

VALSOIA SpA



**VALSOIA** SpA

**VALSOIA**  
BONTA' e SALUTE

**SANTA  
ROSA**

**SANTA  
ROSA**  
**POMODORISSIMO**

**Naturattiva**  
BIO

**Weetabix**  
\*

**VITASOYA**

\* marchio in distribuzione per l'Italia

To live a better and healthier life through our nutritional choices every day, this is the MISSION of Valsoia Spa. An Italian company that strives every day to offer a sound dietetic-nutritional response to the increasing demand for health and well-being.

## **QUALITY AND EXPERIENCE**

Valsoia champions “plant-based nutrition” and “healthy eating” connected to the cultural values of quality and selecting excellent ingredients. Well-designed and controlled processes back up the precious know how we have gained over decades of experience. Valsoia is always actively researching products that are good, healthy and safe and therefore made with precious and unique ingredients.

## **NUTRITION RESEARCH**

Our constant focus on recipes, the creation of new tastes and the selection of raw materials has led to improvement in the flavours and the realization of new proposals, so as to satisfy the ever-growing variety and complexity of the demand for nutritious foods.

## **PRODUCT VARIETY**

Currently we offer plant-based alternatives, beverages, ice-creams, yoghurt, desserts, cookies, main dishes, cheeses and dressings all sold under the Valsoia trademark; moreover, our products include the Santa Rosa preserves and sorbets, marks of excellence in preserves and fruit processing and the Pomodorissimo tomato sauces, characterised by their unmistakable flavour.

## **ITALIAN TRADITION**

All our products follow the nutritional tradition of Italy. All the products are healthy and of high quality, ideal for the entire family and they are appropriate for every moment of the day, from breakfast to dinner. Our products feature the simplicity of the flavours that are the result of our careful preparation, distilling the experience of the best nutritionists.



new:

## PLANT-BASED MAIN DISHES

Valsoia presents a complete new line of refrigerated, plant-based main dishes.

Rich with Vitamin B12 and proteins, low in saturated fat.

Quick and easy to prepare, they are ideal for those who are always searching for 100% plant-based, appetising and nutritious main dishes.

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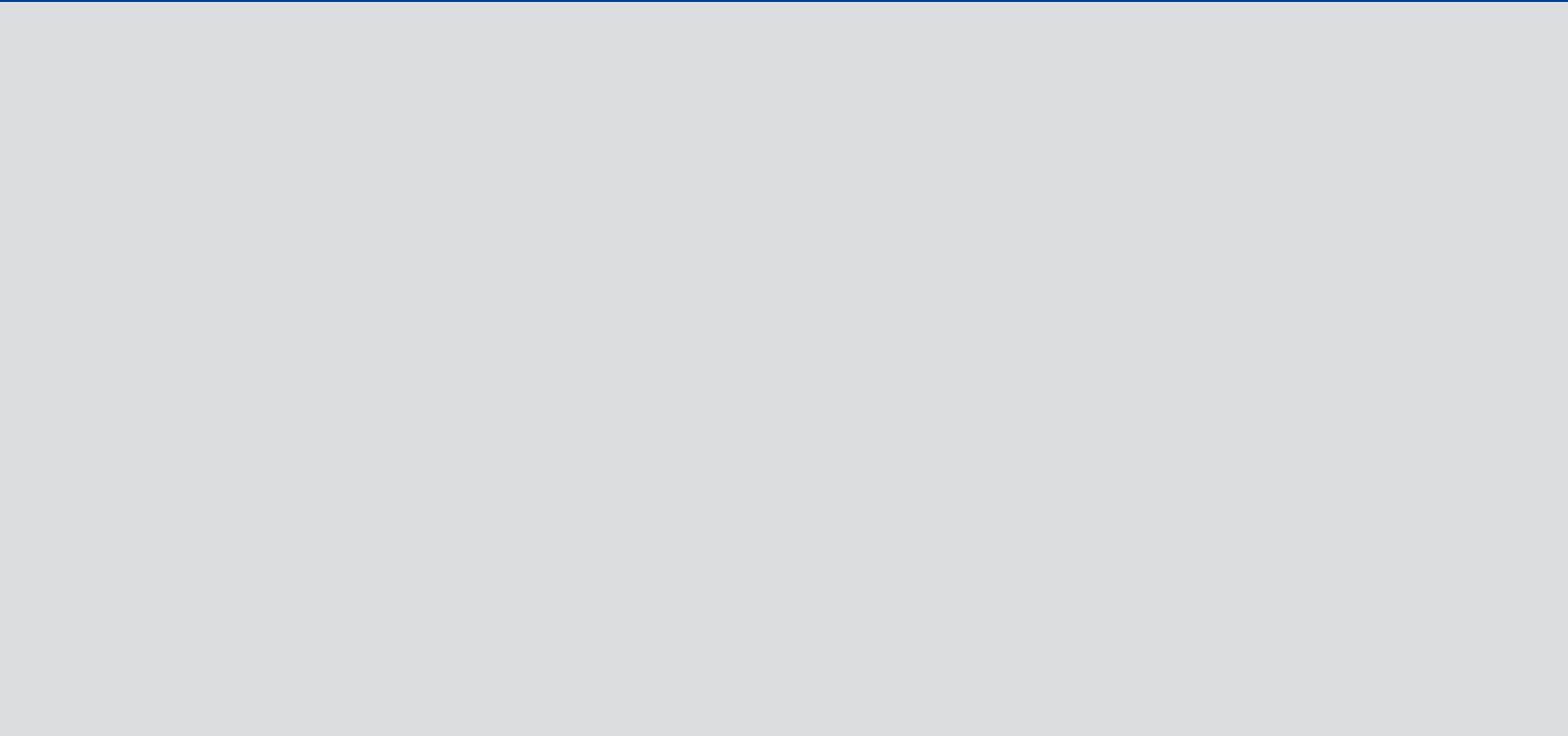
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## GENERAL INFORMATION

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### Corporate offices and positions

#### Board of Directors <sup>(1)</sup>

Chairman	Lorenzo Sassoli de Bianchi
Vice-Chairman	Furio Burnelli
Vice-Chairman	Ruggero Ariotti
Honorary Chairman	Cesare Doria de Zuliani
Chief Executive Officer and General Manager <sup>(2)</sup>	Andrea Panzani
Directors	Susanna Zucchelli
	Francesca Postacchini
	Gregorio Sassoli de Bianchi
	Camilla Chiusoli

#### Board of Statutory Auditors <sup>(1)</sup>

Chairman	Gianfranco Tomassoli
Statutory Auditors	Claudia Spisni
	Massimo Mezzogori
Alternate Auditors	Massimo Bolognesi
	Simonetta Frabetti

#### Supervisory Board <sup>(3)</sup>

Chairman	Gianfranco Tomassoli
Standing members	Angelo Castelli
	Maria Luisa Muserra

#### Independent Auditors <sup>(4)</sup>

KPMG S.p.A.

#### Manager in charge of financial reporting <sup>(5)</sup>

Carlo Emiliani

(1) Appointed on April 28, 2017, in office until the approval of the 2019 Financial Statements.

(2) Chief Executive Officer (since April 23, 2015) and General Manager (since February 4, 2014).

(3) Appointed on December 19, 2016, in office until the approval of the 2019 Financial Statements.

(4) Appointed on April 23, 2015, in office until the approval of the 2023 Financial Statements.

(5) Appointed by the Board of Directors on June 7, 2006. Since 2001, Executive in Valsoia S.p.A.

Auditor. Enrolled in the Register of Chartered Accountants and in the Register of Auditors of Ravenna.

## Corporate data and Group structure

Company Name: Valsoia S.p.A.

Registered office: Via Ilvio Barontini 16/5 - 40138 Bologna (BO) - Italy

Telephone: +39 051 6086800

Fax: +39 051 248220

Certified email: [valsoia@legalmail.it](mailto:valsoia@legalmail.it)

Website: [www.valsoiaspa.com](http://www.valsoiaspa.com) – Investor Relations section

Share Capital - fully paid up: 3,503,024.91

Tax Code and registration number in the Companies Register of Bologna: 02341060289

VAT No.: 04176050377

Member of the Chamber of Commerce of Bologna: Bologna: no. BO-338352

Production facility:

C.so Matteotti 13 - 13037 Serravalle Sesia (VC) – Italy

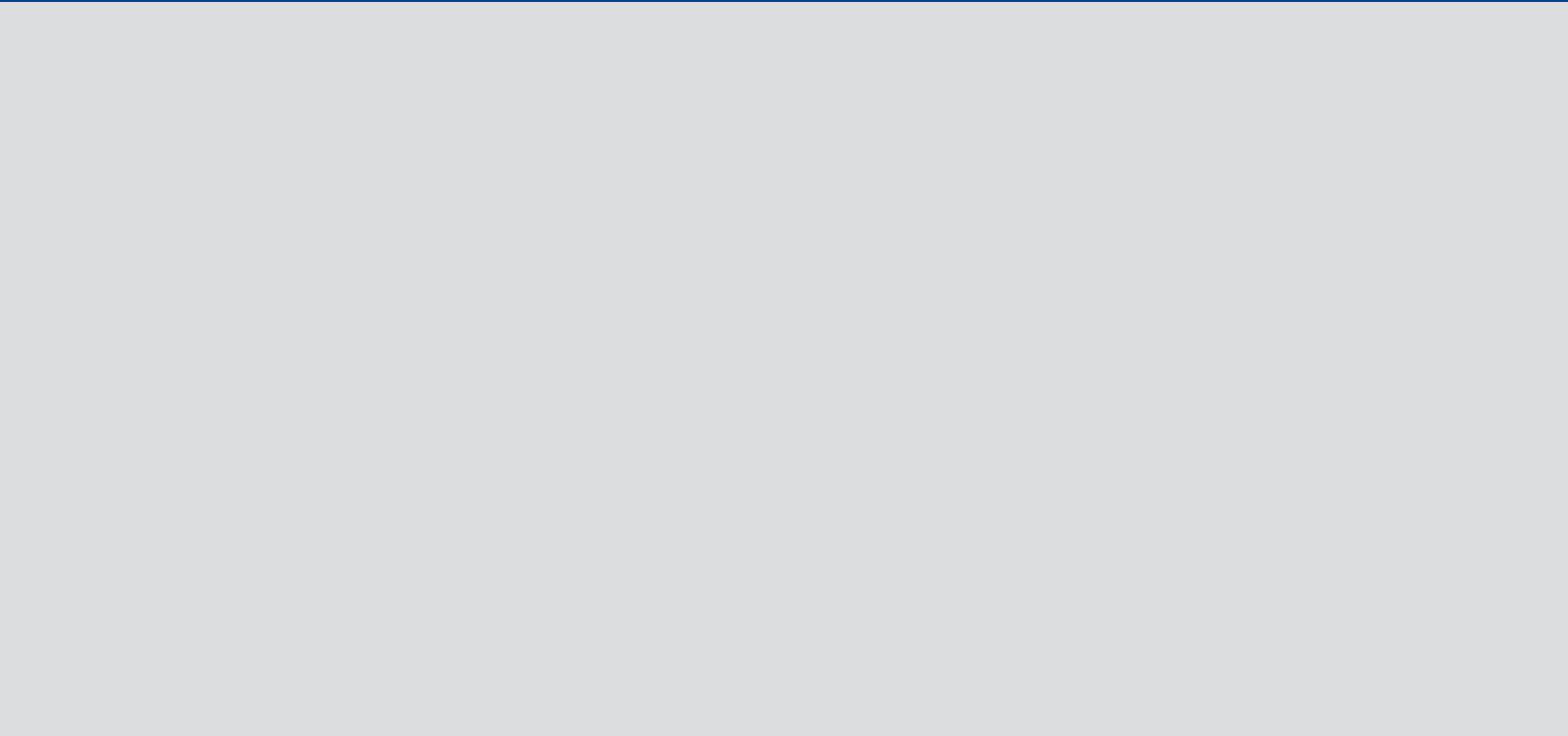
The structure of the Valsoia Group, at the closing of the period, in addition to the parent company Valsoia S.p.A., included the following subsidiaries:

Company Name	Share Capital	Main office	% Held
Valsoia Pronova d.o.o.	€ 100,000	Ljubljana (Slovenia)	100

At the closing of this period, Valsoia does not own any other investments above 10% of the share capital, represented by shares with rights of voting, in non-listed companies, nor does it own shares in limited liability companies.

The Company has no branch offices.

Valsoia S.p.A. has decided to take the option authorised by Art. no. 70, par. 8 and art. 71. par. 1-bis of Consob Regulation no. 11971/99 (as applicable) and therefore to dispense with the obligation to provide disclosure to the public in the event of significant mergers, spin-offs, share capital increases through contributions in kind, acquisitions and disposals.



## DIRECTORS' REPORT

### KEY FINANCIAL HIGHLIGHTS

Income statement ratios (EUR 000)	09.30.2017		09.30.2016		Change	
	EUR	% Inc.	EUR	% Inc.	EUR	%
Sales revenue	85,096	100.0	88,020	100.0	(2,924)	(3.3)
Value of production	85,065	100.0	87,766	99.7	(2,701)	(3.1)
Gross operating result (EBITDA) (*)	10,211	12.0	13,003	14.8	(2,792)	(21.5)
Net operating result (EBIT) (*)	8,789	10.3	11,551	13.1	(2,762)	(23.9)
Pre-tax profit	8,545	10.0	10,965	12.5	(2,420)	(22.1)
Net profit for the period	6,155	7.2	7,627	8.7	(1,472)	(19.3)

(\*) The interim results are not defined as an accounting measure pursuant to the IFRSs, therefore the definition criteria for this parameter may not be consistent with those adopted by other companies.

Equity ratios (EUR 000)	Value			Changes at 09.30.17	
	09.30.2017	12.31.2016	09.30.2016	Vs 12.31.16	Vs 09.30.16
Net working capital	2,880	3,890	5,125	(1,010)	(2,245)
Total non-current assets	34,300	34,632	34,866	(332)	(566)
Net financial debt (positive)	22,549	18,483	15,779	4,066	6,770

## MAIN EVENTS FOR THE PERIOD AND BUSINESS PERFORMANCE

In the first nine months of 2017, the Company recorded revenues from sales amounting to EUR 85 million, slightly down by 3.3% compared with the same period of the previous year.

In particular, the third quarter was characterised by a reduction in total revenues amounting to EUR 1.3 million compared with the same period of last year, due primarily to the decrease in revenues from ice cream by EUR 1.2 million.

The ice cream trend is to be attributed entirely to the simultaneous entry, in large-scale distributions, of leading national and multinational players producing ice-cream, with plant-based and lactose-free versions, and to the launch of numerous Private Labels under distribution company brands.

Despite an overcrowding of brands on the shelves, the Valsoia ice-cream has obtained excellent results in terms of market share, reaching, in the peak months of the year (June-September), an approximate 70% market share, thus confirming the extraordinary strength of the Valsoia brand, a point of reference and reassurance for the healthy consumers in the market for alternative plant-based products.

In the third quarter, the trends of the other Company's lines of products remained substantially stable, with a positive performance in sales, in particular for plant-based yoghurt (+3.7% versus the same quarter of the previous year; +2.2% in the cumulative 9 months), and for Santa Rosa preserves (+9% versus the same quarter of the previous year; +8.8% in the cumulative 9 months).

In the third quarter, tomatoes showed a decrease (-20.8% versus same quarter of the previous year; -23.1% in the cumulative first 9 months) to be attributed primarily, as in the previous periods, to continuing strong bearish and speculative trends, in terms of prices, with which the company does not intend to align, opting instead not to pursue non-profitable volumes.

The positive trend in international sales, with a +16.6% recorded in the third quarter compared with the same period of the previous year, reaching, in the first 9 months, +21% compared with the revenues in the same period of the previous year.

The impact of sold product and logistic costs, in the first nine months of the year, has slightly increased mainly because of the lower volumes of ice-cream production.

The expenses for business activities also slightly increased by about EUR 500 thousand to be attributed mainly to a different time allocation of some early trade marketing activities carried out in 2017, to the first nine months of the year and to an extra investment carried out for new merchandising services, specific to the management of the points of sale in Italy.

In line with the previous year, Communication and Consumer Marketing activities continued.

Fixed overhead costs were substantially stable, in absolute values, although slightly increasing in percentage points.

Gross operating margin (EBITDA), in the first nine months of the year, stood at EUR 10.2 million versus the EUR 13.0 million of the previous year, while the net profit reached EUR 6.2 million showing a EUR 1.5 million decline compared with the same period of 2016.

The percentage of Revenues from sales improved in the nine month period compared with the first half year, for both the EBITDA (12% versus 10.4% in the first half year) and net profit (7.2% versus 6.1% in the first six months). These increases are greater compared to the figures recorded in the previous year.

During the last few months, the Company reported in particular:

- (i) a preliminary agreement was executed for the acquisition of the Business Unit Diète. Tic, a leading company in the segment of liquid sweeteners and a primary point of reference in terms of sold volumes in the sweetener market. As specified below, the operations closed in early October. This transaction, at the period's closing date, involved the recording of acquisition charges exceeding EUR 100 thousand, together with an extraordinary cash disbursement of EUR 2.2 million following the confirmation deposit;
- (ii) the distribution growth of the innovative line of refrigerated plant-based alternatives which, in only a few months, have already reached a peak in product turnover, within the segment of "alternatives to meat", one of the most crowded segments in the plant-based alternative market;
- (iii) the expansion in the range of frozen foods with the launch of a new fast turnover product;
- (iv) the continuation of R&D activities in line with the projects and the times set forth in the three year plan, for both Valsoia and Santa Rosa;
- (v) the execution, in the month of June, of an agreement with a Company providing merchandising services with a focus on the management of points of sale in Northern Italy;
- (vi) the growth in the distribution of Santa Rosa preserves which have reached the 70 weighted points in the Modern Distribution channel, thus improving their coverage by about 10 points in 12 months;
- (vii) after a major fine-tuning of the ice-cream portfolio for the US market, the presentation to important retailers started for the 2018 season, thanks to an agreement executed by the USA distributor of Valsoia which has a sales organisation with 200 agents across the entire American territory.

## ANALYSIS OF THE FINANCIAL POSITION

The following table shows the breakdown of the Net Financial Position as at September 30, 2017 and 2016, and at December 31, 2016.

Description (EUR 000)	09.30.2017	12.31.2016	09.30.2016
	EUR	EUR	EUR
Cash	3	4	2
Current accounts and bank deposits	23,392	19,381	16,696
<b>Total cash and cash equivalents (A)</b>	<b>23,395</b>	<b>19,385</b>	<b>16,698</b>
Current loans and borrowings (B)	(100)	(98)	(100)
<b>Current net financial position (C=A-B)</b>	<b>23,295</b>	<b>19,287</b>	<b>16,598</b>
Non-current loans and borrowings (D)	(746)	(804)	(819)
<b>NET FINANCIAL POSITION (E=C+D)</b>	<b>22,549</b>	<b>18,483</b>	<b>15,779</b>

As at September 30, Valsoia showed a positive Net Financial Debt of EUR 22.6 million, up from the same figure of the previous year by EUR 6.8 million.

The Company, in the first nine months of the period, generated a primary cash flow of EUR 10.1 million, partially absorbed for EUR 0.9 million by the increase in Net Working Capital and other operating Assets/Liabilities, and for more than EUR 0.3 million by direct taxes. During the same period, investments amounting to EUR 1.1 million were carried out and dividends amounting to EUR 3.5 million were distributed.

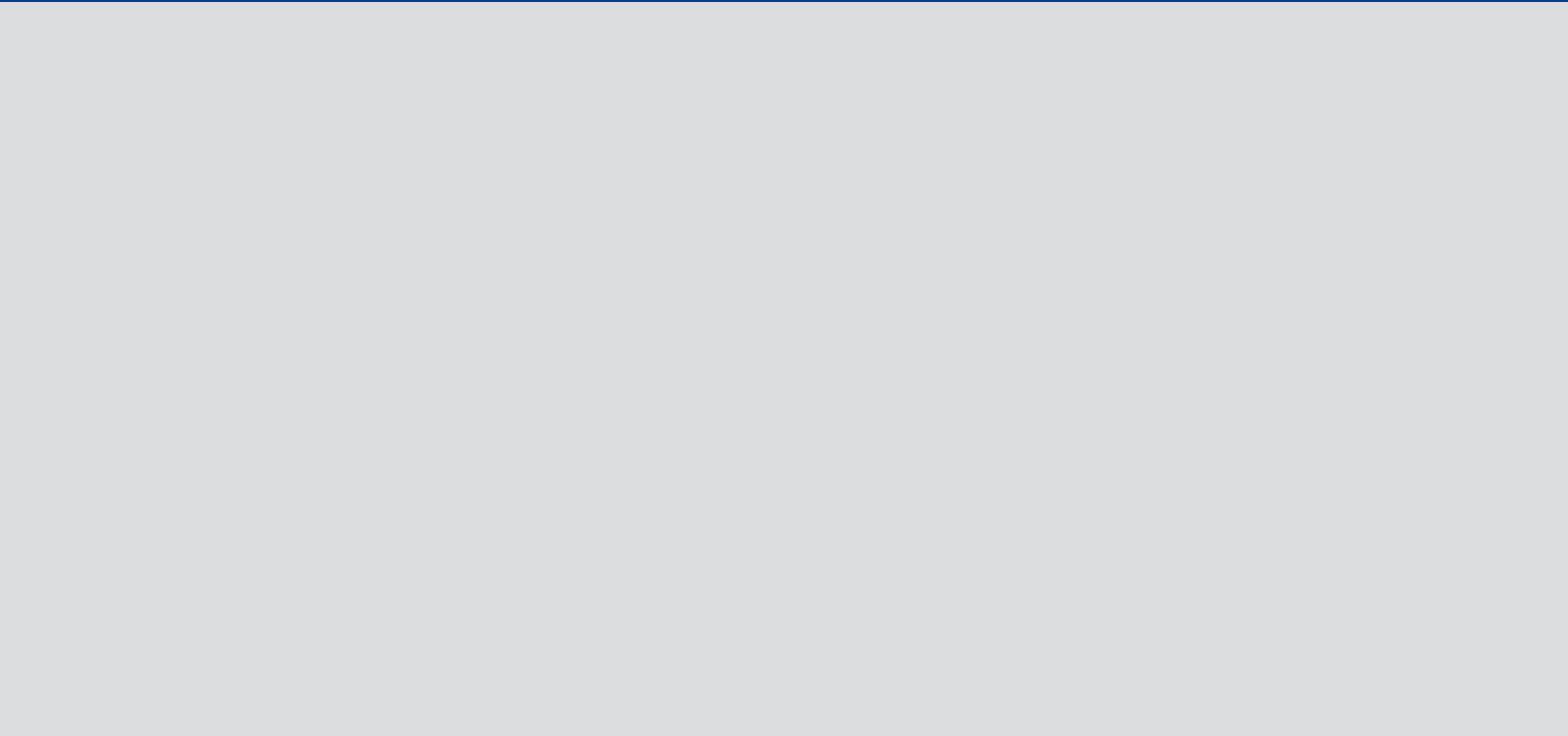
## **SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD AND BUSINESS OUTLOOK**

In the month of October the sales trend continued substantially in line with the same period of the previous year. The acquisition of the Business Unit Diète.Tic was concluded, with the subsequent start of distribution by the Valsoia Sales Network - Food Division (Santa Rosa-Diète.Tic).

/

Bologna, November 6, 2017

The Chairman of the Board of Directors  
Lorenzo Sassoli de Bianchi



# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	September 30, 2017	December 31, 2016
<b>CURRENT ASSETS</b>	-1		
Cash and cash equivalents		23,395	19,385
Trade receivables		15,513	14,512
Inventories		7,271	7,206
Other current assets		2,651	1,747
<b>Total current assets</b>		<b>48,830</b>	<b>42,850</b>
<b>NON-CURRENT ASSETS</b>	-2		
Fixed assets		34,147	34,469
Other non-current assets		594	605
<b>Total non-current assets</b>		<b>34,741</b>	<b>35,074</b>
<b>TOTAL ASSETS</b>		<b>83,571</b>	<b>77,924</b>

# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF FINANCIAL POSITION	Notes	September 30, 2017	December 31, 2016
<b>CURRENT LIABILITIES</b>	-3		
Current payables due to banks and other loans		100	98
Trade payables		18,204	16,245
Other current liabilities		4,350	3,330
<b>Total current liabilities</b>		<b>22,654</b>	<b>19,673</b>
<b>NON-CURRENT LIABILITIES</b>	-4		
Non-current payables due to bank and other loans		746	804
Other non-current liabilities		505	579
<b>Total non-current liabilities</b>		<b>1,251</b>	<b>1,383</b>
<b>EQUITY</b>	-5		
Share Capital		3,503	3,503
Reserves and earnings brought forward		50,008	44,571
Profit (loss) for the period		6,155	8,794
<b>Total Shareholders' Equity</b>		<b>59,666</b>	<b>56,868</b>
<b>TOTAL</b>		<b>83,571</b>	<b>77,924</b>

# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

INCOME STATEMENT	Notes	September 30, 2017	September 30, 2016	3rd Quarter 2017	3rd Quarter 2016
<b>VALUE OF PRODUCTION</b>	-6				
Revenue from sales and services		85,096	88,020	28,681	30,006
Changes in inventories of finished products		-249	-465	369	-1,326
Other revenue and income		218	211	39	79
<b>Total Value of production</b>		<b>85,065</b>	<b>87,766</b>	<b>29,089</b>	<b>28,759</b>
<b>OPERATING COSTS</b>	-7				
Purchases		-42,886	-44,284	-14,582	-13,720
Services		-24,664	-22,978	-7,769	-7,565
Labour costs		-6,507	-6,498	-1,968	-2,034
Other Operating costs		-797	-1,003	-437	-563
<b>Total Operating costs</b>		<b>-74,854</b>	<b>-74,763</b>	<b>-24,756</b>	<b>-23,882</b>
<b>GROSS OPERATING RESULT</b>		<b>10,211</b>	<b>13,003</b>	<b>4,333</b>	<b>4,877</b>
Amortisation, depreciation and write-downs	-8	-1,422	-1,452	-469	-502
<b>NET OPERATING RESULT</b>		<b>8,789</b>	<b>11,551</b>	<b>3,864</b>	<b>4,375</b>
Net financial charges	-9	-244	-586	-75	-67
<b>PRE-TAX PROFIT (LOSS)</b>		<b>8,545</b>	<b>10,965</b>	<b>3,789</b>	<b>4,308</b>
Taxes		-2,390	-3,338	-1,065	-1,368
<b>NET PROFIT</b>		<b>6,155</b>	<b>7,627</b>	<b>2,724</b>	<b>2,940</b>

# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF COMPREHENSIVE INCOME	Notes	September 30, 2017	September 30, 2016
<b>PROFIT (LOSS) FOR THE PERIOD</b>		<b>6,155</b>	<b>7,627</b>
<hr/>			
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH MAY BE SUBSEQUENTLY RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Valuation of MtM derivatives on interest rate hedging operations net of tax effects		0	0
<b>Total</b>		<b>0</b>	<b>0</b>
<hr/>			
OTHER COMPREHENSIVE INCOME/(EXPENSE) WHICH WILL NOT BE SUBSEQUENTLY RECLASSIFIED TO PROFIT/(LOSS) FOR THE PERIOD			
Actuarial profit/(losses) per IAS 19		0	0
<b>Total</b>		<b>0</b>	<b>0</b>
<hr/>			
<b>TOTAL COMPREHENSIVE INCOME FOR THE PERIOD (LOSS)</b>		<b>6,155</b>	<b>7,627</b>

# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

CONDENSED STATEMENT OF CASH FLOWS FOR THE PERIODS ENDED AT	September 30, 2017	September 30, 2016
<b>A Opening current net cash</b>	<b>19,287</b>	<b>22,212</b>
<hr/>		
<b>B Cash flow from operating activities for the period</b>		
- Cash flow from operating activities before changes in working capital (primary cash flow)	10,110	13,107
- Change in Working Capital	-826	-2,814
- Changes in other operating assets/(liabilities)	-74	-45
<b>Total (B)</b>	<b>9,210</b>	<b>10,248</b>
<hr/>		
<b>C Taxes paid during the period</b>	<b>(317)</b>	<b>(3,434)</b>
<hr/>		
<b>D Cash flow used in investment activities</b>	<b>(1,080)</b>	<b>(1,058)</b>
<hr/>		
<b>E. Cash flow used in financial activities</b>	<b>(3,805)</b>	<b>(11,370)</b>
<hr/>		
<b>F Cash flow for the period (B+C+D+E)</b>	<b>4,008</b>	<b>(5,614)</b>
<hr/>		
<b>G Closing current net cash (A+F)</b>	<b>23,295</b>	<b>16,598</b>

# ACCOUNTING STATEMENTS

FIGURES IN THOUSANDS OF EUROS

STATEMENT OF CHANGES IN EQUITY	SHARE CAPITAL	LEGAL RESERVE	REVALUATION RESERVE	IAS/IFRS ADJ. RESERVE	OTHER RESERVES	PROFIT/(LOSS) FOR THE PERIOD	TOTAL SHAREHOLDERS' EQUITY
<b>BALANCE AT DECEMBER 31, 2015</b>	<b>3,450</b>	<b>690</b>	<b>5,401</b>	<b>-1,002</b>	<b>32,958</b>	<b>11,978</b>	<b>53,475</b>
<b>Changes at September 30, 2016</b>							
Allocation of 2015 profit					6,228	-6,228	0
Dividends						-5,750	-5,750
2016-2019 SOP charges					194		194
Share Capital Increase	53						53
Release of Cash Flow Hedging provision					170		170
Allocation of a tax suspension Reserve			8,195		-8,195		0
Comprehensive income (loss)							
- Result for the period						7,627	7,627
- Other items of the income statement					0	0	0
<b>BALANCE AT SEPTEMBER 30, 2016</b>	<b>3,503</b>	<b>690</b>	<b>13,596</b>	<b>-1,002</b>	<b>31,355</b>	<b>7,627</b>	<b>55,769</b>
<b>BALANCE AT DECEMBER 31, 2016</b>	<b>3,503</b>	<b>690</b>	<b>13,596</b>	<b>-1,002</b>	<b>31,288</b>	<b>8,794</b>	<b>56,869</b>
<b>Changes at September 30, 2017</b>							
Allocation of 2016 profit					5,291	-5,291	0
Dividends						-3,503	-3,503
2016-2019 SOP charges					145		145
Allocation to a tax suspension Reserve			3,169		-3,169		0
Comprehensive income (loss)							
- Result for the period						6,155	6,155
- Other items of the income statement					0	0	0
<b>BALANCE AT SEPTEMBER 30, 2017</b>	<b>3,503</b>	<b>690</b>	<b>16,765</b>	<b>-1,002</b>	<b>33,555</b>	<b>6,155</b>	<b>59,666</b>

## NOTES TO THE FINANCIAL STATEMENTS

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### Introduction

This Statement of Cash Flows was prepared on a voluntary basis pursuant to Article 82-ter of Consob Regulation 11971/1999 in compliance with the International Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and ratified by the European Union; in particular, the IAS 34 standard “Interim Financial Statements”, which provides for a level of information that is significantly lower than the one required for the preparation of the Yearly Financial Statements, was applied.

This Report was not subject to auditing.

The amounts are reported and commented on in thousands of Euro, except where otherwise noted.

In consideration of the non-substantial impact of the financial figures recorded by the foreign subsidiary, Valsoia Pronova d.o.o., the consolidated financial statements were not prepared.

As provided for in the relevant accounting standards, Group reports will be prepared when considered relevant in terms of complete information on the financial and business results of the Group.

The Interim Report of Valsoia S.p.A. includes:

- the condensed statement of financial position as at September 30, 2017, compared with the statement of financial position at December 31, 2016;
- the condensed income statement for the third quarter and the first nine months of 2017 compared with the data related to the same period of the previous year. It must be noted that the adopted income statement, compliant with IAS 1 provisions, shows the following interim figures, not defined as an accounting measure according to the IFRSs: Gross Operating Result, Net Operating Result, Pre-Tax Profit (Loss);
- the statement of comprehensive income at September 30, 2017, compared with the income statement of the same period of last year and prepared according to the IAS 1;
- the condensed statement of changes in shareholders’ equity for the first nine months of 2017 and 2016;
- the statement of cash flow for the first nine months of 2017 and 2016. In preparing the statement of cash flows, the indirect method – by which the profit or loss of the period is adjusted based on the effects of non-monetary operations, by any deferral or allocation of previous or future operating income or payments and by items of costs and revenues related to the financial flows arising from investment or financial activities – was adopted;
- these notes to the Financial Statements.

## Valuation criteria and accounting standards

The accounting standards adopted in drawing up the Condensed Interim Financial Statements are compliant with those adopted in the previous year.

The valuation criteria used for preparing these Interim Financial Statements are not substantially different from those used for the Financial Statements at December 31, 2016, which can be consulted for additional information.

Therefore, the preparation of the Condensed Interim Financial Statements requires that management presents estimates and assumptions that are affecting revenue, costs, inventory and financial statement assets and liabilities as well as information related to potential assets and liabilities as at the reporting date. If in the future, these estimates and assumptions, which are based on the best valuation by management, differ from the actual ones, they would be properly adjusted for the period where circumstances have changed.

It must be noted that some valuation processes, in particular the most complex ones, such as the determination of any impairment loss on fixed assets, are normally carried out while preparing the annual financial statements, when all the necessary information is available, unless there are impairment indicators that require an immediate assessment of impairment.

It should also be noted that the financial statements were prepared on a historical-cost basis, except for any designation at fair value, as specifically indicated in the notes.

## Financial risks and derivative instruments

### Foreign Exchange Risk

The Company purchases raw materials for its production in the international market and carries out business transactions in Euros and, as regards foreign currencies, in US dollars.

The foreign exchange risk derives primarily from soy purchase transactions on the US dollar markets.

During the period, the Company carried out currency forward purchase operations. The financial impacts of these operations, carried out for hedging purposes but not meeting all requirements set forth in the IAS/IFRS standards, are fully recognised in the statement of comprehensive income for the period.

At the closing of the period, some foreign exchange transactions on financial derivative products (forward purchases), the designation of which at fair value involved the recognition, in the income statement, of charges

for EUR 41 thousand, were being carried out.

### Credit Risk

The Company deals with customers who belong primarily to the large-scale retail sector, and which have historically shown a limited insolvency rate.

The insolvency rate, despite the increase recorded during the persistent economic downturn, remains quite limited. Therefore, the Company monitors carefully the quality of its receivables in terms of risk control.

### Interest Rate Risk

Given the capital and financial structure of the Company, it is believed that, to date, Valsoia is not particularly exposed to the risk of changes in the interest rates.

### Cash and changes in Cash Flows risk

Considering the positive net financial debt and the strong capacity to generate cash flows from operations, the risk from changes in the cash flows is estimated to be relatively low. Valsoia has also credit facilities not used to date, granted by the banks, which are more than adequate with respect to its current needs.

## Analysis of the breakdown of the main items of the statement of financial position

### Note (1) – Current assets

This item breaks down as follows:

Description	09.30.2017	12.31.2016
Cash and cash equivalents	23,395	19,385
Trade receivables	15,513	14,512
Inventories of raw, ancillary materials and goods	7,271	7,206
Other current assets	2,651	1,747
<b>Total current assets</b>	<b>48,830</b>	<b>42,850</b>

Cash and cash equivalents are represented by current bank accounts on demand. For details regarding the net financial debt and an analysis of its changes during the period, reference should be made to the Directors' Report.

The physiological increase in Trade receivables as at September 30, 2017 compared with December 31, 2016, referring to sales of ice cream concentrated in the summer months and deferred revenue in the fall months, is in line with the good performance of sales in the last few months of the reference period. There are no significant changes in the collection conditions. The total Trade receivables are recognised net of the allowance for doubtful accounts, in the amount of EUR 1 million, prudentially estimated based on the information available in order to align its value to the presumed realisable value.

Inventories of raw, ancillary materials and goods are recognised net of an allowance for doubtful accounts of EUR 204 thousand.

The item Other current assets includes tax receivables, payments on account to suppliers, prepayments and other current receivables.

## Note (2) – Non-current assets

This item breaks down as follows:

Description	09.30.2017	12.31.2016
Fixed assets:		
. Goodwill	3,230	3,230
. Intangible fixed assets	20,471	20,583
. Property, plant and equipment	10,336	10,546
. Financial assets	110	110
<b>Total fixed assets</b>	<b>34,147</b>	<b>34,469</b>
Other non-current assets	594	605
<b>Total non-current assets</b>	<b>34,741</b>	<b>35,074</b>

The item Goodwill shows no changes for the period. The stated goodwill derives from the allocation of the residual amount from the premium of the equity investment value, compared with the fair value of the assets and liabilities of J&T Italia S.r.l., a company owning the Santa Rosa business, following the merger by incorporation of the same executed in a previous period.

Pursuant to IAS/IFRS standards, goodwill is not amortised but is tested for impairment annually, as required by IAS 36. To date, there are no indicators of impairment losses.

The item Intangible Fixed Assets shows the following changes for the period:

Description	12.31.2016	Changes for the period		09.30.2017
	Accounting	Net Increases	Amort./Write-downs	Value value
Trademarks and web domains	20,066	0	(2)	20,064
Industrial patents and intellectual property rights	477	14	(122)	369
Other	40	21	(23)	38
Intangible fixed assets in progress	0	0	0	0
<b>Intangible assets</b>	<b>20,583</b>	<b>35</b>	<b>(147)</b>	<b>20,471</b>

The item Trademarks refers primarily to the Santa Rosa trademark, designated at fair value within the allocation of the value of the investment in J&T Italia S.r.l., acquired in previous periods and subsequently merged by incorporation. The Santa Rosa trademark, as allowed by the IAS 38 standard, is considered to have an indefinite useful life and therefore non-amortised but subject, at least annually, to an impairment test. To date, there are no indicators of impairment losses.

The increases for the period refer mainly to the purchase of software licenses and printing systems.

The item Property, plant and equipment shows the following changes for the period:

Description	12.31.2016	Changes for the period			09.30.2017
	Value	Increases	Decreases	Other changes	Value

### Historic Cost

Land and buildings	7,863	160	0	0	8,023
Plant and equipment	21,131	870	(615)	0	21,386
Industrial and commercial equipment	833	19	(6)	0	846
Other assets	1,462	19	(124)	5	1,362
Fixed assets in progress	0	0	0	0	0
<b>Tot. Historic Cost (A)</b>	<b>31,289</b>	<b>1,068</b>	<b>(745)</b>	<b>5</b>	<b>31,617</b>

### Depreciation

Land and buildings	1,947	162	0	0	2,109
Plant and equipment	17,015	957	(613)	0	17,359
Industrial and commercial equipment	666	45	(6)	0	705
Other assets	1,115	110	(118)	0	1,107
Fixed assets in progress	0	0	0	0	0
<b>Tot. Depr. provisions (B)</b>	<b>20,743</b>	<b>1,275</b>	<b>(737)</b>	<b>0</b>	<b>21,281</b>
<b>Total Property, plant and equipment (A-B)</b>	<b>10,546</b>	<b>(207)</b>	<b>(8)</b>	<b>5</b>	<b>10,336</b>

Increases in Property, Plant and Equipment refer mainly to the purchase of plants for the production of ice cream and preserves.

The item Financial assets is represented by investments in subsidiaries and shows the following changes for the period:

Description	Holdings in Share Capital	12.31.2016 Value	Changes for the period		09.30.2017 Value
			Increases/	Decreases	
Valsoia Pronova d.o.o. – Slovenia					
-Share capital	100%	100	0	0	100
-Non-int. bearing loan to shareholders		10	0	0	10
<b>Tot. Financial assets</b>		<b>110</b>	<b>0</b>	<b>0</b>	<b>110</b>

Other non-current assets consist mainly of Deferred tax assets (EUR 441 thousand) and an interest bearing loan granted by Valsoia to the subsidiary Valsoia Pronova d.o.o. (Slovenia).

### Note (3) – Current liabilities

This item breaks down as follows:

Description	09.30.2017	12.31.2016
Current payables due to banks and other loans	100	98
Trade payables	18,204	16,245
Other current liabilities	4,350	3,330
<b>Current liabilities</b>	<b>22,654</b>	<b>19,673</b>

Current payables due to banks and other loans refer to the maturity within 12 months of the non-current loans obtained by the Company in previous periods. For comments on this item, see following Note 4).

There have been no significant changes in the time for payments to suppliers.

Other current liabilities refer primarily to tax payables and payables to personnel or social security institutions.

## Note (4) – Non-current liabilities

This item breaks down as follows:

Description	09.30.2017	12.31.2016
Non-current payables due to banks and other loans	746	804
Other non-current liabilities	505	579
<b>Non-current liabilities</b>	<b>1,251</b>	<b>1,383</b>

The item Non-current payables due to banks and other loans refers primarily to instalments with maturity beyond 12 months, from bank loans received in previous periods.

Other non-current liabilities refer to the Provision for post employment benefits set aside by the Company.

## Note (5) – Shareholders' Equity

The share capital of the Company is fully paid up and amounts to EUR 3,503,024.91, with 10,615,227 ordinary shares of a Nominal value of EUR 0.33 each.

For details about the breakdown and changes in Shareholders' Equity, please refer to the appropriate accounting statement.

The main changes, besides the profit for the period, refer to the distribution of dividends for a total EUR 3.5 million, as resolved by the ordinary shareholders' meeting of April 28, 2017 and the provision to the appropriate Reserve of the estimated charges - for a total of EUR 146 thousand concerning the Stock Options Plan 2016-2019.

Worthy of note is also the establishment of a "Realignment reserve pursuant to Art. 1, par. 554 et seq. Italian Law 232/2016" of EUR 3,169,311, through the corresponding use of the Extraordinary Reserve, due to the tax realignment operation of the Santa Rosa trademark carried out by the Company.

## Analysis of the breakdown of the main items of the income statement

### Note (6) - Value of production

This item breaks down as follows:

Description	09.30.2017	09.30.2016
Revenue from sales and services:		
- Revenue - Italy	81,594	85,127
- Revenue - Abroad	3,502	2,893
<b>Total Sales Revenue</b>	<b>85,096</b>	<b>88,020</b>
Changes in inventories of finished products	(249)	(465)
Other revenue and income	218	211
<b>Total Value of production</b>	<b>85,065</b>	<b>87,766</b>

Revenue from sales is concentrated essentially within the Italian territory and therefore the geographic breakdown is not deemed to be significant.

Reference should be made to the Directors' Report for comments on sales revenue trend. It should be noted that, following the same approach of previous periods, the item "Other products", shown in this table, includes revenues amounting to EUR 10.8 million related to semi-finished products sold as co-packers and subsequently repurchased by the Company as marketed finished products.

## Note (7) - Operating costs

This item breaks down as follows:

Description	09.30.2017	09.30.2016
- Purchase costs for raw materials, consumable materials and goods	42,886	44,284
- Costs for services	24,664	22,978
- Labour costs	6,507	6,498
- Other operating costs	797	1,003
<b>Total operating costs</b>	<b>74,854</b>	<b>74,763</b>

## Note (8) - Amortisation and depreciation

This item breaks down as follows:

Description	09.30.2017	09.30.2016
Amortisation of Intangible fixed assets	147	152
Depreciation of Property, plant and Equipment	1,275	1,300
<b>Total amortisation and depreciation</b>	<b>1,422</b>	<b>1,452</b>

## Note (9) - Net financial charges

This item breaks down as follows:

Description	09.30.2017	09.30.2016
Interest (income) and other financial income	(22)	(17)
Interest expense and bank charges	128	545
Foreign currency exchange gains/(losses)	138	58
<b>Total net financial (income)/charges</b>	<b>244</b>	<b>586</b>

The decrease in Financial charges derives primarily from the recording, in the previous year, of these charges in a lump sum, totalling EUR 394 thousand, following the early termination of the derivative agreements executed to cover the interest rate related to the repayment of non-current loans.

## Information on transactions carried out with the parent company and with related parties

During the period in question, neither unusual nor significant transactions, of an economic, financial or equity nature, or transactions that were not concluded under normal market conditions, were carried out with the parent company or with related parties.

## Statement from the Manager in charge of financial reporting

The Manager in charge of financial reporting, Carlo Emiliani, declares that, pursuant to paragraph 2 of article 154-bis of the Consolidation Finance Act, the accounting reporting contained in this document corresponds to the documents, books and accounting records.

The Manager in charge of financial reporting  
*Carlo Emiliani*

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Bologna, November 6, 2017

The Chairman of the Board of Directors  
 Lorenzo Sassoli de Bianchi

VALSOIA<sub>SpA</sub>