



STAR S.p.A.

Independent auditors' report
pursuant to art. 14 of
Legislative Decree no. 39 of 27 January 2010

Balance sheet as of December 31, 2019



Report of the independent auditors

pursuant to art. 14 of Legislative Decree no. 39 of 27 January 2010

To the Shareholders of
Star S.p.A.

Report on the audit of the consolidated financial statements

Judgement

We have audited the accompanying consolidated financial statements of Star Group (the Group), which comprise the consolidated balance sheet as of December 31, 2019, the consolidated statements of income, the consolidated statements of cash flows for the year then ended, and the related notes.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at December 31, 2019, and of its results of operations and its cash flows for the year then ended in accordance with Italian regulations governing the criteria for their preparation.

Elements underlying the opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under these standards are further described in the *Auditor's Responsibilities for Auditing the Consolidated Financial Statements* section of this report. We are independent with respect to Star S.p.A. in accordance with the rules and principles on ethics and independence applicable in Italian law to the auditing of financial statements. We believe that we have acquired sufficient and appropriate evidence on which to base our opinion.

Responsibility of the directors and the board of statutory auditors for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with Italian law governing the criteria for their preparation and, within the terms of the law, for that part of the internal control they consider necessary to enable the preparation of financial statements that do not contain material misstatements, whether due to fraud or unintentional conduct or events.

The directors are responsible for assessing the Group's ability to continue to operate as a going concern and, in preparing the consolidated financial statements, for the appropriateness of the use of the going concern assumption, as well as for adequate disclosure in this regard. The directors use the going concern assumption in preparing the consolidated financial statements unless they have assessed that the conditions exist for the liquidation of the parent company Star S.p.A. or for discontinuing operations or have no realistic alternative to such choices.

The Board of Statutory Auditors is responsible for supervising, within the terms of the law, the process of preparing the Group's financial reports.

Auditor's responsibility for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements taken as a whole are free of material misstatement, whether due to fraud or unintentional conduct or events, and to issue an audit report that includes our opinion. Reasonable assurance is defined as a high level of assurance that an audit performed in accordance with International Standards on Auditing (ISA Italy) will always detect a material misstatement, if any. Errors may arise from fraud or from unintentional conduct or events and are considered significant when they can reasonably be expected, either individually or collectively, to influence the economic decisions made by users on the basis of the consolidated financial statements.

As part of an audit performed in accordance with International Standards on Auditing (ISA Italy), we exercised professional judgment and maintained professional skepticism throughout the audit. Also:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements due to fraud or unintentional conduct or events; we defined and performed audit procedures in response to these risks; we have obtained sufficient and appropriate evidence on which to base our opinion. The risk of not detecting a significant error due to fraud is higher than the risk of not detecting a significant error resulting from unintentional conduct or events, as fraud may involve collusion, falsification, intentional omissions, misrepresentation, or forcing of internal control;
- we have obtained an understanding of internal control relevant to the audit for the purpose of designing audit procedures that are appropriate in the circumstances and not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we assessed the appropriateness of the accounting policies used as well as the reasonableness of the accounting estimates made by the directors, including the related disclosures;
- we have reached a conclusion on the appropriateness of the directors' use of the going concern assumption and, based on the evidence obtained, on whether there is any material uncertainty about events or circumstances that may cast significant doubt about the Group's ability to continue as a going concern. If there is a material uncertainty, we are required to draw attention in the audit report to the relevant financial statement disclosures or, if such disclosures are inadequate, to reflect that fact in the formulation of our opinion. Our conclusions are based on the evidence obtained through the date of this report. However, subsequent events or circumstances may result in the Group ceasing to operate as a going concern;
- we evaluated the presentation, structure, and content of the consolidated financial statements as a whole, including disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that provides a fair presentation.
- we have obtained sufficient and appropriate evidence on the financial information of the businesses or the different economic activities carried out within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, oversight and performance of the Group's audit engagement. We are solely responsible for our audit opinion on the consolidated financial statements.

We communicated to those responsible for governance activities, identified at an appropriate level as required by ISA Italy, among other matters, the planned scope and timing of the audit and the significant findings that arose, including any significant deficiencies in internal control identified during the audit.

Report on other statutory and regulatory requirements

Judgment pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10

The directors of Star S.p.A. are responsible for the preparation of the management report of Star S.p.A. as of December 31, 2019, including its consistency with the related financial statements and its compliance with legal requirements.

We have performed the procedures indicated in Auditing Standard (SA Italy) No. 720B in order to express an opinion on the consistency of the report on operations with the financial statements of Star S.p.A. as at December 31, 2019, and on their compliance with the law, as well as to issue a statement on any significant errors.

In our opinion, the directors' report is consistent with the financial statements of Star S.p.A. for the year ended December 31, 2019, and has been prepared in accordance with the requirements of the law.

With reference to the statement pursuant to art. 14, paragraph 2, letter e), of Legislative Decree no. 39/10, issued on the basis of the knowledge and understanding of the company and its context acquired during the audit, we have nothing to report.

Turin, 13 March 2020

BDO Italia S.p.A.

/signature/

Anna Maria Bongiovanni
Partner

The undersigned Giovanni Zingarini, pursuant to art. 31 paragraph 2-quinquies of Law 340/2000, declares that this document is in conformity with the original deposited with the company.