



VISMEDERI

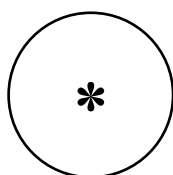
ANALYSES FOR LIFE IMPROVEMENT

In this Annual Report, VisMederi reports on the progress, transformations and success achieved in 2016, aimed at accomplishing its mission in the forward-looking vision of improving public health through the development of more effective and safer innovative vaccines.



VISMEDERI
ANALYSES FOR LIFE IMPROVEMENT

We prove. You improve



THE PRESIDENT

President Emanuele Montomoli is the founder of VisMederi Srl, the innovative Sienese Company established in June 2009 by the Department of Molecular Medicine of the University of Siena. Within a few years, the Company has integrated in the field of Life Sciences and Public Health, gaining the role of a highly qualified and reliable partner at an international level.

“2016 has been a year of major changes within VisMederi’s governance. The acquisition of all the business units, an economically and strategically relevant chapter in VisMederi’s history, allowed me to implement my will to continue investing in an entrepreneurial, dynamic, innovative and successful reality such as VisMederi and to go on with my determination in the commitment I had undertaken since the Company’s birth. VisMederi is today a solid reality that grew year after year in credibility, customer portfolio, human resources and economic results. These are the results of the fruitful work carried out by a motivated, young and highly competent group, who in VisMederi has found not only a job but also a great opportunity of professional growth. Together with the new management, we will continue this journey, strengthened by our international positioning in the development of experimental protocols for the study of vaccines and the provision of qualified food and environmental analysis services”.

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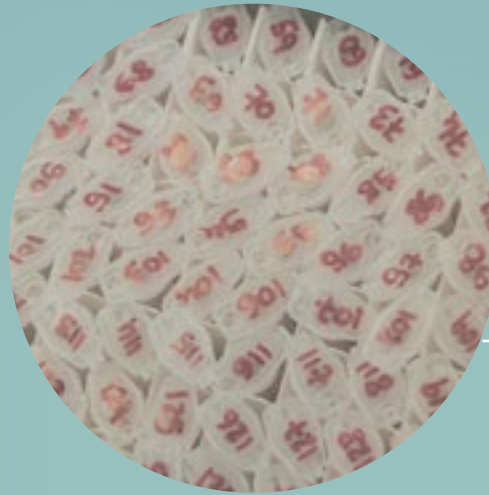
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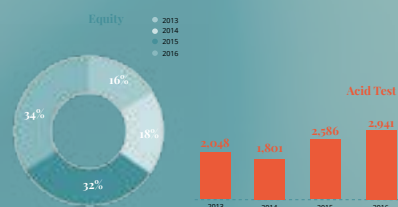
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LIFE SCIENCE

COMPANY PROFILE

VisMederi is a globally skilled, well-resourced Research and Service Company that supports businesses and big pharma industries in improving public health through the development and optimization of safer and more effective drugs and vaccines.

Thanks to the profound scientific expertise and experience of its management and staff, VisMederi conducts and perfects serological tests to evaluate the immunogenicity of vaccines, creates and validates bioanalytical methods and experimental protocols for the release of therapeutic molecules and vaccines in development phases and performs quality control during the intermediate stages of vaccine production.

VisMederi has its headquarters in Siena, Italy, a city strengthened by its research tradition dating back to the early 20th century and a reference point of international excellence in the field of vaccines and Life Sciences, as well as home to one of the most prestigious Italian universities.

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**Competence, skills and
professionalism**

2

Quality

Why VisMederi?

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Reliability

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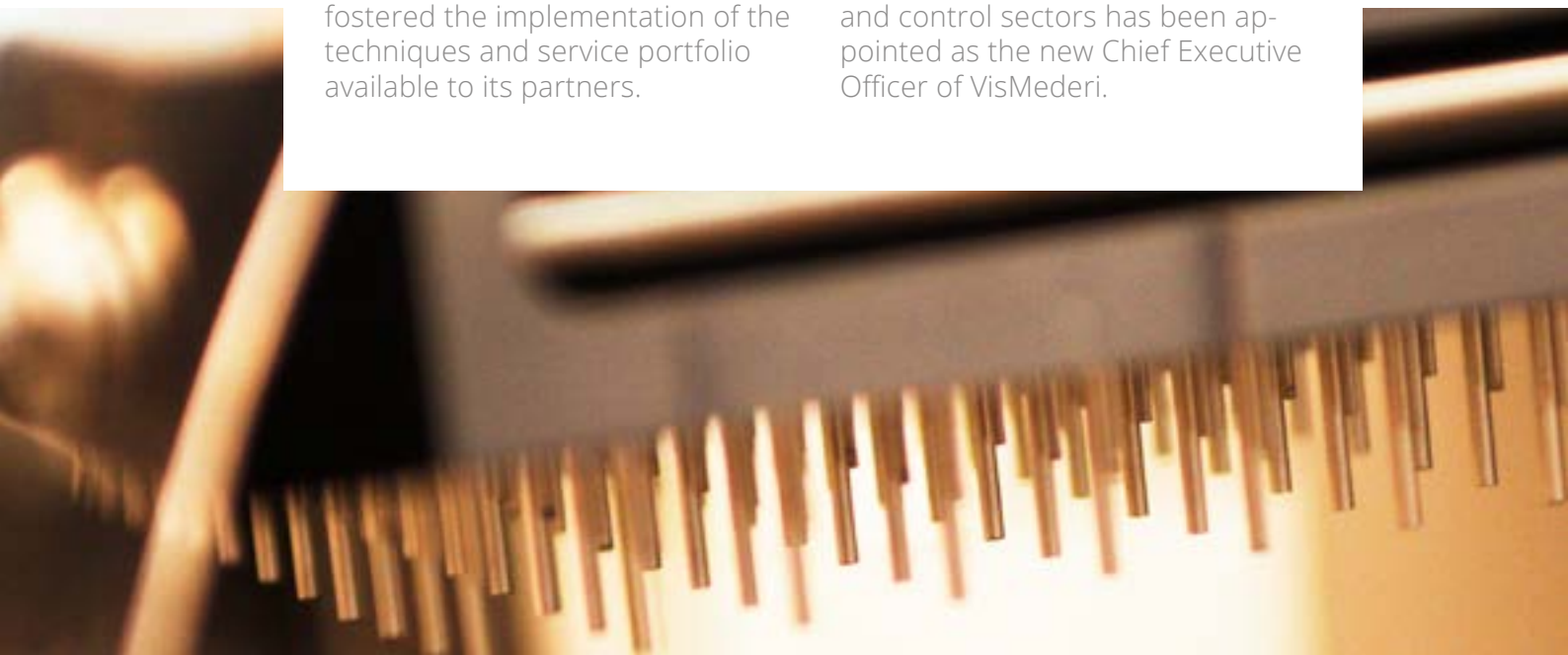
**Flexibility, dynamism
and speed**

FOREWORD

2016 was a turning point, a year full of changes for VisMederi, which led, within a few months, to both the change of our headquarters and to a new corporate structure and a new governance for the Company.

Last year in May, the Company left the old headquarters within the Toscana Life Sciences incubator, to move to the modern structure of the Medical Research Center. It was a major change not only at a structural and logistical level, but also at a corporate image and a strategic level for the Company, as it has allowed VisMederi to perform an internal requalification action and to provide itself with the necessary space for research. Over the past few years, the Company has been growing in terms of commissioned jobs and staff, which has led to the strong need for greater and advanced spaces. It has been a winning choice for the Company, as the ability to have more than one laboratory with different classes of risk and equipment available has fostered the implementation of the techniques and service portfolio available to its partners.

It is exactly within this transformation path that the reorganization of the corporate framework lies. Emanuele Montomoli, already a 33% shareholder, has exercised the right of pre-emption by acquiring the totality of the shares through his company BioSunrise Srl. Following a leveraged buyout financial transaction, made possible thanks to the support of Banca Monte dei Paschi di Siena, Professor Montomoli accepted this responsibility, thus guaranteeing the continuity of the enterprise and the protection of all employees, taking on the role of Non-Executive President and maintaining that of Scientific Director. With the reorganization of the corporate structure, Duccio Meiattini, coming from the world of consulting in the corporate organization and control sectors has been appointed as the new Chief Executive Officer of VisMederi.



CORE BUSINESS

The Company fits within that complex path that leads to the release on the market of a new vaccine or new medication through the optimization of analytical tests on biological samples and its application on clinical studies.

VisMederi aims at assisting pharmaceutical companies in the development path of their own products. The logic driving VisMederi's collaboration with key customers is based on creating a long-term partnership based on continuity, trust and stability relationships embodied in the sharing of objectives and instruments to identify professional winning solutions.

All the implemented activities are very high quality and internally validated in order to ensure maximum customization upon customer request. VisMederi is thus capable of offering an accurate analytical result.

The tests carried out by VisMederi always require a validation process consistent with international guidelines such as "Validation of Analytical Procedures: Text and Methodology (ICH)" and as required by leading international regulatory bodies such as EMA (European Medicines Agency), FDA (Food and Drug Administration) and PMDA (Pharmaceuticals and Medical Devices Agency).

VACCINE DEPARTMENT

In the year 2016, VisMederi continued to develop and consolidate the main serological tests for the validation of immunogenicity of pandemic and seasonal influenza vaccines, such as Haemagglutination Inhibition (HAI), Single Radial Hemolysis (SRH) and Virus Neutralization (VN), already existing in the Company's portfolio. The experience gained over the years, the scientific and methodological accuracy in this field of action represent a guarantee in terms of quality of results and times of execution and delivery.

In the philosophy of VisMederi, innovation means making changes in order to produce improvements through a gradual but continuous path of research, planning and transformation that permeates every aspect of corporate life.

In this area, important results concerning the dosage of IgA flu antibodies were achieved in 2016, also from "difficult samples" such as saliva or nasal washings. Up to date, vaccine efficacy was assessed solely through the serum antibody response and it was extremely difficult

to devise methods for the dosage of IgA immunoglobulins partly because of the difficulty of finding human standard controls on the market. VisMederi has worked on standardizing an innovative method based on the ELISA technique for achieving this goal.

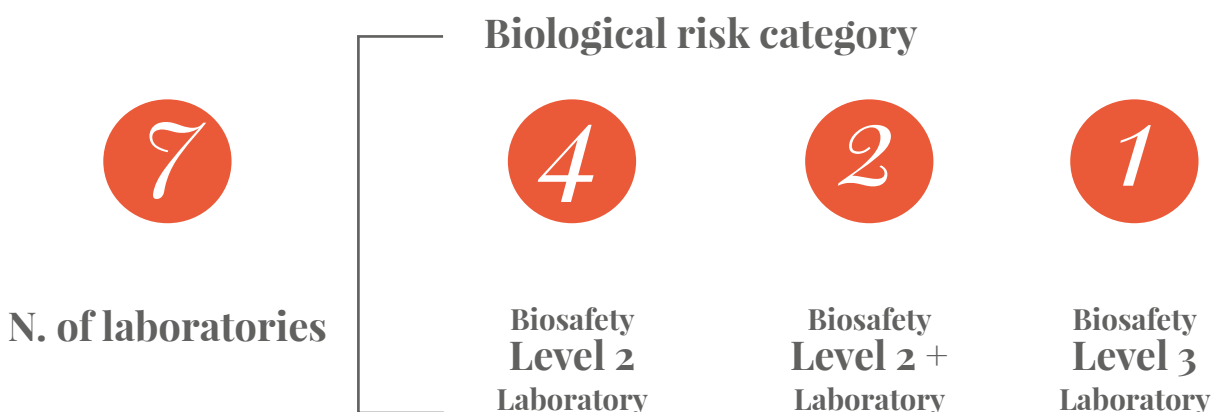
Influenza vaccination is gradually deviating towards new types of vaccines: from traditional intramuscular and intradermal vaccines, to live attenuated vaccines administered by nasal sprays and sublingual inactivated vaccines. It is

expected that these new vaccines can further stimulate a local (mucosal) response, which is not easily detected through classic serological tests.

In the frame of serological tests in the year 2016, VisMederi also implemented the development of immunoassays for the evaluation of the response to the second antigenic protein (neuramidase) present in the vaccine based on international guidelines and implementing its features. Among the various methods developed for this purpose, the ELLA Test was the most reliable, fast and functional. The platform of flu pseudotypes, which has already been part of the corporate portfolio in the last few years, has been further developed thanks to the support by the Tuscany Region through the "Innoviral" project. With this test, the measurement of functional antibodies can be performed without using any living virus. The growth activity of influenza viruses in cell cultures and embryonated chicken eggs represented an important sideline in order to reproduce influenza viruses on a large scale usable in conventional serology. Conventional serology tests represent the gold standard of VisMederi's analysis portfolio; however, the growing interest in Cell Mediated Immunity (CMI) pushed VisMederi to invest in this area by adopting appropriate equipment. The Company's experience has been focused on flow cytometry testing in order to evaluate the expression of cytokines and interleukins immune cells, after vaccination. Recently the industry has been further enhanced with a platform devoted to type-B cell response, focusing attention on the "ELISPOT" procedure.

In addition, VisMederi continued to carry out experimental works also on the immune evaluation of bacterial vaccines, both through traditional immunoenzymatic assays and through the development and qualification of ad hoc methods. One of these methods is MATS (Meningococcal Antigen Typing System), which is aimed at screening and classifying meningococcal strains circulating and coming from various countries around the world and at evaluating their "reaction" against the strains included in the vaccines.

To meet the growing request relating to vaccine testing, VisMederi has designed a platform for preclinical studies using animal models in the course of the past year. Alongside ferrets, already used in previous years, we have introduced another species exceptionally suited to infection with influenza virus and with clinical consequences very similar to human ones: "cotton rats". With these animals, VisMederi took up the exciting challenge to be able to study the pathogenesis of influenza and immune response in humans, testing next generation vaccines also through "challenge studies". As of 2016, VisMederi has finally decided to optimize its "biological material storage" capacity, no longer limited to the retention of serum samples related to ongoing studies, but also geared towards a genuine customer service. To this end, three new temperature-controlled storage areas have been created, with a 24-hour monitoring system. The service is designed to be customized according to the needs of partners including the ability to manage services and shipping material.



FOOD SAFETY AND ENVIRONMENT DEPARTMENT

During 2016, the Food, Safety and Environment Department achieved important goals in managing business and optimizing business strategy in a field where security and attention to human health take on a major ethical value.

Since its inception, the Microbiological Analysis and Food Department in VisMederi was a quality guarantee for our customers thanks to the experience and deep scientific knowledge of the personnel working within cutting-edge laboratories equipped with technologically advanced equipment. Over the past year, VisMederi has invested many resources in training and regular updating its workers in order to implement their knowledge, expanding the range of offered services and ensuring the customer with a quality product designed on individual needs, in compliance with the national legislation on the subject.

During 2016, the Company has enabled new partnerships and consolidated those initiated in previous years, it structured and developed the range of offered services and it extended the horizon of its field of action. The tested samples increased tenfold as they underwent a sharp increase

in the hours of provided training, requests for consultation, inspection and check on the entire production line in the food related industry.

The turnover linked to such an activity experienced a sharp upward thrust that has enabled the Company to further grow and strengthen in terms of dedicated staff. Important partners, from food companies, restaurants and catering to tourist facilities to large-scale distribution, have chosen to rely on VisMederi to be supported with the utmost professionalism in their activities, guided in their decisions and in corporate decisions by solid and shared values aimed at achieving the highest quality standards. A relationship based on trust built up over time through mutual commitment and considering the expectations and needs of every single customer that has led to build custom routes of voluntary improvement within a productive collaboration environment.

Intervention Areas:

The partnerships activated in 2016 reached mainly companies operating in the following sectors:

Large Scale Retail

Mass Catering (corporate and school canteens) and other Catering activities.

Accommodation Facilities.

Meat and General Processing Industry.

Bakery Products.

Agriculture

Analysis of Food and Work Surfaces

In the year 2016, VisMederi performed chemical and microbiological analysis for food and work surfaces to ensure food safety and hygiene in the whole production process. The tests covered not only raw materials and finished products, but also any possible contamination by the personnel and the proper disinfection of equipment and premises in use. The laboratory has performed basic analytical investigations, micro-pollutant, contaminant and toxin detection, allergen and GMO detection and product durability (Shelf Life) studies.

HACCP Services

In 2016, VisMederi's qualified staff continued to assist their clients in the process of validation of self-monitoring plans, drawing up the self-monitoring manual in compliance with the HACCP method and in the application of the "Hygiene Package".

Analysis on Cosmetics

In the year 2016, VisMederi has specialized in performing analyses on cosmetic products needed to adapt to Regulation No 1223/2009 with determination of main chemical and microbiological analytical profiles.

2016 OUR ACTIVITIES AT A GLANCE

Water Analysis

In 2016, the activities have focused mainly on water quality control used by the food industry and on samples, determinations and verification of process parameters, respect of legal limits and quality performing chemical and microbiological analyses on samples of water of all types. Special attention was devoted to the implementation of analytical, advice and manual services relating to swimming pool water in order to fulfill obligations on security required by D.P.G.R. 23R of 26/02/10 coordinated with D.P.G.R. 54R of 13/05/15.

Legionella

The operators of tourist facilities and spas are required to carry out risk assessments related to infection from "Legionella Pneumophila" and to draw up a manual for self-monitoring. For this reason, even in 2016, VisMederi has supported its clients in analyses of waters, biofilm and in the overall management of the procedures of self-monitoring.

Nutritional Content

During the past year, the VisMederi lab has implemented the service of food nutritional content tables, under the guidelines stipulated by Regulation (EU) no 1169/2011 on the provision of food information to consumers. VisMederi is able to provide its customers with the analytical tests for the drafting of the "energy label" and the technical and legal validation of nutritional labeling and technical data sheets for foodstuffs. The tables are implemented by calculating nutrients and are accompanied by a certificate that conforms to the above-mentioned reference rules. Upon specific request, VisMederi can also perform analysis on food to be exported in the United States and to draft the corresponding nutrition content label on the basis of regulations issued by the US Government Agency (FDA).

QUALITY

Our goal for 2016: VisMederi has obtained accreditation as serological laboratory operating in accordance with the international guidelines of Good Clinical Laboratory Practices (GCLP, ISBN 978-1-904610-00-7).



Investing in quality is a strategic choice that can make a difference in terms of competitive advantage. VisMederi performs all its activities in accordance with the European UNI EN ISO 9001:2008 certification system, operates according to the UNI CEI EN ISO/IEC 17025:2005 regulation regarding the food sector and is one of the few private companies in Italy to be accredited as a medical laboratory in accordance with UNI EN ISO 15189:2013. The objectives and suitability to the quality policy are constantly reviewed and adapted to the evolution of scientific and technological research, thus ensuring a constant attention to the customer.

The implementation and optimization of the entire business management system of laboratory activities and human resources is a strategic process involving the Company, its customers and suppliers, as well as all the different contributions from academia and science.

The adoption and continuous updating of a

specific and complete quality system provide our clients with a quality assurance of the processes and in particular of the effectiveness and reliability of the services provided at all stages.

VisMederi is annually subjected to auditing by customer companies and pharmaceutical companies with which it collaborates in order to guarantee the highest levels of production and the highest effectiveness of results.

In VisMederi, the quality policy goes through staff training, ranging from the most modern analysis methods to the use of advanced technological equipment, always placing the focus on customer satisfaction. The result of these activities takes the form of a Company led by a solid and shared system of values that makes quality and efficiency the pillars of all activities, continually aiming at the achievement of even higher standards of excellence.

In December 2016, VisMederi increased its quality system getting accreditation as serological laboratory operating in accordance with the international guidelines of the Good Clinical Laboratory Practices (GCLP, ISBN 978-1-904610-00-7), essential recognition for laboratories conducting tests on samples from clinical studies, indicator of compliance with the international standards of ethics and scientific quality.

Accreditation for test laboratories

UNI CEI EN ISO/IEC 17025:2005
Accreditation Body: Accredia
Release Date: December 2013

VisMederi is registered into the Tuscany regional list of laboratories that carry out analysis in the context of self-monitoring procedures for the food industry with N. 065. In 2013, the Company obtained at Accredia (Italian Agency for accreditation) accreditation as a laboratory that operates in compliance with UNI CEI EN ISO/IEC 17025:2005 for the food industry. Accreditation checks and guarantees the competence and professionalism of a test laboratory, according to objective criteria. Gaining accreditation means for the company to see its seriousness and its professional expertise as internationally and officially recognized.

Accreditation for Good Clinical Laboratory Practices (GCLP)

ISBN 978-1-904610-00-7
Accreditation Body: Qualogy
Release Date: January 2017

In January 2017, VisMederi obtained serological laboratory accreditation from the independent British company Qualogy that operates in accordance with the international guidelines of Good Clinical Laboratory Practices (GCLP, ISBN 978-1-904610-00-7). These guidelines, also included in the processes of the World Health Organization (WHO), identify the requirements and the procedures to be followed inside the laboratories conducting tests on biological samples from clinical studies.

Accreditation for medical laboratories

UNI EN ISO 15189:2007
Accreditation Body: Accredia
Release Date: May 2015

In May 2015, VisMederi obtained Accredia's accreditation as a medical laboratory operating in compliance with UNI EN ISO 15189:2007. The standard specifies requirements concerning the quality and competence of the only medical laboratories in terms of methodologies, scientific, technical and technological, organizational and procedural elements, as well as the specialization of the staff. The management system requirements of ISO 15189 naturally meet the principles of ISO 9001:2008 Quality Management System – Requirements.

Quality Management System

UNI EN ISO 9001:2008
Certification Body: TUV Austria
Release Date: March 2010

In the year 2010, VisMederi obtained the certification in accordance with UNI EN ISO 9001:2008 regulation. The "Quality Management System" Certificate guarantees on the quality management systems' requirements a company must meet to demonstrate its ability to deliver products and services that meet customer requirements in regulated areas. Quality according to ISO 9001:2008 is the degree to which a set of inherent characteristics fulfill the requirements in a process of continuous improvement.

**MESSAGE FROM
THE SCIENTIFIC
DIRECTOR**

Analyzing 2016, I can say that the important transformations we underwent this year consolidated more and more the Company assets, that is, the working team has found in these complex challenges the courage and determination to make VisMederi a great international player, once again, enhancing its global strategies and achievements.

I am very proud of VisMederi's journey: founded as a start-up from the winning intuition of investing in innovative biological tests and including them in a location that is qualitatively very advanced, it is today, just 7 years after, one of the largest and most respected global partners in the pharmaceutical industry. For this reason, I must thank the human capital, the real driving force of the whole Company, made up of people in which expertise, preparation, desire, motivation and commitment are all gathered within them. Since 2009, we have strengthened our core business in reference markets and expanded the range of services and areas of action, strengthened existing partnerships and attracted new and interesting collaborations.

We strongly believe in what we do, working with professionalism and accuracy to help create better and safer vaccines and medicines, emphasizing the centrality of the person and of public health within the totality of the company processes, confident in our expertise

gained in decades of experience at the University of Siena. The strong synergy with the University of Siena, for which I hold the position of full Professor of Hygiene and Public Health, is expressed in terms of scientific collaborations, training and job opportunities for scientists, technicians and brilliant young researchers that have trained within the University. The transmission of knowledge from the University to the Company has allowed VisMederi to reach a high level of quality of work in a short time and to find again a perfect balance between international ambitions and local roots in a sustainable perspective, creating value for the present and the future.

In 2016, we have strengthened our activities towards new markets both investing in the development of new scientific platforms and establishing collaborations in emerging countries. The goal will still be to make progress in research and innovation in the field of Life Sciences, with particular attention to the field of vaccines.

Emanuele Montomoli

Full Professor of Hygiene and Public Health, University of Siena

Non-Executive President and Scientific Director of VisMederi

**LETTER
FROM OUR CEO**

The Company reorganization required the replacement of the Board of Directors with a Managing Director, a charge that I accepted in September 2016, a year that marked a turning point in the history and life of the Company.

It took these four months to learn as much as possible about the Company and to try to empathize with its people, its methods and its objectives.

I received an extremely important title, taking the helm of the Company to accompany it in a year that saw VisMederi closing a 2016 budget with very respectable results and thus pointing even more out its economic and financial trustworthiness. The success of VisMederi is all in the people who every day, at every level, in their duties, carry out their work and who have never lost sight of the goal to maintain the professionalism of the services offered, with an expertise that is recognized internationally by increasingly numerous and large international clients.

The next goal will be to undertake a process of growth, which cannot but lead to questioning the convictions and the schemes, which the company has been long accustomed to live with. Its purpose is to develop a common corporate culture where everyone is able to make continuous improvement to the process, removing obstacles and achieving the established goals.

Bringing to maturity the principles of lean thinking – namely the identification and removal of wastes to produce with a lower consumption of resources – will allow us to focus on the beating heart of the Company (the products and services offered on the market). We will have the primary objective of recovering valuable resources and allocating them to what can make a difference over time, together with a more ambitious goal of creating a system of people, processes and technologies that can project the Company into the future.

Duccio Meiattini

Chief Executive Officer

and Legal Representative of VisMederi



VISION AND MISSION



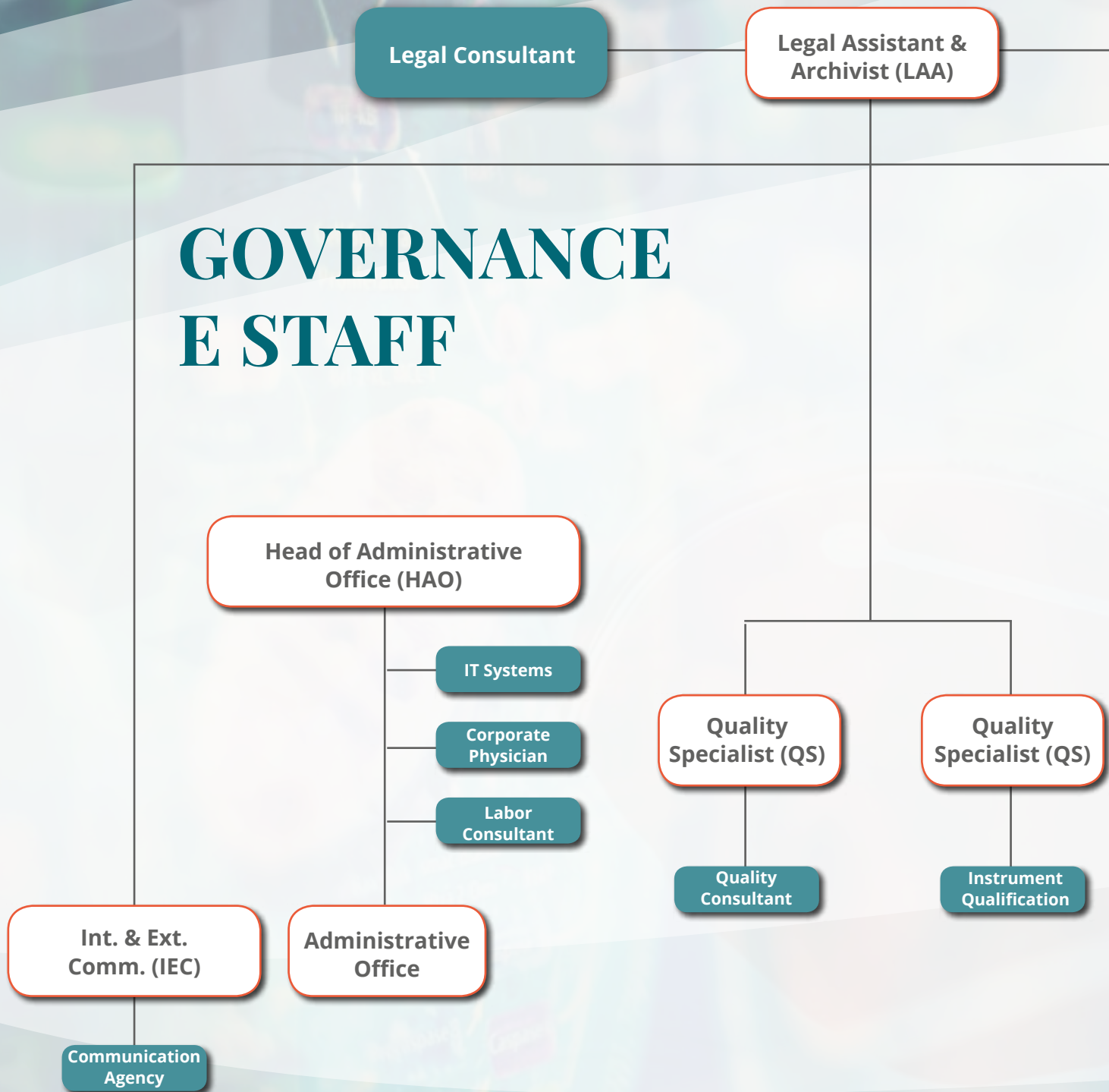
VISION

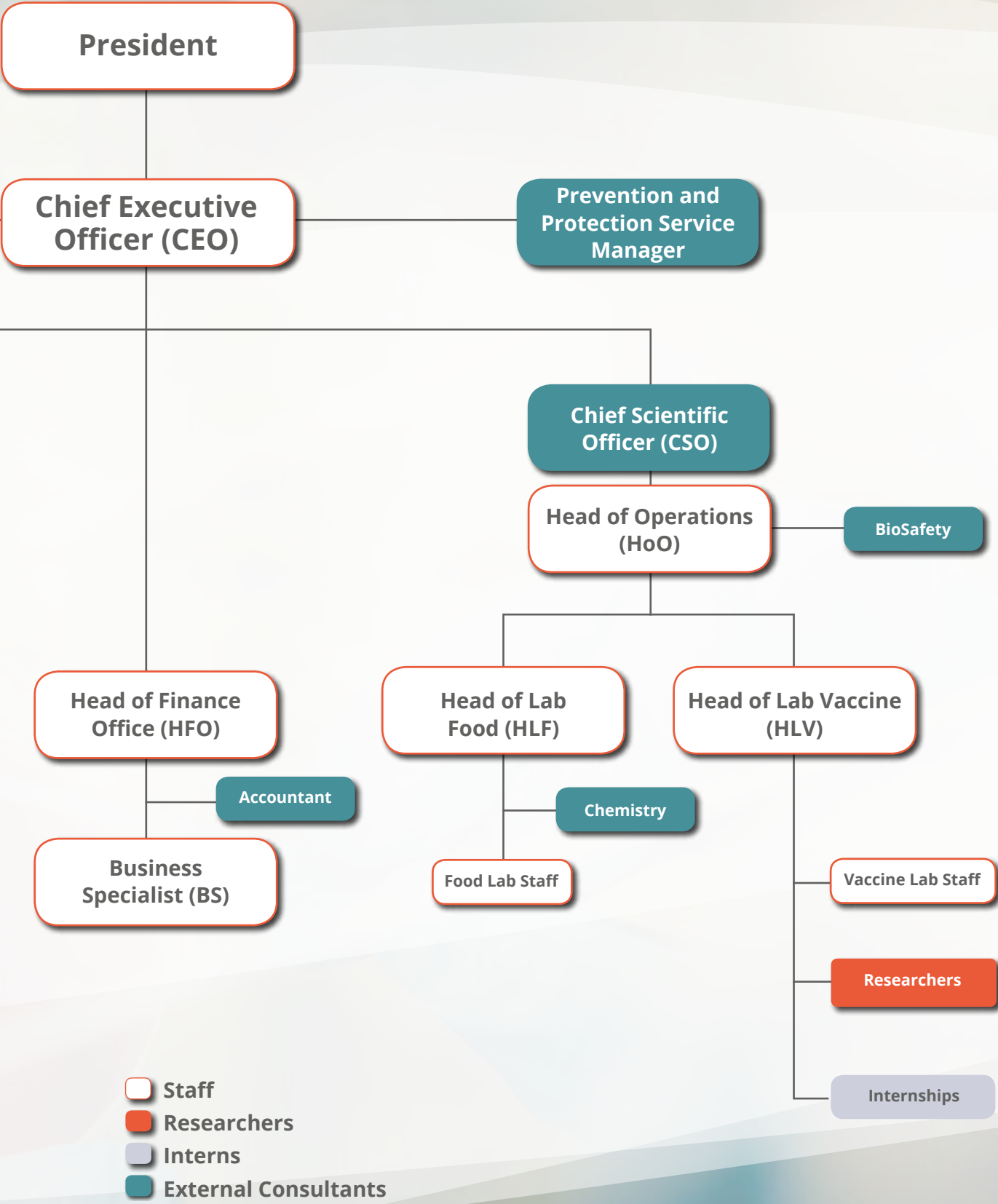
Our Vision defines the universe of values inspiring VisMederi for our work in the present and our objectives and goals that will guide our business decisions in the future. VisMederi was created to contribute to the improvement of the system of public health through methods of analysis and assessment on the effectiveness of vaccines, medicines and molecules for therapeutic purposes. A goal that finds a solid foundation in the quality and professionalism of the services and researchers that make up the working group. Quality and professionalism are VisMederi's "polar stars", the two values that allow us to act coherently with our business goals and their natural evolution.



MISSION

VisMederi's Mission is to contribute to the development of vaccines and better and safer medications, ensuring maximum attention to the quality of the system and resulting analytical data. The name itself, VisMederi, is intrinsically tied to this primary goal: from the Latin word "Vis" (strength) and "Medeor" (to cure). In particular, VisMederi works to offer a thorough and documented analytical result and a highly qualified service in the interpretation of the data provided, towards the overall satisfaction of the customer. In the field of vaccines, VisMederi aims at becoming a leading provider of qualified services for pharmaceutical companies.







Emanuele Montomoli

***Non-Executive
President and
Scientific Director
of VisMederi***

Emanuele Montomoli is Full Professor of Hygiene and Public Health at the University of Siena, Italy. He graduated in 1995 and he earned his MBiochem in 2001. His research interests are primarily in the field of influenza vaccines, and in particular in the study of correlates of protection. He is an expert in the development, standardization and validation of assays for antibody detection. He has conducted many clinical and laboratory research studies to evaluate immunogenicity and efficacy of traditional and new influenza vaccines. Recently, he has participated in protocols for the development and evaluation of new molecules as adjuvants. He has also undertaken planning and execution of European seroepidemiological studies for emerging infectious diseases, in collaboration with international organizations such as WHO Regional Office and eCDC.

In 2012, he was appointed in the Scientific Advisory Board of International Society for Influenza and other Respiratory Viral Diseases (ISIRV).

In 2015, he became Scientific Coordinator for a European IMI (Innovative Medicine Initiative) Project titled "Standardization and development of assays for assessment of influenza vaccine correlates of protection (FLUCOP)" (IMI-JU-10-2013-01, Grant Agreement No 115672).

He has organized the first three editions of the Summer School on Influenza in Siena with the support of ISIRV. Over the years, he has published almost 70 scientific papers and reviews, and written several chapters in textbooks.

In VisMederi, he is in charge with the position of Chief Scientific Officer and non-executive President.

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Duccio Meiattini

***Chief Executive
Officer and Legal
Representative
of VisMederi***

After graduating from the University of Siena (Degree in Economics and Banking) in 1999, he has been working as Head of Logistics in a pharmaceutical company and as Analyst & Programmer in a banking group. In 2004, he started a Freelance activity as Management Consultant, carrying out consultancy and advising activities with a focus on Planning, Programming and Management Control Systems. Since 2009, also in cooperation with Confindustria Siena, he has been working as a Temporary Manager with a focus on the following areas: Value Stream Mapping Analysis, Balanced Scorecard Models, Lean Management and Lean Office, Business Process Management in companies associated to the Province of Siena. He has been a member of the Board and Vice President of Siena Casa Spa, a company that manages the real estate assets of the municipalities of the Province of Siena (former ATER). For Confesercenti, Confcommercio and Industrial Association, he has worked as a professor in courses of lean manufacturing and lean management, applied computer science, internal control and organizational model, corporate organization, organizational design, management control. In 2016, he became Contract Professor of Computer Science at the University of Siena, Italy.

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HUMAN RESOURCES

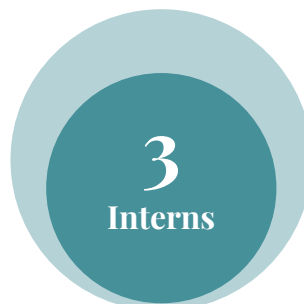
People are the most important asset for VisMederi today and for its growth and development tomorrow. The success of VisMederi originates from the human capital investing its own skills and professionalism in this Company: strongly motivated women and men sharing the ideal of the Company, its steady rooting on the territory combined with its international perspectives.

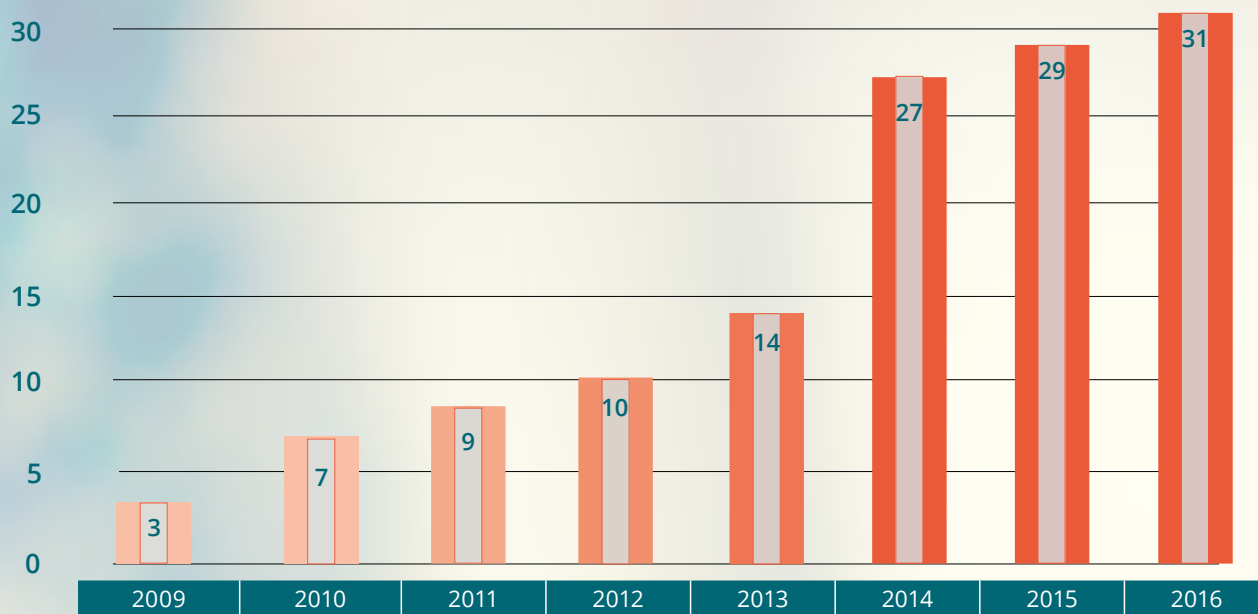
Over the years, the workgroup has been enriched by highly qualified professional technical figures who have recognized VisMederi as a stimulating reality and an opportunity to test and deepen their knowledge.

The two main business areas are alongside an administrative area, a finance and management control area, a legal area and a communications area

that play an important role in supporting research activities.

In line with a growth trend that has never stopped since the foundation year of the company, VisMederi has continued to increase its human resources and to stabilize existing jobs, achieving excellence in a forward-looking perspective of sharing its goals and preserving its values.





The growth of the staff from 2009 to 2016

PROMOTION OF TRAINING AND COLLABORATION WITH THE ACADEMIC WORLD

The Company promotes a process aimed at enhancing capabilities and experiences, providing growth opportunities and development paths that meet the different potentials and needs. Within this process, the promotion of business training is integrated through the continuous updating of operating resources. The cultural richness of our employees represents for VisMederi a pillar of its own philosophy. This benefit capitalized on the Company will allow it to last over time and to achieve year-to-year results more and more efficiently.

The strong link that has always existed with the University of Siena has enabled VisMederi to establish with it a valuable collaboration that has led to the introduction of young people in the field of research through a shared plan of doctoral research and business internships. The training internships have been activated for different purposes by the students, such as the achievement of the training credits provided for in the curriculum or the completion of their university education with the aim of drafting their final essay.

Since 2016, VisMederi has also joined the world of school education by accepting students from high school institutes who are adhering to work-linked training projects for term periods.

RESEARCH PROJECTS

Innovation and technological development represent for VisMederi two important goals, which the Company daily pursues.

The current market environment is featured by high technology transnationality and increasingly accelerated development cycles. It is therefore crucial to support the corporate growth by investing continuously in R&D activities aimed at increasing its intellectual property, enhancing its intangibles and increasing more and more the Company's technological level of competitiveness. The ultimate goal is to meet the trend of major pharmaceutical companies to outsource the routine research phases to highly specialized and efficient individuals, taking on an increasingly important role in the business model of their customers, in a more "district-centered" logic of Research in Life Sciences. In the wake of this tendency by large pharmaceutical companies to move more and more towards a collaborative approach to research, it is estimated that the market size of outsourcing services in research will reach \$ 64.58 billion by 2021 (Source: Global CRO Market 2016). The Company's attention to these issues is reflected in its wide participation in research projects strongly linked to the territory's financing policies. During 2016, VisMederi successfully completed the research, development and innovation project identified with the acronym INNOVIRAL, first presented at Smau Firenze 2015 and co-financed by the Tuscany Region under the FESR Por-Creo

2014-2020 programming, focusing on the development and implementation of a new process that improves efficiency and security within analytical laboratories, while expanding the Company's production capacity. The results obtained were perfectly in line with the expected results, and the technology developed is currently fully involved in the Company's production process. Also underway is the INSIDE project, involving the subsidiary VisMederi Research in partnership with large companies and public research organizations in the territory of the Tuscany Region, co-funded also in the Por-Creo 2014-2020 programming. At a national level, the Company is also involved, in collaboration with various Universities and Tuscan research organizations, in S-Afrivac and Unavir projects, co-funded through the FAS Health 2014 call and both aimed at the development of vaccines and antiviral agents against rare diseases. Great commitment is then devoted to seeking European prominence. In 2016, VisMederi has also committed to important projects in partnership with organizations and companies throughout Europe. ADITEC and BioVacSafe undoubtedly represent the two most important projects for which the Company proudly carries out research activities.

International Projects

ADITEC

ADITEC's goal (Advanced Immunization Technologies), which involves scientists from 43 different countries and 13 research institutes, is the development of innovative technologies to be used in human vaccines immunization of next generation. ADITEC, the largest project on vaccines funded by Europe with 30 million euros, involves prestigious European universities and research institutes together with the most relevant US groups in the field of system biology and adjuvants. The Consortium also involves numerous pharmaceutical and biotechnology companies in Europe, engaged in the study of innovative technologies for the development of more effective and safer vaccines. www.aditecproject.com

BIOVACSAFE

BioVacSafe aims at developing innovating tools to improve analysis and monitoring of vaccine safety before and after their launch on the market. The project, lasting 5 years, is funded by the Innovative Medicines Initiative (IMI), a public-private partnership between the European Union and the European Federation of Pharmaceutical Industries and Associations (EFPIA), totaling over 30 million euros of public and private investment. www.biovacsafe.eu

National Projects

INNOVIRAL

Influenza is a top priority in the field of public health for its impact on overall wellness and for the threat of pandemic events. Serologic tests currently in use, used for licensing of vaccine flu shots, are outdated and are becoming obsolete and unsatisfactory. The last update of the guideline of the EMA (European Medicines Agency, the European regulatory body) for the influenza vaccine has stressed the need to introduce innovative tests for the evaluation of vaccines. The micro-neutralization (MN) test, for which live virus is used, and cell-mediated immunity analysis (CMI) are some examples of new tests. The INNOVIRAL project is focused on the development and validation of a new and innovative test to evaluate pandemic and non-pandemic influenza vaccines, quickly and reliably, using pseudo viral particles (PPN) that will be prepared in the laboratory of VisMederi according to the procedures described in the literature. This test has every prerequisite to be a suitable replacement for the virus micro-neutralization test. This new technology, that is, the use of synthetic viral pseudo

particles, has considerable advantages:

1) Replacement of the use of live virus in the analyses that can be performed even in low containment laboratories.

2) The test is more versatile, adaptable to different types of viruses and easier to standardize using synthetic particles.

The innovative test developed by VisMederi, is then performed on a very large number of samples, allowing its validation and the determination of its strength and effectiveness, in comparison with classical tests.

INSIDE

The project, in which VisMederi Research is a partner, is aimed at developing diagnostic and theranostic targeting based on nanosystems and/or engineered lymphocytes for the early detection and treatment of melanoma, and multiple sclerosis. With its participation in the INSIDE project, VisMederi Research aims at entering the wider market of contract research in the pharmaceutical sector, linked to the development of drugs in a broad sense, broadening the scope beyond the vaccines segment.



USA

Brazil

Italy

Canada

UK

Belgium



Netherland

Germany

Switzerland

Japan

Vietnam

Austria

GLOBAL PRESENCE

SYNERGIES

PARTNERSHIPS AND CORPORATE HOLDINGS

The synergy with the University of Siena has continued in 2016 both within the framework of European projects and with the Molecular Epidemiology Research Laboratory directed by Prof. Emanuele Montomoli. Intense collaboration has continued with the Toscana Life Sciences incubator in Siena.

UNIVERSITÀ DEGLI STUDI SIENA

Collaborating to various research projects, the University of Siena is for VisMederi also an important think tank, in the form of PhD studies in business. For the year 2016, the Company contributed to a PhD in Life Sciences funding supporting the “Ciclo XXXII” project. Five researchers have carried out their PhD in VisMederi, helping to enrich the knowledge and skills of the Company. VisMederi has also contributed to various initiatives promoted by the University, from scientific dissemination activities (Researchers’ Night 2016) to activities supporting active job search (Career Day) and introduction of high school students to the world of sciences and research (USiena Game).

TOSCANA LIFE SCIENCES

Since setting their headquarters in the Bioincubator, VisMederi has been collaborating in science projects promoted by the TLS Foundation. In 2016, VisMederi’s management and researchers participated in the TLS Day, an event aimed at enhancing the knowledge and relationships between the different realities involved in the structure and the story-telling project “In search of earned time”, which allowed the Company, through internal testimonies, to tell its story as an enterprise case history.

VISMEDERI RESEARCH

Founded in 2014, VisMederi Research Srl, is an innovative startup company established to conduct both basic and applied research, on behalf of the parent VisMederi in order to supplement the R&D sector. During its activity, the Company has focused on the development of new experimental protocols to support the development of natural and synthetic molecules and biological processes in order to ensure greater personalization of tests.

ACCURANGE

The Company specializes in the calibration, maintenance and regulation of laboratory instruments, with particular reference to micropipettes and volume dispensers in general. Accurange guarantees, through the adoption of ISO 9001 quality system and validated procedures, high qualitative standards providing all GLP compliance documentation. In 2016, the Company has continued to provide services to other companies using new innovative equipment and employing highly qualified personnel, in compliance with EN ISO 8655.

HEART AND VALUES

CONTRIBUTING TO THE DEVELOPMENT ON THE TERRITORY

Without its values and its heart, a company, just like a real team, cannot reach its own identity, and any entity without self-awareness will never play a convincing and effective “game”, destined to make a difference.

The link with our territory is also expressed in sports promotion initiatives. VisMederi supports the basketball team ASD Costone through its sponsorship.

The values and philosophy that guide this sport, made of teamwork, courage, sacrifice and determination in order to achieve a common goal are the same that have guided VisMederi since its birth. These realities have trusted talented young people full of resources through passion, commitment and strong determination, never surrendering in front of any difficulties, but believing in themselves and this courage has rewarded them. In VisMederi, every single employee is determined at the completion of the project, to the attainment of a goal, which is to the entire Company, working through a team effort in which close cooperation, sense of responsibility and belonging join themselves resulting in rising

outcomes from year to year. Without values, without the heart, a company, as well as a team, cannot reach its own identity, and any entity without self-awareness will never have a convincing and effective “game strategy”, destined to make a difference.

Inside the sponsorship of Costone is to remember the contribution to the team of Baskin, which stands for “integrated basketball”. This comprehensive discipline involves able and disabled boys and girls with the aim of developing a strong and authentic integration based on sport and on being together. These are the values and the higher goals that drive VisMederi every day in their work – to make it even better.



SCIENTIFIC PUBLICATIONS AND INTERNATIONAL INVESTMENTS

De Sabato L, Di Bartolo I, Montomoli E, Trombetta C, Ruggeri FM, Ostanello F.
Retrospective Study Evaluating Seroprevalence of Hepatitis E Virus in Blood Donors and in Swine Veterinarians in Italy (2004).

Zoonoses Public Health. 2016 Dec 2. doi: 10.1111/zph.12332. [Epub ahead of print]

Manenti A, Tete SM, Mohn KG, Jul-Larsen Å, Giancchetti E, Montomoli E, Brokstad KA, Cox RJ.
Comparative analysis of influenza A(H3N2) virus hemagglutinin specific IgG subclass and IgA responses in children and adults after influenza vaccination.

Vaccine. 2017 Jan 3;35(1):191-198. doi: 10.1016/j.vaccine.2016.10.024.

Spensieri F, Siena E, Borgogni E, Zedda L, Cantisani R, Chiappini N, Schiavetti F, Rosa D, Castellino F, Montomoli E, Bodinham CL, Lewis DJ, Medini D, Bertholet S, Del Giudice G.

Early Rise of Blood T Follicular Helper Cell Subsets and Baseline Immunity as Predictors of Persisting Late Functional Antibody Responses to Vaccination in Humans.

PLoS One. 2016 Jun 23;11(6):e0157066. doi: 10.1371/journal.pone.0157066.

Giancchetti E, Torelli A, Piccini G, Piccirella S, Montomoli E.

N. meningitidis and TLR Polymorphisms: A Fascinating Immunomodulatory Network

Vaccines (Basel). 2016 May 27;4(2). pii: E20. doi: 10.3390/vaccines4020020. Review.

Ahmed SS, Montomoli E, Pasini FL, Steinman L.

The Safety of Adjuvanted Vaccines Revisited: Vaccine-Induced Narcolepsy.

Isr Med Assoc J. 2016 Mar-Apr;18(3-4):216-20. Review.

Piccini G, Torelli A, Giancchetti E, Piccirella S, Montomoli E.

Fighting Neisseria meningitidis: past and current vaccination strategies.

Expert Rev Vaccines. 2016 Nov;15(11):1393-1407.

Trombetta CM, Montomoli E.

Influenza immunology evaluation and correlates of protection: a focus on vaccines.

Expert Rev Vaccines. 2016 Aug;15(8):967-76. doi: 10.1586/14760584.2016.1164046.

The international inclination towards the field of Life Sciences and VisMederi's will to promote the flow of information, to encourage cooperation between the global scientific community and networking among public and private organizations has meant that even in the year 2016, the Company participated into, and often also sponsored, scientific conferences, events and meetings worldwide.

World Vaccine Congress Washington 2016
March 28, 2016 – April 02, 2016, Washington, USA

BioVacSafe Annual Meeting
March 09-11, 2016, Lyon, France

Emerging Infectious Diseases
July 07-09, 2016, Rockville, USA

Options IX for the Control of Influenza
August 22-28, 2016, Chicago, USA

World Vaccine Congress 2016
October 10-12, 2016, Barcelona, Spain

EDUFLUVAC Annual Meeting 2016
October 20-21, 2016, Zurich, Switzerland

Towards the Improvement of Seasonal Influenza Vaccination
October 27-29, 2016, Vienna, Austria

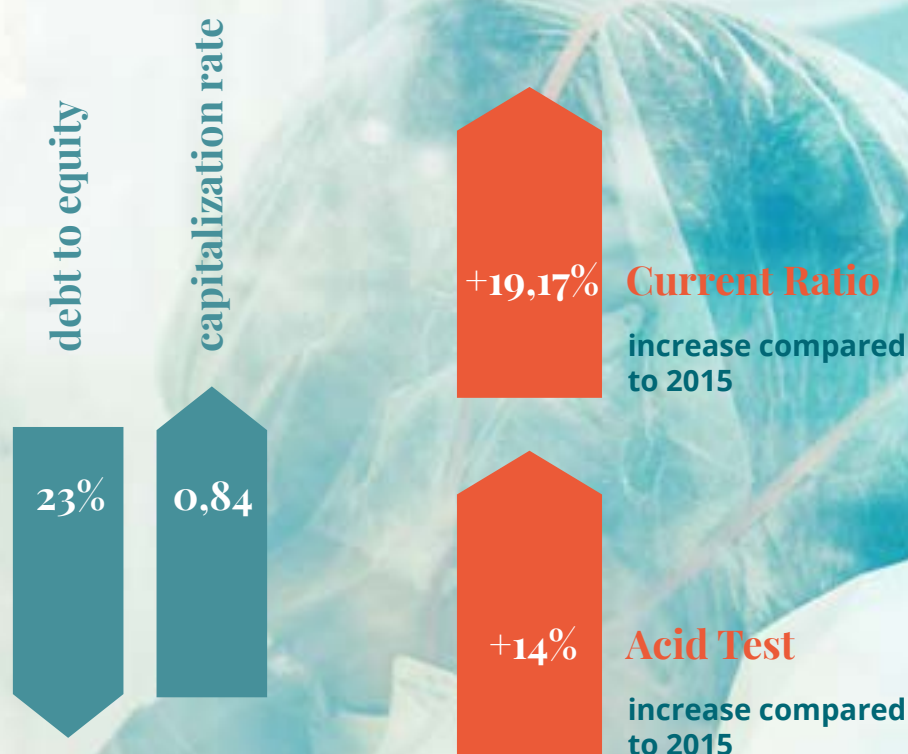
ADITEC Annual Meeting 2016
November 07-09, 2016, Brussels, Belgium

ECONOMIC AND FINANCIAL INDICATORS

2016 has been a year of transition for VisMederi, albeit in line with the development trend traced in previous years.

Challenging investments were made during this year, the most important of which is undoubtedly represented by the displacement in new laboratories, which has absorbed considerable organizational and financial efforts. New computerized management systems were also implemented and a significant variation of the organizational administration and accounting systems has been carried out. All this – together with the presence of assets and liabilities, and with the application of the new rules introduced by the recent reform on accounting, limiting the ability to capitalize on annual relevant expenditure for R&D funding and advertising even more – has meant that the 2016 budget should be considered as a year of inflection in performance

compared with data recorded in previous years. Exceptionally, costs have increased due to the complete elimination of intangible assets and their contextual depreciation in a single payment in the costs of this financial year, in accordance with the accounting framework. It should be noted, however, that the Company maintains good profit levels, despite the exceptional nature of the year under review, and it improves the listing sheet, with a further reduction in the level of indebtedness, increased capitalization and maintenance of a structure remarkably balanced in the relationship between sources and uses. Patrimonial consolidation can be seen from the trend in the debt ratio, with leverage registering a slight drop compared to the previous



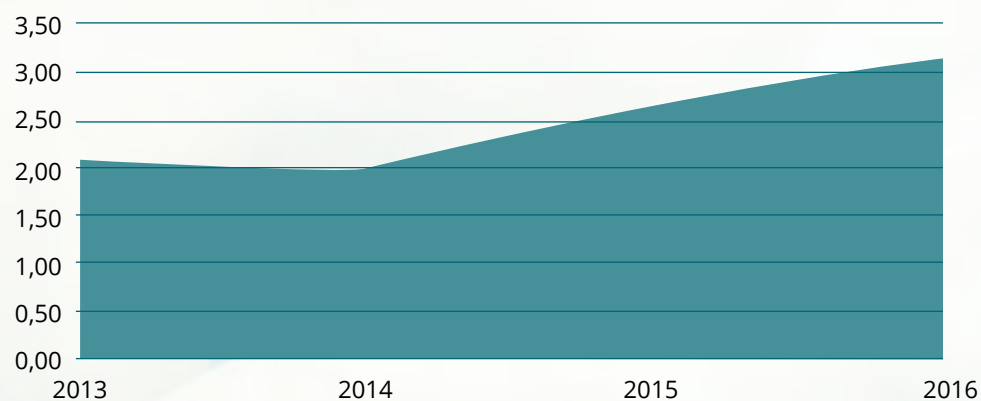
year, due to the fact that equity grows at a faster rate than active assets, progressively reducing the degree of recourse to borrowed capital. The debt to equity ratio drops to 23% and the degree of capitalization rises to 0.84. Great degree of corporate liquidity and solvency, witnessed by the high values of correlation indicators such as the Current Ratio totaling 3.17 and up 19.17% over the previous year and the Acid Test, with a value of 2.94 increasing about 14% over the previous year. The Net Financial Position was largely positive and in relation to the gross operating margin (EBITDA) is absolutely balanced, with a value of -1.36, certifying gross liquidity and cash flow capacity to cover debt.

These results encourage us to continual improvement, to reach new customers and new geographic areas, to the maintenance of a stable and sustainable growth as well as to the improvement and increase of the level of service provided to our clients, in order to create greater value for them and for all our stakeholders.

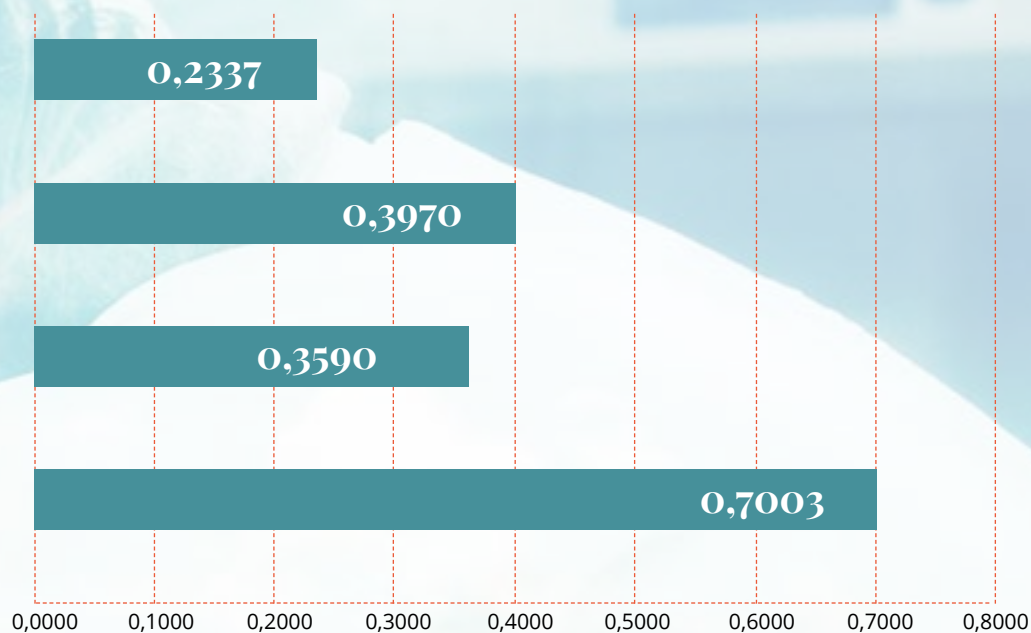
Simone Paletti
Head of Finance Office

Index	2016	2015	2014	2013
EBITDA / Net Sales	18,42%	42,48%	22,15%	59,80%
ROE	10,84%	42,38%	16,99%	86,46%
ROI	11,82%	38,67%	17,82%	75,82%
ROS	16,40%	41,42%	20,73%	59,33%
ROA	22,29%	59,79%	37,14%	148,78%
ROCE	14,13%	53,01%	24,02%	127,11%
Capitalization rate	0,84	0,73	0,74	0,60
Operating Profit Margin Normal (OPM)	16,40%	41,42%	20,73%	59,33%
Net Profit Margin (NPM)	9,19%	33,11%	14,67%	40,36%
Debt ratio	16,29%	27,04%	25,75%	38,30%
Debt To Equity	0,23	0,40	0,36	0,70
Leverage	1,19	1,37	1,35	1,68
Fixed asset coverage ratio	0,64	0,45	0,76	0,33
Fixed asset self-coverage ratio	1,52	2,13	1,21	2,89
Total solvency ratio	5,25	3,49	4,39	2,52
Current Ratio	3,17	2,66	1,95	2,07
Acid Test	2,94	2,59	1,80	2,05

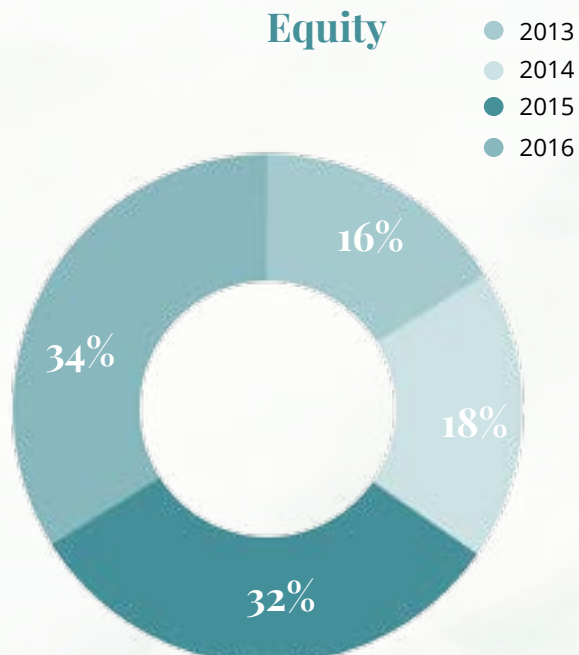
Current Ratio



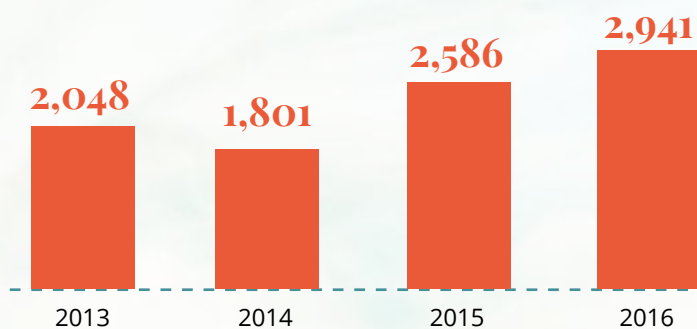
Debt to Equity

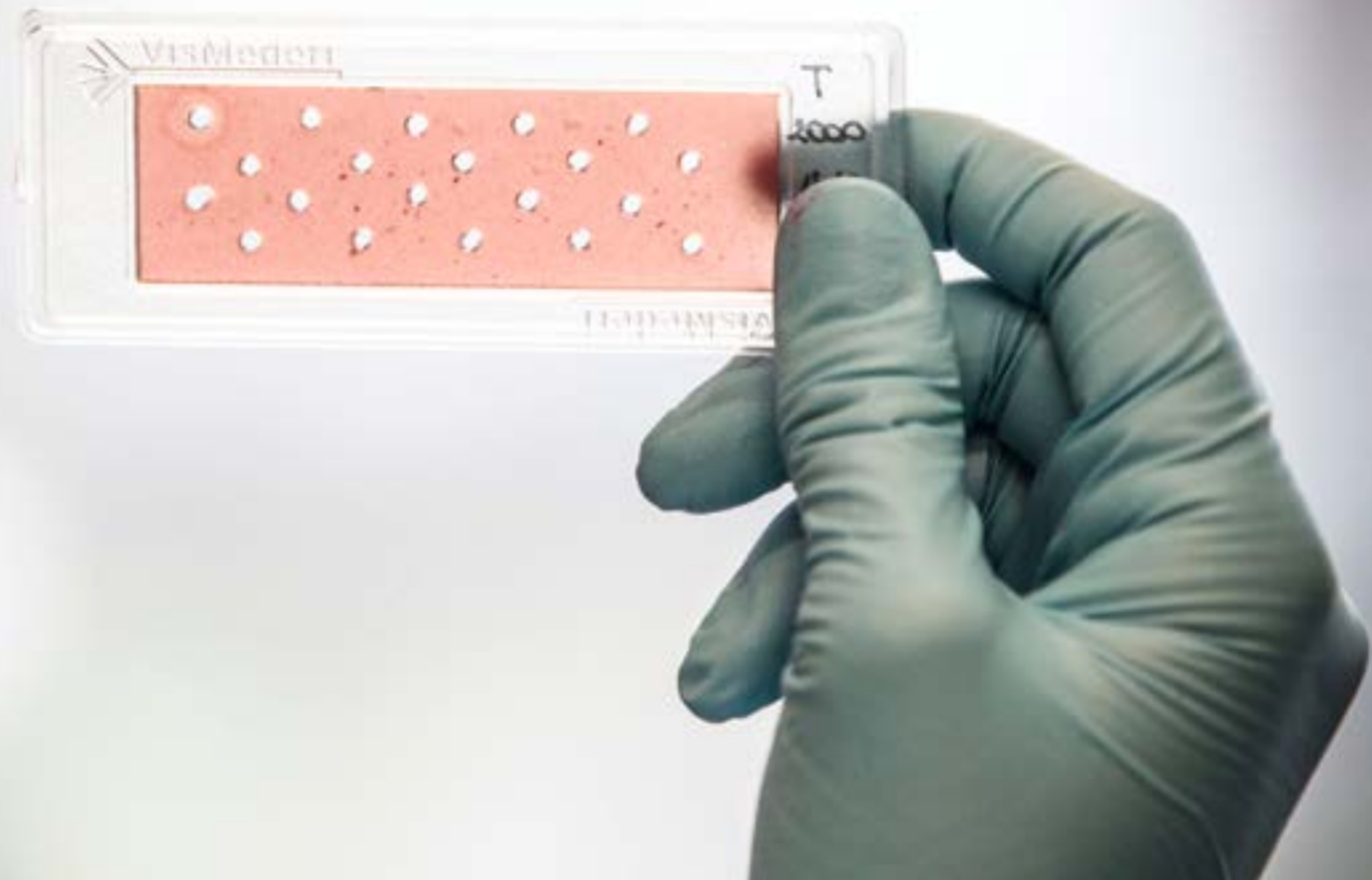


Equity



Acid Test









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