Danieli Finance Solutions S.A.
126, rue Cents
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R.C.S. Luxembourg: B 59.765

Annual accounts, Management Report and
Report of the *Réviseur d'Entreprises Agréé*
as at 30 June 2020

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The quantitative tables in the following pages may sometimes show small differences due to the use of concealed decimals. These differences, however, do not in any way affect the true and fair view of the annual accounts of the Company.

Management Report for the year ended 30 June 2020

Dear Shareholders,

The Board of Directors has the pleasure to submit its annual report for the financial year ended 30 June 2020

General economic and financial outlook

The initial expectations of 2020 growth improvement, which dropped to 2,9% in 2019 compared to 3,6% in 2018, were disregarded by the disruptive effect in the economy of the COVID-19 pandemic which generated many limitations on production and consumption, leading to negative growth both in emerging countries and in those with advanced economies. The world economy shows a negative trend of 4,9% for 2020 with a forecast of an upward rebound growth in 2021 to 5,4%: the US and EU will suffer a decrease of 8,0% and the emerging countries 3,0% with China alone still positive for 1%.

In 2021 the average growth rate will instead be positive of 4,5-5,0% for advanced countries and 6,0-7,0% for emerging countries with China over 8,0%, all to be confirmed with a significant containment of COVID infections by the end of 2020 accompanied by a marked restart of economic activities globally.

The experience in the medical management of the pandemic gained in the first half of 2020 will be of great help in the second half of the year to manage more carefully the possible second wave of infections while the financial intervention of economic support launched by all countries can be completed more efficiently and will allow a relaunch of activities for a promising 2021.

The Euro maintained a moderate volatility during the exercise closed on 30 June 2020 while the DXY USD index dropped during the summer against the Euro followed by US GDP decline in the economy caused by the uncertainty from the virus and the correlated downside risks.

The acknowledge early in September 2020 that US economy has outperformed the FOMC's expectations for GDP decline is driving a moderate recover for the US currency towards Euro, supported by FED decision to stay near the zero-lower bound over the coming years with an accommodative stance of monetary policy consistently with the assessment of maximum employment and inflation will moderately exceed 2% for some time.

FED funds rate remains in a range of 0% to 0,25% with the expectation for an improvement of dollar strength against most currencies being the Federal Reserve monetary policy will stay supportive through 2023.

We stay cautious on EU banks, preferring solid balance sheets and low profitability with a conservative view towards bank's valuations based on the cloud of uncertainty future bad debts from COVID-19 over the financial institutions.

Europe is now discussing the creation of national Asset Management Companies (AMC) operating under a new harmonised scheme, allowing them to operate temporarily outside of the automatic BRRD constraints (burden sharing) in case NPLs would be transferred from banks at their effective economic value (EEV) and we see these changes as positive, providing Europe with more tools to deal with crises in an appropriate fashion.

Real yield differentials between the US and eurozone, as well as differentials across the eurozone, have significantly decreased over the course of the pandemic. Given that the ECB is also far closer to exhausting its policy toolkit than many peers: ECB was mildly optimistic, and no further expansions to asset purchases were imminent. Expansion of the current PEPP asset purchase program is not under discussion, while inflation forecasts for next year were actually upgraded.

We believe that in the second half of 2020 the world economy will show still a negative level of growth due to the limitations imposed for the COVID-19 pandemic with a significant improvement at the end of the year and especially in 2021 both in ASIA but also in the USA and Europe.

It is believed that the solution of the BREXIT problem and a desirable normalization of the Trade War between the USA and China, can allow an acceleration in the process of economic growth with some increase in inflation rates and reinforce of US currency against Euro but nevertheless of this we see no space for an increase in the interest rates in the next 12 months.

Evolution of the business

The PFS activity (art 28-4 of the law of 5 April 1993, as amended) started on 20 June 2018 has been pursued during period from1 July 2019 until 30 June 2020.

During the financial year, the Company continued to manage its assets, arising from its own funds in accordance with the Investment Policy and Risk Tolerance Statement (limits) adopted by the Board of Directors. The Company's basic investment categories can be represented by:

1) **Cash Placement transactions:** current accounts, cash deposits, loan granting (Group Companies and third parties) and Euro Guaranteed Fund.

2) **Transferable Securities transactions:**

The financial period has been characterised by low interest rates and credit spreads in the first part and high volatility and credit spreads widening from March onward as effect of COVID-19 outbreak. In the height of the Covid-19 crisis the Corporate Bodies monitored the evolution of the financial markets constantly crosschecking the coherence and the conformity on the overall investment of the Company to the Investment Policy.

The Investment Policy and Risk Tolerance Statement has been periodically re-assessed in the course of the financial year in accordance with Company's procedures. The Company, in particular during the financial market turmoil arising from COVID-19 outbreak, adopted a very conservative approach to new exposures, new investments, credit spreads and interest rates.

The negative effects arising from these financial turbulences have been progressively reabsorbed. In general, it can be state that the overall situation is back to pre-crisis levels.

The Company supported by the Risk, Credit and Investment, Compliance Committee, continued to analyse possible investment alternatives , including the development of new loan granting to third parties (that are clients or suppliers of the Group). For the financial year there are no substantial changes of the investment policy. Loan to third parties increased from EUR 35 million to 40 million.

Regulatory reporting

The regulatory reporting applicable to the Company as a PFS has been submitted during the financial year according to the related regulatory requirements.

Financial results

The notable evolutions are as follows:

the total loan granting activity increased from 107.734 million to 230.516 million as follows:

- the Company granted, two new loans to companies belonging to Danieli Group.

  The company has recorded as of 30 June 2020 an off-balance sheet for 20 million representing the amount not yet drawdown.

  The total amount reached as at 30 June 2020 EUR 80,48 million (2019: EUR 107.734). The decrease is due to partial reimbursement in accordance with the loan agreement.

- in May and June 2020, the Company granted to the parent company two loans for a total amount of EUR 150,04 million.

- the loan granted to customer classified as third party, in relationship with the Danieli Group, a financial institution ultimately owned by the Italian State has been renewed for a total amount of EUR 40 million (2019: EUR 35 million).

  As of 30 June 2020, the loan outstanding balance of EUR 25 million out of EUR 40 million of the total loan facility has been drawdown by this customer while the balance of 15 million still available for drawdown as of 30 June 2020 has been recognized in the Company's off-balance sheet.

The financial year closes with a net loss of EUR 440.690 (2019: profit of EUR 6,27 million).

The financial year 2019/2020 has been characterised by the following three main trends, which impacted the activity of the Company directly:

- the evolution of the EUR/USD exchange rate,
- high volatility of the financial markets (as effect of COVID-19 outbreak), with respect of credit spreads,
- low interest rates as effect of Central Banks accommodative monetary policies.

Although overall the Company continued to perform satisfactorily, its profitability was impacted by the low interest's rates.

In view of the above, during the financial year ended 30 June 2020, the Company has been able to generate incomes by interest's incomes on loans and advances, on fixed-income securities, Euro Guarantee Fund, and lending securities activities.

The Company recognized in its annual accounts an additional positive effect due to the favourable evolution of the EUR/USD exchange rate.

Regarding the external and operating expenses, as of 30 June 2020 this caption amounts to EUR 2,24 million versus an amount of EUR 1,10 million as of 30 June 2019 mainly due to the premiums paid on the financial derivative activity and the staff costs have increased slightly compared to the previous financial year.

The Company has no branches in Luxembourg and abroad.

Expected performance in 2020/21

The Company will continue the management of its own funds through the allocation and placement of its liquidity between a carefully selection of financial counterparts in continuity with previous year. The Company targets to maintain investments in its structural portfolio represented by Cash Placement Transaction and Transferable Securities Transaction. The overall limit on Transferable Securities will stay close to EUR 510 million, the current limit.

Loans and advances to customers belonging to the Danieli Group will presumably grow in line with the development of the group business activity.

The Company will continue to develop the loan granting activities with third parties.

The Company, in addition to the existing facility, will develop as far as possible the securities lending operations.

Based on latest statement issued by the Governing Council of the European Central Bank and Federal Reserve, it's widely known that monetary policies will remain highly accommodative throughout all 2021. Interest rates will remain at their present levels or lower levels until inflation outlook robustly converge to a level sufficiently close to long term target (close 2%). Accommodative stance of monetary policies for a prolonged period of time will reduce interest rates and will compress credit spreads and risks in general. In this context, the Board of Directors, supported by the Risk Credit and Investment Committee will periodically reconsider the approach to investment decision. Risk tolerance will be reassessed and accordingly reviewed. In any case, the Company will not substantially change its risk tolerance in continuity with what has been done so far.

Summarising in 2020/2021, the Company is expecting:

- transferable Securities: to be full invested,
- increase the duration being at the end of the annual accounts of June 2019 lower than 2 years,
- implement a more active approach to the portfolio management to be able to realize capital gains on investment activities,
- take advantages of any opportunity offered by the financial markets under the current environment (i.e. securities lending...),
- implement an active hedging on its USD exposures.

Employees and Management

The composition of the Company's management and staff of the Company is detailed in Note 18 of the annual accounts.

During the financial years ended as at 30 June 2020 and 2019, there was no deferred remuneration, vested or unvested, awarded or paid-out and reduced through performance adjustment. Remunerations are only paid in cash and there was no individual being remunerated EUR 1 million or more per financial year.

In May 2020, the Company has hired one new employee with a part-time agreement despite Covid crisis. The management will take care of the training of this person during the next fiscal year in compliance with the measures against COVID-19.

Risk Management Organization

Within the Company, the Authorized Management has the ultimate responsibility for the risk taking while the Board of Directors is responsible for setting, documenting and communicating to the Authorized Management its risk strategy for risk taking and risk management. Considering the size of the Company, the nature of its business the risk management framework of the Company will remain substantially unchanged during the next years despite the change of part of the Company's business. The Risk Management is reorganized in a manner to involve, through the Risk, Credit and Investment Compliance Committee, the two members of the Authorized Management, one member of the Board and one member of the Treasury Department of the Parent Company.

The Risk, Credit and Investment Compliance Committee is responsible, among others, for anticipating, identifying, measuring, monitoring and reporting all the risks the Company is or may be exposed to. He also regularly monitors the compliance with limits (credit and market) considered by the Market and Finance Department to operate.

Risk Appetite and Tolerance

By taking into consideration the nature of the Company's business, which for a significant part, consist in managing assets arising from its own funds, the Board of Directors and the Authorized Management have adopted a conservative approach which, through the establishment of a clear Investment Policy and a Risk Tolerance Statement (limits) linked to this policy, is designated firstly to safeguard the activity of the Company and secondly to address the Company's investment strategy and to meet its business developments and objectives in terms of investments return.

Credit Risk

Credit risk is the risk of suffering losses as a result of customers and counterparties not being able to meet their obligations towards the Company as they become due and payable. The credit risk definition adopted by the Company includes country risk and counterparty risk.

The Company has a prudent approach in building its credit and structural securities portfolio. For the time being, credits provided to customers are composed of loans granted to companies belonging to the Danieli Group and of one loan granted to a financial entity being in relationship with the Danieli Group and being ultimately owned by the Italian State.

The loan granting and risk management policy is in process to be updated in order to align it with the business activity of the Company as a Professional performing lending operations. Moreover, the Company held amounts deposited with credit institutions or insurance counterparties. The Company's structural securities portfolio is composed of securities issued by issuers having at least an Investment Grade Rating assessed by a nominated ECAI.

The Risk, Credit and Investment Compliance Committee is responsible for doing a due diligent evaluation of the counterparties before initial approval by the Board of Directors.

Impaired and Past Due Assets and Provisions

Specific provisions are made against loans and advances when, in the opinion of the Board of Directors and the Authorized Management, recovery in full is doubtful. For this purpose, each overdue exceeding 30 days shall be reported to the members of the Risk, Credit and Investment Compliance Committee. As at 30 June 2020 and 2019 the Company had no impaired asset for which a specific or general provision has been raised. The Company allowed to one Company of the Group a deferral until end of December 2020 for interest's payment. The Company has not incurred any material write-off of bad debts or made any recovery of amounts previously written off during the year to 30 June 2020.

Settlement and Free Delivery Risk

Regarding Settlement Risk, the Company execute transactions related to securities or foreign currencies only for its own account so that an eventual price difference on unsettled transactions will result rather in an opportunity cost than in an out-of-pocket loss. In order to manage Free Delivery Risk, the Company imposes delivery versus payment process to make settlement on transactions. In addition, the Company monitors pending transactions by type of products. The exposure to Settlement Risk is therefore considered as being minimal. As at 30 June 2020, there were no pending transactions.

Concentration Risk

Concentration risk is the risk of losses due to unbalanced positions towards counterparties or customers. Concentration risk can be linked to group activity concentration, but also to economic sector or localization. The Company controls its concentration risk through large exposures analysis which is performed on a regular basis.

Market Risk & Foreign exchange Risk

Market Risk other than Foreign Exchange Risk

The Company's objectives are to maintain a structural securities portfolio so that the Company does not plan to engage in proprietary trading activities and will therefore normally not directly be exposed to market risk other than to foreign exchange risk by reason of assets held in USD through its securities portfolio.

Foreign Exchange Risk is the risk incurred by the Company as a result of the variation of exchange rates

The Company is exposed to Foreign Exchange Risk by reason of assets held in USD and mainly related to its structural securities portfolio. The risks related to the Company's exposure in USD respect the limits determined by the Board of Directors in the Risk Tolerance Statement and in the approved Investment Policy. The Company monitors its exposure in USD on a daily basis.

Interest Rate Risk Arising from Non-trading Activities

The Interest Rate risk arising from non-trading activities (securities portfolio and deposits with other financial counterparties), under the form of impact on interest income or costs (current income impact) or under the form of impact on the fair value of assets and liabilities (patrimonial impact) is subject to limits which have been determined by the Board of Directors and which have been included in the Company's Risk Tolerance Statement.

Liquidity Risk

The Company's strategy for Liquidity Risk is to observe higher liquidity standards in order to be able to meet any unforeseen payment obligations. Considering the Company's Investment Policy, that foresees to maintain a consistent part of liquidity invested for a period below 6 months, the Authorized Management does not expect to have any material risk in terms of liquidity. I addition the Company generally uses to maintain adequate reserves of immediately available funds to face its current payment obligations.

Operational Risk

Operational risk in the Company is related, amongst others, to the following areas: mistake in processing of transactions, unplanned loss of personnel, embezzlement and physical destruction of assets (in particular of the EDP system) by a third party or by force majeure. Operational Risk, which includes Outsourcing Risk, has been identified as one of the material risk which the Company is exposed to. The Operational Risk includes Outsourcing Risk and, in particular for the Company, the risk related to the EDP system and IT infrastructure outsourced. The Company controls its operational risk through the internal controls processes implemented.

Legal & Compliance Risk

Legal & Compliance risk is the risk of adverse effects for a company which does not comply with currently prevailing standards. The Compliance Risk can cover a variety of risks such as reputational, legal, litigation and sanctions risks, including some aspects of operating risk as well as regulatory risk.

The Company aims to fully comply with the applicable laws, regulations, policies, procedures and internal Code of Conduct. Emerging regulations are monitored by the members of the Authorized Management and by the Risk, Credit and Investment Compliance Committee. Additional strategies and procedures required to comply with regulations are put in place where necessary. The members of the Authorized Management and the Risk, Credit and Investment Compliance Committee ensure that the Company complies with AML/CBT regulation and is responsible of the Company's compliance with the legal and regulatory framework. They are also in charge for the centralized monitoring of Customer's Complaints.

Reputation Risk

Due to the type of activity and business that the Company will perform during the following year, the Company considers that the risk of a reputation issue, which could directly have an impact on its results, is low. Reputation Risk is managed and monitored by the Authorized Management and the Risk, Credit and Investment Compliance Committee.

Allocation of results

In consideration of the financial results registered during the year under review, the Board of Directors proposes to the Shareholders the following allocation of the results of the financial year ended on 30 June 2020:

	EUR
Financial result as of 30 June 2020	**(440.690)**
Profit brought forward	2.288.753
Total	**1.848.063**
Allocation to the legal reserve	---
Allocation to the special reserve for NWT 2021	---
Allocation to results brought forward	(1.848.063)
Balance	---

Significant subsequent events

The COVID-19 impact on the Company economic and financial situation is very limited.

Since 30 June 2020, governments and central banks have reacted with monetary interventions, plans designs to stabilise economic conditions, the duration and extent the impact of the COVID-19 outbreak even if the effectiveness of the actions remains unclear.

It is not reliably estimate the duration and severity of these consequences and their impact on the financial position for future periods. But, there is no significant doubt about the Company's ability to continue as a going concern.

This means that the financial markets have recovered in full the effects of the pandemic crisis and the Company is registering capital gains on other exposures.

In September 2020, the Company got back to issue orders on the primary market and it notices that all the issuing that it has participated were oversubscribed.

No COVID-19 impact on Company's liquidity that remains strong significantly valuable on the next twelve months.

There are no other significant events subsequent to the year-end that might affect the results or disclosures presented in the annual accounts for the year ended 30 June 2020.

Luxembourg, 21 September 2020

On behalf of the Board of Directors

Alessandro Brussi
Chairman

Norbert Houet Dutruge
Director

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To the Board of Directors of

Danieli Finance Solutions S.A.

126 rue Cents,

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REPORT OF THE *REVISEUR D'ENTREPRISES AGREE*

Report on the Audit of the Annual Accounts

Opinion

We have audited the annual accounts of Danieli Finance Solutions S.A. (the "Company"), which comprise the balance sheet as at June 30, 2020 and the profit and loss account for the year then ended, and notes to the annual accounts, including a summary of significant accounting policies.

In our opinion, the accompanying annual accounts give a true and fair view of the financial position of the Company as at June 30, 2020 and of the results of its operations for the year then ended in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts.

Basis for Opinion

We conducted our audit in accordance with the Law of 23 July 2016 on the audit profession (Law of 23 July 2016) and with International Standards on Auditing (ISAs) as adopted for Luxembourg by the "*Commission de Surveillance du Secteur Financier*" (CSSF). Our responsibilities under the Law of 23 July 2016 and ISAs as adopted for Luxembourg by the CSSF are further described in the "Responsibilities of the "*Réviseur d'Entreprises Agréé*" for the Audit of the annual accounts" section of our report. We are also independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) as adopted for Luxembourg by the CSSF together with the ethical requirements that are relevant to our audit of the annual accounts, and have fulfilled our other ethical responsibilities under those ethical requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Société à responsabilité limitée au capital de 360.000 €
RCS Luxembourg B 67.895
Autorisation d'établissement 10022179

Deloitte.

Other Matters

The annual accounts of Danieli Finance Solutions S.A. for the year ended June 30, 2019, were audited by another auditor who expressed an unmodified opinion on those statements on October 14, 2019.

Other Information

The Board of Directors is responsible for the other information. The other information comprises the information stated in the management report but does not include the annual accounts and our report of the "*Réviseur d'Entreprises Agréé*" thereon.

Our opinion on the annual accounts does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the annual accounts, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual accounts or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information we are required to report this fact. We have nothing to report.

Responsibilities of the Board of Directors of the Company for the annual accounts

The Board of Directors is responsible for the preparation and fair presentation of these annual accounts in accordance with Luxembourg legal and regulatory requirements relating to the preparation and presentation of the annual accounts, and for such internal control as the Board of Directors determines is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, the Board of Directors is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Board of Directors either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Responsibilities of the *"Réviseur d'Entreprises Agréé"* for the Audit of the annual accounts

The objectives of our audit are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue a report of the "*Réviseur d'Entreprises Agréé*" that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with the Law of 23 July 2016 and with ISAs as adopted for Luxembourg by the CSSF, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company’s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- Conclude on the appropriateness of the Board of Directors use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company’s ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report of the "*Réviseur d’Entreprises Agréé*" to the related disclosures in the annual accounts or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report of the "*Réviseur d’Entreprises Agréé*". However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Deloitte.

Report on Other Legal and Regulatory Requirements

The management report is consistent with the annual accounts and has been prepared in accordance with applicable legal requirements.

For Deloitte Audit, *Cabinet de Révision Agréé*

Raphael Charlier

Raphaël Charlier, *Réviseur d'Entreprises Agréé*
Partner

September 21, 2020

Danieli Finance Solutions S.A.
Société Anonyme

Balance Sheet
As at 30 June 2020

ASSETS (EUR)	Note(s)	30/06/2020	30/06/2019
Tangible assets	**4**	**572.369**	**580.470**
Current assets	**5, 6, 7**	**857.759.240**	**711.388.060**
- Amounts owed by affiliated undertakings	**5**	**230.515.743**	**107.733.958**
becoming due and payable within one year		58.050.743	96.018.958
becoming due and payable after more than one year		172.465.000	11.715.000
- Other debtors	**6**	**349.771.475**	**202.113.531**
becoming due and payable within one year		119.502.958	44.554.354
becoming due and payable after more than one year		230.268.517	157.559.177
- Investments	**7**	**277.472.023**	**401.540.571**
other investments		277.472.023	401.540.571
Cash at bank and in hand	**8**	**224.626.000**	**380.550.308**
Prepayments and accrued income	**9**	**40.506**	**43.945**
TOTAL ASSETS		**1.082.998.115**	**1.092.562.783**

The accompanying notes are an integral part of these annual accounts.

Danieli Finance Solutions S.A.
Société Anonyme

Balance sheet (continued)
As at 30 June 2020

CAPITAL, RESERVES AND LIABILITIES (EUR)	Note(s)	30/06/2020	30/06/2019
Subscribed capital	**10**	**400.000.000**	**400.000.000**
Share premium account	**11**	**637.800.000**	**637.800.000**
Reserves	**12**	**33.635.825**	**28.289.825**
- Legal reserve		4.975.000	4.660.000
- Other not available reserves		28.660.825	23.629.825
Profit brought forward	**13**	**2.288.753**	**1.366.605**
Profit /(Loss) for the financial year	**13**	**(440.690)**	**6.268.148**
Provisions	**14**	**46.013**	**43.160**
- Other Provisions	**14.2**	46.013	43.160
Creditors	**14, 15**	**9.668.215**	**18.795.046**
- Amounts owed to credit institutions			
becoming due and payable within one year		361.597	---
- Trade Creditors			
becoming due and payable within one year		125.133	269.880
- Other Creditors			
tax authorities	**14-1, 15**	9.167.153	18.510.746
social security authorities		14.332	14.400
staff - other payable		---	20
TOTAL CAPITAL, RESERVES AND LIABILITIES		**1.082.998.115**	**1.092.562.783**

OFF-BALANCE SHEET ITEMS (EUR)	Note(s)	30/06/2020	30/06/2019
Commitments (on foreign exchange options)	**23**	**200.928.738**	**---**
Commitments (on loans)	**23**	**35.000.000**	**---**
TOTAL		**235.928.738**	**---**

The accompanying notes are an integral part of these annual accounts.

Danieli Finance Solutions S.A.
Société Anonyme

Profit and loss account
For the year ended 30 June 2020

PROFIT AND LOSS ACCOUNT (EUR)	Note(s)	2020	2019
Other operating income	**16**	**7.320**	**3.660**
Other external expenses	**17**	**(1.655.322)**	**(896.706)**
Staff costs	**18**	**(529.009)**	**(507.516)**
- Wages and salaries		(516.330)	(489.678)
- Social security costs		(12.679)	(17.838)
- of which: pensions		*(7.448)*	*(9.093)*
Value adjustment	**19**	**(8.101)**	**(3.376)**
- Value adjustment in respect to tangible assets		(8.101)	(3.376)
Other operating expenses	**20**	**(583.048)**	**(199.781)**
Net financial result	**21**	**(3.729.854)**	**4.334.177**
- Value adjustment in respect to investments held as current assets		(4.956.880)	4.203.267
- (Loss)/Gain on disposal of transferable securities		1.227.026	130.910
Interest receivable and similar income		**8.634.791**	**7.904.303**
- From affiliated undertakings		645.160	816.558
- Interest on fixed-income securities		4.726.740	5.149.414
- Other interest and similar income not included in other captions		3.262.891	1.938.332
Interest payable and similar expenses		**(92.337)**	**(161.609)**
- Other interest and similar expenses		(92.337)	(161.609)
(Loss)/Profit on ordinary activities before tax		**2.044.440**	**10.473.152**
Tax on profit on ordinary activities		**(428.928)**	**(1.030.135)**
Profit or loss on ordinary activities after tax		**1.615.512**	**9.443.017**
Other taxes not shown under the preceding items	**22**	**(2.056.202)**	**(3.174.869)**
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		**(440.690)**	**6.268.148**

The accompanying notes are an integral part of these annual accounts.

Note 1 – General

1.1. Corporate matters

Danieli Finance Solutions S.A. (the "Company") or ("DFS") was incorporated in Luxembourg on 18 June 1997 as "société anonyme" and under the name of Danflat International S.A..

Following an extraordinary shareholder's meeting ("EGM") held on 26 May 2009, the Company changed its name in Danfin International S.A..

The Company applied in 2013 for an authorization to carry out banking activities within the meaning of Article 2 (1) of the law of 5 April 1993 on the financial sector, as amended. On 23 December 2013, the EGM decided, among other, to change the corporate name of the Company into Danieli Banking Corporation S.A., and to completely restate the articles of association of the Company in order to adapt the structure of the Company to its future banking activity.

At the beginning of the year 2018, the Company decided to start the process of giving-up the banking licence and applied for an authorization to exercise the activity as Professional of the Financial Sector ("PFS").

As a result of the foregoing, the EGM held on 18 May 2018 decided to change the Company's corporate object and the Company's name into Danieli Finance Solutions S.A. ("DFS"). With effective date 18 May 2018 the Company has been cancelled from the CSSF's official list of credit institutions.

On 20 June 2018, the Company received from the Ministry of Finance of the Grand-Duchy of Luxembourg the authorization to exercise the activity as Professional of the Financial Sector (PFS) and more specifically as Professional performing lending operations according to article 28-4 of the Law of 5 April 1993 on financial sector, as amended ("LFS").

On 29 January 2019, the Company took part in the reverse merger absorbing Danieli International S.A. (hereinafter the "Absorbed Company") with registered office in 126, rue Cents L-1319 Luxembourg. The object of the reverse merger has been an internal restructuring of the Group with the sole aim of simplifying the control chain of the Company. The entire assets and liabilities of the Absorbed Company has been transferred to Danieli Finance Solutions S.A..

The registered office and the central administration of Danieli Finance Solutions S.A. located at 126, rue Cents, L-1319 Luxembourg. The DFS' financial year starts on July 1 and ends on June 30 of each year.

The Company belongs to the Danieli Group. The parent company of Danieli Group is Danieli & C. Officine Meccaniche S.p.A. ("D&C" / "Parent Company") having its registered office in Italy, via Nazionale, 41, Buttrio, Province of Udine which controls the Company, through its Luxembourg subsidiary Danieli International S.A., a "société anonyme" having its registered office at 126, rue Cents, L-1319 Luxembourg.

D&C is listed on the Milan Stock Exchange. Founded in 1914, the Danieli Group is one of the main actors worldwide involved in the design, manufacture and sale of plants and equipment for the steel industry by offering a range of machinery that covers the entire production process, from the management of the primary process (iron ore) to the production of the finished product. The Danieli Group is also a primary actor in the production of special steels through its two operating factories in Italy and Croatia.

The Company's annual accounts are included in the consolidated annual accounts of D&C. The consolidated annual accounts of D&C are prepared in conformity with the IAS ("International Accounting Standards") and IFRS ("International Financial Reporting Standards"), as adopted by the EU rules. They are available at the registered office of D&C and of the Company.

The Company does not hold any participations and consequently does not need to prepare consolidated annual accounts.

Note 1 – General (continued)

1.2. Nature of the Company's business

Danieli Finance Solutions S.A. is authorized to carry out all activities as Professionals performing lending operations according to article 28-4 as defined by the law of 5 April 1993 on the financial sector (LFS), as amended and is consequently submitted to the supervision of the Luxembourg Supervisory Authority *the Commission de Surveillance du Secteur Financier* ("CSSF").

The Company's business consists of the granting credit facilities and/or loans on its own behalf mainly with the companies belonging to the "Danieli Group" as well as with public counterparts in accordance with article 28-4 of the LFS. The purpose of the Company's activity is also to invest in fixed-income instruments, cash placements with institutions. DFS carries out all the prior loan agreements granted to companies belonging to the "Danieli Group" and other entities.

Note 2 – Summary of significant accounting policies

2.1. Basis of presentation

These annual accounts have been prepared in conformity with the legal and accounting principles generally accepted in the financial sector in the Grand-Duchy of Luxembourg. The accounting policies and the valuation principles are determined and applied by the Board of Directors, except those which are defined by law and by the Luxembourg Supervisory Authority, the *Commission de Surveillance du Secteur Financier*.

Reclassification of comparatives figures:

The company reclassified some amounts disclosed in its 2019 annual accounts in order to ensure the clear presentation and comparability with the figures presented for the year ended on 30 June 2020.

The books and records of the Company are kept in euro ("EUR"), which is the currency of the Company's capital.

2.2. Date of recording of transactions in the balance sheet

Assets and liabilities are recorded on the balance sheet on the transaction date rather than when the amounts concerned become cleared funds, i.e. the date of the effective transfer.

2.3. Foreign currencies

The Company has adopted a multicurrency accounting system, as a result of which assets and liabilities are recorded in the currencies in which they were created. For the preparation of the annual accounts, amounts in foreign currencies are translated into EUR with the following criteria:

- Foreign currency transactions are translated at the exchange rate prevailing on the date of the transaction;
- Assets and liabilities denominated in currencies other than EUR are translated into EUR at the exchange rate prevailing at the balance sheet date. The gain or loss unrealized and realized arising from such translation is recorded in the profit and loss account;
- The elements of the profit and loss account are translated into EUR on the basis of the exchange rates prevailing at date of the transaction.

Note 2 – Summary of significant accounting policies (continued)

2.3. Foreign currencies (continued)

The year-end exchange rates of the main currencies used by the Company as of 30 June 2020 and 2019 are as follows:

	30/06/2020	**30/06/2019**
1 EUR	1,1198 USD	1,1380 USD
1 EUR	10,4948 SEK	10,5633 SEK

2.4 Tangible assets

The assets are recognized at cost. Amortization is recognized in the profit and loss account for each financial period. The amortization has been calculated based on 50 years for the building and 20 years for improvements. Lands are not depreciated.

2.5. Current assets

a) Amount owed by affiliated undertakings

Loans and credit facilities to companies belonging to the Danieli Group, i.e. related parties, are stated at disbursement value less repayments and any value adjustments required.

The policy of the Company is to set up specific value adjustments for doubtful and irrecoverable debts in accordance with the circumstances and for amounts determined by the Authorized Management of the Company and approved by the Board of Directors. Value adjustments, if any, are deducted from the asset items to which they relate. These value adjustments are not maintained if the reasons for which the value adjustments were made have ceased to apply.

As of 30 June 2020, the loans and facilities were solely granted in EUR. Therefore, the Company is not subject to currency risk.

b) Other debtors

Credit facilities and placements with financial entities outside the Danieli Group are stated at disbursement value less repayments and, if applicable, value adjustments, which are set up similarly to the policy highlighted above. No value adjustment was required as at year-end.

c) Other investments

The Company owns a structural portfolio which is held to establish a particular asset structure and is used as a secondary source of liquidity. Debt securities and other fixed-income securities included in the Company's structural portfolio are recorded in the balance sheet initially at their acquisition cost, including the expenses incidental thereto. At year-end, they are valuated at the lower of their acquisition cost or their market value. The value adjustment, corresponding to the negative difference between the market value and the acquisition cost, is not maintained if the reasons for which it was recorded no longer exist. The Company does not operate a securities portfolio for trading purposes.

2.6. Prepayments and accrued income

This asset items includes expenditures incurred during the financial year but relating to a subsequent financial year. The Company recognizes accrual for expected income related to the present annual accounts.

Note 2 – Summary of significant accounting policies (continued)

2.7. Accruals

Income and expenses received or incurred before the balance sheet date but attributable to a subsequent financial year are shown under the assets item “Prepayments and accrued Income” or the liabilities item “accruals and deferred income”. The liabilities item “accruals and deferred income” also includes accrued interests on amounts due to customers whereas the assets item “prepayments and accrued income” also include accrued interests on loans, advances, debt securities and other fixed-income securities.

2.8. Taxes

The Company is subject to Corporate Income Tax, Municipal Business Tax and Net Wealth Tax in Luxembourg. Taxes are accounted for into the profit and loss account on an accruals basis and not in the year in which payment occurs. Accordingly, provisions for taxation have been recorded for the financial years for which no final assessments have been issued by the tax authorities.

Tax provisions are disclosed in the caption “Provisions for taxation” while tax advances are included in the caption “Other debtors”.

2.9. Provisions

Provisions may be established. They are intended to cover losses which are certain or likely to be incurred based on available reliable information and are clearly defined in nature, but are, at the balance sheet date, uncertain as to the amount or as to the date on which they will arise.

2.10. Revenues

The Company recognized in profit and loss accounts the revenues relating to the financial year in respect of which the accounts are drawn up and which must be taken into account irrespective of the date of receipt. The activity on fixed-income securities, cash placement generate interests and for which some accruals has been recognized.

Note 3 – Comparative Figures

The presentation of the annual accounts has been modified when compared to the presentation used in respect of the financial year ended 30 June 2019. As per consequence and in order to ensure the adequate comparability across both financial years, certain comparatives figures in respect of the financial year ended 30 June 2019 have been reclassified.

The reclassified figures are detailed as follows:

- EUR 14.048.646 from provision for taxation to the caption “Creditors”
- EUR 1.697.036 from “Prepayments and accrued income” to related financial assets

Note 4 – Tangible assets

Tangible assets (EUR)				30/06/2020
Gross value				
	Lands	**Improvements Lands**	**Building**	**Total**
Gross value as at 1 July 2019	315.008	24.024	570.321	909.353
Gross value as at 30/06/2020	**315.008**	**24.024**	**570.321**	**909.353**
Value adjustments (EUR)				
Gross value as at 1 July 2019	---	(15.015)	(313.868)	(328.883)
Cumulative value adjustments at the end of the financial year	---	(1.201)	(6.900)	(8.101)
Total value adjustments	**---**	**(16.216)**	**(320.768)**	**(336.984)**
Net book value as at 30/06/2020	**315.008**	**7.808**	**249.553**	**572.369**

Note 5 – Amounts owed by affiliated undertakings

Amount owed by affiliated undertakings	30/06/2020		30/06/2019	
Geographic Breakdown	**EUR**	**%**	**EUR**	**%**
Italy	152.509.424	66,16%	4.715.000	4,37%
Luxembourg	67.000.000	29,07%	92.000.000	85,40%
Other countries	11.006.319	4,77%	11.018.958	10,23%
Total	**230.515.743**	**100,00%**	**107.733.958**	**100,00%**

On 13 November 2018, the Company renewed an existing credit facility to a Group Company for a principal an amount of EUR 10.000.000, for a period of four year in order to partially finance the start of several production lines. The borrower manufactures and supplies steel blooms and seamless pipes to oil and gas, petrochemical, shipbuilding, mechanical, and construction sectors worldwide. It provides carbon steel seamless pipes, construction and boiler seamless pipes, line pipes, and casings and commercialize its products in the United States, the Middle East, North Africa and Europe.

On 27 September 2019, the loan granted on 31 December 2018 to an Italian Group Company has been entirely reimbursed for a total amount of EUR 3.000.000.

In December 2019, a Luxembourgish Group Company having as purpose the holding and management of participating interest worldwide, partially reimbursed the initial loan of EUR 157.000.000, having a balance as at end of June 2019 of EUR 92.000.000, for a total amount of EUR 35.000.000 through its cash flows deriving from dividends received between October and December 2019 from affiliated undertakings. This credit facility had a maturity date on 29 May 2020, but in March 2020, the Company granted an extension until 29 May 2021 at the same terms and conditions, to avoid the borrower to disinvest.

Note 5 – Amounts owed by affiliated undertakings (continued)

The increase of the loans is mainly due to some credit facilities granted from March 2020 to June 2020 as follows:

On 18 March 2020, the Company has granted a new credit facility to the above-mentioned Luxembourgish Group Company for a total amount of EUR 30.000.000 with maturity 18 March 2022. The borrower having as purpose the holding of participating interest worldwide explained its needs to obtain liquidities in the aim to avoid some disinvestments. The reimbursement of the loans will be ensure through the cash flows deriving from dividends which will receive during the financial year 2020/2021. The amount of EUR 10.000.000 has been drawdown, the Company recorded an off-balance sheet for an amount of EUR 20.000.000 (note 23).

In May 2020 and June 2020, the Company granted to its Parent Company two loans for EUR 50.000.000 and EUR 100.000.000 with maturity 26 November 2021 in the aim to finance corporate purposes and working capital.

In June 2020, the Company increased its loan activity granting also a loan for EUR 750.000 to an Italian Group Company for working capital needs of this entity. This credit facility will mature on 17 December 2021.

Note 6 – Other debtors

As of 30 June 2020 and 2019, other debtors are composed as follows:

Other Debtors	**30/06/2020**	**30/06/2019**
Less than one year	**EUR**	**EUR**
Accrued interests on insurance product	82.346	37.480
Advances for Corporate Income Tax and Municipality Business Tax	19.784.185	9.299.911
Advances for Net Wealth Tax	---	21.425
Loan granted to third parties	---	35.001.250
Premium on foreign exchange options	68.000	---
Receivable from the Social Security Office	49.500	31.820
Receivable from securities lending activities	99.317.469	---
Vat receivable	178.826	147.463
Vat reverse charge	22.632	15.005
Total	**119.502.958**	**44.554.354**

During the financial year, the Company entered into a Securities Lending Agreement with Barclays Bank Ireland PLC. The loan will terminate upon request of either the borrower or the lender (the Company) with notice given not less than 185 calendar days from the notice.

The fee paid by the borrower to the Company is equal to 0,27% on an annual basis.

Note 6 – Other debtors (continued)

As at 30 June 2020, the caption “Other Debtors” include the premiums paid by the Company in relation the purchase of options linked to the USD/EUR exchange rate (note 23).

Debtors	**30/06/2020**	**30/06/2019**
More than one year	**EUR**	**EUR**
Advances for Corporate Income Tax and Municipality Business Tax	---	14.790.000
Advances for Net Wealth Tax	1.421.000	43.495
Insurances	203.847.517	142.600.309
Loan granted to third parties	25.000.000	---
Receivable from Foreign Tax Authorities	---	125.373
Total	**230.268.517**	**157.559.177**

On 28 October 2019, the Company renewed and amended on 13 December 2019 an existing loan up to EUR 40.000.00 to a financial entity, outside the Danieli Group but being in relationship with the Group and being ultimately owned by the Italian State. This credit facility has been granted to the customer in the accordance with the market opportunities and commercial strategies of the Company’s parent company. As of 30 June 2020 an amount of EUR 25.000.000 out of the amount of EUR 40.000.000 has been drawdown by this customer while the balance of an amount of EUR 15.000.000 still available for drawdown as of 30 June 2020 has been recognized in the Company’s off-balance sheet (note 23).

The loan matures on 26 October 2021 and bears interest at the fixed interest rate of 0,36% per annum.

In consideration of the historical – low interest rates, the Company decided to increase some investments offering a good opportunity to challenge the decrease of the interest rates and especially increase some investments in insurances products. These contracts have been signed during the previous financial years and the investments on them have been increased.

The caption “Insurances” for a total amount of EUR 203.847.517 (2019: EUR 142.637.789) is related to placements with three Luxembourgish insurances companies.

Note 7 – Investments

As of 30 June 2020 and 2019, investments are composed of fixed-income securities held by the Company in its structural portfolio. Investments may be broken down as follows according to their geographic origin and economic sector:

Other investments **Fixed-income securities**	**30/06/2020**		**30/06/2019**	
Geographic breakdown	**EUR**	**%**	**EUR**	**%**
Austria	---	---	2.793.905	0,70%
Australia	13.056.881	4,71%	10.039.413	2,50%
Belgium	---	---	3.049.810	0,76%
China	4.465.583	1,61%	4.899.602	1,22%
Czech Republic	2.990.323	1,08%	3.269.651	0,81%
Denmark	4.002.302	1,44%	6.482.679	1,61%
Finland	6.987.567	2,52%	7.008.083	1,75%
France	43.845.647	15,80%	66.803.145	16,64%
Germany	13.583.696	4,90%	48.999.439	12,20%
Ireland	---	---	4.702.659	1,17%
Italy	11.125.641	4,01%	39.831.727	9,92%
Japan	6.423.424	2,31%	---	---
Luxembourg	21.807.919	7,86%	17.426.814	4,34%
Netherlands	17.196.865	6,20%	36.295.033	9,04%
New Zealand	6.082.151	2,19%	7.094.150	1,77%
Norway	3.578.120	1,29%	---	---
South Korea	21.333.643	7,69%	3.539.207	0,88%
Spain	2.314.620	0,83%	21.207.471	5,28%
Switzerland	7.430.015	2,68%	7.389.544	1,84%
United Kingdom	26.807.006	9,66%	31.270.338	7,79%
United States	64.440.620	23,22%	79.437.901	19,78%
Total	**277.472.023**	**100,00%**	**401.540.571**	**100,00%**

Note 7 – Investments (continued)

Other investments **Fixed income securities**	**30/06/2020**		**30/06/2019**	
Economic sector breakdown	**EUR**	**%**	**EUR**	**%**
Automotive	6.207.962	2,24%	3.506.852	0,87%
Credit Institutions	179.770.008	64,79%	232.519.815	57,91%
Financial Services	17.178.148	6,19%	99.170.766	24,70%
Food and Beverages	---	---	7.431.938	1,85%
Industrial	3.945.116	1,42%	5.260.068	1,31%
IT services & Providers	3.668.914	1,32%	7.116.028	1,77%
Media Entertainment	2.857.447	1,03%	---	---
Medical - Pharmaceutical	8.499.098	3,06%	5.837.378	1,45%
Medical Equipment	---	---	4.987.329	1,24%
Retail	3.488.431	1,26%	2.634.913	0,66%
Real Estate	12.340.510	4,45%	---	---
Oils - Energy	15.408.057	5,55%	22.815.020	5,68%
Technologies	7.933.903	2,86%	---	---
Telecommunications	5.477.944	1,97%	8.574.654	2,14%
Transportation	10.696.485	3,86%	1.685.810	0,42%
Total	**277.472.023**	**100,00%**	**401.540.571**	**100,00%**

The movements in the structural portfolio are as follows:

Movements in the structural portfolio	**30/06/2020**	**30/06/2019**
Cost	**EUR**	**EUR**
Gross value at the beginning of the year	401.654.070	353.435.557
Reversal previous year foreign exchange impact	958.276	(5.199.740)
Additions	166.455.778	228.853.041
Decreases	(185.760.982)	(174.476.512)
Decreases for securities lending activities	(101.150.545)	---
Foreign exchange impact	246.229	(958.276)
Gross value at the end of the financial year	**282.402.826**	**401.654.070**
Value adjustments	**EUR**	**EUR**
Cumulative value adjustments at the end of the financial year	(5.935.624)	(1.272.798)
Total value adjustments	**(5.935.624)**	**(1.272.798)**
Net book value at the end of the financial year	**276.467.202**	**400.381.272**

At the end of the financial year, the company booked a net value of its portfolio for a total amount of EUR 276.467.202 (2019: EUR 400.381.272) and accrued interest on the above- mentioned portfolio amounted to EUR 1.004.821 (2019: EUR 1.159.299) representing a total amount of EUR 277.472.023 (2019: EUR 401.540.570).

Note 7 – Investments (continued)

The value adjustments of the year ended 30 June 2020 include the reversal of the value adjustments accounted in the financial year ended as of 30 June 2019.

Note 8 – Cash at bank and in hand

As of 30 June 2020, the cash on current and deposit accounts with credit institutions amounts to EUR 224.626.000 (2019: EUR 380.550.308).

Note 9 – Prepayments and accrued income

As of 30 June 2020, the caption “prepayments and accrued income” amounts to EUR 40.506 for invoices or costs related to the next financial year (2019: EUR 43.945).

Some figures of the annual accounts as of 30 June 2019 have been reclassified to permit the comparability. The Company has reclassified the accruals on each related caption.

Note 10 – Subscribed capital

At its incorporation on 18 June 1997, the corporate capital amounted to EUR 50.000 and represented by 500 registered shares with nominal value of EUR 100.

As at 29 June 2001, the extraordinary shareholders’ meeting (“EGM”) has decided to increase the share capital from EUR 50.000 to EUR 3.000.000 through the issuance of 29.500 new shares of a par value of EUR 100 each.

As at 23 December 2013, the EGM has decided to increase the share capital from EUR 3.000.000 to EUR 400.000.000, through the issuance of 1.970.000 ordinary shares of a par value of EUR 100 each, having the same rights and advantages as the existing ordinary shares and fully subscribed and paid-in and of 2.000.000 mandatory redeemable preferred shares (“MRPS”) without voting rights of a par value of EUR 100 each, fully subscribed and paid-in. Following to this capital increase, the subscripted capital of the Company amounted to EUR 400.000.000 and was represented by 2.000.000 ordinary shares and by 2.000.000 mandatory redeemable preferred shares (“MRPS”) without voting rights, having a par value of EUR 100 each.

As at 27 June 2016, the EGM has decided to convert the 2.000.000 MRPS into 2.000.000 ordinary shares of a par value of EUR 100 each. Following this conversion, the subscripted capital of DFS amounted to EUR 400.000.000 and was represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

As at 30 June 2018, the subscripted capital of the Company remains unchanged and amounts to EUR 400.000.000 represented by 4.000.000 ordinary shares having a par value of EUR 100 each.

On 29 January 2019, the Company has absorbed its sole shareholder Danieli International S.A., in the aim of a restructuring operation for the Group Danieli. Due to the reverse merger transaction, the “EGM” has decided to cancel the Company’s own shares, as result the subscribed capital amounted to EUR 400.000.000 and was represented by 400.000.000 ordinary shares having a par value of EUR 1 each.

As at 30 June 2020, the subscripted capital of the Company remains unchanged and amounts to EUR 400.000.000 represented by 400.000.000 ordinary shares having a par value of EUR 1 each.

Note 11 – Share premium account

Before 27 June 2016, the share premium account of the Company was represented by an amount of EUR 15.000.000 which was attached to the 2.000.000 ordinary shares issued by the Company and by an amount of EUR 557.800.000 which was attached to the MRPS shares issued by the Company on 23 December 2013. The EGM held on 27 June 2016 has also decided to convert the share premium attached to the MRPS of an amount of EUR 557.800.000 into a share premium attached to the new ordinary shares issued following the conversion of MRPS. Following this conversion, the total share premium account amounted to EUR 572.800.000.

The EGM held on 28 June 2017 has approved a contribution into the share premium account of the Company of an amount of EUR 65.000.000 made by the sole shareholder of the Company.

As at 30 June 2020, the share premium account remains unchanged and amounts to EUR 637.800.000.

Note 12 – Reserves

<u>Legal reserve</u>

Under Luxembourg law an amount equal to at least 5% of the annual net profit must be allocated to a legal reserve until this legal reserve equals 10% of the issued share capital. This reserve is not available for distribution.

As at 30 June 2020 the legal reserve amounts to EUR 4.975.000 (2019: EUR 4.660.000). The Annual shareholders’ meeting held on 30 October 2019 for the approval of the annual accounts of the Company as at 30 June 2019 has decided to allocate from the Net Profit of the financial year an amount of EUR 315.000 to the legal reserve.

<u>Special Reserve for Net Wealth Tax credit</u>

Luxembourgish companies are subject to the Net Wealth Tax, which is calculated on the net asset value after adjustments, exceptions and exclusion provided by the net wealth tax law and which considers a rate of 0,5%. The law grants also the possibility to reduce the amount to pay in case some conditions are met: a ceiling, which is the Corporate Income Tax due, and the creation of a special reserve which has to be held for 5 years. The allocations to this special reserve were as follows:

- by the shareholders’ meeting held extraordinarily on 27 May 2016 - EUR 9.943.825 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2016,
- by, the Annual shareholders’ meeting held on 26 October 2016 - EUR 11.000.000 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2017,
- by, the Annual shareholders’ meeting held on 25 October 2017 - EUR 2.686.000 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2018,
- by, the Annual shareholders’ meeting held on 24 October 2018 – no amount has been allocated to the reserve as the result of the year was a loss,
- by, the Annual shareholders’ meeting held on 30 October 2019 - EUR 5.031.000 from the results brought forward of the Company to a 5-year non-distributable special reserve for NWT 2020.

Note 13 – Shareholders' equity

The movements in shareholders' equity may be summarized as follows:

Shareholders' Equity (EUR)	Subscribed capital	Share premium account	Legal reserve	Other not available reserves*	Profit brought forward	Profit / (Loss) for the financial year	Total
Balance as at 1 July 2019	**400.000.000**	**637.800.000**	**4.660.000**	**23.629.825**	**1.366.605**	**6.268.148**	**1.073.724.578**
Allocation of the profit of the previous year	---	---	315.000	---	922.148	(6.268.148)	(5.031.000)
Allocation to a special reserve for NWT	---	---	---	5.031.000	---	---	5.031.000
Profit for the financial year	---	---	---	---	---	(440.690)	(440.690)
Balance as at 30 June 2020	**400.000.000**	**637.800.000**	**4.975.000**	**28.660.825**	**2.288.753**	**(440.690)**	**1.073.283.888**

*Special reserve for Net wealth tax credit

The Annual Shareholders' meeting held on 30 October 2019 approved the allocation of the 2019 result.

Note 14 – Provisions

14.1. Provisions for taxation

The Company is subject to Corporate Income Tax (CIT), Municipal Business Tax (MBT) and Net Wealth Tax (NWT) in Luxembourg and recognized the estimated amounts payable for the current fiscal year and previous years within the caption "Creditors" note 15.

To permit a comparability of the figures, the amounts on 30 June 2019 have been reclassified.

14.2. Other provisions

As of 30 June 2020, other provisions are mainly composed of the estimated liability for not taken vacation owed to employees and amounts to EUR 46.013 (2019: EUR 43.160).

Note 15 – Creditors

As at 30 June 2020 and 2019, "Creditors" comprise:

Creditors	30/06/2020	30/06/2019
	EUR	EUR
Market value on foreign exchange options	312.562	---
Overdraft on current account	35	---
Payable to Direct Tax Authorities	9.082.745	18.408.646
Payable to Social Security Office	14.332	14.400
Premium on foreign exchange options	49.000	---
Suppliers	125.133	269.879
Staff- other payables	---	20
VAT due on supplied services	74.955	92.649
VAT due on sales	9.453	9.452
Total	**9.668.215**	**18.795.046**

Note 15 – Creditors (continued)

As at 30 June 2020, the Company recognized only the negative value on foreign exchange options.

As at 30 June 2020, the "caption payable to Direct Tax Authorities" related to advances for income taxes and Municipality Business tax, which will be paid in July 2020 and the estimated amounts payable for the current fiscal year and previous fiscal years

As at 30 June 2020, the caption "Suppliers" includes professional and consultancy fees.

Note 16 – Other operating income

Due to the reverse Merger on 29 January 2019, the Company has become the owner of the real estate property situated in 126, rue Cent, Luxembourg.

Thus, the other operating income for the year ended 30 June 2020 mainly includes the rental revenues from this property.

Note 17 – Other external expenses

As of 30 June 2020, the caption "Other external expenses" amounts to EUR 1.655.322 (2019: EUR 896.706) and includes the fees of the *Cabinet de Révision Agréé* under the caption "Audit fees".

Other external expenses	**30/06/2020**	**30/06/2019**
	EUR	**EUR**
Audit fees	49.823	71.925
Bank Charges	41.196	27.266
Commission and brokerage fees and Premium on Foreign exchange options	1.128.951	159.214
Contribution to professional organisations	64.793	94.007
IT services	241.690	350.008
Legal Fees	2.392	3.421
Maintenance and repairs	13.538	14.235
Miscellaneous external charges	10.795	19.129
Other Insurances	515	1.027
Other professional services	91.749	138.804
Postal charges and telecommunication costs	8.232	9.166
Travel expenses	1.648	8.504
Total	**1.655.322**	**896.706**

During the financial year, the Company subscribed some contracts on financial derivatives – foreign exchange options some of these contracts have been closed or terminated and the related premium paid have been recognized in profit and loss account.

Note 18 – Staff costs and Management

18.1. Staff Costs

The average number of employees and management during the financial years 2020 and 2019 was:

Staff costs	2020	2019
Authorized Managers (with employment agreement)	2	2
Employees (with full-time employment agreement)	2	2
Employees (with part-time employment agreement)*	1	---
Total	**5**	**4**

** Starting 4 May 2020 a new employee was hired (with part time employment contract).*

18.2. Information related to Management

- Members of the Board of Directors received directors' fees totalizing EUR 81.250 (2019: EUR 81.250) (see also note 20).
- No loans or advances were granted to members of the Board of Directors and to the Authorized Managers.
- No guarantees were issued on behalf of members of the Board of Directors and Authorized Managers.

Note 19 – Value adjustment

The caption "value adjustment" for the financial 2020 amounts to EUR 8.101 (2019: EUR 3.376).

Due to the reverse merger on 29 January 2019, the fixed assets have been allocated to the Company and amortization have been recognized in profit and loss account. Refer to note 4 for the breakdown of the value adjustments.

Note 20 – Other operating expenses

Other operating expenses during the financial years 2020 and 2019 are detailed as follows:

Other operating expenses	30/06/2020	30/06/2019
	EUR	**EUR**
Directors' fees	81.250	81.250
Non-recoverable Foreign withholding taxes	116.840	85.702
Non-deductible VAT	48.120	24.012
Other duties and taxes	336.838	8.817
Total	**583.048**	**199.781**

Note 21 – Net financial result

As at 30 June 2020, the net financial result is a charge and amounts to EUR 3.729.854 (2019: EUR 4.334.177).

The net financial charges of the financial year ended as of 30 June 2020 are mainly due to:

- the net charges of an amount of EUR 4.956.880 (2019: income of EUR 4.203.267) representing the value adjustments of the financial year in relation to the Company's current assets (i.e. negative impact deriving from market prices on securities and net unrealized foreign exchange gain deriving from the revaluation of the USD versus the EUR at the year-end).
- The net income of an amount of EUR 1.227.026 (2019: income of EUR 130.910) deriving from the sale of securities.

Note 22 – Other taxes not shown under the preceding items

This caption amounting EUR 2.056.202 (2019: EUR 3.174.869) is composed of the Net Wealth Tax due by the Company as at 1 January 2020 amounting EUR 1.837.123 and Municipality Business Tax for the financial amounting to EUR 164.980. The different is due to the assessment from Tax authorities for the previous years.

Note 23 – Commitments

a) <u>Loan activities</u>

- On 28 October 2019 and on 13 December 2019, the Company granted to an Italian financial entity a credit facility for a total amount of EUR 40.000.000 with due date on 26 October 2021. During the financial year this entity received a cash flow linked to its operating activities and reimbursed an amount of EUR 15.000.000 to the Company.

- On 18 March 2020, the Company granted to Luxembourgish company of the Group a credit facility for a total amount of EUR 30.000.000 of which EUR 10.000.000 has been drawn (note 5).

The remaining available balance for drawdown for the two above mentioned credit facilities as of 30 June 2020 of an amount of EUR 35.000.000 has been recognized by the Company in the off-balance sheet in the item "commitments".

Note 23 – Commitments (continued)

b) <u>Derivatives on foreign exchange</u>

Financial derivatives							**30/06/2020**
Operations linked to currency exchange rates	**Type of contract**	**Notional Amount in USD**	**Notional Amount in EUR**	**Premium (paid) / received**	**Maturity**	**Negative market value**	**Positive market value**
OTC contracts							
Options – bought	EUR CALL	25.000.000	22.325.415	(68.000)	14/08/2020	---	408.297
Options – sold	EUR PUT	50.000.000	44.650.831	---	14/08/2020	(13.192)	---
Options – bought	EUR CALL	25.000.000	22.325.415	---	28/09/2020	---	558.138
Options – sold	EUR PUT	50.000.000	44.650.831	49.000	28/09/2020	(53.009)	---
Options – bought	EUR CALL	25.000.000	22.325.415	---	04/01/2021	---	687.823
Options – sold	EUR PUT	25.000.000	22.325.415	---	04/01/2021	(124.789)	---
Options – sold	EUR PUT	25.000.000	22.325.415	---	04/02/2021	(121.572)	---
Total		**225.000.000**	**200.928.738**	**(19.000)**		**(312.562)**	**1.654.258**

The positive market value on the above-mentioned financial derivatives at the year-end 2020 has not been recognized in the profit and loss accounts

Note 24 – Significant subsequent events

The COVID-19 impact on the Company economic and financial situation is very limited.
If the Company has registered losses on 31 March 2020 on its investment portfolio, at the end of June until today, the Company recovered most of the capital losses registered at the time of the pandemic outbreak. The only tangible effect on the Company's portfolio is related to airlines sector exposures. In effect, the aviation industry is facing massive disruption with travel restrictions imposed by most jurisdictions.

Since 30 June 2020, governments and central banks have reacted with monetary interventions, plans designs to stabilise economic conditions, the duration and extent the impact of the COVID-19 outbreak even if the effectiveness of the actions remains unclear.

It is not possible to reliably estimate the duration and severity of these consequences and their impact on the financial position for future periods. But, there is no significant doubt about the Company's ability to continue as a going concern.

This means that the financial markets have recovered in full the effects of the pandemic crisis and the Company is registering capital gains on other exposures.

Note 24 – Significant subsequent events (continued)

In September 2020, the Company got back to issue orders on the primary market and it notices that all the issuing that it has participated were oversubscribed.

No COVID-19 impact on Company's liquidity that remains strong significantly valuable on the next twelve months starting from June 30, 2020.

Concerning the loan activities, there is no impact on the next twelve months. Any borrowers have been affected by the inability to keep up with repayment schedules due to pandemic situation, so the Company considers their no reason to recognize provision on these credit facilities.

The Company has any reasons to consider any COVID-19 negative effects on its economic and financial performances. The financial markets have already overcome COVID-19 outbreak, the discounted cash flows consider a vaccine at some point in the first half of 2021 and some advantages in term of capital gains will be taken.

For the next 12 months the Company is expecting low interest rates either on USD and EURO rates. The overall environment will remain the same already experimented during 2019. The overall performance for 2021 is expected to be aligned to that registered in 2020 or slightly lower due to USD interest rate squeeze.

There is no other significant event subsequent to the year-end that might affect the results or disclosures presented in the annual accounts as at and for the year ended 30 June 2020.