therefore, we believe that bringing to these countries the same commercial strategies we adopted in Italy in the past years has an extremely important strategic value.
Regarding the valorisation of our investments, we clarify that the accurate quantitative elaborations that we have run do not detect permanent losses of said investments. The operations of value construction, mainly focused on growing the client base, are running smoothly considering the markets they are operating in and we can confirm the assumption of profitability in the medium term forecasted by the management.

Equity investments in subsidiaries
These refer to equity investments in the following companies:

	Book value	Shareholding %	Main headquarters
ENERGIA G&P S.r.l.	94,500	73%	Romania- Bucharest
ENERGIA G&P D.O.O.	5,250	70%	Slovenia – Ljubljana
Gnucom S.r.l.	116,854	100%	Milan
Total	216,604		

Over the course of the year, following the acquisition of the business branch from Edlo Energy S.p.A., a 100% stake in the capital of Gnucom S.r.l. was also acquired, a company that provides billing services in the gas & power sector.

Equity investments in associated companies
Equity investments in associated companies refer to the following:

	Book value	Date of purchase	Shareholding %	Main headquarters
LE Trading AS	764,551	29/03/2016	30%	Slovakia - Bratislava
Europe Gas & Power D.o.o.	2,175,154	28/09/2019	35%	Serbia - Belgrade
Europe Gas & Power D.o.o.	10,000	18/12/2018	50%	Croatia - Zagreb

LE Trading AS, a company incorporated under Slovak law, with a value of Euro 764,551, is an associated company as it is 30% owned.
The other two companies are start-ups and have been recorded at their fair value, which is in line with their purchase cost based on the independent appraisals drawn up at the time of the acquisitions.

4. Deferred tax assets
The receivables for prepaid taxes recorded in the financial statements, for a total of Euro 949,601 (Euro 485,148 at 30/09/2018), refer to the receivable for IRES (Corporate Income Tax) deferred tax assets set aside for certain categories of expenses incurred over the year, but whose fiscal recognition is deferred to future years, when the conditions established by tax legislation shall apply to the individual case.
The breakdown of prepaid taxes and the nature of the items and of the temporary differences that give rise to them are provided and commented on below.

	RES (corporate income tax) Offsetting item in Income Statement - Current year	IRAP (regional income tax) Offsetting item in Income Statement - Current year	Total offsetting item in Income Statement - Current year	Total 30/09/2019
Benefits after the end of the employment relationship	12.095	0	12.713	17.564
Amortisation of intangible assets IAS	-5.086	0	-5.086	0
Write-down of securities	0	0	0	200.128
Taxed credit write-down	-192.000	0	-192.000	72.000
Other prepaid taxes	1.394	0	1.394	11.859
Amortisation of customer list (dual approach)	351.011	57.039	408.050	408.050
Prepaid taxes for adoption of IFRS9 (not recorded in the income statement)	0	0	0	240.000
Total	**167.414**	**57.039**	**225.071**	**949.601**

	IRES (corporate income tax) Offsetting item in Income Statement - Previous year	IRAP (regional income tax) Offsetting item in Income Statement - Previous year	Total offsetting item in Income Statement - Previous year	Total 30/09/2018
Benefits after the end of the employment relationship	-6.152	0	-6.152	5.469
Amortisation of intangible assets IAS	-5.134	0	-5.134	5.086
Write-down of securities	0	0	0	200.129
Lease agreements	-62.699	0	-62.699	0
Taxed credit write-down	120.000	0	120.000	264.000
Other prepaid taxes	-51.490	0	-51.490	10.464
Total	**-5.475**	**0**	**-5.475**	**485.148**

It should be noted that prepaid taxes are only accounted for if the management believes that there is reasonable certainty that, in subsequent years, the Company will be able to generate taxable income able to fully recover the credits recorded.

	30/09/2018	Prepaid/deferred taxes recorded in the Income Statement for the year	Decreases in prepaid/deferred taxes recorded in the Income Statement for the year	Other changes	30/09/2019
Benefits after the end of the employment relationship	5.469	0	0	12.095	17.564
Derecognition of intangible assets	5.086	0	-5.086	0	0
Write-down of securities	200.129	0	0	0	200.129
Taxed credit write-down	264.000	72.000	-264.000	0	72.000
Other prepaid taxes	10.464	11.858	-10.464	0	11.858
Amortisation of customer list	0	408.050	0	0	408.050
Credit impairment provi-sion - adoption of IFRS9 (not recorded in the income statement)	0	0	0	240.000	240.000
Total	**485.148**	**491.908**	**-279.550**	**252.095**	**949.601**

CURRENT ASSETS

5. Inventories

Inventories amounted to Euro 992,397 (Euro 2,023,081 at 30/09/2018)
These refer to:
- Euro 916,975 of natural gas inventories stored at Stogit S.p.A. for 43,435.51 MWh, in relation to which the monthly weighted average cost method was used for valuation purposes.
- Euro 75,422 of inventories referring to "sim" cards purchased but not yet delivered to customers, in relation to which the annual weighted average cost method was used for valuation purposes.

6. Financial assets

Financial assets amounted to Euro 7,099,295 (Euro 4,010,995 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018
due from subsidiaries	5.824.000	1.666.000
due from associated companies	74.445	1.194.145
due from parent company	1.200.000	1.150.000
Other assets	850	850
Total current financial assets	**7.099.295**	**4.010.995**

Financial receivables due from subsidiaries include receivables for:
Euro 450,000 due from the Slovenian company Energia Gas & Power D.O.O.;
Euro 5,339,000 due from the Romanian company Energia Gas & Power S.r.l..
Financial receivables due from associated companies include receivables for:
Euro 25,551 due from the Slovak company LE Trading AS;
Euro 48,894 due from the Croatian company Energia Gas & Power D.O.O..
All outstanding loans are interest-bearing at the market rate.

This item also includes securities, as described below:

Other current financial assets	30/09/2019	30/09/2018
10 shares in BCC Banca di Verona	850	850
Total	850	850

To date, these assets are still part of the Company's portfolio.

7. Current tax assets

Current tax assets amounted to Euro 1,975,166 (Euro 2,054,811 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018
VAT receivables	1.254.479	1.405.662
Research and development tax credit	0	170.136
Withholdings	4.342	4.119
Other receivables	716.344	474.894
Total current tax assets	**1.975.166**	**2.054.811**

The item "others" mainly consists of net receivables for Energy and Gas excise duties and surcharges amounting to €712,292, from 2017 and 2018, which will be recovered with the presentation of the 2019 "UTF" declaration (regarding excise duties).

8. Trade receivables

Trade receivables, net of write-downs, amounted to Euro 271,935,398 (Euro 95,441,981 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Due from third parties	259.046.061	96.029.173	163.016.888
Due from the group	15.640.128	996.537	14.643.591
Total trade receivables - gross	**274.686.189**	**97.025.710**	**177.660.479**
Credit impairment provision	-2.750.791	-1.583.729	-1.167.062
Total trade receivables - net	**271.935.398**	**95.441.981**	**176.493.417**

Trade receivables due from third parties	30/09/2019	30/09/2018	Change
Receivables	192.113.122	28.709.599	163.403.523
SDD effects in the portfolio	4.161.676	1.752.088	2.409.588
Invoices to be issued	79.310.553	66.775.183	12.535.370
Credit impairment provision	-2.750.791	-1.583.729	-1.167.062
Credit notes to be issued	-899.162	-211.160	-688.002
Total trade receivables	**271.935.398**	**95.441.981**	**176.493.417**

The increase in trade receivables is due to an increase in the volumes of electricity and gas sold and purchased, as well as to the dispatching services provided to third parties, This trend is substantially in line with revenue performance during the last part of the year, compared with the same period of the previous year.

The credit impairment provision underwent the following changes during the reporting period:

	Previous period	Allocations to the provision during the year	Use during the year	Shareholders' Equity (adoption of IFRS9)	Current period
Credit impairment provision			-430.033	0	1.450.791
Taxed credit impairment provision	1.100.000	300.000	-1.100.000	1.000.000	1.300.000
Total	**1.583.729**	**1.697.095**	**-1.530.033**	**1.000.000**	**2.750.791**

During the financial year, the company continued to analyse all types of receivables in a timely manner, including through companies specialising in debt collection.
As provided for by IFRS 9, the method used to calculate write-downs was changed from Incurred Loss to Expected Credit Loss. The initial effect of adopting this new method was recorded under shareholders' equity with the adjusted retrospective method, and led to a gradual write-down compared with the one that would have been applied using the previous method, especially for categories of receivables due to expire and expired within 30 days.
Impairment criteria were reviewed for all receivables, taking into account prudent estimates of overall future credit performance and based on the characteristics of the customers. Analysis-based criteria were also adopted to assess the likelihood of the most significant receivables being paid. For receivables due from users, each with an insignificant individual value, the characteristics of the categories of customers were taken into consideration, such as their age and any appointed debt collection agency.
The breakdown of trade receivables by geographic area is provided below:

	Italy	EU	Non-EU	Total
Trade receivables	256,871,015	15,064,383	0	271,935,398

9. Cash and cash equivalents

Cash and cash equivalents amounted to Euro 5,026,275 (Euro 5,548,949 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Cash on hand	355	583	-228
Bank deposits	5.023.087	5.532.315	-509.229
Other cash and cash equivalents	2.834	16.051	-13.217
Total	**5.026.275**	**5.548.949**	**-522.674**

With reference to bank accounts, please note that, as of the closing date of the financial statements, a total amount of Euro 2,073,757 has been used as guarantee for lines of credit granted by Italian and foreign credit insitutions (Euro 2,152,287 at 30/09/2018).

10. Other assets

Other assets amounted to Euro 9,421,644 (Euro 17,254,240 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Receivables due from social security institutions	12.883	7.681	5.202
Accrued income and prepaid expenses	453.117	1.731.845	-1.278.729
Security deposits	2.937.555	1.533.633	1.403.922
Other assets	6.018.089	13.981.081	-7.962.992
Total	**9.421.644**	**17.254.240**	**-7.832.597**

The item "Security deposits" mainly includes the deposit paid to GME to guarantee purchases of electricity paid to Snam Rete Gas, Terna, CEGH and other suppliers to guarantee existing contracts.

Accrued income and prepaid expenses	30/09/2019	30/09/2018	Change
Agent commissions	0	1.486.617	-1.486.617
Subscription/membership fees	20.162	17.322	2.840
Insurance	136.348	45.288	91.060
Others	296.607	182.618	113.989
Total	**453.117**	**1.731.845**	**-1.278.729**

The zeroing of prepaid expenses relating to agent commissions is a result of adopting IFRS 15, involving a change to how commissions are accounted for, as described above.
Please note that there are no accruals and deferrals exceeding five years recorded in the financial statements as of 30/09/2019.

Other assets	30/09/2019	30/09/2018	Change
Advance payments to suppliers	769.319	128.983	640.336
Others	5.248.770	13.852.098	-8.540.328
Total	**6.081.089**	**13.981.081**	**-7.962.992**

"Advance payments to suppliers" refer to advances paid to agents on future commissions and to advance payment invoices for the purchase of electricity from companies that own photovoltaic systems.
The item "Others" mainly includes "Receivables for MTM" that are contracts for the purchase/sale of electricity and gas for Euro 4,217,684 (Euro 13,752,893 at 30/09/2018) valued at "Mark to Market", which represents the value as at the date of preparation of the financial statements of the contracts entered into by the Company (portfolio) after the reporting date.

SHAREHOLDERS' EQUITY AND LIABILITIES

	Notes	30/09/2019	30/09/2018
SHAREHOLDERS' EQUITY	**12**		
Share capital		5.000.000	5.000.000
Other reserves		12.243.064	10.875.177
Profits (losses) carried forward		573.804	573.804
Reserve for actuarial gains		-63.946	-29.518
Profit (loss) for the year		3.435.887	3.168.291
TOTAL SHAREHOLDERS' EQUITY	**11**	**21.188.809**	**19.587.754**
NON-CURRENT LIABILITIES			
Non-current financial liabilities	12	1.453.667	635.628
Provisions for risks and charges	13	93.521	35.966
Staff severance pay and other employee benefits	14	660.144	415.246
Deferred tax liabilities	15	30.419	32.019
Total non-current liabilities		**2.237.750**	**1.118.859**
CURRENT LIABILITIES			
Current financial liabilities	16	31.349.830	21.974.274
Current tax liabilities	17	5.625.542	2.242.362
Trade payables	18	280.635.911	91.590.207
Other liabilities	19	3.027.264	3.521.533
Total current liabilities		**320.638.547**	**119.328.376**
TOTAL LIABILITIES		**322.876.298**	**120.447.235**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**344.065.107**	**140.034.989**

11. Shareholders' equity

On 22/02/2019, the Shareholders' Meeting passed a resolution to use the profit for the year ending 30 September 2018 to increase the legal reserve by Euro 158,415 and the extraordinary reserve by the remaining Euro 3,009,877.

	30/09/2019	30/09/2018	Variazione
Share capital	5.000.000	5.000.000	0
Legal reserve	883.060	724.645	158.415
Extraordinary reserve	10.887.716	7.877.839	3.009.877
Other reserves	1.935.268	1.935.268	0
FTA reserve	-1.462.980	337.426	-1.800.405
OIC reserve	-63.946	-29.518	-34.428
Profits (losses) carried forward	573.804	573.804	0
Profit for the year	3.435.887	3.168.291	267.596
Total SHAREHOLDERS' EQUITY	**21.188.809**	**19.587.755**	**1.601.054**

Share capital

The share capital consists of 5,000,000 ordinary shares, each worth Euro 1, held exclusively by Europe Energy Holding S.r.l.. It is acknowledged that a deed of pledge was signed on 8 June 2018, through which the sole shareholder, Europe Energy Holding S.r.l., established a right of pledge on share certificate no. 23, representing 3,500,000 shares with a total nominal value of Euro 3,500,000 and equal to 70% (seventy per cent) of the company's share capital in favour of Unicredit S.p.A., as a guarantee on the receivables for the loan of Euro 5,468,929 granted, with a residual amount due of Euro 2,599,339 at 30/09/2019.
This pledge restricts the distribution of dividends.

First-Time Adoption Reserve

This reserve refers to the values recorded when the IAS/IFRS were adopted for the first time as at 01/01/2014, and underwent the following changes during the year:

	30/09/2018	Change during the year	30/09/2019
FTA reserve	337.426	-1.800.405	-1.462.979

For more details on the changes to this reserve, please refer to the information provided about the effects of adopting IFRS 9 and IFRS 15.

OIC reserve
The item "OIC reserve" as of 30 September 2019 includes the net impact on actuarial gains (losses) resulting from the application of the amendment to IAS 19 (Employee benefits), recognised directly under shareholders' equity.

Profits (losses) carried forward
As of 30 September 2019, this item amounted to Euro 573,804 and represents the changes during the year mainly relating to the carry-forward of the difference in profit from the previous year after conversion to the IAS/IFRS accounting standards referring to the financial statements as of 30 September 2015.

Shareholders' equity - origin, use and distribution
Please find below the information required by Art. 2427, no. 7-bis, which provides for the indication of shareholders' equity items, distinguishing between them in relation to their availability, origin and use in previous years (for dividend distribution).

	Final balance	Possible use	Available share	Uses in the three previous years - other
Issued capital	5.000.000			
Profit reserves				
Legal reserve	883.060	B	-	-
IAS/IFRS conversion reserves	337.426	A, B	337.426	0
Extraordinary reserve	10.887.716	A, B, C	10.887.716	-4.111.000
Merger surplus reserve	1.935.268	A, B, C	1.935.268	0
Profit carried forward	573.803	A, B, C	573.803	0
Total	14.617.273			
- of which not distributable			883.060	
- of which distributable			13.734.213	

Key:
A. for share capital increase
B. to cover losses
C. for distribution to shareholders

NON-CURRENT LIABILITIES

12. Non-current financial liabilities

Loans amounted to Euro 1,453,667 (Euro 635,628 at 30/09/2018).
This item refers to loans obtained from banks and relates to the non-current portion.

13. Provisions for risks and charges

Provisions for future risks and charges amounted to Euro 93,521 (Euro 35,966 at 30/09/2018).
This item's structure and the changes it underwent during the year are provided and commented on below.

Provisions for future risks and charges - breakdown

	30/09/2019	30/09/2018
Provision for severance & pension liabilities and similar obligations	93.521	35.966
Total provisions for future risks and charges	**93.521**	**35.966**

Provisions for future risks and charges - changes

	Other provisions for future risks and charges
Opening balance	35.966
Additional allocations	76.407
Provisions used	-18.852
Closing balance	**93.521**

Provision for severance & pension liabilities and similar obligations

The "Provision for severance & pension liabilities and similar obligations" amounted to Euro 93,521 (Euro 35,966 in the previous year) and represents allocations to the provision for supplementary agents' indemnity in accordance with IAS 37 (which states that, if the liability refers to deferred payments over time, it must be discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the liability). This provision increases each year to reflect the passing of time, leading to the relative financial expenses also being recorded for the period.
During the year, this standard was applied to the provision for supplementary agents' indemnity; the actuarial calculation being applied to the provision meant that the liability was lower than the nominal value by Euro 244,336 (Euro 136,874 in the previous year); the company's total obligation towards agents was calculated by an independent actuary on the basis of the following economic and financial assumptions relating to the parameters involved in the calculation:

Economic assumptions	30/09/2019	30/09/2018
Discount rate	0,14%	1,09%

Risks and future costs

Outstanding procedures
On 19 March 2015, following an inspection relating to both direct taxes and VAT, the Guardia di Finanza (Italian Finance Police) issued an official Report of Findings on Europe Energy S.p.A. (the "Company") for the period 2009-2013, in relation to:
- presumed applicability (to the extent of 25% to 50%) of the sanction referred to by Art. 8, paragraph 2, of Italian Decree Law no. 16 of 2012 , regarding direct taxes;
- presumed wrongful deduction of VAT and the relative VAT sanctions.

The theory behind this Report of Findings - based on a criminal investigation regarding a party external to the Company - is the alleged existence of a group of companies that allegedly invoiced each other for non-existent transactions for the sale and purchase of electricity (despite there not being any tax issues).
The Company has promptly challenged all notices received to date with separate appeals to the Milan Provincial Tax Commission (in Italian: "CTP").
In different formations, the CTP upheld three appeals and rejected another three.
The dispute has therefore moved to the court of appeal, before the Lombardy Regional Tax Commission (in Italian "CTR"), which upon application of the Company, has taken the precautionary measure of suspending the validity of all sentences passed by the court of first instance against the Company.
The Company is waiting for the CTR to pass its judgement on the first appeals discussed (where all disputes arising from the same investigation and judged by the various CTRs in Italy have been ruled in favour of the companies involved).
Considering the substantial nature of the issues, the risk of an unfavourable verdict relating to the additional tax claims may only be defined as merely "possible", given the clear contestability of the investigation thesis and the previous favourable appeal rulings in favour of other companies that were subject to tax claims regarding the same case and based on the same findings as the proceeding described above.

After the reporting date, the following updates are to be noted:

- Through the sentences passed on 14 October 2019 and 20 January 2020, the CTP upheld two additional appeals filed by the Company, annulling the relative tax claims; in the first-instance court, there is only one verdict still pending, the hearing for which has been postponed due to the Covid-19 emergency.
- Through the sentences passed on 12 November 2019 and 18 December 2019, the CTR upheld two appeals filed by the Company, annulling the relative first-instance rulings against it and the underlying tax claims; in the appeal court, there is only one verdict still pending, before the CTR of Brescia, and the Company is waiting for the relative result.
- The Tax Office has filed separate appeals against the CTR's rulings in favour of the Company at the Italian Supreme Court of Appeal; for one of these, the Company has already presented it defence to the Supreme Court; it shall do the same for the second by the legal deadlines (currently suspended by Italian Decree Law no. 18/2020).

14. Staff severance pay and other employee benefits

This item, including the payable for advance tax payments for revaluation, amounted to Euro 660,144 (Euro 415,246 at 30/09/2018) and underwent the following changes during the year:

	30/09/2019
Opening balance	415.246
Increase to opening balance due to the purchase of the Edlo Energy S.p.A. branch	94.000
Net allocations during the year	263.355
Use for staff leaving and/or advances	-159.863
Financial charges (interest costs)	-2.990
Actuarial gains (losses)	50.396
Closing balance	**660.144**

The items "Actuarial gains (losses)" and "Financial charges (interest costs)" are generated by the valuation of the provision using the actuarial method and were recalculated as of 1 January 2007. As mentioned above, in accordance with IAS 19, the Company records actuarial gains and losses directly under shareholders' equity.
As already indicated in the section on preparation criteria, following the amendments introduced by Italian Law no. 296 of 27 December 2006 ("2007 Budget Law") and the subsequent implementing Decrees and Regulations, only the liability relating to the accrued staff severance pay that remained within the company was valued for the purposes of IAS 19, since the amounts accrued after 1 January 2007, as a result of the choices made by employees during the first half of 2007, were paid to a separate entity (supplementary pension funds or INPS funds). As a result of these payments, the Company shall no longer have obligations connected to the work performed by employees in the future (so-called defined contribution plan).

The Company's obligation towards employees was calculated by an independent actuary on the basis of the following economic and financial assumptions relating to the parameters involved in the calculation:

Economic assumptions	30/09/2019	30/09/2018
Increase in cost of living	1,50%	1,50%
Discount rate	0,47%	1,45%
Salary increase	0,50%	0,50%

Demographic assumptions	30/09/2019	30/09/2018
Probability of death	1%	1%
Turnover	10%	10%

The values calculated on the basis of the actuarial assumptions as of 30 September 2019 resulted in an increase to this provision being recorded for Euro 50,396 compared with the same value at 30 September 2018, with an offsetting amount recorded, net of the related tax effect, in the statement of income and expenses recorded under shareholders' equity, as indicated by the reference accounting standard.
The discount rates used for the valuation of liabilities are defined on the basis of the yield curves of high-quality fixed-income securities for which the amounts and due-dates correspond to the amounts and due-dates of payments estimated for the benefits. The effect of an increase or decrease of 1/4% to the rate at which the cost of living increases and of 1/4% to the discount rate used, with all other assumptions remaining the same, would look as follows:

Demographic assumptions	Rate of increase in the cost of living		Discount rate	
Change	1/4%	-1/4%	1/4%	-1/4%
Net effect	670.840	649.773	647.501	673.333

15. Deferred tax liabilities

Deferred tax liabilities amounted to Euro 30,419 (Euro 32,019 at 30/09/2018).
These were calculated on the temporary differences between the values recorded in the financial statements and the corresponding values recognised for tax purposes, on the basis of the rates that can be assumed will be applied at the time when these differences will be cancelled out: Ires (corporate income tax) 24% and Irap (regional income tax) 3.9%.
The breakdown of prepaid taxes and the nature of the items and of the temporary differences that give rise to them are provided and commented on below.

Deferred tax liabilities: details for current year and previous year

	Total 30/09/2018	IRES (Corporate Income Tax) - Offsetting item in Income Statement - Current year	IRAP (Regional Income Tax) - Offsetting item in Income Statement - Current year	Total 30/09/2019
Delta amortisation on asset improvements	14.905	0	0	14.905
Supplementary agents' indemnity	15.514	0	0	15.514
Tax effect of IAS valuation of staff severance indemnity	1.601	-1.601	0	0
Total	**32.019**	**-1.601**	**0**	**30.419**

Deferred tax liabilities: changes

	30/09/2018	Prepaid/deferred taxes recorded in the Income Statement for the year	Decreases in prepaid/deferred taxes recorded in the Income Statement for the year	30/09/2019
Supplementary agents' indemnity	15.513	0	0	15.513
Delta amortisation on asset improvements	14..905	0	0	14..905
Tax effect of IAS valuation of staff severance indemnity	1.601	0	-1.601	0
Total	**32.019**	**0**	**-1.601**	**30.419**

CURRENT LIABILITIES

16. Current financial liabilities

These amounted to Euro 21,974,274 (Euro 30,367,293 at 30/09/2018). Payables due within one year can be represented as follows:

	30/09/2019	30/09/2018	Change
Bank loans	31.349.830	21.974.274	9.375.555
Total	31.349.830	21.974.274	9.375.555

With the exception of fees and services on loans due within 12 months, the item "loans" refers to the use of credit lines to "unfreeze" trade receivables by opening a credit line on the bank account, i.e. advances on invoice amounts.

17. Current tax liabilities

Current tax liabilities amounted to Euro 5,625,542 (Euro 2,242,362 at 30/09/2018).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
VAT	0	149	-149
IRES (corporate income tax)	1.115.661	790.541	325.120
IRAP (regional income tax)	312.606	152.367	160.239
Employee withholding taxes	104.804	50.651	54.153
Independent contractor withholding taxes	45.546	45.873	-327
Other tax payables	4.046.925	1.202.781	2.844.144
Total	**5.625.542**	**2.242.362**	**3.383.180**

The IRES and IRAP payable corresponds to the payable generated by the calculation of current taxes for the year, net of advances paid.
The item "Other tax payables" mainly includes Euro 4,046,401 for excise duties and electricity and gas surcharges for 2019.

18. Trade payables

Trade payables amounted to Euro 280,635,911 (Euro 91,590,207 at 30/09/2018) are recorded in the financial statements net of any trade and cash discounts indicated in the invoice. Their nominal value has been adjusted, in the event of invoicing adjustments, by the corresponding amount agreed with the counterparty.
The composition of and distinction between current and non-current amounts are shown below:

	30/09/2019	30/09/2018	Change
Due to subsidiaries	59.253	62.782	-3.529
Due to parent companies	32.914	18.723	14.191
Due from third parties	280.543.744	91.508.701	189.035.042
Total trade payables	**280.635.911**	**91.590.207**	**189.045.704**

Trade payables broken down by geographical area

Payables due to third parties	Italy	EU	Non-EU	Total
Credit notes to be received	-2.010.906	0	0	-2.010.906
Suppliers	142.580.545	11.716.454	0	154.296.999
Invoices to be received	125.381.114	2.968.704	0	128.349.818
Total	**265.940.753**	**14.685.158**	**0**	**280.635.911**

These payables are all to be considered current.
The growth of trade payables is due to the growth of sold and purchased volumes of electricity and gas and the ancillary services lent to third parties. It is coherent with the trend in revenues of the final part of the year compared to the previous year.

Payables due to subsidiaries

These are recorded in the financial statements for an amount equal to Euro 59,253 (Euro 62,782 in the previous year), net of any trade and cash discounts indicated in the invoice. Their nominal value has been adjusted, in the event of invoicing adjustments, by the corresponding amount agreed with the counterparty.
There are no payables recorded in the financial statements that are due after the end of next year.

Payables due to the parent company
These are recorded in the financial statements for an amount equal to Euro 32,914 (Euro 18,723 in the previous year), net of any trade and cash discounts indicated in the invoice. Their nominal value has been adjusted, in the event of invoicing adjustments, by the corresponding amount agreed with the counterparty. These payables are all due by the end of the next financial year.

19. Other liabilities

Other liabilities amounted to Euro 3,027,264 (Euro 3,521,533 at 30/09/2018).
The structure and details of accrued liabilities are presented and commented on below.

	30/09/2019	30/09/2018	Variazione
Payables to employees	685.653	435.575	494.269
Payables to social security institutions	341.579	154.654	186.926
Payables to Directors	28.490	24.264	4.226
Accrued liabilities and deferred income	457.330	1.474.231	-1.016.901
Other payables	1.514.212	1.432.809	81.402
Total	**3.027.264**	**3.521.533**	**-494.269**

The item "Payables to employees" has risen due to the growth in employees, from 69 to 88.

The item "Accrued liabilities and deferred income" refers to charges for the year that have not yet involved a cash outlay, and mainly comprise Euro 338,943 for contributions to be paid to ARERA.

The item "Other payables" mainly refers to the payable due to end consumers for Energy and Gas security deposits paid to activate utilities, equal to Euro 1,080,903 (Euro 1,132,496 at 30/09/2018).

Commitments

As of 30 September 2019, the Company had commitments and guarantees in place amounting to a total of Euro 15,420,028 (Euro 11,256,233 at 30/09/2018), broken down as follows:

- Sureties issued to electricity suppliers for Euro 7,550,000 compared to Euro 4,550,000 in the year ending 30/09/2018;
- Sureties issued to gas suppliers for Euro 1,388,811 compared to Euro 1,106,000 in the year ending 30/09/2018;
- Sureties issued to customs offices for Euro 796,000 compared to Euro 510,000 in the previous year;
- Sureties issued for the purchase of electricity on the electricity stock exchange and on the IDEX market for Euro 1,000,000, the same amount as was recorded for the year ending 30/09/2018;
- Sureties issued for ancillary services for electricity and gas purchases (transport, dispatching, etc.) for Euro 1,522,807 compared to Euro 2,003,858 in the year ending 30/09/2018;
- Sureties issued in favour of group companies for Euro 2,369,837 compared to Euro 1,975,000 in the year ending 30/09/2018;
- Sureties issued to fibre suppliers equal to Euro 359,123, which were not present the previous year;
- Sureties issued to suppliers of photovoltaic energy equal to Euro 311,767 which were not present the previous year;
- Other guarantees for Euro 121,683 (Euro 111,375 at 30/09/2018), of which Euro 100,731 in favour of Gascom S.r.l. in Liquidazione to guarantee the staff severance indemnity transferred with the purchase of the company on 08/06/2018.

The sureties issued to group companies for Euro 2,369,837 (Euro 1,975,000 at 30/09/2018) refer to the following companies:
LE Trading AS Euro 2,200,000:
- Euro 2,200,000 for a surety to open a line of credit;
- Euro 1,000,000 as a guarantee for contractual obligations.

Energia G&P S.r.l. (Romania) Euro 119,837 as a guarantee for contractual obligations;
Energia G&P D.o.o. (Slovenia) Euro 50,000 as a guarantee to open a local bank account.

It is acknowledged that a deed of pledge was signed on 8 June 2018, through which the parent company, Europe Energy Holding S.r.l., established a right of pledge on share certificate no. 23, representing 3,500,000 shares with a total nominal value of Euro 3,500,000 and equal to 70% (seventy per cent) of the company's share capital in favour of Unicredit S.p.A., as a guarantee on the receivables for the loan of Euro 5,468,929 granted, with a residual amount to date of Euro 2,599,399. This pledge restricts the distribution of dividends.

Part F
Information on the Income Statement

	Notes	30/09/2019	30/09/2018
REVENUES AND INCOME		978.382.256	450.887.927
Revenues from sales and services	20	977.402.973	449.923.643
Other income	21	979.283	964.284
OPERATING COSTS		**969.728.019**	**446.099.827**
Cost of raw materials, consumables, goods	22	946.948.169	433.147.055
Other operating costs	23	16.756.722	9.595.812
Staff costs	24	6.023.129	3.356.960
GROSS OPERATING MARGIN		**8.654.236**	**4.788.100**
Depreciation of tangible and intangible assets	25	2.744.790	104.698
NET OPERATING MARGIN		**5.910.164**	**4.683.402**
Financial income	26	2.633	49.226
Financial costs	27	-872.666	-622.662
NET FINACIAL INCOME AND COSTS		**-870.034**	**-573.436**
Income / (Costs) from equity investments	28	0	0
Financial income from subsidiaries	29	428.292	573.298
RESULT BEFORE TAXES		**5.467.705**	**4.683.264**
Tax charges/income	30	2.031.818	1.514.973
UTILE (PERDITA) DOPO LE IMPOSTE DA ATTIVITA' DESTINATE A CONTINUARE		**3.435.887**	**3.168.291**

Analysis of items

Before we proceed to analyse the individual items, please note that comments on the general trend of costs and revenues, as required by the first paragraph of Article 2428 of the Italian Civil Code, are provided in the Management Report.
The analytical presentation of the positive and negative income items in the Income Statement and the preceding comments about items in the statement of financial position allow us to limit the below comments to the main items only.

20. Revenues from sales and services

Revenues from sales and services amounted to Euro 977,402,973 (Euro 449,923,643 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Revenues from sales	954.280.404	449.729.963	504.550.441
Fair value of derivatives	-9.552.467	-1.097.778	-8.454.689
Revenues from services	32.675.036	1.291.459	31.383.577
Total	**977.402.973**	**449.923.643**	**527.479.330**

Please find below the breakdown by geographical area:

	30/09/2019	30/09/2018	Change
Italy	905.351.315	296.507.134	608.844.181
Other EU countries	72.051.658	153.222.828	-81.171.170
Total	**977.402.973**	**449.729.963**	**527.673.010**

21. Other revenues and income

Other revenues and income amounted to Euro 979,283 (Euro 964,283 in the previous year).
The structure of this item is provided and commented on below.

	30/09/2019	30/09/2018	Change
Other revenues from the parent company	1.500	1.500	0
Research and development grant	0	170.136	-170.136
Rebates receivable	133	358	-225
Ordinary non-recurring income	728.626	492.113	236.513
Other revenues	249.024	300.179	-51.155
Total	**979.283**	**964.284**	**14.999**

Operating costs

22. Cost of raw materials, consumables and goods

Raw materials and consumables used amounted to Euro 946,948,169 (Euro 433,147,055 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Raw, ancillary and consumable materials	945.917.484	433.558.804	512.358.680
Changes in inventories of raw, ancillary and consumable materials	1.030.634	-411.749	1.442.434
Total	**946.948.169**	**433.147.055**	**513.801.114**

The cost dynamics substantially reflect revenue dynamics.

23. Other operating costs

Other operating costs can be broken down as follows and details are provided below:

	30/09/2019	30/09/2018	Change
Costs for services	13.752.860	7.194.483	6.558.378
Costs for use of third-party assets	462.268	304.074	158.193
Write-down of receivables and adjustment to the risk provision	1.697.095	973.181	723.914
Miscellaneous operating expenses	844.499	1.124.074	-279.575
Total	**16.756.722**	**9.595.812**	**7.160.910**

Costs for services

Costs for services amounted to Euro 13,752,860 (Euro 7,194,483 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Change
Transport	5.432	721	4.711
Utilities (water, gas, electricity)	28.761	16.036	12.725
Maintenance	1.170.231	573.516	596.715
Technical and legal consulting	2.431.797	1.071.118	1.360.680
Directors' fees	615.165	645.656	-30.491
Statutory auditors' fees	58.600	58.769	-169
Independent audit firm's fees	65.677	67.314	-1.637
Services similar to work carried out by employees	7.600	40.933	-33.332
Commissions payable	5.875.907	2.553.501	3.322.406
Advertising	1.334.652	465.780	868.872
Telephone and postal charges	86.659	31.805	54.853
Insurance	418.347	182.161	236.187
Entertainment expenses	34.182	50.377	-16.196
Business trips and transfers	208.055	130.383	77.672
Training and refresher courses	36.951	132.088	-95.137
Other costs for services	1.374.844	1.174.325	200.519
Total	**13.752.860**	**7.194.483**	**6.558.378**

Costs for the use of third-party assets
Costs for the use of third-party assets amounted to Euro 462,268 (Euro 304,074 in the previous year).
Their structure is provided and commented on below.

Costs for use of third-party assets	30/09/2019	30/09/2018	Change
Rent payable	211.878	126.801	85.077
Equipment, furniture lease fees	28.156	1.748	26.408
Car lease and rental fees	222.234	175.525	46.709
Total	**462.268**	**304.074**	**158.193**

This item is mainly made up of rent payable for the registered office in Milan, for the offices in S. Martino Buon Albergo and in Padua and, following the acquisition of the business branch of Edlo Energy S.p.A., the offices in Marcon (VE), Bergamo and Brescia.

Miscellaneous operating expenses
Miscellaneous operating expenses amounted to Euro 844,499 (Euro 1,124,074 in the previous year).
Their structure is provided below:

	30/09/2019	30/09/2018	Change
Stamp duties, levies and other taxes	198.239	72.560	125.679
Non-recurring losses and downward adjustment of income	376.533	835.710	-459.178
Other miscellaneous expenses	269.727	215.804	53.923
Total	**844.499**	**1.124.074**	**-279.575**

24. Personnel costs

Personnel costs amounted to Euro 6,023,129 (Euro 3,356,960 in the previous year), with
the overall increase mainly being due to the acquisition of the business branch from Edlo. This item's structure is presented and commented on below.

	30/09/2019	30/09/2018	Change
Salaries and wages	4.059.032	2.446.563	1.612.469
Social security contributions	1.339.525	731.332	608.194
Staff severance indemnity	263.355	153.115	110.240
Other costs	361.216	25.950	335.266
Total	**6.023.129**	**3.356.960**	**2.666.169**

30.09.2019			30.09.2018			Change		
Labour cost	No. employees	Average no. employees	Labour cost	No. employees	Average no. employees	Labour cost	No. employees	Average no. employees
6.023.129	88	78,5	3.356.960	69	61	2.666.169	19	17,5

The following table shows workforce turnover by type of role:

	30.09.2018	Incoming	Outgoing	30.09.2019	Average number
Senior managers	2	3	-1	4	3
Junior managers	12	5	-5	12	12
Office workers	55	26	-9	72	63,5
Total	**69**	**34**	**-15**	**88**	**78,5**

25. Amortisation, depreciation, write-downs and other provisions

Amortisation and depreciation amounted to Euro 2,744,790 (Euro 104,698 in the previous year) and can be broken down as follows:

	30/09/2019	30/09/2018	Changes
Depreciation of tangible assets	94.330	75.636	18.694
Amortisation of intangible assets	2.650.460	29.062	2.621.398
Total	**2.744.790**	**104.698**	**2.640.091**

Depreciation of tangible assets

Depreciation of tangible assets amounted to Euro 94,330 (Euro 75,636 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Changes
Property	19.981	19.981	0
Plant and equipment	20.729	14.626	6.103
Other Property	53.187	41.029	12.158
Total	**94.330**	**75.636**	**18.694**

Amortisation of intangible assets

Amortisation of intangible assets amounted to Euro 2,650,460 (Euro 29,062 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Changes
Patents, Trademarks and Other Rights	50.404	0	50.404
Software	89.100	29.062	60.037
Customer list	2.510.956	0	2.510.956
Total	**2.650.460**	**29.062**	**2.621.398**

26. Financial income and expenses

Net financial income and expenses amounted to Euro -870,033 (Euro -573,436 in the previous year) and can be broken down as follows:

	30/09/2019	30/09/2018	Changes
Financial income	2.633	49.226	-46.593
Financial expenses	-872.666	-622.662	250.004
Net financial income / (expenses)	**-870.033**	**-573.436**	**-296.597**

Financial income structure is provided below.

	30/09/2019	30/09/2018	Changes
Interest receivable on bank deposits	861	317	544
Realized exchange rate gains	892	142	750
Other financial income	880	48.767	-47.887
Total	**2.633**	**49.226**	**-46.593**

Financial expenses amounted to Euro 872,666 (Euro 622,662 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Changes
Bank loans	486.048	571.773	-85.725
Miscellaneous interest payable	383.440	31.278	352.162
Realized exchange rate losses	188	3.719	-3.531
Other financial expenses	2.990	15.892	-12.901
Total	**872.666**	**622.662**	**250.004**

Bank loans	30/09/2019	30/09/2018	Changes
Loan interest payable	114.680	193.208	-78.528
Bank interest payable	226.932	283.954	-57.022
Interest payable on factoring	60.384	70.459	-10.075
Commitment fee (in Italian: “CDF”)	84.052	24.152	59.900
Total	**486.048**	**571.773**	**85.725**

28. Financial income (expenses) from group companies and associated companies

Financial income amounted to Euro 428,292 (Euro 573,298 in the previous year).
Their structure is provided and commented on below.

	30/09/2019	30/09/2018	Changes
Financial income from Group companies			
From subsidiaries	212.870	48.978	163.892
From associated companies	190.948	501.281	-310.333
From parent companies	24.474	23.038	1.436
Total income	**428.292**	**573.298**	**-145.006**

The amounts shown above are entirely made up of interest on loans that accrued during the year.

29. Tax expenses (income)

Income tax expenses amounted to Euro 2,031,818 (Euro 1,514,973 in the previous year).
This item’s structure, the changes it underwent during the year and other relevant information are provided below:

Details of tax expenses / (income):

	30/09/2019	30/09/2018	Changes
IRES (corporate income tax)	1.829.380	1.313.626	515.754
IRAP (regional income tax)	415.513	265.755	149.758
Net prepaid / deferred taxes	-213.075	-64.409	-148.666
Total	**2.031.818**	**1.514.973**	**516.845**

Net deferred tax assets

	%	%	Taxable income				Tax			
Deferred tax assets	2019	2020	Balance at 30/09/2018	Incr.	Decr.	Balance at 30/09/2019	Balance at 30/09/2018	Incr.	Decr.	Balance at 30/09/2019
Write-down of securities	24	24	833.868					0	0	200.129
Unpaid Directors' fees	24	24	46.300	49.411	-43.600	52.111	10.464	11.858	--10.465	11.857
Credit impairment	24	24	1.100.000	300.000	-1.100.000	300.000	264.000	72.000	-264.000	72.000
Amortisation of customer list	27,9	27,9	0	1.462.544	0	1.462.544	0	408.050	0	408.050
Staff severance indemnity - IAS 19 (2016)	24	24	20.211	0	0	20.211	4.850	0	0	4.850
Non-current intangible assets	27,9	27,9	17.483	0	0	17.483	4.878	0	-4.878	0
Reversal of loan expenses	27,9	27,9	750	0	-750	0	209		-209	0
Staff severance indemnity - IAS 19 (2017) balance sheet only			0	0	0	0	618	12.097	0	12.715
Credit Impairment provision IFRS9			0	1.000.000	0	1.000.000	0	240.000	0	240.000
Total			**2.018.612**	**1.511.955**	**-44.350**	**3.486.217**	**485.148**	**744.005**	**-279.552**	**949.601**

Net deferred tax liabilities

	%	%	Taxable income				Tax			
Deferred tax liabilities	2019	2020	Balance at 30/09/2018	Incr.	Decr.	Balance at 30/09/2019	Balance at 30/09/2018	Incr.	Decr.	Balance at 30/09/2019
Delta amortisation on asset improvements	27,9	27,9	53.423	0	0	53.423	14.905	0	0	14.905
Supplementary agents' indemnity IAS37	24	24	64.641	0	0	64.641	15.514	0	0	15.514
Total			**118.064**	**0**	**0**	**118.064**	**30.419**	**0**	**0**	**30.419**

Statement of reconciliation between the tax burden shown in the financial statements and the theoretical tax burden

IRES (corporate income tax)		
Profit before taxes	**5.467.705**	
Theoretical tax burden (24%)		**1.312.249**
TEMPORARY DIFFERENCES taxable in following years		
Directors' fees paid after 30.09.2019	49.411	
Interest above 0.40% and deferment		
Allocations to risk provisions		
Default interest receivable and not collected as of 30.09.2019		
Total	**49.411**	
TEMPORARY DIFFERENCES FROM PREVIOUS YEARS CARRIED FORWARD:		
Directors' fees paid after 30.09.2018	-43.600	
Annulment of the credit impairment provision from the previous year	0	
Total	**-43.600**	
DIFFERENCES THAT WILL NOT BE REVERSED IN SUBSEQUENT YEARS:		
default interest not collected as of 30/09/2019	0	
TOTAL	**5.811**	
Increases		
Non-deductible or unpaid taxes	101.746	
Taxed credit write-down	300.000	
Board and lodging expenses	0	
Net entertainment expenses	0	
Non-deductible vehicle expenses	114.989	
Amortisation of customer list	1.616.118	
Non-relevant costs	50.682	
Contingent liabilities	82.375	
Other increases	79.002	
Total increases	**2.344.912**	
Decreases		
IRAP relating to personnel costs	-26.004	
10% IRAP (higher between paid and chargeable regional income tax)	-12.434	
Donations	-4.000	

Depreciation	-153.574	
Contingent assets	0	
Other decreases	0	
Total decreases	**-196.012**	
TAXABLE INCOME	**7.622.416**	
Current taxes on profit for the year		**1.829.380**

IRAP (regional income tax)		
Value of production	13.629.670	
Theoretical tax burden (3.9%)		**531.557**
TEMPORARY DIFFERENCES TAXABLE IN FOLLOWING YEARS:		
Total	**0**	
TEMPORARY DIFFERENCES FROM PREVIOUS YEARS CARRIED FORWARD:		
Total	**0**	
DIFFERENCES THAT WILL NOT BE REVERSED IN SUBSEQUENT YEARS:		
Increases		
Directors' fees and INPS contributions (excluding remuneration to holders of VAT numbers)	622.765	
Municipal Property Tax	6.247	
Other increases	129.268	
Non-relevant costs	50.682	
Credit losses	0	
Contingent liabilities	82.375	
Amortisation of customer list	1.616.118	
Total increases	**2.507.455**	
Decreases		
Other decreases		
Use of credit impairment provision	0	
contingent assets	0	
Depreciation	-153.574	
IRAP deductions for increase in newly hired employees and/or tax wedge	-5.329.370	
Total decreases	**-5.482.944**	
IRAP TAXABLE INCOME	**10.654.181**	
Current IRAP for the year		**415.513**

Part G
Risk management and other information

Please find below the additional information required by the IAS/IFRS, SIC/IFRIC interpretative documents, the bulletins and resolutions issued by the Consob (Italian Commission for Companies and the Stock Exchange) and Italian legislation, with reference to the applicable rules of the Italian Civil Code and other measures adopted by the national legislature, which are discussed in the Management Report, to which reference is made.

Risk management
With regard to market, credit and liquidity risks, please refer to the Management Report attached hereto.

Information on financial risks
IFRS 13 requires financial instruments to be valued at their fair value, calculated based on the quality of the sources used to calculate said fair value..
The aforementioned IFRS 13 classification implies a "hierarchy of Fair Value" divided into three levels that give priority, when measuring the fair value, to the use of objective market information as opposed to specific information, establishing three levels for said fair value measurement, based on the nature of the input used to value an asset or liability at the measurement date.
This hierarchy of fair value measurement is defined as follows:
- Level 1: fair value calculation based on the listed (unadjusted) prices on active markets of identical assets or liabilities. This category includes the instruments that the Company uses to operate directly on active markets or on over-the-counter markets that represent identical assets compared to corresponding organised markets (i.e. futures);
- Level 2: fair value calculation based on valuation models that use input that can be observed on active markets (other than the listed prices included in level 1 that can be both directly and indirectly observed). This category includes the instruments that the Company uses to operate on Over-the-Counter markets not characterised by a sufficient level of liquidity or that do not express a market price continuously (e.g. OTC formula hedges);
- Level 3: fair value calculation based on valuation models whose input is not based on observable market data, neither directly nor indirectly (unobservable input) on any active market.

For level 1 fair value assessments, it is essential to have a price on an active market for an instrument that is identical to the one being valued. Based on the indications of IAS 39, a financial instrument is regarded as being listed on an active market if:
- the listed prices are readily and regularly available through a price list, operator, broker, industry sector, pricing agency or regulatory authority;
- these prices represent actual market transactions that regularly occur under normal trading conditions.
- Certain characteristics may be symptomatic of an inactive market. These include:
- a significant drop in volumes and number of trades;
- or prices that vary considerably over time and between market participants.

However, it should be noted that these factors, when considered individually, may not indicate that a market is inactive. Therefore, to assume that a price is listed on an active market, the following must be present:
- recent transactions that occur with a certain degree of regularity with reference to financial instruments that are identical to those being valued and, moreover,
- prices for such transactions that are promptly and regularly available.

Type of instrument as of 30.09.2019	Level 1	Level 2	Level 3	Total
Financial assets for derivative contracts	4.217.684	0	0	4.217.684

Type of instrument as of 30.09.2018	Level 1	Level 2	Level 3	Total
Financial assets for derivative contracts	13.752.894	0	0	13.752.894

Other information
Lease agreements
There are no future payments for non-cancellable lease commitments at 30/09/2019.

Information pursuant to Art. 2497-bis, paragraph 4, of the Italian Civil Code
Pursuant to Art. 2497-bis, paragraph 4, of the Italian Civil Code, it should be noted that the Company is managed and coordinated by Europe Energy Holding S.r.l., a company with registered office in Milan, Via Fratelli Gabba no. 6, tax code and VAT no. 06616800964, Share Capital Euro 1,908,730 fully paid-up. Please find below the figures from said company's last financial statements, as of 30.09.2018, drawn up in accordance with Italian Accounting Standards:

Description	Latest available financial statements as of 30.09.2018	Latest available financial statements as of 30.09.2017
BALANCE SHEET		
ASSETS		
B) Fixed assets	8.497.576	8.496.697
C) Working capital	306.781	662.964
D) Accruals and deferrals	4.231	10.183
Total Assets	**8.808.588**	**9.169.844**
LIABILITIES:		
Share capital	1.908.730	1.908.730
Reserves	5.633.598	5.656.470
Profit (loss) for the year	10.501	-22.871
B) Provisions for risks and charges	0	0
C) Employee severance indemnity	0	0
D) Payables	1.255.759	1.627.515
E) Accruals and deferrals	0	0
Total liabilities		**9.169.844**
INCOME STATEMENT		
A) Value of production	172.865	67.351
B) Production costs	-135.462	-127.982
C) Financial income and (expenses)	-22.451	61.910
D) Values adjustments to financial assets	0	-23.998
E) Extraordinary income and expenses	0	0
Income tax for the year	-4.451	-152
Profit (loss) for the year	**10.501**	**-22.871**

All related-party transactions fall within the ordinary operating activities and are governed by normal market conditions, i.e. the conditions that would normally apply between two independent parties. For further details, please refer to the tables provided in the Explanatory Notes.

Remuneration for corporate bodies and the independent audit firm

Remuneration for corporate bodies
The following table provides the information on directors and statutory auditors, in accordance with Art. 2427, point 16, of the Italian Civil Code:

	Amount
Board of statutory auditors	58.600
Board of directors	615.165

Remuneration for the independent audit firm
The table below provides the information required by Art. 149-duodecies of the Consob Issuers' Regulations.

	Amount
Audit*	65.677

* includes the audit of the separate annual accounts ('unbundling') prepared for the Italian Electricity and Gas Authority ("AEEG") and out-of-pocket expenses.

Significant events after the reporting date
Since February 2020, the virus known as Covid-19 has been in Italy. As we all know, the situation worsened through March and April 2020, until it reached a steady stage to the date of the approval of these financial statements, showing signs of optimism towards the re-opening at full capacity of the business activities in the next few weeks.
Luckily, we operate in a sector that results as one of the least affected by Covid-19. Our activity has actually never stopped through the pandemic. All the employees continued to work in smart-working during lockdown and we were able to guarantee to all of our customers that our business activities were regularly carried out.
Our client base consists mainly of households, which have had a significant growth in energy consumption during the lockdown. This has efficiently mitigated the reduction of energy consumption of our business clients. The effects of said dynamics on the total sales margin appears to be moderate.
Regarding the efficiency of the sales performance during lockdown, there has been a predictable decrease of sales from our in-field agents due to the mobility restrictions applied. However, the data available on sales so far are positive and encouraging. Particularly, inbound sales have considerably grown thanks to a TV campaign that allowed us to modify the sales channel mix. This strategy had been put in place before the pandemic and it has been the main reason why sales have continued to sustain a good pace in this period.
Regarding clients' payments, as expected, we noted a difficulty from clients in terms of respecting payment deadlines. On this subject, we do not identify critical position of our corporate and business clients. Regarding other clients not individually relevant, the quantitative effects of this dynamic does not affect in a relevant matter the financial situation of the Group. The volumes of outstanding payments that we are monitoring do not lead us to forecast significant effect on the financial situation of the Group after standard credit collection action will be carried out.
We believe that the containment measures of Covid-19 did not affect the profitability of our business and the financial sustainability of said business for the period following these financial statements.

During the month of December, it was decided to terminate the transport and dispatching service contract with a counterparty with effect from 1 January 2020. This entails an important reduction in the forecasted turnover compared to these financial statements. However, the decrease in the expected margins is modest. At the time of approval of these financial statements, all the practices relating to this interruption are completed and the company is not exposed to residual risks or uncertainties related to this matter.

Conclusions

On the basis of the information provided herein, we hereby propose the approval of the financial statements as of 30.09.2019 and propose to allocate the profit for the year, equal to Euro 3,435,887 as follows: 5%, equal to Euro 116,940, to the Legal Reserve, and the remainder, equal to Euro 3,336,947, to the Extraordinary Reserve.
Finally, please note that no significant effects on the result for the year are expected caused by seasonal business trends or by significant, non-recurring events.

Milan, 13 May 2020
The Chair of the Board of Directors
(Matteo Ballarin)

RELAZIONE SOCIETÀ DI REVISIONE

13 »

Deloitte.

Deloitte & Touche S.p.A.
Via Cefalonia, 70
25124 Brescia
Italia

Tel: + 39 02 83327030
Fax: + 39 02 83327029
www.deloitte.it

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

To the Sole Shareholder of
Europe Energy S.p.A.

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Europe Energy S.p.A. (the Company), which comprise the statement of financial position as at September 30, 2019, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at September 30, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Company in accordance with the ethical requirements applicable under Italian law to the audit of the financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Directors and the Board of Statutory Auditors for the Financial Statements

The Directors are responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, and, within the terms established by law, for such internal control as the Directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The Board of Statutory Auditors is responsible for overseeing, within the terms established by law, the Company's financial reporting process.

Deloitte.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

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

The Directors of Europe Energy S.p.A. are responsible for the preparation of the report on operations of Europe Energy S.p.A. as at September 30, 2019, including its consistency with the related financial statements and its compliance with the law.

Deloitte.

We have carried out the procedures set forth in the Auditing Standard (SA Italia) n. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Europe Energy S.p.A. as at September 30, 2019 and on its compliance with the law, as well as to make a statement about any material misstatement.

In our opinion, the report on operations is consistent with the financial statements of Europe Energy S.p.A. as at September 30, 2019 and is prepared in accordance with the law.

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

DELOITTE & TOUCHE S.p.A.

Signed by
Piergiulio Bizioli
Partner

Brescia, Italy
May 14, 2020

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