# GIPLAST GROUP S.p.A.

a joint stock company
with its registered office in GIULIANOVA (TERAMO), Piazza SS. 80 snc
Share capital: Euro 4.298.750,00 of which 798.750,00 paid-in
Tax code, VAT number and registration number with the Companies' Register of Teramo No. 01861680674
R.E.A. No 159349

# ADMISSION DOCUMENT

in connection with the application for admission to trading of the financial instruments named
***"Giplast Group Senior Secured Notes 2021"***
**due March 2021**
**(Issue Price on the Issue Date 98%)**
ISIN IT0005163198 (issue price: 100 per cent.) on the professional segment (ExtraMOT PRO) of the multilateral trading facility ExtraMOT operated by Borsa Italiana S.p.A.

The financial instruments are issued in dematerialised form (*forma dematerializzata*) in accordance Article 83-bis and subsequent of the Italian Legislative Decree No. 58 of 24 February 1998 as amended (the "**Financial Law**") and the Regulation issued by the Bank of Italy and CONSOB on 22 February 2008, as amended and supplemented from time to time (the "**BoI/CONSOB Regulation**") and will be held through and accounted for in book entry form with the central securities depository and management system managed by Monte Titoli S.p.A.

**CONSOB AND THE ITALIAN STOCK EXCHANGE HAVE NOT EXAMINED NOR APPROVED THE CONTENT OF THIS ADMISSION DOCUMENT**

This admission document is dated February 29, 2016.

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## 1. IMPORTANT NOTICE

1.1 No person is authorized to give any information or to make any representation not contained in this Admission Document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf the Issuer, the Shareholders or any other person. Neither the delivery of this Admission Document nor any sale or allotment made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer since the date hereof or the date upon which this Admission Document has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

1.2 The distribution of this Admission Document and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Admission Document comes are required by the Issuer to inform themselves about, and to observe, any such restrictions. Neither this Admission Document nor any part of it constitutes an offer, or may be used for the purpose of an offer to sell any of the Notes, or a solicitation of an offer to buy any of the Notes, by anyone in any jurisdiction or in any circumstances in which such offer or solicitation is not authorized or is unlawful.

1.3 This Admission Document is not intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer that any recipient of this Admission Document should purchase any of the Notes. Each investor contemplating purchasing the Notes should make its own independent investigation of the assets and of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer.

1.4 The Notes have not been and will not be registered under the Securities Act or any other state securities laws, are in bearer form and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered or sold within the United States or for the benefit of U.S. persons (as defined in Regulation S under the Securities Act). For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Admission Document, see Annex 3 (*Selling Restrictions*).

1.5 The Notes may not be offered or sold directly or indirectly, and neither this Admission Document nor any other offering circular or any prospectus, form of application, advertisement, other offering material or other information relating to the Issuer or the Notes may be issued, distributed or published in any country or jurisdiction (including the Republic of Italy, the United Kingdom and the United States), except under circumstances that will result in compliance with all applicable laws, orders, rules and regulations. No action has or will be taken which could allow an offering of the Notes to the public in the Republic of Italy. For a further description of certain restrictions on the offering and sale of the Notes and on the distribution of this Admission Document, see Annex 3 (Selling Restrictions).

1.6 Each initial and each subsequent purchaser of a Note will be deemed, by its acceptance of such Note, to have made certain acknowledgements, representations and agreements intended to restrict the resale or other transfer thereof as described in this Admission Document and, in connection therewith, may be required to provide confirmation of its compliance with such resale or other transfer restrictions in certain cases. See Annex 3 (Selling Restrictions).

1.7 The language of this Admission Document is English. Any foreign language text that is included with or within this document has been included for convenience purposes only and does not form part of the Admission Document. Certain legislative references and technical terms have been cited in their original language in order that the correct technical meaning may be ascribed to them under applicable law.

1.8 All references in this Admission Document to "**Euro**", "**euro**", "**cents**" and "**€**" are to the single currency introduced in the member states of the European Community which adopted the single currency in accordance with the Treaty of Rome of 25 March 1957, as amended by, *inter alia*, the Single European Act 1986, the Treaty of European Union of 7 February 1992, establishing the European Union and the European Council of Madrid of 16 December 1995; references to "Italy" are to the Republic of Italy; references to laws and regulations are to the laws and regulations of Italy; and references to "billions" are to thousands of millions.

## 2. TYPE OF DOCUMENT

This Admission Document has been prepared in accordance with Section 10 of the guidelines set out in the rules of ExtraMOT.

## 3. PERSONS RESPONSIBLE

Giplast Group S.p.A., with its registered office in Giulianova (Teramo), SS. 80 s.n.c., in its capacity as Issuer, accepts responsibility for the information contained in this Admission Document.

To the best of the knowledge of the Issuer (which has taken all reasonable care to ensure that such is the case), the information contained in this Admission Document for which the Issuer takes responsibility is in accordance with the facts and does not contain any omission likely to affect the import of such information.

## 4. RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should carefully consider risk factors associated with any investment in the Notes, the business of the Issuer and the industries in which each of them operates together with all other information contained in this Admission Document, including, in particular the risk factors described below. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Admission Document have the same meanings in this section.

The following is not an exhaustive list or explanation of all risks which investors may face when making an investment in the Notes and should be used as guidance only. Additional risks and uncertainties relating to the Issuer that are not currently known to the Issuer, or that either currently deems immaterial, may individually or cumulatively also have a material adverse effect on the business, prospects, results of operations and/or financial position of the Issuer and, if any such risk should occur, the price of the Notes may decline and investors could lose all or part of their investment. Investors should consider carefully whether an investment in the Notes is suitable for them in light of the information in this Admission Document and their personal circumstances.

### 4.1 RISKS RELATING TO THE ISSUER AND THE GROUP

#### 4.1.1 Issuer risk

By purchasing the Notes, the Bondholders will become financiers of the Issuer and will have the right to receive from the Issuer the payment of capital and interest of the Notes, according to the repayment profile of the Notes described under the Conditions. Therefore, the Notes are generally subject to the risk that the Issuer may not be in the condition to fulfil its payment obligations under the Notes on the relevant scheduled payment dates.

#### 4.1.2 Risks related to transactions with related parties (parti correlate)

The Issuer managed and is managing commercial, financial, real estate and advice relationships and transactions with related parties (*parti correlate*) as defined in CONSOB regulation No. 17221/10 as amended and supplemented. As at the date of this Admission Document, such relationships provide economic conditions which are evaluated by the Issuer, in accordance with the market economic conditions. However, there is no guarantee that if those transactions were entered into with third parties, they would have negotiated and executed the relevant agreements under the same terms and conditions. The Issuer underlines that in transactions with related parties there is the potential risk of an alteration of the patrimonial and financial situation and the economic result of the Issuer together with a possible conflict of interests which may cause the missing or partial pursuit of the corporate interest.

As at the date of this Admission Document, there are no transactions with related parties deemed as atypical or unusual, out of normal management or dangerous for the financial, economic and patrimonial situation of the Issuer.

Should the related parties be in default in relation to the payments obligations towards a company of the Group, it cannot be excluded that adverse events might happen related to the economic, patrimonial and financial situation of the Group.

#### 4.1.3 The Group is exposed to operational risks

The main operational risk to which the Group is exposed is linked to the manufacturing and selling of edgebandings for furniture market. The plants and equipments used in production are exposed to risks that can cause significant damage to the assets themselves. These risks include extreme weather phenomena, natural disasters, fire, terrorist attacks, mechanical breakdown of, or damage to, equipment or processes, accidents and labour disputes.

In particular, the plants, machineries, appliances and devices managed by the Group are exposed to malfunctioning and service interruption risks which are beyond their control and may result in increased costs. The insufficient quality of installed equipment may results in faster than expected degradation, lower production efficiency and/or higher maintenance costs. This may lead to lower revenues and higher operating costs, particularly if the product guarantees have expired or the supplier is unable or unwilling to respect its obligations. Even the equipment that has been properly maintained may from time to time experience technical problems or breakdowns. Diverse events may be caused, *inter alia,* by erroneous installations or components flaws. Extensive repair interventions may thus be needed. Depending on the component failure relevance and the plant parts design, some or whole of the capacity can be out of production for some time. There is risk that the befitting parts are not available for various reasons, causing an extended production stop. Moreover, such malfunction, could cause a potential reimbursement due to a negative judgement towards the Issuer for the damages suffered by the customers. Although the Group entered into certain insurance policies to cover such events, they could be not sufficient to cover all the damages suffered by the customers or the Group's insurance coverage may prove insufficient to fully compensate for such losses.

These factors, in particular during periods of economic and financial crisis, might cause losses to the companies within the Group, as well as an increase of financing's costs, reduction of the assets value, with a potential negative effect on the liquidity and worthiness of the Group.

### 4.1.4 Risks related to the competitiveness of the Group in the edgebanding market

The Group is currently facing intense competition in most of the markets in which it is present. The Group has in the past been able to enter new markets before other peers and thereby been able to realize its products with good margins. Due to increasing competition, the Group may not be able to develop products with similar margins. The Group may face increasing competition in the future, *inter alia* due to peers being able to develop competing projects, or by obtaining capital at a lower cost than the Group.

Many of Group's existing and potential competitors may have longer operating histories, access to lower cost financing, structurally better cost positions through geographical location (including direct and indirect subsidies), better access to skilled personnel, better access to research and development partners, and significantly greater financial, technical and other resources than the Group.

Furthermore, the Group also competes with other companies in attempting to secure equipment necessary for the manufacturing of new edgebanding. Such equipment and other materials necessary to produce edgebanding may be in short supply from time to time. There is no assurance that the Group will be able to successfully compete against its competitors. The failure to successfully compete against other market players could have a material adverse effect on the Group's business and results of operations.

### 4.1.5 Risks related to Insurance policies

The plants, equipments, appliances and other tangible assets are normally covered by insurance policies against damages and losses of revenue due to incidents such as technical breakdown, natural phenomena and criminal actions as described above. Liability insurance is also available and applicable to power plant operations.

However, the insurance policy may not cover all foreseeable and unforeseeable events, and the Group might be exposed to losses and cost of repairs that exceed normal Operating &Maintenance budgets and are outside the insurance agreements. There is no assurance that the insurance coverage of the Group would be adequate to cover the anticipated losses of the insurable events, or that insurance coverage is applicable to relevant damages.

Furthermore, under special circumstances, the amount of damages received from the insurance company may be reduced due to curtailments or other reasons due to, for example, the magnitude of the total damages to be covered. The occurrence of insurance claims may in turn lead to requirements for additional mitigating measures, such as increased security, and/or increases in insurance premiums that will have a negative impact on the profitability of plant operations.

Although the Group has not received any indication of difficulties in the future renewal of its insurance policies, it cannot be guaranteed that these renewals can be made on the same terms of the existing policies, or that the Group will be able to obtain insurance on normal and acceptable terms, or that the Group will be able to insure its business and assets to the extent deemed necessary. In these cases, such circumstances could have a significant adverse effect on the business, prospects, financial results and results of operations of the of the Group.

### 4.1.6 Risks related to the dependence on key figures

The success of the Group depends on qualified executives and employees, in particular certain executive officers and employees with special expertise within product and project development, financing, engineering, manufacturing and operation and maintenance. Given their expertise in the industry in general, their knowledge of the company's business processes and their relationships with the Group's suppliers, customers and partners, the loss of the services of one or more of these individuals could have a material adverse effect on the financial development, results of operations and financial condition.

Furthermore, considerable expertise could be lost or competitors may gain the same level of expertise. Due to competition, there is a risk that qualified employees will be attracted by competitors and that the Group will be unable to find a sufficient number of appropriate new employees. There can be no assurance that the Group will be successful in retaining these executives and the employees in key positions or in hiring new employees with corresponding qualifications. If the Group will fail to do so, this could lead to a significant adverse effect on the Group’s business, prospects, financial results and results of operations.

### 4.1.7 The Group has exposure to credit risk arising from its commercial activity

Credit risk represents the Group’s exposure to potential losses that could be incurred if a commercial or financial counterpart fails to meet its obligations. This risk arises primarily from economic/financial factors (i.e., where the counterpart defaults on its obligations), as well as from factors that are technical/commercial or administrative/legal in nature (disputes over the interpretation of contractual clauses, supporting invoices, etc.). Particularly, the adverse economic conditions regarding the sector or sectors in which a significant number of counterparts work could affect the Group’s business.

The Group will be exposed to third party credit risk in several instances, including, without limitation, with respect to suppliers and/or contractors who may be engaged to construct or operate assets held by the Group.

The Group’s exposure to credit risk is also influenced to a significant extent and in a direct way by the economic performance of the geographical areas in which it operates almost exclusively.

Should any of the Group’s commercial or financial counterparts fail to meet one or more of their payment obligations, the financial worthiness of the whole Group might be seriously compromised.

Group’s data in Euro

| | 31/12/2013 | 31/12/2014 | 30/09/2015 |
|---|---|---|---|
| Account Receivables | 6.903.997 | 8.772.155 | 8.965.785 |
| Provisions | 441.578 | 411.143 | 427.545 |
| Days Sales Outstanding | 135 | 93 | 93 |

As at 31 December 2014, the Group’s total receivables amount was equal to Euro 8,772,155 with a total provisions credit fund of 411,143.

As at 30 September 2015, the Group’s total receivables amount was equal to Euro 8,965,785 with a total provisions credit fund of 427,545.

During 2014 there has been an important reduction of days sales outstanding from 135 to 93 and it remained steady during 2015.

The Group has implemented a policy in order to reduce the amount of receivables granted to its customers.

Giplast Group's uses a credit risk insurance (Coface) in order to cover the risks related to receivables higher than Euro 500.

The insurance covers 90% of the deteriorated and past due receivables.

### 4.1.8 Risk of refinancing existing debts.

Up to the date of this Admission Document, the Issuer has financed its operations and investments through the traditional tools in the banking market (such as short or medium/long term facilities, short term overdraft facilities, factoring transactions etc.).

*Data in Euro*

| | 31/12/2014 | 30/09/2015 |
|---|---|---|
| Cash & Equivalents | -55.889 | -17.722 |
| Short Term Bank Loans | 3.836.212 | 4.986.209 |
| Long Term Bank Loans | 0 | 750.364 |
| Convertible Bond | 3.500.000 | 3.500.000 |
| | | |
| **Net Financial Position** | **7.280.323** | **9.218.851** |

As at 31 December 2014 the Issuer's indebtedness, as set out in its Financial Statements, amounted to Euro 7,280,323 of which Euro: 3,836,212 with a maturity of less than 12 months and 3,500,000 deriving from a Convertible Bond with maturity date 2018.

As at 30 September 2015 the Issuer's indebtedness, as set out in its Financial Statements, amounted to Euro 9,218,851 of which: Euro 4,986,209 with a maturity of less than 12 months, Euro 750,364 with a longer maturity and 3,500,000 deriving from the Convertible Bond with maturity date 2018.

The Convertible Bond of 3.5 millions of euro was subscribed by Vertis SGR in 2013.

Up to the date of this Admission Document, the Group has financed its operations and investments through the traditional tools in the banking market (such as short or medium/long term facilities, short term overdraft facilities, factoring transactions etc.).

*Data in Euro*

| | 31/12/2014 | 30/09/2015 |
|---|---|---|
| Cash & Equivalents | -158.470 | -71.603 |
| Short Term Bank Loans | 6.882.504 | 8.768.958 |
| Long Term Bank Loans | 811.352 | 1.609.050 |
| Convertible Bond | 3.500.000 | 3.500.000 |
| | | |
| **Net Financial Position** | **11.035.386** | **13.806.405** |

As at 31 December 2014 the Issuer's indebtedness, as set out in its Financial Statements, amounted to Euro 7,280,323 of which Euro: 3,836,212 with a maturity of less than 12 months and 3,500,000 deriving from a Convertible Bond with maturity date 2018.

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The Convertible Bond of 3.5 millions of euro was subscribed by Vertis SGR in 2013.

Up to the date of this Admission Document, the Group has financed its operations and investments through the traditional tools in the banking market (such as short or medium/long term facilities, short term overdraft facilities, factoring transactions etc.).

### 4.1.9 Risk related to implementation of capital expenditures expected in business plan 2016-2019

The Board of Director of the Issuer, on 22 October 2015 and on 14 January 2016, approved the Business Plan from 2016 to 2019 fixing the guidelines and the strategic objectives for the growth of next years.

The business plan is based on a general scenario premises for example, the tendency of macroeconomic variables and the availability of financial resources necessary to support the same Plan The assumptions of the Business Plan are mainly subjective and are based on assessments considered by the management in relation to future and uncertain events. Should one or more of the underlying assumptions do not occur or should only partially happen, or should it take place under different conditions than those foreseen, partly due to unforeseeable events and/or quantified, the forecasts given in the Business Plan might differ from those expected, causing negative effects on the financial, economic and assets of the Group.

### 4.1.10 Risk related to credit access to support growth

The Group is relying on current financing agreements, the renewal of these and/or the obtaining of new financing to fund its investments, operations, additional acquisitions, working capital or expenditures. In particular, the Group finances a significant portion of its capital costs associated with the manufacturing and development of its products by incurring in external debt and/or equity for development and operational projects.

The installation of new equipments, machineries and other tangible and intangible assets may also be related to the capability of the banking and credit system to offer instruments allowing access to means of financing that are specific for small and medium-sized investments. In this respect, at the date of this Admission Document, the generalized difficulty in accessing credit facilities has negatively affected the market conditions. Failure to obtain on additional financing a timely basis, or to retain or renew current financing upon expiry, may lead to the loss of business opportunities for the Group, the reduction or termination of its operations in certain locations or to forfeit its direct interest in certain projects. An increase in the Group's level of debt financing and/or adverse change in the conditions of its financing arrangements, may lead to an accrual of financing costs and reduce the Group's profitability and ultimately may affect the ability to fulfil the obligations under this Notes.

### 4.1.11 Liquidity and funding risks

Liquidity risk is the risk that new financial resources may not be available (funding liquidity risk) or the Group may be unable to convert assets belonging to it into cash on the market (asset liquidity risk), meaning that it may not be able to meet its payment commitments. This may materially and adversely affect the Group's results of operations and financial condition should the Group be obliged to incur extra costs to meet its financial commitments or, in extreme cases, threaten the Group's future as a going concern and lead to insolvency. The Group's approach to liquidity risk is to have a financial structure which ensures an adequate level of liquidity for the Issuer and a balance in terms of duration and composition of its debt in line with its business objectives. The Group's policies are aimed at diversifying the due dates of its debt and funding sources and rely on liquidity buffer to meet unexpected commitments. However, these measures may not be sufficient to cover such risk.

The Group's ability to borrow in the bank or capital markets to meet its financial requirements is also dependent on, among other things, favourable and prevailing market conditions. There are no guarantees that the Group will be capable of obtaining loans and financing from other sources under the same or better conditions as it currently does. This may adversely affect the Group's results and financial condition.

The Group caters to over 700 customers included OEM and resellers of which the first two – IKEA and Mediaprofili – make approximately 25% of sales.

- Ikea:18% of total revenues
- Mediaprofili: 7% of total revenues

The loss of any large clients could lead to a significant adverse effect on the Group's business, prospects, financial results.

The Group, through its development planning, aims at increasing the diversification of its customers in order to reduce the dependence from the larger ones.

During the last two years there has been a considerable increase of inventory because Flexibord, in particolar, has not be able to use the scraps of raw materials. A new important order from a big furniture company will permit the reduction of existing stock during 2016. This production will also permit to reduce Days Sales Inventory to normal and fair value.

*Group's data in Euro*

| | 31/12/2013 | 31/12/2014 | 30/09/2015 |
|---|---|---|---|
| Inventory | 6.115.920 | 9.543.720 | 11.798.260 |
| Days Sales Inventory | 196 | 177 | 238 |

### 4.1.12 The financing agreements that the Group has entered into contain restrictive covenants that limit its operations

The contracts related to the long-term financial indebtedness of the Group contain covenants that must be complied with by the respective borrower. The failure to comply with any of them could constitute a default or trigger further constraining obligations on the borrower, which could have a material adverse effect upon the Group, its business prospects, its financial condition or its results of operation. In addition, covenants such as "negative-pledge" clauses, "material change" clauses, "cross-default" clauses, "additional guarantees" clauses and "acceleration" clauses and covenants requiring the maintenance of particular financial ratios, constrain the Group's operations. Furthermore, the triggering of any early repayment obligation, caused by, *inter alia*, a change of control with respect to certain credit lines could seriously impact the Group's financial position, with a consequent adverse impact on the market value of the Notes and/or on the Group's ability to repay the Notes in full at their maturity.

As at the date of this Admission Document, covenants provided for under contracts related to the long-term financial indebtedness are complied with by the Group. On each financial year, the Group carries out R&D activities and supplies its accounting with a report provided by a third party and accepted by internal and external auditors

### 4.1.13 Risks related to patents and trademarks

R&D activities permit to discover new experimental products, however, in most of cases, it is not possible to present these innovative products as patent, in the current market.

R&D activities involve also testing of new chemical formulas for the creations of new products. Nevertheless, even in this case, it's not possible to protect the inventions as patents.

For these reasons, it is not possible to cope with the risk of counterfeiting products and of claims of trademarks on behalf of third parties. Furthermore, it might happen that third parties become aware of the Group's know-how and trade secrets or that competitors develop products, know-how and technologies similar to those of the Group.

Should any of these events occur, the financial worthiness of the whole Group might be seriously compromised.

### 4.1.14 Interest rate risk

The Group is subject to interest rate risk arising from its financial indebtedness which varies depending on whether such indebtedness is at fixed or floating rate.

a. At 31 December 2014 the Group's consolidated Net Financial Position amounted to Euro 11,035,386.

b. At 30 September 2015, the Group's consolidated Net Financial Position amounted to Euro 13,806,405.

c. The 70% of the indebtedness is considered as a variable rate and the remaining 30% as fixed.

Corporate financial indebtedness is generally not hedged, due to the short term tenor of this kind of financing it is fully subjects to interest rate floating.

Up to the date of this Admission Document, the Group has not subscribed interest rate swap or other derivatives contracts in order to hedge its indebtedness

Due to these concerns, changes in interest rates affect the market value of financial assets and liabilities and the level of finance charges.

It is not possible to ensure the control of the interest rate risk taken by the company of the Group are sufficient and adequate to protect them from adverse changes of rates, that could have negative effects on the economic and financial situation of the Group.

### 4.1.15 Inflation risk

The Group may be exposed to inflation risk. Some of the sale and acquire agreements and operations contracts might not contain inflation-based price increase provisions or provisions that only partially allow for inflation-base increases. Some of the countries in which the Group operates or it may be willing to in the future, have registered high inflation in the past. To the extent that the countries in which the Group conducts its business experience high rates of inflation, thereby increasing the operating costs in those countries, the Group might not be able to generate sufficient revenues to offset the effects of inflation, and this might cause economic losses that could weaken its financial position.

### 4.1.16 Exchange rate risk

The Group operates internationally and it is exposed to foreign exchange risk arising from various currency transactions and exposures. As the Group reports its consolidated results in EUR, any change in exchange rates between EUR and its subsidiaries' functional currencies, with respect to fluctuations in currencies such as but not limited to EUR and USD, may affect its consolidated statement of income and consolidated statement of financial position.

Up to the date of this Admission Document, the Group has not subscribed currency interest rate swap or other derivatives contracts in order to hedge its exchange rate risk.

The Group is on an overall level managed as a EUR company for currency risk management purposes with primary focus on EUR cash flow. Its general policy is to hedge economically viable foreign currency exposures, based on cash flow considerations, but it does not cover the foreign currency translation effects in the financial statements. However, the Group's segment revenues, cost of sales and gross profit may be subject to significant currency fluctuations.

Since the Group’s growth strategy provides for a development in zones outside the EU, this may increase the effect or side effect deriving from the exchange rate, and therefore it cannot be excluded that the negative effect of the exchange rate could result in a negative impact on the economic financial situation of the Group.

### 4.1.17 Risks related to the Company Administrative Responsibility (Law Decree and following changes)

At the date of the Admission Document, the Issuer has not yet implemented the organizational model required by Legislative Decree 8 June 2001, n. 231. However, the internal legal division is preparing the 231 model suited to the structure of the Issuer.

Stated the above, the Issuer could be therefore exposed to the risk of potential financial penalties or prohibition required by the law regulations on corporate liability, with consequent negative effects on the economic situation and financial position and on the Issuer.

### 4.1.18 Risks related to the environmental pollution

The Group's business is subject, for each production site, to different rules as regards health and environmental protection. Each activity of the Group is carried out in compliance with these regulations and with the required and obtained authorizations.

However it cannot be excluded that the Group could meet with costs or responsibilities when it comes the environmental protection. It is difficult to foresee the economic and financial consequences of any environmental damage and regulations for environmental protection, the impact of any technological innovation for environmental restoration, the possibility of litigations and the difficulty in determining the possible consequences, also in relation to the liability of other parties

### 4.1.19 Risks related to the economic cycle

The Group's business is affected by the general economic conditions of the various markets in which it operates.

The occurrence of an economic crisis which hit the banking system and financial markets, similar to the one developed with varying intensity since 2007, as well as the consequent deterioration of macroeconomic conditions (drop in consumptions and in industrial production worldwide) could cause a restriction of the conditions for an access to credit, a stagnation in investments, a low level of liquidity of financial markets, and extreme volatility in equity and bond markets.

Faced with a potential new economic negative is not excluded that the Group might suffer significantly.

### 4.1.20 Risks related to the International presence of the Group

During the 2015 business, the Group obtained abroad 86,5% of consolidated revenues.

Here you can find the detail of the incomes per geographic area:

| | 31/12/2014 | % | 31/12/2015 | % |
|---|---|---|---|---|
| Europe | 20.788.117 | 63,0% | 19.499.893,0 | 63,2% |
| Italy | 11.312.056 | 34,3% | 10.969.174 | 35,5% |
| Ex URSS Republics | 608.363 | 1,8% | 176.929,0 | 0,6% |
| Africa & Middle East | 159.047 | 0,5% | 178.516 | 0,6% |
| North America | 144.918 | 0,4% | 27.657,0 | 0,1% |
| South America & Far East | 8.237 | 0,0% | 11.286 | 0,0% |
| | | | | |
| **Total Revenues** | **33.020.738** | **100,0%** | **30.863.455** | **100,0%** |

The element which stands out is that the Group realizes 64,5% of its turnover in the EU countries area.

In the pursuit of expansion, the Group could further invest in the future even in countries with scarce stability in the institutions and/or involved in international tension. The above mentioned strategy might expose the Group to different microeconomic risks, deriving from, including but not limited to, changes of politic, social, economic and legal systems of those countries or deriving from extraordinary events such as terrorism, civil tumult, restriction of commercial exchanges (in particular reference to products of the Group), of foreign investment and/or trade, as well as policies related to the control of exchange rates and to the restrictions of capital return, sanctions, limitation of foreign investments, nationalization, inadequate protection of intellectual property’s rights. Should those events occur, it cannot be excluded that they might have a negative impact on the economic, financial and patrimonial situation of the Group.

### 4.1.21 Risks related to legal proceedings

Currently, neither the Issuer nor any company within the Group is a party to, or is aware of, any actual or threatened proceedings, even of fiscal nature, by any third party, nor is it contemplating commencing any proceedings against any third parties. However, the Group may become involved in litigation as part of the ordinary course of its business. There can be no assurance that it will be successful in defending or pursuing any such actions, for example in relation to public and employees health and safety or claims for losses or damages.

The Group expects from time to time to be involved in disputes and legal or regulatory proceedings. Such disputes and legal or regulatory proceedings may be expensive and time-consuming, and could divert management's attention from the Group's business. Furthermore, legal proceedings could be ruled against any company of the Group and thus it could be required, *inter alia*, to pay damages or fines, halt operations, etc., which could have a significant adverse effect on the Group's business, prospects, financial results and results of operations.

### 4.1.22 The Group's historical consolidated financial and operating results may not be indicative of future performance

The Group most recent financial and operational performance as resulting from its annual consolidated accounts (see Annex 1 of this Admission Document) may not be indicative of the Group's future operating and financial performance. There can be no assurance of the Group's continued profitability in future.

### 4.1.23 Risk of change in tax regimes

The Group is subject to risks that countries in which the it operates, or will operate in the future, may impose additional withholding taxes, income taxes or other taxes, as well as changing tax levels from those in force at the date of the respective projects or the date hereof.

Any future adverse changes in general to tax regimes applicable to the Group would have an adverse impact on their future results of operations and cash flows. This, as well as any other changes to the tax regime generally applicable to Italian companies, may have an adverse effect on the Group's ability to pay interest on the Notes and to repay the Notes in full at their maturity.

## 4.2 RISKS RELATING TO THE NOTES

### 4.2.1 There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon prevailing interest rates, the market for similar securities, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the ExtraMOT PRO, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

### 4.2.2 The Notes may be redeemed prior to maturity

The Conditions provide that the Notes are redeemable at the Issuer's option on any Interest Payment Date and, accordingly, the Issuer may choose to redeem the Notes. In such circumstances an investor may not be able to reinvest the redemption proceeds in a comparable security at an effective interest rate as high as that of the Notes.

### 4.2.3 Risks related to the quotation on ExtraMOT PRO, the liquidity of the markets and the possible volatility of the price of the Notes

The Issuer has fulfilled the admission request for trading of the Notes on ExtraMOT PRO. ExtraMOT PRO is the professional sector of the ExtraMOT, reserved exclusively for Qualified Investors..

The selling of the Notes will not be assisted by a specialist. Therefore, even if the investor is a Qualified Investor, it could have some difficulty in finding a counterparty to divest the Notes before the final maturity date and could obtain a price lower than the subscription price.

As a consequence, the Qualified Investors should evaluate, in their financial strategies, that the duration of the investment could have the same duration of the Notes, provided that the amount of the disbursement will be at least equal to the nominal amount of the Notes.

### 4.2.4 Risks related to the interest rate

The investment in the Notes has the typical risks of an investment in Notes with fixed rate. Fluctuation of the interest rates on the financial markets influences the prices and the performance of the Notes. If investors sell the Notes before the final maturity date, their market value could be significantly lower than the subscription price and the initial investment in the Notes could be higher than the selling price of the Notes.

### 4.2.5 Risks related to the decrease of the creditworthiness

The price of the Notes until they are redeemed in full is influenced by the creditworthiness of the Issuer during such period. Therefore, the Issuer cannot exclude that the price of the Notes on the secondary market could be influenced by a different appreciation of the risk of the Issuer during the term of the Notes.

### 4.2.6 Risks related to an event beyond the control of the Issuer

Events such as the approval of the annual or *interim* financial statements of the Issuer, issuing of press releases or a change in the general conditions of the market could influence the market value of the Notes. Moreover, the fluctuations of the market and economic and political general conditions could negatively affect the value of the Notes, independently from the creditworthiness of the Issuer.

### 4.2.7 Risks related to variations of the tax system

All the present and future tax burdens applying to any payments made in accordance with the payment obligations of the Notes, shall be borne by each Bondholder. There is no certainty that the tax system as at the date of this Admission Document will be not modified during the term of the Notes with consequent negative effects on the net yield of the Bondholders.

### 4.2.8 Risks related to the amendment of the terms and condition of the Notes without the consent of all Bondholders

The Conditions and the Italian civil code contain rules providing for the determination of the bondholders' meeting related to certain arguments subordinated to the hiring of specific majority. Such determination, if correctly implemented, shall be binding upon all the bondholders whether or not present at such meeting and whether voting or not.

## 5. FINANCIAL INFORMATION

For information concerning assets and liabilities, financial position and annual accounts of the Issuer and the Group see the attachment to this Admission Document under Annex 1.

## 6. INFORMATION ABOUT THE ISSUER

6.1 Legal and commercial name of the Issuer

GIPLAST GROUP S.p.A.

6.2 The place of registration of the Issuer and its registration number

The Issuer has its registered office in SS. 80 FRAZIONE COLLERANESCO GIULIANOVA (Teramo), and is registered with the Companies' Register of Teramo under number 01861680674 and R.E.A. No. 159349.

6.3 The date of incorporation

The Issuer was incorporated on 06 June 2013.

6.4 Term

The duration of the Issuer is until 2050.

6.5 Domicile and legal form of the Issuer, legislation under which the Issuer operates, its country of incorporation, and the address and telephone number of its registered office (or principal place of business if different from its registered office)

The Issuer is a joint stock company (*società per azioni*) incorporated under the laws of the Republic of Italy, with its registered office in Giulianova (Teramo), at SS. 80 Frazione Colleranesco, telephone number +39 085 802411, certified e-mail (*PEC - Posta Elettronica Certificata*): giplastgroup@postcert.it, fax: +39 085 8024154.

6.6 Description of the Issuer

The Issuer is a company working in the field of plastics processing, specialized in the extrusion of big calander rolls in ABS and PVC for the furniture industry.

The Issuer specifically designs, realizes and sells edges for their application on wood panels.

6.6.1 The main production processes of the Group are:

extrusion;

printing process (for matching the shades and colors of the panels, laminates and paper more popular on the market;

varnishing (carried out in order to grant the maximum surface resistance to chemical agents according to the UNI EN norms):

primer application (essential element in order to have a high adherence of the edge to the panels);

6.6.2 Value chain: production in narrow sense.

Development of the order for its processing through its checking and introduction in our computer system;

Transmission of orders to the production through an internal order that contains all the information for the production and the data necessary for the deliveries;

In order to optimize the production lines, the Production Responsible plans the orders;

Execution of the work according to technical supply specifications containing the instructions to follow in order to obtain perfect products complying with the specifications;

Carrying out checks at all stages of production according to our Quality plan as regulated by ISO;

Constant monitoring of all the processes with programmed checks throughout the production cycle;

Control of all orders through the computer system in order to know the state of progress and the production loads;

Verification of proper implementation and documentation of measurements and monitoring, including those relating to the shipment of the products and their delivery.

6.6.3 Business Model

Giplast Group S.p.A. has developed its own know-how that has enabled it to become the first Italian player and the fifth largest in Europe. In particular, thanks to the experience of its management, staff training and the Research and Development has been able to continuously acquire new customers and new market segments.

The continuous development of new products allows the Issuer to play a pioneering role on the market and have a competitive character very pronounced.

6.6.4 History of the Issuer and the Group

91/95: In 1991 Masa srl was incorporated. Later, in 1995, Masa srl was renamed as Giplast srl. Giplast was the name previously used by Masa as a trademark for its product.

2002: Giplast Group srl was incorporated as the Group's sales company.

2005: Incorporation of Giprofil s.r.l, through the merger of Marozzi srl and Giplast srl, with the corporate purpose of product marketing.

2008: Giplast Group is liquidated and Giprofil acquires the brand Giplast and directly markets its products through its own distribution warehouses in Italy and Europe.

2013: Giprofil confers the business unit production and 55% of the shares of Flexibord S.p.A. in the new company Giplast Group S.p.A. The Giplast Group acquires the remaining 45% stake in Flexibord. Flexibord becomes a member company and subject to management and coordination of the Group.

2014: Benchmarking Group companies and integration of the computer system.

2015: It is approved the new Business Plan which aims at bringing together all production activities in the site of Giplast Group S.p.A. in Giulianova.

6.7 Recent events substantially relevant for the assessment of the solvency of the Issuer

For complete information on company operations and significant events relating to the last approved financial statements, investors are invited to carefully read the information in the financial statements and the consolidated financial statements closed at 31.12.2014 and enclosed to this Admission Document.

6.8 Directors, statutory auditors and auditing company of the Issuer

The directors of the Issuer are:

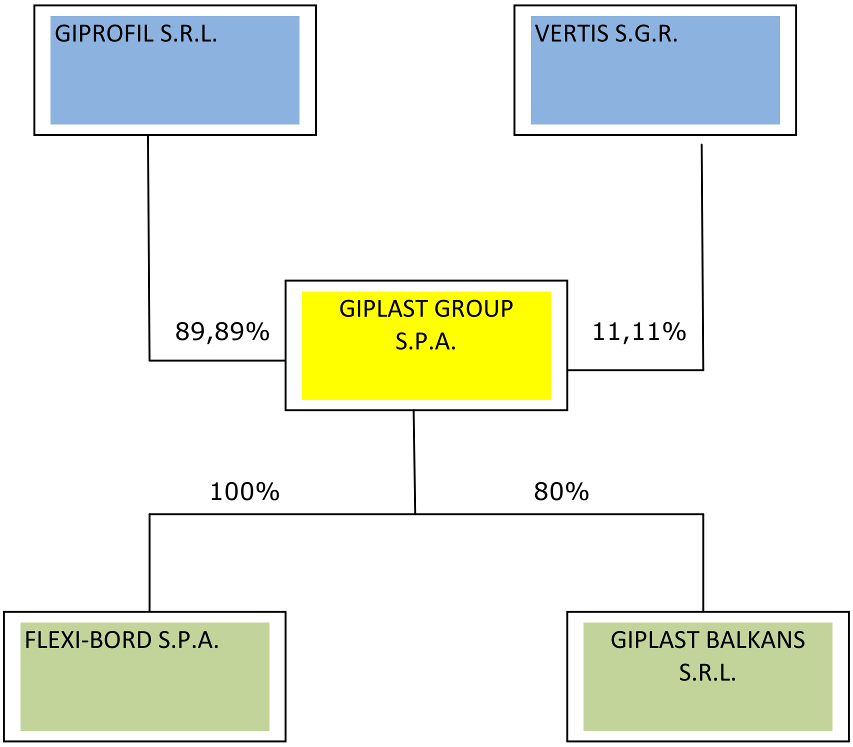
| *Name* | *Title* |
|---|---|
| Giuseppe Marozzi | Chairman of the board |
| Paolo Santoro | member |
| Patrizio Marozzi | member |

The Board of Statutory Auditors committee is currently composed of three standing members and two alternate members as follows:

| *Name* | *Capacity* |
|---|---|
| Enzo Iannucci | chairman |
| Nicola Buri | standing member |
| Alfonso Di Sabatino Martina | standing member |
| Ferrante Valentino | alternate member |
| Melucci Laura | alternate member |

PricewaterhouseCoopers are the external auditors of the Issuer.

## 7. ORGANISATIONAL STRUCTURE




Giplast Group S.p.A. owns:

- the 100% of shareholder's equity of Flexi-Board S.p.A.

  The acquisition of Flexibord was financed by the private equity fund Vertis, which owns ca. 11% of the Group (with the rest controlled by the Marozzi family) and also with an issue of a Convertible Bond of 3.5 mln of euros subscribed by Vertis itself.

  Since the acquisition of a key competitor, the company more than doubled its revenues and became the leading player in the Italian market

  Key Financial highlights of Flexibord:

| *Data in euro* | **31/12/2014** | **30/09/2015** |
|---|---|---|
| Revenues | 14.874.452 | 11.541.058 |
| EBITDA | 986.538 | 925.772 |
| EBIT | 484.482 | 665.514 |
| Net Margin | 23.203 | 195.832 |
| | | |
| Total Assets | 12.705.705 | 14.096.653 |
| Shareholder Equity | 1.031.949 | 1.227.779 |
| Net Financial Position | 3.852.067 | 4.638.860 |

- the 80% of shareholder's equity of Giplast Balkans srl; 20% is owned by a local partner.

  The company has 13 employees and is function is to storage and distribute products to specific customers of Easter Europe.

Key Financial highlights of Giplast Balkans:

| *Data in euro* | **31/12/2014** | **30/09/2015** |
|---|---|---|
| Revenues | 1.410.615 | 683.789 |
| EBITDA | 414.402 | 138.065 |
| EBIT | 335.821 | 127.270 |
| Net Margin | 277.092 | 76.429 |
| | | |
| Total Assets | 991.618 | 1.056.994 |
| Shareholder's Equity | 445.985 | 564.924 |
| Net Financial Position | -97.004 | -51.306 |

## 8. SHAREHOLDERS

As at the date hereof, the share capital of the Issuer is 100% owned by:

Giprofil S.r.l. 88.9 %

Vertis Sgr 11.1 %

## 9. FINANCIAL STATEMENTS

The consolidated and the annual financial statements of the Issuer and the Group for the year 2014, together with the relevant audit letter, are attached to this Admission Document as Annex 2 (*Issuer's pro forma consolidated financial statements as of 31 December 2014 and relevant audit letter*).

## 10. INFORMATION CONCERNING THE SECURITIES TO BE ADMITTED TO TRADING (TERMS AND CONDITIONS)

See Annex 1.

## 11. ADMISSION TO TRADING AND DEALING ARRANGEMENTS

11.1 Application for admission to trading

Application has been made to the Italian Stock Exchange for the Notes to be admitted to The decision of the Italian Stock Exchange and the date of commencement of trading of the Notes on ExtraMOT PRO, together with the information required in relation to trading, shall be communicated by the Italian Stock Exchange by the issuance of a notice, pursuant to Section 11.6 of the guidelines contained in the Rules of ExtraMOT.

11.2 Other regulated markets and multilateral trading facilities

At the date of this Admission Document, the Notes are not listed on any other regulated market or multilateral trading facility in Italy or elsewhere, nor does the Issuer intend to submit, for the time being, an application for admission to listing of the Notes on any other regulated market or to trading on multilateral trading facilities other than ExtraMOT PRO.

11.3 Intermediaries in secondary market transactions

No entities have made a commitment to act as intermediaries on a secondary market.

11.4 Trading method

The trading of the Notes on ExtraMOT PRO is restricted to Qualified Investors only.

## 12. MISCELLANEA

In accordance with the Notes Subscription Agreement, the Notes Subscriber has undertaken to subscribe 100% (one hundred per cent.) of the nominal amounts of the Notes and to pay the subscription price in respect of the Notes on the Issue Date.

For a further description of certain restrictions on the offering and sale of the Notes and on distribution of this Admission Document.

## 13. AMOUNT OF NOTES

The loan will consist of a maximum of 40 (forty/00) bearer notes with a nominal value of EUR 100,000 (one hundred thousand/00) each, for a maximum nominal amount of Euro

4,000,000 (four million/00) called "Giplast Group Senior Secured Notes 2021" issued by the Issuer.

As at the 31.12.2014 the share capital amounted to Euro 4,298,750.00 of which 798,750.00 paid-in and the available reserves amounted to zero, while the net profit amounted to Euro 102,498.00.

## 14. FURTHER ISSUANCE

In November 2013, Giplast Group issued a convertible bond with a nominal amount of 3,500,000 subscribed by Vertis Sgr with a final maturity date of 2018.

The bond was issued at an issue price of 100% and pays an annual fixed interest rate of 6.00%.

In case of conversion of the bond, Vertis could hold up to a 49.9 of the share capital of the Issuer

## 15. USE OF PROCEEDS

The funds coming from the issuing of the Notes will be used by the Issuer to finance the activities of Group's companies and in particular to implement the Business Plan enclosed.

The proceeds resulting from the subscription of the notes will be used to:

a. close the production of Flexibord in Luzzara plant with the related payment of debts and extraordinary costs of staff;

b. support tangible and intangible investments;

c. support working capital in view of expected increase of revenues.

The business plan foresees that a part of the funds will be used to get a better pricing for the raw materials to reduce short term banking debt and optimize the financial structure of the Group.

## 16. GUIDELINES OF THE GROUP'S BUSINESS PLAN

See Annex 2.