MYBEST GROUP S.P.A.

Registered office in Sesto San Giovanni (MI), Viale Casiraghi 359 – 20099

Share capital € 3.334.309,50 fully paid

VAT 04227580968 – Tax code 04227580968

Milan R.E.A. registration no. 1735084

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Minutes of the ordinary shareholders' meeting

In the year 2019, on the 18th of December, at 03:30pm, at the registered office of the company MY BEST GROUP spa, in Sesto San Giovanni 20099 (MI), Viale Fratelli Casiraghi 359, the shareholders' meeting of the company **MyBest Group S.p.A.** was held, after a first call, to discuss and decide on the following:

Agenda

Ordinary session

1. examination of the draft financial statements as of 31.12.2018: relevant and consequent resolutions.

2. any other business.

Under the Deed of Incorporation, Mr. Fabio Regolo, Chairman of the Board of Directors, assumes the chairmanship.

With the consent of those present, Mr. Alfredo Fossati is appointed as the Secretary of the meeting.

For the purpose of verifying the regular constitution of the meeting, the Chairman establishes and declares the following:

= for the Board of Directors, the Chairman, Mr. Fabio Regolo and the directors Mr. Daniele Viganò and Mr. Paul Manfredi are present;

= for the Board of Statutory Auditors, Mr. Alfredo Fossati is present, as well as Mr. Leopoldo Turetta and Mr. Riccardo Pratesi;

= there are no. 2 shareholders, representing themselves and/or proxy holders, for a total of no. 3.046.469 ordinary shares with a nominal value of € 0,50 equal to 45,683% of the company's total share capital of € 3.334.309,50, all detailed in the attached list, item A) and authorised to participate in the meeting by admission tickets issued by Banca Popolare di Sondrio;

= the meeting was summoned by means of a notice published in the "Gazzetta Ufficiale" on 30 November 2019, on first call on 16 December 2019 at the registered office (on that date, the number of shareholders was not enough to reach quorum), and on second call on 17 December 2019, same location.

Therefore, the meeting is legally constituted and can validly decide on the items on the agenda.

The Chairman asks the participants if there are any situations that may impede the right to vote and nobody takes the floor.

Then, the items on the agenda are discussed.

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With reference to the **first time** on the agenda, the Chairman, Mr. Fabio Regolo hands out to those present copies of:

- draft financial statements for the financial year ended on 31.12.2018;
- draft management report related to the financial statements for the financial year ended on 31.12.2018;
- report by the Board of Statutory Auditors on the financial statements for the financial year ended on 31.12.2018;
- report on the financial statements ended on 31.12.2018 y the auditing firm Deloitte & Touche s.p.a.

The shareholders attending the meeting agree to waive the legal terms granted to them for the filing, by the administrative and control bodies, of the draft financial statement and relevant reports drawn up by these bodies.

The Chairman reads the management report, and the reports drawn up by the auditing firm Deloitte & Touche s.p.a. and by the Board of Statutory Auditors.

The Chairman gives the floor to the Chairman of the Board of Statutory Auditors, so that he can read the conclusions of the report drawn up by the Board of Statutory Auditors on the financial statements for the year ended on 31.12.2018.

After opening the discussion, the Chairman answers the questions by providing the requested clarifications. After a thorough discussion, the Chairman puts the item on the agenda to the vote.

Therefore, after reading and discussing the contents related to the financial statements and the reports by the Board of Statutory Auditors and by the Auditing Firm, the Shareholders' Meeting, unanimously

APPROVES

- the Financial Statements and Management Report for the financial year ended on 31 December 2018, as proposed by the Board of Directors, which shows a negative result of 22,960,816 euros;
- the decision to authorise the Board of Directors, and, on its behalf, each Director separately, to fulfil any procedure and disclosure obligations and to register the resolution in the competent business register, with any formal amendments, additions or cancellations that may become necessary for this purpose;

- the decision to authorise the Board of Directors, and, on its behalf, each Director separately, to take every necessary and appropriate initiative to deal with the situation pursuant to article 2447 of the Civil Code, including calling a special meeting to implement appropriate measures.

The Chairman takes the floor again to inform those present that the Director, Mr. Paul Manfredi has resigned from office and that, as a result, the Board does not constitute a quorum, therefore the new administrative body shall be appointed.

The Shareholders' Meeting, unanimously

APPROVES

- the decision to authorise the Board of Directors to take any useful and necessary initiative for the prompt appointment of the new administrative body of the Company, after calling a shareholders' meeting for this purpose.

Since there is nothing else to be discussed and approved, and no one else asking for the floor, the shareholders' meeting is closed at 04.30pm, after drafting, reading, approving and signing these minutes.

The Chairman	The Secretary
Regolo Fabio	Fossati Alfredo

MYBEST GROUP S.P.A.

Balance sheet as of 31/12/2018

With registered office in SESTO SAN GIOVANNI VIALE CASIRAGHI 359
Share Capital € 3.334.309,50 fully paid
Registered in the Milan Business Register no. 04227580968 – Tax code 04227580968
Milan R.E.A. registration no. 1735084 – TAX code 04227580968

	31/12/2018	31/12/2017
BALANCE SHEET ASSETS		
A) Subscribed capital, unpaid		
Total subscribed capital, unpaid (A)	**0**	**0**
B) Fixed assets		
I) Intangible fixed assets		
1) Start-up costs	3.635	7.270
4) Grants, licenses, trademarks and similar rights	29.080	33.090
5) Goodwill	0	136.164
6) Assets under construction and advances	0	447.612
7) Other intangible fixed assets	885.618	110.299
Total intangible fixed assets	***918.333***	***734.435***
II) Tangible fixed assets		
1) Lands and buildings	2.563.000	3.622.692
2) Plants and machinery	971	2.379
4) Other tangible fixed assets	133.507	207.160
Total tangible fixed assets	***2.697.478***	***3.832.231***
III) Financial fixed assets		
1) Investments		
a) Investments in subsidiaries	1.758.088	19.518.355
d-bis) Investments in other companies	1.550	13.625
Total investments	1.759.638	19.531.980
2) Receivables		
a) Receivables from subsidiaries		
Total receivables from subsidiaries	0	0
b) Receivables from associates		
Total receivables from associates	0	0
c) Receivables from parent companies		
Total receivables from parent companies	0	0
d) Receivables from companies subject to control by the parent companies		
Total Receivables from companies subject to control by the parent companies	0	0
d-bis) Receivables from others		
1) Receivables from others due within 12 months	402	928
2) Receivables from others due after 12 months	0	0

Total receivables from others	402	928
Total Receivables	402	928
3) Other securities	0	100
4) Derivative instruments	0	0
Total financial fixed assets	***1.760.040***	***19.533.008***
Total fixed assets (B)	**5.375.851**	**24.099.674**
C) Current assets		
I) Inventory		
Total Inventory	***0***	***0***
Tangible fixed assets for resale	*0*	*0*
II) Receivables		
1) Receivables from customers		
a) Receivables from customers due within 12 months	109.306	437.619
b) Receivables from customers due after 12 months	0	0
Total Receivables from customers	109.306	437.619
2) Receivables from subsidiaries		
a) Receivables from subsidiaries due within 12 months	3.163.536	1.832.550
b) Receivables from subsidiaries due after 12 months	0	0
Total Receivables from subsidiaries	3.163.536	1.832.550
3) Receivables from associates		
Total Receivables from associates	0	0
4) Receivables from parent companies		
a) Receivables from parent companies due within 12 months	0	31.286
b) Receivables from parent companies due after 12 months	0	0
Total Receivables from parent companies	0	31.286
5) Receivables from companies subject to control by the parent companies		
Total Receivables from companies subject to control by the parent companies	0	0
5-bis) Tax receivables		
a) Tax receivables due within 12 months	914.574	1.073.215
b) Tax receivables due after 12 months	0	0
Total Tax receivables	914.574	1.073.215
5-ter) Deferred tax assets	1.124.918	1.124.918
5-quater) Receivables from others		
a) Receivables from others due within 12 months	550.674	1.143.055
b) Receivables from others due after 12 months	0	0
Total Receivables from others	550.674	1.143.055
Total Receivables	***5.863.008***	***5.642.643***
III) Current financial assets		
6) Other securities	100	0
Financial assets for central treasury management	0	0
Total Current financial assets	***100***	***0***
IV) Cash and cash equivalents		
1) Deposit accounts	65.204	1.744.131
2) Cheques	0	0
3) Cash on hand	223	173
Total Cash and cash equivalents	***65.427***	***1.744.304***

Total Current Assets (C)	**5.928.535**	**7.386.947**
D) Accruals	**19.698**	**13.583**
TOTAL BALANCE SHEET ASSETS	**11.324.084**	**31.500.204**

BALANCE SHEET LIABILITIES		
A) Net equity		
I) Share capital	*3.334.310*	*2.462.594*
II) Share premium account	*16.740.995*	*10.161.458*
III) Revaluation reserve	*0*	*0*
IV) Legal reserves	*524.120*	*524.120*
V) Statutory reserves	*0*	*0*
VI) Other reserves, listed separately		
Extraordinary reserve	840.374	2.001.618
Other different reserves	-1	0
Total Other reserves, listed separately	840.373	2.001.618
VII) Reserve for hedging operations of expected cash flows	*0*	*0*
VIII) Retained earnings (losses)	*0*	*0*
IX) Current earnings (losses)	*-22.960.816*	*-1.161.244*
Minimised loss for the year	*0*	*0*
X) Negative reserve for portfolio shares	*-1.815.613*	*-1.815.613*
Total Net Equity (A)	**-3.336.631**	**12.172.933**
B) Provisions		
1) Provisions for directors' termination benefits and similar provisions	0	0
2) Provisions for tax provisions, including deferred tax liabilities	193.991	0
3) Passive financial derivative instruments	65.254	81.834
4) Other provisions	71.000	333.000
Total provisions (B)	**330.245**	**414.834**
C) Employees' termination benefits provision	**53.985**	**58.434**
D) Payables		
1) Bonds		
Total bonds	0	0
2) Convertible bonds		
a) Convertible bonds due within 12 months	0	0
b) Convertible bonds due after 12 months	0	5.000.000
Total Convertible bonds	0	5.000.000
3) Payables to shareholders for loans		
Total Payables to shareholders for loans	0	0
4) Payables to banks		
a) Payables to banks due within 12 months	3.945.564	2.714.803
b) Payables to banks due after 12 months	0	2.174.972
Total Payables to banks	3.945.564	4.889.775
5) Payables to others		
a) Payables to others due within 12 months	2.395	8.134
b) Payables to others due after 12 months	0	0
Total Payables to others	2.395	8.134
6) Advances		

Total Advances	0	0
7) Payables to suppliers		
a) Payables to suppliers due within 12 months	1.566.695	999.817
b) Payables to suppliers due after 12 months	0	0
Total Payables to suppliers	1.566.695	999.817
8) Notes Payables		
Total Notes Payables	0	0
9) Payables to subsidiaries		
a) Payables to subsidiaries due within 12 months	8.079.701	7.289.355
b) Payables to subsidiaries due after 12 months	0	0
Total Payables to subsidiaries	8.079.701	7.289.355
10) Payables to associates		
Total Payables to associates	0	0
11) Payables to parent companies		
a) Payables to parent companies due within 12 months	0	87.840
b) Payables to parent companies due after 12 months	0	0
Total Payables to parent companies	0	87.840
11-bis) Payables to companies subject to control by the parent companies		
Total Payables to companies subject to control by the parent companies	0	0
12) Tax payables		
a) Tax payables due within 12 months	224.676	138.921
b) Tax payables due after 12 months	0	0
Total Tax payables	224.676	138.921
13) Payables to social security and welfare institutions		
a) Payables to social security and welfare institutions due within 12 months	119.672	50.649
b) Payables to social security and welfare institutions due after 12 months	0	0
Total Payables to social security and welfare institutions	119.672	50.649
14) Other payables		
a) Other payables due within 12 months	334.278	355.490
b) Other payables due after 12 months	0	0
Total Other payables	334.278	355.490
Total Payables (D)	**14.272.981**	**18.819.981**
E) Deferrals	**3.504**	**34.022**
TOTAL BALANCE SHEET LIABILITIES	**11.324.084**	**31.500.204**

	31/12/2018	31/12/2017
INCOME STATEMENT		
A) Production value		
1) Revenues from sales and services	466.000	764.937
5) Other revenues and income		
c) Other revenues and income	175.276	153.831
Total Other revenues and income	175.276	153.831
Total Production value (A)	**641.276**	**918.768**
B) Production costs		
6) Cost of raw materials, consumables and merchandise	9.315	10.520
7) Cost of services	769.808	835.543
8) Cost of rents and leases	18.923	19.853
9) Personnel costs		
a) Salaries and wages	272.131	284.153
b) Social security and welfare contributions	83.317	70.720
c) Employees' termination benefits	17.654	21.606
d) Directors' termination benefits and similar benefits	15.142	5.775
e) Other personnel costs	200	7.297
Total Personnel costs	388.444	389.551
10) Amortisation, depreciation and write-downs		
a) Amortisation	324.816	132.156
b) Depreciation	202.342	208.014
c) Write-down of fixed assets	1.064.402	0
d) Write-down of current receivables and of cash and cash equivalents	1.313.319	0
Total Amortisation, depreciation and write-downs	2.904.879	340.170
12) Accruals for provisions	0	283.000
14) Other operating expenses	75.714	69.087
Total Production costs (B)	**4.167.083**	**1.947.724**
Difference between Production value and Production costs (A - B)	**-3.525.807**	**-1.028.956**
C) Financial income and expenses		
15) Financial income from investments		
e) Other Financial income from investments	0	1
Total Financial income from investments	0	1
16) Other financial income		
a) Other financial income from long-term financial receivables		
5) Other financial income from receivables from others	1	0
Total Other financial income from long-term financial receivables	1	0
b) Other financial income from long-term financial securities other than equity investments	0	0
c) Other financial income from short-term financial securities other than equity investments	0	0
d) Other financial income		
5) Other financial income	0	222
Total other financial income	0	222
Total other financial income	1	222
17) Interest and other financial expenses		
a) Interest and other financial expenses on financing from subsidiaries	58.254	177.236
b) Interest and other financial expenses on financing from associates	0	0

c) Interest and other financial expenses on financing from parent companies	0	0
d) Interest and other financial expenses on financing from companies subject to control by the parent companies	0	0
e) Interest and other financial expenses on financing from others	330.731	445.069
Total Interest and other financial expenses	388.985	622.305
17-bis) Gains and losses on foreign currency translation	0	0
Total Financial income and expenses (15 + 16 - 17 + - 17-bis)	**-388.984**	**-622.082**
D) Adjustments to the carrying value of financial assets		
18) Write-ups		
d) Write-ups of derivative financial instruments	16.580	38.858
Total write-ups	16.580	38.858
19) Write-downs		
a) Write-downs of investments	18.596.928	0
Total Write-downs	18.596.928	0
Net Adjustments to the carrying value of financial assets (18 - 19)	**-18.580.348**	**38.858**
Net income before income taxes (A - B +- C +- D)	**-22.495.139**	**-1.612.180**
20) Current and deferred income taxes		
b) Taxes related to previous years	45.160	12.864
d) Prepaid taxes	0	-56.030
e) Income (loss) from the adoption of the fiscal transparency system	0	0
f) Income (loss) from the adoption of the fiscal consolidated system	-420.517	407.770
Total Current and deferred income taxes	**465.677**	**-450.936**
21) Net income (loss)	**-22.960.816**	**-1.161.244**

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Share Capital € 2,462,593.50 fully paid

Registered in the Milan Business Register - Tax code/VAT 04227580968

Milan R.E.A. no. 2111455

FINANCIAL STATEMENTS AS OF 31.12.2018

FINANCIAL STATEMENTS, INDIRECT METHOD	31-12-2018	31-12-2017
A) Cash from operating activities (indirect method)		
Profit (loss) for the year	(22.960.816)	(1.161.244)
Income taxes	465.677	(450.936)
Passive/(active) interest	388.984	622.082
(Dividends)	0	0
(Gains)/Losses deriving from the sale of assets	0	0
1) Profit (loss) for the year before income taxes, interest, dividends and gains/losses from the sale of assets	**(22.106.155)**	**(990.098)**
Adjustments to non monetary items that were not offset in the net working capital		
Provisions	17.654	283.000
Depreciation of fixed assets	527.158	340.170
Write-downs for impairment losses	20.974.649	0
Value adjustments to financial assets and liabilities of derivatives that do not involve monetary operations	(16.580)	(38.858)
Other adjustment for increasing/decreasing non-monetary items	0	21.606
Total adjustments to non monetary items that were not offset in the net working capital	**21.502.881**	**605.918**
2) Financial flow before changes in net working capital	**(603.274)**	**(384.180)**
Changes in net working capital		
Decrease / (Increase) in inventories	0	0
Decrease / (Increase) in receivables from customers	44.467	(112.329)
Decrease / (Increase) in payables to suppliers	1.055.662	225.437
Decrease / (Increase) in accruals	(6.115)	1.821
Decrease / (Increase) in deferrals	(30.518)	(43.502)
Other decreases / (Other increases) in net working capital	(2.073.081)	(266.207)
Total changes in net working capital	**(1.009.585)**	**(194.780)**
3) Financial flow after changes in net working capital	**(1.612.859)**	**(578.960)**
Other adjustments		
Collected / (paid) interests	(330.730)	(244.165)
(Paid income taxes)	0	0
Dividends collected	0	0
(Use of provisions)	0	0
Other receipts / (payments)	(22.103)	(6.688)
Totale other adjustments	**(352.833)**	**(250.853)**
Financial flow of operating activities (A)	**(1.965.692)**	**(829.813)**
B) Cash flows arising from investment activities		
Tangible fixed assets		
(Investments)	0	0
Disinvestments	0	0
Intangible fixed assets		
(Investments)	(640.704)	(447.612)
Disinvestments	0	0
Financial fixed assets		
(Investments)	(85.000)	(85.000)
Disinvestments	0	0
Financial fixed assets		
(Investments)	0	0
Disinvestments	0	0
(Acquisition of business units net of cash and cash equivalents)	0	0
Sale of business units net of cash and cash equivalents	0	0
Financial flow of investment activities (B)	**(725.704)**	**(532.612)**
C) Cash flows arising from financing activities		
Third party financing		
Increase / (Decrease) in short-term payables to banks	131.300	207.825
Collections / (payments) deriving from the issue of bonds	0	3.000.000
(Loan repayment)	(1.081.250)	(105.000)
Self-financing		
Paid capital increase Note A)	1.962.470	0
(Capital repayment)	0	0
Sale / (purchase) of treasury shares	0	0
(Dividends and payments on paid dividends)	0	0
Financial flow of financing activitie (C)	**1.012.520**	**3.102.825**
Increase (decrease) in cash and cash equivalents (A+/-B+/-C)	**(1.678.876)**	**1.740.399**
Foreign exchange effect on cash and cash equivalents	0	0
Cash and cash equivalents at the beginning of the year		
Bank deposits	1.744.131	2.843
Cheques	0	0
Cash and cash equivalents on hand	173	1.061
Total cash and cash equivalents at the beginning of the year	**1.744.304**	**3.904**
Of which not freely usable	0	0
Cash and cash equivalents at the end of the year		
Bank deposits	65.204	1.744.131
Cheques	0	0
Cash and cash equivalents on hand	223	173
Total cash and cash equivalents at the end of the year	**65.427**	**1.744.304**
Of which not freely usable		

Notes to Financial Statements as of 31 December 2018
Premises

Dear Shareholders,

the financial statements as of 31.12.2018, which recorded a loss of € 22,960,816, after making value adjustments to investments for € 18,596,928, write-downs of intangible and tangible fixed assets for € 1,064,402, write-downs of receivables for € 1,313,319, amortization of fixed assets for € 527,157, and tax charges for € 465,677, is hereby submitted to your approval. Following the final balance of the aforementioned results, the company currently falls under the provisions of Article 2447 of the Civil Code.
The financial statements for the year ended on 31.12.2018, of which these Notes form an integral part pursuant to article 2423, first paragraph of the Civil Code, corresponds to the results of the accounting records regularly kept and is drawn up in accordance with articles 2423, 2423-ter, 2424, 2424-bis, 2425, 2425-bis of the Civil Code, and based on drafting principles in compliance with the provisions of article 2423-bis, first paragraph of the Italian Civil Code and evaluation criteria pursuant to art. 2426 C.C. and consist of the balance sheet, the income statement and these notes.
These notes provide an illustration, analysis, and in some cases an integration of the balance sheet data and contains the information required by articles 2427 and 2427-bis of the Civil Code, by other provisions of the Civil Code regarding financial statements and by other previous laws. They also provide all the additional information necessary for a full and transparent picture of the current situation, even if not specifically required by legal provisions.
The accounting standards to which reference is made are applied uniformly over time and comply with the current legislative provisions previously mentioned, interpreted and integrated by the accounting principles and criteria developed by the Italian Accounting Regulation Bodies, and finally, where missing and as not in contrast with the Italian accounting standards and principles, by those issued by the International Accounting Standard Board (IASB).

Basis of preparation

In accordance with the provisions of article 2423-bis of the Italian Civil Code, the financial statements were drawn up according to the following criteria:

- ✓ Evaluating individual items according to the principle of prudence and with a view to normal business continuity;
- ✓ Identifying and presenting the items taking into account the substance of the transaction or contract;
- ✓ Including only the profits actually recorded during the year;
- ✓ Determining income and costs on an accrual basis, and independently of their financial aspect;
- ✓ Including all the risks and losses for the year, even if they became known after the end of the year;
- ✓ Considering, for the purposes of the relative evaluation, the heterogeneous elements included in the different items of the financial statements separately;
- ✓ Keeping the evaluation criteria applied in the previous year unchanged.

Accounting criteria

The accounting standards applied to draw up these financial statements comply with both the criteria set out in articles 2423-bis and 2426 of the Civil Code, and to the directions given by the Italian Accounting Regulation Bodies.

The items in the financial statements have been evaluated in compliance with the general criteria of prudence, competence, truth of clarity and correctness and according to the principle of going concern. The accounting criteria referred to in article 2426 of the Italian Civil Code comply with those used for drawing up the financial statements for the previous year, and no exceptional events occurred that required any of the exemptions referred to in articles 2423-bis, second paragraph and 2423, fourth paragraph of the Civil Code.

BUSINESS CONTINUITY

The Company recorded a loss, for the year ended on 31 December 2018, of 22,961,000 euros (1,161,000 euros as of 31 December 2017), mainly due to the aforementioned negative results recorded for fixed assets and receivables for a total of 20,975,000 euros, and to depreciation for a total of 527,000 euros, as well as tax charges for a total of 466,000 euros.

Net of these accounting and tax effects, the loss for the year amounts to € 993,000 due to its holding structure, which, during the year, made it impossible to receive dividends from its subsidiaries, and to financial charges amounting to € 389,000 (622,000 euros as of 31.12.2017) resulting from its net financial debt which, at the end of the year, was reduced to 3,948,000 euros compared to a debt of 8,154,000 euros recorded as of 31.12.2017.

In other respects, the Company and the group are in a situation characterised by major financial issues caused by the significant net financial debt of the Company and of its subsidiaries to which the Company has granted guarantees for an amount, as of 31 December 2018, equal to approximately 7.8 million euro, to which we should add other forms of guarantees granted to companies that are no longer subsidiaries for approximately 6.2 million euro, and by the existence of payables to suppliers for a total of approximately 1.6 million euros, which are mostly overdue payables.

After taking, in the previous years, measures aimed at balancing and consolidating the Group's financial and equity structure, by means of capital increases in 2014 and 2015 and issues of convertible bonds in 2015 and 2017, in 2017, the Company started the procedure for the listing on AIM with a simultaneous public offer aimed at raising the funds required for its development plan, and the related procedure reached a very advanced stage in March 2018 with approval of the provisional version of the admission document.

In addition, with agreements signed on 14 March 2018, the Company obtained, although with very restrictive *covenants* and with a partial repayment of the debt itself, debt restructuring with the main credit institution (Intesa SanPaolo) in relation to the amount of the installments to be repaid and the expected repayment times, both for the Company and for the other companies of the reference group.

However, due to a number of factors, including market factors, the AIM listing process was interrupted, and, therefore, the Company turned to a foreign stock market, and formalized, in July 2018, the admission to the Growth segment of the French market Euronext. At the same time, it carried out a *private placement* transaction through a capital increase whose amount was, however, limited.

This capital increase was approved on 20 July 2018, with the exclusion of the option right, up to a maximum amount (including the share premium) of € 5,000,000, which was subscribed by September 2018 only for a total amount of share capital and share premium of approximately 2,451,000 euros. The remaining part of approximately € 2,549,000, which could not be placed in the period prior to the listing, would have had to be subsequently subscribed by investors, as the term for collecting the related subscriptions was 31 December 2019.

The listing procedure also required the mandatory conversion of the existing 5 million euro bond loans, according to the conditions previously set for these loans.

In the meantime, the market situation has worsened, also following the postponement, in July 2020, established by Law no. 108 of 09.21.2018 converting the "Mille Proroghe" decree, on the full liberalization of the electricity market, an event that could have offered the group some important business opportunities.

Furthermore, some group companies (in particular, MyBest Option S.r.l. and MyBest Option S.l.) suffered the negative effects of the new situation and the lack of liquidity necessary to support their investments in promotional activities to support their business.

In the following months, the Company started, also with the help of external consultants, a process aimed at reformulating its business plan in light of the new scenarios and also received expressions of interest from some groups and investors willing to evaluate forms of integration and also to offer financial support to MyBest group.
In particular, in February 2019, following the submission of an expression of interest and the signing of confidentiality and exclusive agreements, the Heritage investment fund conducted a complete due diligence investigation on MBG group which lasted a few months, at the end of which however, it did not confirm its willingness to continue negotiations aimed at reaching a binding agreement.
In this context, the reduced financial resources were used to support profitable businesses, important restructuring initiatives for the most problematic businesses were taken and a general policy of drastic cost reduction was implemented by the Parent Company.
After the conclusion of the aforementioned negotiation, the Company also received expressions of interest from other potential investors. Also following the change of the financial advisor, the Company has completed the development of the guidelines for a more conservative business plan according to the described evolution of the market situation and the reduced financial availability compared to the previous budget. According to these guidelines, the financial resources coming from the ordinary management needed to be integrated following the intervention of other subjects (shareholders and/or third parties) financially supporting the Company and the group, also through the purchase of group assets, so as to be able to reach any full and final settlement agreements with banks and/or agreements on the sale of these payables to other parties and, with particular reference to the Company, settlement agreements with the suppliers.
The uncertain situation regarding the evolution of the interest shown by various parties in relation to possible agreements with MyBest group, as well as the assessments regarding the transition to the IAS IFRS accounting standards led the Board of Directors to request an extension of the term for the approval of the 2018 budget. However, since this option was not acceptable based on the Euronext stock market regulations, the latter published a notice, on 26 June 2019, to inform the market of this breach and of the consequent allocation of the Company's shares to a specific section of the market, the so-called *Penalty Bench*, starting from 11 June 2019. Subsequently, from 22 July 2019, the shares of the Company have been suspended from listing in accordance with the rules of the French market, and the Company was informed that, if suitable actions were not taken by 20 December 2019, Euronext could take further measures, including de-listing of the securities themselves.
Considering the aforementioned difficult financial situation, the Company and the group have suspended payments to credit institutions and initiated discussions with them in order to reach any standstill and/or any financial restructuring agreements.
As of today, the only lender that has started an enforcement procedure against the subsidiary MyBest Direct and the guarantor MyBest Group was Unicredit which, as described below, subsequently transferred the loan in question to a third party (Aporti S.r.l.) as part of a block sale of *non-performing loans*.
In order to be able to define its situation, the Company urged potential investors to submit binding proposals by the summer of 2019, although subject to specific conditions or due diligence, but eventually no offers were received which, within times compatible with the delicate financial situation of the group, could support the Company at this stage.
In the meantime, the English company Paul Manfredi Limited (also referred to as "PM Limited"), owned by Director Paul Manfredi and holding a 30% share in MyBest Contact S.r.l., submitted a binding offer to take over the controlling stake in MyBest Contact S.r.l. equal to 70% at a price of € 1.490.000. This binding offer, received on 8 August 2019, which was followed by an integration/clarification letter on 6 September 2019, established a sale price of 70% of MyBest Contact S.r.l. to be paid on a deferred basis, and was a conditional sale in favour of the seller, that is, with the transfer of ownership to the buyer only at the end of the instalment payment but with the transfer of material use and of risks on the date of the sale.
The aforementioned sale, therefore, was an opportunity, for the Company, to collect an interesting sum (also considering the significant negative financial situation of the company to be sold), and the commitment undertaken by PM Limited could also release the Company from the constraint of the guarantees granted to MyBest Contact S.r.l. and to 4U Servizi in liquidazione Srl, controlled by PM Ltd itself,

for a total of about 7.2 million euros, and provide the liquidity necessary to carry out negotiations with credit institutions and suppliers.
It should also be noted that, following the change in the Group's perimeter, the group lost an important asset in the call center sales channel, and this required a review of the business plan guidelines aimed at privileging, in addition to debt reduction to levels compatible with the new group scenario, the reorganisation of the trade network through the subsidiaries MyBest Direct and MyBest s.r.l..
After submitting the offer for the sale of MyBest Contact to the company shareholders' meeting on last 31 October, on 4 November 2019 the Company formalized the sale of 70% of the investment in the aforementioned subsidiary for an amount equal to € 1,490,000.
With regard to debt restructuring, during 2019, the Directors carried out negotiations with credit institutions in order to reach agreements that could lead to a significant debt reduction.
In this regard, on 12 November 2019, an agreement was reached on the Unicredit loan granted to the subsidiary My Best Direct S.r.l. for approximately 1,656,000 euros, which had been transferred by the bank to the financial institution Aporti S.r.l., aimed at repurchasing the same at a price equal to approximately 13% of the overall debt, for an outlay of 210,000 euros.
With regard to Intesa SanPaolo, following several meetings and the formal request sent to Intesa SanPaolo to send a proposal on the Company's debt to be repaid to this institution (equal to € 2,563 of residual mortgage loan and € 540,000 of short-term loans) and on the guarantees granted to subsidiaries and former subsidiaries, the Company was verbally informed, on 25.11.2019, by the bank officials that most of the bank payables by the group companies, including, among other, the loan granted to the Company with a mortgage guarantee on the Company's real estate were sold to a subject dealing with the purchase of *non-performing loans*.
With regard to the debt to be paid to Banca di Credito Cooperativo (BCC) for a total guaranteed amount of € 978,000, it notified, on 12 September 2019, the termination of any loan agreements with MyBest Contact S.r.l., MyBest Direct S.r.l. and MyBestoption S.r.l. and of any related surety guarantees granted to them by the Company, and subsequently, on 28 October 2019, all the loans were recorded as non-performing loans.
The Directors believe that the positive conclusion reached for the Unicredit loan could be extended, under similar conditions, also to the other financial creditors.
In these months, the Directors have retained only the contracts signed by the Company necessary for the orderly business continuation, fulfilling their obligations only towards privileged creditors and suppliers deemed strategic for the continuation of the corporate activity. Also following the approval of the 2018 financial statements of the subsidiaries, which took place in October/November 2019, they collected the necessary information in order to be able to better examine the possibility to carry out business activities and the accounting criteria to be used for the 2018 financial statements.
The Directors, also for the purpose of assessing the existence of the alleged business continuity, have therefore assessed the overall financial needs of the Company and those of the subsidiaries (considering that the plan guidelines must be reviewed in light of the exit of MyBest Contact S.r.l. from the group), and what is necessary to pay the residual financial, tax and trade payables in the event of positive conclusions of significant settlements of the aforementioned debts (similarly to what happened with Unicredit), as well as the residual income expected from the sale of MyBest Contact S.r.l..
Considering the current situation, the Directors believe that there are elements of significant uncertainty summarized below that raise doubts about the Company's and the Group's ability to carry out their activities continuously in the near future:
- the existence of a significant expired short-term debt;
- reaching significant settlements of both financial payables to credit institutions and payables to suppliers;
- the actual release from bank guarantees that are part of the commitments undertaken by PM Limited;
- the collection of the residual amount deriving from the sale of MyBest Contact;
- the subscription of the remaining part of the capital increase for € 2,549,000 by 31 December 2019;
- the need to comply with the procedures set out in article 2447 of the Civil Code in the event of losses exceeding the Company's capital.
In light of the above, the Directors believe that the possibility for the Company and the group to continue its business activities in the future depends essentially on the finalization of the negotiations with the credit institutions and with the suppliers leading to significant settlements of any debts and on the

aforementioned subscription of the remaining capital increase by 31 December 2019, as well as on the ability to rely on a generation of positive operating cash flows from the subsidiaries in the medium term.
It should be pointed out, then, that, in the absence of further timely actions, the possibility of continuing business activities could be seriously affected in the event of i) failure to achieve even part of the operating results expected for the subsidiaries, ii) failure to conclude any agreements for significant debt reductions with financial institutions and suppliers, also considering that these actions require the involvement of/approval by subjects outside the group, and iii) failure to find the aforementioned financial resources, also for the purposes of compliance with article 2447 of the Italian Civil Code.
Despite the significant and multiple uncertainties related to the current situation, the significant amount of expired debts and to the ability to find the aforementioned financial sources, taking into account the possibility that the group could achieve significant debt restructuring, the Directors of the Company deemed it reasonable to assume the principle of going concern for the preparation of the financial statements for the year ended on 31 December 2018.
It is important to consider that, if the aforementioned transactions are not finalized in a relatively short time, the Directors may be required to review the business continuity assumption and this could imply the need to carry out subsequent checks, assessments and investigations on the possibility of recovering the assets, as well as any additional provisions potential liabilities.

Use of estimates
The preparation of the financial statements and the related notes is based on the use, by the Directors, of estimates and assumptions that are reflected in the values of the assets and liabilities in the financial statements and in the notes. The estimates are used to record provisions for bad and doubtful accounts, write-downs of assets, employee benefits, taxes, as well as other provisions. These estimates and assumptions are reviewed periodically and the effects of each change are reflected in the income statement in the period in which the estimate is reviewed.

<u>The accounting criteria used are the following:</u>

a) Intangible fixed assets

Intangible assets are stated at their historic acquisition value, including any accessory charges incurred. This cost is systematically reduced by depreciation calculated on a straight-line basis determined with reference to their residual possibility of use.
Fixed assets whose economic value, at the end of the year, is permanently lower than the amortized cost according to the above criteria are written down to the extent of their economic value.
Start-up and expansion costs are recorded under assets where they are deemed to have a useful life of more than one year and are systematically amortized for the period of their expected future utility (five years); the costs for industrial patent rights, concessions, licenses and trademarks are recorded under assets as they are costs with a useful life of more than one year and amortized for the period of their useful life (18 years).
The "other intangible assets" item is amortize over the period of their future useful life (five years).
Goodwill is amortized over the period of its useful life (estimated as ten years).

b) Tangible fixed assets
Tangible fixed assets are recorded at purchase or production cost, including any accessory charges.
The depreciation of tangible fixed assets, the use of which is limited in time, was performed, if the conditions are met, in accordance with these rates:

Description	Rates (%)
Lands and buildings	3
Office furniture and machines	12
Electronic machines	20

Vehicles	25
Special plants/systems	20

It should be noted that, for any fixed assets acquired during the year and used, the depreciation rate is reduced to 50%.
All the amortization provisions refer to the residual possibility of use of the related assets.
Fixed assets whose economic value at the end of the year is lastingly lower than the amortized cost according to the above criteria are written down to the extent of their economic value.
Ordinary maintenance costs are fully recorded in the Income Statement. Incremental maintenance costs are attributed to the source of income to which they refer and amortized according to the residual possibility of use of the same.

c) Financial fixed assets

Financial fixed assets consist of investments in subsidiaries and other companies.
MyBestGroup S.p.A (the "**Company**") evaluates financial assets according to the cost method, adjusted, if required, to take into account any permanent losses, in line with the provisions of the Civil Code (article 2426) and OIC 9 Italian accounting standard, which better identifies the cost elements and the meaning of the expression "permanent losses".
The recoverable value of the investments depends on economic and financial results, which must not differ from the industrial plans used for the impairment tests of the subsidiaries.
The industrial plans are based on assumptions and estimates about future events whose occurrence is uncertain, or that could occur in different ways and times compared to the assumptions, with possible deviations from the forecasts available.
The directors constantly monitor the plans in order to keep all those key factors that are the prerequisite for achieving the expected future profitability and financial objectives under control.
The assessments made in these financial statements also take into account the current macroeconomic context and the business scenarios in which the Company is operating, as well as its difficult financial situation, factors that have led the Directors to reconsider the business plan guidelines, as described in the section on business continuity, and to prudently evaluate the book values of the subsidiaries exceeding their respective net assets.

d) Receivables and payables

According to accounting principle OIC 15, receivables must be recorded in the financial statements according to the amortized cost method, taking into account the time factor.
However, the Company has recorded the receivables with a maturity of less than 12 months at the assumed realisable value instead of the aforementioned amortized cost method, as the effects are considered as irrelevant. The adjustment of the nominal value of the receivables to the assumed realisable value is obtained by allowance for doubtful accounts determined on the basis of specific analyses conducted to identify reasonably foreseeable credit losses.
According to accounting principle OIC 19, payables must be recorded in the financial statements according to the amortized cost method, taking into account the time factor. Payables due in less than 12 months are valued at their nominal value and the amortized cost method is not applied in this case, as the effects are considered as irrelevant. Payables are shown at their nominal value, which corresponds to the actual obligation for the company.
There are no receivables/payables with a duration of more than five years.

e) Cash and cash equivalents
Cash and cash equivalents at the end of the year are recorded at their nominal value.

f) Accruals and deferrals

Accruals and deferrals include portions of costs and revenues pertaining to the year, but due in subsequent years and portions of costs and revenues incurred/accrued by the end of the year, but pertaining to subsequent years, according to their accrual period.
For multi-year accruals and deferrals, the conditions that determined their original registration were verified, making, where necessary, the appropriate adjustments.

g) Other liabilities and provisions

Provisions for liabilities and charges were made available to cover losses or liabilities of a specific nature, the existence of which is certain or probable, of which, however, at the end of the year, it was not possible to determine the amount or when they occurred. The allocations reflect the best possible estimate based on the elements available.
The risks for which the occurrence of a liability is only possible are indicated in the notes to the provisions, without the allocation of a provision for liabilities and charges. For risks considered as remote, no provision was made available or mentioned in the notes to the provisions for liabilities and charges.
Provisions for liabilities and charges are recorded primarily in the cost items of the income statement of the relevant classes (B, C or D). Whenever this correlation between the nature of the provision and one of the items in the aforementioned classes is not applicable, the provisions for liabilities and charges are recorded in items B12 and B13 of the income statement.

h) Costs and revenues

They are recorded according to the principle of prudence and on a basis of accounting.
Revenues from the sale of services relating to core business are recorded net of returns, discounts, rebates and bonuses, as well as of taxes directly connected with the provision of services. Revenues for services are recorded upon their completion and/or accrual. Dividends are recorded on the date of their distribution resolution.
Transactions with related parties took place under normal market conditions.

i) Dividends
Dividends are recorded on a basis of accounting, when the related right of collection becomes applicable, pursuant to OIC 21.

i) Current and deferred tax liabilities/assets

It should be noted that the Company has chosen, as a consolidating company and with some of its subsidiaries, to adopt the tax consolidation regime for resident subsidiaries for the 2017-2019 three-year period, pursuant to article 117 and subsequent of Presidential Decree 917/86, entering into a specific consolidation contract with them, supplemented by the consolidation regulations. Following the sale of MyBest Contact S.r.l., in November 2019, this company abandoned the tax consolidation regime already in 2019.
Tax liabilities/assets are recorded on a basis of accounting and include:
- the provisions for taxes paid or to be paid for the year, determined according to the rates and regulations in force;
- the amount of deferred or prepaid taxes in relation to temporary differences occurred or cancelled during the year.
Deferred tax assets are recorded if there is reasonable certainty of their reabsorption, within the Group, also based on the taxation regime of the national tax consolidation, in subsequent tax periods.

Group membership

At the end of 2018, your company controls, directly and/or indirectly, the Italian companies listed below:

- MyBest Direct S.r.l.

- MyBest Option S.r.l.
- MyBest Contact S.r.l.
- MyBest S.r.l.
- MyBest Marketing S.r.l.

and the Spanish company MyBest Option S.l..
The company For2net s.r.l., based in Milan, Via Alberto Mario 65, which, as of 31.12.2017, held approximately 58% of the share capital of the Company, as a result of the capital increases subscribed in 2018, as of 31.12.2018, holds a share of the share capital equal to approximately 42.8% (43.8% without considering treasury shares), and therefore it no longer holds the majority of the shareholders' voting rights.
The Company has many trade and financial relationships with the subsidiaries of MyBest Group, with the company For2net s.r.l. and with some associates.

ASSETS

Intangible fixed assets

As of 31 December 2018, intangible assets amounted to € 918,333 (€ 734,435 as of 31 December 2017). The related detail and the transactions carried out in 2018 are shown below:

	Costi di impianto ed ampliamento	Costi di sviluppo	Diritti di brevetto industriale e di utilizzazione opere di ingegno	Concessioni, licenze, marchi e diritti simili	Avviamento	Immobilizzazioni in corso	Altre immobilizzazioni immateriali	Totale
Costo storico	51.040	268.003	51.731	72.175	340.410	447.612	1.503.413	2.734.384
Fondo ammortamento	(43.769)	(268.003)	(51.731)	(39.086)	(204.246)	-	(1.393.114)	(1.999.949)
Valore netto al 31/12/2017	**7.271**	**-**	**(0)**	**33.089**	**136.164**	**447.612**	**110.299**	**734.435**
Incrementi	-	-	-	-	-		1.088.316	1.088.316
Svalutazioni	-	-	-	-	(102.123)	-	(29.868)	(131.991)
Riclassificazione costo	-	-	-	-	-	(447.612)	-	(447.612)
Ammortamenti	(3.635)			(4.010)	(34.041)	-	(283.130)	(324.816)
								-
Costo storico	51.040	268.003	51.731	72.175	238.287	0	2.591.729	3.272.965
Fondo ammortamento	(47.404)	(268.003)	(51.731)	(43.096)	(238.287)	-	(1.706.111)	(2.354.633)
Valore netto al 31/12/2018	**3.636**	**-**	**(0)**	**29.079**	**(0)**	**0**	**885.617**	**918.333**

The "start-up and expansion costs" item is equal to € 3,636 and refers to notary charges connected with the establishment of the company and the following statutory changes connected with the share capital increase. The reduction compared to the previous year is solely due to the amortization of € 3.635.
“Concessions, licenses, trademarks and similar rights” amounted to € 29.079 with a decrease of 4,010 euros compared to 31 December 2016 due to the amortization effect. The capitalized cost refers to the registration of company trademarks still in use.
The "goodwill" item was entered following the allocation of the merger deficit occurred in the previous years due to mergers with subsidiaries. Furthermore, also considering the significant write-downs of the subsidiaries, it was prudentially considered appropriate to fully write down this residual goodwill item as well.
The “other intangible fixed assets” item amounts to € 885,617 (€ 110,299 as of 31 December 2017) and consists of the expenses relating to the listing on the stock exchange market (Euronext). This item was determined as a result of the reclassification of expenses incurred in 2017 for € 447,612 and of the registration of the residual costs incurred for this purpose in 2018, all subject to amortization over a period of five years.

On the other hand, the remaining commissions amounting to 29,867 euros pertaining to the subscription of the bonds converted during the year were fully written down.

Tangible fixed assets

As of 31 December 2018, tangible fixed assets amounted to € 2,697,478 (€ 3,832,231 as of 31 December 2017).

The related detail and the transactions carried out in 2018 are shown below:

	Terreni e Fabbricati	Impianti e macchinari	Altri beni	Totale
Costo storico	4.644.487	89.693	670.886	5.405.066
Fondo ammortamento	(1.021.795)	(87.314)	(463.726)	(1.572.835)
Valore netto al 31/12/2016	**3.622.692**	**2.379**	**207.160**	**3.832.231**
Incrementi	-	-	-	-
Svalutazione	(932.411)			(932.411)
Riclassificazione costo				-
Ammortamenti	(127.281)	(2.379)	(72.682)	(202.342)
				-
Costo storico	3.712.076	89.693	670.886	4.472.655
Fondo ammortamento	(1.149.076)	(89.693)	(536.408)	(1.775.177)
Valore netto al 31/12/2017	**2.563.000**	**-**	**134.478**	**2.697.478**

As of 31 December 2018, tangible fixed assets consisted of a gross value of € 4,472,655, net of write-downs for € 932,411 and an amortization reserve for a total of € 1,775,177. The difference compared to the year ended on 31 December 2017 is equal to 1,134,753 euros and is mainly due to the building depreciation and the amortization for the 2018 financial year.

The “Land and Buildings” item amount, increased in 2009 following the purchase of the building, where the group's registered and administrative offices are located, by the subsidiary Key 21 Italia Trading Company S.p.A. (now MyBestDirect S.r.l.), located in Sesto San Giovanni (MI), Viale Casiraghi 345/355/359, for a total of about 2,000 square metres, previously partially leased.
The purchase value was about 2,805,000 euros, as per deed signed by Notary Colombo on 8 July 2009, repertory no. 140,729 and deed no. 21,944, to which additional charges and extraordinary maintenance expenses are to be added for a total of € 143 thousand euros and a portion, which is part of the merger deficit, equal to € 1,500,000, is to be calculated as increasing.
During the 2016 financial year, the item in question recorded increases for € 1,184 and amortizations for € 121,369, determining a net value of the property, as of 31 December 2016, of € 3.749.973.
The property is burdened by a first and second degree mortgage in favour of Intesa San Paolo S.p.A. in relation both to the mortgage loan with the same bank (see the section "Payables" - "payables to banks" section) and the unsecured loan formalized in April 2012.
The property is currently leased to group companies for € 60,000, and to the third company I.V.A.S. Srl for an amount of € 56,000.
In consideration of the foregoing on the Intesa Sanpaolo overdue bank debt and sales mandates granted at values lower than the book value, it was considered to write-down the same significantly for 932,411 euros in order to bring the value of the property to the amount of the residual mortgage loan owed by the Company so that Intesa SanPaolo (or the new buyer) can substantially claim to the property.
In relation to the information required pursuant to Article 2427, paragraph 22 of the Civil Code, there are currently no financial leasing transactions that involve the transfer to the lessee of the prevalent part of the risks and benefits relating to these assets.

The “other assets” item amounts to € 134.478, with a decrease, compared to the previous year, by € 72.682 as a result of depreciation, and consists mainly of furniture, furnishings and electronic office machines.

Financial fixed assets

As of 31 December 2018, financial fixed assets amounted to € 1.760.040 (€ 19.518.355 as of 31 December 2017), mainly consisting of:

1) **investments in subsidiaries** for a total of € 1.758.088 (€ 19.518.355 as of 31 December 2017)

Partecipazioni in imprese controllate	31/12/2018	31/12/2017	variazione
Mybest Direct S.r.l.	1.144.000	11.428.150	(10.284.150)
Mybest Contact S.r.l.	474.470	474.470	-
Mybest Option S.r.l.		6.550.755	(6.550.755)
Mybest Marketing S.r.l.	139.618	54.618	85.000
Mybest Option S.L.	-	925.361	(925.361)
	1.758.088	**19.433.355**	**(17.675.266)**

Below is the table containing the information on the investments held, as required by article 2427 paragraph 5 of the Civil Code:

Denominazione	Sede Sociale	Capitale Sociale al 31 dicembre 2018	Risultato d'esercizio 2018	Patrimonio Netto	%	Quota di Patrimonio Netto	Valore di carico al 31 dicembre 2018	Differenza tra Valore di carico e PN
Mybest Direct S.r.l.	Viale F.lli Casiraghi 359 - Sesto S.G. (MI)	500.000	(436.563)	(106.120)	100,00%	(106.120)	1.144.000	1.250.120
Mybest Contact S.r.l.	Viale F.lli Casiraghi 359 - Sesto S.G. (MI)	50.000	(282.822)	688.532	70,00%	481.972	474.470	(7.502)
Mybest Option S.r.l.	Viale F.lli Casiraghi 359 - Sesto S.G. (MI)	1.250.000	(1.877.914)	1.288.473	96,92%	1.248.788		(1.248.788)
Mybest Marketing S.r.l.	Viale F.lli Casiraghi 359 - Sesto S.G. (MI)	10.000	(73.971)	5.793	85,00%	4.924	139.618	134.694
Mybest Option S.L. (Nota 1)	Avenida Carrilet 3, Barcellona (Spagna)	510.000	(54.306)	419.146	89,71%	376.016	-	(376.016)
							1.758.088	

Nota 1 : per questa società i dati sono quelli relativi al bilancio chiuso al 31.12.2017

It should be noted that, according to national accounting standards for the determination of possible losses of asset value (the so-called *impairment losses*), the Company performed checks on the book values of the investments, after which it opted for a write-down for permanent losses:

Svalutazioni in imprese controllate	31/12/2018
Mybest Direct S.r.l.	(10.284.150)
Mybest Option S.r.l.	(7.375.342)
Mybest Option S.L.	(925.361)
	(18.584.853)

In order to verify, as of 31 December 2018, a possible loss in the value of the investments recorded in the financial statements, in consideration of the significant uncertainties better described in the paragraph on business continuity, the Directors deemed it prudent to write down the book values of the investments in the subsidiaries MyBest Direct S.r.l. and MyBest Option S.r.l. for the part of the same exceeding their respective net assets.

In fact, in the current scenario described, the Company has cancelled the higher values recorded in the past for these investments.
The shareholding in MyBest Option S.l. was cancelled since, as recently decided by the Board of Directors, the company will have to deal with the legal prohibition of sales of door-to-door energy services on the Spanish market by implementing the appropriate procedures. This also meant a reassessment of MyBest Option S.r.l., also owner of a stake in My Best Option S.L..
Please note that the shareholding in MyBest Contact S.r.l. was maintained at its book value, lower than the price of the recent sale.
In general, as described in the “Use of estimates” paragraph, the estimate of the recoverable value of the investments requires discretion and use of estimates by the management. The circumstances and events described in the business continuity paragraph could require further checks on the existence of impairment losses which will be constantly monitored by the Company's management.

Mybestdirect S.r.l. (formerly Key21 Italia Trading Company S.p.A.)

As of 31 December 2018, the Company holds a stake in MyBest Direct S.r.l. for € 1.144.000 (€ 11.428.150 as of 31.12.2017), corresponding to 100% of the share capital.
The main data, in addition to those shown in the previous table, taken from the draft of the subsidiary's financial statement file as of 31.12.2018, recently approved by the shareholders' meeting, are as follows:
- 2018 production value: € 2.425.242;
- 2018 net profit: € – 436.563
- 2018 shareholders' equity: € - 106.120.

The shareholding was written down by € 10,284,150 in these financial statements in order to align it with the accounting shareholders' equity as of 31 December 2018 adjusted to take into account the subsequent shareholder's loan on account of a reserve for losses and the possibility of a Unicredit debt write-off, net of the tax effect.

Mybestcontact S.r.l. (formerly 4U Italia S.r.l.)

As of 31 December 2018, the company holds a 70% stake (unchanged from 2016) in the share capital of MyBest Contact S.r.l..
The book value of the investment is equal to € 474,470 (unchanged compared to the previous year).
The main data submitted by the Board of Directors for the approval of the financial statements as of 31.12.2018 and not shown in the previous table are the following:
- 2017 production value: € 13.310.806;
- 2017 income before taxes: € – 154.167.

Mybestoption S.r.l. (formerly Mybestoption S.p.A.)

The company, established in January 2010 to distribute multi-utility products and services via the web in Italy, has its registered office in Sesto San Giovanni (Mi), and has a fully paid-up share capital of € 1.250.000.
The book value in the financial statements was zeroed (compared to € 6,550,755 in the previous year) and corresponds to 96.92% of the company's share capital.
The main data in the financial statements as of 31.12.2018 approved by the Shareholders' Meeting and not shown in the previous table are the following:
- 2018 production value: € 890.437;
- 2018 income before taxes: € – 1.877.914.

The shareholding was written down by € 7,375,342 in these financial statements in order to align it with the shareholders' equity as of 31.12.2018.

Mybestmarketing S.r.l.

The company was established on 26 October 2015.
The book value of the investment, corresponding to 85% of the company's share capital, is € 139,618, like in the previous year.
The main data as of 31.12.2018 approved by the Shareholders' Meeting and not shown in the previous table are the following:
- 2018 production value: € 617.400;
- 2018 income before taxes: € – 90.979.

Mybestoption S.L.

The book value was zeroed (€ 925,361 as of 31.12.2017) and corresponds to the investment in 89.71% of the company's share capital.

The company was put into liquidation and there are no substantial expectations of recovering any asset.

2) **investments in other companies** for € 1.550 (€ 13.625 as of 31 December 2017).
The item refers to the shares held by the company in the Banco di Credito Cooperativo, while those relating to Veneto Banca have been entirely written down.

Investments in companies involving unlimited liability

Pursuant to the provisions of article 2361, paragraph 2 of the Civil Code, we inform you that the Company has not acquired any participation involving unlimited liability in other companies.

Non-current receivables - Forward sale and repurchase agreements

There are no receivables recorded in the fixed assets, nor credits deriving from forward sale and repurchase agreements, pursuant to article 2427, paragraph 6-ter of the Civil Code.

<u>Current assets</u>

Receivables

Receivables recorded under current assets as of 31 December 2018 amount to € 6,043,042 (€ 5,642,643 as of 31 December 2017) and can be broken down as follows:

	31/12/2018	31/12/2017	variazione
Crediti verso clienti	109.306	437.619	(328.313)
Crediti verso imprese controllate	3.163.536	1.832.550	1.330.986
Crediti verso imprese controllanti		31.286	(31.286)
Crediti tributari	914.574	1.073.215	(158.641)
Imposte anticipate	1.124.918	1.124.918	-
Crediti verso altri	550.674	1.143.055	(592.381)
Totale	**5.863.008**	**5.642.643**	**220.365**

The table below shows receivables broken down by collectability:

	entro 12 mesi	oltre 12 mesi	oltre 60 mesi	Totale
Crediti verso clienti	109.306	-	-	109.306
Crediti verso imprese controllate	3.163.536	-	-	3.163.536
Crediti verso imprese controllanti	-	-	-	-
Crediti tributari	914.574	-	-	914.574
Imposte anticipate	1.124.918	-	-	1.124.918
Crediti verso altri	550.674	-	-	550.674
Totale	**5.863.008**	**-**	**-**	**5.863.008**

Receivables from customers

As of 31 December 2018, "receivables from customers" amount to € 109.306 (€ 437.619 as of 31 December 2017), and consist of receivables for invoices issued before 31 December 2018 for a total of € 54,072 and receivables for invoices issued after 31 December 2018 for a total of € 55,234.
The gross value of these receivables is € 443,152, for which a specific allowance for doubtful receivables for € 333,846 was allocated.
To date, the net value of receivables can reasonably be expected to be recoverable shortly by the Company.

Credit risk. The area is subject to credit risk, given the possibility that a debtor causes an economic and financial loss by not fulfilling its payment obligations.
There are no significant concentrations of credit risk on other receivables.

Receivables from subsidiaries

Receivables from subsidiaries amount to € 3,163,536 (€ 1,832,550 as of 31 December 2017) and are broken down as follows:

a) trade receivables € 509.722;
b) financial receivables € 1.013.776;
c) receivables deriving from the tax consolidation regime € 1.607.533;
d) receivables deriving from the VAT group regime € 32.505 euro.

Receivables broken down by item and by subsidiary are reported below, both for the year ended on 31 December 2018 and for the year ended on 31 December 2017:

Crediti verso imprese controllate	31/12/2018	31/12/2017	variazione
Crediti di natura commerciale			
MyBest Contact S.r.l.	330.378	286.700	43.678
MyBest Option S.r.l.	93.169	39.016	54.153
MyBest Option S.L.		121.152	- 121.152
MyBest Marketing S.r.l.	67.775	7.182	60.593
MyBest S.r.l.		3.489	- 3.489
MyBest Direct S.r.l.	18.400	50.488	- 32.088
	509.722	**508.027**	**1.695**
Crediti di natura finanziaria			
MyBest Contact S.r.l.	763.470	-	763.470
MyBest S.r.l.	233.306	412.814	- 179.508
MyBest Option S.L.		43.565	- 43.565
MyBest Marketing S.r.l.	17.000		17.000
	1.013.776	**456.379**	**557.397**
Crediti da consolidato fiscale			
MyBest Direct S.r.l.	218.478		
MyBest Contact S.r.l.	973.226	673.319	299.907
MyBest Option S.r.l.	235.658	71.822	163.836
MyBest S.r.l.	139.891	87.105	52.786
MyBest Marketing S.r.l.	40.279	3.393	36.886
	1.607.533	**835.639**	**553.416**
Crediti per IVA di Gruppo			
MyBest Option S.r.l.	32.505	32.505	-
	32.505	**32.505**	**-**
	3.163.536	**1.832.550**	**1.112.508**

Receivables from the parent company

The receivables from the parent company stated in the previous financial statements for € 31,285 referred to trade receivables from the major shareholder For2net S.r.l. and are unchanged.

Tax receivables

As of 31 December 2018, tax receivables amounted to € 914,574 (€ 1,073,215 as of 31 December 2017).
The amount mainly consists of (i) € 798,091 for IRES receivables assigned by subsidiaries and deriving from tax consolidation agreements and of (ii) € 16,308 of IRAP receivables.
During the year, approximately € 195,000 of receivables determined to be irrecoverable were written down.

Deferred tax assets

Deferred tax assets as of 31 December 2018 amount to € 1,124,918 (as in the previous year).
Although additional tax losses were generated during the year, no deferred tax assets were calculated. Also with regard to the tax losses transferred during the year by the subsidiaries, it was considered prudent not to record them in the balance sheet assets.
The deferred tax assets already recorded in the previous financial statements have been considered as recoverable, in particular for the possible contingent assets that could be generated by the tax consolidation system as a result of possible settlements of any outstanding debts.

Other receivables

As of 31 December 2018, other receivables amounted to € 550,674 (€ 1,143,054 as of 31 December 2017) and mainly consist of receivables from directors for € 207,037, receivables from the securitisation company Fairway S.r.l. for the variable portion of the sale price of the tax receivables for IRAP reimbursements pursuant to Legislative Decree 201/2011 and financial receivables from the company PLA S.r.l. in liquidazione (for which past due trade payables to the same company were recorded).
The gross value of other receivables is equal to € 1,204,582, for which a specific allowance for doubtful receivables for € 653,909 was allocated.

Receivables included among current assets - Breakdown by geographical area

Pursuant to article 2427, paragraph 6 of the Civil Code, all receivables recorded in the financial statements refer to Italian or European Union companies.

Receivables included among current assets - Forward sale and repurchase agreements

There are no receivables from forward sale and repurchase agreements, pursuant to article 2427, paragraph 6-ter of the Civil Code.

Cash and cash equivalents

Cash and cash equivalents are equal to € 65,427 (€ 1,744,304 as of 31 December 2017) and consist of:

	31/12/2018	31/12/2017	variazione
Depositi bancari e postali	65.204	1.744.131	(1.678.927)
Denaro e valori in cassa	223	173	50
Totale	**65.427**	**1.744.304**	**(1.678.877)**

As of 31 December 2018, bank deposits consisted of active bank current accounts, as detailed below:

Depositi bancari e postali	31/12/2018	31/12/2017	variazione
Poste Italialne	932	932	-
Veneto Banca	30	30	-
Banca Esperia	29	354	- 325
Banca BNP Paribas	307	8.765	- 8.458
Banca Popolare di Milano	-	139.623	- 139.623
Banca Popolare di Sondrio	63.906	1.594.427	- 1.530.521
Totale	**65.204**	**1.744.131**	- **1.678.927**

Accruals

The item, equal to € 19,698, mainly consists of prepaid expenses for insurance premiums and maintenance fees for the year 2019.

Capitalized financial charges

There are no financial charges recorded in the balance sheet assets during the year, pursuant to art. 2427, paragraph 8 of the Civil Code.

Write-downs for permanent losses of tangible and intangible assets

Pursuant to article 2427, paragraph 3-bis of the Italian Civil Code, it should be noted that there are no reductions in the value of tangible and intangible fixed assets, with the exception of what is reported in the “intangible fixed assets” and “tangible fixed assets” paragraphs.

Revaluation of intangible and tangible fixed assets

Pursuant to article 10 of law 72/1983, it is specified that there are no monetary and economic revaluations carried out by the company.

LIABILITIES

Equity

The shareholders' equity, as of 31 December 2018 shows a negative vale of € 3,336,631 (€ 12,172,933 as of 31 December 2017).
Changes in shareholders' equity over the past three years are shown below:

	Capitale sociale	Riserva sovrapprezzo azioni	Riserva legale	Riserva straordinaria	Riserva avanzo di fusione	Riserva azioni proprie	Riserva per operazioni di copertura dei flussi finanziari attesi	Riserva negativa azioni proprie in portafoglio	Utili (perdite) del periodo	Totale patrimonio
Situazione al 1 gennaio 2016*	**2.421.501**	**9.536.855**	**524.120**	**5.526.947**	**2.300.948**	**-**	**-79.312**	**-1.815.613**	**-2.741.356**	**15.674.090**
Destinazione risultato	-	-	-	-440.408	-2.300.948	-	-	-	2.741.356	-0
Fair value dei derivati										-
Versamento soci in conto capitale	41.093	624.603	-	-	-	-	-	-	-	665.696
Fair value dei derivati	-	-	-	-	-	-	79.312	-	-	79.312
Risultato al 31 dicembre 2016	-	-	-	-	-	-	-	-	-3.084.921	-3.084.921
Situazione al 31 dicembre 2016	**2.462.594**	**10.161.458**	**524.120**	**5.086.539**	**-**	**-**	**-**	**-1.815.613**	**-3.084.921**	**13.334.177**
Destinazione risultato	-	-	-	-3.084.921		-	-	-	3.084.921	-0
Fair value dei derivati	-	-	-	-	-	-		-	-	-
Risultato al 31 dicembre 2017	-	-	-	-	-	-	-	-	-1.161.244	-1.161.244
Situazione al 31 dicembre 2017	**2.462.594**	**10.161.458**	**524.120**	**2.001.618**	**-**	**-**	**-**	**-1.815.613**	**-1.161.244**	**12.172.932**
Destinazione risultato	-	-	-	-1.161.244		-	-	-	1.161.244	-0
Aumento capitale sociale sottoscritto	241.716	2.209.538	-	-	-	-		-	-	2.451.254
Conversione prestito obbligazionario	630.000	4.370.000								5.000.000
Risultato al 31 dicembre 2018	-	-	-	-	-	-	-	-	-22.960.816	-22.960.816
Situazione al 31 dicembre 2018	**3.334.310**	**16.740.995**	**524.120**	**840.374**	**-**	**-**	**-**	**-1.815.613**	**-22.960.816**	**-3.336.630**

* Prospetto di riconciliazione tra il patrimonio netto al 31 dicembre 2015 redatto secondo i precedenti principi contabili nazionali e quello al 1 gennaio 2016 redatto secondo i nuovi principi contabili nazionali.

On 30 July 2018, the Shareholders' Meeting of the Company approved the financial statements as of 31 December 2017 which showed a loss of € 1,161,244, and decided to cover this loss by using the extraordinary reserve.
Following the approval, by the Company's Shareholders' Meeting held on 20 July 2018, of the resolution concerning a share capital increase for a maximum amount (including the share premium) of € 4,999,999.00 to be subscribed by 31 December 2019, with the exclusion of the option right, no. 483,432 new shares were subscribed, with a total unit value of € 5.07, of which € 0.50 for the share capital and the remaining part as a share premium reserve. The total contribution was, therefore, € 2,451,000, of which € 241,716 for the share capital and € 2,209,284 for the share premium reserve.

Furthermore, as a result of the listing of the shares on Euronext, the previous bond loans were converted into shares, and in particular:

- the 2015 bond loan, equal to € 2,000,000, was converted into no. 564,000 new Company's shares, with a 30% discount on the initial price of € 5.07, and therefore with a new share capital of € 282,000.00 and a share premium of € 1,718,000.00;
- the 2017 bond loan, equal to € 3,000,000, was converted into no. 696,000 new Company's shares, with a 15% discount on the initial price of € 5.07, and therefore with a new share capital of € 348,000.00 and a share premium of € 2,652,000.00.

The "negative reserve for treasury shares" was allocated for the 143,868 treasury shares held by the Company as of 31 December 2015 (as of 31 December 2018, there were 144,340 treasury shares) in compliance with the changes made to the accounting standards.
In fact, the new version of OIC 28 also incorporates the legislative changes of article 2357-ter of the Civil Code. Pursuant to the new article 2357-ter of the Civil Code, treasury shares are no longer recorded in the Company's assets with an unavailable shareholders' equity reserve, but directly as a reduction in shareholders' equity through a negative reserve. Therefore, in the new version of OIC 28, the purchase (and sale) of treasury shares is considered as a decrease (or increase) in equity.

As required by the reference accounting standard "Derivative financial instruments OIC 32", a special reserve was allocated to the shareholders' equity called "Expected cash flow hedge reserve", which included the negative fair value of the derivative financial instrument, designated as a hedge on 31 December 2015, generated as part of the expected cash flow hedge, for € 79.312. The offset is given by the allocation of a provision for risks and charges called "Derivative financial instruments" of the same amount.
Following the renegotiation of the loans, as required by derivative financial agreements (for more details, see the "payables to banks" paragraph) and given the lack of a Group policy for the management of the risks connected to the fluctuation of interest rates, as of 31 December 2017 the derivative financial instruments were classified as "non-hedging", and consequently the "Expected cash flow hedge reserve" for € 79,312 was fully recorded in the 2017 income statement among the "Value adjustments to financial assets and financial liabilities".
As of 31 December 2018, a positive change in the fair value of the above financial instrument was recorded for € 16,580, bringing the amount of the provision for risks of "Derivative financial instruments" to € 65,254.
The following table shows the information required by article 2427-bis of the Civil Code. The tables refer to derivative contracts managed for speculative purposes as of 31 December 2017:

Controparte	Tipologia	Numero contratto	Divisa	Data di stipula	Data di scadenza	Nozionale iniziale di riferimento	Market to market al 31 dicembre 2017	Market to market al 31 dicembre 2018
INTESA SANPAOLO	IRS	604050491	EUR	5-apr-2006	31-mar-2021	1.582.000	- 35.520	
VENETO BANCA	IRS	5420825	EUR	4-giu-2012	11-mag-2022	1.833.350	- 46.314	
							- 81.834	**- 65.254**

The details relating to the reserves that make up the Shareholders' equity are provided below, specifying their origin or nature, the possibility of their use and the distribution limits, as well as their use in previous years (article 2427, paragraph 7-bis of the Civil Code):

Nature / Description		Amount	Origin / Nature	Possibility of use	Amount available	Summarised uses to cover losses
Share Capital		3.334.310	C		-	-
Capital reserve:						
	Share premium	16.740.99	C	A,B,C		

	reserve	5			16.598.223	-
	Extraordinary reserve	840.374	C	A,B,C	840.374	(6.059.798)
Profit reserve:						
	Legal reserve	524.120	U	B	-	-
	Total	**21.364.545**			**17.438.597**	**(6.059.798)**
	Non-distributable amount(**)				3.635	
	2018 result				(21.492.782)	
	Residual distributable portion				0	

(**)The non-distributable portion to be used to cover long-term costs not yet amortized (art. 2426 of the Civil Code)

Origin/Nature legend:

A: to cover losses
C: to be distributed to shareholder
C: capital reserve
U: profit reserve

Possibility of use legend:

A: for capital increase
B: to cover losses
C: to be distributed to shareholders
D: for other statutory constraints
E: other

The following additional information is provided:

1) there is no revaluation reserve;
2) there is no statutory reserve;
3) there are no reserves or other provisions which, in the event of a distribution, contribute to forming the company's taxable income, regardless of the period of formation;
4) there are no reserves or provisions incorporated in the share capital.

<u>Provisions for risk and charges</u>

The “Provisions for risks and charges” item amounts to € 330,245 (€ 414,834 as of 31 December 2017), the transactions carried out during the year are shown below:

	31/12/2017	Advances for the year	Use for the year	Other transactions	31/12/2018
Provision for litigation risk	333.000		(212.000)	(50.000)	71.000
Provision for tax disputes		193.991			193.991
Provision for derivative instruments	81.834			(16.250)	65.254
TOTAL	**414.834**	**193.991**	**(212.000)**	**(65.250)**	**330.245**

The provision for litigation risks refers to the settlement agreement between the Company and a former member of the Board of Directors who, in 2018, was paid off with an amount of € 212,000. The other transaction refers to a reclassification of part of the provision to reduce a claim against a customer.
The provision for tax disputes equal to € 193,991 was recorded against potential tax liabilities.
The provision for derivative instruments equal to € 65,254 has been fully described in the notes to equity.

Reserve for Severance Indemnities

The Reserve for Severance Indemnities, relating to the 4 employees working at the company as of 31 December 2018 (8 employees as of 31 December 2017), amounted to € 53,985 (€ 58,434 in the previous year). The item is detailed below:

	31/12/2017	Acc.ti dell'esercizio	Utilizzo dell'esercizio	31/12/2018
Trattamento di fine rapporto lavoro subordinato	58.434	17.502	(21.952)	53.984

Payables

As of 31 December 2017, payables amounted to € 14,272,981 (€ 18,819,981 as of 31 December 2017) and can be detailed as follows:

	31/12/2018	31/12/2017	variazione
Obbligazioni convertibili		5.000.000	- 5.000.000
Debiti verso banche	3.945.564	4.889.775	- 944.211
Debiti verso altri finanziatori	2.395	8.134	- 5.739
Debiti verso fornitori	1.566.695	999.817	566.878
Debiti verso imprese controllate	8.079.701	7.289.355	790.346
Debiti verso controllanti		87.840	- 87.840
Debiti tributari	224.676	138.921	85.755
Debiti verso istituti prev.	119.672	50.649	69.023
Altri debiti	334.278	355.490	- 21.212
Totale	**14.272.981**	**18.819.981**	**- 4.547.000**

The table below shows payables broken down by collectability:

	2019	2020-2023	2024	
	entro 12 mesi	oltre 12 mesi	oltre 60 mesi	Totale
Debiti verso banche	3.945.564	-	-	3.945.564
Debiti verso altri finanziatori	2.395	-	-	2.395
Debiti verso fornitori	1.566.695	-	-	1.566.695
Debiti verso imprese controllate	8.079.701	-	-	8.079.701
Debiti tributari	224.676	-	-	224.676
Debiti verso istituti prev.	119.672	-	-	119.672
Altri debiti	334.278	-	-	334.278
Totale	**14.272.981**	**-**	**-**	**14.272.981**

Convertible bonds

As of 31 December 2017, the item amounted to € 5,000,000 and consisted of two convertible bond loans.
The first bond loan was issued on 19 May 2015, for a duration of 60 months and an amount of € 2,000,000. The interest rate applied to convertible bonds for the first 24 months is 6.5%, for the subsequent 12 months it is 8% and for the last 24 months it is 10%.
The second bond loan was issued on 30 January 2017 for a duration of 48 months and an amount of € 3,000,000. The interest rate applied to convertible bonds is 7%.
The aforementioned bond loans determined interest payables, for the year 2018, amounting to € 264,811, up to the date of their conversion into share capital according to the automatic conversion clauses, in the event of the Company's listing on a regulated market, included in the relevant regulations.
The 2015 bond loan, equal to € 2,000,000, was converted into no. 564,000 new Company's shares, with a 30% discount on the initial price of € 5.07, and therefore with a new share capital of € 282,000.00 and a share premium of € 1,718,000.00.
The 2017 bond loan, equal to € 3,000,000, was converted into no. 696,000 new Company's shares, with a 15% discount on the initial price of € 5.07, and therefore with a new share capital of € 348,000.00 and a share premium of € 2,652,000.00.

Payables to banks

As of 31 December 2018, the "payables to banks" item amounted to € 3,945,564 (€ 4,889,774 as of 31 December 2017) and are broken down as follows:

Debiti verso banche	31.12.2018	31.12.2017	variazione
Debiti bancari di conto corrente	749.138	986.027	-236.889
Debiti per finanziamenti	3.196.426	3.903.747	-707.321
di cui a breve termine	*3.196.426*	*1.728.775*	*1.467.651*
di cui a lungo termine		*2.174.972*	*-2.174.972*
Totale	**3.945.564**	**4.889.774**	**- 944.210**

Bank current account payables are broken down as follows:

Debiti bancari di conto corrente	31.12.2018	31.12.2017	variazione
Intesa San Paolo	37.824	285.944	- 248.119
BCC Sesto San Giovanni	1.132	516	615
Veneto Banca	709.361	698.770	10.591
Banca Popolare di Sondrio	821	797	24
Totale	**749.138**	**986.027**	**- 236.889**

Loan payables

Intesa mortgage loan 61292387/9444738: the debt arose in July 2009, following the purchase of the building in Sesto San Giovanni, via F.lli Casiraghi, where the group's legal and administrative offices are located, by the subsidiary Mybest Direct S.r.l. (formerly Key 21 Italia Trading Company S.p.A.), with relative take-over of the residual debt (for € 1,314,995).
The original amount paid on 15/3/2006 was € 1.600.000, with monthly repayment, a fifteen-year term, a semi-annual EURIBOR floating rate + 0.90% spread and fixed rate hedging with interest rate swap agreement. The mortgage was secured. In July 2009, the loan was sold to the parent company MyBest Group.
On 26.01.2016 the mortgage was renegotiated for the total residual amount of € 836,687 and its duration was changed from 180 months to 240 months, therefore the final term is 31.03.2026. The repayment is in monthly instalments, the rate is applied with a nominal fixed annual fee of 3.50 percentage points (spread).
On 14 March 2018, Intesa granted a moratorium on the repayment of the capital until December 2019, pursuant to which the Company declared itself as a debtor of € 673,954.65 for the remaining outstanding amount, € 146,380.09 for the residual past due amount, € 8,196.23 for interest on past due instalments.
This agreement required the payment of overdue and unpaid debts, equal to € 146,380.09, and the repayment of interest on arrears, by 31 December 2020 and, starting from 31 January 2020, the payment of the residual debt according to the original depreciation plan.
The Company was unable to comply with the repayment plan, which resulted in the application of the acceleration clause, therefore the entire debt was reclassified as short term debt.
The residual debt as of 31.12.2018 is equal to € 828,531.

Intesa mortgage loan 61151235: an amount of 2,000,000 euros paid on 11 April 2012. On 26.01.2016 the loan was renegotiated for a total residual amount of € 1,666,158 and the total duration was changed from 120 to 180 months, therefore the final term is 11.04.2027. The repayment is in monthly instalments, the rate is applied with a nominal fixed annual fee of 3.50 percentage points (spread).
The mortgage is secured by a second-level mortgage guarantee on the property owned by the company and was stipulated in relation to a partial restructuring of the debt and to the development operations of the subsidiaries, in particular Poinx S.p.A. and MBO S.r.l.
On 14 March 2018, Intesa granted a moratorium on the repayment of the capital until December 2019, pursuant to which the Company declared itself as a debtor of € 1,374,152.17 for the remaining outstanding amount, € 270,250.37 for the overdue and unpaid amount, € 90,603.13 for interest on overdue instalments.
This agreement required the payment of overdue and unpaid debts, equal to € 270,250.37, and the repayment of interest on arrears, by 31 December 2020 and, starting from 31 January 2020, the payment of the residual debt according to the original depreciation plan.
The Company was unable to comply with the repayment plan, which resulted in the application of the acceleration clause, therefore the entire debt was reclassified as short term debt.
The residual debt as of 31.12.2018 is equal to € 1,735,005.

Intesa account loan 10401: approved on 22.12.2015 for an amount of € 1,316,665 to be paid in 36 months with effect from 31.01.2016 and term by 31.10.2019. The plan required a first payment on 16.01.2016 for the portion of accrued interest equal to € 116,665, and another 48 instalments at quarterly intervals; the contractual rate is variable and is a nominal annual interest rate equal to 1.87%, determined based on the monthly average, previous month of the 3-month EURIBOR (365 basis) increased by 2.00 percentage points for the entire duration of the extension.
On 14 March 2018, for the unsecured loan of € 1,323,000.00, a refund was negotiated for an amount of € 811,000.00 upon completion of the agreement, while for the residual debt, equal to € 512,000, a refund was negotiated through monthly payments starting from 30 April 2018, until December 2020, for an amount not less than € 100,000 for 2018, € 285,000 for 2019 and € 127,000 for 2020, with an interest rate

equal to a spread of 2% above the variable 1-month EURIBOR rate, with the application of automatic surcharges in the event of non-fulfilment of the payment obligations.
To guarantee the refund, Fabio Regolo and Daniele Viganò offered a personal guarantee in favour of Intesa.
The residual debt as of 31.12.2018 is equal to € 503,180.

S.G.A. Loan (formerly Veneto Banca)
In May 2017, the Company submitted to Veneto Banca S.p.A. a proposal for a dilution of the amount due as a reimbursement equal, at that time, to € 698,770, with an installment repayment plan with effect from September 2017, with monthly payments, a duration of 48 months and alignment of the interest rate applied to agreements already signed with other institutions.
In this regard, a written notice was received with which the bank confirmed its difficult situation due to the liquidation of the same and the impossibility of evaluating the Company's request.
Subsequently, on 30 April 2018, Mybest Group S.p.A. received a notice by S.G.A. S.p.A., which offered an assignment without recourse for credits originally owned by Veneto Banca S.p.A. , including the credit reports associated with the Company's debt due to the latter institution for an amount equal to € 698,770.
Therefore, the company is taking steps to finalize an agreement for a new repayment proposal with S.G.A. S.p.A.
The residual debt, as of 31.12.2018, is equal to € 709,082.

ICCREA unsecured loan: An amount of € 1,000,000, paid on 07/10/2013, with a duration of 36 months and an initial finale term on 30.09.2016; the agreement included a pre-amortization period of 6 months and a quarterly EURIBOR variable rate plus a 5% spread.
To guarantee this loan, a guarantee equal to the value of the loan was also issued on 01/10/2013 by the subsidiary MybestDirect Srl (formerly Key 21 Italia Trading Company S.p.A.).
This operation was also carried out to have greater flexibility in relation to the feasibility of group investments.
The residual debt as of 31/12/2018 amounted to € 129,709 and has fully expired (the Company is currently discussing with the bank a settlement solution).

Guarantees offered
Moreover, your Company guarantees the bank debt of the subsidiaries with surety, bank guarantees and letters of patronage for a total amount of approximately 7.8 million euros as of 31 December 2018, of which approximately 4.8 million euros for the subsidiary Mybest Direct S.r.l. (3.1 million euros, as of today, as already described above, due to the direct takeover of the loan originally issued by Unicredit), about 2.2 million euros for the subsidiary Mybest Contact S.r.l. (however, as part of the agreements for the sale of the relative shareholding signed on 4.11.2019, the buyer has undertaken to release the Company from these guarantees), and approximately 0.8 million euros for the subsidiary Mybest Option S.r.l.. In addition, there are payables of approximately 1.2 million euros guaranteed to the former subsidiary PLA S.r.l. in liquidazione, as well as the overall guarantee relationships with the former subsidiary 4U Servizi S.r.l. in liquidazione, for a maximum amount of approximately 5.0 million euros, for which, as part of the aforementioned sale of MyBest Contact Srl, the purchaser of the investment has undertaken to release the Company.
Please note that, on 14 March 2018, the Company, its main subsidiaries (MyBest Contact S.r.l., MyBest Option S.r.l. and MyBest Direct S.r.l.) and former subsidiaries (4U Servizi S.r.l. in liquidazione and PLA S.r.l. in liquidazione), for which the Company declared itself the guarantor, signed some rescheduling agreements with Intesa SanPaolo concerning their overall (short and long term) debt.
The group's difficult financial situation, then, caused non-compliance with the conditions set out in the aforementioned rescheduling agreements with Intesa SanPaolo.

Financial Risk Management. Interest rate risk.

The change in interest rates could have effects on the increase or decrease in the costs of existing loans. The risk exists on loan agreements entered in the balance sheet, on which variable rate interest accrues. The debt of the Company consist entirely of variable rate loans.

Financial Risk Management. Exchange rate risk.

The Company does not carry out transactions in currencies other than the Euro, and therefore there is no exchange rate risk.

Financial Risk Management. Liquidity risk.

Liquidity risk is the risk that the Company may be unable to find the financial resources required to guarantee current operations and the fulfilment of current obligations.
To this end, also thanks to the support of appropriate IT tools, the forecast financial needs are periodically monitored, and all the necessary actions are taken to find the necessary resources.
The Company, as highlighted above, supported the future development of the subsidiaries.
Moreover, the current difficult financial situation of the Company has progressively worsened, as a result of the fact that the capital increase was not fully subscribed, and, despite a significant reduction in costs, both for the Company and for its subsidiaries, resulting from the necessary organisational restructuring of some of them, the application of the conditions described in the paragraph on business continuity is necessary in order to have the liquidity necessary to proceed with debt consolidation.

Payables to suppliers

The item, as of 31 December 2018, amounted to € 1,566,695 (€ 999,817 as of 31 December 2017), and consists of payables for services rendered and invoiced before 31 December for € 1,076,046, and € 490,649 for invoices not yet received as of 31 December 2018.
Due to the financial situation described above, the Company was unable to continue making payments to non-strategic suppliers and this meant that payables to suppliers consist mainly of overdue payables.

Supplier risk. The item is associated with supplier risk, as a supplier may cause an economic and operating loss by failing to fulfil its contractual obligations. The Company directly manages this risk associated with its suppliers considered as strategic with a special policy aimed at managing relations with its sub-agents and suppliers.

Payables to subsidiaries

Payables to subsidiaries amount to € 8,079,701 (€ 7,289,355 as of 31 December 2017), and are broken down as follows:

Debiti verso imprese controllate	31/12/2018	31/12/2017	variazione
Debiti di natura commerciale			
MyBest Direct S.r.l.	5.316.064	5.397.306	- 81.242
MyBest Contact S.r.l.		51.332	- 51.332
MyBest Option S.r.l.	444	444	0
	5.316.508	**5.449.082**	**- 132.574**
Debiti di natura finanziaria			
MyBest S.r.l.	6.970	-	6.970
MyBest Direct S.r.l.	370.790	566.895	- 196.105
	377.760	**566.895**	**- 189.135**
Debiti da consolidato fiscale			
MyBest Contact S.r.l.	1.013.453	550.222	463.231
MyBest Option S.r.l.	865.020	390.861	474.159
MyBest Direct S.r.l.	582.372	277.050	305.322
MyBest S.r.l.	94.158	55.063	39.095
MyBest Marketing S.r.l.	10.602	181	10.421
	2.565.605	**1.273.377**	**1.292.228**
	8.259.874	**7.289.354**	**970.520**

Trade payables mainly refer to services relating to sub-agency relationships established in previous years and to other services.

Tax consolidation payables derive from the sale to MyBest Group S.p.A. of the tax consolidation proceeds of the subsidiaries following the adoption of the tax consolidation regime.

Payables to parent companies

Payables to parent companies which amounted to € 73,894 as of 31 December 2017 and refer to trade payables to For2net S.r.l. have been reclassified as other trade payables.

Tax payables

Tax payables amount to € 224,676 (€ 130,921 as of 31 December 2017).
Payables recorded on 31 December 2018 are due within the following financial year and are broken down as follows:

1) tax payables for withholding taxes for an amount of € 150,229;
2) tax payables for instalments for an amount of € 60,908;
3) other tax payables for an amount of € 13,537.

Payables to social security and welfare institutions

As of 31 December 2018, the item amounted to € 119,671 (€ 50,649 at the end of the previous year) and mainly consist of payables to INPS for compensation for the year, and for deferred compensations for € 45,930, payables to INPS for instalments for an amount of € 52,030, for payables to supplementary pension funds for an amount of € 21,and payables to INAIL for an amount of € 362.

Other payables
Other payables amount to € 334,278 (€ 355,490 as of 31 December 2017).

The item is broken down as follows:

1) payables to employees for current and deferred compensation for 57,203 euros;
2) payables to directors for emoluments and expenses for € 41,478;
3) payables from tax consolidation referring to previous years to PLA S.r.l. in liquidazione for € 214,383.

Payables - Forward sale and repurchase agreements

There are no payables involving forward sale and repurchase agreements, pursuant to article 2427, paragraph 6-ter of the Civil Code.

Deferrals

Deferrals amount to € 3,504 (€ 34,022 at 31 December 2017).

Memorandum accounts

Legislative Decree no. 139/2015 cancelled the provisions relating to memorandum accounts. In particular, it cancelled article 2424 of the Italian Civil Code, repealing paragraph 3, pursuant to which, at the bottom of the balance sheet the following information must be provided: “*direct or indirect guarantees, specifying if these are sureties, endorsements, other personal guarantees or collateral securities, and indicating separately, for each of them, guarantees offered to subsidiaries and associates, as well as parent companies and companies subject to control of parent companies*”.

Information on commitments, guarantees and contingent liabilities not stated in the balance sheet

It should be noted that the Company has offered guarantees to its subsidiaries and former subsidiaries for an amount which, as of 31.12.2018, was equal to approximately 14.0 million euros on the respective bank debt incurred by the subsidiaries, with the issue of bank guarantees and letters of patronage to banks. For more information, please refer to the relevant paragraph in the notes to payables.

INCOME STATEMENT

<u>Production value</u>

In 2018, the value of production amounted to € 641,276, with a decrease compared to € 918,768 in 2017, broken down as follows:

Valore della produzione	2018	2017
Ricavi delle vendite e delle prestazioni	466.000	764.937
Altri ricavi e proventi	175.276	153.831
Totale	**641.276**	**918.768**

Revenues from sales and services mainly refer to the charge-backs to subsidiaries of services in the field of assistance, accounting, sales and general services performed by company employees.

The “other income and revenues” item for the year 2018 amounts to € 175,276 (€ 153,831 in 2017) and is broken down as follows:

1) rental income the subsidiary MyBestDirect S.r.l. for € 60,000 (€ 60,000 in the previous year;

2) rental income from the third party company I.V.A.S. S.r.l. for € 56,025, in line with the previous year;
3) contingent assets of € 56,851 relating to some debt settlement agreements.

Market risk. The market risk is limited, as the Company operates, through its subsidiaries, mainly as an agent of some important national operators in the utilities market. To cope with this risk, Mybest Group continuously monitored the market in order to promptly identify any signs that may come from it and has undertaken and will undertake initiatives to increasingly diversify its areas of activity.

Production costs

In 2018, production costs amounted to € 4,167,083 (€ 1,947,724 in the previous year) and are are broken down as follows:

Costi della produzione	31/12/2018	31/12/2017		variazione
per materie prime, sussidiarie, di consumo e di merci	9.315	10.520	-	1.205
per servizi	769.808	835.543	-	65.735
per godimento di beni di terzi	18.923	19.853	-	930
per il personale	388.444	389.551	-	1.107
ammortamenti	527.158	340.170		186.988
svalutazioni immobilizzazioni	1.064.402	-		1.064.402
svalutazione crediti	1.313.319	-		1.313.319
accantonamenti per rischi	-	283.000	-	283.000
oneri diversi di gestione	75.714	69.087		6.627
Totale	**4.167.083**	**1.947.724**		**2.219.359**

Cost of raw materials, intermediate components, consumables and goods

The cost amounts to € 9,315 (€ 10,520 in the previous year) and consists mainly of the purchase of fuel and consumables.

Cost of services

The cost amounts to € 760,341 (835,543 in 2017) and is broken down as follows:

Costi per servizi	31.12.2018	31.12.2017		Variazione
Altre consulenze	110.910	109.535		1.375
Compensi amministratori	118.195	70.419		47.776
Compensi Co.co.pro.		-		-
Compensi collegio sindacale e revisori contabili	59.598	66.595	-	6.997
Consulenze commerciali amministrative legali notarili	256.026	150.213		105.813
Spese di marketing e pubblicità	71.558	236.210	-	164.652
Spese generali	82.639	68.906		13.733
Spese per viaggi e trasferte	46.000	93.838	-	47.838
Utenze	24.882	39.827	-	14.945
Totale	**769.808**	**835.543**	**-**	**65.735**

Cost of enjoyment of third party assets

The cost amounts to € 18,923 (€ 19,853 in the previous year) and mainly refers to copier rental fees.

Depreciation and write-downs of fixed assets and receivables

Please refer to what is reported in the paragraphs relating to intangible and tangible fixed assets with regard to depreciation and write-downs of fixed assets while, with regard to the write-downs of receivables, please refer to the items in current assets relating to receivables from customers, tax receivables and other receivables.

Other operating expenses

The item amounts to € 75,714 (€ 69,087 in 2017) and mainly consists of insurance costs for € 30,279, contingent liabilities for € 51,953, fines and penalties for € 7,869 euros and IMU for € 13,514 euros.

Financial income and expenses

Interest and other financial charges

The "interest and other financial charges" item amounts to € 388,985 (€ 622,305 in 2017). Pursuant to the provisions of article 2427, paragraph 12 of the Civil Code, it is broken down as follows:

1) intercompany interest expense for € 58,254 recharged by the subsidiary MyBestDirect S.r.l.;
2) interest expense on bank payables for € 17,531;
3) interest expense on loans for € 18,300;
4) interest expense on bonds for € 264,811;
5) interest expense on other payables for € 20,471;
6) other financial charges for € 9,518.

Value adjustments to financial assets and liabilities

The item amounts to € 18,580,348 (€ 38,858 in the previous year) and mainly refers to write-downs of permanent losses carried out on the subsidiaries MyBest Direct S.r.l., My Best Option S.r.l. and MyBest Option S.L., net of the positive change in the fair value of derivative instruments for € 16,580 (see the paragraph "Financial fixed assets").

Income tax for the year

The income tax for year shows a negative value of € 465,677 (a positive value of 450,936 in 2017) and refers, for € 420,517, to the tax consolidation charge charged, in 2018, by the subsidiaries for the transfer of their tax losses, and for € 45,160 euros to net contingent tax liabilities relating to previous years.

Average number of employees

The average number of employees in 2018 is 6 units (8 as of 31 December 2017).
Please note that, as of 31 December 2018, the number of employees was 4 units.

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

As required by Article 2427, paragraph 16 of the Civil Code, we inform you that the fees below, to be paid to Directors and Statutory Auditors and recorded in the Income Statement under item B7 - costs of services, have been approved:

- annual compensation of Directors: 145 thousand euros, tax included
- annual fees for the Board of Statutory Auditors: 14 thousand euros.

Compensation to the statutory auditor or the auditing firm
This document is audited by Deloitte & Touche S.p.A., according to the shareholders' resolution of 23 October 2018. The appointment has a three-year term and ends with the approval of the financial statements as of 31 December 2020. Below is the information regarding the compensation to the auditing company pursuant to article 2427, paragraph 1 number 16-bis of the Civil Code:
• Accounting audit: 13 thousand euros.

Categories of shares issued by the company
The information required by article 2427, paragraph 1, number 17 of the Civil Code regarding the data on the shares that make up the share capital, the number and the nominal value of the shares subscribed during the year can be deduced from the following tables:

Description	Initial amount, number	Initial amount, nominal value	Shares subscribed during the year, number	Shares subscribed during the year, nominal value	Final amount, number	Final amount, nominal value
Ordinary shares	4.925.187	2.462.593,50	1.743.432	871.716	6.668.619	3.334.309,50
Total	**4.925.187**	**2.462.593,50**	**1.743.432**	**871.741**	**6.668.619**	**3.334.309,50**

Securities issued by the company

The company has no dividend-right shares or bonds convertible into shares or similar securities.

Information on significant events that occurred after the end of the year

Pursuant to article 2427 no. 22-quater) of the Civil Code, please refer to the facts fully discussed in the paragraph on business continuity.

Changes to the financial statements approved by the Board of Directors on 25 November 2019

The Directors deemed it necessary to modify the draft financial statements approved on 25 November 2019 in order to incorporate the effects deriving from further write-downs of the "Financial assets" item for € 1,288,000 and the "Receivables from subsidiaries" item for € 180,000. These changes led to a decrease in the operating result and shareholders' equity as of 31 December 2018 by 1,468 thousand euros.

Proposal to allocate profits or to cover losses
We kindly ask you to approve the financial statements for the year ended on 31/12/2018 and to decide on the loss for the year amounting to € 22,960,816, taking into account the fact that, as a result of this loss, the Company's equity shows a negative value of € 3,336,63, which will cause the application of article 2447 of the Civil Code, with which you are asked to deal in accordance with the law.

The Board of Directors

Mr. Regolo Fabio President
Mr. Vigano’ Daniele Director
Mr. Paolino Manfredi Director

Sesto San Giovanni, on 17 December 2019

FINANCIAL STATEMENTS AS OF 31.12.2018
MANAGEMENT REPORT

Dear Shareholders,

We have called You to a meeting to submit the company's financial statements as of 31 December 2018, which showed a loss of 22,960,816 euros after recording amortisation, write-downs and provisions for a total of 21,501,806 euros as detailed analytically in the explanatory notes.

We invite You to refer to the Notes for more precise information on the evolution of MyBest Group S.p.A. ("The Company") equity items, and of other balance sheet items, and we remind You that, as of today, the paid-up share capital of the Company is equal to € 3,334,309.50, fully paid.

MAJOR EVENTS IN THE PREVIOUS YEARS, IN THE YEAR 2018 AND SUBSEQUENT EVENTS

During the 2014, 2015, 2016 and 2017 financial years, MyBest Group underwent organisational and strategic restructuring according to the guidelines of an industrial, economic and financial plan of the Company and of the group for the next financial years, drawn up also with the help of external advisors. This led to a rationalization of the different activities carried out by the Group and consequent changes in the corporate organisation and in the perimeter of its subsidiaries.

Moreover, MyBest Group has also tried to strengthen its capital and financial structure through capital increases and bond issues, as commented below.

In this regard, the reorganisation of the group was aimed at creating the conditions required to perform operations that would allow it to grow solidly, also by accepting capital contributions from third-party shareholders, possibly also by listing on a regulated market, as specified more in detail below.

In 2014, the group's financial structure consolidation began through the paid share capital increase approved by the shareholders' meeting held on 11 November 2014, which brought the share capital from 1,000,000 euros to 2,000,000 euros with subscription and full payment by the members. During the same meeting, the company name was also changed to MyBest Group S.p.A. (formerly Ventuno Group S.p.A.).

The main transactions carried out in 2015, 2016 and 2017 are the following:

- With a resolution by the extraordinary shareholders' meeting held on 3 February 2015, the share capital was increased from 2,000,000.00 to a maximum of 2,352,543.50 euros, in tranches, with the issue of a maximum of 705,087 new shares of € 0.50 each with a share premium of € 12.12 per share. Following the shareholders' waiver of their option right and the cancellation of the statutory pre-emption clause, such capital increase was referred, as decided by the Board of Directors, to third parties with the aim of expanding the group's corporate base and also allowing other shareholders to participate in any listing operations that could involve, in the future, the parent company, MyBest.

The increase was subscribed up to a share capital of 2,346,248.50 euros, and, therefore with the issue of 692,497 shares and with a share premium of 8,393,050.97 euros.

- Concentration of the stake in the subsidiaries through the purchase of the shares and stakes held by the minority shareholders of the companies themselves. This operation, which involved over 40 subjects, was carried out through personalized negotiations with each shareholder in order to agree on the purchase price of each individual share.

- On the 1st April 2015, again as part of the operations aimed at the development and consolidation of the group, an extraordinary shareholders' meeting was held with the aim of issuing a Convertible Bond Loan up to a maximum of 10 million euros to be offered to "qualified investors" pursuant to CONSOB Regulation 11971 of 1999.

In summary, the main characteristics of the Convertible Bond Loan, for which the support of the NCTM Law Firm for technical and legal aspects, and of Integrae Sim Spa for commercial aspects was requested, are as follows:

- the bonds were issued as registered securities and placed in the central management system for uncertificated securities at Monte Titoli S.p.A. with a nominal value (equal to the issue price) of € 1,000;
- the Minimum Lot to be subscribed is equal to € 100,000;
- the bond loan term is 60 (sixty) months;
- starting from the issue date and for the following 24 months, the gross fixed interest rate will be equal to 6.5% per annum of the nominal value of the bonds;
- starting from the 25th month and for the following 36 months, the gross fixed interest rate will be 8.0% per annum of the nominal value of the bonds;
- starting from the 37th month and up to the Maturity Date, the gross fixed interest rate will be equal to 10.0% per annum of the nominal value of the bonds;
- in the event that the ordinary shares of the company are admitted to trading on a regulated market or a multilateral trading system ("IPO") or if a "Change of Control" occurs, the Bonds will be automatically converted into converted shares on the basis of a Conversion Ratio to be defined according to the final placement price or the sale price of the shares in the event of a "Change of Control". Depending on when the conversion will take place, the bondholders will be entitled to a discount to be applied on the final placement or sale price of the shares, equal to 20%, 25% or 30%.

The subscription period for this bond loan ended on 26 May 2015, with a subscribed and paid amount equal to 2.2 million euros: of this amount, 0.2 million euros were subsequently repurchased and cancelled as part of the capital increase of 30/11/2015 described below: therefore, the residual value outstanding on the 1st January 2018 was € 2,000,000.

- As part of previous agreements with former minority shareholders, the wholly owned investments in INOVA S.p.A. and Watson Srl. were sold in May 2015 to the English company MyG21 Ltd, whose 60% is owned by MyBest Group, at a price substantially in line with their carrying value.

- In September 2015, Your company, no longer considering the MyG21 project as strategic for the Group, sold its 60% of MyG21 Ltd to the minority shareholders of the same company and to other subjects, mostly shareholders of MyBest Group, for a total value of € 3,000,000.

  At the same time and subject to the Shareholders' Meeting resolution authorising the purchase of treasury shares on 17 September 2015, the buyers transferred to MyBest Group no. 237,718 shares of MyBest Group Spa at a unit price of € 12.62 per share, and, from a financial point of view, the related credit/debit entries have been cleared.

- On 26 October 2015, the company MyBest Marketing S.r.l. was established, with a share capital of 10,000 euros, whose 85% was subscribed by MyBest Group Spa. The company focused on the development of the corporate business in the field of promotional and marketing activities.

- On 30/11/2015, the Board of Directors decided to increase the share capital, upon payment and in a single tranche, from € 2,346,248.50 to € 2,469,735.50, and therefore by an amount of € 123,487.00, through the subscription, by 31 December 2016, of a maximum of no. 246,974 new shares, with a nominal value of € 0.50 each, to be offered to the shareholders, pursuant to article 2441 of the Civil Code, proportionally to the investments currently held by them and, in the event of full or partial renunciation of the shareholders themselves under their right of option, to be offered for subscription also to third parties who are not shareholders, in any case with a total premium of € 7.60 per share.

  As of 31 December 2016, the capital increase ended with the almost complete subscription of the same increase and on the 1st January 2018, the share capital amounted to 2,462,593.50 euros consisting of no. 4,925,187 shares with a nominal value of € 0.50 each

- On 30 January 2017, again as part of the operations aimed at the development and consolidation of the group, an extraordinary shareholders' meeting was held with the aim of issuing a Convertible Bond Loan up to a maximum of 3 million euros reserved not only to "qualified investors", as established in the previous POC issued in 2015, pursuant to CONSOB Regulation 11971 of 1999.

In summary, the main characteristics of the Convertible Bond Loan are the following:

  - the bonds were issued as registered securities and placed in the central management system for uncertificated securities at Monte Titoli S.p.A. with a nominal value (equal to the issue price) of € 1,000;
  - the Minimum Lot to be subscribed is equal to € 1.000;
  - the bond loan term is 48 (fourty eight) months;
  - starting from the issue date, the gross fixed interest rate will be 7% per month of the nominal value of the bonds; in the event that the ordinary shares of the Company are admitted to trading on a regulated market or a multilateral trading system ("IPO") or if a "Change of Control" occurs, the Bonds will be automatically converted into converted shares on the basis of a Conversion Ratio to be defined in relation to the final placement price or the sale price of the shares in the event of a "Change of Control". Upon the occurrence of these events, the bondholders will be entitled to a discount to be applied on the final placement or sale price of the shares, equal to 15%.

This loan was fully subscribed and paid up by 31 December 2017.

- In January 2017, the company MYBEST Srl was also established, whose 65% is controlled by the company MyBestDirect srl, with the aim of strengthening the door-to-door channel structure.

- On 29 August 2017, the Company's Board of Directors examined the project for admission to trading of the Company's ordinary shares on AIM Italia – Alternative Investment Market, organised and managed by Borsa Italiana S.p.A. ("**AIM Italia**"). This operation is aimed at increasing the company's standing and visibility and at obtaining new financial resources to support the Group's growth outlined in the industrial plan.

- On 18 September 2017, the ordinary and extraordinary shareholders' meeting decided, among other things and in order to support the Company's growth and development plans, to increase the share capital, with the exclusion of the option right pursuant to article 2441, fifth paragraph of the Civil Code, through the issue of ordinary shares, up to a maximum amount of € 30,000,000 including the share premium, also for the purposes of the possible listing on AIM Italia, contextually approved by the same shareholders' meeting.

The main operations carried out in 2018 were the following:

- On 14 March 2018 the Company signed a rescheduling plan with Intesa San Paolo S.p.A. as part of a renegotiation agreement coordinated by the Holding which involved all the companies of the Group: more details on this plan are analytically provided in the relevant section of the Explanatory Notes.

- On 12 June 2018, following the difficulties encountered during the process of listing on AIM and an analysis in terms of operations of other markets, also considering the general situation of political uncertainty in the country, the Company's Board of Directors decided to abandon the process for listing on AIM Italia, and to implement the procedure to be listed on Euronext Growth on the French market.

- On 20 July 2018, the Company revoked the previous share capital increase resolution of 18 September 2017 and simultaneously approved a share capital increase, with the exclusion of the option right pursuant to article 2441, fifth paragraph of the Civil Code, through the issue of ordinary shares, up to a maximum amount of € 4,999,999 including the share premium. This capital increase had an open subscription period which ended on 31 December 2019, and was subscribed by September 2018 with the issue of no. 483,432 new shares with a total unit value of € 5.07, of which € 0.50 as share capital and the remaining part as a share premium reserve. The total contribution was, therefore, € 2,451,000, of which € 241,716 for the share capital and € 2,209,284 for the share premium reserve.

- On 5 July 2018, with the support of the French advisor Atout Capital, the procedures for the Euronext Growth segment were concluded, and the Company's shares were admitted to listing at an initial value of € 5.07.

- As a result of the share listing on Euronext, the previous bond loans were converted into shares, and precisely:

- the 2015 bond loan, equal to € 2,000,000, was converted into no. 564,000 new Company's shares, with a 30% discount on the initial price of € 5.07, and therefore with a new share capital of € 282,000.00 and a share premium of € 1,718,000.00;

- the 2017 bond loan, equal to € 3,000,000, was converted into no. 696,000 new Company's shares, with a 15% discount on the initial price of € 5.07, and therefore with a new share capital of € 348,000.00 and a share premium of € 2,652,000.00.

The main events after 31 December 2018 were the following:

- On 14 February 2019, the Heritage investment fund sent an expression of interest for an extraordinary operation to be carried out with MyBest group and, following the signing of confidentiality and exclusive agreements, it has conducted a full due diligence investigation on MBG for a few months at the end of which, on 16 April 2019, however, it did not confirm its willingness to continue the negotiations aimed at reaching a binding agreement. After the relationships with this subject were terminated, expressions of interest also came from other financial and/or industrial subjects which were examined by the Company in order to verify the possibility of obtaining a binding offer relating to an extraordinary financial support transaction y by summer 2019.

- The uncertain evolution of the interests shown by different subjects and the assessments regarding the transition to the IAS IFRS accounting standards caused the Board of Directors to request an extension of the deadline for the approval of the 2018 financial statements set by Italian law and by the Company's incorporation deed. However, since this option was not acceptable based on the Euronext stock market regulations, the latter published a communication on 26 June 2019 to inform the market of this breach and of the consequent allocation of the Company's shares to a specific section of the market, the so-called *Penalty Bench*, starting from 11 June 2019. Subsequently, from 22 July 2019, the shares of the Company have been suspended from listing in accordance with the rules of the French market and the Company was informed that, if suitable actions are not taken by 20 December 2019, Euronext may take further measures, including de-listing of the securities themselves.

- On 8 August 2019, the English company Paul Manfredi Limited (also referred to as "PM Limited"), owned by Director Paul Manfredi and holding a 30% share in MyBest Contact S.r.l., submitted a binding offer to take over the controlling stake in MyBest Contact S.r.l. equal to 70% at a price of € 1.490.000, with deferred payment and with a conditional sale in favour of the Company. After submitting this proposal for the transfer of MyBest Contact to the shareholders' meeting of the Company on 31 October 2019, on 4 November 2019 the Company completed the 70% sale as described above.

- On 12 September 2019, Banca di Credito Cooperativo notified the termination of any existing loan agreements with MyBest Contact S.r.l., MyBest Direct S.r.l. and MyBest Option S.r.l. and of the related guarantees granted to them by the Company, and subsequently, on 28 October 2019, it notified that the loans granted to the group were recorded as non-performing loans.

- On 12 November 2019, an agreement was reached for a former Unicredit loan granted to the subsidiary My Best Direct for approximately 1,656,000 euros and covered by a guarantee issued by the Company. This loan, which had previously been transferred from the bank to the financial institution Aporti S.r.l., was purchased by a specialised company that agreed on the transfer of the loan at a price equal to about 13% of the total nominal value of the loan itself, for an outlay by the guarantor of 210,000 euros.

- On 25.11.2019, the Company was informed by some officials from Intesa SanPaolo that most of the bank's receivables from the group companies, including, among others, the loan granted to the Company with a mortgage guarantee on the Company's real estate was sold to a subject dealing with the purchase of *non-performing loans.*

BUSINESS PERFORMANCE – REVENUES – COSTS

Your Company, pursuant to article 3 of the Incorporation Deed, has mainly carried out, since 01/03/2008, activities involving the purchase and management of shares, and not of public bodies but exclusively of subsidiaries, and in particular:

- technical, administrative, accounting and financial coordination;
- financing, in any form;
- collection, payment and transfer of funds, with consequent debiting and crediting of the related charges and interest.

As shown by the group's organisational charts, the rationalization and the reorganization process simplified and optimized the business and the strategies, and in 2018 the group mainly operated on the switching economy market, with services addressed to consumers and businesses through the following subsidiaries:

- MyBestOption S.r.l. (web);
- MyBestContact S.r.l. (call center);
- MyBestDirect S.r.l. e MyBest S.r.l. (door to door – B2B – B2C);
- MyBestMarketing S.r.l. (door to door – B2B)

With regard to the 2018 financial year, the Equity investments item was recorded and valued with the cost method, adjusted in the event of permanent value losses. As widely discussed in the Notes, a significant write-down of the subsidiaries MyBest Direct S.r.l., MyBest Option S.r.l. and MyBest Option S.L. was recorded in 2018 for a total of € 18,584,000.

While inviting you to refer to the Explanatory Notes for more information on the turnover and accounting data of each individual subsidiary, it should be noted in this report that the 2018 financial year recorded a total production value of 641,276 euros, mainly deriving from the revenues from the provision of management services to the subsidiaries for a total of € 466,000, as well from other revenues and income for a total of € 175,276.

Taking into account the costs for services, depreciation and provisions, the income statement shows a negative EBITDA of € 621,000 which, after discounting the net financial charges and extraordinary items, in particular the valuation adjustments of the subsidiaries, revealed, for the year, a negative result before taxes of € 22,495,000.

INVESTMENTS IN RESEARCH AND DEVELOPMENT ACTIVITIES

The investments made by MyBest Group S.p.A. during 2018 mainly concerned the rationalization and restructuring of the group as analytically described above.

RELATIONSHIPS WITH PARENT COMPANIES, SUBSIDIARIES AND ASSOCIATES

All existing relationships with subsidiaries are discussed in the Explanatory Notes.

PRIVACY POLICY DOCUMENT

Pursuant to Legislative Decree no. 196/2003 (the "Personal Data Protection Code"), the Administrator declares that the Company has implemented the measures regarding the protection of personal data, based on the provisions of Legislative Decree no. 196/2003, according to the terms and conditions set therein.

SIGNIFICANT EVENTS OCCURRED AFTER 31 DECEMBER 2018

The most significant events occurred after 31 December 2018 have been analytically discussed above.

EXPECTED BUSINESS RESULTS

Please refer to the paragraph on business continuity in the Explanatory Notes.

AMENDMENTS TO THE FINANCIAL STATEMENTS APPROVED BY THE BOARD OF DIRECTORS ON 25 NOVEMBER 2019

The Directors deemed it necessary to modify the draft financial statements approved on 25 November 2019 in order to incorporate the effects deriving from further write-downs of the “Financial fixed assets” item for € 1,288,000 and of the “Receivables from subsidiaries” item for € 180,000. These changes resulted in a reduction in the fiscal year result and in the shareholders' equity as of 31 December 2018 of € 1,468,000.

RESOLUTIONS TO BE MADE

Dear Shareholders,

you are kindly asked to approve the financial statements as of 31/12/2018 and to decide on the loss for the year amounting to € 22,960,816, taking into account the fact that, as a result of this loss, the Company's equity records a negative result of € 3,336,631, which will cause the application of article 2447 of the Civil Code, with which you are asked to deal in accordance with the law.

THE BOARD OF DIRECTORS

Mr. Regolo Fabio President

Mr. Vigano' Daniele	Director
Mr. Paolino Manfredi	Director

Sesto San Giovanni, 17 December 2019

MYBEST GROUP S.P.A.

Registered office : Sesto San Giovanni (MI), Via F.lli Casiraghi 359

Share capital € 3.334.309,50 fully paid

Milan Business register registration number and tax code 04227580968

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REPORT OF THE BOARD OF STATUTORY AUDITORS

CONCERNING THE MEETING CALLED FOR THE APPROVAL

OF THE FINANCIAL STATEMENTS AS OF 31 DECEMBER 2018

* * * * * *

Dear Shareholders,

it should be noted in advance that the current control body of MyBest Group S.p.A. (the "**Company**") was appointed by the Shareholders 'Meeting held on 23 October 2018 and integrated by the Shareholders' Meeting held on 31 October 2019 and will remain in office until the approval of the financial statements as of 31 December 2020.

During the 2018 financial year, the Board of Statutory Auditors appointed by the shareholders' meeting of 18 September 2017 was in office, but, due to the resignation of all the auditors in May and September 2018, the appointment of a new Board, which took place with the aforementioned shareholders' meeting of 23 October 2018, was required.

It should also be pointed out that, following the appointment of the Board of Auditors on that occasion, in January 2019, the two standing auditors, Mr. Francesco Pecere and Mr. Roberto Giannella, resigned, and the two alternate auditors who take over, Mr. Nicola Tufo and Mr. Pierluigi Pipolo, although also resignining auditors, remained in office, under prorogation, until the integration of the Board of Statutory Auditors, following the shareholders' resolution of 31 October 2019, with two new standing auditors (Mr. Leopoldo Turetta and Mr. Riccardo Pratesi) and two new alternate auditors (Mr. Stefano Pozzoli and Mr. Marco Barlassina).

With the Shareholders' Meeting held on 23 October 2018, the Company decided to entrust the auditing firm, Deloitte & Touche S.p.A., registered in the Register of Auditors with progressive number 132587, with Ministerial Decree of 7 June 2004 published in the Gazzetta Ufficiale of 15 June 2004 and also registered in the CONSOB Special Register with no. 46 with CONSOB resolution no. 14182 of 29 July 2003, with the external audit of the accounts for the years 2018, 2019 and 2020. Therefore, the auditing firm, Deloitte & Touche S.p.A. will provide a professional opinion on the audit.

For the part drawn up by the Board of Statutory Auditors, this report is prepared in accordance with article 2429, second paragraph, of the Civil Code, and is a summary of the supervisory activity carried out pursuant to Article 2403 of the Civil Code during the 2018 financial year as the Company's control body, and also contains our observations on the financial statements submitted for your approval.

* * * *

Report pursuant to article 2429, paragraph 2 of the Civil Code

A) Supervisory activity carried out pursuant to Article 2403 of the Civil Code

During the financial year ended 31 December 2018, we monitored compliance with the law and the deed of incorporation and compliance with the principles of correct administration, and in particular compliance with the organisational, administrative and accounting structure adopted by the Company, referring - in carrying out the assignment - to the indications contained in the Rules of Conduct for Boards of Statutory Auditors recommended by the National Council of Chartered Accountants and Accounting Experts. For transactions of greater economic, financial and equity importance carried out by the Company, we invite you to refer to the specific paragraph ("Significant events in 2018 and subsequent events") of the Management Report accompanying the financial statements as of 31 December 2018, as well as to the information contained in the business continuity paragraph of the notes to the financial statements as of 31 December 2018.

After obtaining, on 14 March 2018, a remodulation of the group's debt to the main lender (Intesa SanPaolo), the Company continued, in the first months of 2018, the listing procedure for the AIM Italia market which began in the previous year, and submitted, in March 2018, a provisional version of the complete admission document. However, following the request to execute further reorganisation operations to complete the procedure and due other external factors, the Board of Directors decided to abandon the listing procedure required for AIM Italia and to start the listing procedure for the French market Euronext, and finalized the admission procedures to the Euronext Growth segment on 5 July 2018, while the negotiations of the ordinary shares began in early September 2018.

In this context, the Company approved, on 20 July 2018, a share capital increase, with the exclusion of the option right, up to a maximum amount (including the share premium) of approximately € 5.000.000, which was subscribed by September 2018 only for a total amount of share capital and share premium of approximately € 2.451.000, of which € 488.000 subscribed by offsetting previous receivables from subscribers to the Company and the group. The remaining part of approximately € 2.549.000, which could not be placed in the period prior to the listing, should have been subscribed subsequently by investors, as the term for collecting the related subscriptions was 31 December 2019.

As a result of the listing, the mandatory conversion of the existing bonds of 5 million euros was also carried out, according to the conditions established, at the time, for these loans.

The partial subscription of the capital increase and the worsening of the market scenarios, with a new deferral of the entry into force of the full liberalization of the electricity market, had negative effects on the group's ability to support its investments in the promotional activities supporting the business (in particular, those of MyBest Option S.r.l. and MyBest Option S.l.).

In the following months, also with the help of external financial and legal consultants, the Company began to review its business plan in light of the new scenarios, also in order to be able to complete the approved capital increase and/or identify any forms of integration with groups and investors who had expressed their interest in the Company. This also happened in a context characterised by strong financial issues connected with the significant net financial debt of the Company.

In fact, as of 31.12.2018 the Company has approximately 3,948,000 euros of bank payables and 1,567 euros of trade payables, to which we must add the guarantees granted to subsidiaries for approximately 7,8 million euros and to ex-subsidiaries for aproximately 6.2 million euros.

In this context, the limited financial resources were allocated to support profitable businesses, incisive restructuring initiatives were taken for the most problematic businesses and a general policy of drastic cost containment for the Company was implemented. Considering the aforementioned situation, the Company and the group have suspended payments to credit institutions and have started discussions with them in order to reach a moratorium and/or any financial restructuring agreements.

For the sake of completeness, it should be pointed out that, in the first months of 2019, following an expression of interest submitted by an investment fund, a complete due diligence was carried out by the latter on MBG group which lasted a few months, at the end of the which, however, the fund did not confirm its willingness to continue the negotiations aimed at reaching a binding agreement that could provide the necessary support to the group.

Also following the appointment of new advisors, the Company completed the development of the guidelines of a more conservative business plan according to the market situation and the limited financial resources, which, however required the intervention of other subjects financially supporting the Company and the group, also through the purchase of group assets, in order to reach any settlement agreements with banks and creditors aimed at a substantial reduction in its overall debt.

In this uncertain context, and also for the purpose of assessing the transition to the IAS-IFRS accounting standards, the Company made use of an extension of legal terms for the approval of the 2018 financial statements but, as this option is not acceptable according to the regulations of Euronext market, the latter published a notice, on 26 June 2019, to inform the market of this violation, and suspended, then, the shares of the Company from the listing, with effect from 22 July 2019, announcing that, if suitable actions were not taken by the deadline of 20 December 2019, further measures could be taken, including the de-listing of the securities themselves.

In the meantime, other expressions of interest were received from other financial and industrial subjects which have been analysed but which have not led to the definition of binding offers that, within times compatible with the delicate financial situation of the group, could support the Company at this stage.

The only binding offer received was from the English company Paul Manfredi Limited (also referred to as “PM Limited”), owned by Director Paul Manfredi and holding a 30% share in MyBest Contact S.r.l., which has undertaken to take over the controlling stake of MyBest Contact S.r.l. equal to 70% at a price of 1,490,000 euros, to be paid on a deferred basis and with a conditional sale in favour of the seller, as well as to release the Company from the guarantees granted to the banks in favor of MyBest Contact Srl and of the former subsidiary 4U Servizi in liquidazione S.r.l. for a total of approximately 7.2 million euros. This sale offer was submitted to the Shareholders' Meeting of 31 October 2019 to be approved on 4 November 2019.

With reference to the financial institutions that have financed the group, it should be noted that Unicredit, after starting an executive procedure against the subsidiary MyBest Direct Srl and, as the guarantor, against the Company itself, in order to protect its credit of approximately € 1,656. 000, subsequently transferred the credit in question to a third party as part of a block sale of the so-called non-perfoming loans, and subsequently the Company and MyBest Direct Srl, on 12 November 2019, reached an agreement with this company for the repurchase of the credit in question at a price equal to 13% of its nominal value, with an outlay of approximately € 210,000.

Initiatives have also been taken with the other main lenders (Intesa SanPaolo and BCC) in order to define the debt, and, in this regard the Directors have informed us that i) with ragard to Intesa SanPaolo, it has transferred, as part of a block sale of *non-performing loans*, most of its receivables from the group to a specialised company, including the receivable from the Company for € 2,563,000 with a secured mortgage guarantee on the company headquarters in Sesto San Giovanni, and ii) with regard to BCC, it terminated the loan agreements on 12 September 2019, and on 28 October 2019 it recorded the entire group's debt as non-performing loans.

According to the Directors, the same positive conclusion of a significant reduction in the payables to Unicredit could be extended, under the same conditions, also to the other financial creditors.

In this difficult context, the Board of Statutory Auditors constantly monitored the progress of the Company by participating in the meetings of the Board of Directors and Shareholders' Meetings, collecting information from the Directors on the evolution of the debt and on any actions taken by the creditors, exchanging information with the auditing firm and the carrying out of periodic checks on business transactions.

With regard to the activities carried out by the Board of Statutory Auditors during the 2018 financial year, please note, in particular, the following:

- we supervised compliance with the law and the deed of incorporation and compliance with the principles of correct administration;
- we attended the Shareholders' Meetings and meetings of the Board of Directors, held in compliance with the statutory, legislative and regulatory provisions governing its operation and we obtained information from the Directors on the general management trend and its foreseeable evolution, as well as on the most significant transactions – based on their impact or their characteristics - carried out by the Company and its subsidiaries;

- as far as we know, we can reasonably say that the activities carried out by the Board of Directors comply with the law and the deed of incorporation and are not manifestly imprudent, risky, associated with any conflict of interest or in conflict with the resolutions taken by the Shareholders' meeting or such as to compromise the integrity of the corporate assets;
- we spoke with the subject in charge of the audit for the purpose of mutual exchange of information that may be useful for the performance of specific, indivisual tasks and for verifying compliance with the independent auditing firm's principles of independence;
- we acquired knowledge and supervised the adequacy of the organisational structure of the Company and the Group, also by collecting information from the respective managers; the previously described difficult financial situation has not allowed the Company to adequately strengthen its organisational structure as planned, also in order to support the development of some businesses, and it has tried to manage the available resources with a view to containing costs and reorganising the less productive businesses of the subsidiaries;
- we assessed and supervised the adequacy of the administrative and accounting system, as well as the reliability of the latter to correctly represent management events, by obtaining information from the managers and the subject in charge of the audit, and by examining the relevant company documents; in this regard, during 2019, we were informed by the auditing firm of the difficulty they encountered in obtaining the required documentation and carrying out the quarterly checks as the Company, also following the implementation of a drastic

cost containment policy, had to reduce its administrative staff; the auditing firm, Deloitte & Touche S.p.A., on 16 December 2019, also informed us of the existence of significant deficiencies in the internal control system in relation to the financial disclosure process, as pointed out by it in its auditing report;

- no complaints were received pursuant to article 2408 of the Civil Code;
- during 2018, the Board of Statutory Auditors issued: i) an opinion pursuant to article 2441, paragraph 5 of the Civil Code on the fairness of the issue price of the new shares in relation to the share capital increase approved by the shareholders' meeting on 20 July 2018, and ii) a detailed opinion on the assignment of the external audit to the company Deloitte & Touche S.p.A., as decided by the shareholders' meeting on 23 October 2018;
- during the supervisory activity, as described above, carried out during the 2018 financial year, no other significant events occured to be reported;
- Finally, it should be noted that, in 2019, as the many attempts made to strengthen the Company's capital and financial position through possible agreements with other parties failed, the Company decided to accept the only binding offer received and to sell its main subsidiary, MyBest Contact S.r.l., in order to obtain a significant financial flow from its sale and the reduction of its debt through the commitment to release some major guarantees granted; however, the sale of this subsidiary requires a review of the Company's business strategies.

Although an important reduction in the overall debt has already been obtained, through the release, under very favourable conditions, of the guarantee granted on MyBest Direct S.r.l. payables Unicredit, the negotiations with the other lenders and/or with specialised companies purchasing the respective receivables from the group are still in progress, and it is not yet clear whether this can take place under conditions similar to those obtained for payables to Unicredit.

The attention of the recipients of this report is drawn to the uncertainties related to these elements, which are also highlighted in relation to the comments on the financial statements as of 31.12.2018, and on their influence on the company situation and on the possible evolution of business activities.

* * * *

B) Comments on the financial statements

With regard to the financial statements for the year ended on 31 December 2018 (the "**Financial Statements**"), approved by the Board of Directors on 25 November 2019 and subsequently re-approved on 17 December 2019 as described in the section "Changes to the financial statements approved by the Board of Directors on 25 November 2019" of the notes and on the same date delivered to us, please consider the following comments:

- since we are not asked to perform analytical check on the content of the financial statements, we have supervised the general approach adopted, general compliance with the law for its formation and structure, and, in this regard we have no comments to make;
- we verified the consistency of the financial statements and the management report with the facts and information gathered as part of our assignment, and we have no comments in this regard;

- pursuant to article 2426, paragraphs 5 and 6 of the Italian Civil Code, we have agreed to enter the start-up and expansion costs, for a total of € 3,636, in the balance sheet assets;
- we have read the report by the company in charge of the external audit, Deloitte & Touche S.p.A.., issued on 18 December 2018, which declared its impossibility to give an opinion on the Financial Statements due to the effects connected to some uncertainties better described in the audit report and reported here below, and the relevance of the limitations to the audit procedures described in the aforementioned report which did not allow the auditing firm to acquire sufficient and appropriate audit evidence on which to base its opinion on the Financial Statements. For the same elements, the auditing firm also expressed its inability to give an opinion on the consistency of the management report with the financial statements.

Please refer to the independent auditor's report which details the information deficiencies identified by it, and also identifies "*significant deficiencies in the internal control system that governs the process of formation of the financial statements, mainly related to the lack of adequate transaction authorisation procedures, to collect information useful for the preparation of the financial statements and to monitor and control the different balance sheet items, also due to the reduction in the Company's administrative staff*".

Lastly, it should be noted that the auditing report contains a disclosure that refers to the paragraph of the Notes "Changes to the financial statements approved by the Board of Directors on 25 November 2019" which specifies that these amendments incorporated the effects of further write-downs of the “Financial fixed assets” item for a total of € 1,288,000 and the “Receivables from subsidiaries” item for a total of € 180,000;

- for business continuity considerations, please refer to the relevant paragraph in the Notes to the 2018 Financial Statements in which the Directors detail the elements of uncertainty that raise significant doubts about the Company's and the Group's ability to continue carrying out business acitvities continuously in the near future. They believe that the possibility for the Company and the group to continue its business activities depends on the finalization of negotiations with lenders and suppliers, which may lead to a significant write-off of the debt, on the subscription of the remaining capital increase by 31 December 2019, and on the generation of positive operating cash flows from subsidiaries in the medium term. In this context, the Directors deemed it reasonable to adopt the going concern assumption in preparing the financial statements for the year ended 31 December 2018, noting, however that, if the financing transactions, also required by the situation pursuant to article 2447 of the Italian Civil Code, are not finalized in a relatively short time, they could be required to review the going concern assumption, with the need to carry out subsequent checks, assessments and investigations in relation to some balance sheet items.

The attention of the recipients of this report is drawn to the existence of significant uncertainties regarding the fulfilment of the following conditions: a) reaching agreements for the settlement of financial debts and payables to suppliers, b) collecting the remaining amount for the sale of MyBest Contact S.r.l., c) being released, with the support of the lenders, from the bank guarantees covered by the agreement with PM

Limited, d) the subscription of the residual portion of the share capital increase expiring on 31.12.2019 for € 2,549,000 expiring on 31.12.2019, e) the resolution of the situation referred to in article 2447 of the Civil Code, and f) updating the business and financial plan and the achievement of positive results by the subsidiaries.

The maintenance of the going concern assumption, therefore, is subject to all the aforementioned conditions for which, as indicated by the Directors themselves, there are significant uncertainties.

* * * *

In conclusion:

- considering the criteria adopted by the Directors in drafting the Financial Statements and the significant uncertainties related to some elements on which the going concern assumption was based, also highlighted by the Directors themselves;
- considering the impossibility, for the auditing firm, of giving an opinion on the financial statements and on the consistency of the management report with the financial statements, the lack of information on the amendments to the Financial Stetements and the shortcomings in the internal control system governing the process of formation of the financial statements;
- based on the results of the checks carried out during the 2018 financial year and those carried out after the end fo the year to wich this report refers;
- considering the elements of significant uncertainty that concern the preparation of the 2018 financial statements with the assumption of continuity, as well as the continuation of the business activities in the near future;
- since the 2018 financial year closed with a loss for the year of 22,960,816 euros, mainly

due to write-downs of investments for 18,596,928 euros, intangible and tangible fixed assets for 1,064,402 euros and receivables for euros 1,313,319, and this loss led the shareholders' equity as of 31 December 2018 to a negative result of € 3,336,631, which resulted in the application of article 2447 of the Civil Code;

recommending the recipients of this report to take due account of the elements highlighted so far, the Board of Statutory Auditors believes it can consent to the approval of the financial statements for the year ended 31 December 2018, and invites the Shareholders' Meeting to promptly take action, pursuant to the law, to resolve the situation of article 2447 of the Civil Code, determined as a result of these financial statements.

Milan, 18 December 2019

THE BOARD OF AUDITORS

Mr. Alfredo Fossati Chairman of the Board of Statutory Auditors

Mr. Leopoldo Turetta Standing Aufitor

Mr. Riccardo Pratesi Standing Auditor

Deloitte

Deloitte & Touche S.p.A.
Via Tortona, 25
Deloitte S.p.A.
Italy
Tel.: +39 02 83322111
Fax: +39 02 83322112
www.deloitte.it

INDEPENDENT AUDITOR'S REPORT

PURSUANT TO ARTICLE 14 OF LEGISLATIVE DECREE NO. 39 OF 27 JANUARY 2010

To the Shareholders of

MYBEST GROUP S.p.A.

REPORT ON THE FINANCIAL AUDIT

Declaration of inability to provide an opinion

We were asked to carry out the audit of the financial statements of Mybest Group S.p.A. (the *Company*) consisting of the balance sheet as of 31 December 2018, the income statement, the cash flow statement for the year ended on that date and the Notes.

We are not able to provide an opinion on the Company's financial statements due to the effects of the uncertainties described in the "Reasons behind the declaration of inability to provide an opinion" section of this report, and to the relevance of the limitations to the audit procedures described in the same section of this report, which did not allow us to collect sufficient and appropriate audit evidence on which our opinion on the financial statements could be based.

Reasons behind the declaration of inability to provide an opinion

The financial statements as of 31.12.2018 recorded a loss of € 22.961.000, after making value adjustments to investments for € 18.597.000, write-downs of intangible and tangible fixed assets for € 1.064.000, write-downs of receivables for € 1.313.000, amortisation of fixed assets for € 527.000, financial charges for € 389.000 and tax charges for € 466.000. The aforementioned financial statements also show payables to banks and other lenders for a total of € 3,948,000, severance indemnities for € 54,000, risk provisions for € 330,000, trade payables for € 1,567,000, payables to group companies for € 8,080. 000, other payables and liabilities for a total of € 682,000 and a net deficit equity of € 3,337,000, which makes the provisions of article 2447 of the Civil Code applicable. The Company and its reference group, as mentioned in the "Business Continuity" paragraph of the Notes to the Financial Statements, are dealing, therefore, with a very difficult financial situation connected to the significant net financial debt of the Company and that of its subsidiaries, to which the Company has granted guarantees for an amount, as of 31 December 2018, equal to approximately 7.8 million euros, to which we must add additional guarantees granted to companies outside the group for approximately 6.2 million euros, as well as the existence of the aforementioned payables which are mostly past due payables.

The Directors informed us that, after taking actions aimed at balancing and consolidating the financial and equity structure of the Company and its subsidiaries (the "Group"), in previous years, and after starting the AIM listing procedure, the Company turned to a foreign stock market, and, in July 2018, it was admitted to the Growth segment of Euronext French market, and carried out a capital increase procedure through a *private placement*. This capital increase was approved on 20 July 2018, with the exclusion of the option right, up to a maximum amount (including the share premium) of 5 million euros, and was subscribed by September 2018 only for a total amount of capital share capital and share premium of approximately € 2,451,000.

As reported by the Directors, the remaining part of approximately € 2,549,000, which was not subject to placement in the period prior to the listing, should have been subscribed later by investors, as the term for collecting the related subscriptions was 31 December 2019. The Directors also state that, in the meantime, the market scenarios have worsened, also following the postponement to July 2020, as established by Law no. 108 of 09.21.2018 converting the "Mille Proroghe" decree, of the full liberalization of the electricity market, an event that could have offered the group some important business opportunities. Furthermore, as reported by the Directors, some Group companies (in particular Mybestoption S.r.l. and Mybestoption S.I.) suffered the negative effects of the new situation and the lack of liquidity necessary for their investments in the promotional activities supporting the business.

The Directors report that, in the months following the listing, also with the help of external financial and legal consultants, the Company began to review its business plan in light of the new scenarios, and that some negotiations were initiated with investors interested in subscribing the share capital, which, however have not been successfully completed. The Directors inform that, in this context, the limited financial resources were allocated to support profitable businesses, incisive restructuring initiatives were taken for the most problematic businesses and a general policy of drastic cost containment for the Company was implemented, and that they have retained only those contracts signed by the Company necessary for the orderly business continuation, fulfilling their obligations only towards privileged creditors and suppliers deemed strategic for the continuation of the corporate activity. Also following the appointment of a new financial advisor, the Company, in July 2019, completed the development of the guidelines of a more conservative business plan according to the described evolution of the market situation and the limited financial resources. The Directors inform that, according to these guidelines, the financial resources coming from the ordinary management needed to be integrated following the intervention of other subjects (shareholders and/or third parties) financially supporting the Company and the Group, also through the purchase of group assets, in order to reach any settlement agreements and write-offs of bank payables and/or sales of these payables to other subjects, as well as the definition of settlement agreements with suppliers, measures which are deemed necessary. In this uncertain context, the Board of Directors requested an extension of term for the approval of the 2018 financial statements. However, as this option is not acceptable according to the regulations of Euronext market, the Company shares were suspended from listing, in compliance with the rules of the French market, and the Company was informed that, if suitable actions were not taken by 20 December 2019, Euronext could take further measures, including the de-listing of the securities themselves.

The Directors also report that, considering the aforementioned situation, the Company and the group have suspended payments to credit institutions and have started discussions with them in order to reach a moratorium and/or any financial restructuring agreements. In this regard, the Directors inform that the only lender that has started an executive procedure against the subsidiary Mybestdirect S.r.l. and the guarantor, Mybest Group S.p.A., was UniCredit, which subsequently transferred the credit in question, amounting to approximately 1,656,000 euros, to a third party as part of a block sale of *non-performing loans*, and that, on 12 November 2019, the Company and Mybestdirect S.r.l. reached an agreement with this third party for the repurchase of this credit at a price equal to about 13% of its nominal value, for an outlay equal to € 210,000. With regard to Intesa SanPaolo, the Directors state that, following several meetings and the formal request sent to the credit institution to send a proposal for the reformulation of the Company's debt, the Company was verbally informed, on 25 November 2019, by the bank officials, that most of the bank payables by the group companies, including, among other, the loan granted to the Company with a mortgage guarantee on the Company's real estate, were sold to a subject dealing with the purchase of *non-performing loans.*

With regard to payables to Banca di Credito Cooperativo (BCC), with reference to the amount guaranteed by the Company to its subsidiaries for a total of approximately € 978,000, the Directors report that the Company was informed, on 12 September 2019, of the termination of the existing loan agreements with Mybestcontact S.r.l., Mybestdirect S.r.l. and Mybestoption S.r.l. and the related surety guarantees granted to them by the Company, and later, on 28 October 2019, of the fact that all the loans were recorded as *non-performing loans*. The Directors believe that the positive conclusion reached for the Unicredit loan could be extended, under similar conditions, also to the other lenders.

In other respects, the Directors state that, in order to be able to define the situation, the Company urged potential investors to submit binding proposals by the summer of 2019, although subject to specific conditions or due diligence, but eventually no offers were received which, within times compatible with the delicate financial situation of the group, could support the Company at this stage, except for the binding offer sent by the English company Paul Manfredi Limited (also referred to as "PM Limited"), owned by Director Paul Manfredi and holding a 30% share in MyBest Contact S.r.l., which was accepted by the Company on 4 November 2019. According to this offer, PM Limited shall: i) take over the controlling stake of Mybestcontact S.r.l. equal to 70% at a price of € 1.490.000, to be paid on a deferred basis in about one year and with a conditional sale in favour of the seller, ii) undertake to release the Company from the guarantees granted, for a total of 7.2 million euros, in favour of Mybestcontact S.r.i. and of 4U Servizi S.r.l. in liquidazione, the latter controlled by PM Limited itself, and, as reported by the Directors, this sale will provide the liquidity necessary to carry out negotiations with the lenders and suppliers. The Directors also point out that, as the subsidiary does no longer belong to the Group, the latter lost an important asset in the call center sales channel, and this required a review of the business plan guidelines aimed at privileging, in addition to debt reduction to levels compatible with the new group scenario, the reorganisation of the trade network through the subsidiaries Mybestdirect S.r.l. and Mybest S.r.l.. As highlighted below, however, no evidence was provided regarding this plan update.

Finally, the Directors claim that, also following the approval of the 2018 financial statements of the subsidiaries, which took place in October/November 2019, they collected the necessary information in order to be able to better assess business continuity and the evaluation criteria on which the 2018 financial statements should be based, and that they have determined, also for the purposes of assessing the existence of the going concern assumption, the Company's overall financial needs, including those of the subsidiaries and those necessary to deal with the residual current financial, tax and trade payables, assuming the positive conclusion of significant settlements of the aforementioned debt (as already happened with UniCredit), also taking into account the residual amount to be collected and related to the sale of Mybestcontact S.r.l.

Considering the situation outlined above, the Directors believe that there are elements of significant uncertainty summarised below that raise significant doubts about the Company's and the Group's ability to continue carrying out their business activities continuously in the near future:

- the presence of significant overdue short-term payables and the consequent need to reach significant settlement agreements for payables to lenders and suppliers;
- the actual release from the bank guarantees, as part of the commitments undertaken by PM Limited;
- the collection of the remaining amount for the sale of Mybestcontact S.r.l.;
- the subscription of the residual portion of the share capital of € 2,549,000 by 31 December 2019;
- the need to comply with the procedures set out in article 2447 of the Civil Code in the event of losses exceeding the Company's capital share.

In light of the above, the Directors believe that the possibility for the Company and the Group to continue its business activities in the near future is necessarily linked to the finalization of the negotiations with lenders and with suppliers which could lead to significant settlement agreements and the aforementioned subscription of the remaining capital increase by 31 December 2019, as well as the generation of positive cash flows from the subsidiaries in the medium term. The Directors therefore draw attention to the fact that, in the absence of further timely actions, the possibility of continuing corporate activities could be seriously compromised in the event of: i) failure to achieve even part of the operating results expected for the subsidiaries, ii) failure to obtain significant reductions with reference to outstanding debts with lenders and suppliers, also considering the fact that these actions requires the involvement/approval of subjects outside the Group, and iii) failure to find the aforementioned financial resources, also for the purposes of compliance with article 2447 of the Civil Code. As described by the Directors in the Notes, despite the aforementioned significant and multiple uncertainties related to the current situation, the significant amount of overdue debts, the timely identification of the aforementioned financial sources, taking into account the expectation that the Group could achieve a significant restructuring of the financial debt, the Company's Directors themselves deemed it reasonable to adopt the going concern assumption for the preparation of the financial statements for the year ended 31 December 2018. Furthermore, the Directors point out that, if the aforementioned transactions are not finalized in a relatively short time, the Directors may be required to review the business continuity assumption and this could imply the need to carry out subsequent checks, assessments and investigations on the possibility of recovering the assets, as well as any additional provisions for any liabilities.

The foregoing, and in particular the uncertainties regarding i) the possibility to reach significant settlement agreements for payables to both lenders and suppliers; ii) the actual release from the bank guarantees, as part of the commitments undertaken by PM Limited); iii) the collection of the remaining amount for the sale of Mybestcontact S.r.l.; iv) the subscription of the residual portion of the share capital of € 2,549,000 by 31 December 2019; v) the need to comply with the procedures set out in article 2447 of the Civil Code in the event of losses exceeding the Company's capital share; vi) the debt amount; vii) the updating of the business and financial plan and the achievement of positive results by the subsidiaries show that the going concern assumption is subject to multiple significant uncertainties with potential interactions and possible cumulative effects on the Company's financial statements as of 31 December 2018.

During the completion of our assignment, it was not possible for us to collect sufficient and appropriate audit evidence due to the following limitations on completing the audit procedures:

- In carrying out our audit, we found significant deficiencies in the internal control system governing the process of formation of the financial statements, mainly related to the lack of adequate procedures for authorising transactions, the inability to collect information useful for the preparation of the financial statements and monitoring and control on the different financial statement items, including due to the Company's administrative staff reduction. Based on these findings, we were therefore unable to comment positively on the existence and implementation of certain control procedures, and we were not able to carry out alternative procedures to acquire reasonable certainty regarding the correct and complete identification of management transactions in the Company's financial statements.
- In the financial statements for the year ended 31 December 2018, "Intangible fixed assets" are recorded for € 918,000 mainly referring to expenses incurred for the listing process. Since we have not received an updated business plan consistent with the new Group structure following the sale of Mybestcontact S.r.l., or the impairment test, we were unable to verify the existence of the multi-year utility requirement for these expenses and, therefore, compliance with the conditions for the registration of the same among intangible fixed assets.
- The "Land and buildings" item of tangible fixed assets includes a property owned by the Company for € 2,563,000. The property has been subject to a write-down of € 932,000 in the financial statements for the year ended 31 December 2018 in order to align its value with the amount of the residual mortgage loan due by the Company, so that Intesa SanPaolo (or the new credit buyer) may obtain substantial compensation from the property in the event of non-repayment of the mortgage. However, since we have not obtained elements to support the valuation of the property, we are unable to verify the reasonableness of the value of the same stated in the financial statements.
- The "Investments in subsidiaries" item includes investments in Mybestdirect S.r.l. for a total of € 1,144,000 and in Mybestmarketing S.r.l. for an amount of € 140,000. Since we have not received an updated Group business plan or the impairment tests, we have not been able to verify the correctness of the evaluation of these balance sheet items.
- The "Deferred tax assets" item includes an amount equal to € 1,125,000. The Directors declare in the Notes that the aforementioned activities have been considered as recoverable in light of the possible contingent assets that may be generated by the tax consolidation regime as a result of the definition of some settlement agreements. Given the significant uncertainties regarding business continuity and the absence of evidence regarding the possibility to reach significant settlement agreements with reference to payables to both lenders and suppliers, and also due to the fact that we have not received a business plan consistent with the current structure of the Company and the Group and the related taxable income estimates, we have not been able to verify the recoverability of the aforementioned assets.
- "Receivables from customers" and "Other receivables" include amounts equal to € 660,000, net of a cumulative allowance for doubtful accounts of € 988,000. During our audit, we have not received information on the shares allocated by the Company to the recovery of these receivables or other audit evidence. Consequently, we are unable to assess the recoverability of the aforementioned receivables.
- In the financial statements for the year ended 31 December 32018, payables equal to 6,193,000 euros are recorded (excluding payables to subsidiaries). As reported by the Directors, these payables are partially past due. Since we have not obtained detailed information on the status of past due payables, we are not able to estimate the amount of their possible interest expenses and any additional liabilities not stated in the balance sheet in relation to any penalties for failure to comply with payment obligations; therefore, it was

not possible to assess the completeness of the aforementioned payables as of 31 December 2018.

- During our audit, we have not been provided with evidence regarding the renewal of service agreements between the Company and its subsidiaries, which expired on 31 December 2017. Therefore, we are not able to assess the possible effects of this limitation.
- As reported by the Directors in the Notes, the Company has granted guarantees to companies outside the Group for a total of approximately 6.2 million euros, to PLA S.r.l. in liquidazione for 1.2 million euros and to the company 4U Servizi S.r.l. in liquidazione for 5 million euros, respectively. Against these guarantees, the Company has not allocated any risk provision in the financial statements for the year ended 31 December 2018. In this regard, having not obtained information on the progress of the liquidation procedures of the aforementioned companies, we are not able to determine whether the conditions that require specific provisions to deal with the risk of enforcing these guarantees are met.
- As reported by the Directors in the Notes, the Company has provided guarantees to the subsidiary Mybestoption S.r.l. for a total of € 800,000 and records in the financial statements payables net of receivables from the aforementioned subsidiary for € 504,000. The investment held by the Company in Mybestoption S.r.l. was entirely written down following the re-approval of the financial statements of Mybest Group S.p.A. described in the "Emphasis of matter" section of this report. The portion of net equity book value in the subsidiary's financial statements as of 31 December 2018 pertaining to the Company is equal to € 1,248,000, however, following our audit, we have found errors in these financial statements due to lack of write-downs of an investment and intangible assets for a total of € 4,076,000. If these write-downs have been included in the subsidiary's financial statements, the subsidiary's equity would be negative. As part of our assignment, and given the difficult financial situation of the Group previously outlined, no analyses were provided regarding the chances that the guarantees granted by Mybest Group S.p.A. to the subsidiary, and we are not able, therefore, to establish whether further liabilities should be recorded in the Company's financial statements, as provisions for future risks and charges, in addition to the net payables to the subsidiary mentioned above, or not.
- As of the date of this report, with reference to the Company and its subsidiaries, we have not obtained: i) response to our request for information sent to certain credit institutions, ii) response to our request for information sent to some external auditors by a date close to the issue of this report, iii) response to our request for information sent to financial counterparties, suppliers and an employment consultant, and no alternative procedures were available. We are not able, therefore, to assess the impact of the acquisition of the aforementioned information on the Company's financial statements for the year ended on 31 December 2018.

Emphasis of matter

We would like to draw your attention to the paragraph "Changes to the financial statements approved by the Board of Directors on 25 November 2019" in the Notes, according to which on 17 December 2019 the Directors deemed it necessary to modify the draft financial statements approved by them on 25 November 2019 in order to include the effects of further write-downs of the "Financial assets" item for € 1,288,000 and the "Receivables from subsidiaries" item for € 180,000.

These changes led to an increase in the loss for the year and the deficit equity as of 31 December 2018 equal to 1,468,000 euros. Following the changes to the financial statements described above and after completing our audit, we issued this report to replace the previous one of 16 December 2019 which included comments on the absence of the aforementioned write-downs.

Responsibilities of the Directors and the Board of Statutory Auditors for the financial statements

The Directors are responsible for drawing up the financial statements which should provide a true and correct representation in accordance with the Italian rules governing the drafting criteria and, within the terms established by law, for that part of the internal control deemed necessary by them for the preparation of financial statements that do not contain significant errors due to fraud or unintended behaviour or events.

The Directors are responsible for evaluating the Company's ability to continue its business operations and, in drawing up the financial statements, for the suitable application of the going concern assumption, as well as for providing adequate information on the matter. The Directors use the going concern assumption in the preparation of the financial statements unless they have assessed that the conditions for the liquidation of the Company or for the interruption of the corporate activity are met, or do not have any real alternatives to these options.

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

Responsibility of the auditing firm for the financial audit

We are responsible for carrying out the audit in accordance with international auditing standards (ISA Italia) and for issuing the audit report. However, due to what is described in the section "Reasons behind the declaration of inability to provide an opinion" of this report, we have not been able to acquire sufficient and appropriate audit evidence on which our opinion on the financial statements could be based.

We are independent from the company Mybest Group S.r.l. in compliance with the rules and principles on ethics and independence applicable, according to the Italian legal system, to financial audits.

REPORT ON OTHER LEGAL AND REGULATORY PROVISIONS

Declaration of inability to provide an opinion on the consistency of the management report with the financial statements pursuant to article 14, paragraph 2, letter e), of Legislative Decree 39/10

The Directors of Mybest Group S.p.A. are responsible for drawing up the management report of Mybest Group S.p.A. as of 31 December 2018, including its consistency with the related financial statements and its compliance with the law.

We were asked to carry out the procedures referred to in auditing principle (SA Italia) no. 720B in order to give an opinion on the consistency of the management report with the financial statements of Mybest Group S.p.A. as of 31 December 2018 and its compliance with the law, as well as to issue a statement on any significant errors.

Due to the relevance of what is described in the section "Reasons behind the declaration of inability to provide an opinion", we are not able to give an opinion on the consistency of the management report with the financial statements of Mybest Group S.p.A. as of 31 December 2018 and on its compliance with the law, or to issue the declaration pursuant to article 14, paragraph 2, letter e), of Legislative Decree 39/10.

DELOITTE & TOUCHE S.p.A.

Davide Bertoia

Partner

(Original signature)

Milan, 18 December 2019

I, the undersigned, Mr. Fulvio Sogni, hereby declare, pursuant to article 31, paragraph 2-quinquies of Law 340/2000, that this electronic document is consistent with the original copy filed with the Company.