FY 2017

IVS ITALIA S.p.A.
Company with sole shareholder subject to the management and coordination of IVS Group S.A.
Registered office in Seriate (BG) - Via dell'Artigianato n. 25
Share capital Euro 65,000,010.00 fully paid-up
Tax code 03320270162 - Economic and Administrative Index (REA) no. 368038

(Translation from the original Italian language report, which remains the definitive version)

Contents

Corporate officiers

Board of Directors

Paolo Covre	Chairman
Massimo Paravisi	Chief Executive Officer
Antonio Tartaro	Chief Executive Officer
Adriana Cerea	Managing Director
Maurizio Cesaracciu	Managing Director
Mario Tessaro	Managing Director
Stefano Baccelloni	Managing Director
Angelo Bonacina	Managing Director
Giorgio Grappassonni	Managing Director

Board of Statutory Auditors

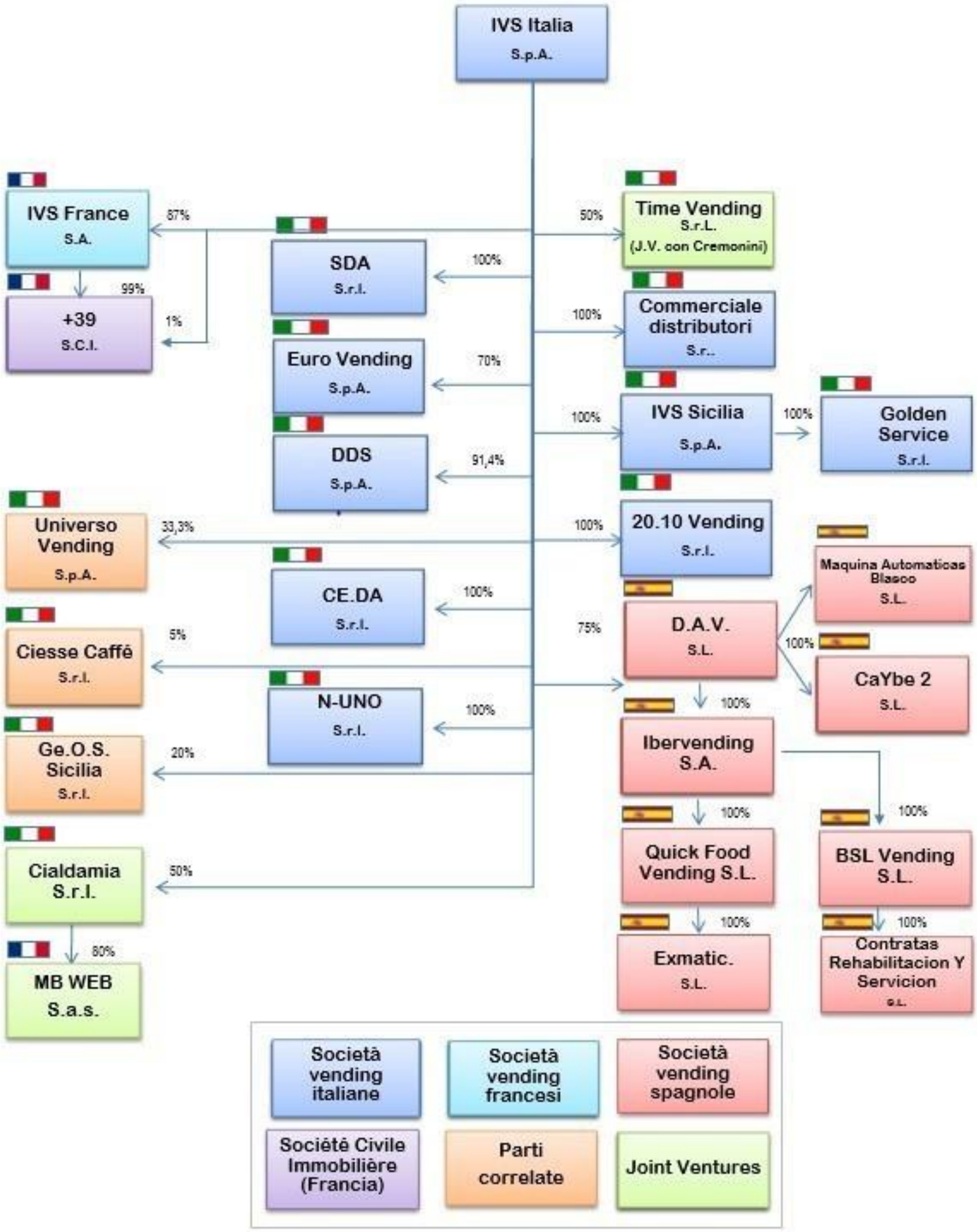
Paolo Cerutti	Chairman
Fabrizio Testa	Regular auditor
Giuseppe Nicastro	Regular auditor
Tiziana Colussi	Alternate auditor
Maria Cristina Pituello	Alternate auditor

Independent auditors

EY S.p.A.

Group structure

As at 31 December 2017, the IVS Italia Group had the following corporate structure:



Report on Operations

Dear Shareholder,

The financial statements of your company, prepared in accordance with international accounting standards, show a profit of Euro 7,215 thousand after:

- taxes with a negative effect of Euro 5,237 thousand;
- an extraordinary provision of Euro 3,343 thousand for the adjustment of the fine imposed by the Antitrust Authority (AGCM) against the ruling by the Lazio Regional Administrative Court.

IVS Italia S.p.A. is a joint-stock company incorporated and domiciled in Italy which operates in the vending market, i.e. in the sector of the sale of products through automatic and semi-automatic vending machines, installed at non-assisted points of sale (companies, schools, hospitals, railway stations and other public places), which offer their service 24 hours a day and from which consumers make purchases by introducing coins, banknotes, prepaid cards and other methods of payment.

In 2017 IVS Italia S.p.A. booked typical turnover, resulting from the supply and sale of food, beverages and goods through vending machines, showing improvement on 2016: Euro 269,821 thousand against Euro 252,611 thousand. The Vending Business resulted in the sale of approximately 577.4 million consumptions at an average price of 46.73 euro cents. Despite the continuing stagnation of the Italian economy, we have managed to increase supplies mainly through the increase in the average selling price from 46.25 euro cents to 46.73 euro cents. We have focused on profitability through the exploitation of operational synergies in the network of distribution subsidiaries and between maintenance service operators, trying to improve the density of vending machines, which indicates that the machines are located in close proximity to each other.
In this regard, it should be noted that in the world of vending, calendar years should be considered and weighted according to the conventional working days.

Election of the new Company Chairman

On 7 August 2017, the Chairman Cesare Cerea, founder of the Company since 1972, passed away suddenly. On 18 October 2017, the Shareholders' Meeting elected Paolo Covre as the new Chairman of the Board of Directors of IVS Italia S.p.A., a member of the Board since the Company was established.

Investigation by the Italian Antitrust Authority (AGCM - I/783)

On 17 July 2014, the Italian Antitrust Authority (AGCM) launched an investigation into possible agreements aimed at restricting competition in the Italian vending market between 14 companies, including IVS Italia S.p.A. By resolution of 25 February 2015, it extended the investigation to include different types of agreements and three more companies.
Starting October 2014, the AGCM (and therefore after the start of the investigations and after the facts under review) has adopted new guidelines for the calculation of penalties applicable to such anti-competitive agreements.
These sanctions are "*as a rule not less than 15%*" of the revenue generated by the Company in the specific market sector involved in the investigation, but in any case subject to totally discretionary adjustments by the Authority.
In accordance with Italian law, the sanction imposed by the AGCM for this specific conduct may not, however, in any way exceed the value of 10% of the total consolidated revenue of the Company.
On 4 March 2016, AGCM served IVS Italia S.p.A. the Notification of the Investigation Results (“NRI”): in the opinion of AGCM officials, there are allegedly agreements aimed at anti-competitive attitudes between Italian companies operating in the vending sector.
On 14 June 2016, the AGCM issued a ruling on the matter, sanctioning 13 (including IVS Italia S.p.A.) out of a total of 17 companies involved in the investigation begun in 2014. The reasons would concern agreements made in the period 2011-2014 aimed at restricting competition in the vending sector, so as to coordinate commercial, pricing and geographical area allocation policies within the sector.
In accordance with the decision of the AGCM, IVS Italia S.p.A. was fined a total of Euro 31,918 thousand (equivalent to the maximum penalty of 10% of consolidated turnover as provided for by art. 15 of Law 287/90).

On 27 July 2017, following the hearing of 7 July 2017, the Lazio Regional Administrative Court issued a judgement on the appeal lodged by IVS Italia S.p.A. The penalty was confirmed for Euro 31,918 thousand, splitting legal costs. The Antitrust Authority authorised the payment of the fine in 30 instalments starting from October 2016. Against the decision of the Lazio Regional Administrative Court, on 27 November 2017, IVS ITALIA S.p.A. undertook the action necessary to assert its reasons before the Council of State.

Acquisitions and disposals

During FY 2017, IVS Italia S.p.A. acquired four business units operating in the Campania, Piedmont, Tuscany and Sardinia regions for a total value of Euro 1,012 thousand.
In addition to these transactions, IVS Italia S.p.A. acquired 100% of the share capital of N-UNO S.r.l., a company incorporated in January 2017 following the spin-off of the "Nespresso" business by the Argenta-Somed Group and the agreement signed by IVS Italia S.p.A. with Nespresso Italiana S.p.A. for the exclusive distribution of the professional line of Nespresso pods.
IVS Italia S.p.A. also acquired the minority interests in the Companies it controls following the conferment of:

- CA.ME S.r.l., vending BU operating in the Emilia Romagna region;
- CI.ELLE S.r.l. Vending S.r.l., a vending BU operating in the Apulia region;
- RI.RI Servizi & Servizi S.r.l., a vending BU operating in the Calabria region;
- M1 Vending of Bauco Massimo, a vending BU operating in the Lazio region;
- Novecento S.r.l., a vending BU operating in the Calabria region;
- Vela Vending S.r.l., a vending BU operating in the Lazio region;
- Prontocoffee S.r.l., Ocs BU operating in the Emilia Romagna region.

The price of the above BUs is Euro 2,394 thousand, of which Euro 2,044 thousand is still provisional.

IVS Italia S.p.A. sold its shares in Auto-Bar S.r.l. in May 2017 for Euro 9 thousand.

Other events in 2017

During FY 2017, the Company entered into two new floating rate loan contracts for a total value of Euro 12,500 thousand with leading banks and repaid in advance on 04 July 2017 the loan of Euro 7,000 thousand, entered into with Banco Popolare.
A loan of Euro 350 thousand was also disbursed on 19 October 2017 to the Joint Venture Time Vending at an annual interest rate of 0.5%, which may be revised from year to year.

On 30 June 2016, the Revenue Agency adopted the technical regulations for the telematic transmission of revenue from vending machines (applied from 1 April 2017). The management believes that these new rules are an element of discontinuity in the Italian vending market, encouraging further market concentration in favour of the major operators (better able to manage the technological and IT aspects of this change).

Operating performance

In 2017, the revenue from the core business of IVS Italia S.p.A. at the end of the period amounted to Euro 292,462 thousand which, as shown in the table below, almost entirely concern the typical activity of supplying food products from vending machines.

(Euro thousands)		**31/12/2017**	**31/12/2016**	**Variation**	**% var.**
Revenue from sales and services		269,821	252,611	17,210	7%
Other revenue and income		22,641	20,220	2,421	12%
	Total	**292,462**	**272,831**	**19,631**	**7%**

Operating costs amount to Euro 260,884 thousand, of which for the purchase of raw materials amounting to Euro 73,139 thousand (25% of total turnover).

Amortisation and depreciation totalled Euro 8,169 thousand, of which Euro 1,176 thousand related only to intangible assets and Euro 6,993 thousand to tangible assets. Costs for services amounted to Euro 64,228 thousand. Personnel costs, including costs for loading vending machines, amount to Euro 67,842 thousand, an increase compared to the previous year, mainly as a result of personnel hired for the management of the Nespresso business.
Operating income and expenses show a net negative balance of Euro 55,677 thousand (Euro 48,066 thousand in 2016), and the most significant item recorded therein concerns the reversals (equal to approximately Euro 40.1 million) granted to companies and bodies as indemnities to be able to position the vending machines within their premises, exploiting their energy and water supply and the risk provision set aside for the sanction by ACGM for Euro 3,343 thousand.
The trend in financial income and expenses in 2017, compared to 2016, saw an improvement in the item of approximately Euro 3 million, mainly due to the combined effect of the higher increase in 2016 of additional expense charged by IVS F. S.p.A. for Euro 4,448 thousand and lower bank interest income for lower cash and cash equivalents in 2017 compared to the previous period.
For further details on the items in the financial statements, reference should be made to the notes to the financial statements.

The following table summarises and shows the economic performance of IVS Italia S.p.A. on the basis of what is illustrated:

	31/12/2017	31/12/2016	Var.
Working days	238.5	237.5	0.42%
Deliveries (thousands)	577,397	546,188	5.71%
Deliveries per working day (thousands)	2,421	2,300	5.27%
Sales (Euro thousands)	269,821	252,611	6.81%
Sales per working day (Euro thousands)	1,131	1,064	6.30%
Average price (Euro cents)	46.73	46.25	1.04%
Cost of sales per delivery (Euro cents)	(12.75)	(12.27)	3.91%
First margin per delivery (Euro cents)	33.98	33.98	(0.01)%
Current EBITDA per delivery (Euro cents)	5.46	4.41	23.81%

During 2017, IVS Italia S.p.A. recorded a 6.81% increase in the distribution and sales of food products, beverages and other goods distributed through vending machines compared to the corresponding period of 2016 (Euro 269,821 thousand compared to Euro 252,611 thousand).

FY 2017 showed an increase in sales and sales volumes compared to the previous year, despite the difficulties still encountered in other sectors in the Italian and foreign markets. This effect is most evident in the increase in the average net cost of sale, which rose from 46.25 cents to 46.73 cents (+1.04%), in the positive effect generated by the various acquisitions made during the year and by the acquisitions completed in the last quarter of 2016, which had full effect in 2017.

Net financial costs

Financial costs amounted to Euro 10,905 thousand compared with Euro 13,866 thousand in the previous year. As explained in greater detail in note 29, the change is mainly due to the following reasons:

- decrease in "extraordinary" financial expense due to the expense recorded in 2016 and linked to the early repayment of the debenture loan by the subsidiary IVS F. S.p.A., a company merged in 2016 into the subsidiary CSH S.r.l., with the consequent recharging of Euro 4,448 thousand to the company IVS Italia S.p.A.;
- decrease in interest income mainly due to lower cash and cash equivalents during the year compared to the previous period.

Starting January 2014, the Company has adhered to the Group VAT and therefore transferred its VAT credit/debit to the parent company IVS Group S.A., renewing its adherence also for the financial year 2017.

At 31 December 2017, the Group VAT balance increased by Euro 11,433 thousand with a balance of Euro 14,201 thousand.

Investments

In FY 2017, in addition to the acquisitions mentioned above, the main investments made by IVS Italia S.p.A. concerned the purchase of assets accessory to the vending business, such as vehicles and means of transport, as well as the costs of renovating the property in Vignate, as an operating and management centre following the agreement with Nespresso Italiana S.p.A. for the exclusive distribution of Nespresso Business products on national territory.

In 2017, IVS Italia S.p.A. paid Euro 3,959 thousand for the repurchase of minority interests in subsidiaries (including Euro 2,243 thousand relating to acquisitions in previous years), of which Euro 46 thousand for the minority interest in Eur Coffee, Euro 1,9461 thousand for the purchase of shares in 20.10 Vending S.r.l., Euro 397 thousand for the purchase of shares in SDA Società distributori automatici S.r.l., Euro 840 thousand for the acquisition of the shares in CE.DA S.r.l. and Euro 715 thousand for the acquisition of the shares in N-UNO S.r.l.

Euro 1,020 thousand was also paid for the preliminary agreement signed with the company Enopanorama S.r.l. and the company Food Service S.r.l., for Euro 1,000 thousand and Euro 20 thousand respectively.

Alternative Performance Measures

In order to facilitate the understanding of its economic and financial data, IVS Italia S.p.A. uses a number of widely available indicators, which are not required by IAS/IFRS. In particular, EBITDA and EBIT and net financial debt. The definitions of the indicators used by the Company, as they do not derive from the reference accounting standards, may not be homogeneous with those adopted by other companies/groups and may therefore not be comparable with them. This report contains a number of financial and non-financial performance indicators, including those mentioned above. The first, deriving from the financial statements, comprise the tables that offer a summary representation of the economic, equity and financial performance of IVS Italia S.p.A., in relation to comparative values and other values for the same period. The indication of economic values that cannot be directly deduced from the financial statements, as well as the presence of comments and evaluations, also contributes to better qualify the dynamics of the different values.
The report on operations also includes a series of financial and equity ratios that are certainly relevant for a better understanding of the performance of IVS Italia S.p.A., especially in relation to the performance compared to previous periods. In addition, the notes to the financial statements, in the section on net financial debt, provide information on the economic and financial effects of changes in interest rates.

Main asset, financial and income ratios

IVS Italia S.p.A. closed FY 2017 with a net profit of Euro 7,215 thousand and shareholders' equity of Euro 87,364 thousand. In addition, at 31 December 2017, IVS Italia S.p.A. had a financial debt of Euro 278,038 thousand, of which Euro 235,572 thousand towards the parent company IVS Group S.A. and Euro 62,392 thousand towards credit institutions and leasing loans

INDICATORS	31/12/2017	31/12/2016
FINANCIAL AUTONOMY INDICATORS MP/CI	19%	16%
FINANCIAL DEPENDENCY INDICATORS (PC+PCR)/CI	89%	84%
DEBT IND. CI/MP	516%	625%
CONSOLIDATED DEBT IND. (PC/CI)	60%	57%
CURRENT DEBT IND. (PCR/CI)	29%	27%
M.P/M.THIRD PARTIES (PC+PCR)/MP	460%	525%
CURRENT ASSETS+LIQUID/CURRENT LIABILITIES	34%	77%
FIXED ASSET HEDGING MARGIN	88%	92%
STRUCTURAL MARGIN (MP-AI)	(318,542)	(317,991)
NET CURRENT ASSETS (AC+LIQ-PCR)	(85,986)	(31,359)

Employees

As at 31 December 2017, IVS Italia S.p.A. had 1,416 employees, most of whom were dedicated to storage, technical assistance and customer service.

The loading activity and related activities are the departments with the largest number of employees, followed by technicians, logistics and management, commercial and financial activities. The following table shows the number of employees by category:

	31/12/2017	31/12/2016	Variation
Middle managers	17	17	-

White-collar employees	310	280	30
Blue-collar employees	1089	1049	40
Apprentices	-	1	(1)
Total	**1,416**	**1,347**	**69**

Research and development

The efforts made in Research and Development are focused on three areas: (i) vending machine technology, customisation and refurbishment, (ii) product innovation, and (iii) customers and consumers.
In the area of vending technology, customisation and refurbishment, in 2017 we focused on the development of new remote management systems for OCS machines, research into new methods for monitoring product inventory and machine status, as well as refurbishment techniques that can extend the useful life of vending machines.
In 2015, the IVS group, through a subsidiary, implemented and launched on the market the CoffeecApp application, released for the main operating systems on the market (IOS, Android and Windows).
This innovation is part of the new payment system solutions developed by the IVS group to increase sales volumes. To stimulate use of these new solutions, IVS Italia S.p.A. and the companies belonging to the IVS group are increasing the number of vending machines equipped with the technologies necessary to use these innovative tools.
In 2017 IVS developed with its vending machine suppliers innovative graphic interface modes in order to have a more immediate and intuitive use of the service by the end customer and we proceeded to increase the technology installed on the machines, such as telemetry and installation of the payment method through CoffeecApp for an ever decreasing use of cash.
In the field of operational management, IVS group management is developing models of fixed configurations for the supply of vending machines with a high number of consumptions, able to increase the sales of the installed fleet of machines.
We also seek regular feedback from our customers in an effort to continue to improve our products and services. In light of this, they have created an internet community.

Related party transactions

Related party transactions concerned:

- parent companies IVS Group S.A. and IVS Partecipazioni S.p.A.,
- subsidiaries of IVS Italia S.p.A.,
- subsidiaries of IVS Group S.A.,
- associates,
- other related parties.

Summary data as at 31 December 2017 for related party transactions is provided in the notes to the financial statements.
The execution of related party transactions is in IVS Italia S.p.A.'s interest in realising the synergies existing within the Group in terms of production, commercial and logistical integration, efficient use of skills and rationalisation of central structures and financial resources.
All related party transactions, whether those relating to the exchange of goods, services or those of a financial nature, are regulated at arm's length.

No atypical or unusual transactions were carried out during the year that were not described in this report and/or in the notes to the financial statements.

Transactions with members
The notes to the financial statements specify the minor loans received from certain shareholders and/or their related parties.

Transactions with subsidiaries and associates
Transactions with subsidiaries and associates are of a commercial (exchange of goods and/or services) and financial nature.
For further details on transactions with subsidiaries and associates, reference should be made to the notes to the financial statements.

Other related party transactions

Other related party transactions are of a commercial nature and consist mainly of trade in goods and/or services such as operating costs, fees and expense for activities, rents payable, etc. For further details on other related party transactions, reference should be made to the notes to the financial statements.

Own shares and shares/stocks in investee companies

We acknowledge that IVS Italia S.p.A. does not hold, nor has held, acquired or disposed of, either directly or through trust companies or third parties, its own shares or those of its shareholders.

Risks and uncertainties

Risk management (internal and external, social, industrial, political, financial) is integrated into the development strategy of IVS Italia S.p.A. and represents an essential element of the continuous process of evolution of the governance system. Risk management aims, also through an improvement in the rules of conduct, at protecting stakeholders (employees, customers, suppliers, shareholders), as well as safeguarding the company's assets.

General risks:

The Company's management monitors its financial risks in order to assess in advance their potential negative effects and take the necessary mitigation or compensation actions to counter them.

Our business, financial conditions and operating results may be adversely affected by the current unfavourable economic conditions in Italy, in particular by the negative market perception of Italian consumers.

The global financial and credit market continues to be volatile, many markets and several non-financial sectors of the global economy have suffered negative effects in recent years, generating a reduction in consumption, the size of which varies from market to market. The international crisis, unprecedented in its scale and rapid spread, has constantly damaged the world economy in recent years and poses a risk to the Company. This difficult situation was aggravated by the financial scenario, characterised by growing uncertainty and high rigidity, which made it even more difficult to operate.

The Company countered this situation by adjusting its capital structure and introducing cost containment policies, rethinking its commercial policies and increasing prices. The effects of the crisis appear to be more or less stable, even if demand continues to fluctuate.

The food and drink industry is highly regulated locally, at national level and by European legislation as regards nutritional information, safety, food hygiene, rules for the operation of public contracts aimed at positioning vending machines in public places and increasingly as regards public health as regards issues relating to healthy eating. Failure to comply with government regulations could result in the imposition of sanctions or restrictions. The restrictions imposed in the past on the French market in relation to vending machines in schools could soon be extended, including in Italy. This topic has been under discussion since the second half of 2015, but at the moment there is no news. Such restrictions would result in less profitable products being placed in our vending machines than at present, which would be less attractive to customers, with a consequent reduction in revenue. If this were to happen, or even extend to include Italy and Spain, there could be material negative effects on our business, financial condition and operating results.

The field in which we operate is highly competitive, so if our way of competing is not effective, there is a risk of loss of market share, rather than the inability to maintain or increase prices for our services. Competitive pressure also restricts the possibility of raising sales prices. In addition, increased operating costs, such as rebates or costs emerging from contractual agreements, may cancel out improvements in margins that would otherwise be produced by higher prices.

Our activities can be adversely affected if we are unable to retain our key employees. We depend on some managers and our staff to achieve success. In particular, dependence refers to the ability of these individuals to implement and elaborate strategies. Our activities could have negative consequences if, for any reason, a number of these key employees choose not to stay with us, with the additional risk that they will become part of a competitor's workforce. Although the employment contracts relating to key persons contain non-competition agreements, there is no effective guarantee that these provisions will be applied. In addition, there are a limited number of people with the necessary skills to occupy key positions and we may not be able to replace the employees who currently occupy them. Our ability to recruit, motivate and retain staff is important to our success, but there can be no guarantee that we will be able to do so, given the market in which we operate.

We may face interruptions of employment contracts that interfere with our operations, having a tangibly adverse effect on our business, financial condition and operating results.

We currently employ 1,416 workers. In the past we have been involved in labour disputes relating to collective redundancies and wage disputes. Although the management currently believes that it has a generally good relationship with its employees, no guarantee can be given that there will be no conflict of labour or adverse relationship in the future. Interruptions of our business operations due to strikes or similar measures on the initiative of our employees, or those of our major suppliers, could have a negative effect on our business, financial condition and operating results.

The concentration of commercial credit risk is limited due to the large and diverse customer base. For this reason, the current provisions for credit risks are considered adequate.

Financial risk:

IVS Italia S.p.A. is exposed to various financial risks, including, in particular, interest rate fluctuations, credit risk and liquidity risk. The Treasury is responsible for managing Group financial risks and, together with the CFO, evaluates the main financial transactions carried out by the company and the associated risk management policies. No investments have been made in non-current financial assets or in current financial assets (shares, bonds or atypical securities) that require particular prudence with regard to the way in which market trends and the economic recession can impact them.

Rate risk:

The interest rate risk is that which refers to future cash disbursements for variable rate financing operations. Changes in interest rates affect the fair value of floating rate financial assets and liabilities and may have an impact on a company's future performance. The main loan to IVS Group S.A. is at a fixed rate.

Credit risk:

We are exposed to credit risk towards our customers, which could lead to greater write-downs of the receivables themselves rather than to the recording of losses for those receivables considered irrecoverable. Receivables derive mainly from the sale of products in the OCS segment, amounts typically invoiced to customers at the time of delivery. Although the credit risk relating to individual customers is constantly monitored, there is still uncertainty arising from circumstances that are intrinsically difficult to predict or control. While many customers pay their debts within 30 or 60 days, we have seen a 2.6% decrease in receivables due after 91 days between 2016 and 2017. Total past due receivables increased by Euro 794 thousand. At 31 December 2017, our allowance for doubtful accounts amounted to Euro 727 thousand, equal to approximately 5% of our gross trade receivables.

Liquidity risk:

This is the risk that the Company will not be able to generate sufficient cash flow from its operations to cover investments and debts contracted with third parties. Although the current bank credit facilities are sufficient to meet the Company's needs, the Company's objective is to have a level of debt that allows it to balance average loan repayments with flexible accounts and diversification of financing.

Legal and tax risk

IVS Italia S.p.A. is exposed to the risks arising from failure to comply with the changing laws and new regulations in the sectors and markets in which it operates. On this front, the Company remains in step with the reference legislation, also thanks to the assistance of external consultants. The management periodically monitors the progress of potential disputes, determines the most appropriate measures for their management and guarantees the appropriate valuations and losses in value in relation to these risks and their effects on the income statement.

Other information

No loans were granted or guarantees given to members of the Board of Directors or the Board of Statutory Auditors during the year, nor do they exist at the end of the year.

Significant events after the end of the financial year and outlook

During January and February 2018 IVS Italia S.p.A. repaid in advance the loan signed with Banca Popolare di Milano for an original amount of Euro 9,000 thousand, the loan signed with Credito Valtellinese for an original amount of Euro 10,000 thousand and the loan signed with UBI for an original amount of Euro 5,000 thousand. In January a loan of Euro 10,000 thousand was stipulated with UBI and in March two new loans were stipulated with Monte dei Paschi for a total of Euro 19,250 thousand.
On 4 January 2018, a preliminary contract was signed for the acquisition of the OCS BU of M1 Vending and a deposit of Euro 5 thousand was paid.
On 12 January 2018, a preliminary contract was signed for the acquisition of the vending BU of Dorando Service S.r.l. and a deposit of Euro 100 thousand was paid.

Finally, we are constantly looking for new target companies to acquire, in order to increase the customer base, and services in those areas and business units where the structures allow us to increase volumes without a proportional increase in the related costs.

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Conclusions

Dear Shareholder,

We believe that we have sufficiently illustrated the Company's position as at 31 December 2017 and its operating performance.

Thank you for your trust in us and we invite you to approve the financial statements as presented, postponing the profit for the year.

Seriate, 27 March 2018

For the Board of Directors
Chairman
Paolo Covre

Financial statements

Statement of financial position

		Notes	31/12/2017	31/12/2016 Restated
ASSETS				
Non-current assets				
Intangible assets		5	4,753,236	5,304,746
Goodwill		5	279,257,175	278,410,082
Property, plant and equipment		6	42,186,918	41,195,896
Investment properties		6	922,040	942,628
Equity investments and financial receivables		7	77,000,308	69,768,410
Deferred tax assets		18	1,360,795	1,451,170
Other non-current assets		8	916,698	1,117,557
TOTAL NON-CURRENT ASSETS	**A**		**406,397,170**	**398,190,489**
Current assets				
Inventories		9	15,773,533	13,421,202
Trade receivables		10	17,559,262	17,167,808
Tax assets		11	-	207,394
Other current assets		12	26,004,363	19,403,452
Cash and cash equivalents		13	19,925,786	54,200,455
TOTAL CURRENT ASSETS	**B**		**79,262,944**	**104,400,311**
Assets sold/held for sale	**C**			
TOTAL ASSETS	**A+B+C**		**485,660,114**	**502,590,800**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Shareholders' equity				
Share capital		15	65,000,010	65,000,010
Reserves		15	66,692,078	66,620,706
Retained earnings/(losses)		15	(51,542,644)	(52,824,011)
Net profit (loss) for the year		15	7,214,539	1,348,808
SHAREHOLDERS' EQUITY	**D**		**87,363,983**	**80,145,513**
Non-current liabilities				
Non-current financial liabilities		19	20,521,345	26,876,974
Payables to shareholders for loans		19	234,000,000	234,000,000
Employee benefits		16	4,890,326	5,073,291
Provisions for risks and charges		17	511,269	13,152,367
Deferred tax liabilities		18	8,107,367	7,530,205
Other non-current liabilities			3,195,961	-
TOTAL NON-CURRENT LIABILITIES	**E**		**271,226,268**	**286,632,837**
Current liabilities				
Current financial liabilities		19	41,134,490	47,841,836
Payables to shareholders for loans		19	2,308,035	2,308,035
Trade payables		20	54,870,893	57,556,570
Tax liabilities		11	466,698	-
Provisions for risks and charges		17	108,864	13,149,244
Other current liabilities		21	28,180,883	14,956,765
TOTAL CURRENT LIABILITIES	**F**		**127,069,863**	**135,812,450**
TOTAL LIABILITIES	**(H=E+F+G)**		**398,296,131**	**422,445,287**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**D+H**		**485,660,114**	**502,590,800**

(*) The amounts in this table do not correspond to those in the financial statements at 31 December 2016 as they reflect the changes made as presented in Note 1 to the Notes.

Statement of Income

	Notes	31/12/2017	31/12/2016 Restated
Revenue from sales and services	23	269,820,975	252,610,526
Other revenue and income	24	22,641,430	20,219,731
Total revenues		**292,462,405**	**272,830,257**
Cost of raw materials, supplies and consumables	25	(73,138,925)	(66,995,189)
Costs for services	26	(64,227,601)	(68,539,301)
Personnel costs	27	(67,841,571)	(65,083,985)
Other operating income / (expense) net	28	(55,677,121)	(48,066,346)
Gain/(losses) from disposal of fixed assets, net		(51,435)	(57,425)
Other income/(expense)		-	-
Depreciation and amortisation		(8,168,749)	(8,314,120)
Operating profit/(loss) (EBIT)		**23,357,003**	**15,773,891**
Financial expense	29	(12,317,374)	(16,595,891)
Financial income	29	1,412,409	2,729,763
Foreign exchange differences and variations in derivatives fair value, net	29	-	-
Profit/(loss) before tax		**12,452,038**	**1,907,763**
Income taxes	17 - 30	(5,237,499)	(558,955)
Net profit/(loss) for the year		**7,214,539**	**1,348,808**

(*) The amounts in this table do not correspond to those in the financial statements at 31 December 2016 as they reflect the changes made in Note 1 to the Notes.

Statement of Comprehensive Income

	31/12/2017	31/12/2016
Net profit/(loss) for the year	**7,214,539**	**1,348,808**
Other items of comprehensive income, which will be reclassified to profit or loss for the year: (net of tax)	**-**	**-**
Other items of comprehensive income that will not be subsequently reclassified to profit or loss for the year: (net of tax):		
Actuarial gains/losses IAS 19	5,175	(133,329)
Tax impact	(1,242)	31,999
Total other comprehensive income that will not be subsequently reclassified to profit or loss for the year net of tax	3,933	(101,330)
Total comprehensive income for the year	**7,218,472**	**1,247,478**

Statement of changes in equity

	31/12/2016	Destination result	Comprehensive result	Increase Share capital	Other changes to SE	31/12/2017
Share capital	**65,000,010**	-	-	-	-	**65,000,010**
Legal reserve	**245,613**	67,440	-	-	1	**313,054**
Statutory reserve	**-**	-	-	-	-	**-**
FTA reserve	**598,067**	-	-	-	-	**598,067**
Fair value reserve	**-**	-	-	-	-	**-**
Other reserves	**65,777,026**	-	3,933	-	(1)	**65,780,958**
Retained earnings/(losses)	**(52,824,011)**	1,281,368	-	-		**(51,542,643)**
Net profit (loss) for the year	**1,348,808**	(1,348,808)	7,214,539	**-**	**-**	**7,214,539**
Total	**80,145,513**	**-**	**7,218,472**	**-**	**-**	**87,363,985**

Statement of cash flows

	31/12/2017	31/12/2016 Restated*
A) Cash flow from operating activities		
Profit (Loss) before tax	12,452,038	1,907,763
Adjustments for:		
Amortisation, depreciation and impairment	11,672,411	9,251,689
(Gains)/losses on disposal of non-current assets	51,435	57,425
Change in employee benefits and other provisions	(13,040,084)	(3,477,327)
Reversal of financial expense	10,904,965	13,856,070
Cash flow from operating activities before tax,	-	-
financial income/expense and change in working capital:	*22,040,765*	*21,595,620*
Change in working capital	(12,340,895)	(16,296,617)
Cash flow from operating activities before tax	-	-
and financial income/expense:	*9,699,870*	*5,299,003*
Net financial expense paid	(10,534,555)	(25,359,110)
Tax paid	(661,826)	(45,289)
Total A)	**(1,496,511)**	**(20,105,396)**
B) Cash flow from investing activities:		
Investments in non-current assets:	-	-
Intangible	(622,977)	(460,478)
Tangible	(8,565,000)	(7,161,446)
Business units	(653,740)	(1,308,857)
Financial (equity investments)	(9,539,503)	(5,436,975)
Total investments	(19,381,220)	(14,367,756)
Proceeds from disposal of net non-current assets	894,421	893,575
Total disinvestments	894,421	893,575
Change in the scope of consolidation	-	-
Change in financial assets	(11,233,766)	37,987,137
Total B)	**(29,720,565)**	**24,512,956**
C) Cash flow from financing activities:		
Proceeds from non-current loan	12,850,000	45,275,541
Repayment of non-current loan liabilities	(15,484,777)	(5,037,575)
Change in current financial liabilities	(376,976)	(268,387,698)
Capital increase	-	-
Change in the scope of consolidation of financial operations	(45,839)	(27,902)
Total C)	**(3,057,592)**	**(228,177,634)**
D) Translation differences and other changes:		
E) Change in cash and cash equivalents (A+B+C+D):	**(34,274,669)**	**(223,770,074)**
F) Opening cash and cash equivalents:	**54,200,455**	**277,911,642**
G) Opening cash and cash equivalents from mergers	**-**	**58,888**
Closing cash and cash equivalents (E+F+G)	**19,925,786**	**54,200,455**

(*) The amounts in this table do not correspond to those in the financial statements at 31 December 2016 as they reflect the changes made in Note 1 to the Notes.

Notes to the financial statements

Company information

The draft financial statements of IVS Italia S.p.A. at 31 December 2017 were approved by resolution of the Board of Directors of 27 March 2018. The financial statements are submitted for approval to the Shareholders' Meeting, which has the power to make amendments.

IVS Italia S.p.A. is a joint-stock company incorporated and domiciled in Italy which operates in the vending market, i.e. in the sector of the sale of products through automatic and semi-automatic vending machines, installed at non-assisted points of sale (companies, schools, hospitals, railway stations and other public places), which offer their service 24 hours a day and from which consumers make purchases by introducing coins, banknotes, prepaid cards and other methods of payment.

It should be noted that the company has prepared only the financial statements for the year as the directors have chosen to make use of the right to delegate the preparation of the consolidated financial statements to the ultimate parent company IVS Partecipazioni S.p.A.

IVS Italia S.p.A. is a legal entity organised according to the laws of the Italian Republic and is subject to the direction and coordination of IVS Group S.A., the essential data of which are summarised in Annex 1 to the latest approved financial statements.

Accounting policies

1- Expression of compliance with IFRS

These financial statements have been prepared in accordance with the International Accounting Standards (IAS/IFRS) in force at 31 December 2017 as adopted by the Commission of the European Communities.

Changes in accounting standards and disclosure
Amendments and new standards and interpretations

With regard to the accounting standards, which are consistent with those used for the 2016 Separate Financial Statements, the following amendments to the standards and interpretations are applicable as of 1 January 2017:

The Company has adopted for the first time certain amendments to the standards that are in force for financial years beginning on or after 1 January 2017. The Company has not adopted in advance any other published but not yet effective standards, interpretations or amendments.

The nature and impact of each change are described below:

Disclosure initiative - Amendments to IAS 7

The amendments require an entity to provide additional information about changes in liabilities relating to lending, including both cash flow changes and non-monetary changes (such as, for example, foreign exchange gains and losses).

Recognition of deferred tax assets for unrealized losses - Amendments to IAS 12

The amendments clarify that an entity must consider whether tax regulations limit sources of taxable income against which it could apply deductions related to the transfer of deductible temporary differences. In addition, the amendment provides guidelines on how an entity should determine future taxable income and explains the circumstances in which taxable income could include the recovery of certain assets in an amount greater than their carrying amount. The Company applied these amendments retrospectively. Moreover, their application has not had any effect on the Company's financial position or results as it does not have deductible temporary differences or assets that fall within the scope of this amendment.

The following are the standards and interpretations which, at the date of preparation of the financial statements, had already been issued but were not yet in force.

IFRS 9 *Financial instruments*
In July 2014, the IASB issued the final version of IFRS 9 *Financial Instruments*, which replaces IAS 39 *Financial Instruments: Recognition and measurement* and all previous versions of IFRS 9. IFRS 9 combines all three aspects relating to the project for financial instrument accounting: classification and valuation, impairment and hedge accounting. IFRS 9 is effective for annual periods beginning on or after 1 January 2018; early application is permitted. With the exception of hedge accounting, retrospective application of the standard is required, but comparative information is not required. With regard to hedge accounting, the standard generally applies prospectively, with some limited exceptions. During 2016, the Company carried out a preliminary assessment of the effects of IFRS 9, which continued and was completed with a more detailed analysis in 2017, without identifying significant impacts except for impairment losses. IFRS 9 requires the Company to record expected credit losses on all portfolio bonds, loans and trade receivables, with reference to either a 12-month period or the entire contractual life of the instrument (e.g. lifetime expected loss). The Company will apply the simplified approach and therefore record the expected losses on all trade receivables based on their residual contractual duration. The corporate management has performed an analysis of the past due as at 31 December 2017 and reasonably estimates an impact in the application of the new standard between Euro 300 thousand and Euro 500 thousand.

IFRS 15 *Revenue from Contracts with Customers*
IFRS 15 was issued in May 2014 and amended in April 2016 and introduces a new five-step model that will apply to revenue from customer contracts. IFRS 15 requires the recognition of revenue for an amount that reflects the consideration to which the entity believes it is entitled in exchange for the transfer of goods or services to the customer.

The new standard will replace all the current IFRS requirements for revenue recognition. The standard is effective for financial years beginning on or after 1 January 2018, with full retrospective or modified application. Early application is allowed. The Group expects to apply the new standard from the date of mandatory application, using the full retrospective application method. During 2016, the Company carried out a preliminary assessment of the effects of IFRS 15, which continued and was completed with a more detailed analysis in 2017, without identifying significant impacts.

IFRS 16 Leases
IFRS 16 was issued in January 2016 and replaces IAS 17 Leasing, IFRIC 4 Determining whether an arrangement contains a lease, SIC-15 Operating leases - incentives and SIC-27 Evaluating the substance of transactions involving the legal form of a lease. IFRS 16 sets out the standards for recognising, measuring, presenting and disclosing leases and requires lessees to account for all leases in the financial statements on the basis of a single model similar to that used to account for finance leases in accordance with IAS 17. The standard provides two exemptions for the recognition by lessees - leases relating to assets of "low value" (e.g. personal computers) and short-term leases (e.g. contracts due within 12 months or less). At the date of commencement of the lease, the lessee will recognise a liability for the lease payments (i.e. the lease liability) and an asset that represents the right to use the underlying asset for the duration of the contract (i.e. the right to use the asset). Lessees shall account separately for interest expenses on the lease liability and depreciation of the right to use the asset.

Lessees will also have to remeasure the lease liability upon the occurrence of certain events (for example: a change in the terms of the lease agreement, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognise the amount of the re-measurement of the lease liability as an adjustment to the asset's right of use.

The accounting required by IFRS 16 for lessors is substantially unchanged from today's accounting in accordance with IAS 17. Lessors will continue to classify all leases using the same classification standard as in IAS 17 and distinguishing between two types of leases: operating leases and finance leases.

The table below shows the other amendments to existing accounting standards and interpretations, or specific provisions contained in the standards and interpretations approved by the IASB, indicating those approved or not approved by the European Union at the date of preparation of these financial statements:

STANDARDS/AMENDMENT	Expected Effective Dates (IASB)	Approved by EU	Expected Effective Dates (EU)
IFRS 14 Regulatory deferral accounts	01 January 2016	NO	N/A
Amendments to IFRS 10 and IAS 28: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture (issued in September 2014)	Deferred Indefinitely	YES	N/A
Clarifications to IFRS 15 Revenue from Contracts with Customers (issued on 12 April 2016)	01 January 2018	YES	01 January 2018
Amendments to IFRS 2: Classification and Measurement of Share-based Payment Transactions (issued on 20 June 2016)	01 January 2018	YES	01 January 2018
Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts (issued on 12 September 2016)	01 January 2018	YES	01 January 2018
Annual Improvements to IFRS Standards 2014-2016 Cycle (issued on 8 December 2016)	1 January 2018/1 January 2017	YES	1 January 2018/1 January 2017
IFRIC Interpretation 22 Foreign Currency Transactions and Advance Consideration (issued on 8 December 2016)	01 January 2018	NO	N/A
Amendments to IAS 40: Transfers of Investment Property (issued on 8 December 2016)	01 January 2018	YES	01 January 2018
IFRIC 23 Uncertainty over Income Tax Treatments (issued on 7 June 2017)	01 January 2019	NO	N/A
Amendments to IFRS 9: Prepayment Features with Negative Compensation (issued on 12 October 2017)	01 January 2019	NO	N/A
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures (issued on 12 October 2017)	01 January 2019	NO	N/A
Annual Improvements to IFRS Standards 2015-2017 Cycle (issued on 12 December 2017)	01 January 2019	NO	N/A
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement (issued on 7 February 2018)	01 January 2019	NO	N/A

The values of the balance sheet as at 31 December 2016 have been restated to reflect the closures of the provisional Purchase Price Allocations recorded in the previous financial statements. The effects of these changes are summarised in the table below:

(Euro thousands)	**31/12/2016**	**Final PPA**	**31/12/2016 *Restated***
Goodwill	278,356	54	278,410
TOTAL NON-CURRENT ASSETS	**398,136**	**54**	**398,190**
TOTAL ASSETS	**502,537**	**54**	**502,591**
Other current liabilities	14,903	54	14,957
TOTAL CURRENT LIABILITIES	**135,759**	**54**	**135,813**
TOTAL LIABILITIES	**502,537**	**54**	**502,591**

2 - Discretionary valuations and significant accounting estimates

Corporate accounts are prepared on a cost basis, except for derivative financial instruments and financial assets held for trading or held for sale, which are measured at fair value.
The functional currency is the Euro. The values contained in the financial statements are expressed in Euro, while those contained in the notes are expressed in thousands of Euro, unless otherwise indicated.

With regard to the presentation of the financial statements, the company has made the following choices:

- for the statement of financial position, current and non-current assets and current and non-current liabilities are shown separately. Current assets, which include cash and cash equivalents, are those held to be realised, sold or consumed in the company's normal operating cycle; current liabilities are those that are expected to be settled in the company's normal operating cycle or in the twelve months following the end of the period;

- for the income statement, the analysis of costs is carried out on the basis of their nature;
- for the statement of comprehensive income, the company has chosen to present two statements: the first shows the traditional components of the income statement with the result for the period, while the second, starting from this result, shows in detail the other components, previously shown only in the statement of changes in shareholders' equity, such as changes in other components not reclassified in the period result;
- the indirect method is used for the statement of cash flows.

The preparation of the financial statements and related notes, in compliance with international accounting standards, requires management to make estimates that have an impact on the values of assets, liabilities, income and costs, such as depreciation, amortisation and provisions, as well as on the information on contingent assets and liabilities contained in the notes to the financial statements. These estimates are based on assumptions of going concern and are made on the basis of information available at the date of their execution and could therefore differ from what will occur in the future. This is particularly evident in the current context of financial and economic crisis, which could produce different situations from what is currently estimated with consequent adjustments, even significant, but currently unforeseeable, to the book values of the items concerned. Assumptions and estimates are particularly sensitive with regard to the valuation of fixed assets, linked to forecasts of future results and cash flows, provisions for disputes and restructuring and commitments relating to pension plans and other long-term benefits. Assumptions and estimates are subject to periodic reviews and the effect of any changes is immediately reflected in the financial statements.
Below is a brief list of the main financial statement items that reflect the use of estimates or discretionary valuations:

Goodwill and other intangible assets
Goodwill and other intangible assets with an indefinite useful life are tested for impairment at least once a year and during the year if such indicators exist; this test requires an estimate of the value in use of the cash-generating unit to which the goodwill and other intangible assets with an indefinite useful life are attributed, in turn based on an estimate of the cash flows expected from the unit and their discounting at an appropriate discount rate.
When value in use calculations are prepared, directors must estimate the expected cash flows from the asset or from the cash-generating units and choose an appropriate discount rate so as to calculate the present value of those cash flows.

Legal proceedings
The Company is a party to various legal proceedings concerning competition, tax, employment law or other contractual relationships. These disputes are subject to many uncertainties, and the outcome of individual positions cannot be predicted with certainty. In addition, they often arise from complex legal issues subject to varying degrees of uncertainty.
A provision is made in connection with a litigation or threatened litigation, if the unsuccessful outcome is judged probable and there will be an outflow of funds and when the amount can be reasonably estimated. If an outflow of funds becomes probable, but the amount cannot be estimated, this is disclosed in the notes.
Because these provisions are estimates, the resolution of some of these positions may require the Company to make payments in excess of the units set aside or may require the Company to make payments in an amount that could not reasonably be estimated. The Company monitors the status of legal proceedings and regularly consults with legal and tax experts. Therefore, the provisions for legal proceedings of the Company may be subject to change as a result of future developments on these matters.

Impairment of fixed assets
In accordance with the accounting standards of reference, fixed assets are subject to impairment testing to ascertain whether there has been a loss in value, which must be recorded through a write-down, if there are indicators that suggest that it may be difficult to recover the related net book value through use. Verification of the existence of these indicators requires directors to make subjective assessments based on available information from both internal and external sources, as well as past experience. In addition, if it is determined that a potential loss in value may have occurred, it is determined using valuation techniques considered appropriate. The correct identification of the elements indicating the existence of a potential loss of value, as well as the estimates for their determination, depend on subjective evaluations as well as on factors that may vary over time influencing the evaluations and estimates made by management.

Deferred tax assets
Deferred tax assets are recognised on all temporary differences and all tax losses carried forward, to the extent that it is probable that there will be adequate future tax profits against which these temporary differences can be absorbed and these losses can be used. A significant discretionary assessment is required of the directors to determine the amount of

deferred tax assets that can be accounted for. They must estimate the likely timing and amount of future taxable profits as well as a planning strategy for future taxes.

Other elements subject to estimation
Estimates are also used to record provisions for credit risks, depreciation and amortisation, employee benefits, provisions for risks and expense, and to allocate the acquisition price of recent acquisitions of companies.

3 - General standards and measurement criteria

The accounting standards and measurement criteria adopted for the preparation of the financial statements at 31 December 2017 are set out below.

Business combinations and goodwill
Business combinations are accounted for using the purchase method. This requires the recognition at fair value of the identifiable assets (including previously unrecognised intangible assets) and identifiable liabilities (including contingent liabilities and excluding future restructuring) of the acquired company.
According to the revised IFRS 3, the cost of an acquisition is measured as the sum of the consideration transferred measured at fair value at the acquisition date and the amount of any non-controlling interest in the acquiree. For each business combination, any non-controlling interest in the acquiree must be measured at fair value or in proportion to the non-controlling interest's interest in the acquiree's identifiable net assets. The revised IFRS 3 requires that acquisition costs are considered as expenses in the periods in which these costs are incurred and the services are received.
Goodwill acquired in a business combination is initially recognised at cost, and represents the excess of the cost of the business combination over the acquirer's share of the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities.
After initial recognition, goodwill is not subject to amortisation but is reduced by any accumulated impairment losses, determined in the manner described below.
Where the initial recognition of a business combination can only be determined provisionally, adjustments to the attributed values are recognised within twelve months of the date of acquisition.

Goodwill is subject to a recoverability analysis on an annual basis or even more frequently in the event of events or changes in circumstances that could lead to the emergence of any losses in value.
In order to test for impairment, goodwill acquired in a business combination is allocated, at the acquisition date, to the individual cash-generating units of the company or groups of cash-generating units that should benefit from the synergies of the combination, regardless of whether other assets or liabilities of the acquiree are assigned to those units or groups of units.

Any loss in value is identified through valuations based on the ability of each unit to generate cash flows capable of recovering the portion of goodwill allocated to it, in accordance with the procedures described below in the section on tangible fixed assets. If the recoverable amount of the cash-generating unit is lower than the carrying amount attributed, the related impairment loss is recognised. This impairment loss is not reversed if the reasons for it no longer exist.

At the time of the disposal of part or all of the business previously acquired and from the acquisition of which goodwill emerged, the corresponding residual value of goodwill is taken into account in determining the capital gain or loss on disposal recorded in the income statement.

Given the elements that characterise mergers by incorporation of parent-subsidiaries (absence of economic exchange with third-party economies and persistence of control over the acquired company), these transactions cannot be considered business combinations. For this reason, they are excluded from the scope of IFRS 3. In the absence of references to specific IFRS standards or interpretations for such transactions, the company has decided to refer to the OPI 2 Revised (Preliminary Interpretative Orientation issued by Assirevi) on the accounting treatment of such transactions. Since these transactions, by their very nature, do not have a significant influence on the cash flows of the merging companies, the choice of accounting criteria must therefore favour standards that ensure the continuity of values. Applying the standard of continuity of values means giving importance to the pre-existence of a controlling relationship between the companies involved in the merger operation (incorporating and merged), as well as to the cost incurred by the acquiring company for the original acquisition of the merged company. This cost, as well as its allocation to the current values of the assets and liabilities of the merged company and to goodwill, are found in the consolidated financial statements of the group comprising the merging company and the merged company. In other words, the merger with the nature of restructuring determines the convergence of the consolidated financial statements of the merging company at the date of the merger with the individual financial statements of the merging company post merger, implementing the so-called "legal consolidation".

Subsidiaries and associates

Subsidiaries are companies in which IVS Italia S.p.A. has the power to determine, directly or indirectly, administrative and management decisions and to obtain the related benefits. Control is generally presumed to exist when the company holds, directly or indirectly, more than half of the voting rights, including potential voting rights deriving from convertible securities. Associates are those companies in which the company exercises significant influence over the determination of administrative and management decisions, even though it does not have control. Significant influence is generally presumed to exist when the company holds at least 20% of the voting rights, or in which, although with a lower percentage of the voting rights, it has the power to participate in the determination of financial and management policies by virtue of particular legal ties such as, for example, participation in shareholders' agreements or other forms of significant exercise of governance rights.

Investments in subsidiaries and associates are valued at cost. According to this method, equity investments are initially recognised at cost and subsequently adjusted as a result of changes in value if, following appropriate impairment tests, conditions arise that make it necessary to adjust the book value to the actual economic value of the equity investment. The original cost is reinstated in subsequent years if the reasons for the adjustments no longer apply. Adjustments and any reversals of impairment losses are recorded in the income statement.

Conversion of items in foreign currencies

Transactions in foreign currency are initially converted into the functional currency using the exchange rate at the date of the transaction. At the end of the reporting period, monetary assets and liabilities denominated in foreign currency are translated into the functional currency at the exchange rate in force at the end of the reporting period. The resulting exchange rate differences are recorded in the income statement.

Non-monetary assets and liabilities denominated in foreign currency, valued at cost, are translated at the exchange rate in force on the date of the transaction, while those valued at fair value are translated at the exchange rate on the date on which such value is determined.

Intangible fixed assets

Intangible assets acquired separately are initially recognised at cost, while those acquired through business combinations are recognised at fair value at the acquisition date. After initial recognition, intangible assets are recognised at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets produced internally, with the exception of development costs, are not capitalised and are recognised in the income statement of the year in which they are incurred. The useful life of intangible assets is measured as defined or indefinite.

Intangible assets with a finite useful life are amortised over their useful life and tested for impairment whenever there are indications of a possible loss in value. The amortisation period and method is reviewed at the end of each financial year or more frequently if necessary. Changes in the expected useful life and in the manner in which the future economic benefits associated with the intangible asset are achieved are recognised by changing the amortisation period or method and treated as changes in accounting estimates.

The useful lives adopted by the company for the main categories of assets are as follows:

- Development costs: 5 years
- Patent rights: 5 years
- Concessions, licenses and trademarks: 5 years
- Customer list: 10 years

Gains or losses arising from the disposal of an intangible asset are measured as the difference between the net proceeds of disposal and the carrying amount of the intangible asset and are recognised in the income statement when the asset is disposed of.

Research and development costs
Research costs are charged to the income statement at the time they are incurred.
Development costs incurred in connection with a given project are capitalised only when the company can demonstrate the technical feasibility of completing the intangible asset so as to make it available for use or sale, its intention to complete the asset for use or sale, the manner in which it will generate probable future economic benefits, the availability of technical, financial or other resources to complete the development and its ability to reliably measure the cost attributable to the asset during its development.
Capitalised development costs are amortised on the basis of the period in which the revenue expected from the project will be realised.
During the development period, the asset is reviewed annually for impairment. Subsequent to initial recognition, development costs are measured at cost less depreciation and any accumulated losses. Amortisation of the asset begins when development is complete and the asset is available for use.
All other development costs are recognised in the income statement in the period in which they are incurred.

Property, plant and equipment
Property, plant and equipment are recognised at cost, including directly attributable incidental costs necessary to bring the asset into operation for the use for which it was purchased, increased, when relevant and in the presence of current obligations, by the present value of the estimated cost of dismantling and removing the asset. If significant parts of these tangible assets have different useful lives, these components are accounted for separately. Land, whether free from construction or attached to buildings, is not depreciated since it has an unlimited useful life.

Assets subject to revaluation in periods prior to 1 January 2007 are recorded on the basis of the fair value at the date of transition and this value is considered as the deemed cost from that date.

Property, plant and equipment are stated net of accumulated depreciation and any impairment losses determined in accordance with the procedures described below. Depreciation is calculated on a straight-line basis over the estimated useful life of the asset for the company, which is reviewed annually and any changes, where necessary, are made on a prospective basis.

The useful lives adopted by the company for the main categories of assets are as follows:
- Real estate: 33 years
- Industrial and commercial equipment: 6-7 years
- Cars and motor vehicles: 4-5 years

The carrying amount of assets is tested for impairment if events or changes in circumstances indicate that the carrying amount cannot be recovered. If there is such an indication and if the book value exceeds the estimated realisable value, the assets are written down to reflect their realisable value. The realisable value of tangible fixed assets is represented by the higher of the net sales price and the value in use.

Impairment losses are recognised in the income statement under amortisation, depreciation and impairment. These impairment losses are reversed if the reasons for them no longer exist.

At the time of sale or when there are no future economic benefits expected from the use of an asset, it is eliminated from the financial statements and any loss or gain (calculated as the difference between the sale value and the book value) is recorded in the income statement in the year of such elimination.

The residual value of the asset, its useful life and the methods applied are reviewed annually and adjusted if necessary at the end of each financial year.

Leasing
Financial leasing contracts, which substantially transfer to the company all the risks and rewards of ownership of the leased asset, are capitalised from the start date of the lease at the fair value of the leased asset or, if lower, at the present value of the lease payments. Lease payments are allocated to financial costs and the reduction of the residual liability in order to obtain the application of a constant interest rate on the residual balance of the debt.

The depreciation and subsequent valuation of the asset are consistent with those relating to the fixed assets owned. Leases in which the lessor retains substantially all the risks and rewards typical of ownership are classified as operating leases. Operating lease instalments are charged to the income statement on a straight-line basis over the term of the contract.

Investments properties

Investments properties are represented by real estate properties held for the purpose of receiving lease charges and/or for the appreciation of the capital invested, rather than for their use in the production or supply of goods and services. They are initially valued at purchase cost, including directly attributable expense. The measurement criterion subsequent to the initial valuation is the amortised cost.

Financial assets

All financial assets are initially recognised on the trade date at cost, which corresponds to the fair value plus any ancillary expense.

After initial recognition, assets held for trading are classified as current financial assets and measured at fair value; gains or losses arising from this valuation are recognised in the income statement.

Assets held with the intention of being held to maturity are classified as current financial assets, if their maturity is less than one year, and as non-current assets, if their maturity is greater than one year, and are subsequently valued using the amortised cost method. The latter is determined using the effective interest rate method, taking into account any discounts or premiums at the time of purchase and allocating them over the entire period of time until maturity, less any impairment losses.

Other assets are classified as available for sale and measured at fair value. Gains or losses resulting from this valuation are recorded in a separate item of shareholders' equity until they are sold, recovered or otherwise disposed of, or until it is established that they have suffered a loss in value, in which case the gains or losses accumulated up to that time in shareholders' equity are charged to the income statement. If an equity instrument does not have a price quoted on an active market and if its fair value cannot be reliably measured, it is valued at cost.

Impairment of financial assets

The Company assesses at each financial statement or interim reporting date whether a financial asset or group of financial assets has suffered a loss in value.

Assets valued at amortised cost

If there is objective evidence that a loan or receivable recognised at amortised cost has suffered impairment, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future receivable losses not yet incurred) discounted at the financial asset's original effective interest rate (i.e. the effective interest rate calculated at the date of initial recognition). The book value of the asset will be reduced either directly or through the use of a provision. The amount of the loss will be recognised in the income statement.

The Company first assesses the existence of objective indications of impairment at an individual level, for financial assets that are individually significant and, therefore, at an individual or collective level for financial assets that are not. In the absence of objective indications of impairment for a financial asset assessed individually, whether significant or not, this asset is included in a group of financial assets with similar credit risk characteristics and this group is subject to collective impairment testing. Assets measured individually and for which an impairment loss is recognised or continues to be recognised will not be included in a collective valuation.

If, in a subsequent period, the amount of the impairment loss decreases and that reduction can be objectively attributed to an event occurring after the recognition of the impairment loss, the previously reduced amount may be reversed. Any subsequent reversals of impairment losses are recognised in the income statement, to the extent that the carrying amount of the asset does not exceed the amortised cost at the date of the reversal.

Financial assets carried at cost

If there is objective evidence of impairment of an unlisted equity instrument that is not carried at fair value because its fair value cannot be measured reliably, or of a derivative instrument that is linked to that equity instrument and must be settled by delivery of that instrument, the amount of the impairment loss is measured by the difference between the carrying amount of the asset and the present value of expected future cash flows and discounted at the current market rate of return for a similar financial asset.

Financial assets available for sale

In the event of an impairment of an available-for-sale financial asset, a value equal to the difference between its cost (net of repayment of principal and amortisation) and its current fair value, net of any losses in value previously recognised in the income statement, is transferred from shareholders' equity to the income statement. Reversals of impairment losses relating to equity instruments classified as available for sale are not recognised in the income statement. Reversals of impairment losses on debt instruments are recognised in the income statement if the increase in the fair value of the instrument can be objectively traced back to an event that occurred after the loss was recognised in the income statement.

Inventories

Inventories are valued at the lower of purchase cost and net realisable value. The purchase cost includes the costs incurred to bring each asset to the place of storage and takes into account write-downs linked to the obsolescence and slow rotation of the same.
The cost of finished products and goods for resale is determined by applying the FIFO method.
Given the type of services offered by the company, values relating to raw materials and semi-finished products are not included in the financial statements.

Trade receivables and other receivables

Trade receivables and other receivables are recorded at their nominal amount, net of the provision for bad debt, and are written down at the time they are identified.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, bank demand deposits and other cash investments with an original maturity of no more than three months.
The definition of cash and cash equivalents in the statement of cash flows corresponds to that in the balance sheet.

Employee benefits

The company has welfare plans, employee benefit plans and provisions for severance indemnities.

Defined contribution plans

Defined contribution plans are formalised post-employment benefit plans under which the company pays fixed contributions to an insurance company or pension fund and will not have a legal or constructive obligation to pay further contributions if the provision does not have sufficient assets to pay all employee benefits relating to service in the current and prior periods.
These contributions, paid in exchange for the service rendered by employees, are recorded as a cost in the relevant period.

Defined benefit plans

These defined benefit plans are formalised post-employment benefit plans that constitute a future obligation for the company. The company essentially bears the actuarial investment risks relating to the plan. As required by IAS 19, the company uses the projected unit credit method to determine the present value of the obligations and the related current service cost. This actuarial calculation requires the use of objective and compatible actuarial assumptions about demographic variables (mortality rate, staff turnover rate) and financial variables (discount rate, future increases in salary levels and medical benefits).
The provision for employee severance indemnities (TFR) in force in Italy is considered to be similar to the obligation arising from the existence of a defined benefit plan.

Treatment of actuarial gains and losses

Actuarial gains and losses relating to post-employment defined benefit plans may arise either from changes in the actuarial assumptions used for the calculation between two consecutive years or from changes in the value of the obligation or in the fair value of any plan assets in relation to the actuarial assumptions retained at the beginning of the year.
Actuarial gains and losses relating to "Other long-term benefits" and termination benefits are immediately recognised in the period as income or expense.

Past service cost
Changes in liabilities resulting from changes in an existing defined benefit plan are recognised as an expense on a straight-line basis over an average period from the time the benefits are acquired. Costs for benefits immediately acquired as a result of the change in the plan are instead recognised in the income statement for the period.

Reductions and extinctions
Gains or losses on the reduction or extinguishing of a defined benefit plan are recognised in the income statement when the reduction or extinguishing occurs. The amount of profit or loss to be accounted for includes changes in the present value of the obligation, changes in the fair value of plan assets, actuarial gains and losses and past service cost not previously accounted for.
At the date of the reduction or extinguishing, the obligation and the fair value of the related plan assets are remeasured using current actuarial assumptions.

Liabilities
Trade payables and other liabilities
Trade payables, whose due date is within normal commercial terms, are not discounted and are recorded at cost (identified by their nominal value), which represents the fair value at the reference date.

Other liabilities included under both non-current and current liabilities are initially recognised at cost, corresponding to the fair value of the liability, net of transaction costs that are directly attributable to the issue of the liability. Following initial recognition, financial liabilities are measured at amortised cost using the original effective interest rate method.

Loans
All loans are initially recognised at the fair value of the amount received, net of any ancillary loan acquisition costs. After initial recognition, loans are valued at amortised cost using the effective interest method. Any gain or loss is recognised in the income statement when the liability is extinguished, as well as through the amortisation process.

Derivative financial instruments
The company does not use derivative financial instruments such as interest rate swaps to hedge the risks deriving from interest rate fluctuations. These derivative financial instruments are initially recognised at fair value at the date they are stipulated; subsequently, this fair value is periodically remeasured. They are recorded as assets when the fair value is positive and as liabilities when it is negative. In accordance with IAS 39, derivative financial instruments used for hedging purposes are only accounted for in accordance with the hedge accounting method when:
a) at the inception of the hedge, there is formal designation and documentation of the hedging relationship;
b) the hedge is expected to be highly effective;
c) effectiveness can be reliably measured;
d) the hedge itself is highly effective during the different accounting periods for which it is designated.

When hedging derivatives cover the risk of changes in the fair value of the instruments being hedged (fair value hedge; e.g. hedging the variability of the fair value of assets/liabilities at a fixed rate), they are recognised at fair value and the effects are charged to the income statement; consistently, the instruments being hedged are adjusted to reflect the changes in fair value associated with the risk being hedged.
When derivatives hedge the risk of changes in the cash flows of the instruments being hedged (cash flow hedges, e.g. to hedge the variability of cash flows from assets/liabilities at variable rates as a result of fluctuations in interest rates), changes in fair value are initially recognised in shareholders' equity and subsequently charged to the income statement in line with the economic effects produced by the hedged transaction. Changes in the fair value of derivatives that do not qualify for hedge accounting are recognised in the income statement.

Provisions for risks and expenses
Provisions for risks and expenses refer to costs and expenses of a specific nature and of certain or probable existence, the amount or date of occurrence of which was uncertain at the end of the reference period. Provisions are recognised when there is a current obligation (legal or implicit) that arises from a past event, when it is probable that an outflow of

resources will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. When the company believes that a provision for risks and expense will be partially or fully reimbursed, for example in the case of risks covered by insurance policies, the indemnity is recognised separately under assets if, and only if, it is practically certain. In this case, in the income statement the cost of any provision is presented net of the amount recognised for the indemnity.
Provisions are recorded at the value representing the best estimate of the amount that the company would pay to extinguish the obligation or to transfer it to third parties at the end of the period. If the effect of discounting back the value of money is significant, provisions are determined by discounting expected future cash flows at a pre-tax discount rate that reflects the current market valuation of the cost of money over time. When discounting is performed, the increase in the provision due to the passage of time is recognised as a financial expense.

Revenue and costs

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits associated with the sale of goods will flow to the company and the amount can be reliably determined. Revenue is recorded at fair value equal to the amount received or due, taking into account any trade discounts granted and reductions linked to quantities.
With regard to the sale of products through vending machines, revenue is normally recognised at the time of purchase by the customer, which corresponds to the time of delivery of the product and collection of the consideration.
With regard to the sale of goods through the issue of an invoice, revenue is recognised when the company has transferred the risks and rewards of ownership of the goods to the purchaser.

Interest

Income and expenses are recognised on an accruals basis on the basis of the interest accrued on the net value of the related financial assets and liabilities using the effective interest rate (which is the rate that makes future cash flows financially equivalent on the basis of the expected life of the financial instrument and the net book value of the financial asset).

Dividends

Dividends are recognised as financial income when the shareholders' right to receive payment is established.

Income tax

Current tax assets and liabilities for the current and prior years are valued at the amount expected to be recovered from or paid to the tax authorities in accordance with current legislation. The tax rates and regulations used to calculate the amount are those issued or substantially issued at the financial statements closing date.
Current tax relating to items recognised directly in equity is recognised directly in equity and not in the income statement.

Deferred tax liabilities are calculated using the liability method on the temporary differences at the reporting date between the tax values used as reference for assets and liabilities and the values reported in the financial statements.
Deferred tax liabilities are recorded against all taxable temporary differences, with the exception of:

- when deferred tax liabilities arise from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, has no effect on either the profit for the year calculated for financial reporting purposes or the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, if the reversal of the temporary differences can be controlled and it is probable that it will not occur in the foreseeable future.

Deferred tax assets are recognised on all deductible temporary differences and tax losses carried forward, to the extent that it is probable that there will be adequate future tax profits that can make the use of these assets applicable, except where:

- deferred tax assets associated with deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and which, at the time of the transaction, affects neither the profit for the period calculated for financial reporting purposes nor the profit or loss calculated for tax purposes;
- with reference to taxable temporary differences associated with investments in subsidiaries, associates and joint ventures, deferred tax assets are recognised only to the extent that it is probable that the deductible temporary

differences will reverse in the immediate future and that there are adequate tax profits against which the temporary differences can be used.

The recoverability of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient tax profits will be available in the future to allow all or part of this credit to be used. Unrecognised deferred tax assets are reviewed annually at the reporting date and are recognised to the extent that it has become probable that the tax profit will be sufficient to allow such deferred tax assets to be recovered.
Deferred tax assets and liabilities are measured at the tax rates expected to be applied in the year in which the assets are realised or the liabilities settled, taking into account the rates in force and those already issued or provisionally issued at the reporting date.
Deferred tax assets and liabilities relating to items recognised directly in equity are recognised directly in equity and not in the income statement.
Deferred tax assets and deferred tax liabilities are offset, if there is a legal right to offset current tax assets and current tax liabilities, and deferred income tax refer to the same taxable entity and the same tax authority.

Capital management
The company verifies its capital by means of the ratio "Net financial position/net equity". The net financial position consists of financial payables less cash and cash equivalents and other financial receivables as indicated in note 14. Shareholders' equity consists of all the items shown in the balance sheet.
The company's strategy is to increase the level of gearing in the medium term, reducing the leverage used in the operation of formation of the group and, consequently, to reach a level that allows to ensure the normal conduct of business, meet the planned investments and maximize value for shareholders.

Significant transactions and events

4 - Business combinations and mergers

The main business combinations that took place during the period refer to the acquisition of four business units (Mi. Group S.r.l., Nuova Cigat S.r.l., Word Drink S.r.l. and Biomatic di Giacomo Pietri).

It should be noted that during the financial year there were financial flows for investments and divestments in equity investments for a total of Euro 7,365 thousand, of which

- Euro 3,461 thousand for the purchase of the shares of N-UNO S.r.l.,
- Euro 715 thousand for the purchase of minority interests in N-UNO S.r.l. following the transfer of the Prontocoffee BU,
- Euro 1,961 thousand for the purchase of minority interests in 20.10. Vending S.r.l. following the transfer of the Landolfi, Riri Servizi & Servizi and M1 Vending BUs,
- Euro 840 thousand for the purchase of minority interests in CE.DA. S.r.l. following the transfer of the BUs CA.ME, Vela Vending, CI.ELLE, Novecento S.r.l., Guccione,
- Euro 397 for the purchase of the minority interests of SDA Società distributori automatici S.r.l. following the transfer of the Prod&Pan, AltaMurgia and Gricaf BUs,
- Euro 9 thousand for the sale of 90% of the shares held in the company Auto-Bar S.r.l.,

and investments in the acquisition of the above-mentioned business units for a total of Euro 654 thousand.

At 31 December 2017 the payable for the acquisition of the business units totals Euro 394 thousand, while the payable for the acquisition of equity investments totals Euro 2,132 thousand and mainly relates to purchases during the year.

Receivables related to price adjustments estimated for the acquisition of business units or subsidiaries completed during the current year amount to Euro 160 thousand. These assets are recorded under "Other current assets".

The purpose of the acquisition of business units is to expand the business in strategic positions that improve the density of vending machines and integrating them into the corporate network, to achieve operational synergies and prices. IVS Italia S.p.A. obtained control of these business units by acquiring from its competitors the part of their business consisting mainly of vending machines installed and operating at the customers' premises.

The main effects of the operations carried out during the year on the company's financial statements are summarised below:

Final fair value measurement		
(values in Euro thousands)	**MI Group**	**Nuova Cigat**
Net fixed assets	213	41
Prepaid tax assets	-	-
Other current assets	-	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	(130)	(34)
Goodwill	652	73
Price	**735**	**80**
Net cash acquired	**-**	**-**
Contract price	**735**	**80**
Residual debt at 31 December 2017	351	
Net cash flow from acquisition	**384**	**78**

The following is a summary of business combinations which commenced during the year, the fair value of which results still provisional as at 31 December 2017.

Provisional fair value measurement		
(values in Euro thousands)	**World Drink**	**Biomatic**
Net fixed assets	51	24
Prepaid tax assets	-	-
Other current assets	-	-
Current assets	-	-
Non-current liabilities	-	-
Current liabilities	-	-
Goodwill	69	53
Price	**120**	**77**
Net cash acquired	**-**	
Contract price	**120**	**77**
Residual debt at 31 December 2017	-	7
Net cash flow from acquisition	**120**	**70**

The following is a summary of the business combinations that were initiated during the previous year and completed during the year.

Final fair value measurement			
(values in Euro thousands)	**Liomatic Campania**	**ABC Distribuzione**	**Niross Caffe**
Net fixed assets	570	101	26
Prepaid tax assets	-	-	-
Other current assets	-	-	-
Current assets	-	-	-
Non-current liabilities	(22)	(4)	-
Current liabilities	(8)	-	-
Goodwill	110	236	57
Price	**650**	**333**	**83**
Net cash acquired	**-**	**-**	**-**
Contract price	**650**	**333**	83
Residual debt at 31 December 2017	-	-	-
Net cash flow from acquisition	**650**	**333**	**83**

Breakdown of the main balance sheet items

5 - Intangible fixed assets and goodwill

The following table shows the evolution of the historical cost and accumulated amortisation of intangible assets in the period considered:

(Euro thousands)	Development costs	Patents and intellectual property rights	Concessions, licenses and trademarks	Customer list	Total
Historical cost at 1 January 2017	**304**	**3,947**	**324**	**20,578**	**25,153**
Purchases	80	276	-	-	**356**
Disposals	-	-	-	-	**-**
BUs	-	-	-	268	**268**
Mergers	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Historical cost at 31 December 2017	**384**	**4,223**	**324**	**20,846**	**25,777**
Amortisation/depreciation at 1 January 2017	**(273)**	**(3,881)**	**(323)**	**(15,371)**	**(19,848)**
Amortisation/depreciation	(31)	(141)	(1)	(1,003)	**(1,176)**
Disposals	-	-	-	-	**-**
BUs	-	-	-	-	**-**
Mergers	-	-	-	-	**-**
Reclassifications	-	-	-	-	**-**
Amortisation/depreciation at 31 December 2017	**(304)**	**(4,022)**	**(324)**	**(16,374)**	**(21,024)**
Net book value					
At 01 January 2017	**31**	**66**	**1**	**5,207**	**5,305**
At 31 December 2017	**80**	**201**	**0**	**4,472**	**4,753**

The change in intangible fixed assets is mainly due to the amortisation recorded during the year and to the increase in the customer list item following the acquisition of the four business units and for period amortisation.
The measurement and accounting of goodwill arising from the above-mentioned acquisitions was carried out in accordance with IFRS 3, which requires the use of the purchase cost method: this cost was previously allocated on the basis of the current value of the assets acquired and the liabilities assumed that can be specifically identified through the "Purchase Price Allocation" (PPA) process, according to which any excess of the purchase cost over the shareholders' equity of the acquired company must be accounted for as goodwill and recorded among the intangible assets of the acquiring company. Furthermore, again in accordance with IFRS 3, this residual goodwill cannot be systematically amortised, but on the contrary must be subject to an annual impairment test.

The table below shows the changes in the item Goodwill during the year:

Goodwill (values in Euro thousands)	
Balance at 01/01/2017 (Restated)	**278,410**
Acquisition of Mi Group BU	652
Acquisition of World Drink BU	69
Acquisition of Nuova Cigat BU	73
Acquisition of Biomatic BU	53
Balance at 31/12/2017	**279,257**

The table below summarises the changes attributable to the acquisition of business units as a result of the transfer of business units in FY 2017:

Transaction (values in Euro thousands)	Goodwill	Customer list
Acquisition of Mi Group BU	652	206
Acquisition of World Drink BU	69	22
Acquisition of Nuova Cigat BU	73	23
Acquisition of Biomatic BU	53	17
	847	**268**

Carrying amount of goodwill allocated to each cash-generating unit

On 28 September 2006, IVS Italia S.p.A. acquired 100% of the companies "Bergamo Distributori S.p.A.", "Elledi S.r.l.", "Also Vending S.r.l." and "Gestione Servizi Automatici (G.S.A.) S.r.l.", "Jostè S.r.l.", "IVS Emilia S.r.l.", "Italia Ristoro S.r.l.", "Sogematik S.r.l.", "ONDA - Organizzazione Nazionale Distribuzione Automatica S.r.l.", "IVS Sud S.r.l.", "Milano Distribuzione Automatica S.r.l.", "D.A. Caffè Service S.r.l.", "Bar Matic S.r.l.", "Società Italiana Distribuzione Automatica -

S.I.D.A. S.r.l.". On 12 December 2006, the merger by incorporation of the above companies into IVS Italia S.p.A. was completed; this operation generated a merger deficit of approximately Euro 150 million, which was entirely allocated to goodwill. This amount was amortised at 31 December 2006, in accordance with national accounting standards, by approximately Euro 15 million. During the transition to IAS/IFRS accounting standards on 1 January 2007, the Company decided to apply the non-retroactivity of IFRS 3 in relation to Business combinations; therefore, the amount of goodwill arising from the merger operation described above at the transition date amounts to Euro 132,660 thousand, in addition to residual Euro 13,037 thousand deriving from goodwill previously recorded among the assets of the companies participating in the merger.
In subsequent years, the company acquired both companies previously controlled and various business units. A summary of this development is given in the table below:

Breakdown of goodwill		31/12/2017	31/12/2016 (Restated)
Merger deficit IVS Italia S.p.A.		132,660	132,660
Past goodwill IVS Italia S.p.A.		13,037	13,037
IVS goodwill for acquisitions in 2007		4,369	4,369
IVS goodwill for acquisitions in 2008		1,621	1,621
Merger deficit Nev S.r.l. and Prime Caffee S.r.l.		59,967	59,967
IVS goodwill for acquisitions in 2009		672	672
Merger deficit Bevo e Mangio, Chicco V., Orizzonte 2000		812	812
IVS goodwill for acquisitions in 2010		99	99
IVS goodwill for mergers 2010		1,990	1,990
Merger deficit Food System		12,749	12,749
IVS goodwill for acquisitions of BUs in 2011		717	717
IVS goodwill for mergers 2011		656	656
IVS goodwill for acquisitions of BUs in 2012		3,280	3,280
IVS goodwill for acquisitions of BUs in 2013		2,603	2,603
IVS goodwill for mergers 2013		2,219	2,219
IVS goodwill for acquisitions of BUs in 2014		8,054	8,054
IVS goodwill for mergers 2014		9,305	9,305
IVS goodwill for acquisitions of BUs in 2015		2,665	2,665
IVS goodwill for mergers 2015		20,248	20,248
IVS goodwill for acquisitions of BUs in 2016		687	687
IVS goodwill for acquisitions of BUs in 2017		847	-
	Total	**279,257**	**278,410**

For the purpose of the annual impairment test, the individual goodwill with an indefinite useful life recorded was allocated to a cash-generating unit, part of the largest CGU in Italy identified by the parent company IVS Group S.A. as part of its impairment testing, to verify any impairment.

The recoverable amount of the cash generating unit was determined on the basis of its value in use, i.e. from the point of view of the company that owns the asset, for which it assumes value on the basis of the expected cash flows deriving from the continued use and disposal of the asset at the end of its useful life. For the calculation of the relative value of the CGU, cash flow projections deriving from the consolidated economic and financial plan of the IVS Group S.A. 2018-2020 were used, while cash flows over three years and for an unlimited time horizon were extrapolated assuming flows not dissimilar from those of the third year of the plan.
In particular, these flows are given by the summation of the following elements: *(i)* NOPAT expected to be adjusted in 2018 (adjusted by considering a level of amortisation/depreciation that the Company believes will be maintained), *(ii)* Investments equal to maintenance depreciation. Changes in working capital for the calculation of the Terminal Value were considered null and void. The flow thus determined was then expected to grow by the g-factor placed at 1%.
The discount rate applied to the projected cash flows of the CGU, equal to 6.94%, is shown in the following table and has been calculated on the basis of an expected average debt structure.

WACC components	31/12/2017	31/12/2016
Risk free	2.07%	1.50%
Total market premium	5.50%	5.50%
Beta unlevered	0.61	0.61
Ke	**8.03%**	**7.50%**
Cost of debt	3.40%	3.80%
Tax effect	24%	24%
Net Kd	**2.58%**	**2.90%**
Weight D/(D+E)	20.00%	20.00%
Weight E/(D+E)	80.00%	80.00%
WACC	**6.94%**	**6.60%**

With regard to risk free, the rates of return on 10-year government securities at the start of the period covered by the plan were used.
The Beta unlevered used, equal to 0.61, was recalculated considering a leverage effect deriving from the average sector debt-to-equity ratio.

As regards the assumptions of the three-year plan, a growth in turnover was expected in the years 2018 - 2020 in consideration of management's estimates on the effects of sales and costs due to the acquisitions made in 2017. Operating costs are in any case on the rise, in line with the Group's expected development.
The recoverable amount was determined by the Company applying the Unlevered Discounted Cash Flow method. In detail, for the purposes of verifying goodwill, the recoverable amount was set equal to the enterprise value of the Company, given by the algebraic sum of the present value of the cash flows produced by the operating management of the Company ("operating value"). The verification was therefore carried out by subtracting from the recoverable amount determined as detailed above the enterprise value attributable to the companies included in this CGU at Group level IVS Group S.A. other than IVS Italia S.p.A. This treatment was adopted in order to ensure the necessary consistency between the values of carrying and recoverable amounts considered.

The comparison between carrying amount and recoverable amount did not reveal any need for value adjustments.

Sensitivity analysis
In relation to the current and expected economic context of reference, as well as the results of the impairment tests carried out for the year in question, a sensitivity analysis of the estimated recoverable value was carried out, varying the values of the discount rate and growth rate in a range considered reasonable, without recording any deficit situations.
On the basis of the above analysis, the Company believes that it should not proceed with any reduction in goodwill.

6 - Property, plant and equipment and investments properties

The following tables show the evolution of the historical cost and the accumulated depreciation and the valuations of tangible fixed assets and investments properties in the period considered:

(Euro thousands)	Land and buildings	Sales systems	Motor vehicles	Industrial and commercial equipment	Plant and machinery	Other assets	Assets under construction and payments on account	TOTAL	Civil buildings
Historical cost 01/01/2017	**34,772**	**6,995**	**22,253**	**19,626**	**7,492**	**25,826**	**316**	**117,280**	**1,465**
Purchases	595	1,194	3,575	642	426	1,959	174	**8,565**	-
Disposals	(445)	(258)	(1,690)	28	(6)	(116)	-	**(2,487)**	-
BUs	-	7	-	-	-	8	-	**15**	-
Mergers	-	-	-	-	-	-	-	**0**	-
Reclassifications	171			1	-	53	(226)	**(1)**	-
Historical cost 31/12/2017	**35,093**	**7,938**	**24,138**	**20,297**	**7,912**	**27,730**	**264**	**123,372**	**1,465**
Amortisation/depreciation 01/01/2017	**(11,197)**	**(5,009)**	**(16,321)**	**(16,625)**	**(6,576)**	**(20,355)**	**-**	**(76,083)**	**(522)**
Amortisation/depreciation	(858)	(687)	(2,373)	(919)	(654)	(1,466)	-	**(6,957)**	(21)
Disposals	168	21	1,545	8	5	108	-	**1,855**	-
BUs	-	-	-	-	-	-	-	**0**	-
Mergers	-	-	-	-	-	-	-	**0**	-
Reclassifications	-	-	-	-	-	-	-	**0**	-
Amortisation/depreciation 31/12/2017	**(11,887)**	**(5,675)**	**(17,149)**	**(17,536)**	**(7,225)**	**(21,713)**	**0**	**(81,185)**	**(522)**
Net book value:									
At 01 January 2017	**23,575**	**1,985**	**5,932**	**3,000**	**917**	**5,471**	**316**	**41,196**	**943**
Of which leased	1,003	-	431	116	-	-	-	1,550	-
At 31 December 2017	**23,206**	**2,263**	**6,989**	**2,761**	**688**	**6,016**	**264**	**42,187**	**922**
Of which leased	-	-	-	-	-	-	-	-	-

Following the sale of its own vending machines and sales systems in July 2016 to the parent company IVS Group S.A., IVS Italia S.p.A. invests mainly in assets accessory to the vending business, such as vehicles and goods transport vehicles, the restructuring and modernisation of managed properties and industrial and commercial equipment designed to improve and enhance the operational management of the company's business.

The category "Other assets" mainly includes multi-year costs on leased buildings, other costs to be depreciated relating to them classified among tangible fixed assets in line with the provisions of IAS 17 and finally costs relating to lifting equipment.

Management believes that the fair value of real estate investment is in line with its carrying amount. The fair value of real estate investment is the value of the individual assets at the reference date, assuming that they are sold among market operators at market conditions.

7 - Equity investments and financial receivables

A breakdown of this item is as follows:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Equity investments	59,425	52,594	6,831
Financial receivables	17,576	17,174	402
Total	**77,001**	**69,768**	**7,233**

The following table shows the changes in investments in subsidiaries, associates and other companies in the period considered:

(Euro thousands)	
At 31 December 2016	**52,594**
Acquisitions/increases	7,294
Disposals/decreases	(9)
Value adjustments	(454)
At 31 December 2017	**59,425**

The increases derive from the acquisition of 100% of the company N-UNO S.r.l. following the spin-off of the "Nespresso" BU by the Argenta group for a total value of Euro 4,419 thousand. The minority interest in the company N-UNO S.r.l. was acquired following the transfer of the OCS BU from Prontocoffee S.r.l. to the same company for a value of Euro 1,073 thousand.
The acquisition of minority interests in the company 20.10 Vending S.r.l. for Euro 383 thousand, in the company CE.DA. S.r.l. for Euro 869 thousand and for Euro 65 thousand in Società SDA S.r.l.
In 2017, IVS Sicilia S.p.A. completed the acquisition of the vending BU of Nuova Viba Vending S.r.l. This operation led to an increase in the equity investment of IVS Sicilia S.p.A. of Euro 485 thousand, deriving from the deposit originally paid by IVS ITALIA S.p.A. of Euro 400 thousand and Euro 85 thousand for the purchase of minority interests held in the same by Nuova VibaVending S.r.l.

The investment in Cialdamia S.r.l. was written down by Euro 454 thousand against the loss for the year of Euro 890 thousand, mainly due to advertising costs that the company had incurred during the year, as required by Italian accounting standards. Finally, in 2017, the equity investment held in Auto-Bar S.r.l. was sold for Euro 9 thousand.
The list of investments in subsidiaries and associates at 31 December 2017 is as follows:

Company name	Registered office	% ownership	Investment book value	Share capital	Shareholders' equity 31/12/2017	2017 period result
Eurovending S.r.l.	Italy	70%	339	100	1,145	563
DDS S.p.A.	Italy	91%	8,668	850	3,639	560
Dav S.L.	Spain	75%	10,746	971	9,370	146
20.10 Vending S.r.l.	Italy	100%	8,079	22	4,936	83
CE.DA S.r.l.	Italy	100%	11,448	31	8,975	103
SCI+39	Italy	1%	-	10	261	64
Ivs France Sas	France	87%	8,848	10,175	16,563	2,782
S.D.A. S.r.l.	Italy	100%	3,749	15	1,902	(25)
IVS Sicilia S.p.A.	Italy	100%	663	89	784	310
Industria e Università S.r.l**	Italy	0.04%	5	13,005	11,248	(32)
Ciesse Caffè S.r.l.**	Italy	5%	40	47	456	15
Universo Vending S.r.l.*	Italy	33.3%	200	52	1,803	243
GE.O.S Sicilia S.r.l.*	Italy	20%	238	10	508	53
Time Vending S.r.l.*	Italy	50%	1,042	100	749	587
Cialdamia S.r.l.*	Italy	50%	(294)	20	(889)	(302)
Commerciale Distributori S.r.l.	Italy	100%	60	10	25	(5)
Consorzio Internazionale del Vending	Italy	100%	102	N/A	N/A	N/A
N-UNO S.r.l.	Italy	100%	5,492	10	6,972	(142)

Total	**59,425**	**25,517**	**68,447**	**5,003**

* Figures as at 31 December 2017 not approved
** Figures as at 31 December 2015

The closing dates of the financial statements and the financial year of all subsidiaries and associates coincide with those of the parent company. Investments in subsidiaries or associates are tested for impairment when there is evidence that they may have suffered a loss in value, comparing their carrying amount with their recoverable amount.

Equity investments have been measured:
- in the case of companies that lease their business to the parent company, as part of the impairment test described in Note 5;
- in the case of companies that carry out their activity directly in the vending sector, by means of a technical multiplier applied to the number of deliveries made.

The comparison between carrying amounts and recoverable amounts does not show the need for any value adjustment.

The following table summarises the loans granted by IVS Italia S.p.A. to group companies as financing for the development of their activities.

Company name	31/12/2017	31/12/2016	Variation
Ivs France Sas	4,323	4,323	-
Cialdamia S.r.l.	90	890	(800)
IVS Sicilia S.p.A.	1,888	1,888	-
Consorzio Internazionale del Vending	1,380	136	1,244
Dav S.L.	1,700	1,760	(60)
Venpay S.p.A.	7,045	7,000	45
Commerciale Distributori S.r.l.	150	150	-
S.D.A. S.r.l.	1,000	1,027	(27)
Total	**17,576**	**17,174**	**402**

Compared to 2016, a loan of Euro 1,244 thousand was granted to Consorzio Internazionale del Vending.
In addition, the loan granted to the associate Cialdamia S.r.l., amounting to Euro 800,000 thousand, was waived. The other changes refer to the portions of interest for the period that have been repaid to the financial account and not reimbursed at the reference date.

8 - Other non-current assets

The item refers entirely to the receivable of Euro 917 thousand from the company Aura Holding S.p.A. generated by the assignment without recourse to the same of certain receivables of doubtful recoverability, relating to the company Sef S.r.l. and inherited from the former Mr. Vending S.r.l., a company merged by incorporation in 2013. In 2017, Euro 250 thousand was repaid and the channels for the repayment of the remaining credit were reactivated.

9 - Inventories

The table below gives a breakdown of inventories at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Finished products and goods	13,496	11,280	2,216
Spare parts and miscellaneous materials	2,278	2,141	137
Total inventories	**15,774**	**13,421**	**2,353**

Inventories at the end of the financial year amounted to Euro 13,496 thousand (Euro 11,280 thousand in 2016) for food products, while the remaining Euro 2,278 thousand (Euro 2,141 thousand in 2016) related to spare parts for the Automatic Vending Machines and various materials, such as work clothing and sundry accessories. No provision has been made for write-downs as the risk of obsolescence is zero, given the high rate of turnover of goods required by the activity carried out and the constant monitoring of the shelf life of the products in stock according to the plan adopted in accordance with the HACCP specifications.

10 - Trade receivables

The following table gives a breakdown of trade receivables and related provisions at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Customers	14,407	12,174	2,233
Group companies	3,879	5,407	(1,528)
Parent companies	-	322	(322)
Provision for doubtful debt	(727)	(736)	9
Total	**17,559**	**17,167**	**392**

It should be noted that the company did not present significant concentrations of credit risk at the reference date. Trade receivables due within one year are normally non-interest bearing and generally have a maturity of 30/60 days.
Trade receivables from customers increased by Euro 2,233 thousand compared to 31 December 2016.
Receivables from parent companies refer entirely to receivables for sales to the sole shareholder IVS Group S.A. relating to vending machines.
Receivables from group companies increased mainly due to commercial charge-backs and the use of the YBB trademark.
Receivables are shown net of a provision for doubtful debt of Euro 727 thousand; provisions made during the year, amounting to Euro 161 thousand (Euro 93 thousand in 2016), were necessary to individually adjust the value of receivables to their estimated realizable value after use in the year of Euro 170 thousand. The company's policy is to specifically identify receivables to be written down and therefore the provisions made reflect a specific write-down. With regard to receivables from group companies, reference should be made to the section on related party transactions.

With reference to the ageing of trade receivables at 31 December 2017, the following should be noted:

Customer receivables	31/12/2017	31/12/2016	% inc.
Not yet due	7,702	6,264	53%
Past due by 0 to 30 days	1,453	728	10%
Past due by 31 to 60 days	478	233	3%
Past due by 61 to 90 days	70	122	0%
Past due by more than 91 days	4,703	4,827	33%
Total	**14,407**	**12,174**	**100%**

11 - Tax assets and liabilities

The table below describes in detail the changes in the items receivables and payables for income taxes for the year:

(Euro thousands)	31/12/2017	31/12/2016	Variation
IRES receivable with offsetting	-	6	(6)
IRES receivable	-	202	(202)
Total tax assets	**-**	**208**	**(208)**
(Euro thousands)	**31/12/2017**	**31/12/2016**	**Variation**
IRAP payable	467	-	467
Total tax liabilities	**467**	-	**467**

Income tax receivables represent receivables from the tax authorities for direct taxes (IRES and IRAP) that should be recovered within the next financial year.
Income tax payables consist of current taxes for the year still to be paid and represent the amounts that the company will have to pay to the tax authorities. These payables are calculated on the basis of the rates currently in force.
Income tax receivables and payables are offset if there is a legal right to offset.
At 31 December 2017 the Company had an amount payable for IRAP of Euro 467 thousand.

12 - Other current assets

The following table gives a breakdown of other current assets at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Other receivables within 12 months	5,847	5,145	702
Receivables from parent company for tax consolidation	928	4,124	(3,196)
Receivables from parent company for Group VAT	14,201	3,768	10,433
Accrued income and deferred expenses	3,864	5,206	(1,342)

Tax receivables		1,164	1,160	4
	Total	**26,004**	**19,403**	**6,601**

Other receivables within 12 months mainly consist of guarantee deposits and advances.
The receivable from IVS Group S.A. refers to the company's participation, starting FY 2009, in the tax consolidation contract and as a result of the transfer to the parent company of both the tax loss and part of the interest expense not directly deducted because it exceeds the limits set forth in Art. 96 of the Consolidated Income Tax Act. For FY 2017, the Company renewed its participation in the National Tax Consolidation regime in place with the parent company IVS Group S.A.
Tax receivables mainly represent indirect tax (VAT) receivables. VAT receivables are non-interest bearing until the date of completion of the refund application documentation and are generally settled with the relevant tax authorities on a quarterly basis.
Accrued income and deferred expenses refer to costs incurred in advance for bank expense, maintenance fees, utilities, various services, insurance, rents, fees for positioning vending machines, etc.

13 – Cash and cash equivalent

The following table gives a breakdown of cash and cash equivalent at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Cash at bank and post office	3,705	38,928	(35,223)
Cash-in-hand and cash equivalents	16,221	15,272	949
Total Cash and cash equivalent	**19,926**	**54,200**	**(34,274)**

Bank deposits are mainly on demand and are remunerated at a variable rate. Cash-in-hand and cash equivalents are mainly generated by the sale of food products through vending machines, which had not yet been paid to credit institutions at 31 December 2017.

14 - Net financial position

The company's net financial position at 31 December 2017 and 31 December 2016 is as follows:

(Euro thousands)		31/12/2017	31/12/2016
Current financial receivables		-	-
Cash and cash equivalent		19,926	54,200
Derivatives		-	-
	Liquidity	***19,926***	***54,200***
Short-termloans payable		(43,443)	(50,150)
Derivatives			
	Current financial debt	***(43,443)***	***(50,150)***
Medium/long-term loans payable		(20,521)	(26,877)
Payables to shareholders for loans		(234,000)	(234,000)
	Non-current financial debt	***(254,521)***	***(260,877)***
	Net financial position	***(278,038)***	***(256,827)***

The net financial position was negative for Euro 278,038 thousand at 31 December 2017 and is mainly made up of:

- The loan of Euro 234 million granted on 9 November 2015 by the parent company IVS Group S.A., plus interest accrued but not yet paid at 31 December 2017 of Euro 1,572 thousand and the payable to the parent company following the merger of Vending System S.p.A. for Euro 736 thousand;
- Financial payables to IVS Group S.A. related to the group cash pooling for Euro 19,370 thousand;
- Payables due to banks for loans taken out in 2017 and loans absorbed by the merger of Vending System S.p.A. for Euro 33.5 million and Euro 8,355 thousand respectively;
- Liquid funds totalling Euro 19.9 million;
- Payables due to Time Vending for the loan taken out in 2017 for Euro 350 thousand.

15 - Shareholders' equity

As at 31 December 2017, the share capital consisted of 4,333,334 ordinary shares, fully subscribed and paid up, with no nominal value. No warrants or other ancillary rights have been issued.

The following table summarises the items of shareholders' equity in relation to their origin, possibility of use and distribution:

(Euro thousands)	Amount	Possibility of use	Available portion	Summary of uses made in the last three financial years
Share capital	65,000			
Legal reserve	313	B	313	
Statutory reserve	-			
FTA reserve	598			
Fair value reserve	-			
Other reserves	65,781	A,B,C		
Profit/loss carried forward	(51,543)			
Period result	7,215			
Total shareholders' equity	**87,364**			

Key:
A: to increase capital
B: to cover losses
C: to distribute to shareholders

In 2017, the items making up the Shareholders' Equity changed due to the amounts deriving from the new profit carried forward from 2016 for Euro 1,349 thousand, the OCI reserve for Euro 4 thousand and the current year's profit.

For details of the changes in the items making up the Shareholders' Equity, reference should be made to the relevant table.

16 - Employee benefits

This item includes the provision for employee severance indemnities adjusted in accordance with the criteria established by IAS 19; this liability derives from the actuarial valuation carried out on 31 December 2017.

(Euro thousands)	31/12/2017
Previous year's provision	**5,073**
Employee severance indemnity acquired from other companies/Employee severance indemnity transferred to other companies	101
Service cost	
Interest cost	72
Settled/advanced	(351)
Actuarial gain/losses	(5)
Provision for current year	**4,890**

The employee severance indemnity acquired from other companies mainly derives from the transfer of employees from the companies Riri Servizi & Servizi S.r.l., Nuova Cigat S.r.l. and Prontocoffee S.r.l.
The assumptions used in determining the obligations deriving from long-term benefits are illustrated below:

Date of calculation	31/12/2017	31/12/2016
Mortality rate	RG48 tables	RG48 tables
Invalidity rates	INPS tables	INPS tables
Staff turnover rate	3.00%	3.00%
Discounting rate	1.30%	1.31%
Rate of salary increase Managers	1.00%	1.00%
Rate of salary increase Middle managers	1.00%	1.00%
Rate of salary increase White-collar employees	1.00%	1.00%
Rate of salary increase Blue-collar employees	1.00%	1.00%
Advance rate	2.00%	2.00%
Inflation rate	1.50%	1.50%

Sensitivity analysis
The following is a sensitivity analysis of the main parameters as at 31 December 2017.

	Staff turnover rate		Inflation rate		Discounting rate	
(Euro thousands)	**1%**	**-1%**	**+1/4%**	**-1/4%**	**+1/4%**	**-1/4%**
Change in assumptions	4,856	4,929	4,971	4,812	4,765	5,021

17 - Provisions for risks and charges

The provision for risks and expenses includes estimates and valuations of potential liabilities for certain or probable losses. The provision compared to the values of the previous year, equal to Euro 26,302 thousand, decreased by Euro 6,374 thousand due to the payment of the instalments relating to the sanction of the AGCM until 30 June 2017 and by Euro

19,016 thousand due to the reclassification under the items "other non-current liabilities" and "other current liabilities" of the amount set aside in the previous year, again in relation to the sanction imposed by the AGCM. The provision was also used for Euro 286 thousand for the discussion with INPS and for Euro 5 thousand for a lawsuit against an employee.

18 - Deferred taxes

The following tables provide details of the temporary differences that gave rise to deferred taxes:

(Euro thousands)	Rate	Temporary diff. 31/12/2017	31/12/2016	Increases	Decreases	31/12/2017
Deferred tax liabilities on:						
IAS 17-Leasing	27.90%	6,806	1,922	-	22	1,900
IAS 19-Severance indemnity	24.00%	-	-	-	-	-
Goodwill deducted for tax purposes	27.90%	20,706	5,041	736	-	5,777
IFRS 3-Business combination	27.90%	1,541	567	-	137	430
Total deferred tax liabilities		**29,053**	**7,530**	**736**	**160**	**8,107**
of which in the income statement				**576**		

(Euro thousands)	Rate	Temporary diff. 31/12/2017	31/12/2016	Increases	Decreases	31/12/2017
Deferred tax assets on:						
Directors' fees	24.00%	121	22	30	22	30
Goodwill	27.90%	68	12	7	-	19
Real estate (property/leasing) and revaluations	27.90%	1,125	320	-	6	314
Non-IAS 38 intangible reversal	27.90%	-	-	-	-	-
Provision for risks	24.00%	275	180		114	66
Write-down of receivables	24.00%	658	168	36	46	158
Ex Eur Coffee intercompany goodwill	27.90%	907	253	-	-	253
Customer list	27.90%	1,505	390	30	-	420
Non-deductible interest	24.00%	-	-	-	-	-
Severance indemnity	24.00%	421	106	-	5	101
ACE carried forward	24.00%	-	-	-	-	-
Total deferred tax assets		**5,080**	**1,451**	**103**	**193**	**1,361**
of which in the income statement					**(90)**	

Deferred tax assets are provided for as it is considered probable that they will be recovered on the basis of the plan approved by the Board of Directors.

19 - Financial liabilities

The table below shows the financial liabilities by category, broken down into current and non-current portions:

(Euro thousands)	31/12/2017			31/12/2016		
	Non-current	**Current**	**Total**	**Non-current**	**Current**	**Total**
Payables to bank loans	20,521	21,367	**41,888**	26,844	17,808	**44,652**
Payables to leasing companies	**-**	48	**48**	33	298	**331**
Payables to other lenders	**-**	**-**	**-**	**-**	**-**	**-**
Payables to shareholders for loans	234,000	2,308	**236,308**	234,000	2,308	**236,308**
Payables to subsidiaries/associates	**-**	350	**350**	**-**	**-**	**-**
Payables to bank current a/c	-	**-**	**-**	**-**	377	**377**
Payables to shareholders for cash pooling	**-**	19,370	**19,370**	**-**	29,359	**29,359**
Total	**254,521**	**43,443**	**297,964**	**260,877**	**50,150**	**311,027**

Non-current financial liabilities are broken down by year of maturity as follows

(Euro thousands)	Amount
2019	10,775
2020	5,044
2021	2,590
2022	236,112
Beyond	-
Total non-current financial payables	**254,521**

Below is some important information regarding the loan agreements and the main financial transactions carried out during the year by IVS Italia S.p.A.:

a) In July, IVS Italia S.p.A. repaid the loan outstanding with Banco Popolare for an original amount of Euro 7 million.

b) During the year, IVS Italia S.p.A. entered into two floating rate loan agreements with major Italian banks, for Euro 12.5 million.
c) In October, a loan of Euro 350 thousand was taken out with the Joint Venture Time Vending S.r.l.

Fair-value disclosure

The table below shows the comparison by category of financial assets and liabilities between the book value and the fair value at 31 December 2017 and 31 December 2016, other than those whose book value represents a reasonable approximation of the fair value:

(Euro thousands)		31/12/2017		31/12/2016	
		Fair value	Book value	Fair value	Book value
Financial assets					
Other financial assets		-	-	-	-
	Total	**-**	**-**	**-**	**-**
Financial liabilities					
Derivatives		-	-	-	-
Payables under finance leases		48	48	331	331
Variable rate financial payables		61,258	61,258	74,011	74,011
Payables to banks		-	-	377	377
Fixed-rate financial payables		350	350	-	-
Payables to shareholders at fixed rate		248,804	236,308	245,785	236,308
	Total	**310,460**	**297,964**	**320,503**	**311,027**

Trade receivables and payables are short-term and their book value is a reasonable approximation of their fair value.

To determine and document the fair value of financial instruments, the Group uses the following hierarchy based on different valuation techniques:
- level 1: financial instruments with prices quoted in an active market,
- level 2: prices quoted on active markets for similar financial instruments, or fair value determined using other valuation techniques for which all significant inputs are based on observable market data;
- level 3: fair value determined using valuation techniques for which no significant input is based on observable market data.

At 31 December 2017, the financial instruments for which a disclosure on the fair value is provided are:

(Euro thousands)	Level 1	Level 2	Level 3	Total
Payables to IVS Group S.A. at fixed rate	-	(246,496)	-	**(246,496)**

Risk management policy

The financial and administrative management of IVS Italia S.p.A. provides for the procurement of the sources of financing through a careful and constant analysis of the fluctuations in interest rates for which its financial exposure is linked.

Market risks
- Interest rate risk
  The management of interest rate risk by IVS Italia S.p.A. has the dual purpose of minimising the cost of financial procurement and reducing exposure to the risk of interest rate fluctuation, since the change in rates could affect not so much the market value of financial assets and liabilities at variable rates as the future results of the company. At 31 December 2017, approximately 79% of the total financial debt of the Company is at a fixed rate and coincides with the loan taken out with the parent company IVS Group for Euro 234,000 thousand and related interest for Euro 1,572 thousand. The remaining part is regulated by variable rates indexed to EURIBOR.

- Exchange rate risk
  The company is not exposed to any exchange rate risk as all transactions are carried out in euros.

Credit risk
In accordance with the procedures of IVS Italia S.p.A., the solvency of customers is monitored by the commercial and administrative management both before and during the life of the credit through the monitoring of balances.
The concentration of credit risks of a commercial nature, deriving only from supplies with invoices, is limited by virtue of a large and unrelated customer portfolio. For this reason, the provision at the end of the year for doubtful debt or debt that is unable to be collected is considered adequate.

Liquidity risk
The objective of IVS Italia S.p.A. is to obtain a level of indebtedness capable of ensuring a balance between the average maturity of loans, flexibility and diversification of sources of supply. The cash flow from operating activities expected in future years, having completed the most significant part of investments in tangible fixed assets, business units and financial investments, will allow the progressive reduction of the incidence of indebtedness on all sources of financing as provided for in the strategic plan, resulting in a substantial reduction in liquidity risk.

20 - Trade payables

The following table gives a breakdown of trade payables at 31 December 2017 and 31 December 2016:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Payables to suppliers	45,022	34,311	10,711
Payables to group companies	9,849	23,246	(13,397)
Total	**54,871**	**57,557**	**(2,686)**

For an analysis of payables to Group companies, reference should be made to the section on related parties.

21- Other current liabilities

The following table gives a breakdown of other current liabilities at 31 December 2017 and 31 December 2016.

(Euro thousands)	31/12/2017	31/12/2016	Variation
Other sundry payables	23,503	10,407	13,096
Payables to social security institutions	3,080	3,016	64
Payables to tax authorities	1,119	1,014	105
Accrued liabilities and deferred income	478	520	(42)
Total	**28,180**	**14,957**	**13,223**

The item other payables is mainly composed of
- payables to employees (Euro 5,260 thousand) relating to salaries for the month of December 2017, payable in the following month, holidays and leave accrued but not taken by employees at the reference dates and payables for expenses not yet paid;
- payables for deposits received from holders of electronic keys for the purchase of food products from vending machines (Euro 2,622 thousand);
- payables for balances still to be paid of Euro 2,426 thousand relating to the purchase of equity investments, minority interests and the purchase of business units during the financial year;
- Payables to social security institutions for Euro 3,080 thousand;
- Payables for short-term instalments to be paid in 2018 against the sanction imposed by the AGCM for Euro 12,760 thousand.

Payables to social security institutions refer to amounts due to social security institutions for the year.
The item other payables to the tax authorities, partly adjustable within the following month, is mainly composed of withholding taxes on income from employment.

22 - Risks and commitments

Guarantees

At 31 December 2017, the Company had outstanding guarantees issued for a total amount of Euro 50,324 thousand (Euro 44,654 thousand at 31 December 2016), mainly issued as guarantees for loans granted by third parties in favour of the Company, or as required for participation in tenders.

Breakdown of the main income statement items

23 - Revenue from sales and services

(Euro thousands)		31/12/2017	31/12/2016	Variation
Supplies		244,269	235,315	8,954
Supplies with invoice		25,552	17,296	8,256
	Total	**269,821**	**252,611**	**17,210**

The company's revenue is entirely generated in national territory. The item "Supplies" refers to amounts received for the sale of food products directly from vending machines, while the item "Supplies with invoice" refers to revenue from the sale of products that require direct delivery to the customer.

24 - Other revenue and income

The table below provides a breakdown of other operating income and revenue.

(Euro thousands)		31/12/2017	31/12/2016	Variation
Product sales		11,400	10,046	1,354
Spare parts sales		262	317	(55)
Sale of equipment and machinery		71	-	71
Sale of miscellaneous and consumable materials		47	76	(29)
Publicity contributions		3,434	2,947	487
Technical assistance		123	65	58
Prep. and overhaul VMs		128	175	(47)
Commercial services		13	13	-
Reimbursement of sundry expenses		1,133	1,096	37
Rental income		3,138	2,359	779
Claims recovery		47	84	(37)
Other minor revenue and income		2,846	3,042	(196)
	Total	**22,642**	**20,220**	**2,422**

Sales of products, spare parts, equipment and miscellaneous materials refer to sales resulting from commercial activities carried out for third parties and, for the most part, for group companies.
The item technical assistance refers to repairs carried out both on machines owned by third parties and on machines owned by group companies.
The item administrative and commercial services refers to revenue from the provision of various types of services (administration, logistics, IT support, supply chain, etc.) by the management of the parent company to the companies of the group and the parent company. As from February 2014, this service is provided by IVS Group S.A. through personnel transferred from the Company to the latter.
The item Other revenue 2017 is linked to royalties for the exploitation of the "YBB" trademark granted to subsidiaries, for a total amount of Euro 2,702 thousand.

25 - Cost of raw, ancillary and consumable materials and goods for resale

The costs for raw, ancillary and consumable materials and goods for resale refer to the purchase of various types of food products and are detailed as follows:

(Euro thousands)		31/12/2017	31/12/2016	Variation
Product purchase		80,525	72,754	7,771
Product purchase - bar		444	223	221
Premiums and discounts		(5,615)	(5,135)	(480)
Change in raw material inventories		(2,215)	(847)	(1,368)
	Total	**73,139**	**66,995**	**6,144**

Raw, ancillary and consumable materials consumption showed an increase mainly due to the growth in sales volume.
The item premiums and discounts refers to price reductions granted by the main suppliers on particular supplies, or on the basis of the achievement of predefined levels of turnover and/or total quantities purchased, contractually agreed.

26 - Costs for services

The services refer to:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Directors' and statutory auditors' fees	1,632	1,779	(147)
Travel expenses	853	804	49
Maintenance of company assets	3,658	3,892	(234)
Miscellaneous utilities	2,479	2,417	62
Transport costs	2,027	1,530	497
Commercial services	3,581	3,872	(291)
Advertising, trade fairs and entertainment	960	567	393
Miscellaneous insurance	1,198	1,113	85
Money carriers and external security	294	384	(90)
Other services	2,187	1,920	267
Administrative, legal and notarial services	7,585	8,014	(429)
Vehicle management	1,850	1,865	(15)
Service contracts	862	762	100
Collaboration and temporary employment contract expenses	447	354	93
Technical services	238	205	33
VM installation costs	194	165	29
Office cleaning and gardening	274	242	32
Bank fees and expenses	167	147	20
Third party assets	33,742	38,507	(4,765)
Total	**64,228**	**68,539**	**(4,311)**

Lease and rental costs mainly relate to rents payable for property leases (Euro 4,168 thousand, Euro 3,833 thousand as at 31 December 2016), business unit rentals (Euro 4,511 thousand, Euro 3,439 thousand as at 31 December 2016) and the costs of renting vending machines and accessories to IVS Group S.A. for Euro 25,136 thousand. Starting 1 January 2017, the Company entered into a new lease agreement with the vending machine supplier (IVS Group S.A.), redefining the lease payments applied.

27 - Personnel costs

Total personnel costs amounted to Euro 67,842 thousand (Euro 68,084 thousand at 31 December 2016), including Euro 12,747 thousand (Euro 12,376 thousand in 2016 net of reclassifications of non-recurring and extraordinary expense) for costs arising from the provision of vending machine loading services, carried out by personnel employed by third-party cooperatives, but carried out exclusively for IVS Italia S.p.A. (the cost of which is therefore comparable to normal personnel costs).

(Euro thousands)	31/12/2017	31/12/2016	Variation
Wages and salaries	52,175	49,654	2,521
Social security expense	11,117	10,951	166
Severance indemnity	2,688	2,619	69
Other personnel costs	1,862	4,860	(2,998)
Total	***67,842***	***68,084***	***(242)***

Personnel costs increased compared to the previous year due to an increase in the average number of employees compared to the previous year, mainly due to the effect of the transfer of business units during the year.
As shown in the table below, the number of employees of the company as at 31 December 2017 increased compared to 31 December 2016.

	31/12/2017	31/12/2016	Variation
Middle managers	17	17	-
White-collar employees	310	280	30
Blue-collar employees	1089	1049	40
Apprentices	-	1	(1)
Total	**1,416**	**1,347**	**69**

28 – Other operating expense

Other operating expense is broken down as follows:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Machinery and equipment	9	9	-
Stationery	94	116	- 22
Fuels and lubricants	3,396	3,038	358
Losses on receivables	57	7	50
Miscellaneous expenses	187	90	97
Redevances	40,120	36,662	3,458
Miscellaneous taxes and duties	1,726	1,961	- 235
Fines, sanctions and penalties	67	68	- 1
Gifts	245	177	68
Membership fees	36	67	- 31
Spare parts	2,912	3,113	- 201
Miscellaneous and consumable material	1,610	2,215	- 605
Total other operating expense	***50,459***	***47,523***	***2,936***
Provisions for doubtful debt	161	93	68
Provisions for risks	-	-	-
Other provisions	5,057	450	4,607
Total other provisions	***5,218***	***543***	***4,675***
Total other operating costs	***55,677***	***48,066***	***7,611***

VM positioning costs amount to a total of Euro 40,120 thousand (Euro 36,662 thousand in 2016) and relate to the share for the year of the amounts paid to customers (both public and private) as indemnities for positioning the vending machines within their premises, exploiting the energy and water supply.

Other provisions include Euro 3,343 thousand for the additional amount set aside for the purposes of the ruling by Lazio Regional Administrative Court for the dispute with the AGCM and Euro 1,254 thousand for the write-down of the investment in Cialdamia S.r.l.

29 - Financial income and expense

The table below provides details of financial income and expense:

(Euro thousands)	2017		2016	
	Income	Expense	Income	Expense
Bank interest	37	-	827	3
Interest on bank loans	-	(713)	-	(619)
Interest on IVS F. loan	-	-	-	(4,698)
Interest on shareholders' loan	-	(10,881)	-	(10,881)
Other interest	384	(652)	394	(12)
Dividends	965		1,509	(3)
Other financial income/expense	26	(71)	-	(385)
Income from/Expense on the sale of equity investments			-	-
Total other financial income and expense	**1,412**	**(12,317)**	**2,730**	**(16,596)**
Gains/losses on interest rate speculative derivatives (Flows)	-	-	-	-
Gains/losses on interest rate hedging derivatives (Flows)	-	-	-	-
Net exchange differences	-	-	-	-
Gains/losses on interest rate speculative derivatives (∆ MTM)	-	-	-	-
Total exchange differences and derivatives	**-**	**-**	**-**	**-**
Net total		**(10,905)**		**(13,866)**

The item shareholders' loan interest is composed of the interest accrued to the parent company IVS Group S.A. for the loan disbursed on 9 November 2015 for Euro 234,000 thousand at a fixed annual rate of 4.65%.

Interest on bank loans refers to interest accrued and repaid in 2017 on loans taken out with credit institutions.

The item other interest refers to interest income on loans granted to subsidiaries/associates, while the part payable mainly refers to interest expense arising from transaction costs for some unused credit facilities, the option period of which ended during the year.

30 - Income taxes

Current and deferred tax is detailed in the following table:

(Euro thousands)	31/12/2017	31/12/2016	Variation
Current tax	(1,376)	(965)	(411)
Deferred tax	(666)	(4,105)	3,439
Prepaid tax	-	-	-
Income from tax consolidation	(3,195)	4,511	(7,706)
Total	**(5,237)**	**(559)**	**(4,678)**

For the composition of the items that determine deferred and prepaid taxation, reference should be made to note 18. The table below shows the reconciliation of the tax rate:

(Euro thousands)	2017		2016	
Pre-tax result	**12,452**		**2,137**	
Theoretical tax (24%)	**(2,988)**	**24.00%**	**(588)**	**27.50%**
Financial income at reduced rate	-	0.00%	395	18.44%
Temporary differences	(363)	-2.63%	(280)	(13.10%)
Ace	211	1.69%	704	32.94%
IRAP deduction	-	-	-	-
Write-down of equity investments	(301)	-2.42%	-	-
Antitrust sanction	(803)	-6.45%	-	-
Dividends	220	1.77%	-	-
IRAP on IRES	57	0.46%	70	3.28%
Super amortisation	70	0.56%	-	-
IRAP	**(1,340)**	**-10.76%**	**(861)**	**(40.29%)**
Total tax burden	**(5,237)**	**-41.77%**	**(559)**	**(26.16%)**

Other information

31 - Related party transactions

The data relating to related party transactions and the impact that the transactions have had on the balance sheet, income statement and financial position of the company is detailed in the following tables:

(Euro thousands)	31/12/2017	31/12/2016
Financial receivables from parent companies	-	-
Financial receivables from subsidiaries	9,061	9,148
Financial receivables from related parties	7,237	7,890
Trade receivables from parent companies	-	322
Trade receivables from subsidiaries	2,874	3,424
Trade receivables from related parties	2,544	3,905
Other receivables from parent companies	18,948	-
Other receivables from associates	765	1,416
Other receivables from related parties	1,267	948
Financial payables to parent companies	(255,678)	(265,667)
Financial payables to subsidiaries		-
Financial payables to related parties	(350)	-
Trade payables to parent companies	(1,888)	(9,530)
Trade payables to subsidiaries	(7,004)	(3,980)
Trade payables to related parties	(4,300)	(8,874)
Other payables to parent companies	(3,820)	(84)
Other payables to associates	-	-
Other payables to related parties	(258)	-

(Euro thousands)	31/12/2017	31/12/2016
Operating revenue from parent companies	1,028	1,077
Operating revenue from subsidiaries	11,404	10,299
Operating revenue from related parties	5,840	4,763
Sales of fixed assets to parent companies	-	7
Sales of fixed assets to subsidiaries	14	1
Sales of fixed assets to related parties	37	23
Operating costs from parent companies	(31,233)	(36,316)
Operating costs from subsidiaries	(4,258)	(1,947)
Operating costs from related parties	(29,424)	(27,415)
Purchase of fixed assets from parent companies	-	-
Purchase of fixed assets from subsidiaries	-	-
Purchase of fixed assets from related parties	(4)	(2,388)
Interest from parent companies	(10,873)	(11,086)
Interest from subsidiaries	862	1,405
Interest from related parties	440	(4,019)

32 - Remuneration of directors, statutory auditors and the independent auditor

The table below shows the total amount of directors' remuneration:

(Euro thousands)		31/12/2017	31/12/2016	Variation	% var.
Directors' fees		1,577	1,720	(143)	-8%
Share-based payments		-	-	-	-
Other long-term benefits		-	-	-	-
	Total	**1,577**	**1,695**	**25**	**1%**

It should also be noted that the following amounts were paid during the year:

(Euro thousands)		31/12/2017	31/12/2016	Variation	% var.
Activities of the Board of Statutory Auditors		57	57	-	0%
Independent Auditors' fees		222	195	27	14%
	Total	**279**	**252**	**27**	**11%**

33 - Subsequent events

During January and February 2018 IVS Italia S.p.A. repaid in advance the loan signed with Banca Popolare di Milano for an original amount of Euro 9,000 thousand, the loan signed with Credito Valtellinese for an original amount of Euro 10,000 thousand and the loan signed with UBI for an original amount of Euro 5,000 thousand. In January a loan agreement was signed with UBI for Euro 10,000 thousand and in March two new loans were stipulated with Monte dei Paschi for a total of Euro 19,250 thousand.
On 4 January 2018, a preliminary contract was signed for the acquisition of the OCS BU of M1 Vending and a deposit of Euro 5 thousand was paid.
On 12 January 2018, a preliminary contract was signed for the acquisition of the vending BU of Dorando Service S.r.l. and a deposit of Euro 100 thousand was paid.

Finally, we are constantly looking for new target companies to acquire, in order to increase the customer base, and services in those areas where the structures allow us to increase volumes without a proportional increase in the related costs.

Seriate, 27 March 2018

For the Board of Directors
Chairman
Paolo Covre

Annex 1

Key data from the latest financial statements of IVS Group S.A. (company exercising management and coordination)

Balance sheet 31 December 2016
(in Euro)

	31/12/2016	31/12/2015
ASSETS		
C. Fixed assets		
I. Intangible fixed assets		
2. Concessions, patents, licenses, trademarks and similar rights	4,840,755	5,384,342
4. Intangible assets in progress and payments on account	133,003	-
II. Tangible fixed assets		
3. Other plants, instruments and equipment	87,323,270	77,948,230
III. Financial fixed assets		
1. Equity investments in associates	228,593,115	224,290,166
2. Receivables from associates	272,442,251	247,613,103
5. Other securities	-	6,714,450
	593,332,394	**561,950,291**
D. Current assets		
II. Receivables		
2. Receivables from associates		
a) due within one year	23,594,225	25,834,800
4. Other receivables		
a) due within one year	15,604,214	18,105,894
III. Investments		
2. Own shares	24,194,722	24,194,722
IV. Liquid funds	4,487,953	2,096,118
	67,881,114	**70,231,534**
E. Accrued income and deferred expenses	**210,820**	**233,291**
Total assets	**661,424,328**	**632,415,116**
LIABILITIES		
A. Capital and reserves		
I. Share capital	386,892	386,892
II. Share premium reserve	336,383,855	336,383,855
IV. Reserves		
1. Legal reserve	38,689	38,689
2. Reserve for own shares	24,194,722	24,194,722
4. Other reserves	-	-
V. Losses carried forward	(7,338,233)	(12,920,176)
VI. Period profit/loss	9,314,819	5,581,942
	362,980,744	**353,665,924**
B. Provisions		
1. Provisions for employee severance indemnities and similar	376,666	366,527
3. Other provisions	56,128	
	432,794	**366,527**
C. Payables		
1. Non-convertible bonds		
a) due within one year	1,380,000	1,650,000
b) due after one year	240,000,000	240,000,000
2. Payables to banks		
a) due within one year	750,000	-
b) due after one year	9,250,000	-
4. Payables to suppliers		
a) due within one year	628,925	842,671
6. Payables to associates		
a) due within one year	40,977,929	27,549,646
b) due after one year	-	2,030,000
8. Tax and social security payables		
a) Tax payables	387,480	403,392
b) Payables to social security institutions	342,618	303,831
9. Other payables		
a) due within one year	4,220,025	5,603,125
	297,936,977	**278,382,665**
E. Accrued liabilities and deferred income	**73,813**	-
Total liabilities	**661,424,328**	**632,415,116**

Income Statement for the year ended 31 December 2016
(in Euro)

	31/12/2016	31/12/2015
1. Revenue	42,554,272	24,924,613
4. Other revenue and income	1,151,708	682,242
5.		
a) Raw materials and consumables	(540)	-
b) Other expenses	(3,127,918)	(3,006,562)
6. Personnel costs		
a) Wages and salaries	(3,836,450)	(3,621,346)
b) Social security expense	(1,442,357)	(1,370,395)
c) Other personnel costs	(121,582)	(116,277)
7. Value adjustments		
a) on tangible and intangible fixed assets	(23,087,559)	(11,623,454)
b) on current assets	-	-
8. Other operating costs	(1,383,556)	(1,002,747)
10. Income from other financial fixed assets		
a) group companies	11,528,682	1,975,171
b) interest and sundry expense	-	-
11. Other interest and financial income		
a) group companies	-	-
12. Share of the result of companies consolidated using the equity method	-	-
14. Interest and other financial expense		
a) group companies	(174,421)	(459,250)
b) other interest and expense	(11,469,351)	(1,653,476)
15. Tax	(1,209,368)	1,672,177
16. Result after taxation	9,314,819	5,581,942
17. Other tax		
18. Period profit (loss)	**9,381,560**	**6,400,696**

IVS Italia S.p.A.

Financial statements as at 31 December 2017

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010
(Translation from the original Italian text)

To the Shareholders of
IVS Italia S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of IVS Italia S.p.A. (the Company), which comprise the statement of financial position as at 31 December 2017, and the statement of income, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 December 2017, 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 regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the 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 provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The Directors are responsible for assessing the Company's ability to continue as a going concern and, when preparing the financial statements, for the appropriateness of the going concern assumption, and for appropriate disclosure thereof. The Directors prepare the financial statements on a going concern basis unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00
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Consob al progressivo n. 2 delibera n.10831 del 16/7/1997

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The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

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 misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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 have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' 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 consider this matter in forming 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;
- we have evaluated 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 have communicated 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 compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010

The Directors of IVS Italia S.p.A. are responsible for the preparation of the Report on Operations of IVS Italia S.p.A. as at 31 December 2017, including its consistency with the related financial statements and its compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations, with the financial statements of IVS Italia S.p.A. as at 31 December 2017 and on its compliance with the applicable laws and regulations, and in order to assess whether it contains material misstatements.

In our opinion, the Report on Operations is consistent with the financial statements of IVS Italia S.p.A. as at 31 December 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Bergamo, 30 April 2018
EY S.p.A.
Signed by: Claudio Ferigo, partner

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