

LARIOTEX

FINANCIAL STATEMENTS TO 31-12-2017

Lariotex srl

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CCIAA CO REA 315934

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LARIOTEX SRL

Financial statements to 31-12-2017

| Name and id code | |
|--|--|
| Company site | STRADA PROVINCIALE PER BULGORELLO 5 VERTEMATE CON MINOPRIO CO |
| Fiscal code | 03476340132 |
| Registration number | CO 316934 |
| VAT number | 03476340132 |
| Share capital Euro | 1.000.000 f.p. |
| Legal form | SOCIETA' A RESPONSABILITA' LIMITATA |
| Activity Code (ATECO) | 467610 |
| Company being wound up | no |
| Company with a single shareholder | yes |
| Company subject to the management and coordination of others | no |
| Belonging to a group | no |

Balance sheet (mandatory scheme)

| | 31-12-2017 | 31-12-2016 |
|---|------------|------------|
| Balance sheet (mandatory scheme) | | |
| Assets | | |
| B) Fixed assets | | |
| I - Intangible fixed assets | | |
| 1) start-up and expansion costs | 331 | 827 |
| 3) industrial patents and intellectual property rights | 17.326 | 9.809 |
| 4) concessions, licenses, trademarks and similar rights | 11.883 | 2.184 |
| 7) other | 48.083 | 64.110 |
| Total intangible fixed assets | 77.623 | 76.930 |
| II - Tangible fixed assets | | |
| 2) plant and machinery | 147.502 | 143.514 |
| 3) industrial and commercial equipment | 41.562 | 48.354 |
| 4) other assets | 66.427 | 69.711 |
| Total tangible fixed assets | 255.491 | 261.579 |
| III - Financial fixed assets | | |
| 4) active derivative financial instruments | - | 197.827 |
| Total financial fixed assets | - | 197.827 |
| Total fixed assets (B) | 333.114 | 536.336 |
| C) Current assets | | |
| I - Inventories | | |
| 4) finished products and goods for resale | 10.862.141 | 7.150.310 |
| Total inventories | 10.862.141 | 7.150.310 |
| II - Receivables | | |
| 1) trade accounts | | |
| due within the following year | 23.681.334 | 17.268.198 |
| Total trade accounts | 23.681.334 | 17.268.198 |
| 5-b) tax receivables | | |
| due within the following year | 1.140.072 | - |
| Total receivables due from tax authorities | 1.140.072 | - |
| 5-c) prepaid tax | | |
| | 81.697 | 77.419 |
| 5-d) other receivables | | |
| due within the following year | 13.203 | 97 |
| Total receivables due from third parties | 13.203 | 97 |
| Total receivables | 24.916.306 | 17.345.714 |
| III - Current financial assets | | |
| 5) active derivative financial instruments | 34.919 | - |
| 6) other investments | 513.933 | 338.723 |
| Total financial current assets | 548.852 | 338.723 |
| IV - Liquid funds | | |
| 1) bank and post office deposits | 1.827.325 | 2.041.622 |
| 3) cash and equivalents on hand | 147 | 6.582 |
| Total liquid funds | 1.827.472 | 2.048.204 |
| Total current assets (C) | 38.154.771 | 26.882.951 |
| D) Accrued income and prepayments | 57.285 | 72.927 |
| Total assets | 38.545.170 | 27.492.214 |
| Liabilities and shareholders' equity | | |
| A) Shareholders' equity | | |

| | | |
|--|------------|------------|
| I - Share capital | 1.000.000 | 1.000.000 |
| IV - Legal reserve | 145.467 | 77.306 |
| VI - Other reserves, indicated separately | | |
| Extraordinary reserve | 1.813.869 | 1.018.817 |
| Miscellaneous other reserves | - | 1 |
| Total other reserves | 1.813.869 | 1.018.818 |
| VII - Reserve for hedging expected cash flow operations | (155.250) | 187.350 |
| IX - Net profit (loss) for the year | 2.286.913 | 1.363.212 |
| Total shareholders' equity | 5.090.999 | 3.646.686 |
| B) Reserves for contingencies and other charges | | |
| 1) pension and similar commitments | 17.032 | - |
| 3) passive derivative financial instruments | 189.759 | 7.121 |
| 4) other | 123.981 | 122.581 |
| Total reserves for contingencies and other charges | 330.772 | 129.702 |
| Total reserve for severance indemnities (TFR) | 50.782 | 28.005 |
| D) Payables | | |
| 4) due to banks | | |
| due within the following year | 14.816.093 | 9.692.627 |
| due beyond the following year | 1.215.535 | 1.416.379 |
| Total payables due to banks | 16.031.628 | 11.109.006 |
| 5) due to other providers of finance | | |
| due within the following year | 1.602.103 | 527.906 |
| Total payables due to other providers of finance | 1.602.103 | 527.906 |
| 7) trade accounts | | |
| due within the following year | 14.983.592 | 11.651.595 |
| Total trade accounts | 14.983.592 | 11.651.595 |
| 12) due to tax authorities | | |
| due within the following year | 293.917 | 283.113 |
| Total payables due to tax authorities | 293.917 | 283.113 |
| 13) due to social security and welfare institutions | | |
| due within the following year | 17.943 | 15.424 |
| Total payables due to social security and welfare institutions | 17.943 | 15.424 |
| 14) other payables | | |
| due within the following year | 23.578 | 24.686 |
| Total other payables | 23.578 | 24.686 |
| Total payables (D) | 32.952.761 | 23.611.730 |
| E) Accrued liabilities and deferred income | 119.856 | 76.091 |
| Total liabilities and shareholders' equity | 38.545.170 | 27.492.214 |

Income statement (value and cost of production)

| | 31-12-2017 | 31-12-2016 |
|--|-------------|-------------|
| Income statement (value and cost of production) | | |
| A) Value of production | | |
| 1) Revenues from sales and services | 53.393.449 | 40.491.006 |
| 5) Other income and revenues | | |
| other | 49.286 | 45.859 |
| Total Other income and revenues | 49.286 | 45.859 |
| Total value of production | 53.442.735 | 40.536.865 |
| B) Costs of production | | |
| 6) Raw, ancillary and consumable materials and goods for resale | 48.817.541 | 37.811.965 |
| 7) Services | 3.579.973 | 3.042.075 |
| 8) Use of third party assets | 171.706 | 155.763 |
| 9) personnel | | |
| a) wages and salaries | 362.584 | 300.641 |
| b) related salaries | 106.699 | 86.521 |
| c) severance | 24.662 | 19.941 |
| Total payroll and related costs | 493.945 | 407.103 |
| 10) depreciation, amortisation and write downs | | |
| a) amortisation of intangible fixed assets | 25.144 | 19.977 |
| b) depreciation of tangible fixed assets | 32.318 | 17.837 |
| d) write-downs of accounts included among current assets | 140.000 | 240.000 |
| Total Amortisation, depreciation and write-downs | 197.462 | 277.814 |
| 11) Changes in inventories of raw, ancillary and consumable materials and goods for resale | (3.711.832) | (3.173.365) |
| 12) Provisions for contingencies and other charges | 80.000 | - |
| 14) Other operating expenses | 45.602 | 9.909 |
| Total cost of production | 49.674.397 | 38.531.264 |
| Difference between value and cost of production (A - B) | 3.768.338 | 2.005.601 |
| C) Financial income and charges | | |
| 15) Income from equity investments | | |
| other | 123 | 143 |
| Total income from equity investments | 123 | 143 |
| 16) other financial income | | |
| c) from securities included among current assets not representing equity investments | 2.348 | 432 |
| d) income other than the above | | |
| other | 3.098 | 1.918 |
| Total income other than the above | 3.098 | 1.918 |
| Total other financial income | 5.446 | 2.350 |
| 17) Interest and other financial expense | | |
| other | 283.745 | 266.777 |
| Total interest and other financial expense | 283.745 | 266.777 |
| 17-bis) Currency gains and losses | (262.385) | 189.097 |
| Total financial income and expense (15 + 16 - 17 + - 17-bis) | (540.561) | (75.187) |
| D) Value adjustments to financial assets and liabilities | | |
| 19) write-downs | | |
| c) securities included among current assets not representing equity investments | 18.651 | 6.409 |
| d) derivative financial instruments | 2.946 | 10.494 |
| Total write-downs | 21.597 | 16.903 |

| | | |
|---|-----------|-----------|
| Total value adjustments to financial assets and liabilities (18 - 19) | (21.597) | (16.903) |
| Pre-tax result (A - B + - C + - D) | 3.206.180 | 1.913.511 |
| 20) Income tax for the year, current, deferred and prepaid | | |
| Current taxes | 923.545 | 627.718 |
| deferred and prepaid tax | (4.278) | (77.419) |
| Total taxes on the income for the year | 919.267 | 550.299 |
| 21) Profit (loss) for the year | 2.286.913 | 1.363.212 |

Financial statement, indirect method

| | 31-12-2017 | 31-12-2016 |
|--|-------------|-------------|
| Financial statement, indirect method | | |
| A) Cash flows from current activities (indirect method) | | |
| Profit (loss) for the year | 2.286.913 | 1.363.212 |
| Income tax | 919.267 | 550.299 |
| Payable (receivable) interest | 278.299 | 264.427 |
| (Dividends) | (123) | (143) |
| (Capital gains)/Capital losses from business conveyance | 9.652 | 2.137 |
| 1) Profit (loss) for the year before income tax, interest, dividends and capital gains/losses from conveyances. | 3.494.008 | 2.179.932 |
| Adjustments to non monetary items that were not offset in the net working capital. | | |
| Allocations to preserves | 18.432 | - |
| Fixed asset depreciation/amortisation | 57.462 | 37.814 |
| Write-downs for long-term value depreciation | 18.651 | 6.409 |
| Adjustments to financial assets and liabilities for derivative financial instruments that do not involve monetary transactions | 2.946 | (10.494) |
| Other adjustments to increase/(decrease) non-monetary items | 22.777 | 17.961 |
| total adjustments for non-monetary items that were not offset in the net working capital | 120.268 | 51.690 |
| 2) Cash flow before changing net working capital | 3.614.276 | 2.231.622 |
| Changes to the net working capital | | |
| Decrease/(increase) in inventory | (3.711.831) | (3.173.365) |
| Decrease/(increase) in payables to customers | (6.413.136) | (4.903.768) |
| Increase/(decrease) in trade payables | 3.331.997 | 2.896.919 |
| Increase/(decrease) from prepayments and accrued income | 15.642 | (51.088) |
| Increase/(decrease) from accruals and deferred income | 43.765 | 39.236 |
| Other decreases/(other increases) in net working capital | (1.145.241) | 1.179.598 |
| Total changes to net working capital | (7.878.804) | (4.012.468) |
| 3) Cash flow after changes to net working capital | (4.264.528) | (1.780.846) |
| Other adjustments | | |
| Interest received/(paid) | (278.299) | (264.427) |
| (Income tax paid) | (919.267) | (550.299) |
| Dividends received | 123 | 143 |
| (Use of reserves) | - | (20.298) |
| Total other adjustments | (1.197.443) | (834.881) |
| Cash flow from current activities | (5.461.971) | (2.615.727) |
| B) Cash flows from investments | | |
| Tangible fixed assets | | |
| (Investments) | (47.963) | (203.491) |
| Disposals | 12.379 | 4.500 |
| Intangible fixed assets | | |
| (Investments) | (25.837) | (91.660) |
| Short term financial assets | | |
| (Investments) | (194.858) | (276.601) |
| Disposals | 699 | 58.015 |
| Cash flows from investments (B) | (255.580) | (509.237) |
| C) Cash flows from financing activities | | |
| Loan capital | | |
| Increase/(decrease) in short term bank loans | 5.123.466 | 3.030.344 |
| New loans | 1.074.197 | 1.425.928 |

| | | |
|--|-----------|-----------|
| (Loan repayments) | (200.844) | - |
| Equity | | |
| Capital increase payments | - | 250.000 |
| (Dividends and advances on dividends paid) | (500.000) | - |
| Cash flows from financing activities (C) | 5.496.819 | 4.706.272 |
| Increase (decrease) in liquid assets (A ± B ± C) | (220.732) | 1.581.308 |
| Liquid assets at the start of the year | | |
| Bank and post office deposits | 2.041.622 | 466.619 |
| Cash and valuables in hand | 6.582 | 277 |
| Total liquid assets at the start of the year | 2.048.204 | 466.896 |
| Liquid assets at the end of the year | | |
| Bank and post office deposits | 1.827.325 | 2.041.622 |
| Cash and valuables in hand | 147 | 6.582 |
| Total liquid assets at the end of the year | 1.827.472 | 2.048.204 |

Supplementary Notes to the Financial statements to 31-12-2017

Supplementary notes, initial part

Dear Shareholders: these explanatory notes to the financial statements are integral part of the financial statements to 31/12 /2017.

The financial statements comply with the requirements of articles 2423 and following of the Italian Civil Code and with the national accounting standards published by the Italian Accounting Board; therefore, they describe, clearly, truthfully, and accurately the assets and financial situation of the company and the economic outcome for the fiscal year.

The contents of the balance sheet and income statement are those required by articles 2424 and 2425 of the Italian Civil Code, while the statement of the financial position was prepared in accordance with art. 2425-ter.

The explanatory notes to the financial statements, written in accordance with art. 2427 of the Italian Civil Code, also contain all information useful to provide a correct interpretation of the financial statements.

Basis of preparation

Financial Statement preparation

The information contained in this document is reported based on the order of the items in the balance sheet and P&L account. In reference to the indications in the introduction to these Explanatory Notes, we declare that, in accordance with article 2423, 3rd paragraph of the Italian Civil Code, if the disclosures required by specific legal provisions are not sufficient for giving a truthful and fair representation of the company's situation, additional disclosures are provided considered necessary for this purpose.

There were no exceptional cases that made it necessary to utilize the exceptions as per art. 2423, paragraphs 4 and 5 and as per art. 2423-bis, paragraph 2 of the Italian Civil Code

The financial statements, as well as these explanatory notes to the financial statements were written in units of Euros.

Financial statement preparation policies

The financial statements items were valued in accordance with the principle of prudence and on a going concern. In accordance with art. 2423-bis, par.1, point 1-bis of the Italian Civil Code, the items are recognized and presented taking into account the substance of the transaction and contract.

When preparing the financial statements, the charges and incomes were entered according to an accrual basis of accounting, independently of the time collection or payment. Moreover, the risks and losses accruing during the fiscal year were taken into account even if they became known after the fiscal year's closing date.

Structure and contents of the financial statement

The balance sheet, income statement, statement of cash flows, and accounting information found in these explanatory notes are consistent with the accounting entries, from which they were directly derived.

The Balance Sheet and P&L Account do not contain groupings of items preceded by Arabic numeral, as instead optionally allowed by article 2423 ter of the Italian Civil Code.

In accordance with article 2423 ter of the Italian Civil Code, it should be noted that all financial statement items are comparable with the previous fiscal year; thus it was not necessary to adjust any items of the previous fiscal year.

In accordance with article 2424 of the Italian Civil Code, it should be noted that there are no asset and liability elements which are under more than one item in the financial statement schedule.

Measurement policies

The criteria applied to measure the financial statement items and in value adjustments comply with the provisions of the Italian Civil Code and instructions contained in the accounting standards issued by the Italian Accounting Board. They have not changed compared to the previous fiscal year.

In accordance with article 2427, paragraph 1, n° 1 of the Italian Civil Code, the most significant valuation criteria adopted in observance of the provisions of art. 2426 of the Italian Civil Code are shown, with special reference to the balance sheet items for which the law allows several valuation and adjustment criteria or for which no specific criteria are provided.

Other information**Assessment of foreign currency items**

The accounting amounts expressed in foreign currency were entered after conversion into euro according to the exchange rate existing at the time of their assessment or at the exchange rate on the fiscal year's closing date based on the indications of OIC accounting standard no. 26.

Transactions with grant back obligation

In accordance with art. 2427, n° 6-ter, the company certifies that, during the fiscal year, the company did not perform any transaction subject to the grant back obligation.

Supplementary notes, assets

The values entered as assets in the balance sheet were valued as required by article 2426 of the Italian Civil Code and in accordance with the national accounting standards. The criteria applied in each case are indicated in the sections concerning the individual entries.

Fixed assets

Intangible fixed assets

As the prerequisites indicated by the accounting principles are satisfied, the intangible assets are entered as assets in the balance sheet, at the acquisition and/or production cost and are depreciated in constant amounts depending on their future usefulness.

The values of the assets are shown net of the accumulated depreciation and writedowns.

The depreciation was carried out in accordance with the following pre-established plan, which is believed to ensure a correct allocation of the cost incurred during the useful life of the asset in question:

| Intangible assets items | Period |
|--------------------------------|----------------------------------|
| Corporate expenses | 5 YEARS ON A STRAIGHT-LINE BASIS |
| Software | 5 YEARS ON A STRAIGHT-LINE BASIS |
| Trademarks | 5 YEARS ON A STRAIGHT-LINE BASIS |
| Other intangible assets | 5 YEARS ON A STRAIGHT-LINE BASIS |

The depreciation criterion for intangible assets was applied systematically and in every fiscal year, in relation to the remaining possibility of economic use of each asset or expense.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the later monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the intangible assets still in the assets.

It is pointed out that it was not necessary to apply writedown on said noncurrent charges due as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of the intangible assets were identified.

Costs for start-up and extension

Installation and expansion costs were entered among the balance sheet assets with the consent of the board of statutory auditors, as their usefulness extends over several years; these costs were depreciated within a period no longer than five years.

Tangible fixed assets

The assets in the category of property, plant and equipment, recognized on the date on which the risks and benefits linked to the acquired asset are transferred, are entered in the financial statements at the acquisition cost, incremented by any accessory charges incurred up to the moment at which the assets are ready for use and, in any case, within the limits of the recoverable value.

These assets are recorded on the financial statements assets, net of the depreciation and writedown provisions.

The accounting amount of the assets, grouped in homogeneous classes by nature and year of acquisition, is allocated among the fiscal years during which they will presumably be used. The procedure is implemented by systematically imputing to the financial statement the depreciation quotas corresponding to the pre-established plans, defined at the time that the asset is available and ready for use, also taking into account their presumed possible residual utilization. Said plans, audited yearly, are prepared on the basis of the gross value of the assets, assuming that their realization value at the end of the process is zero.

The depreciations of property, plant and equipment whose utilization is limited in time were done in accordance with the following pre-established schedule.

| Property, plant and equipment items | Rate % |
|--|---------------|
| Apparatus and machinery | 7,50% |
| Telephone systems | 25% |
| Equipment | 15% |

| | |
|----------------------------|-----|
| Electronic office machines | 20% |
| Furniture and fixtures | 12% |
| Vehicles | 20% |

Any disposals of assets (sales, scrapping, etc.) that took place during the fiscal year involved the elimination of their residual value. Any difference between the accounting amount and the disposal value was imputed to the income statement.

The above mentioned rates were reduced to half for the assets acquired in the course of the fiscal year, as the depreciation share thus obtained does not differ significantly from the share calculated starting at the time that the asset is available and ready for use.

The depreciation criteria for property, plant and equipment did not change compared to those applied the previous fiscal year.

Pursuant to art.10 of Law n° 72 of March 19, 1983, as also recalled by the monetary revaluation laws, it is specified that no monetary revaluation was ever carried out on the tangible assets still in the assets.

It is pointed out that it was not necessary to apply writedowns as per art. 2426, paragraph 1, n° 3 of the Italian Civil Code because, as provided by the accounting standard OIC n° 9, no indicators of long-term losses of the value of property, apparatus and equipment were identified.

Intangible fixed assets

Changes in intangible fixed assets

After entering the depreciation charges of € 25.144 in the income statement, the value of the intangible assets amounts to € 77.623.

The following table shows the movements concerning the assets in question.

| | Start-up and expansion costs | Industrial patents and intellectual property rights | Concessions, licences, trademarks and similar rights | Other intangible fixed assets | Total intangible fixed assets |
|--|------------------------------|---|--|-------------------------------|-------------------------------|
| Year opening balance | | | | | |
| Cost | 827 | 9.809 | 2.184 | 64.110 | 76.930 |
| Balance sheet value | 827 | 9.809 | 2.184 | 64.110 | 76.930 |
| Changes during the year | | | | | |
| Increases for purchases | - | 13.030 | 12.806 | - | 25.836 |
| Depreciation /amortisation for the year | 496 | 5.513 | 3.107 | 16.027 | 25.143 |
| Total changes | (496) | 7.517 | 9.699 | (16.027) | 693 |
| Year closing balance | | | | | |
| Cost | 331 | 17.326 | 11.883 | 48.083 | 77.623 |
| Balance sheet value | 331 | 17.326 | 11.883 | 48.083 | 77.623 |

Detail of the composition of long-term costs

Costs for start-up and extension

The following schedule details the installation and expansion costs, highlighting the changes that occurred relative to the previous fiscal year. Reference is made to the discussion above for the reasons of their entering and the respective depreciation criteria.

| Description | Detail | 2017 | 2016 | Absolute change | % change |
|-------------------------------------|--------------------|------------|------------|-----------------|----------|
| <i>Start-up and expansion costs</i> | | | | | |
| | Corporate expenses | 331 | 827 | 496- | 60- |
| | Total | 331 | 827 | 496- | |

Tangible fixed assets

Changes in tangible fixed assets

Property, apparatus and equipment before the relative depreciation reserve amount to €. 305.240; the depreciation reserve totals €. 49.749.

The table below shows the transactions in the assets in question.

| | Plant and machinery | Industrial and commercial equipment | Other tangible fixed assets | Total tangible fixed assets |
|---|---------------------|-------------------------------------|-----------------------------|-----------------------------|
| Year opening balance | | | | |
| Cost | 149.727 | 52.275 | 79.424 | 281.426 |
| Amortisation (amortisation fund) | 6.213 | 3.921 | 9.713 | 19.847 |
| Balance sheet value | 143.514 | 48.354 | 69.711 | 261.579 |
| Changes during the year | | | | |
| Increases for purchases | 16.274 | 1.134 | 30.555 | 47.963 |
| Decreases for transfers and disposals (of the balance sheet value) | - | - | 21.734 | 21.734 |
| Depreciation/amortisation for the year | 12.286 | 7.926 | 12.105 | 32.317 |
| Total changes | 3.988 | (6.792) | (3.284) | (6.088) |
| Year closing balance | | | | |
| Cost | 166.001 | 53.409 | 85.830 | 305.240 |
| Amortisation (amortisation fund) | 18.499 | 11.847 | 19.403 | 49.749 |
| Balance sheet value | 147.502 | 41.562 | 66.427 | 255.491 |

Finance leases operations

As required by the law, the assets acquired through financial lease are entered into the accounts as operating leases, by recording the leasing fees among the operating costs.

The following schedule shows the information requested by the law in order to show, albeit off balance sheet, the implications arising from the different accounting compared to the financial method; in the latter the user company would record the leased asset among the assets and would calculate the depreciation charges on said asset, while, at the same time, it would record the debt for the capital portion of the leasing charges to be paid. In this case, the income statement would record the interest portion and the depreciation portion of the leasing charges accruing in fiscal year.

| | Amount |
|--|---------|
| Total value of financial leased assets at the end of the year | 157.371 |
| Depreciation related to the year | 32.528 |
| Current value of unpaid instalments at the end of the year | 122.916 |
| Financial liabilities for the year based on the effective interest rate | 2.996 |

Financial fixed assets

The financial assets that were present in the 2016 financial statements have been allocated to financial assets that do not constitute fixed assets.

Inserisci Testo

Current assets

The elements of the current assets are valued as required by numbers 8 to 11-bis of article 2426 of the Italian Civil Code. The criteria utilized are indicated in the sections of the respective financial statements' items.

Inventory

The inventories were measured at weighted average cost. The purchase cost includes any directly attributable incidental Charges.

| | Year opening balance | Change during the year | Year closing balance |
|---|----------------------|------------------------|----------------------|
| Finished products and goods for resale | 7.150.310 | 3.711.831 | 10.862.141 |
| Total inventories | 7.150.310 | 3.711.831 | 10.862.141 |

Receivables included among current assets

The credits entered among the current assets were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426, par. 2 of the Italian Civil Code, taking into account the time factor and the presumable realization value, in accordance with the provisions of art. 2426, paragraph 1, N° 8 of the Italian Civil Code.

The value was adjusted to the presumable realization value by establishing a provision for the writedown of credits for a total amount of Euro 256.423.

Credits for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their presumable realization value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

Changes and deadline of receivables posted to current assets

The table below shows the information on the changes in receivables entered in current assets as well as information on their due dates, if significant.

| | Year opening balance | Change during the year | Year closing balance | Amount due within 12 months |
|---|----------------------|------------------------|----------------------|-----------------------------|
| Trade receivables included among current assets | 17.268.198 | 6.413.136 | 23.681.334 | 23.681.334 |
| Tax receivables included among current assets | - | 1.140.072 | 1.140.072 | 1.140.072 |
| Assets for prepaid tax included among current assets | 77.419 | 4.278 | 81.697 | |
| Other receivables included among current assets | 97 | 13.106 | 13.203 | 13.203 |
| Total receivables included among current assets | 17.345.714 | 7.570.592 | 24.916.306 | 24.834.609 |

Breakdown of receivables included among current assets by geographic area

The following table shows the distribution by geographical area of the credits entered among the current assets.

| Geographic area | Italy | CEE | EXTRA CEE | Total |
|---|------------|-----------|-----------|------------|
| Trade receivables included among current assets | 21.360.640 | 2.243.464 | 77.230 | 23.681.334 |
| Tax receivables included among current assets | 1.140.072 | - | - | 1.140.072 |
| Assets for prepaid tax included among current assets | 81.697 | - | - | 81.697 |
| Other receivables included among current assets | 13.203 | - | - | 13.203 |
| Total receivables included among current assets | 22.595.612 | 2.243.464 | 77.230 | 24.916.306 |

Financial assets not classified as fixed assets

Changes in financial assets not classified as fixed assets

Current financial asset derivative instruments

The active derivative financial instruments refer to instruments intended to cover the financial flows or the fair value of a current asset. They have been valued at fair value in accordance with art. 2426, par.1, n° 11 bis and the positive or negative

variations of the fair value between two fiscal years are recognized respectively in the appropriate items of the income statement "D.18.d - Revaluations of derivative financial instruments" and "D.19.d - Writedowns of derivative financial instruments", with the exception of the variations of the derivatives that cover financial flows, which are required to be posted in the shareholders' equity item "VII - Reserve for transactions to cover anticipated financial flows". The fair value was determined in accordance to the market value, as it was possible to easily identify an active market.

Other securities

Current securities of fungible nature were valued on the basis of the lesser value of the cost recognized initially and of the realization cost inferable from the market trend. The weighted average cost method, as an alternative to the specific cost method was utilized to value the cost recognized initially.

| | Year opening balance | Changes during the year | Year closing balance |
|--|----------------------|-------------------------|----------------------|
| Non-current active derivative financial instruments | - | 34.919 | 34.919 |
| Other non-current shares | 338.723 | 175.210 | 513.933 |
| Total financial current assets | 338.723 | 210.129 | 548.852 |

Liquid funds

Cash and cash equivalents are measured at nominal value.

| | Year opening balance | Change during the year | Year closing balance |
|--------------------------------------|----------------------|------------------------|----------------------|
| Bank and post office deposits | 2.041.622 | (214.297) | 1.827.325 |
| Cash and other cash in hand | 6.582 | (6.435) | 147 |
| Total liquid funds | 2.048.204 | (220.732) | 1.827.472 |

accrued income and prepayments

Accruals and deferred income were calculated according to an accrual basis of accounting, by allocating revenues and/or costs common to two fiscal years.

| | Year opening balance | Change during the year | Year closing balance |
|--|----------------------|------------------------|----------------------|
| Accrued income | 7.880 | (7.880) | - |
| Deferred income | 65.047 | (7.762) | 57.285 |
| Total accrued income and prepaid expenses | 72.927 | (15.642) | 57.285 |

The following schedule shows the composition of the items in question, as they result from the financial statements.

| Description | Detail | Amount for the current fiscal year |
|---------------------------------------|------------------|------------------------------------|
| <i>Accrued income and prepayments</i> | | |
| | Prepaid expenses | 57.285 |
| | Total | 57.285 |

Deferred income and prepaid expenses in detail:

PREPAID EXPENSES

Prepaid expenses insurance premiums €. 1.624

Prepaid expenses ordinary telephone expenses €. 252

Prepaid expenses lease fees €. 16.079

Prepaid expenses rental fees €. 370

Prepaid expenses building rental fees €. 8.449

Prepaid expenses general expenses €. 337

Prepaid expenses other bank charges €. 30.174

It is pointed out that the sum of €. 10.531 related to the prepaid expenses bank fees on loans concerns the share beyond the following fiscal year.

Capitalized financial assets

All of the interests and other financial expenses have been entirely expensed during the fiscal year. We declare that no capitalization of financial expenses exists for the purposes of article 2427, paragraph 1 of the Italian Civil Code.

Supplementary notes, liabilities and net equity

The entries of the equity investment and the liabilities of the balance sheet were entered in accordance with the national accounting standards; the criteria specifically applied are indicated in the sections concerning the individual entries.

Shareholders' equity

The items are entered in the financial statements at their accounting amount based on the indications contained in OIC accounting standard no. 28.

Changes in shareholders' equity

In reference to the closing fiscal year, the tables below show the changes of the individual shareholders' equity, as well as the details of other reserves, if present in the financial statements.

| | Year opening balance | Destination of the previous year's result | Other changes | | Result for the year | Year closing balance |
|---|----------------------|---|---------------|-----------|---------------------|----------------------|
| | | Other destinations | Increases | Decreases | | |
| Capital | 1.000.000 | - | - | - | | 1.000.000 |
| Legal reserve | 77.306 | 68.161 | - | - | | 145.467 |
| Other reserves | | | | | | |
| Extraordinary reserve | 1.018.817 | 1.295.052 | - | 500.000 | | 1.813.869 |
| Miscellaneous other reserves | 1 | - | - | 1 | | - |
| Total other reserves | 1.018.818 | 1.295.052 | - | 500.001 | | 1.813.869 |
| Reserve to hedge expected cash flow transactions | 187.350 | - | 40.701 | 383.301 | | (155.250) |
| Profit (loss) for the year | 1.363.212 | (1.363.212) | - | - | 2.286.913 | 2.286.913 |
| Total shareholders' equity | 3.646.686 | 1 | 40.701 | 883.302 | 2.286.913 | 5.090.999 |

Use of shareholders' equity

The following schedules indicate the items of the equity investment, specifying their origin, possible utilization and distribution, as well as their utilization during the previous three fiscal years.

| | Amount | Origin / nature | Possible use | Available amount |
|---|-----------|-----------------|--------------|------------------|
| Capital | 1.000.000 | Share capital | | - |
| Legal reserve | 145.467 | Profits | B | - |
| Other reserves | | | | |
| Extraordinary reserve | 1.813.869 | Profits | A;B;C | 1.813.869 |
| Total other reserves | 1.813.869 | | | 1.813.869 |
| Reserve to hedge expected cash flow transactions | (155.250) | | | - |
| Total | 2.804.086 | | | 1.813.869 |
| Unavailable amount | | | | 77.623 |
| Residual available share | | | | 1.736.246 |

Key: A: for capital increase, B: to hedge losses, C: distribution to shareholders, D: for other article of association restraints, E: other

Changes to the reserve for hedge operations on expected cash flows

In accordance with art. 2427-bis, paragraph 1b-quater of the Italian Civil Code, the following schedule illustrates the movements of the fair value reserves that occurred during the fiscal year.

| | Reserve to hedge expected cash flow transactions |
|---------------------------------|--|
| Year opening balance | 187.350 |
| Changes during the year | |
| Increases for fair value change | 40.701 |
| Decreases for fair value change | 383.301 |
| Year closing balance | (155.250) |

Provisions for risks and charges

The provisions for risks and charges were allocated to cover liabilities whose existence was deemed to be certain or probable and for which the amount or the contingency date could not be determined at the fiscal year's closing date.

The provisions were established on the basis of the principles of prudence and accrual, in compliance with the accounting standard OIC 31. The related provisions are recorded in the income statement of the accrual period, on the basis of the by the nature cost classification criterion.

| | Provisions for pension liabilities and similar obligations | Passive derivative financial instruments | Other funds | Total provisions for risks and charges |
|---------------------------|--|--|-------------|--|
| Year opening balance | - | 7.121 | 122.581 | 129.702 |
| Changes during the year | | | | |
| Operating accrual | 17.032 | 188.830 | 80.000 | 285.862 |
| Use in the financial year | - | 6.192 | 78.600 | 84.792 |
| Total changes | 17.032 | 182.638 | 1.400 | 201.070 |
| Year closing balance | 17.032 | 189.759 | 123.981 | 330.772 |

Other provisions

The following schedule shows the composition of the item in question, as entered in the financial statements, in accordance with art. 2427, par.1 of the Italian Civil Code.

| Description | Detail | Amount for the current fiscal year |
|--------------|--|------------------------------------|
| <i>other</i> | | |
| | Other prov.for defer.risks and charges | 123.981 |
| | Total | 123.981 |

Staff severance fund

The provision for the staff leaving indemnity were calculated in accordance with the terms of article 2120 of the Italian Civil Code, taking into account legal provisions and the specific nature of the contracts and professional categories, and includes the annual amounts accrued and revaluations performed based on ISTAT coefficients.

The amount of the provision is assessed net of advances paid and the amounts used for terminations of employment occurring during the fiscal year and represents the certain payable due to the employees on the fiscal year's closing date.

| | Staff severance fund |
|-------------------------|----------------------|
| Year opening balance | 28.005 |
| Changes during the year | |
| Operating accrual | 22.877 |

| | Staff severance fund |
|----------------------|----------------------|
| Other changes | (100) |
| Total changes | 22.777 |
| Year closing balance | 50.782 |

Payables due to companies controlled by parent companies

The debts were recognized in the financial statements in accordance with the depreciated cost criterion, as defined by art. 2426 of the Italian Civil Code, taking into account the time factor, in accordance with the terms of art. 2426, paragraph 1, N° 8 of the Italian Civil Code. Debts for which the depreciated cost method and/or the discounting to current value are not applicable were entered at their nominal value, in order to provide a truthful and accurate representation of the balance sheet and income statement situation. This situation occurred, for example, in the case of debts with a maturity of less than twelve months or, with reference to the depreciated cost method, in the case in which the transaction costs, commissions, and any other differences between initial value and value at maturity are negligible or, also, in the case of discounting to current value, when the interest rate inferable from the contractual conditions does not differ significantly from the market interest rate.

Payables changes and due date

The table below shows the information on changes in payables and any information related to their due dates.

| | Year opening balance | Change during the year | Year closing balance | Amount due within 12 months | Amount due beyond 12 months |
|--|----------------------|------------------------|----------------------|-----------------------------|-----------------------------|
| Payables to banks | 11.109.006 | 4.922.622 | 16.031.628 | 14.816.093 | 1.215.535 |
| Payables to other financiers | 527.906 | 1.074.197 | 1.602.103 | 1.602.103 | - |
| Payables to suppliers | 11.651.595 | 3.331.997 | 14.983.592 | 14.983.592 | - |
| Tax payables | 283.113 | 10.804 | 293.917 | 293.917 | - |
| Payables due to social security and welfare institutions | 15.424 | 2.519 | 17.943 | 17.943 | - |
| Other payables | 24.686 | (1.108) | 23.578 | 23.578 | - |
| Total payables (D) | 23.611.730 | 9.341.031 | 32.952.761 | 31.737.226 | 1.215.535 |

Payables due to banks

The following table shows the subdivision of the item "Debts to banks".

| Entry | Payables of bank account | Payables of short loans | Payables of medium loans | Total |
|-------|--------------------------|-------------------------|--------------------------|------------|
| 4) | 11.041.747 | 3.774.347 | 1.215.534 | 16.031.628 |

Other payables

The following table shows the subdivision of the item "Other debts".

| Description | Detail | Amount for the current fiscal year |
|-----------------------|--------------------------------------|------------------------------------|
| <i>OTHER PAYABLES</i> | | |
| | Payables due to suppl. pension funds | 1.920 |
| | Debiti F.I.R.R. | 4.475 |
| | Personnel for remuneration | 17.183 |
| | Total | 23.578 |

Breakdown of payables by geographic area

The following table shows the distribution by geographical area of the debts.

| Geographic area | Italy | CEE | EXTRA CEE | Total |
|--|------------|-----------|-----------|------------|
| Payables to banks | 16.031.628 | - | - | 16.031.628 |
| Payables to other financiers | 1.602.103 | - | - | 1.602.103 |
| Payables to suppliers | 3.747.857 | 3.653.964 | 7.581.771 | 14.983.592 |
| Tax payables | 293.917 | - | - | 293.917 |
| Payables due to social security and welfare institutions | 17.943 | - | - | 17.943 |
| Other payables | 23.578 | - | - | 23.578 |
| Payables due to companies controlled by parent companies | 21.717.026 | 3.653.964 | 7.581.771 | 32.952.761 |

Payables covered by real guarantees on company assets

Pursuant to article 2427, paragraph 1, no. 6 of the Italian Civil Code, we declare that there are no company payables secured by collateral.

Loans by shareholders

The company did not receive any loans from shareholders.

accrued liabilities and deferred income

Accruals and deferred income were calculated according to an accrual basis of accounting, by separating costs and/or revenue common to two fiscal years.

| | Year opening balance | Change during the year | Year closing balance |
|--|----------------------|------------------------|----------------------|
| Accrued liabilities | 76.091 | 43.765 | 119.856 |
| Total accrued liabilities and deferred income | 76.091 | 43.765 | 119.856 |

The following schedule shows the composition of the items in question, as they result from the financial statements.

| Description | Detail | Amount for the current fiscal year |
|---------------------------------------|---------------------|------------------------------------|
| <i>Accrued income and prepayments</i> | | |
| | Accrued liabilities | 119.856 |
| | Total | 119.856 |

Accrued liabilities in detail:

ACCRUED LIABILITIES

Accrued liabilities premiums Inail €. 1.146

Accrued liabilities insurance premiums €. 66.181

Accrued liabilities bank fees and charges €. 1.539

Accrued liabilities bank interest expenses and commitment fees €. 16.651

Accrued liabilities employee costs €. 34.339.

Supplementary notes, income statement

The income statement shows the economic outcome for the fiscal year.

It shows the operating activities through a summary of the revenue and cost components of the income that contributed to the economic outcome. The revenue and cost components of the income, entered in the financial statements as required by article 2425-bis of the Italian Civil Code, are grouped in a way that provides meaningful intermediate results and are distinguished depending on the various operations to which they belong: ordinary, accessory, and financial.

The ordinary activity identifies the income components generated by operations that are performed continuously and in the sector pertinent to the performance of the operation, which identify and qualify the specific and distinctive part of the economic activity carried out by the company and which is the company's business purpose.

The financial activity consists of transactions that generate revenues and expenses of financial nature.

Finally, the accessory activity consists of the operations that generate income components that are part of the ongoing activity, but do not fall into the ordinary and financial activity.

Value of production

Revenues are entered in the financial statements on accrual basis of accounting, net of returns, allowances, discounts, and bonuses, as well as of the taxes directly linked to them.

Revenues generated by the sale of goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits.

Breakdown of net revenue by business category

The following table illustrates the distribution of the revenues from sales and services by categories of activities.

| Business category | Current year value |
|--------------------------|---------------------------|
| Sale of goods | 53.393.449 |
| Total | 53.393.449 |

Breakdown of net revenue by geographic area

The following table illustrates the distribution of the revenues from sales and services by geographical area.

| Geographic area | Current year value |
|------------------------|---------------------------|
| Italy | 47.316.559 |
| CEE | 5.930.796 |
| EXTRA CEE | 146.094 |
| Total | 53.393.449 |

Cost of production

The costs and charges are attributed on accrual basis of accounting and according to their nature, net of returns, allowances, discounts, and premiums, in compliance with the principle of correlation with the revenues; they are entered in the respective items as required by accounting standard OIC 12. The costs incurred to purchase goods are entered when the substantive, not the formal transfer of the ownership title occurs; the reference parameter for the substantive transfer is the transfer of the risks and benefits. When services are purchased, the related costs are entered when the service is received, that is when the service has been performed; in the case of ongoing services, the related costs are entered for the portion accrued.

Financial income and charges

Financial income and charges are entered on accrual basis of accounting based on the portion accrued during the fiscal year.

Composition of share income

The dividends are recognized in the fiscal year in which their distribution is declared.

There is no income from equity investments as per article 2425 no. 15 of the Italian Civil Code other than dividends.

Breakdown of interest and other financial liabilities by payables type

The schedule below shows the interest expenses and other financial expenses as per article 2425, no. 17 of the Italian Civil Code, with specific division between those related to debenture bonds, payables due to banks and other types.

| | Interest and other financial liabilities |
|-------------------|--|
| Payables to banks | 269.482 |
| other | 14.263 |
| Total | 283.745 |

Gains/losses on foreign exchange

The information concerning exchange rate gains or losses is shown below, distinguishing the portion realized from that derived from the valuations of assets and liabilities denominated in foreign currency entered at the end of the fiscal year.

| Description | Amount shown in the balance sheet | Valuation portion | Realised portion |
|----------------------------------|-----------------------------------|-------------------|------------------|
| <i>Currency gains and losses</i> | <i>262.385-</i> | | |
| Gain on foreign exchange | | - | 1.309.650 |
| Loss on foreign exchange | | 180.111 | 1.391.924 |
| Total entry | | 180.111- | 82.274- |

Value adjustments to financial assets and liabilities

During this fiscal year a write-down of securities included in current assets not classified as fixed assets was done, by adjusting them through the release a provision of Euro 18.651.

Amount and nature of the single income/cost items of exceptional size or effect

No revenues or other positive components derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

No costs derived from events of exceptional magnitude or impact were recognized during the current fiscal year.

Income tax for the year, current, deferred and prepaid

Deferred tax assets and liabilities

This item includes the impact of deferred taxes on these financial statements. It can be traced back to the temporary differences between the value attributed to an asset or liability in accordance with statutory criteria and the corresponding value recognized for these elements for tax purposes.

The company determined the deferred taxation exclusively for the IRES 24%, as there were no temporary changes of IRAP.

The information requested by art. 2427, n° 14 of the Italian Civil Code is shown below:

- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;

- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons
- the description of the temporary differences that involved the recognition of the deferred and prepaid taxes, specifying the rate applied and the changes compared to the previous fiscal year, the amounts credited or debited to the income statement or to the shareholders' equity;
- the amount of the prepaid taxes posted to the financial statements, pertaining to the losses for the fiscal year or for prior fiscal years and the reasons for the entering; the amount not yet posted and the reasons for the failure to post it;
- the items excluded from the calculation and the related reasons.

| | Prepaid taxes 1.01.2017 | Amount 2017 | IRES 24% | Prepaid taxes 31.12.17 |
|--|----------------------------|-------------|----------|---------------------------|
| Writedowns of accounts included among current assets | 48.000 | 16.424 | (3.942) | 51.942 |
| Other provision | 29.419 | 1.400 | (336) | 29.755 |
| Amount 31/12/2017 | 77.419 | | 4.278 | 81.697 |

Supplementary notes, financial statement

The company prepared the statement of cash flows, which is the summary document linking the changes in the company's balance sheet that occurred during the fiscal year with the changes in financial position; said statement shows the value of the financial resources that the company needed during the fiscal year and the uses of said resources.

With regard to the method used, it is specified that, in accordance with the provision of OIC 10, the company utilized the indirect method, on the basis of which the cash flow is reconstructed by adjusting the fiscal year income/loss results of the non-monetary components.

Supplementary notes, other information

The other information requested by the Italian Civil Code is shown below.

Employment data

The schedule below shows the average number of employees, broken down by category and calculated considering the daily average.

| | Average number |
|---------------------|----------------|
| Office staff | 6 |
| Blue collar workers | 7 |
| Total employees | 13 |

Remuneration, advances and credits granted to directors and auditors and commitments on their behalf

The following schedule shows the information requested by art. 2427, n° 16 of the Italian Civil Code; it is specified that there are no advances and credits and that no commitments were assumed on behalf of the administrative body as a result of providing any type of guarantee.

| | Directors | Auditors |
|--------------|-----------|----------|
| Remuneration | 221.000 | 6.240 |

Remuneration to legal auditor or audit company

The following table shows the remunerations payable to the statutory auditor, subdivided by the types of services provided.

| | Value |
|---|-------|
| Legal audit of annual accounts | 6.240 |
| Total remuneration due to the legal auditor or audit firm | 6.240 |

Category of shares issued by the company

This paragraph of the explanatory notes is not pertinent since the share capital is not represented by shares.

Securities issued by the company

The company did not issue securities.

Details of other financial instruments issued by the company

The company did not issue other financial instruments in accordance with article 2346, paragraph 6, of the Italian Civil Code.

Commitments, guarantees and potential liabilities not posted to the balance sheet

The following table shows the information required by art. 2427, n° 9 of the Italian Civil Code.

| | Amount |
|-------------|---------|
| Commitments | 124.680 |

Information on assets and loans addressed to specific deals

Assets destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no assets dedicated to a specific business transaction as per n° 20 of art. 2427 of the Italian Civil Code.

Financing destined to a specific business

It is certified that, at the date of closing of the financial statements, there are no loans dedicated to a specific business transaction as per n° 21 of art. 2427 of the Italian Civil Code.

Information on transactions with correlated parties

For the purpose of the requirements of the legislation in effect, no transactions were conducted with related parties during the fiscal year.

Information on agreements not posted to the balance sheet

No agreements not entered on the Balance Sheet were undertaken during the fiscal year.

Information on significant events after yearend

With regard to point 22-quater of art. 2427 of the Italian Civil Code, no significant events occurred after the fiscal year's closing date that significantly impacted on the balance sheet, financial position, and income statement.

Companies that draft the largest/smallest group of companies that they belong to as subsidiary

There are no cases such as those mentioned at art. 2427, numbers 22-quinquies and sexies of the Italian Civil Code.

Information regarding derivative financial instruments as per art. 2427-b Civil Code

In compliance with the requirements of art. 2427-bis of the Italian Civil Code, in accordance with the principle of truthful and accurate reporting of the company's commitments, the appropriate information is provided below

| KIND | ISSUER | FAIR VALUE |
|--------------------|------------------|-----------------|
| Irs | Intesa San Paolo | € . - 929,00 |
| Option on rate | Intesa San Paolo | € . + 394,00 |
| Option on rate | Intesa San Paolo | € . + 108,00 |
| Option on rate | Intesa San Paolo | € . + 275,00 |
| Option on currency | Intesa San Paolo | € . -15.556,00 |
| Option on currency | Intesa San Paolo | € . + 2,00 |
| Option on currency | Intesa San Paolo | € . - 14.236,00 |
| Option on currency | Intesa San Paolo | € . - 21.686,00 |

| | | |
|-------------------------------|---------------------------|----------------|
| Option on rate | Banca Popolare di Milano | €. + 8,24 |
| Terminable Option on currency | Banca Popolare di Sondrio | €. + 2.648,05 |
| Option on currency | Banca Popolare di Sondrio | €.+52,21 |
| Option on currency | Banca Popolare di Sondrio | €. -42.736,08 |
| Option on currency | Banca Popolare di Sondrio | €. 206,33 |
| Option on currency | Banca Popolare di Sondrio | €. -37.266,36 |
| Option on currency | Banca Popolare di Sondrio | €. + 339,28 |
| Option on currency | Banca Popolare di Sondrio | €. -15.357,44 |
| Option on currency | Banca Popolare di Sondrio | €. + 12.895,49 |
| Option on currency | Banca Popolare di Sondrio | €. -15.431,52 |
| Option on rate | Banco BPM | €. +8,24 |
| Option on currency | Banco BPM | €. - 26.560,15 |
| Flexi forward | Deutsche Bank | €. + 18.000,53 |

Summary of balance sheet of the company exercising management and coordination activities

In accordance with art. 2497-bis, par. 4 of the Italian Civil Code, it is certified that the company is not subject to management and coordination activity by other companies.

Proposed use of profits or hedging of losses

Dear Shareholders: in view of the discussion above, the administrative body proposes to allocate the profit for fiscal year Euro 2.286.913,30 as follows:

EUR 54.533,22 to the legal reserve;

EUR 2.232.380,08 to the extraordinary reserve post 2016;

Supplementary notes, final part

Dear Shareholders: we confirm that these financial statements, consisting of the balance sheet, income statement, statement of cash flows, and explanatory notes describe truthfully and accurately the balance sheet and financial position of the company, as well as the economic outcome for the fiscal year and that said financial statements correspond to the accounting records. Therefore, we ask you to approve the draft financial statements to 31/12/2017 together with the proposed destination of the fiscal year income/loss, as set forth by the administrative body.

The financial statements are true and real and correspond to accounting records

VERTEMATE CON MINOPRIO, 3/05/2018

Board of directors

Pierluigi Biondi, Chief

Fabio Massimo Berneri, Board member