



KOLINPHARMA®

LEADER TO HEALTH

## KOLINPHARMA®: REVENUE +62% AND EBITDA +130% IN FY 2017

- Sales revenue equal to Euro 4.1 m, +62% (Euro 2.5 m in FY 2016)
- Value of Production equal to Euro 5.3 m, +41.6% (Euro 3.8 m in FY 2016)
- EBITDA equal to Euro 0.6 m, +130% (Euro 0.3 m in FY 2016), with EBITDA margin of 15%
- Positive EBIT of Euro 0.03 m (negative of Euro 0.3 m in FY 2016)
- Negative net income equal to Euro 0.07 m, significantly improved (negative of Euro 0.37 m in FY 2016)
- Net Financial Position equal to Euro 2.5 m (Euro 1.7 m as of 12/31/2016)
- Exceeded the profitability target for 2017 about Price Adjustment Shares (PAS)

Milan, March 22<sup>nd</sup>, 2018

KOLINPHARMA®, Innovative SME operating in the nutraceutical sector, today has approved the draft of the annual financial statements as of December 31<sup>st</sup>, 2017.

Rita Paola Petrelli, KOLINPHARMA®'s President, affirmed:

*"The 2017 represented a year of huge growth in terms of revenues and profitability, confirming a successful company strategy, based on relevant investments in innovation and development of a widely diversified offer. Even the strengthening of the sales network is particularly strategic to raise doctors' awareness about the nutraceutical products efficacy and about the peculiarities of KOLINPHARMA's trademarks. During 2017, we have started a path of strong company restructuring and, through the listing on AIM Italia Market on March 9<sup>th</sup> 2018, we point at accelerating scientific research projects to develop products with new pharmaceutical forms."*

Emanuele Lusenti, KOLINPHARMA®'s CEO, commented:

*"We operate in a positive context and rewarding for our core business. The market of food supplements connected to the health and welfare is in great expansion and it is worth, at international level, over 130 billion of dollars (source Federalimentari). In Italy the nutraceutical market is worth about Euro 3 billion and in last two years it increased by 6.7% on average, with a higher dynamism compared to the pharmaceutical industry. During FY 2018 we want to pursue in the development of new products intended to different therapeutic classes with high growth rates, identifying innovative formulations, as well as strengthening our medical-scientific representatives' network, with eyes on new opportunities abroad."*

### MAIN RESULTS AS OF DECEMBER 31<sup>st</sup>, 2017

Sales revenues are equal to Euro 4.1 m, growing by 62% compared to Euro 2.5 m in FY 2016, thanks to the strengthening of medical-scientific representatives' (MSRs) network, moved from 35 to 58 during the year, and thanks to all products' positive performance, and in particular MILESAX® and XINEPA®, that registered an incidence on turnover of 28.49% and 26.93% respectively.

The Value of Production, equal to Euro 5.3 m increasing by 41.6% compared to FY 2016 (Euro 3.8 m), includes the item "increases in fixed assets for internal works" related to the capitalisation of expenses with multiannual





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*usefulness, with specific reference to new products development, including in vivo and in vitro tests, launch and consolidation of the MSRs' sales network.*

*EBITDA is equal to Euro 0.60 m, growing by +130% compared to FY 2016 (Euro 0.26 m) even with an increase of general expenses arising from more raw materials consumption that, however, registered a lower impact thanks to economies of scale, and from labour cost increase (12 employees in FY 2017 compared to 8 employees in FY 2016), as well as due to costs for the listing process.*

*The EBITDA Margin is 15% (on sales revenues), in growth compared to FY 2016 (10%).*

*EBIT is equal to 0.03 m, with a significant improvement compared to FY 2016, when it was negative of Euro 0.32 m.*

*EBT is negative of Euro 0.04 m, improving compared to FY 2016 (negative of Euro 0.39 m).*

*Net income is negative of Euro 0.07 m, significantly improved compared to FY 2016 (negative of Euro 0.37 m).*

*Net Financial Position (NFP) as December 31<sup>st</sup>, 2017 is equal to Euro 2.5 m (Euro 1.7 m as of December 31<sup>st</sup>, 2016). The change is attributable to the higher investments realised mainly in R&D activities and for the launch and consolidation of the sales network.*

*Equity as of December 31<sup>st</sup>, 2017 is equal to Euro 1.2 m (Euro 1.1 m as of December 31<sup>st</sup>, 2016).*

*Capex, equal to Euro 1.2 m (Euro 1.0 m in FY 2016), concerned new products' development, trademarks and patents registration and advance commissions for the MSRs.*

*The final figures confirm therefore the 2017 Estimated Targets represented in the Admission Document in Chapter X, section I.*

#### **PROPOSED ALLOCATION OF NET INCOME**

*The Board of Directors approved to propose to the Shareholders' Meeting the cover of the FY net loss, equal to Euro 66,235, through the use of reserves for future capital increase.*

#### **RELEVANT EVENTS OCCURRED AFTER THE CLOSING OF THE FISCAL YEAR**

- *March 20<sup>th</sup>, 2018: the company published the results that confirm the clinical effectiveness of the food supplement Xinepa® for the treatment of peripheral neuropathies. The clinical study made at the Hospital Umberto I in Rome was about Xinepa® effects, nutraceutical product patented by the company, in combination with very low frequency electromagnetic waves, for the treatment of peripheral neuropathies that affect 7-8% of the European population over 55.*
- *March 7<sup>th</sup>, 2018: the Company received by the Italian Stock Exchange the admission to trading of its shares on AIM Italia market. The beginning of trading was on March 9<sup>th</sup>, 2018. The equivalent value of the resources collected with the IPO, whose aim is to accelerate the company growth process, is Euro 3.1 million. The admission to the listing took place after the placement of n. 447,000 Kolinpharma ordinary shares newly issued and without nominal value. The unit price of the shares coming from the placement*



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was fixed in Euro 7.0 each (of which Euro 1.0 nominal value and the residue to share-premium). The free float of the transaction after IPO is equal to 31.65% (excluding the Price Adjustment Shares) of the share capital. The minimum lot is fixed in 200 shares.

## **MANAGEMENT OUTLOOK**

Through the IPO Kolinpharma works towards acceleration of its own growth process, according to the following strategic guidelines:

- reinforcement and acceleration of scientific research project and development of new products with new pharmaceutical forms;
- strengthening of MSRs' network;
- internationalisation of the business through commercial agreements with new operators;
- increasing of the patent portfolio of all products under development and commercialised in Italy;
- carry out clinical research activities, even validated by ethical committees, supporting the scientific communication;
- highly scientific communication to the reference medical specialists present in the whole national territory.

During FY 2018, the company wants to focus on the development of products for therapeutic classes with high growth rates with innovative formulations and, under the commercial profile, to extend the medical-scientific representatives' network to reach an optimum coverage of the territory and the specialists' target, to obtain a significant market share.

## **OTHER DELIBERATIONS OF THE BOARD OF DIRECTORS**

### **Price Adjustment Shares**

Since the trading beginning on AIM Italia, the founding shareholders are owner of n. 180,000 Price Adjustment Shares (PAS), linked to the achievement of the profitability targets (EBITDA higher than Euro 500,000 in FY 2017 and EBITDA higher than Euro 1,400,000 in FY 2018).

For FY closed on December 31<sup>st</sup> 2017, the Company determined the PAS for the targets in 2017 Formula (cf. Admission Document chapter 4, section II), equal to n. 166,667 (out of the total of 180,000).

Since KOLINPHARMA achieved the profitability target in 2017, with an EBITDA of Euro 603,152 (hence higher than Euro 500,000), all the 166,667 PAS will be in service of the conversion into ordinary shares according to 2018 Formula (as defined in chapter 4, section II of the Admission Document); please note, therefore, that no one of the n. 166,667 PAS will be cancelled or converted into Kolinpharma ordinary shares.

The punctual and formal assessment of the EBITDA will be done by the Board of Directors, according to art. 5.2 of the corporate bylaws, with the help and the favourable opinion of the encharged auditing firm, within 10 days after the approval by the Shareholders' Meeting of the financial statements as of 12.31.2017.





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*Check the independence requirements of a director*

*The Board of Directors also assessed the existence of the independence qualification, according to article 148, paragraph 3, of the TUF, as referred to in art. 147-ter, paragraph 4, held by the Independent Director Maurizio Altini, whose curriculum vitae is available on the company's website, section Investor Relations/Governance.*

#### **SHAREHOLDERS' MEETING CALLING**

*The Board of Directors decided to call the Ordinary Shareholders' Meeting to approve the annual report as of December 31<sup>st</sup> 2017 on April 30<sup>th</sup> 2018 in first calling and, if necessary, on May 8<sup>th</sup> 2018 in second calling, to discuss and decide the following agenda:*

- *approval of the annual financial statements draft as of December 31<sup>st</sup>, 2017.*

*The draft of annual financial statements as of December 31<sup>st</sup>, 2017 will be made available to the public within the deadlines and with the procedures provided by AIM Italia Issuers Regulation, as well as on the company's website [www.kolinpharma.com](http://www.kolinpharma.com) in the Investor Relations/Financial Press Releases section.*

*This press release is available online on the corporate website [www.kolinpharma.com](http://www.kolinpharma.com), in the section Investor Relations > Financial Press Releases.*

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*KOLINPHARMA® S.p.A., founded in 2013, is an Innovative SME operating in nutraceutical sector and specialised in the research and development, realised internally and in collaboration with the major Italian universities. The Company's products are made of innovative and natural raw materials and have the purpose of supporting the pharmacological treatments mainly for the diseases in the orthopaedic-physiatric and gynaecological fields. KOLINPHARMA distributes the products with its brand in the whole Italian territory through a skilled sales network of 63 medical-scientific representatives (MSRs), specialised sole agents graduated in scientific disciplines. The MSRs promote KOLINPHARMA's nutraceutical products directly to doctors, pointing at the specialists' awareness. The Company's direct clients are wholesalers, that distribute to pharmacies and para-pharmacies throughout Italy. KOLINPHARMA owns 4 patents in Italy and 9 certifications, of which 2 on the company and 7 on its products.*

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#### ANNEXES

- *Profit and Loss account as of December 31<sup>st</sup>, 2017*
- *Balance sheet as of December 31<sup>st</sup>, 2017*
- *Cash flow statement as of December 31<sup>st</sup>, 2017*
- *Net Financial Position as of December 31<sup>st</sup>, 2017*

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R.E.A. MI-2018304

[www.kolinpharma.com](http://www.kolinpharma.com)



### General information about the company

#### Name and id code

Company name: KOLINPHARMA S.P.A.  
Company site: VIA LARGA N. 8 MILANO MI  
Share capital: 1.000.000,00  
Fully paid-in share capital: Yes  
Registration Authority id code: MI  
VAT number: 08331990963  
Fiscal code: 08331990963  
Registration number: 2018304  
Legal form: SOCIETA' PER AZIONI  
Activity Code: 721909  
Company being wound up: No  
Company with a single shareholder: No  
Company subject to the management and coordination of others: No  
Name of the company or entity that exercises management and coordination:  
belonging to a group: No  
Name of the controlling entity:  
Country of the controlling entity:  
Cooperative company Registration number:

# Financial statements as at 31/12/2017

## Ordinary balance sheet

	31/12/2017	31/12/2016
<b>Assets</b>		
<b>B) Fixed assets</b>		
I - Intangible fixed assets	-	-
1) start-up and expansion costs	1.192.831	1.108.974
3) industrial patents and intellectual property rights	1.777.157	1.240.794

	31/12/2017	31/12/2016
4) concessions, licenses, trademarks and similar rights	118.967	83.044
<i>Total intangible fixed assets</i>	<i>3.088.955</i>	<i>2.432.812</i>
II - Tangible fixed assets	-	-
3) industrial and commercial equipment	12	14
4) other assets	43.154	29.756
<i>Total tangible fixed assets</i>	<i>43.166</i>	<i>29.770</i>
III - Financial fixed assets	-	-
2) receivables due from	-	-
d-bis) third parties	11.043	-
due within the following year	11.043	-
<i>Total receivables</i>	<i>11.043</i>	-
<i>Total financial fixed assets</i>	<i>11.043</i>	-
<i>Total fixed assets (B)</i>	<i>3.143.164</i>	<i>2.462.582</i>
<b>C) Current assets</b>		
I - Inventories	-	-
4) finished products and goods for resale	371.128	328.826
<i>Total inventories</i>	<i>371.128</i>	<i>328.826</i>
II - Receivables	-	-
1) trade accounts	2.140.944	1.128.341
due within the following year	2.140.944	1.128.341
5-bis) due from tax authorities	126.703	153.175
due within the following year	126.703	153.175
5-ter) advances on tax payments	288.469	302.765
5-quater) due from third parties	6.407	34
due within the following year	6.407	34
<i>Total receivables</i>	<i>2.562.523</i>	<i>1.584.315</i>
IV - Liquid funds	-	-
1) bank and post office deposits	15.215	27.439
3) cash and equivalents on hand	34	62
<i>Total liquid funds</i>	<i>15.249</i>	<i>27.501</i>
<i>Total current assets (C)</i>	<i>2.948.900</i>	<i>1.940.642</i>
<b>D) Accrued income and prepayments</b>	<b>674</b>	<b>674</b>
<i>Total assets</i>	<i>6.092.738</i>	<i>4.403.898</i>
<b>Liabilities and shareholders' equity</b>		
<b>A) Shareholders' equity</b>	<b>1.246.169</b>	<b>149.960</b>
I - Share capital	1.000.000	1.000.000
VI - Other reserves	-	-
Contributions for capital increase	1.430.441	268.000

	31/12/2017	31/12/2016
Miscellaneous other reserves	2	(2)
<i>Total other reserves</i>	<i>1.430.443</i>	<i>267.998</i>
VIII - Retained earnings (accumulated losses)	(1.118.039)	(751.859)
IX - Profit (loss) for the year	(66.235)	(366.179)
Total Shareholders' Equity	1.246.169	149.960
<b>C) Total reserve for severance indemnities (TFR)</b>	<b>49.723</b>	<b>28.852</b>
<b>D) Payables</b>		
3) due to partners for financing	-	807.441
due beyond the following year	-	807.441
4) due to banks	2.331.002	1.709.709
due within the following year	1.534.742	943.660
due beyond the following year	796.260	766.049
5) due to other providers of finance	180.000	180.000
due beyond the following year	180.000	180.000
7) trade accounts	1.716.737	1.172.196
due within the following year	1.716.737	1.172.196
12) due to tax authorities	43.175	12.807
due within the following year	43.175	12.807
13) due to social security and welfare institutions	90.106	104.855
due within the following year	90.106	104.855
14) other payables	135.793	97.546
due within the following year	135.793	97.546
<i>Total payables (D)</i>	<i>4.496.813</i>	<i>4.084.554</i>
<b>E) Accrued liabilities and deferred income</b>	<b>300.033</b>	<b>140.532</b>
<i>Total liabilities and shareholders' equity</i>	<i>6.092.738</i>	<i>4.403.898</i>

## Ordinary P&L account

	31/12/2017	31/12/2016
<b>A) Value of production</b>		
1) Revenues from sales and services	4.063.187	2.503.897
2) Change in work in progress, semi-finished and finished products	42.302	209.304
4) Increases in internally constructed fixed assets	1.207.662	1.010.985
5) Other income and revenues	-	-
other	34.927	51.819
<i>Total Other income and revenues</i>	<i>34.927</i>	<i>51.819</i>
<i>Total value of production</i>	<i>5.348.078</i>	<i>3.776.005</i>
<b>B) Cost of production</b>		



	31/12/2017	31/12/2016
6) Raw, ancillary and consumable materials and goods for resale	1.328.973	1.207.975
7) Services	2.610.053	1.894.727
8) Use of third party assets	78.455	21.000
9) Payroll and related costs	-	-
a) wages and salaries	505.766	274.995
b) related salaries	135.731	63.112
c) severance	34.162	17.724
e) other costs	94	1.078
<i>Total payroll and related costs</i>	<i>675.753</i>	<i>356.909</i>
10) Amortisation, depreciation and writedowns	-	-
a) amortisation of intangible fixed assets	551.519	576.544
b) depreciation of tangible fixed assets	13.325	9.568
d) writedowns of accounts included among current assets	7.267	-
<i>Total Amortisation, depreciation and writedowns</i>	<i>572.111</i>	<i>586.112</i>
14) Other operating expenses	51.692	33.357
<i>Total cost of production</i>	<i>5.317.037</i>	<i>4.100.080</i>
<b>Difference between value and cost of production (A - B)</b>	<b>31.041</b>	<b>(324.075)</b>
<b>C) Financial income and expense</b>		
16) Other financial income	-	-
d) income other than the above	-	-
other	-	76
<i>Total income other than the above</i>	<i>-</i>	<i>76</i>
<i>Total other financial income</i>	<i>-</i>	<i>76</i>
17) Interest and other financial expense	-	-
other	74.523	66.194
<i>Total interest and other financial expense</i>	<i>74.523</i>	<i>66.194</i>
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	<i>(74.523)</i>	<i>(66.118)</i>
<b>Profit before taxes (A - B + - C + - D)</b>	<b>(43.482)</b>	<b>(390.193)</b>
<b>20) Taxes on the income for the year</b>		
Current taxes	8.457	-
taxes related to previous years	(2.395)	-
Deferred tax assets and liabilities	16.691	(24.014)
<i>Total taxes on the income for the year</i>	<i>22.753</i>	<i>(24.014)</i>
<b>21) Net profit (loss) for the year</b>	<b>(66.235)</b>	<b>(366.179)</b>

Entry description	Fiscal Year 2017	Fiscal year 2016	Diff.	Diff. %
<b>A) Value of production</b>	<b>5.348.078</b>	<b>3.776.005</b>		
1) Revenues from sales and services	4.063.187	2.503.897	1.559.290	62,27
2) Change in work in progress, semi-finished and finished products	42.302	209.304	(167.002)	(79,79)
4) Increases in internally constructed fixed assets	1.207.662	1.010.985	196.677	19,45
5) Other income and revenues	34.927	51.819	(16.892)	(32,60)
other	34.927	51.819	(16.892)	(32,60)
<i>Total Other income and revenues</i>	<i>34.927</i>	<i>51.819</i>	<i>(16.892)</i>	<i>(32,60)</i>
<i>Total value of production</i>	<i>5.348.078</i>	<i>3.776.005</i>	<i>1.572.073</i>	<i>41,63</i>
<b>B) Cost of production</b>	<b>5.317.037</b>	<b>4.100.080</b>		
6) Raw, ancillary and consumable materials and goods for resale	1.328.973	1.207.975	120.998	10,02
7) Services	2.610.053	1.894.727	715.326	37,75
8) Use of third party assets	78.455	21.000	57.455	273,60
9) Payroll and related costs	675.753	356.909	318.844	89,33
a) wages and salaries	505.766	274.995	230.771	83,92
b) related salaries	135.731	63.112	72.619	115,06
c) severance	34.162	17.724	16.438	92,74
e) other costs	94	1.078	(984)	(91,28)
<i>Total payroll and related costs</i>	<i>675.753</i>	<i>356.909</i>	<i>318.844</i>	<i>89,33</i>
10) Amortisation, depreciation and writedowns	572.111	586.112	(14.001)	(2,39)
a) amortisation of intangible fixed assets	551.519	576.544	(25.025)	(4,34)
b) depreciation of tangible fixed assets	13.325	9.568	3.757	39,27
d) writedowns of accounts included among current assets	7.267		7.267	
<i>Total Amortisation, depreciation and writedowns</i>	<i>572.111</i>	<i>586.112</i>	<i>(14.001)</i>	<i>(2,39)</i>
14) Other operating expenses	51.692	33.357	18.335	54,97
<i>Total cost of production</i>	<i>5.317.037</i>	<i>4.100.080</i>	<i>1.216.957</i>	<i>29,68</i>
<b>Difference between value and cost of production (A - B)</b>	<b>31.041</b>	<b>(324.075)</b>	<b>355.116</b>	<b>(109,58)</b>
<b>C) Financial income and expense</b>	<b>(74.523)</b>	<b>(66.118)</b>		
16) Other financial income		76	(76)	(100,00)
d) income other than the above		76	(76)	(100,00)
other		76	(76)	(100,00)
<i>Total income other than the above</i>		<i>76</i>	<i>(76)</i>	<i>(100,00)</i>
<i>Total other financial income</i>		<i>76</i>	<i>(76)</i>	<i>(100,00)</i>
17) Interest and other financial expense	74.523	66.194	8.329	12,58
other	74.523	66.194	8.329	12,58
<i>Total interest and other financial expense</i>	<i>74.523</i>	<i>66.194</i>	<i>8.329</i>	<i>12,58</i>
<i>Total financial income and expense (15 + 16 - 17 + - 17-bis)</i>	<i>(74.523)</i>	<i>(66.118)</i>	<i>(8.405)</i>	<i>12,71</i>
<b>Profit before taxes (A - B + - C + - D)</b>	<b>(43.482)</b>	<b>(390.193)</b>	<b>346.711</b>	<b>(88,86)</b>
<b>20) Taxes on the income for the year</b>	<b>22.753</b>	<b>(24.014)</b>		

Entry description	Fiscal Year 2017	Fiscal year 2016	Diff.	Diff. %
Current taxes	8.457		8.457	
taxes related to previous years	(2.395)		(2.395)	
Deferred tax assets and liabilities	16.691	(24.014)	40.705	(169,51)
<i>Total taxes on the income for the year</i>	<i>22.753</i>	<i>(24.014)</i>	<i>46.767</i>	<i>(194,75)</i>
<b>21) Net profit (loss) for the year</b>	<b>(66.235)</b>	<b>(366.179)</b>	<b>299.944</b>	<b>(81,91)</b>

Entry	Fiscal Year 2017	%	Fiscal year 2016	%	Absolute change	% change
<b>WORKING CAPITAL</b>	<b>2.661.105</b>	<b>43,68 %</b>	<b>1.638.551</b>	<b>37,21 %</b>	<b>1.022.554</b>	<b>62,41 %</b>
<b>Quick ratio</b>	<b>15.249</b>	<b>0,25 %</b>	<b>27.501</b>	<b>0,62 %</b>	<b>(12.252)</b>	<b>(44,55) %</b>
Cash and cash equivalents	15.249	0,25 %	27.501	0,62 %	(12.252)	(44,55) %
<b>Deferred cash</b>	<b>2.274.728</b>	<b>37,34 %</b>	<b>1.282.224</b>	<b>29,12 %</b>	<b>992.504</b>	<b>77,40 %</b>
RECEIVABLES DUE FROM SHAREHOLDERS						
Short-term receivables in current assets	2.274.054	37,32 %	1.281.550	29,10 %	992.504	77,45 %
Short-term noncurrent receivables						
Financial assets						
DEFERRED INCOME AND PREPAID EXPENSES	674	0,01 %	674	0,02 %		
<b>INVENTORIES</b>	<b>371.128</b>	<b>6,09 %</b>	<b>328.826</b>	<b>7,47 %</b>	<b>42.302</b>	<b>12,86 %</b>
<b>Fixed assets</b>	<b>3.431.633</b>	<b>56,32 %</b>	<b>2.765.347</b>	<b>62,79 %</b>	<b>666.286</b>	<b>24,09 %</b>
INTANGIBLE FIXED ASSETS	3.088.955	50,70 %	2.432.812	55,24 %	656.143	26,97 %
PROPERTY, APPARATUS AND EQUIPMENT	43.166	0,71 %	29.770	0,68 %	13.396	45,00 %
FINANCIAL FIXED ASSETS	11.043	0,18 %			11.043	
Medium/long-term receivables in current assets	288.469	4,73 %	302.765	6,87 %	(14.296)	(4,72) %
<b>TOTAL USES</b>	<b>6.092.738</b>	<b>100,00 %</b>	<b>4.403.898</b>	<b>100,00 %</b>	<b>1.688.840</b>	<b>38,35 %</b>

## Liabilities

Entry	Fiscal Year 2017	%	Fiscal year 2016	%	Absolute change	% change
<b>MINORITY INTEREST SHARE CAPITAL</b>	<b>4.846.569</b>	<b>79,55 %</b>	<b>4.253.938</b>	<b>96,59 %</b>	<b>592.631</b>	<b>13,93 %</b>
<b>Current liabilities</b>	<b>3.820.586</b>	<b>62,71 %</b>	<b>2.471.596</b>	<b>56,12 %</b>	<b>1.348.990</b>	<b>54,58 %</b>
Short-term payables	3.520.553	57,78 %	2.331.064	52,93 %	1.189.489	51,03 %

Entry	Fiscal Year 2017	%	Fiscal year 2016	%	Absolute change	% change
ACCRUED LIABILITIES AND DEFERRED INCOME	300.033	4,92 %	140.532	3,19 %	159.501	113,50 %
<b>Consolidated liabilities</b>	<b>1.025.983</b>	<b>16,84 %</b>	<b>1.782.342</b>	<b>40,47 %</b>	<b>(756.359)</b>	<b>(42,44) %</b>
Medium/long-term payables	976.260	16,02 %	1.753.490	39,82 %	(777.230)	(44,32) %
Reserves for contingencies and other charges						
TFR	49.723	0,82 %	28.852	0,66 %	20.871	72,34 %
<b>EQUITY</b>	<b>1.246.169</b>	<b>20,45 %</b>	<b>149.960</b>	<b>3,41 %</b>	<b>1.096.209</b>	<b>731,00 %</b>
Share capital	1.000.000	16,41 %	1.000.000	22,71 %		
Reserves	1.430.443	23,48 %	267.998	6,09 %	1.162.445	433,75 %
Retained earnings (accumulated losses)	(1.118.039)	(18,35) %	(751.859)	(17,07) %	(366.180)	48,70 %
Net profit (loss) for the year	(66.235)	(1,09) %	(366.179)	(8,31) %	299.944	(81,91) %
<b>TOTAL SOURCES</b>	<b>6.092.738</b>	<b>100,00 %</b>	<b>4.403.898</b>	<b>100,00 %</b>	<b>1.688.840</b>	<b>38,35 %</b>

## Statement of cash flows, indirect method

	Amount as at 31/12/2017	Amount as at 31/12/2016
<b>A) Financial flow from operations (indirect method)</b>		
Net profit (loss) for the year	(66.235)	(366.179)
Income taxes	22.753	(24.014)
Interest expenses/(income)	74.523	66.118
<i>1) Profit (loss) for the fiscal year before income taxes, dividends and capital gains/losses from disposals</i>	<i>31.041</i>	<i>(324.075)</i>
Adjustments for non-monetary elements with no offset in working capital		
Accruals to provisions	34.162	17.724
Depreciation of assets	564.844	586.112
<i>Total adjustments for non-monetary items with no offset in net working capital</i>	<i>599.006</i>	<i>603.836</i>
<i>2) Financial flow before changes to the net working capital</i>	<i>630.047</i>	<i>279.761</i>
Changes in net working capital		
Decrease/(Increase) of inventories	(42.302)	(209.304)
Decrease/(Increase) of credits towards customers	(1.012.603)	(423.867)
Increase/(Decrease) in payables due to suppliers	544.541	433.535
Decrease/(Increase) in accrued income and deferred expenses		926
(Increase)/Decrease in accrued liabilities and deferred income	159.501	124.972
Other decreases/(Other increases) of net working capital	88.261	147.778
<i>Total changes in net working capital</i>	<i>(262.602)</i>	<i>74.040</i>
<i>3) Financial flow after changes to the net working capital</i>	<i>367.445</i>	<i>353.801</i>

	Amount as at 31/12/2017	Amount as at 31/12/2016
Other adjustments		
Interest collected/(paid)	(74.523)	(66.118)
(income taxes paid)	(22.753)	24.014
(Use of provisions)	(13.291)	(5.103)
<i>Total other adjustments</i>	<i>(110.567)</i>	<i>(47.207)</i>
<b>Financial flow from operations (A)</b>	<b>256.878</b>	<b>306.594</b>
<b>B) Financial flow from investing activities</b>		
PROPERTY, APPARATUS AND EQUIPMENT		
(Investments)	(26.721)	(17.407)
Disinvestments		4.464
INTANGIBLE FIXED ASSETS		
(Investments)	(1.207.662)	(1.010.985)
FINANCIAL FIXED ASSETS		
(Investments)	(11.043)	2.250
<b>Cash flow from investing activities (B)</b>	<b>(1.245.426)</b>	<b>(1.021.678)</b>
<b>C) Financial flow from financing activities</b>		
Loan capital		
Incremento debiti verso banche per finanziamenti chirografari	155.917	26.532
Variazione finanziamento soci	(807.441)	71.540
Equity		
Variazione soci c/aumento capitale	1.162.445	60.000
<b>Cash flow from financing activities (C)</b>	<b>510.921</b>	<b>158.072</b>
<b>Increase (decrease) in cash and cash equivalents (A ± B ± C)</b>	<b>(477.627)</b>	<b>(557.012)</b>
Cash and cash equivalents at the beginning of the fiscal year		
bank and post office deposits	(626.685)	69.853
Cash and equivalents on hand	62	242
Total cash and cash equivalents at the beginning of the fiscal year	(626.623)	(69.611)
Cash and cash equivalents at the fiscal year end		
bank and post office deposits	(1.104.284)	(626.865)
Cash and equivalents on hand	34	62
Total cash and cash equivalents at the end of the fiscal year	(1.104.250)	(626.623)
Balance difference		