

Lu-Ve S.p.A. Warrants Regulation

Art. 1 – Definitions

The terms of this regulation are defined as follows:

Shareholders' Meeting for Issuance=	The Company's extraordinary shareholders' meeting held on 28 April 2015.
Shares=	The ordinary shares of Lu-Ve without indication of the nominal value.
Conversion Shares=	The maximum 2,153,151 Shares to service the exercise of the Warrants
Acceleration Communication=	The communication, to be made by means of a press release published on the Website, that the Acceleration Condition has been fulfilled.
Acceleration Condition=	The event by virtue of which the Average Monthly Price exceeds the Threshold Price.
Merger=	The merger by incorporation of Industrial Stars of Italy S.p.A. into Lu-Ve on the occasion of which this regulation was adopted.
Market=	A regulated market or a multilateral trading system.
Significant Transaction=	The Merger and the simultaneous admission to trading of the Shares on the multilateral trading system AIM Italia/Alternative Capital Market, organised and managed by Borsa Italiana S.p.A..
Restricted Period=	The period from the date on which the Company's Board of Directors convened a Shareholders' Meeting to approve the annual financial statements up until the day (inclusive) on which the same took place and, in any event, up until the day (exclusive) of any payment of dividends resolved upon by the Shareholders' Meeting.
Share Subscription Price=	€0.10
Strike Price	€9.30
Average Daily Price=	The average weighted price of the amount of shares traded on the Market on one day.
Average Monthly Price=	The average of the Average Daily Prices over the course of each month of the year.

Threshold Price=	€13.00
Exercise Ratio=	The number, also a fraction rounded off to the fourth decimal place, of Conversion Shares that may be subscribed for the exercise of a Warrant.
Website=	The Company's official website, which is currently www.luvegroup.com ; which may also be changed at a later date, following communication of such on the website in question.
Company or Lu-Ve=	Lu-Ve S.p.A. with registered office in Varese (VA), Via Vittorio Veneto no. 11, tax code and VAT Number and enrolment number on the Company Register of Varese 01570130128, Number on Economic and Administrative Register VA-191975.
Deadline=	The first to occur of: (i) the fifth year from the date of effectiveness of the Significant Transaction, (ii) the thirtieth day following the Acceleration Communication.
Warrant=	The Lu-Ve warrants issued following the resolution passed by the Shareholders' Meeting for Issuance.

Art. 2 – Lu-Ve S.p.A. Warrants

The Shareholders' Meeting for Issuance has resolved, *inter alia*: (i) to issue a maximum of 7,507,500 Warrants, of which a maximum of 2,502,500 are to be allocated freely to parties that were shareholders of Industrial Stars of Italy S.p.A. the day prior to the effective date of the Merger (with the exception of those that exercised their right to withdraw), by the third trading day of the stock market following the effective date of the Significant Transaction, 1 (one) Warrant for every 2 (two) ordinary shares of Industrial Stars of Italy S.p.A. held by the same the day prior to the effective date of the Merger; (ii) to increase the share capital of the Company, on a divisible basis, for the maximum nominal amount of €215,316, through the issuance of a maximum number of 2,153,151 Conversion Shares without indication of the nominal value, with accounting parity on issuance of €0.1 (zero/1) for each Conversion Share, to be reserved to the exercise of the Warrant holder's right to subscribe.

The Warrants shall be made out to the bearer, are admitted by the centralised management system of Monte Titoli S.p.A. ("**Monte Titoli**") and are subject to dematerialisation pursuant to Italian Legislative Decree no. 213 of 24 June 1998. The Warrants circulate separately from the Shares to which they were linked on the issue date and are freely transferable.

Art. 3 – Exercise conditions of the Warrants

1. Warrant holders may request to subscribe Conversion Shares at the Share Subscription Price at any time, from the month following the effective date of the Significant Transaction, on the basis of the following Exercise Ratio on condition that the Average Monthly Price is higher than the Strike Price:

$$\frac{\text{Average Monthly Price} - \text{Strike Price}}{\text{Average Monthly Price} - \text{Share Subscription Price}}^1$$

- In the event in which the Acceleration Condition is fulfilled, the Warrant holders should request to subscribe the Conversion Shares at the Share Subscription Price within and no later than 30 days from the Acceleration Communication according to the following Exercise Ratio:

$$\frac{\text{Threshold Price} - \text{Strike Price}}{\text{Threshold Price} - \text{Share Subscription Price}}^2$$

If the Acceleration Condition is fulfilled, the Acceleration Communication will be sent promptly by the Company, and in any event within 10 days from the end of the reference month.

- The Company will promptly and in any event within the second Market trading day following the end of each month, communicate the relative Exercise Ratio by means of a press release published on the Website.
- Requests for subscriptions must be submitted to the intermediary which is a member of Monte Titoli where the Warrants are deposited by the last day of the month with reference to the Exercise Ratio published by the second day pursuant to the paragraph above. The exercise of the Warrants will be effective by the tenth Market trading day of the month following that in which the request was submitted, when the Company will organise for the subscribed Conversion Shares to be issued, making them available through Monte Titoli.
- The Conversion Shares will have the same rights as the Shares on the effective date of exercise of the Warrants. The Share Subscription Price must be wholly paid at the time of submission of requests to exercise, without additional commission or expenses.
- The exercise of the Warrants will, in any event, be suspended in Restricted Periods. Subscriptions made up until the day prior to the board resolution convening the Shareholders' Meeting, shall be valid and will be effective from the end of the Restricted Period.
- At the time of submission of the request for subscription, in addition to providing the necessary and usual information, the Warrant holders: (i) will acknowledge that the share subscribed on exercise of the Warrants have not been registered pursuant to the 1933 Securities Act and subsequent amendments, in force in the United States of America; (ii) will state that they are not a "U.S. Person" as defined at the time by the "S Regulations". No share subscribed on exercise of the Warrants will be allocated to Warrant holders who do not fulfil the above-illustrated conditions.

¹ For example, if the Average Monthly Price was €11.00, then the Exercise Ratio would be given by the formula $(11.00 - 9.3) / (11.00 - 0.10)$, namely 0.15596.

² For example, if the Average Monthly Price was €14.00 (namely higher than the Threshold Price) then the Exercise Ratio would be given by the formula $(13.00 - 9.3) / (13.00 - 0.10)$ namely 0.28682.

Art. 4 – Rights of Warrant holders in the event of operations on the Company’s share capital

If the Company carries out:

1. share capital increases against payment, through the issue of new shares under option, also in service of other valid warrants for their subscription, or convertible bonds or with warrants or in any event transactions that give rise to the detachment of a negotiable right, the Strike Price will be reduced (and never increased) by an amount, rounded down to the nearest thousandth of a Euro, corresponding to

$$(P_{cum} - P_{ex})$$

in which

P_{cum} represents the simple arithmetic average of the last five Average Daily Prices “*cum right*” (of option relating to the increase in question) of the Share;

P_{ex} represents the simple arithmetic average of the first five Average Daily Prices “*ex right*” (of option relating to the increase in question) of the Share;

2. scrip issues through the issue of new shares, the Exercise Ratio will be increased and the Strike Price reduced, both proportionally to the free allocation ratio, subject to a resolution of the Company’s shareholders’ meeting;
3. the grouping/fractioning of the shares, the Exercise Ratio will be reduced/increased and the Strike Price will be reduced/increased, both proportionally to the grouping/splitting ratio, subject to a resolution of the Company’s shareholders’ meeting;
4. scrip issues without the issue of new shares or reductions of share capital for losses without the cancellation of Shares, the Strike Price will not be altered;
5. share capital increases through the issue of shares with exclusion of the option right pursuant to art. 2441, paragraphs 4, 5, 6 and 8 of the Italian Civil Code, the Strike Price will not be altered.
6. Mergers/spin-offs in which the Company is not the incorporating company/beneficiary, the Exercise Price and the Strike Price will be consequently altered according to the relative swap/allocation ratios, subject to a resolution of the Company’s shareholders’ meeting;

Where (i) the Strike Price is amended in application of this article, the Threshold Price and the Exercise Ratio will in turn be adjusted in line with the amended Strike Price, (ii) where an operation is performed other than those considered in the points above, and susceptible to leading to similar effects, the Strike Price may be altered in accordance with generally recognised practices, subject, where necessary, to a resolution of the Company’s shareholders’ meeting.

Art. 5 – Fractioned Parts

In all cases in which, by virtue of this Regulation, at the time of exercise of the Warrants, a non-whole number of shares is due, the Warrant holder shall have the right to subscribe shares up to a whole number and shall not be able to exercise any right on a fractioned part.

Art. 6 – Deadline

Warrants not exercised before the Deadline are considered lapsed and shall have no validity to all intents and purposes.

Art. 7 – Tax Regime

The allocation, purchase, holding, sale and exercise of the Warrants by the respective titleholders are subject to the tax regime in force on each occasion and applicable to the individual titleholder.

Art. 8 – Admission to trading

Borsa Italiana will be requested to admit the Warrants to trading on AIM Italia; subsequently admission to another Market organised and managed by the same may be sought. If for whatever reason, the Warrants and/or the Shares are revoked or suspended from trading, the Acceleration Condition cannot be fulfilled.

Art. 9 – Miscellaneous

The Company will effect all communications to Warrant holders, unless otherwise provided for by the law, through a press release published on the company Website.

The holding of Warrants implies the full acceptance of all conditions established in this Regulation. This Regulation is disciplined by the laws of Italy.

Any dispute which may arise in relation to the Warrants and to the provisions of this Regulation shall fall within the exclusive jurisdiction of the Milan Court.