ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared according to IAS/IFRS

(This report has been translated into the English language from the original which was issued in Italian)

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1. GOVERNING BODIES AND OFFICERS

BOARD OF DIRECTORS

Chairman of the Board	Marco Pescarmona (1) (3) (5) (7)
Chief Executive Officer	Alessandro Fracassi (2) (3) (5)
Directors	Anna Maria Artoni (4)
	Fausto Boni
	Chiara Burberi (4)
	Matteo De Brabant (4)
	Klaus Gummerer (4)
	Valeria Lattuada (4)
	Marco Zampetti

STATUTORY AUDITORS

Chairman of the Board	Fausto Provenzano
Active Statutory Auditors	Paolo Burlando
	Francesca Masotti
Substitute Statutory Auditors	Gianluca Lazzati
	Maria Concetta Russano

INDEPENDENT AUDITORS EY S.p.A.

COMMITTEES

Control and Risk Committee

Chairman	Chiara Burberi
	Klaus Gummerer
	Marco Zampetti

Remuneration and Share Incentive Committee

Chairman	Matteo De Brabant
	Anna Maria Artoni
	Klaus Gummerer

Committee for Transactions with Related Parties

Chairman	Valeria Lattuada
	Matteo De Brabant
	Klaus Gummerer

(1) The Chairman is the Company's legal representative.
(2) The Chief Executive Officer legally represents the Company, disjointly from the Chairman, within the limits of the delegated powers.
(3) Member of the executive committee.
(4) Independent non-executive Director.
(5) Holds executive offices in some Group companies.
(6) Lead Independent Director.
(7) Executive Director in charge of overseeing the Internal Control System.

DIRECTOR’S REPORT ON OPERATIONS

FINANCIAL YEAR ENDED DECEMBER 31, 2017

2. DIRECTORS' REPORT ON OPERATIONS

2.1. Introduction

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial and insurance sectors.

In the following sections, we illustrate the main aspects regarding the operations during the past financial year and the current economic and financial structure of the Group.

2.2. Organizational structure

As of December 31, 2017, the Issuer controls the following companies:

- MutuiOnline S.p.A., Money360.it S.p.A., PrestitiOnline S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Segugio Servizi S.r.l., 7Pixel S.r.l., ShoppyDoo S.L.U. (a company with registered office in Spain), Klikkapromo S.r.l. and Innovazione Finanziaria SIM S.p.A.: operating in the market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators to retail consumers; together they represent the Broking Division of the Group;

- Centro Istruttorie S.p.A., Centro Finanziamenti S.p.A., Quinservizi S.p.A., CESAM S.r.l., Mikono S.r.l., Effelle Ricerche S.r.l., Centro Processi Assicurativi S.r.l., EuroServizi per i Notai S.r.l., IN.SE.CO. S.r.l. and Finprom S.r.l.: companies operating in the Italian market for the provision of complex business processes outsourcing services for financial institutions; together they represent the BPO (i.e. Business Process Outsourcing) Division of the Group;

- PP&E S.r.l.: offering real estate renting and support services to the other Italian subsidiaries of the Issuer.

All the above mentioned companies are fully controlled by the Issuer, with the exception of EuroServizi per i Notai S.r.l. (in which the Issuer holds a 60% stake), 7Pixel S.r.l. (in which the Issuer holds a 51% stake), ShoppyDoo S.L.U. (in which 7Pixel S.r.l. holds a 100% stake) and Mikono S.r.l. (in which the Issuer holds a 51% stake).

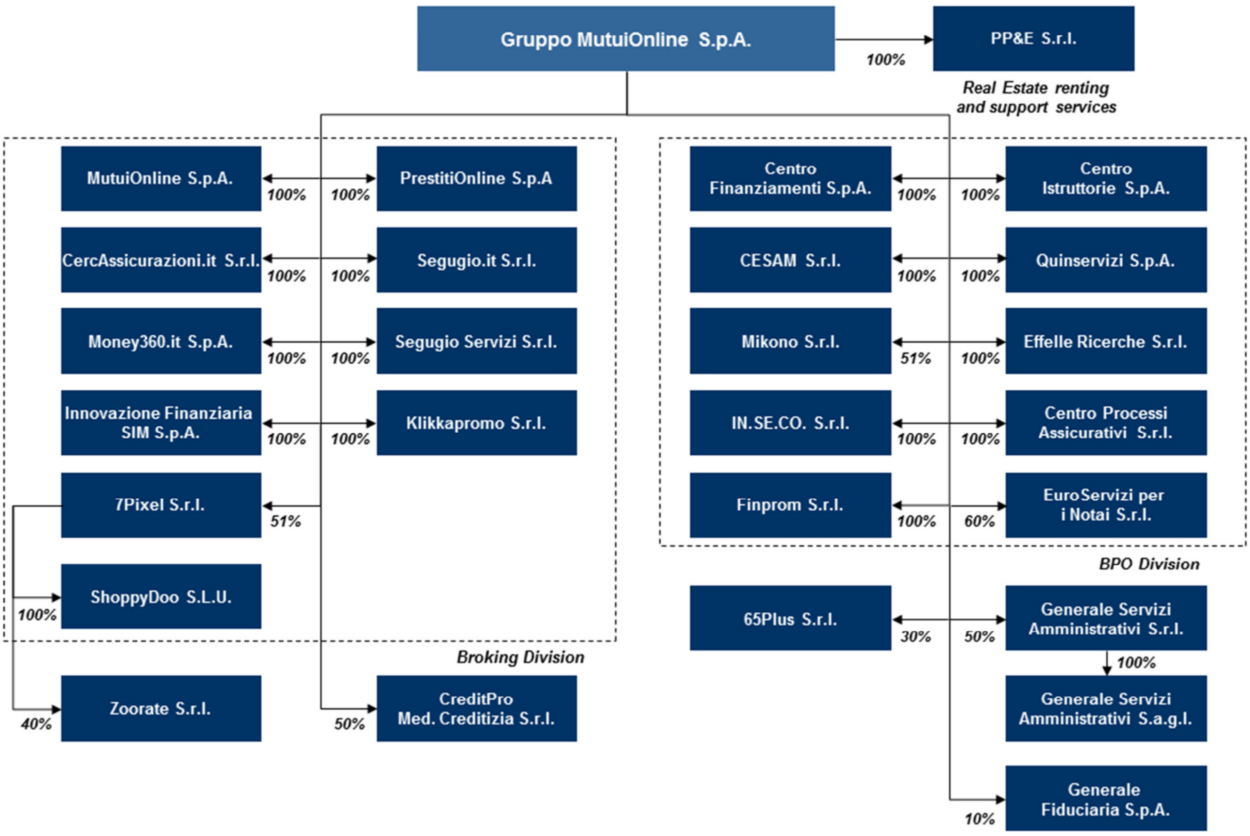
In addition, the Issuer holds a 50% stake of the share capital of the joint venture Generale Servizi Amministrativi S.r.l., which provides integrated outsourcing services preparatory to tax advice; the activity provided by the company is similar to Asset Management BPO, but, in absence of control by the Group, the results are consolidated with the equity method and not line by line. Moreover, the Group holds, by means of the subsidiary 7Pixel S.r.l., 40% of the share capital of Zoorate S.r.l., a company that develops and sells technological solutions for the on-line collection and management of customer reviews and opinions in the Italian market, and a 10% stake of the share capital of Generale Fiduciaria S.p.A..

On July 26, 2017, the Group made an investment in 65Plus S.r.l., of which today we hold 30% of the share capital, for a total disbursement equal to Euro 1.071 thousand. 65Plus S.r.l. offers specialized consulting and financial services for the elderly. The investment agreement signed by the parties provides for, among other things, the possible acquisition of the remaining stake of 65Plus S.r.l., by means of a combined put/call mechanism.

Finally, on November 29, 2017, the Group signed a joint venture agreement with N.S.A. S.p.A. and purchased a 50% stake in NSA FIN Società di Consulenza Finanziaria S.p.A. (after named CreditPro Mediazione Creditizia S.r.l.) for a total compensation equal to Euro 60 thousand. According to such agreement the Group also granted a shareholders' loan to the joint venture for a total amount equal to Euro 190 thousand.

In the preparation of the consolidated financial statements, management assessed the existence or absence of control on 65Plus S.r.l. and CreditPro Mediazione Creditizia S.r.l., to decide about the requirement of line-by-line consolidation of the two entities. From the analysis of the agreements among the parties emerged that neither 65Plus S.r.l. and CreditPro Mediazione Creditizia S.r.l. are controlled by the Issuer, therefore the participation are consolidated with the equity method in the financial statement as of December 31, 2017.

Therefore, the consolidation area as of December 31, 2017 is the following:



Broking Division

Our Broking Division operates in the Italian market for loan distribution as a credit intermediary, in the market for insurance distribution as a broker, and in the market for the promotion of e-commerce operators. The activities carried out by our Broking Division are organized mainly into the following business lines, on the basis of the type of underlying product:

(a) **Mortgage Broking** Business Line: broking mortgage loans mainly through remote channels (www.mutuionline.it website) and through a network of agents in the field (Money360 Network);

(b) **Consumer Loan Broking** Business Line: broking consumer loans (prevalently personal loans) through remote channels (www.prestitionline.it website);

(c) **Insurance Broking** Business Line: broking insurance products, mainly motor third party liability and other motor insurance products through remote channels (www.cercassicurazioni.it website);

(d) **E-Commerce Price Comparison** Business Line: comparison and promotion of e-commerce operators (www.trovaprezzi.it website).

The activity of the Broking Division is also carried out under the brand "**Segugio.it**" (www.segugio.it website), which operates as a multibrand aggregator for insurance and credit products, mainly pushed by the television and online advertising focused on insurance products. Each section of the website is however managed by the product companies of the Group and the related revenues are reported within the above mentioned Business Lines.

The Broking Division also operates as an aggregator for further products, in particular bank accounts with the www.confrontaconti.it website and utilities (ADSL, electricity, gas, pay tv) with the www.segugio.it website.

Besides, subsidiary Innovazione Finanziaria SIM S.p.A. – authorized to professionally perform placement services to the public without underwriting or warranties pursuant to article 1, comma 5, letter c-bis) of Legislative Decree no. 58 of February 24, 1998 - manages, by means of website www.fondionline.it, an on-line mutual fund supermarket.

Finally, the Broking Division is developing, by means of subsiadiary Klikkapromo S.r.l., a mobile couponing initiative mainly focused on the consumer goods market.

BPO Division

Our BPO Division provides outsourcing services of core processes for banks, credit institutions, insurance companies and asset management companies, with a high level of specialization in some reference verticals.

Our BPO services are structured along four separate Business Lines, on the basis of the type of services offered and the type of underlying financial product:

(a) **Mortgage BPO** Business Line: provides remote loan sales and packaging and mortgage underwriting and closing services; in this Business Line we also include real estate valuation services and para-notarial services;

(b) **CQ ("*Cessione del Quinto*") Loan BPO** Business Line: provides loan application processing and portfolio managemenent services for loans guaranteed by witholdings on salaries or pensions;

(c) **Insurance BPO** Business Line: provides outsourcing services the management of mass not-motor insurance claims;

(d) **Asset Management BPO** Business Line: provides outsourcing services for the asset management industry.

2.3. Information about the profitability of the Group

In the following paragraph we describe the main factors affecting the results of the operations of the Group for the year ended December 31, 2017. The income statement and the cash flow data for the year ended December 31, 2017 are taken from the consolidated annual report prepared according to the international accounting standards approved by the European Union and are compared with the same data for the year ended December 31, 2016.

The following table shows the consolidated income statements of the Group for the years ended December 31, 2017 and 2016, together with the percentage weight of each item on the Group revenues.

(euro thousand)	**Years ended on** December 31, 2017	**(a)**	December 31, 2016	**(a)**	**Change %**
Revenues	152,795	100.0%	138,069	100.0%	10.7%
of which					
Broking Division	*67,241*	*44.0%*	*60,985*	*44.2%*	*10.3%*
BPO Division	*85,554*	*56.0%*	*77,084*	*55.8%*	*11.0%*
Other income	2,926	1.9%	2,339	1.7%	25.1%
Capitalization of internal costs	949	0.6%	939	0.7%	1.1%
Services costs	(55,225)	-36.1%	(50,702)	-36.7%	8.9%
Personnel costs	(49,750)	-32.6%	(43,829)	-31.7%	13.5%
Other operating costs	(4,874)	-3.2%	(4,295)	-3.1%	13.5%
Depreciation and amortization	(7,079)	-4.6%	(7,277)	-5.3%	-2.7%
Operating income	**39,742**	**26.0%**	**35,244**	**25.5%**	**12.8%**
Financial income	170	0.1%	99	0.1%	71.7%
Financial expenses	(851)	-0.6%	(1,028)	-0.7%	-17.2%
Income/(losses) from participations	(208)	-0.1%	19	0.0%	-1,194.7%
Income/(losses) from financial assets/liabilities	(240)	-0.2%	(101)	-0.1%	137.6%
Net income before income tax expense	**38,613**	**25.3%**	**34,233**	**24.8%**	**12.8%**
Income tax expense	(11,091)	-7.3%	(9,418)	-6.8%	17.8%
Net income	**27,522**	**18.0%**	**24,815**	**18.0%**	**10.9%**

(a) *% of total revenues*

Revenues in the year ended December 31, 2017, are Euro 152,795 thousand, 10.7% higher than in the previous year. Please refer to paragraph 2.3.1 for the evolution of revenues by Division and Business Line.

In the year ended December 31, 2017, services costs increase by 8.9% compared to the financial year ended December 31, 2016. This item mainly contains marketing costs, incurred above all for the further development and the consolidation of the "Segugio" brand as well as for the other brands of Broking Division, which increase in the financial year ended December 31, 2017, compared to the previous year, costs for notarial and valuation services, which show significant growth, mainly due to the growth of these services within Mortgage BPO, and costs for technical, legal and administrative consultancy, whose increase is linked to the growth of the operating activities of the Group.

Personnel costs increase by 13.5% compared to the financial year ended December 31, 2016.

The following table provides information about the average headcount for the financial years ended December 31, 2017 and 2016:

	Years ended	
	December 31, 2017	**December 31, 2016**
Managers	15	13
Supervisors	42	31
Employees	1,416	1,324
Average headcount	**1,473**	**1,368**
Headcount in Italy	1,074	992
Headcount in Romania	399	376

Other operating costs increase, compared to the financial year ended December 31, 2016, mainly due to the growth of non-deductible VAT costs.

Depreciation and amortization decrease by 2.7% in the year ended December 31, 2017 compared to the previous financial year, mainly due to the lower investments in property, plant and equipment.

Financial income for the year ended December 31, 2017, shows a negative balance, mainly due to the interest expenses accrued on the bank loans and the losses deriving from the evaluation with the equity method of the joint ventures and the associated companies.

Finally, it is worth pointing out that the effective tax rate on taxable income shows an increase compared to the effective tax rate of the previous financial year, passing from 27.5% to 28.7%.

2.3.1. Revenues

The table below provides a breakdown of our revenues by Division and Business Line, for the years ended December 31, 2017 and 2016.

(euro thousand)	Years ended on December 31, 2017	(a)	December 31, 2016	(a)	Change %
Mortgage Broking	24,902	16.3%	19,787	14.3%	25.9%
Consumer Loan Broking Business	7,162	4.7%	6,772	4.9%	5.8%
Insurance Broking	12,555	8.2%	10,764	7.8%	16.6%
E-Commerce Price Comparison	20,168	13.2%	21,765	15.8%	-7.3%
Other revenues of Broking Division	2,454	1.6%	1,897	1.4%	29.4%
Total revenues of the BROKING Division	**67,241**	**44.0%**	**60,985**	**44.2%**	**10.3%**
Mortgage BPO	53,045	34.7%	46,021	33.3%	15.3%
QC Loan BPO	17,024	11.1%	16,463	11.9%	3.4%
Insurance BPO	7,018	4.6%	6,263	4.5%	12.1%
Asset Management BPO	8,467	5.5%	8,337	6.0%	1.6%
Total revenues of the BPO Division	**85,554**	**56.0%**	**77,084**	**55.8%**	**11.0%**
Total revenues	**152,795**	**100.0%**	**138,069**	**100.0%**	**10.7%**

(a) *Percentage of total revenues.*

Broking Division

In the financial year ended December 31, 2017, revenues of the Broking Division increase by 10.3%, passing from Euro 60,985 thousand in the financial year ended December 31, 2016 to Euro 67,241 thousand in the financial year ended December 31, 2017.

Mortgage Broking

Mortgage Broking revenues pass from Euro 19,787 thousand in 2016 to Euro 24,902 thousand in 2017 (+25.9%) due to an increase of brokered mortgage flows compared to the previous financial year, as the growth of purchase mortgages has more than offset the drop of remortgages.

Consumer Loan Broking

Consumer Loan Broking revenues pass from Euro 6,772 thousand in the year ended December 31, 2016 to Euro 7,162 thousand in the year ended December 31, 2017, recording an increase by 5.8% compared to the previous financial year.

Insurance Broking Business Line

Insurance Broking revenues grow from Euro 10,764 housand in the financial year ended December 31, 2016 to Euro 12,555 thousand in the financial year ended December 31, 2017 (+16.6%). In the financial year ended December 31, 2017, the number of brokered policies increases, in relation to the growing popularity of the "Segugio" brand.

E-Commerce Price Comparison

E-Commerce Price Comparison revenues pass from Euro 21,765 thousand in the financial year ended December 31, 2016 to Euro 20,168 thousand in the financial year ended December 31, 2017 (-7.3%). The significant drop of revenues is mainly due to the year on year decrease of free organic traffic coming from the Google search engine.

There are no relevant updates regarding the announced sale process for 100% of the share capital of 7Pixel S.r.l., in which both Gruppo MutuiOnline S.p.A. and the current minority shareholders confirmed their intention to participate as potential buyers.

BPO Division

Revenues of the BPO Division increase from Euro 77,084 thousand in the financial year 2016 to Euro 85,554 thousand in the financial year 2017 (+11.0%).

Mortgage BPO

Mortgage BPO revenues pass from Euro 46,021 thousand in the financial year ended December 31, 2016 to Euro 53,045 thousand in the financial year ended December 31, 2017 (+15.3%). Such result is the effect of the growth of processing volumes during the year and of the growth of notarial and appraisal services.

CQ Loan BPO

CQ Loan BPO revenues pass from Euro 16,643 thousand in the financial year ended December 31, 2016 to Euro 17,024 thousand in the financial year ended December 31, 2017 (+3.4%).

Insurance BPO

Insurance BPO revenues pass from Euro 6,263 thousand in the financial year ended December 31, 2016 to Euro 7,018 thousand in the financial year ended December 31, 2017 (+12.1%).

Asset Management BPO

Asset Management BPO records revenue growth of 1.6%, passing from Euro 8,337 thousand during the financial year ended December 31, 2016 to Euro 8,467 thousand during the financial year ended December 31, 2017.

2.3.2. Operating income (EBIT)

Operating income (EBIT) increases from Euro 35,244 thousand in the financial year ended December 31, 2016 to Euro 39,742 thousand in the financial year ended December 31, 2017 (+12.8%) as detailed in the following table.

	Years ended on				
(euro thousand)	December 31, 2017	(a)	December 31, 2016	(a)	Change %
Operating income	39,742	26.0%	35,244	25.5%	12.8%
of which					
Broking Division	*18,437*	*27.4%*	*16,419*	*26.9%*	*12.3%*
BPO Division	*21,305*	*24.9%*	*18,825*	*24.4%*	*13.2%*

(a) *Percentage of total revenues, if appropriate by Division (operating margin).*

The operating income margin in the financial year ended December 31, 2017 is 26.0% of revenues, slightly higher if compared to the operating income margin in the financial year ended December 31, 2016. Such result is the effect of the increase of the profitability of both Divisions.

The ROI (Return on Investments) for the year ended December 31, 2017, defined as the ratio between EBIT of the period and total assets at the end of the period, is equal to 20.2% (22.0% in the year ended December 31, 2016).

2.3.3. EBITDA

EBITDA is calculated as net income before income tax expense, net financial income/(expenses), and depreciation and amortization.

The following table presents a reconciliation between net income and EBITDA for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended on December 31, 2017	December 31, 2016	Change	%
Net income	27,522	24,815	2,707	10.9%
Income tax expense	11,091	9,418	1,673	17.8%
Income/(losses) from financial assets/liabilities	240	101	139	137.6%
Income/(losses) from participations	208	(19)	227	1194.7%
Financial expenses	851	1,028	(177)	-17.2%
Financial income	(170)	(99)	(71)	-71.7%
Depreciation and amortization	7,079	7,277	(198)	-2.7%
EBITDA	**46,821**	**42,521**	**4,300**	**10.1%**

EBITDA increases in the financial year ended December 31, 2017, passing from Euro 42,521 thousand in 2016 to Euro 46,821 thousand in 2017 (+10.1%).

2.3.4. Net income

Net income increases in the financial year ended December 31, 2017, passing from Euro 24,815 thousand in 2016 to Euro 27,522 thousand in 2017 (+10.9%). The increase of the item at a lower rate than operating income is due to the higher incidence of income taxes in the financial year ended December 31, 2017, due to the one-off effect of the utilization of deferred tax liabilities following the decision, taken during the financial year ended on December 31, 2016, to give tax relevance to the higher values allocated to the "software" intangible asset emerging from the allocation of the purchase price for the 7Pixel S.r.l. acquisition.

For the financial year ended December 31, 2017, the ROE (Return on Equity), defined as the ratio between the net income of the period and the net capital at the end of the period, is equal to 31.1% (33.3% in the financial year ended December 31, 2016).

2.4. Information about the financial resources of the Group

The following table presents the net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2017 and 2016.

(euro thousand)	As of December 31, 2017	December 31, 2016	Change	%
A. Cash and cash equivalents	76,569	42,231	34,338	81.3%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	920	677	243	35.9%
D. Liquidity (A) + (B) + (C)	**77,489**	**42,908**	**34,581**	**80.6%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(3)	(4)	1	-25.0%
G. Current portion of long-term borrowings	(30,049)	(4,866)	(25,183)	517.5%
H. Other short-term borrowings	-	-	-	N/A
I. Current indebtedness (F) + (G) + (H)	**(30,052)**	**(4,870)**	**(25,182)**	**517.1%**
J. Net current financial position (I) + (E) + (D)	**47,437**	**38,038**	**9,399**	**24.7%**
K. Non-current portion of long-term bank borrowings	(25,262)	(30,179)	4,917	-16.3%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current indebtedness (K) + (L) + (M)	**(25,262)**	**(30,179)**	**4,917**	**-16.3%**
O. Net financial position (J) + (N)	**22,175**	**7,859**	**14,316**	**182.2%**

The net financial position as of December 31, 2017 and December 31, 2016 shows a positive cash balance.

For a description of the evolution of cash flows in the financial year ended December 31, 2017, please refer to the following paragraph 2.4.2.

The Debt/Equity ratio, defined as the ratio between net financial debt and net equity, as of December 31, 2017 is equal to -25% (-11% as of December 31, 2016).

2.4.1. Current and non-current indebtedness

Current and non-current indebtedness as of December 31, 2017 and 2016 is summarized in the following table.

(euro thousand)	As of December 31, 2017	December 31, 2016	Change	%
Other current bank borrowings				
Less than 1 year	(3)	(4)	1	-25.0%
Bank borrowings:				
Less than 1 year	(30,049)	(4,866)	(25,183)	517.5%
1 - 5 years	(25,262)	(15,187)	(10,075)	66.3%
More than 5 years	-	(14,992)	14,992	-100.0%
Total financial indebtedness	**(55,314)**	**(35,049)**	**(20,265)**	**57.8%**

Non-current indebtedness as of December 31, 2017 is 45.7% of the total financial indebtedness.

Long and medium-term bank borrowings

Bank borrowings as of December 31, 2017 are summarized in the following table:

(euro thousand)	As of December 31, 2017 Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Intesa Sanpaolo S.p.A.	(995)	(2,566)	-	(3,561)
Mediocredito Italiano S.p.A.	(25,013)	-	-	(25,013)
Banca Popolare di Milano S.c.ar.l. and Cariparma S.p.A. (pool)	(4,041)	(22,695)	-	(26,737)
Bank borrowings	**(30,049)**	**(25,261)**	**-**	**(55,310)**

(euro thousand)	As of December 31, 2016 Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Intesa Sanpaolo S.p.A.	(969)	(3,554)	-	(4,523)
Banca Popolare di Milano S.c.ar.l. and Cariparma S.p.A. (pool)	(3,897)	(11,633)	(14,992)	(30,522)
Bank borrowings	**(4,866)**	**(15,187)**	**(14,992)**	**(35,045)**

It is worth pointing out that on April 6, 2017, the Issuer signed a bullet loan with Mediocredito Italiano S.p.A. for an amount equal to Euro 25,000 thousand, without usage constraints. The loan has a maturity of 18 months minus one day, with the expiration date on October 5, 2018 and requires the payment of quarterly interest at a rate equal to 3-month Euribor increased by 0.75%.

Short-term bank borrowings and credit lines

As of December 31, 2017, in addition to the credit line mentioned below, the Group has unused short-term credit lines for Euro 666 thousand.

2.4.2. Cash flow analysis

In this paragraph we present an analysis of the consolidated cash flows of the Group for the financial years ended December 31, 2017 and 2016.

The following table shows a summary of the consolidated statements of cash flows for the financial years ended December 31, 2017 and 2016.

(euro thousand)	Years ended December 31, 2017	December 31, 2016	Change	%
A. Cash Flow from operating activities before changes in net working capital	32,785	31,612	1,173	3.7%
B. Changes in net working capital	1,131	(3,849)	4,980	129.4%
C. Net cash provided by operating activities (A) + (B)	**33,916**	**27,763**	**6,153**	**22.2%**
D. Net cash used in investing activities	**(4,351)**	**(2,630)**	**(1,721)**	**-65.5%**
E. Net cash provided/(used) in financing activities	**4,774**	**(15,348)**	**20,122**	**131.1%**
Net increase/(decrease) in cash and cash equivalents (C) + (D) + (E)	**34,339**	**9,785**	**24,554**	**250.9%**

In the financial year ended December 31, 2017 the Group generated liquidity for an amount equal to Euro 34,339 thousand, versus an amount of liquidity equal to Euro 9,785 thousand generated during the financial year ended December 31, 2016. This variation is attributable to the growth of cash flow generated by operating activities, and to the strong positive contribution by financing activities, only partially offset by the cash flow absorbed by investing activities.

Cash flow generated by operating activities

Operating activities show a growth of cash generation, passing from Euro 27,763 thousand in the financial year ended December 31, 2016 to Euro 33,916 thousand in the financial year ended December 31, 2017.

Such growth is mainly attributable to the change in the liquidity generated by operating activities, and as residual part, to the change in net working capital. For the analysis of the liquidity generated by the working capital please refer to paragraph 2.4.3.

Cash flow absorbed by investing activities

Investing activities absorbed cash for Euro 4,351 thousand in the financial year ended December 31, 2017 and for Euro 2,630 thousand in the financial year ended December 31, 2016. The growth of absorbed cash is mainly linked to the investments in participations measured with equity method and to the decrease of collected dividends from such investments during the financial year ended December 31, 2017.

Cash flow generated by financing activities

Financing activities generated cash for Euro 4,774 thousand in financial year ended December 31, 2017 and absorbed cash for Euro 15,348 thousand in financial year ended December 31, 2016.

The cash flows generated during the financial year ended December 31, 2017 are mainly due to the subscription of the bullet loan with Mediocredito Italiano S.p.A. for an amount equal to 25,000 thousand, to the subscription by some employees of the Group, following the exercise of stock options, of an increase of the share capital for an amount equal to Euro 1,936 thousand and to the sale of own shares, following the exercise of other stock options held by some employees of the Group, for an amount equal to Euro 1,003 thousand, partially offset by the payment of dividends for Euro 11,244 thousand, by the purchase of own shares for Euro 5,102 thousand and by the reimbursement of loans for an amount equal to Euro 4,895 thousand.

The cash flows absorbed during the financial year ended December 31, 2016 are mainly due to the reimbursement of outstanding bank loans for Euro 7,557 thousand, to the payment of dividends to shareholders of the Issuer for Euro 5,568 thousand and to minorities for Euro 1,005 thousand, and to the purchase of own shares for Euro 5,754 thousand, partially offset by the sale of own shares for Euro 5,255 thousand. Such share sale is related to the exercise of vested stock options held by some employees of the Group.

2.4.3. Composition and changes in net working capital

The following table presents the breakdown of the components of net working capital as of December 31, 2017 and 2016.

(euro thousand)	As of December 31, 2017	December 31, 2016	Change	%
Trade receivables	45,523	40,334	5,189	12.9%
Contract work in progress	305	318	(13)	-4.1%
Other current assets and tax receivables	4,440	5,645	(1,205)	-21.3%
Trade and other payables	(15,784)	(16,407)	623	-3.8%
Tax payables	(889)	(1,417)	528	-37.3%
Other current liabilities	(20,854)	(14,601)	(6,253)	42.8%
Net working capital	**12,741**	**13,872**	**(1,131)**	**-8.2%**

Net working capital records a decrease equal to Euro 1,131 thousand in the financial year ended December 31, 2017. This trend is mainly linked to the increase of "Other current liabilities" and to the decrease of "Other current assets and tax receivables", partially offset by the growth of "Trade receivables".

"Trade Receivables" go from Euro 40,334 thousand as of December 31, 2016 to Euro 45,523 thousand as of December 31, 2017, with an increase of 12.9%. This growth is linked to the growth of the operating activity of the Group, as the Days of Sales Outstanding (DSO) are equal to 107 days for the financial year ended December 2017, slightly higher if compared to the financial year ended December 31, 2016 (105 days for the year ended December 31, 2016).

"Other current liabilities" go from Euro 14,601 thousand as of December 31, 2016 to Euro 20,854 thousand as of December 31, 2017, mainly because of the reclassification from "non-current" to "current" of the liability related to the earn out for the purchase of the minority stake of subsidiary IN.SE.CO. S.r.l., that will be crystalized and paid during 2018.

2.5. Table of reconciliation of the consolidated net income and equity with the Issuer's data

(euro thousand)	Net income for the year ended December 31, 2017	Shareholders' equity as of December 31, 2017	Net income for the year ended December 31, 2016	Shareholders' equity as of December 31, 2016
Net income and shareholders' equity of the Issuer	**14,809**	**18,642**	**9,289**	**16,848**
Net income and shareholders' equity of the subsidiaries	31,446	139,397	28,510	124,655
Consolidation adjustements				
Elimination of the value of investment in subsidiaries	-	(74,828)	-	(71,109)
Elimination of the dividends from associated companies	(19,489)	-	(10,508)	-
Own shares purchased by subsidiaries	-	(6,734)	-	(6,734)
Cost of stock options for the personnel of the subsidiaries	(219)	-	(293)	-
Participation measured with equity method	(403)	(25)	(2,231)	361
Other consolidation adjustments	1,378	11,940	48	10,587
Consolidated net income and shareholders' equity	**27,522**	**88,392**	**24,815**	**74,608**

Among "Other consolidation adjustments" we also include, for Euro 11,940 thousand, the higher values deriving from the consolidation of the participations, mainly in 7Pixel S.r.l., Quinservizi S.p.A., Centro Processi Assicurativi S.r.l., INSECO S.r.l. and EuroServizi per i Notai S.r.l..

2.6. Research and development

Within the Group, several development teams regularly work with the objective of improving and enhancing the IT systems and the software platforms used to supply its services to consumers, lenders and insurance companies.

The capitalized costs related to software development in the financial year ended on December 31, 2017 amount to Euro 827 thousand (Euro 939 thousand in 2016).

The proprietary software platforms represent the core of the operations of the companies of the Group in both Divisions and must be continuously expanded and developed to improve their commercial effectiveness, incorporate legislative changes, manage new kinds of products, simplify processes, increase efficiency, improve consulting ability, increase operators' productivity, adapt to the increasingly sophisticated decision criteria of our client institutions, and ensure data protection and security.

2.7. Own shares

On April 27, 2017, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 22, 2016 and authorized the purchase of own shares within the limits of retained earnings and distributable reserves from the last approved statutory financial statements of the Issuer and for a period of 18 months, with the following purposes:

i. for activities in support of market liquidity;

ii. for the possible use of shares as compensation in extraordinary transactions, including exchanges of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and Equita SIM S.p.A., for its role as specialist on the stock market;

v. for an efficient investment of the liquidity of the Group.

During the year ended December 31, 2017 the Issuer purchased 438,187 own shares equal to 1.098% of ordinary share capital. During the same period following the exercise of vested stock options held by some employees of the Group, the Issuer sold 201,500 own shares equal to 0.505% of ordinary share capital.

During the financial year ended December 31, 2017 the other companies of the Group have neither purchased nor sold any shares of the Issuer.

Therefore, as of December 31, 2017 the Issuer holds 438,370 own shares, equal to 1.099% of ordinary share capital, for a total cost equal to Euro 3,707 thousand. Subsidiary MutuiOnline S.p.A. holds a total 1,500,000 shares of the Issuer, equal to 3.759% of ordinary share capital, for a total cost equal to Euro 6,159 thousand, and subsidiary Centro Istruttorie S.p.A. holds a total of 151,522 shares of the Issuer, equal to 0.380% of ordinary share capital of the Issuer, for a total cost equal to Euro 575 thousand.

Summing up, as of December 31, 2017, the Issuer and its subsidiaries hold a total of 2,089,892 shares of the Issuer, equal to 5.238% of ordinary share capital, for a total cost equal to Euro 10,441 thousand, equal to Euro 4.996 per share.

During the first months of 2018, the Issuer purchased 54,661 own shares equal to 0.137% of ordinary share capital, and the Issuer sold, following the exercise of vested stock options held by some employees of the Group, 174,120 own shares, equal to 0.435% of ordinary share capital meanwhile, during the same period, no shares of the Issuer were purchased by the other companies of the Group.

As of the approval of this report, the Issuer and its subsidiaries hold a total of 1,970,433 shares of the Issuer, equal to 4.926% of ordinary share capital, for a total cost equal to Euro 8,854 thousand, equal to Euro 4.49 per share.

2.8. Report on corporate governance

For the report on corporate governance and on the adhesion to the codes of conduct, please refer to the report approved by the Board of Directors on March 12, 2018 and attached to this document.

2.9. Non-financial report ex Legislative Decree n. 254/2016

The Issuer, compliant with article 5 comma 3, letter b, of the Legislative Decree n. 254/2016, prepared the non-financial consolidated report which represent a separate report. such non-financial consolidated report, prepared according to reporting standard "GRI Standards" is available on the website of the Group.

2.10. Shareholdings of the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the participations in the ordinary share capital of the Issuer held by the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2017.

Name	Office	Shares held as of December 31, 2016	Shares purchased	Shares sold	Shares held as of December 31, 2017	Possession title	Way of possession
Marco Pescarmona	Chairman	80,000	80,000	40,000	120,000	P	D
Alessandro Fracassi	CEO	80,000	80,000	40,000	120,000	P	D
Anna Maria Artoni	Director	-	-	-	-		
Fausto Boni	Director	133,952	-	-	133,952	P	D
Chiara Burberi	Director	-	-	-	-		
Matteo De Brabant	Director	-	-	-	-		
Valeria Lattuada	Director	-	-	-	-		
Klaus Gummerer	Director	-	-	-	-		
Marco Zampetti	Director	15,000	-	-	15,000	P	D
Fausto Provenzano	Chairman of the board of the statutory auditors	3,500	-	-	3,500	P	D
Paolo Burlando	Statutory auditor	7,000	-	-	7,000	P	D
Francesca Masotti	Statutory auditor	4,200	-	-	4,200	P	D

Legend:
P: Property
D: Direct possession

Besides, it is worth pointing out that Marco Pescarmona holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.) and that Alma Venture S.A., as of December 31, 2017, holds 12,841,070 shares of the Issuer, equal to 32.182% of the ordinary share capital, none of which was purchased during the year ended December 31, 2017.

Finally, it is worth pointing out that there are no managers with strategic responsibilities.

2.11. Evolution of the Italian residential mortgage market

Year 2017 was characterized by a recovery of the market for purchase mortgages, which progressively lost strength, until it turned into a contraction at the end of the year. As expected, remortgaging activity was significantly down year on year.

Data from Assofin, an industry association which represents the main lenders active in the sector, indicate for 2017 a 4.3% year on year decrease of gross new mortgage flows as a consequence of the 6.2% growth of purchase mortgages flows and of the 24.5% drop of other mortgages (mainly re-financings); data for recent months, however, show a year on year decrease of 7.8% in October 2017, of 7.3% in November 2017, of 16.0% in December 2017 and of 16.0% in January 2018 (both in December 2017 and in January 2018 even purchase mortgages are down year on year, respectively by 8.6% and 8.7%). Data from CRIF, a company which manages the main credit bureau in Italy, show a decrease of credit report inquiries for mortgages of 20.4% in October 2017, 20.4% in November 2017, of 15.9% in December 2017 and of 10.8% in January 2018.

For year 2018, we expect the continuation of the decrease of remortgages, which in the last months represented less than a third of overall new mortgage flows. With respect to purchase mortgages, the drop of recent months is likely to continue for the first half of the year, subsequently leaving room to a moderate recovery of housing transaction and mortgages. Current political instability and the resulting uncertainty perceived by consumers represent a significant and unknown variable for the development of the residential mortgage market in 2018, and risk neutralizing the many positive stimuli still present in the market: very low interest rates, high competition among banks, subdued property prices, favorable property taxation, ongoing economic recovery.

2.12. Foreseeable evolution

2.12.1. Broking Division

In financial year 2017, the Broking Division has recorded an overall growth, for a combination of the following factors:

- the significant growth of Mortgage Broking in terms of revenues and margins;
- the slight growth of Personal Loan Broking revenues, with a decrease of margins;
- the growth of Insurance Broking in terms of revenues and margins;
- the decrease of E-Commerce Price Comparison, single-digit in terms of revenues and more relevant in terms of margins;
- the strong growth of revenues from the promotion of utility services (broadband, energy);
- the expenditures for the start-up and development of new businesses (mutual fund supermarket, mobile couponing).

The outlook for 2018 is of slight revenue growth for the Broking Division as a whole, with more challenging market conditions for Mortgage Broking and E-Commerce Price Comparison.

Mortgage Broking

During 2017, we brokered higher mortgage volumes than in the previous financial year, as the growth of purchase mortgages has more than offset the drop in remortgages. The market share of the Broking Division in the residential mortgage market, in terms of gross new origination flows, is likely to be up in 2017 compared to the previous year.

For the first months of 2018, we can expect a year on year decrease of brokered mortgages, considering that the first part of 2017 was characterized by an unusual activity peak not related to market seasonality. Subsequently, unless political instability results in a deterioration of consumer confidence, we can expect a slight year on year growth of brokered volumes, driven by the expected recovery of housing transactions which will more than compensate the further normalization of remortgages.

Consumer Loan Broking

Consumer Loan Broking revenues are slightly up in 2017 compared to the previous year, coherently with market trends, despite a significant increase of online marketing expenses, whose returns are diminishing.

For 2018, we can expect stability or slight growth of Consumer Loan Broking revenues, with stable or improving margins, thanks to operational improvements.

Insurance Broking

The 2017 results of Insurance Broking are up year on year, due to the contribution of both new business and renewals, despite the overall stability of the market, still without any recovery of average premiums.

During the first half of 2018, we do not expect discontinuities with the previous year, while subsequently one can reasonably expect average premiums to increase as a response to the deterioration of the technical results of the industry, with beneficial effects for our business.

E-Commerce Price Comparison

The results of E-Commerce Price Comparison suffers in 2017 of a non-negligible drop of organic traffic of the www.trovaprezzi.it website. The year on year drop of revenues of the business line was progressively less significant in the second half of the year, also thanks to operational improvements and organizational changes put in place during the year.

For financial year 2018, as consequence of the actions taken and keeping in mind the results of the last months, we expect a slight improvement of the performance of E-Commerce Price Comparison, which however remains under close scrutiny.

Other activities

During 2017 we were able to grow our utility comparison and promotion business (broadband, energy, etc.). We believe that this favorable trend could continue in 2018.

The development of mutual fund supermarket www.fondionline.it in 2017 was behind expectations, although last months of the year show an improving trend. For 2018, we will continue to grow the business, with an expected acceleration of new client acquisition, also as a consequence of the adoption of MIFID2.

The other initiatives of the Group in the area of mobile couponing remain in a phase of investment and development.

2.12.2. BPO Division

2017 was again a positive year for the BPO Division. Revenues, for the fifth year in a row, show double-digit growth, while operating margins remain in line with stated long term objectives.

All the business lines have contributed to this positive result, but, as we commented during the year, Mortgage BPO has grown above management expectations.

Even if 2018 will be influenced by the inevitably negative trend of the refinancing market, the medium term outlook for the BPO Division remains very interesting, as the diffusion of complex outsourcing services through strategic partnerships is still very low among Italian financial institutions. We intend to pursue such opportunities, both in our current business segments and in adjacent verticals which show similar margin potential.

Mortgage BPO

As highlighted during the year, the performance of Mortgage BPO has been above expectations, on one side, for the extra performance of the new client activated at the end of 2016, and visible in the first part of the year, on the other side, for the slower than expected reduction of remortgages, also thanks to an increase of the market share of the BPO Division.

For 2018, we expect lower revenues than in 2017, but slightly above those of 2016, due to the inevitable normalization of the remortgage market, which will affect, above all, our para-notarial services.

"Cessione del Quinto" (CQ) Loan BPO

Revenues are up in 2017, compared to the previous year. We continue to focus on improving margins thanks to operational excellence initiatives.

For financial year 2018, revenues will develop as in the previous year. Discontinuities could be generated by the market entry of new players, by the consolidation of the existing ones, and by the new sector regulations announced by Bank of Italy.

Insurance BPO

The Insurance BPO business line has grown in 2017, as expected.

The positive trends will continue in 2018, thanks to the contribution of new claims management activities and credit collection services.

Asset Management BPO

Asset Management BPO delivered a performance in line with expectations. Revenues that, in 2016, were linked to a one-off project, with our main client, have been replaced in 2017 by ordinary business volumes with the existing client and with projects with a new client acquired during the year.

Revenues in 2018 are expected to be in line with 2017.

2.13. Other information

2.13.1. Offices

The registered offices of the Issuer and of the Italian subsidiaries are located in Via Felice Casati, 1/A, Milan.

The registered and operating offices of Finprom S.r.l. are in Str. Cocorilor n. 24/A., Arad, Romania.

The administrative offices of the Group are located at via Desenzano 2, Milan, except for 7Pixel S.r.l., whose administrative office is at Via Lanzoni, 13, Giussago (PV).

The following table shows the operating offices of the Group as of December 31, 2017:

Address	City
Via Desenzano, 2	Milan
Via Igola snc	Cagliari
Zona Industriale Strada C	Villacidro
Via Romolo Ossani, 14	Faenza (RA)
Via Volta 5/4	Faenza (RA)
Via Lanzoni, 13	Giussago (PV)
Via Dazio Vecchio 7	Varese
Via De Marini 53	Genoa

2.13.2. Relations with related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Relations with related parties are mainly relations with the companies of the Group.

In particular, the main items refer to receivables of the Issuer with part of its subsidiaries derived from the adhesion to the tax consolidation regime for Euro 6,153 thousand, and receivables of the remaining subsidiaries with the Issuer derived from the adhesion to the tax consolidation regime for a total amount equal to Euro 1,218 thousand.

Concerning the main commercial relationships among companies of the Group, they are mainly represented by services, provided at arm's length. In particular, we highlight:

- revenues for advertising services provided by subsidiary Segugio.it S.r.l. for a total amount equal to Euro 7,025 thousand;

- revenues for rent and office residence services, related to the operating offices in Cagliari and the administrative and operating offices in via Desenzano 2, Milan, provided by subsidiary PP&E S.r.l. to other companies of the Group, for a total amount equal to Euro 2,436 thousand;

- revenues for outsourcing services provided by subsidiary Finprom S.r.l. to other companies of the Group, for a total amount equal to Euro 4,430 thousand.

As of December 31, 2017, in the face of the different commercial relationships among the companies of the Group, there are trade receivables/payables among the different companies of the Group for a total amount of Euro 7,185 thousand.

During the financial year ended December 31, 2017, subsidiary EuroServizi per i Notai S.r.l. resolved and paid dividends to the Issuer equal to Euro 1,689 thousand while the associated company Generale Fiduciaria S.p.A. resolved and paid dividends to the Issuer for a total amount of Euro 160 thousand. Furthermore, subsidiary PrestitiOnline S.p.A. resolved the distribution of dividends to the Issuer for a total amount of Euro 4,000, Centro Istruttorie S.p.A. resolved the distribution of dividends to the Issuer for a total amount of Euro 12,000 and Effelle Ricerche S.r.l. resolved the distribution of dividends to the Issuer for a total amount of Euro 1,800 thousand. Those dividends were not paid during the financial year. Therefore, as of December 31, 2017, there are receivables of the Issuer from subsidiaries for a total amount of Euro 17,800 thousand.

Moreover, it is worth pointing out that in the financial year ended December 31, 2017, revenues include Euro 26 thousand charged to the joint venture Generale Servizi Amministrativi S.r.l. for direction, coordination and professional services provided by the Issuer, while service costs include Euro 102 thousand related to consulting services provided by Generale Servizi Amministrativi S.r.l.. As of December 31, 2017, there are trade receivables for Euro 26 thousand, and trade payables for Euro 25 thousand, versus the joint venture Generale Servizi Amministrativi S.r.l..

2.13.3. Risk management

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to 1-month Euribor increased by 2.09% for the amortizing period (five years).

The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half 2015, is equal to 6-month Euribor increased by 1.75% and is subject to changes for the duration of the contract based on the rate between Net Financial Indebtedness and EBITDA. It is worth pointing out that, based on the values of the parameters in the consolidated financial statement for the financial year ended and as of December 31, 2017, the spread to be applied to the loan for 2018 is expected to be 1.75%.

The interest rate on the bank loan with Mediocredito Italiano S.p.A., subscribed on April 6, 2017, is equal to 3-month Euribor increased by 0.75%.

A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 476 thousand in 2018. It is worth pointing out that such variation of the interest rate would be more to a large extent compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold these assets to maturity.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 45,523 thousand, of which the overdue portion as of December 31, 2017 is equal to Euro 8,163 thousand, of which Euro 1,551 thousand is overdue for over 90 days.

Most of the gross overdue receivables were paid by the clients during the first months of 2018. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2017, amount to Euro 2,521 thousand, of which Euro 879 thousand refers to receivables already overdue for over 90 days as of December 31, 2017.

Trade receivables are mainly versus banks and other financial institutions, insurance companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 1,153 thousand.

Furthermore, it is worth mentioning that, following the diversification of the operations of the Group, we don't notice significant concentration of revenues on any client: in 2017 the revenues from the main client of the Group represent 11.6% of total consolidated revenues.

Liquidity risk

Liquidity risk represents the risk that a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2017 is Euro 76,569 thousand, and, in the light of the value of net working capital as of December 31, 2017, the management believes that there is no liquidity risk for the Group.

Operating risk and business continuity

The technological component is an essential element for the operating activities of the Group; therefore, there is the risk that the possible malfunctioning of the technological infrastructure may cause an interruption of client services or loss of data. However, the companies of the Group have developed a series of plans, procedures and tools to guarantee business continuity and data security.

Considering the economic and financial situation for the financial year ended December 31, 2017, in particular the available reserves, and taking into account the trend of the Net Working Capital and of the economic and financial situation, the separated and consolidated financial reports have been prepared with a perspective of business continuity.

2.13.4. Information concerning environment and human resources

With regards to the management of human resources and of environmental matters for the financial year ended December 31, 2017, we are not aware of any events that could entail any responsibility for the Group.

2.14. Net income allocation and dividend distribution proposal

The net income of the Issuer for the financial year ended December 31, 2017 is Euro 14,808,710. This income is influenced by the distribution of part of the distributable reserves of the subsidiaries.

The board of directors resolved to propose to the shareholders' meeting the following allocation of the net income of the year:

- Euro 2,470.81 to legal reserve;
- Euro 11,408,870.10 for the distribution of dividends to shareholders in the amount of Euro 0.30 per outstanding share, with *ex-dividend* date April 30, 2018, record date May 2, 2018 and payable date May 3, 2018;
- for the remaining part, equal to Euro 3,397,369.09, to retained earnings.

Milan, March 12, 2018

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

CONSOLIDATED ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared according to IAS/IFRS

3. CONSOLIDATED ANNUAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

3.1. Financial statements

3.1.1. Consolidated statement of financial position

(euro thousand)	Note	As of December 31, 2017	As of December 31, 2016
ASSETS			
Intangible assets	7	49,611	53,874
Property, plant and equipment	9	14,683	13,412
Participation measured with equity method	10	1,986	1,224
Deferred tax assets	11	1,676	1,402
Other non-current assets	12	603	804
Total non-current assets		**68,559**	**70,716**
Cash and cash equivalents	13	76,569	42,231
Financial assets held to maturity		920	677
Trade receivables	14	45,523	40,334
(of which) with related parties	*27*	*26*	*26*
Contract work in progress	15	305	318
Tax receivables	16	805	2,678
Other current assets	17	3,635	2,967
Total current assets		**127,757**	**89,205**
TOTAL ASSETS		**196,316**	**159,921**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	26	957	953
Other reserves	26	53,165	44,190
Net income	26	25,920	21,591
Total group shareholders' equity	**26**	**80,042**	**66,734**
Minority interests		8,350	7,874
Total shareholders' equity		**88,392**	**74,608**
Long-term borrowings	18	25,262	30,179
Provisions for risks and charges	19	1,467	385
Defined benefit program liabilities	20	11,170	9,812
Other non current liabilities	21	2,446	7,642
Total non-current liabilities		**40,345**	**48,018**
Short-term borrowings	22	30,052	4,870
Trade and other payables	23	15,784	16,407
(of which) with related parties	*27*	*25*	*35*
Tax payables	24	889	1,417
Other current liabilities	25	20,854	14,601
Total current liabilities		**67,579**	**37,295**
TOTAL LIABILITIES		**107,924**	**85,313**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**196,316**	**159,921**

3.1.2. Consolidated income statement

(euro thousand)	Note	Years ended December 31, 2017	December 31, 2016
Revenues	28	152,795	138,069
(of which) with related parties	*39*	*26*	*123*
Other income	29	2,926	2,339
(of which) with related parties	*39*	*-*	*1*
Capitalization of internal costs		949	939
Services costs	30	(55,225)	(50,702)
(of which) with related parties	*38*	*102*	*(110)*
Personnel costs	31	(49,750)	(43,829)
Other operating costs	32	(4,874)	(4,295)
Depreciation and amortization	33	(7,079)	(7,277)
Operating income		**39,742**	**35,244**
Financial income	34	170	99
Financial expenses	34	(851)	(1,033)
Income/(losses) from participation	34	(208)	19
Income/(losses) from financial assets/liabilities	34	(240)	(96)
Net income before income tax expense		**38,613**	**34,233**
Income tax expense	35	(11,091)	(9,418)
Net income		**27,522**	**24,815**
Attributable to:			
Shareholders of the Issuer		**25,920**	**21,591**
Minority interest		**1,602**	**3,224**
Earnings per share basic *(Euro)*	40	0.69	0.58
Earnings per share diluted *(Euro)*	40	0.66	0.54

3.1.3. Consolidated comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2017	December 31, 2016
Net income		**27,522**	**24,815**
Currency translation differences		(78)	(18)
Actuarial gain/(losses) on defined benefit program liability	20	535	(354)
Tax effect on actuarial gain/(losses)	20	(129)	68
Total other comprehensive income		**328**	**(304)**
Total comprehensive income for the period		**27,850**	**24,511**
Attributable to:			
Shareholders of the Issuer		**26,248**	**21,287**
Minority interest		**1,602**	**3,224**

3.1.4. Consolidated statement of cash flows

(euro thousand)	Note	Years ended December 31, 2017	December 31, 2016
Net income		**27,522**	**24,815**
Amortization and depreciation	7, 9	7,079	7,277
Stock option expenses	27	412	550
Capitalization of internal costs	7	(949)	(939)
Interest cashed		24	36
Losses from financial assets/liabilities		240	96
Changes of the value of the participation evaluated with the equity method	10	368	(19)
Income tax paid	35	(7,920)	(15,727)
Changes in contract work in progress		13	(75)
Changes in trade receivables/payables		(5,812)	2,325
Changes in other assets/liabilities		10,499	7,750
Changes in defined benefit program liability		1,358	1,664
Changes in provisions for risks and charges	19	1,082	10
Net cash provided by operating activities		**33,916**	**27,763**
Investments:			
- Increase of intangible assets	7	(257)	(919)
- Increase of property, plant and equipment	9	(2,881)	(3,297)
- Increase of financial assets held to maturity		(243)	-
- Increase of participations evaluated with the equity method	10	(1,130)	(813)
Disposals:			
- Decrease of property, plant and equipment	9	-	9
- Decrease of financial assets held to maturity		-	140
- Dividends from joint venture	10	-	2,250
- Dividends from associated companies	10	160	-
Net cash used in investing activities		**(4,351)**	**(2,630)**
Increase of financial liabilities	22	25,000	-
Interest paid		(608)	(720)
Increase of financial assets		(190)	-
Decrease of financial liabilities	18	(4,895)	(7,557)
Increase of share capital	26	1,936	-
Sale/(purchase) of own shares	26	(4,099)	(498)
Dividends paid to minorities		(1,126)	(1,005)
Dividends paid	26	(11,244)	(5,568)
Net cash used in financing activities		**4,774**	**(15,348)**
Net increase/(decrease) in cash and cash equivalents		**34,339**	**9,785**
Net cash and cash equivalent at the beginning of the period		42,227	32,442
Net cash and cash equivalents at the end of the period		**76,566**	**42,227**
Cash and cash equivalents at the beginning of the year	13	42,231	32,451
Current account overdraft at the beginning of the year	13	(4)	(9)
Net cash and cash equivalents at the beginning of the year		**42,227**	**32,442**
Cash and cash equivalents at the end of the year	13	76,569	42,231
Current account overdraft at the end of the year	13	(3)	(4)
Net cash and cash equivalents at the end of the year		**76,566**	**42,227**

3.1.5. Consolidated statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings inluding net income of the year	Total gruop shareholders' equity	Minority interest	Total
Shareholders' equity as of December 31, 2015	**947**	**200**	**3,509**	**47,773**	**52,429**	**5,655**	**58,084**
Distribution of an ordinary dividend	-	-	-	(5,568)	**(5,568)**	-	**(5,568)**
Purchase of own shares	(19)	-	-	(5,735)	**(5,754)**	-	**(5,754)**
Exercise of stock options	26	-	5,230	-	**5,256**	-	**5,256**
Stock option plan	-	-	550	-	**550**	-	**550**
Other movements	-	-	(1,466)	-	**(1,466)**	(1,005)	**(2,471)**
Net income of the year	-	-	(304)	21,591	**21,287**	3,224	**24,511**
Shareholders' equity as of December 31, 2016	**954**	**200**	**7,519**	**58,061**	**66,734**	**7,874**	**74,608**
Distribution of an ordinary dividend	-	-	-	(11,244)	**(11,244)**	-	**(11,244)**
Increase of share capital	9	-	1,927	-	**1,936**	-	**1,936**
Purchase of own shares	(11)	-	-	(5,091)	**(5,102)**	-	**(5,102)**
Exercise of stock options	5	-	998	-	**1,003**	-	**1,003**
Stock option plan	-	-	412	-	**412**	-	**412**
Other movements	-	-	55	-	**55**	(1,126)	**(1,071)**
Net income of the year	-	-	328	25,920	**26,248**	1,602	**27,850**
Shareholders' equity as of December 31, 2017	**957**	**200**	**11,239**	**67,646**	**80,042**	**8,350**	**88,392**
Note	26	26	26, 27				

3.2. Explanatory notes to the consolidated financial statements

1. General information

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial and insurance sectors.

This consolidated annual report, including the consolidated statement of financial position, consolidated comprehensive income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity as of and for the year ended December 31, 2017 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2017 and published in the EU regulations as of this date.

In particular, the IFRS have been consistently applied to all the periods presented.

The Group has elected the "non-current/current" presentation for the statement of financial position, the presentation of costs by nature for the income statement, the comprehensive income statements and the indirect method for the preparation of the statement of cash flows.

The statement of changes in shareholders' equity was prepared according with IAS 1.

These consolidated financial statements have been prepared in Euro, the currency of the primary economic environment in which the Group operates.

All the amounts included in the tables of the following notes are in thousands of Euros, except where otherwise stated.

These consolidated financial statements have been prepared according to the going concern assumption.

The Board of Directors approved the publication of the present document on March 12, 2018. This document will be presented to the general meeting on April 24, 2018.

2. Basis of preparation of the consolidated financial statements

The following consolidation procedures have been applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2017.

The consolidated financial statements of the Group include the financial statements of Gruppo MutuiOnline S.p.A. and its subsidiaries, over which the Company exercises direct or indirect control and the value measured with the equity method of joint ventures and of associated companies. Subsidiaries are consolidated from the date when control is acquired until the date when it ceases. Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable, if substantial, at the reporting date is also taken into consideration for the purposes of determining control.

Furthermore, it is worth pointing out that once control of an entity is obtained, transactions, in which further minority interests are acquired or ceased, without modifying the control exercised on the subsidiary, are considered transactions with the shareholders and therefore should be recorded as equity transactions, without recording any effect in the comprehensive income statement. Subsidiaries are consolidated on a line-by-line basis. The criteria adopted for consolidation on a line-by-line basis are:

- the assets and liabilities, income and expenses of the entirely consolidated entities are taken line by line, attributing to minority interest the portion of the shareholders' equity and net income for the year due to it; this portion is disclosed separately in the consolidated statement of financial position and consolidated comprehensive income statement;
- the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Assets, liabilities and possible liabilities acquired are booked at the fair value at the date of the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement, after an audit of the correct measurement of the fair value of the assets and the liabilities acquired and of the cost of acquisition. Business combinations between entities under "common control" are accounted for with the pooling of interest method, thus recognizing assets and liabilities of the acquired entity without fair value adjustments, but adjusted for eventual differences of accounting standards used and IFRS;
- inter-company transactions and balances, as well as the relevant tax effects, are eliminated. Significant unrealized inter-company gains and losses are eliminated; as an exception, unrealized losses are not eliminated when they provide evidence for impairment of the asset transferred;
- gains and losses from the disposal of investments in subsidiaries are recognized in the income statement for an amount equal to the difference between the sale price and the net assets of the investment.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associated companies are companies, which are neither subsidiaries nor joint-ventures, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and associated companies are evaluated with the equity method.

3. Scope of consolidation

The consolidation area includes all the entities on which the Issuer exercises control, directly or indirectly, and the companies on which the Issuer exercises a significant influence.

The controlled and associated entities as of December 31, 2017 are:

Name	Registered office	Share capital (Euro)	Consolidation method	% of ownership
7Pixel S.r.l.	Milan (Italy)	10,500	Line-by-line	51%
Centro Finanziamenti S.p.A.	Milan (Italy)	2,000,000	Line-by-line	100%
Centro Istruttorie S.p.A.	Milan (Italy)	500,000	Line-by-line	100%
Centro Processi Assicurativi S.r.l.	Milan (Italy)	50,000	Line-by-line	100%
Centro Servizi Asset Mangement S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
CercAssicurazioni.it S.r.l.	Milan (Italy)	100,000	Line-by-line	100%
Effelle Ricerche S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
EuroServizi per i Notai S.r.l.	Milan (Italy)	10,000	Line-by-line	60%
Finprom S.r.l.	Arad (Romania)	9,618	Line-by-line	100%
Innovazione Finanziaria SIM S.p.A.	Milan (Italy)	2,000,000	Line-by-line	100%
IN.SE.CO. International Service Consulting S.r.l.	Milan (Italy)	10,400	Line-by-line	100%
Klikkapromo S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
Mikono S.r.l.	Milan (Italy)	10,000	Line-by-line	51%
Money360.it S.p.A.	Milan (Italy)	120,000	Line-by-line	100%
MutuiOnline S.p.A.	Milan (Italy)	1,000,000	Line-by-line	100%
PP&E S.r.l.	Milan (Italy)	100,000	Line-by-line	100%
PrestitiOnline S.p.A.	Milan (Italy)	200,000	Line-by-line	100%
Quinservizi S.p.A.	Milan (Italy)	150,000	Line-by-line	100%
Segugio Servizi S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
Segugio.it S.r.l.	Milan (Italy)	10,000	Line-by-line	100%
ShoppyDoo S.L.U.*	Madrid (Spain)	3,500	Line-by-line	100%
65Plus S.r.l.	Milan (Italy)	75,416	Equity method	30%
CreditPro Mediazione Creditizia S.r.l.	Milan (Italy)	120,000	Equity method	50%
Generale Fiduciaria S.p.A.	Milan (Italy)	200,000	Equity method	10%
Generale Servizi Amministrativi S.r.l.	Milan (Italy)	100,000	Equity method	50%
Zoorate S.r.l.*	Milan (Italy)	415,654	Equity method	40%

** Indirectly controlled through 7Pixel S.r.l. The percentage in the table correspond to the stake held by 7Pixel S.r.l..*

During the financial year ended December 31, 2017 the consolidation area changed following the acquisition of the participation in 65Plus S.r.l. and the acquisition of the participation in CreditPro Mediazione Creditizia S.r.l..

For the calculation of the equivalent value in Euro of the financial amounts in foreign currency of the Rumanian subsidiary Finprom S.r.l. we applied the following exchange rates:

RON/Euro	**2017**	**2016**
Balance sheet items	4.659	4.539
Income statement items	4.569	4.497

Balance sheet items have been converted by using the exchange rate as of December 31, 2017, while income statement items have been converted by using the average exchange rate of the year.

4. Accounting policies

The consolidated financial statements are prepared at cost, with the exception of items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

The principal accounting policies are set out below.

A) Intangible assets

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

The item includes the goodwill referred to business combinations.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Research and development costs

Research and development costs are recognized as an expense as incurred. Costs incurred on development projects are recognized as intangible assets when:

- development activity is clearly identified and its costs can be measured reliably;
- technological feasibility is demonstrated;
- the intention of completing the project and selling the intangible goods generated are demonstrated;
- a prospective market exists or, in case of internal use, the benefits of the intangible asset for the production of intangible goods generated by the project is demonstrated;
- the necessary technological and financial resources for the completion of the project are available.

Amortization is calculated on a straight-line basis over 3 years, which represents the estimated useful life of the asset.

(b) Licenses and other rights

Licenses and other rights are amortized on a straight-line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Land	not depreciated
Buildings	30 years
Generic equipment	5 years
Specific equipment	2.5-7 years
Leasehold improvements	shorter of contract duration and useful life
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments measured with the equity method

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured for an amount equal to the corresponding fraction of equity in the last financial statements of the same entities, after the transfer of dividends and the application of adjustments in accordance with the disclosures for the preparation of the financial statements.

Gains and losses arising from changes of the adjusted equity of associated companies are recorded in the income statement for the period in which they arise.

D) Assets held under finance leases

Property, plant and equipment acquired through finance lease contracts where the benefits and risks of the assets are substantially transferred to the Group are accounted for at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding lease liability is included in financial liabilities. The property, plant and equipment acquired under finance leases is depreciated over the shorter of the asset's useful life, in accordance with the periods of depreciation previously described, and the lease term. If the transfer of the property of the asset leased at the end of the contract is not certain, the depreciation period is represented by the lease term.

Leases where the lessor retains substantially all the risks and rewards of ownership are recognized as operating leases. Payments made under operating leases are charged to the income statement on a straight-line basis over the period of the lease.

E) Business combinations

Business combinations are valued with the acquisition method.

The cost of the acquisition is determined by the sum of the considerations transferred in a business combination, measured at the fair value at the acquisition date, the acquired liabilities and the equity instruments issued. The assets, the acquired liabilities and the potential liabilities in a business combination are initially measured at their fair value.

The minority interests in the acquired entity are measured at their fair value and at the *pro-quota* value of the net assets recognized for the acquired company.

The surplus between the considerations transferred, the amount of the minority interests and the fair value of the non-controlling participations held before the acquisition date, compared to the fair value of the controlling stake of the net assets acquired, is recorded as goodwill.

If the value of the net assets acquired at the acquisition date exceeds the sum of the considerations transferred, of the minority interests and of the fair value of any previously held participation in the acquired company, this surplus is recorded as income of the closed transaction in the income statement.

According to provisions of IFRS 3, in step acquisitions (acquisitions achieved in stages) a business combination is achieved only after control has been obtained, and at this moment all the acquired entity's identifiable net assets should be measured at the fair value; minority interests should be measured based on their fair value or based on the proportionate share of the fair value of identifiable net assets of the acquired entity (a method already permitted under the previous version of IFRS 3).

In a step acquisition of an associate, the previously held investment, until then accounted according to IAS 39 ("Financial instruments: recognition and measurement"), or according to IAS 28 ("Investments in Associates") or according to IFRS 11 ("Joint arrangements), shall be treated as if it had been sold and repurchased as of the date on which control is acquired. This participation should be measured at its "sale" date fair value and the resulting profit or loss of this measurement should be recorded in the income statement. In addition, any value previously recorded in the shareholder's equity, which should be charged in the income statement after the sale of the relevant assets, should be reclassified in the income statement. The goodwill or income (in case of badwill) deriving from the deal concluded with the subsequent acquisition should be determined as the sum of the compensation paid to acquire the control, the value of minority interests (measured according to one of the methods permitted by the standard), and the fair value of the previously held minority shareholdings, net of the fair value of the identifiable net assets of the acquired entity.

In addition, according to IFRS 3 the costs related to the acquisition of business combinations are recognized as expenses in the period in which these costs are incurred. Finally, under IFRS 3 contingent consideration is recognized as a part of the transfer price of the acquired net assets and is measured at the acquisition date fair value. The fair value of these liabilities is restated as of the date of each financial report. Similarly, if the combination agreement includes the right to return some consideration components if specified conditions are met, that right is classified as an asset by the acquirer. Any subsequent changes in the fair value of the net assets acquired should be recognized as adjustments to the original accounting treatment only if they are determined by additional or better information about the fair value and occur within 12 months from the acquisition date; all other changes must be recorded in profit or loss.

F) Impairment

The Group verifies, at least annually, whether there are indicators of a potential loss in value of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.

In addition, intangible assets with an indefinite useful life or that are not available for use and goodwill are subject to an impairment test each year, or more frequently if there is an indication that the asset may have been subject to a loss in value.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs and the value in use.

In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.

The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.

Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information.

The discount rate applied takes into account the implicit risk of the business segment.

When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows (CGU or Cash Generating Unit).

A loss of value is reported if the recoverable value of an asset is lower than its carrying value.

This loss is booked to the income statement unless the asset was previously written up through a shareholders' equity reserve.

In this case, the reduction in value is first allocated to the revaluation reserve.

If, in a future period, a loss on assets, other than goodwill, does not materialize or is reduced, the carrying value of the asset or CGU is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.

The recovery of a loss of value is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

The value in use of an asset that does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related cash generating unit exceeds its recoverable value. Whenever circumstances causing impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

Goodwill is not amortized, but is subject annually, or more frequently if specific events or changes in circumstances indicate that the asset might be impaired, to tests in order to identify possible impairments. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The impairment of goodwill recorded as of the date of the financial report is shown in the income statement under depreciation of intangible assets.

G) *Cash and cash equivalents*

Cash and cash equivalents include cash, bank deposits and highly liquid short-term investments (readily convertible to cash within three months). Overdrafts are included in short-term borrowings and are measured at fair value.

H) *Financial assets held to maturity*

These financial assets are low-risk bonds, not representing equity instruments, purchased by the Group and not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

I) *Trade receivables*

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

J) *Own shares*

Own shares are booked as a reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

K) *Contract work in progress*

Contract work in progress refers to loan case processing services which are not completed as of the balance sheet date, only with reference to cases for which the revenues are not accrued

The provision of processing services comprises several separate stages.

Contract work in progress is measured according to the direct production cost method, which prescribes that individual loan cases are valued according to the costs incurred for achieving the current stage of work in progress. A devaluation, which represents an estimate of the probable decay based on historical experience of unsuccessful cases, is applied for the recognition of work in progress at the balance sheet date.

As these costs consist almost exclusively in personnel costs, the positive and negative changes of contract work in progress will appear in the consolidated income statement under "Personnel Costs".

L) *Trade payables and financial liabilities*

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initial effective interest rate.

M) Provisions for risks and charges

Provisions are recognized when; (i) the existence of a current obligation, legal or implicit, arising from a past event, is probable; (ii) it is probable that the fulfillment of the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated. Provisions are recognized based on the best estimate of the expenditure required to settle the present obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the timing of the obligation is significant and the dates of the payments can be reliably estimated, the provision is discounted back. Provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

N) Defined benefit program liability

Employee termination benefits ("*Trattamento Fine Rapporto*", or "TFR"), which are compulsory for Italian companies in accordance with the civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements.

The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that become effective in 2007 had no material impact on the evaluation method adopted by the Group because the percentage of employees adhering to the funds at the relevant date was low and besides the greater part of employees of the companies of the Group is employed in companies that did not exceeded the limits, provided by the new law and calculated on the average number of employees in 2006, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

O) Share based payments

The Group has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date, the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

P) Revenue recognition

Revenues and other income are recognized net of discounts, allowances and bonuses and of the provision for possible repayments of commissions upon early repayment or insolvency of brokered loans.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Group.

The methods of revenue recognition for the main activities of the Group are as follows:

(a) Credit and insurance broking services

Revenues from credit and insurance broking services are recognized upon the actual disbursement of loans by lenders or the actual underwriting of contracts by insurance companies, that being the moment when the Group earns its commission on broking services.

Those revenues include also fees whose recognition is based on information coming from borrowers and not yet confirmed by the bank counterparts as of the end of the financial year.

(b) BPO services

Revenues from business process outsourcing services are recognized based on the type of services provided and contractual conditions agreed with clients. In particular, we can identify the following categories of services provided:

- provision of services whose revenues accrue upon the completion of loan application processing and is subject to the effective disbursement of the loan;
- provision of services whose revenues accrue upon the completion of each phase of loan application processing, regardless the effective disbursement of the requested loan;
- placement and promotion of financial products, whose revenues are represented by success fees based on the amount of the operations finalized.

Q) Government grants

Government grants are recognized when it is reasonably certain that the Group will respect the related conditions and they will be received.

R) Cost recognition

Costs are recognized as the assets and services are consumed during the relevant period or when they are sustained, or when it is not possible to determine future economic benefits.

S) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

T) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income taxes are determined based on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseeable period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Substitute tax relates to the revaluation of assets according to Italian tax legislation and is recognized in income tax expense in the income statement. Other taxes, not related to income, are recognized in other operating costs in the income statement.

The joint venture GSA S.r.l., the Issuer and the shareholder with whom we exercise joint control, have adhered to the tax transparency regime, on the basis of which the taxable income generated by the joint venture is attributed to the shareholders in the relevant tax period, regardless of whether the shareholders effectively received such income, that is even if dividends are not distributed. The taxable income is transferred to the shareholders of the joint venture as of the end of tax period, proportionally to the stakes held at the beginning of the tax period. The transferred tax liability is recorded among "Current tax liabilities", meanwhile the receivable from the joint venture is recorded among "Other current assets".

U) Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, excluding own shares, assuming the exercise of all potentially dilutive rights, whilst the Group's net income is adjusted to account for the effect of the conversion, net of taxes. The diluted earnings per share are not calculated in the event of losses, given that any such calculation would result in an improvement in the Group's results.

V) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Deferred taxes

Deferred tax assets/liabilities are recognized on the basis of expectations of future earnings. The estimate of future earnings for purposes of the recognition of deferred taxes depends on factors that could vary over time and significantly affect the amount of deferred tax assets/liabilities.

(b) Stock options

The valuation of stock option plans is based on valuation techniques that take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

(c) Impairment test for the evaluation of goodwill and participations

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

(d) Fair value of net assets acquired in a business combination

Pursuant to IFRS 3, the Group records the identifiable acquired assets and liabilities at fair value as of the date of acquisition of control. The residual amount is recorded as goodwill arising from the acquisition. These values have been determined by estimating the identifiable assets and liabilities, based on reasonable and realistic assumptions using the information available at the date when control was acquired, which had an effect on the value of the recognized assets, liabilities and goodwill, as well as on the revenues and expenses for the period.

W) New principles effective starting from the financial year ended December 31, 2017

Accounting standards used for the preparation of the consolidated report as of December 31, 2017 are in accordance with the standards used for the preparation of yearly financial report of the Group as of December 31, 2016, except for the adoption of new standards, changes and interpretations effective from January 1, 2017. The Group did not adopt any other standard interpretation or change published but not yet effective.

The nature and the impact of each new standard/change are described as follows:

Informational integration – Changes to IAS 7 statement of cash flow

The amendment require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such foreign exchange gains or losses). The Group provided the relevant information both for the current financial year and for the comparative period in notes 18 and 22.

Recognition of tax assets for not realized losses - Changes to IAS 12 Income taxes

The amendment clarifies that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profits may include the recovery of some assets for more than their carrying amount.

The Group applies amendments retrospectively. Moreover their application did not impact significantly on Group's financial position and results.

The Group provided the information on deferred taxes in notes 11 and 34.

X) Accounting principles recently approved by European Commission and not yet effective

As pointed out in the consolidated financial report as of December 31, 2016, among the standards issued by IASB, but not yet effective for the preparation of the present report, we highlight: IFRS 9 "Financial instruments", IFRS 15 "Revenue from contracts with customers" and IFRS 16 "Leases". The first two standards are effective from January 1, 2018, while IFRS 16 will be effective, once the approval procedure will be completed, starting from January 1, 2019.

IFRS 15 Revenue from contracts with customers

IFRS 15 was issued on May 2014, amended in April 2016, and approved on September 2016. The standard introduces a new five-step model to account for revenues arising from contracts with customers:

- identification of the contract;
- identification of the performance obligations;
- determination of the price of the transactions;
- sharing of the price of the transactions between the performance obligations;
- recognition of revenues for each performance obligation.

IFRS 15 provides for the recognition of revenues for an amount which reflects the compensation at which the entity believes to be entitled in the economic transaction with the customer for the transfer of products and services. The new standard requires higher level of assessment and choices by the management to establish their own policy of revenue recognition. The new model represents a change in fundamental standards compared to the current model of "risks and benefits transfer" which characterized the current praxis developed on IAS 18 "Revenues", and will replace all the current requirements in IFRS about revenue recognition, included those of IAS 11 "Construction contracts", IFRIC 13 "Customer Loyalty Programs"; IFRIC 15 "Agreements for the Construction of Real Estate"; IFRIC 18 "Transfers of Assets from Customers" and SIC-31 "Revenues - Barter Transactions Involving Advertising Services").

The Group foresees the application of the new standard starting from the obligatory effective date, using the modified retrospective application method. This method will consist in the accounting on opening equity of the cumulative effect of the initial application of new standard, without showing the comparison; in addition, the Group will be able to choose the retroactive application of the new standard only to contracts that will be not completed as of the first application date. During 2017 the Group ended its preliminary assessment of the impacts of IFRS 15. In light of this assessment the main focus points are listed below (for the description of the criteria now used please see before note 4.P).

The main contractual cases where we identified potential elements of future discontinuity with respect of the current accounting method are listed below:

- Agreements which provide for document collection activities concerning Asset Management BPO. The standard provides for the evaluation of revenues based on their stand-alone selling price: when the unit value of any job is decreasing during the years of the contract effectiveness, without any justification deriving from economies of learning and at the same value of the service provided, the Company believes it is correct to proceed with a linearization of the unit value of revenues associated to each job. The impacts on equity as of December 31, 2017 deriving from the application of the standards are not significant;

- Agreements which provide for document collection activities concerning Mortgage BPO, with remuneration subject to the effective disbursement of the loans. The standard requires revenue recognition at the satisfaction of performance obligation. Since the customer benefits of the single phases/activities effectively completed, the Group believes that the obligation is satisfied over time and, subsequently, will proceed to the evaluation of the effectively completed phases, based on the their contractual value and their probability of success. The impacts on equity as of December 31, 2017 deriving from the application of the standards are not significant;

- With reference to the recent agreements, regarding the provision of administrative credit collection services on behalf of insurance companies, we point out that the new standard requires to take into consideration, for the determination of the total compensation of the contract, both the possible implicit financial impact in transactions where the timing of payments agreed by the parties gives the customer a financial benefit, and the probability of cashing these receivables, on which the fees due to the company are established. The impacts on equity as of December 31, 2017 deriving from the application of the standards are not significant.

Other aspects

a. Principal vs agent considerations

The Group did not identify, in current commercial relationship, situations in which the consideration is finally charged to its own clients only once the product is provided to the final user. Otherwise, according to IFRS 15, the final charge of consideration once the product is provided to the final user would cause the postponement of revenue recognition at this moment.

b. Incremental costs

According to IFRS 15 the entity must record as assets the incremental costs to obtain a contract with the client, if it foresees to recover them. Incremental costs to obtain a contact are the costs that an entity supports to obtain the contract with the client and that it would have not supported if it did not obtain the contract (e.g., sale commission). The costs to obtain the contract that would be supported even if the contract had not been obtained must be recorded as expenses when supported (unless they are explicitly charged to the customer even if the contract is not obtained). As a practical expedient, the entity can account incremental costs to obtain the contract as a loss when supported, if the amortizing period of the asset, that the entity would have, on the contrary, recorded, is less than one year. Given the above, the Group does not foresee to record among assets the incurred commercial costs, since they are considered recurring.

c. Presentation and disclosure requirements

The presentation and disclosure requirements in IFRS 15 are more detailed than under current IFRS. The Group has assessed that the impact of some of these disclosures requirements could be significant in particular because of the disclosure on significant judgements made and in addition, according to IFRS 15, the Group will unbundle the revenues deriving from the contracts with customers in categories which represent how the nature, the amount, the timing and the uncertainty of revenues and cash flows are conditioned by economic factors.

IFRS 16 Leases

IFRS 16 was published on January 2016 (issued at the end of 2017) and it replaces IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains a lease", SIC-15 "Operating leases – Incentives" and SIC-27 "Evaluating the substance of transactions in the legal form of a lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and the disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease (i.e. the right of use asset). Lessees will be required to separately recognize the interest expenses on the lease liability and the depreciation expense on the right of use asset.

Lessees will be also required to re-measure the lease liability on the occurrence of certain events (e.g. a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to establish those payments). The lessee will generally recognize the re-measurement amount of the lease liability as an adjustment to the right of use of the asset.

The standard includes two recognition exemptions for lessees:

- leases of low value assets (a situation that could arise for the Group with reference to operating leases for office equipment such as photocopiers, currently recognized in the balance sheet under the item "Other operating costs");
- short-term leasing contracts (e.g. leases with a lease term of 12 months or less).

The accounting provided by IFRS 16 for lessors is substantially unchanged if compared to the current accounting pursuant to IAS 17.

IFRS 16 requires also lessees and lessors to make more extensive disclosures compared to IAS 17.

IFRS 16 will be effective for the financial years that will start January 1, 2019 or afterwards. Early application is permitted, but not before the entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. In the case of application of the latter approach, the transitional provisions of the standards would permit some optional simplifications that the Group is evaluating with the purpose of completely assessing costs and benefits.

Positions that could be affected by the application of IFRS 16 and for which we presently expect that there could be, in principle, a significant effect are linked to:

- leasing contracts for the main office site (Milan);
- leasing contracts for secondary office sites in Italy (Faenza and Genoa) and abroad (Arad, Romania);
- portfolio of cars on long-term rental given to employees of the company.

These rents, in the financial reporting as of December 31, 2017, are recorded in the income statement of the Group among "Services costs" for a total amount of Euro 1,301 thousand and Euro 129 thousand respectively for leasing and for car rentals.

In 2018 the Group will continue to assess the potential effect of IFRS 16 on their own consolidated financial report taking into account also the possible changes that will occur in the contractual positions as of the date of this financial report as well as the hypothesis of early adoption and simplifications provided by the standard.

IFRS 9 Financial instruments

On July 2014, IASB issued the final version of IFRS 9 "Financial instruments", which replaces IAS 39 "Financial instruments: Recognition and measurement" and all the previous versions of IFRS 9. IFRS 9 brings together all the three aspects of the accounting of financial instruments: classification and measurement, impairment and hedge accounting. The Group will adopt the new standard on the required effective date (January 1, 2018) and will not restate comparative disclosure.

The Group has performed an assessment on the impacts of all the aspects treated by IFRS 9. This assessment is based on currently available information, included the strategies for the use of financial instruments, and may be subject to changes arising from further or different information being made available to the Group in 2018, when the Group will adopt IFRS 9. In principle, the Group does not foresee significant impacts on its own financial statement and equity with reference to the main areas of intervention on the discipline operated by the standard described below.

Classification and measurement of the financial assets and liabilities

The Group does not foresee significant impacts on its financial report and equity with the application of the classification and measurement requirements of IFRS 9. In particular the Group does not own at present any financial liability measured at FVTPL due to the adoption of the so called fair value option. Concerning financial assets, the new standard provides that the classification of the assets depends on the characteristics of the financial flows linked to such assets and to the business model used by the Group for their management. The Group at present does not own nor managed during the financial year any financial asset, such as debt securities, with sale purpose nor in absolute terms. In addition, the Group does not own participations as investments which could be included under IFRS 9 or derivatives, even embedded ones. Trade receivables are held to be cashed at the contractual maturities of the cash flows related to them in capital and interest, where applicable. The Group assessed the characteristics of the contractual cash flows of these instruments and concluded that they respect the criteria for the measurement at amortized cost according to IFRS 9. Therefore it will not be necessary to reclassify these financial instruments. We can arrive at the same conclusions for the items recorded as cash and cash equivalents.

Impairment

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12 month period or on a lifetime basis (e.g. lifetime expected loss). The Group will apply the simplified approach and therefore will record the expected losses on every trade receivable based on their residual contractual duration. The standard allows the adoption of matrixes for the measurement of the provision, capable of incorporating forecast information and not limited to historical evidences, as a practical expedient. The Group will however continue to analytically consider the specificity of the sector and of some clients in its assessments. The Group, even if it does not expect significant changes to the value of the provisions already allotted only due to the change of standard, is considering the necessary information to face the increased disclosure requirements provided by IFRS 9.

Hedge accounting

If the Group should decide in the future to make hedging operations by means of derivatives and to implement *hedge accounting*, it will adopt IFRS9 rules. Given that IFRS 9 does not modify the general principle according to which an entity accounts for the effective hedging instruments, the main changes compared to the previous regulation IAS 39 concern: - the hedge effectiveness test is only perspective and can also be based on qualitative aspects, replacing the previous 80-125% test and focusing on the economic relationship between hedge and hedged element - the possibility to designate as subject to hedging only a component of risk also for non-financial elements (provided that the risk component can be separately identifiable and reliably estimated) - introduction of the cost of hedging concept – greater possibility to designate groups of elements as subject to hedging, including stratifications and some net positions. Without hedge accounting, the changes in the fair value of derivatives will continue to be recorded in the income statement.

Other adjustments

The adoption of IFRS 9 for the Group should not involve the significant adjustment of other items recorded in financial statement as of January 1, 2018.

5. Financial risk analysis

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the bank loan with Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to to 1-month Euribor increased by 2.09% for the amortizing period (five years).

The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half 2015, is equal to 6-month Euribor increased by 1.75% and is subject to changes for the duration of the contract based on the rate between Net Financial Indebtedness and EBITDA.

The interest rate on the bank loan with Mediocredito Italiano S.p.A., subscribed on April 6, 2017, is equal to 3-month Euribor increased by 0.75%.

A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 476 thousand in 2018. It is worth pointing out that such variation of the interest rate would be to a large extent compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold these assets to maturity.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 45,523 thousand, of which the overdue portion as of December 31, 2017 is equal to Euro 8,163 thousand, of which Euro 1,551 thousand is overdue for over 90 days.

The majority of the gross overdue receivables were paid by the clients during the first months of 2018. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2017, amount to Euro 2,521 thousand, of which Euro 879 thousand refers to receivable already overdue for over 90 days as of December 31, 2017.

Trade receivable are mainly versus banks and other financial institutions, insurance companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 1,153 thousand.

Furthermore, it is worth mentioning that, following the diversification of the operations of the Group, we do not notice concentration of revenues on any client: in 2017 the revenues from the main client of the Group represent 11.6% of total consolidated revenues.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2017 is Euro 76,569 thousand, and, in the light of the value of net working capital as of December 31, 2017, the management believes that there is no liquidity risk for the Group.

6. Segment reporting

The primary segment reporting is by business segments; the Executive Committee identifies the business segments of the Group in Broking and BPO Division:

- **Broking Division**: the division operates in the Italian market for credit and insurance distribution, operating as a credit intermediary and insurance broker, as well as in e-commerce product comparison. The credit products that we broker are mainly mortgages and personal loans, provided to retail clients primarily through remote channels and secondarily through the territorial network. The lenders using the credit intermediation services of the Broking Division are primary universal and specialized banks and include some of the main financial institutions operating in the Italian market. The brokered insurance products are mainly auto and motorcycle insurance policies, distributed through remote channels. Moreover, the business of the Division also includes comparison and/or promotion of further products, including e-commerce products, bank accounts and utilities (ADSL, electricity and gas).

- **BPO Division (Business Process Outsourcing Division)**: operates in the Italian market for outsourcing services to financial institutions, which consist principally of performing complex commercial, underwriting and portfolio servicing activities related to mortgages and CQ Loans, in the market for management and claim settlement outsourcing services and, finally, in the market for the provision of back office outsourcing services supporting financial advisors and asset management companies. The financial institutions using the services of the BPO Division include primary national and international financial institutions.

Detailed information relative to each Division is provided below. For this purpose, it is worth highlighting that the allocation of the costs incurred by the Issuer and by PP&E S.r.l. for the benefit of each Division is based on the relevant headcount in Italy at the end of the period.

Revenues by Division

	Years ended	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Broking Division revenues	67,241	60,985
BPO Division revenues	85,554	77,084
Total revenues	**152,795**	**138,069**

Operating income by Division

	Years ended	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Broking Division operating income	18,437	16,419
BPO Division operating income	21,305	18,825
Total operating income	**39,742**	**35,244**
Financial income	170	99
Financial expenses	(851)	(1,028)
Income/(losses) from participations	(208)	19
Income/(losses) from financial assets/liabilities	(240)	(101)
Net income before income tax expense	**38,613**	**34,233**

As follows we provide the breakdown of revenues by client for each Division:

(euro thousand)	Years ended December 31, 2017	(a)	December 31, 2016	(a)
Client A	7,134	10.6%	5,307	8.7%
Client B	5,381	8.0%	3,500	5.7%
Client C	3,016	4.5%	3,055	5.0%
Client D	2,875	4.3%	2,539	4.2%
Other Clients	48,835	72.6%	46,558	76.3%
Total Broking Division revenues	**67,241**	**100.0%**	**60,985**	**100.0%**
Client D	9,911	11.6%	8,631	11.2%
Client E	8,701	10.2%	201	0.3%
Client F	8,616	10.1%	10,994	14.3%
Client G	7,443	8.7%	7,812	10.1%
Other Clients	50,883	59.5%	43,331	56.2%
Total BPO Division revenues	**85,554**	**100.0%**	**77,084**	**100.0%**

(a) Percentage of total Division revenues

Assets by Division

The allocation of property, plant and equipment shared by both Divisions is based on space occupied.

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Broking Division assets	66,656	89,509
BPO Division assets	47,785	25,481
Not allocated	5,306	2,700
Cash and cash equivalents	76,569	42,231
Total assets	**196,316**	**159,921**

Liabilities by Division

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Broking Division liabilities	29,457	49,231
BPO Division liabilities	47,251	7,401
Not allocated	31,216	28,681
Total liabilities	**107,924**	**85,313**

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

7. Intangible assets

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2017 and 2016:

(euro thousand)	Development costs	Licenses and other rights	Goodwill	Other intangible assets	Intangible assets in progress	Total
Net value as of January 1, 2016	**4,775**	**9,815**	**43,060**	**244**	**38**	**57,932**
Increases	1,038	812	-	8	-	1,858
Decreases	-	-	-	-	-	-
Other movements	238	38	-	(238)	(38)	-
Amortization expense	(2,902)	(3,002)	-	(12)	-	(5,916)
Net value as of December 31, 2016	**3,149**	**7,663**	**43,060**	**2**	**-**	**53,874**
Increases	991	215	-	1	-	1,206
Amortization expense	(2,659)	(2,806)	-	(4)	-	(5,469)
Net value as of December 31, 2017	**1,481**	**5,072**	**43,060**	**(1)**	**-**	**49,611**

Development costs mainly refer to the personnel costs capitalized for the creation and development of the proprietary software platforms used by Group companies to perform their activities.

The item "Licenses and other rights" includes mainly licenses for the utilization of third party software and trademarks of the Group. The increases in the financial year ended December 31, 2017, equal to Euro 215 thousand, refer to software licenses purchased during the financial year.

The item "Goodwill" includes the goodwill determined from the allocation of the purchase prices of the investments acquired.

8. Recoverability of intangible assets

The following table presents the detailed goodwill reported as of December 31, 2017 and subject to impairment test (the value is unchanged if compared to the previous year):

(euro thousand)	**As of December 31, 2017**
7Pixel S.r.l.	33,374
Quinservizi S.p.A.	4,343
Centro Processi Assicurativi S.r.l.	2,801
INSECO S.r.l.	2,240
CESAM S.r.l.	172
EuroServizi per i Notai S.r.l.	130
Total goodwill	**43,060**

Each goodwill recorded in the financial statement as of December 31, 2017 and indicated above belongs to a specific CGU.

As regards the determination of the recoverable amount of the CGUs, based on the value-in-use method, the cash flows generated by the CGUs themselves have been estimated. Forecasts of operating cash flows derive from the relevant 2018 budgets and the 2019-2020 strategic plans approved by the Board of Directors of the Issuer held on March 12, 2018.

The main assumptions regarding the value-in-use of the CGUs are the operating cash flows during the three-year forecasted period, the discount rate and the growth rate used to determine the terminal value, equal to 1.3%.

The composition of future cash flows has been determined based on reasonable, prudent and consistent criteria regarding the attribution of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts refer to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated with the discounted cash flow formula for perpetuities.

The value-in-use of the CGUs has been determined by discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the CGUs' reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation.

The discount rate used for the CGUs of BPO Division subject to impairment at the evaluation date is equal to 8.15% and it is the same for each CGU evaluated as they all provide outsourcing services for credit, insurance and/or financial processes and the reference markets are substantially similar, while the discount rate used for the 7Pixel S.r.l. CGU at the evaluation date is equal to 8.00%.

As of December 31, 2017, the in-use values of the CGUs evaluated, determined as described above, are higher if compared to the carrying amounts of the assets allocated to them, goodwill included.

Keeping into consideration the actual situation of volatility of the markets and of uncertainty upon future economic perspectives, we developed a sensitivity analysis on the recoverable value of goodwill.

In particular, we developed a sensitivity analysis on the recoverable amount of the CGUs, assuming an increase of the discount rate, a decrease on the perpetual growth rate and of the growth rate.

The sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the CGUs for which we that did not notice any impairment shows the following margins of tolerance:

- Discount rate: the value in-use of the CGUs remains higher compared to the book value of CGUs also forecasting an increase of discount rate (WACC) as follows:
  - increase of discount rate until 10.08% for the 7Pixel CGU;
  - increase of discount rate until 12.10% for the Quinservizi CGU;
  - increase of discount rate until 15.25% for the Centro Processi Assicurativi CGU;
  - increase of discount rate until 33.15% for the INSECO CGU.
- growth rate "g": the value in-use of the CGUs remains higher compared to the book value of CGUs also forecasting a drop of the implicit growth rate ("g rate") as follows:
  - decrease of "g rate" until -1.18% for the 7Pixel CGU;
  - decrease of "g rate" until -3.52% for the Quinservizi CGU;
  - decrease of "g rate" until -8.03% for the Centro Processi Assicurativi CGU;
  - decrease of "g rate" until -50% for the INSECO CGU.

Based on the analyses performed, the Directors of the Issuer considered recoverable the book value of the goodwill recorded in the consolidated financial statements as of December 31, 2017.

9. Property, plant and equipment

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2017 and 2016:

(euro thousand)	Land and buildings	Plant and machinery	Other tangible assets	Tangible assets under construction and advances	Total
Cost as of January 1, 2016	**8,048**	**7,280**	**4,576**	**1,030**	**20,934**
Additions	64	337	395	2,501	3,297
Others	-	(2)	(339)	-	(341)
Cost as of December 31, 2016	**8,112**	**7,615**	**4,632**	**3,531**	**23,890**
Accumulated depreciation as of January 1, 2016	**1,263**	**4,947**	**3,239**	**-**	**9,449**
Depreciation expense	228	719	414	-	1,361
Others	-	(1)	(331)	-	(332)
Accumulated depreciation as of December 31, 2016	**1,491**	**5,665**	**3,322**	**-**	**10,478**
Net book value as of December 31, 2016	**6,621**	**1,950**	**1,310**	**3,531**	**13,412**
Cost as of January 1, 2017	**8,112**	**7,615**	**4,632**	**3,531**	**23,890**
Additions	1,088	1,321	472	-	2,881
Reclassifications	2,482	1,049	-	(3,531)	-
Cost as of December 31, 2017	**11,682**	**9,985**	**5,104**	**-**	**26,771**
Accumulated depreciation as of January 1, 2017	**1,491**	**5,665**	**3,322**	**-**	**10,478**
Depreciation expense	270	925	415	-	1,610
Accumulated depreciation as of December 31, 2017	**1,761**	**6,590**	**3,737**	**-**	**12,088**
Net book value as of December 31, 2017	**9,921**	**3,395**	**1,368**	**-**	**14,683**

As of December 31, 2017 the net value of property, plant and equipment is equal to Euro 14,683 thousand (Euro 13,412 thousand as of December 31, 2016). During the financial year ended December 31, 2017 we record increases for a total amount of Euro 2,881 thousand, of which Euro 1,088 thousand refer to lands and buildings, Euro 1,321 thousand refer to plant and machinery, mainly related to production hardware, Euro 472 thousand refer to other tangible assets, mainly related to office equipment and furniture. In this respect, it is worth pointing out that during the financial year ended December 31, 2017, within the project started during the financial year ended December 31, 2015 by subsidiary 7Pixel S.r.l. to enlarge its operating offices with the construction of a new building, we incurred expenses for a total amount of Euro 404 thousand, recorded among "Land and buildings". The investments in land and buildings include Euro 684 thousand, related to the purchase of a new building located in Monastir (Province of Cagliari).

As of December 31, 2017, the net book value of the building located in Cagliari, is Euro 2,168 thousand. The value of the land acquired amounts to Euro 213 thousand. Furthermore, the item "Land and buildings" includes investments to renovate and modernize the office space in Arad, Romania.

The item "Plant and machinery" includes investments in generic electronic office equipment, in the different operating offices of the Group, and for production hardware.

"Other tangible assets" include investments in furniture and fittings, specific equipment and vehicles.

10. Participations measured with the equity method

The item includes the participation in the joint venture Generale Servizi Amministrativi S.r.l., the participation in the associated company Generale Fiduciaria S.p.A., the participation in the associated company Zoorate S.r.l., the participation in the associated company 65Plus S.r.l., of which the Issuer, on June 26, 2017, purchased 30% of the ordinary share capital for a consideration equal to Euro 1,071 thousand, and the participation in the joint venture CrediPro Mediazione Creditizia S.r.l., of which the Issuer, on November 29, 2017, purchased a 50% stake of the ordinary share capital for a total cost of Euro 60 thousand.

The following table shows the changes in this item for the six months ended December 31, 2017:

As of December 31, 2016	**1,224**
Value of participation in GSA S.r.l. as of December 31, 2016	428
Result of the period attributable to the Group	(40)
Value of participation in GSA S.r.l.	388
Value of participation in Generale Fiduciaria S.p.A. as of December 31, 2016	242
Dividend resolved in the six months ended June 30, 2017	(160)
Result of the period attributable to the Group	-
Value of participation in Generale Fiduciaria S.p.A.	82
Value of participation in Zoorate S.r.l. as of December 31, 2016	554
Result of the period attributable to the Group	(55)
Value of participation in Zoorate S.r.l.	499
Purchase of the stake in 65Plus S.r.l.	1,071
Result of the period attributable to the Group	(114)
Value of participation in 65Plus S.r.l.	957
Purchase of the stake in CreditPro Mediazione Creditizia S.r.l.	60
Value of participation in CreditPro Mediazione Creditizia S.r.l.	60
As of December 31, 2017	**1,986**

During the financial year ended December 31, 2017, the loss deriving from the valuation with the equity method of the investment in Generale Servizi Amministrativi S.r.l. was equal to Euro 40 thousand and the loss on the investment in Zoorate S.r.l. was equal to Euro 55 thousand; these values are recognized in the income statement as "Income (loss) from investments", which includes the net effect between the financial income deriving from the recognition of the dividends received by Generale Servizi Amministrativi S.r.l., equal to Euro 160 thousand, and the impairment of the investment for the same amount.

The item "Participations measured with the equity method" includes an increase equal to Euro 1,071 thousand, due to the acquisition of a 30% stake in the share capital of 65Plus S.r.l., partially decreased by an amount equal to Euro 114 thousand, due to the *pro quota* recognition of the losses of the financial year.

The item also includes an increase of Euro 60 thousand, due to the acquisition of 50% of the share capital of CreditPro Mediazione Creditizia S.r.l.. Since this acquisition took place next to the end of the financial year, no changes occurred in the value of the equity held by Group requiring an adjustment of the value of the participation.

11. Deferred tax assets

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2017 and 2016:

Year ended December 31, 2016

(euro thousand)	As of January 1, 2016	Accrual	Utilization	As of December 31, 2016	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	491	425	(415)	501	411	90
Differences between the tax bases of assets and their carrying amounts	3,014	257	(672)	2,599	552	2,047
Defined benefit program liability	478	114	(2)	590	-	590
Total deferred tax assets	**3,983**	**796**	**(1,089)**	**3,690**	**963**	**2,727**
Deferred tax liabilities						
Differences between the tax bases of assets and their carrying amounts	(4,068)	52	1,836	(2,180)	(20)	(2,160)
Dividends deliberated not yet paid	(41)	(108)	41	(108)	(108)	-
Total deferred tax liabilities	**(4,109)**	**(56)**	**1,877**	**(2,288)**	**(128)**	**(2,160)**
Total	**(126)**	**740**	**788**	**1,402**	**835**	**567**

Year ended December 31, 2017

(euro thousand)	As of January 1, 2017	Accrual	Utilization	As of December 31, 2017	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	501	545	(415)	631	631	-
Differences between the tax bases of assets and their carrying amounts	2,599	235	(571)	2,263	862	1,401
Defined benefit program liability	590	78	(117)	551	-	551
Tax loss carry forwards	-	39	-	39	-	39
Total deferred tax assets	**3,690**	**897**	**(1,103)**	**3,484**	**1,493**	**1,991**
Deferred tax liabilities						
Differences between the tax bases of assets and their carrying amounts	(2,180)	11	575	(1,594)	(20)	(1,574)
Dividends deliberated not yet paid	(108)	(214)	108	(214)	(214)	-
Total deferred tax liabilities	**(2,288)**	**(203)**	**683**	**(1,808)**	**(234)**	**(1,574)**
Total	**1,402**	**694**	**(420)**	**1,676**	**1,259**	**417**

Among deferred tax assets referring to differences between the tax bases of assets and their carrying amounts, there is also the tax credit, equal to Euro 449 thousand, deriving from the tax release of higher tax values of the intangible assets emerged after the revaluation of the assets of the Group performed, in their own separated financial reports, by certain subsidiaries during the financial year ended December 31, 2013. This item also includes the tax credit, equal to Euro 1,208 thousand, deriving from the tax release, performed in the financial year ended December 31, 2012, of the consolidation differences emerged after the purchase of the participations in Key Service S.r.l. by Quinservizi S.p.A., and in Quinservizi S.p.A. itself by Centro Perizie S.r.l. (now Effelle Ricerche S.r.l.).

Finally, it is worth pointing out that among deferred tax liabilities referring to differences between the tax bases of assets and their carrying amounts, for an amount, as of December 31, 2017, equal to Euro 1,293 thousand, there is also the amount related to the tax effect of the higher value recognized to the trademark "trovaprezzi.it" at the acquisition of the participation in 7Pixel S.r.l..

12. Other non-current assets

The item as of December 31, 2017 includes a security deposit in favor of a supplier of the BPO Division to guarantee the payment of professional services in the mortgage area for an amount equal to 350 thousand and the non-interest bearing loan granted to the joint venture CreditPro Mediazione Creditizia S.r.l. It is worth pointing out that the actualization of financial assets using the current rates does not have significant impacts on their measurement.

CURRENT ASSETS

13. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	December 31, 2016	Change	%
A. Cash and cash equivalents	76,569	42,231	34,338	81.3%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	920	677	243	35.9%
D. Liquidity (A) + (B) + (C)	**77,489**	**42,908**	**34,581**	**80.6%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(3)	(4)	1	-25.0%
G. Current portion of long-term borrowings	(30,049)	(4,866)	(25,183)	517.5%
H. Other short-term borrowings	-	-	-	N/A
I. Current indebtedness (F) + (G) + (H)	**(30,052)**	**(4,870)**	**(25,182)**	**517.1%**
J. Net current financial position (I) + (E) + (D)	**47,437**	**38,038**	**9,399**	**24.7%**
K. Non-current portion of long-term bank borrowings	(25,262)	(30,179)	4,917	-16.3%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current indebtedness (K) + (L) + (M)	**(25,262)**	**(30,179)**	**4,917**	**-16.3%**
O. Net financial position (J) + (N)	**22,175**	**7,859**	**14,316**	**182.2%**

14. Trade receivables

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Trade receivables	46,676	41,303
(allowance for doubtful receivables)	(1,153)	(969)
Total trade receivables	**45,523**	**40,334**

Trade receivables refer to ordinary sales to client companies operating in the banking and financial sector.

The following tables present the variation of the allowance for doubtful receivables in the financial years ended December 31, 2017 and 2016:

Year ended December 31, 2016

(euro thousand)	As of December 31, 2015	Accrual	Utilization	As of December 31, 2016
Provision for bad debts	852	199	(82)	969
Total	**852**	**199**	**(82)**	**969**

Year ended December 31, 2017

(euro thousand)	As of December 31, 2016	Accrual	Utilization	As of December 31, 2017
Provision for bad debts	969	206	(22)	1,153
Total	**969**	**206**	**(22)**	**1,153**

15. Contract work in progress

Contract work in progress amounts to Euro 305 thousand and Euro 318 thousand as of December 31, 2017 and 2016.

Contract work in progress refers to loan processing jobs which are not completed as of the balance sheet date in Mortgage BPO, only with reference to jobs for which, based to specific contractual provisions, the revenues are not accrued.

The positive and negative variations of contract work in progress in the period are classified as a decrease or increase of "Personnel costs".

16. Tax receivables

This item is referring to the credit for current taxes due to the payments of advances by the companies of the Group during 2017 higher than the amount of the tax due on the taxable income.

17. Other current assets

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Accruals and prepayments	502	678
Advances to suppliers	572	944
Others	1,215	192
VAT receivables	1,346	1,153
Total other current assets	**3,635**	**2,967**

The item accruals and prepayments mainly includes the payments for leases and maintenance services already paid but pertaining to subsequent financial years as well as revenues already accrued on services not yet completed.

The item "Advances to suppliers" as of December 31, 2017 shows a decrease compared to December 31, 2016, since the item as of December 31, 2016 it included the advance payment for the purchase of a building, sited in Monastir (Province of Cagliari), finalized in the first months of 2017.

The item "Other current assets" includes receivables from employees for Euro 618 thousand related to the taxation for the exercise of stock options.

NON-CURRENT LIABILITIES

18. Long-term borrowings

The following table presents the situation of the item as of December 31, 2017 and 2016, where we find only bank borrowings:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Term between 1 and 5 years	25,262	15,187
Term over 5 years	-	14,992
Total long-term borrowings	**25,262**	**30,179**

Non-current bank borrowings refer for an amount of Euro 2,566 thousand to the loan from Intesa Sanpaolo S.p.A. obtained in 2014 and for an amount of Euro 22.695 thousand to the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. obtained in 2015.

It is worth pointing out that on April 6, 2017 the Issuer obtained a bullet loan from Mediocredito Italiano S.p.A. for an amount equal to Euro 25,000 thousand, without usage constraints. The loan has a maturity of 18 months minus one day and therefore as of December 31, 2017 the relevant liability is entirely classified among current financial liabilities.

The decrease compared to December 31, 2016 is a consequence of the reimbursements done during the financial year.

The repayment schedule is as follows:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
- between one and two years	4,943	4,886
- between two and three years	4,942	4,905
- between three and four years	522	4,925
- between four and five years	14,855	471
- more than five	-	14,992
Total	**25,262**	**30,179**

The interest rate on the loan obtained from Intesa Sanpaolo S.p.A., obtained in 2014, is equal to 1-month Euribor increased by 1.89%, for the pre-amortizing period (first two years of the loan) and by 2.09% for the amortizing period (five years) and approximates the effective interest rate paid.

The interest rate on the bank loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the first half of 2015, is equal to 6-month Euribor increased by 1.75% and is subject to changes during the duration of the contract based on the ratio between Net Financial Indebtedness, as described afterwards, and EBITDA.

Such interest rates are representative of the actual paid interest rate. The book value of the financial liabilities represents their fair value as of the date of the financial statement.

With regard to the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., it is worth pointing out that the interest rate is restated at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA resulting from the consolidated economic and financial situation of the Group. For Net Financial Indebtedness we consider the financial indebtedness net of totally subordinated shareholders' loans, cash and cash equivalent and negotiated financial activities. Based on the values of these parameters reported in the present consolidated financial report, the applicable spread on the loan starting from January 1, 2018 is expected to be 1.75%.

Besides, also with regard to the loans with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended and half years ended during the term of the contract, clarifying that the economic data are to be considered on an yearly basis: i) ratio between Net Financial Indebtedness and EBITDA not over 2.5 until December 31, 2016 and not over 2.0 at the following terms; ii) ratio between Free Cash Flow and Debt Service not less 1.1, where for Debt Service we mean the part of Financial Indebtedness, included net financial costs, paid during the relevant period.

With regards to the loan from Intesa Sanpaolo S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity greater than Euro 10,000 thousand; ii) consolidated net financial position less than the largest of: consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. As defined in the table of Net financial Position in paragraph 13.

The Group has complied with these covenants starting from the signing of the contracts and all the financial covenants are respected as of December 31, 2017.

Below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(euro thousand)	**January 1, 2017**	**Cash flow**	**Others**	**December 31, 2017**
Intesa Sanpaolo S.p.A.	3,554	-	(988)	2,566
Banca Popolare di Milano S.c.ar.l. e Cariparma S.p.A. (*pool*)	26,625	-	(3,930)	22,695
Long-term borrowings	**30,179**	**-**	**(4,918)**	**25,261**

The "Others" column refers to the reclassification among current liabilities of the stakes of the loans that will expire during the next twelve months.

19. Provisions for risks and charges

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2017 and 2016:

Year ended December 31, 2016

(euro thousand)	**As of December 31, 2015**	**Accrual**	**Utilization**	**As of December 31, 2016**
Provision for early repayment of mortgages	271	100	(271)	100
Provision for sales agent indemnities	23	-	-	23
Provision for prize coupons	21	60	-	81
Other provisions for risks	60	180	(59)	181
Total	**375**	**340**	**(330)**	**385**

Year ended December 31, 2017

(euro thousand)	As of December 31, 2016	Accrual	Utilization	As of December 31, 2017
Provision for early repayment of mortgages	100	150	(98)	152
Provision for sales agent indemnities	23	-	(23)	-
Provision for prize coupons	81	-	(31)	50
Other provisions for risks	181	1,265	(181)	1,265
Total	**385**	**1,415**	**(333)**	**1,467**

The provision for early repayment of mortgages includes the estimation of possible repayment of commissions received for mortgages intermediated in the year ended at the financial statements date, if particular clauses of the agreements with the banks provide for the reversal of the fees in case of loan prepayment or borrower default.

The "Other provisions for risks" include, for Euro 875 thousand, the estimation of the liability deriving from the probable charging by some suppliers of the Group of additional costs compared to the previously foreseeable amount, related to professional services supplied to the Mortgage BPO business lien. The management considers it appropriate to allot those amounts since, based on the agreements with these suppliers, the Group must bear the direct costs incurred by the suppliers in the provision of these services. The item also includes the measurement of the liability considered probable related to labor claims, for Euro 390 thousand.

20. Defined benefit program liabilities

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Employee termination benefits	10,907	9,627
Directors' termination benefits	263	185
Total defined benefit program liabilities	**11,170**	**9,812**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below for the years ended December 31, 2017 and 2016:

	As of December 31, 2017	As of December 31, 2016
ECONOMIC ASSUMPTIONS		
Inflation rate	1.50%	1.50%
Discount rate	1.30%	1.31%
Salary growth rate	2.50%	2.50%
TFR growth rate	2.63%	2.63%

DEMOGRAPHIC ASSUMPTIONS

Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 2.50% p.a. has been applied for the permanent employees and a rate of 15% p.a. has been applied for the fixed-term employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

It is worth pointing out that actuarial income/(losses), deriving from the liability as of December 31, 2017, have been recorded in equity, with the recognition in the comprehensive income statement.

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2017 and 2016:

Value as of December 31, 2015	**7,974**
Current service cost	1,841
Interest cost	169
Benefits paid	(711)
Losses of the year	354
Value as of December 31, 2016	**9,627**
Current service cost	2,269
Interest cost	137
Benefits paid	(591)
Gain of the year	(535)
Value as of December 31, 2017	**10,907**

Expenses related to the defined benefit program liability that are recognized in the income statement are as follows:

	Years ended	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Current personnel cost	(2,269)	(1,841)
Implicit interest cost	(137)	(169)
Total expenses related to the defined benefit program	**(2,406)**	**(2,010)**

As regards the discount rate the reference rate used for the valorization of this parameter, we used the Iboxx Eur Corporate AA 10+ index (maturity over 10 years) as of the valuation date. This term is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

The directors' termination benefits for the companies of the Group are recognized pursuant to the resolutions of the relevant shareholders' meetings.

21. Other non-current liabilities

The item is equal to Euro 2,446 thousand as of December 31, 2017, and represents liabilities for the estimated consideration for the exercise of the put/call option on the residual 49% stake of subsidiary Mikono S.r.l., exercisable during financial year 2021, equal to Euro 881 thousand, for the estimated consideration for the earn out concerning the purchase of the participation in subsidiary Klikkapromo S.r.l., to be paid during financial year 2019, equal to Euro 50 thousand, and for the estimated consideration for the future acquisition, upon the approval of the 2020 annual report, of the residual 60.0% of Zoorate S.r.l., equal to Euro 1,506 thousand.

The decrease compared to the previous financial year is the consequence of the reclassification from "non-current" to "current" of the liability related to the earn out for the acquisition of the participation in INSECO S.r.l., which will be paid during the financial year ended December 31, 2018.

CURRENT LIABILITIES

22. Short-term borrowings

Short-term borrowings amounting to Euro 30,052 thousand as of December 31, 2017, include the bank liabilities equal to Euro 3 thousand and the current portions of borrowings and the interest payable on the outstanding loans.

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	**December 31, 2017**	**December 31, 2016**
Bank borrowings	(3)	(4)
Current portion of long-term borrowing:		
Intesa Sanpaolo S.p.A.	(995)	(972)
Mediocredito Italiano S.p.A.	(25,013)	-
Banca Popolare di Milano S.c.ar.l. and Cariparma S.p.A. (*pool*)	(4,041)	(3,894)
Short-term borrowings	**(30,052)**	**(4,870)**

The item includes the current portion of the loans from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. obtained in 2015, equal to Euro 4,041 thousand, of the loan from Intesa S.p.A., equal to Euro 995 thousand, and of the loan obtained from Mediocredito Italiano S.p.A. on April 6, 2017, for an amount equal to Euro 25,013 thousand, which includes also the interest expenses accrued as of December 31, 2017.

Below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(euro thousand)	**January 1, 2017**	**Cash flow**	**Others**	**December 31, 2017**
Intesa Sanpaolo S.p.A.	972	(965)	988	995
Banca Popolare di Milano S.c.ar.l. e Cariparma S.p.A. (*pool*)	3,894	(4,000)	4,147	4,041
Mediocredito Italiano S.p.A.	-	24,975	38	25,013
Short-term borrowings	**4,866**	**20,010**	**5,173**	**30,049**

23. Trade and other payables

Trade and other payables include the payables to suppliers for the purchase of goods and services.

24. Tax payables

Tax payables include payables for corporate income tax and regional income tax. As of December 31, 2017, the item includes mainly the liability for accrued IRES and IRAP. It is worth pointing out that the Group paid a total amount of Euro 7,920 thousand for the final balance of the income taxes related to financial year 2016 and for the advances on the income taxes related to financial year 2017.

25. Other current liabilities

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Liabilities to personnel	8,039	7,754
Social security liabilities	3,198	2,755
Social security liabilities on behalf of employees	2,406	1,920
Accruals	127	619
VAT liabilities	68	463
Other liabilities	7,016	1,090
Total other liabilities	**20,854**	**14,601**

Liabilities to personnel are mainly liabilities for the salary accrued in December, paid at the beginning of 2018, for accrued holidays and for deferred expenses as of December 31, 2017 that are still to be paid and bonus liabilities for the financial year 2017 not yet paid as of December 31, 2017.

The item "Other current liabilities" includes liabilities to clients of Insurance BPO for advances received for claim settlement and the estimated consideration for the earn out to be paid during the financial year ended December 31, 2018 concerning the purchase of the minority stake of subsidiary INSECO S.r.l., equal to Euro 5,442 thousand, which in the financial reporting for the year ended December 31, 2016 was classified among non-current liabilities.

26. Shareholders' equity

The following table presents the situation of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Share capital	957	954
Legal reserve	200	200
Other reserves	11,239	7,519
Retaind earnings	67,646	58,061
Total Group shareholders' equity	**80,042**	**66,734**
Other reserves of minority interest	1,188	2,314
Retained income of minority interest	7,162	5,560
Total shareholders' equity	**88,392**	**74,608**

For the changes in shareholders' equity, refer to the relevant table.

On April 27, 2017 the shareholders' meeting resolved the distribution of a dividend of Euro 0.23 per share, for a total amount of Euro 8,655 thousand. Such dividend has been paid out with ex-dividend date May 8, 2017, record date May 9, 2017 and payable date May 10, 2017.

On the same date the shareholders' meeting resolved the distribution of an extraordinary dividend equal to Euro 2,634 thousand, entirely paid out from retained earnings, corresponding to Euro 0.07 per share.

Following such resolution, the Issuer paid dividends for a total amount equal to Euro 11,244 thousand.

On April 22, 2016 shareholders' meeting resolved to grant to the Board of Directors the power to increase the share capital pursuant to article 2441, comma 8, and to article 2443 of the civil code. The increase of share capital implies the issuing, also in several tranches, ordinary shares without nominal value, up to 3,951,187 shares of the Issuer, as well as up to a nominal value equal to Euro 100,000.00, to be offered for subscription to employees of the Issuer or of its subsidiaries.

On September 28, 2017, the Board of Directors, partially exercising the power received, resolved to increase the share capital up to a nominal value equal to Euro 12,354.01, to be paid, by issuing ordinary shares up to n. 488,130, at a price of Euro 4.976 per share, following the exercise of stock options by employees and directors of the Group.

As a consequence of such delegation, the Company, as of December 31, 2017, shows a share capital equal to Euro 1,009,845.14, formed by 39,900,870 ordinary shares without nominal value.

In addition, it is worth pointing out that, as of the date of preparation of the present financial report, the share capital is equal to Euro 1,012,354.01, and is formed by 40,000,000 ordinary shares without nominal value.

As of December 31, 2017 the companies of the Group hold a total of 2,089,892 shares of the Issuer, of which 438,370 purchased directly by the Issuer, 1,500,000 purchased by subsidiary MutuiOnline S.p.A. and 151,522 purchased by subsidiary Centro Istruttorie S.p.A., equal to 5,238% of ordinary share capital, for a total cost of Euro 10,441 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 52 thousand as of December 31, 2017, and from available reserves for an amount equal to the remaining part of the purchase cost.

The following table presents the impact of the purchase and sale of own shares by the companies of the Group on the consolidated share capital and net equity of the shareholders of the Issuer as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Share capital underwritten and paid	1,009	1,000
Own shares' nominal value	(52)	(46)
Total share capital	**957**	**954**

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Other reserves gross of own shares	85,819	73,569
Surplus on own shares	(6,734)	(7,789)
Total other reserves	**79,085**	**65,780**

27. Stock option plans

The following table summarizes the variation of the stock options during the year:

Stock options as of January 1, 2017	1,907,500
Stock options offered in 2017	-
Stock option canceled due to resignations in 2017	(11,500)
Stock option expired in 2017	(145,000)
Stock option exercised in 2017	(590,500)
Stock options as of December 31, 2017	1,160,500
(of which) vested as of December 31, 2017	*1,160,500*

The outstanding stock options as of December 31, 2017 are as follows:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	1,160,500	4.976	0.86
			Total options	**1,160,500**		

The weighted average price of the shares for the year ended December 31, 2017 is equal to Euro 11.644.

Personnel costs for the year ended December 31, 2017 include Euro 412 thousand related to the Group's stock option plan. In the income statement for the year ended December 31, 2016 there are costs equal to Euro 550 thousand related to the stock option plan.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED COMPREHENSIVE INCOME STATEMENT

28. Revenues

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	Years ended December 31, 2016
Broking Division revenues	67,241	60,985
BPO Division revenues	85,554	77,084
Total revenues	**152,795**	**138,069**

For comments on the evolution of revenues, please refer to the management report.

29. Other income

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	Years ended December 31, 2016
Reimbursement of costs	2,320	1,953
Others	558	386
Grants	48	-
Total other income	**2,926**	**2,339**

30. Services costs

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	Years ended December 31, 2016
Marketing and commercial expenses	(21,425)	(19,155)
Notarial and appraisal services	(16,785)	(15,225)
Technical, legal and administrative consultancy	(6,402)	(5,514)
Commission payout	(3,040)	(2,247)
Rental and lease expenses	(2,229)	(2,187)
Postage	(1,840)	(1,875)
Telephone	(1,166)	(1,560)
Utilities and cleaning costs	(668)	(662)
Travel expenses	(605)	(613)
Other general expenses	(1,065)	(1,664)
Total services costs	**(55,225)**	**(50,702)**

"Marketing and commercial expenses" refer to activities aimed at increasing the awareness and reputation of the Group and of its brands and to acquire new perspective clients. The growth compared to the previous financial year is due to the increase of spending, above all within Broking Division.

“Notary and appraisal services” mainly refer to services purchased by the BPO Division and the increase recorded during the financial year ended December 31, 2017 is mainly due to the growth of the volumes of processed mortgages which caused an increase of para-notarial services.

“Technical, legal and administrative consultancy” costs refer to expenses incurred for professional advice for legal and fiscal matters, for audit activities and for administrative support as well as for IT and technology consulting.

“Commission payout” is related in particular to the broking fees to the agents of the Money360 network that in the financial year ended December 31, 2017 recorded a significant growth of brokered volumes.

The “Rental and lease expenses” include mainly the fees paid by the companies of the Group for the rental of offices owned by third parties. The following table presents a summary of the lease obligations on the basis of existing contracts:

(euro thousand)	**As of December 31, 2017**
Less than 1 year	(1,047)
1 - 5 years	(1,594)
More than 5 years	(8)
Total lease obligations	**(2,649)**

“Postage and delivery charges” refer mainly to expenses incurred for the shipping of documentation on behalf of the clients of the BPO Division.

31. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

	Years ended	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Wages and salaries	(33,914)	(29,987)
Social security contributions	(9,510)	(8,020)
Professional collaborators and project workers costs	(102)	(194)
Directors’ compensation	(2,478)	(2,465)
Defined benefit program liabilities	(2,763)	(2,145)
Other costs	(617)	(543)
Stock options	(413)	(550)
Changes in contract work in progress	47	75
Total personnel costs	**(49,750)**	**(43,829)**

The increase compared to the previous financial year is mainly due to the growth of the average headcount.

The average headcount is as follows:

	Years ended December 31, 2017	December 31, 2016
Managers	15	13
Supervisors	42	31
Employees	1,416	1,324
Average headcount	**1,473**	**1,368**
Headcount in Italy	1,074	992
Headcount in Romania	399	376

32. Other operating costs

Other operating costs include mainly Euro 2,923 thousand and Euro 2,644 thousand relative to non-deductible VAT costs for the financial years ended December 31, 2017 and 2016, respectively.

The item includes expenses for the purchase of consumables and minor equipment for Euro 544 thousand (Euro 651 thousand in financial year ended December 31, 2016).

33. Depreciation and amortization

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Amortization of intangible assets	(5,469)	(5,916)
Depreciation of property, plant and equipment	(1,610)	(1,361)
Total depreciation and amortization	**(7,079)**	**(7,277)**

The increase of depreciation and amortization in the financial year ended December 31, 2017 includes the amortization costs related to the intangible assets acquired with the consolidation of 7Pixel S.r.l., including Euro 3,777 thousand concerning the higher values which emerged following the assessment of the fair value of the purchased intangible assets, represented above all by trademark and software.

34. Net financial income

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Financial income	170	99
Income from participation	(208)	19
Interest expense – borrowings	(714)	(920)
Implicit interest cost on defined benefit program liability	(137)	(113)
Income/(losses) from financial liabilities	(240)	(96)
Net financial income/(loss)	**(1,129)**	**(1,011)**

Financial income includes mainly the interest income accrued in the period from the use of Group's available liquidity.

Losses from participation refers to the evaluation with the equity method of the participations in the joint ventures GSA S.r.l. and CreditPro Mediazione Creditizia S.r.l., and in the associated companies Generale Fiduciaria S.p.A., Zoorate S.r.l. and 65Plus S.r.l..

Financial expenses for the financial year ended December 31, 2017, includes Euro 608 thousand for the interest expenses on bank loans.

The item "Losses from financial liabilities" includes Euro 205 thousand deriving from the evaluation of the liability related to the earn out for the acquisition of the 49% stake of INSECO S.r.l., and Euro 35 thousand, deriving from the measurement of the estimated liability for the future acquisition of the residual 60% stake in Zoorate S.r.l..

35. Income tax expense

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Current income tax	(11,365)	(10,871)
Deferred taxes	274	1,453
Income tax expense	**(11,091)**	**(9,418)**

The reconciliation between the theoretical tax rate and the effective tax rate for the years ended December 31, 2017 and 2016 is provided in the following table:

	Years ended	
	December 31, 2017	December 31, 2016
Corporate income tax (IRES)		
Theoretical tax rate	24.0%	27.5%
Differences due to costs non-deductible for IRES	2.1%	2.8%
Differences due to revenues not taxable for IRES	0.0%	0.0%
Stock option expenses	0.1%	0.2%
Differences of the tax rate on foreign company income	-0.2%	-0.5%
Impact of the tax benefits	-3.0%	-3.3%
Others	0.2%	-4.7%
Effective IRES tax rate	**23.2%**	**22.0%**
Regional income tax (IRAP)		
Theoretical tax rate	3.9%	3.9%
Differences due to costs non-deductible for IRAP	6.6%	6.0%
Tax benefits	-4.2%	-3.6%
Others	-0.8%	-0.8%
Effective IRAP tax rate	**5.5%**	**5.5%**

36. Potential liabilities

In addition to what described in the previous notes, we do not recognize any further potential liability.

37. Classes of financial assets and liabilities

In the balance sheet as of December 31, 2017 financial assets and liabilities are classified as follows:

- Cash and cash equivalents for Euro 76,569 thousand (2016: Euro 42,231 thousand);
- Loans and trade receivables for Euro 46,285 thousand (2016: Euro 41,278 thousand);

All the financial liabilities recorded in the balance sheet as of December 31, 2017 and 2016 are stated at amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach. The expenses deriving from the measurement of these liabilities recorded in the income statement for the financial year ended December 31, 2017, are equal to Euro 240 thousand.

38. Related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Moreover, it is worth pointing out that in the financial year ended December 31, 2017, among revenues there are 26 thousand to the joint venture Generale Servizi Amministrativi S.r.l. for direction, coordination and professional services provided by the Issuer, while there are costs for services for Euro 102 thousand to the joint venture Generale Servizi Amministrativi S.r.l. for consulting services. As of December 31, 2017, there are trade receivables versus the joint venture

Generale Servizi Amministrativi S.r.l. for Euro 26 thousand and trade payables versus the joint venture Generale Servizi Amministrativi S.r.l. for 25 thousand.

Compensations paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the compensation paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2017:

Name	Office	Holding period of the office From	To	Term of the office	Compensation for the office	Non-monetary benefits	Bonus and other incentives	Other
Marco Pescarmona	Chairman	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	250	3	198	170
Alessandro Fracassi	CEO	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	250	3	201	167
Anna Maria Artoni	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	16	-	-	-
Fausto Boni	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	11	-	-	-
Chiara Burberi	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	19	-	-	-
Andrea Casalini	Director	1/1/2017	4/27/2017	Appr. of 2016 fin. stat.	7	-	-	-
Matteo De Brabant	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	18	-	-	-
Daniele Ferrero	Director	1/1/2017	4/27/2017	Appr. of 2016 fin. stat.	6	-	-	-
Alessandro Garrone	Director	1/1/2017	4/27/2017	Appr. of 2016 fin. stat.	3	-	-	-
Klaus Gummerer	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	20	-	-	-
Valeria Lattuada	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	14	-	-	-
Marco Zampetti	Director	1/1/2017	12/31/2017	Appr. of 2019 fin. stat.	18	-	-	-
Fausto Provenzano	Chairman of the board of st. aud.	1/1/2017	12/31/2017	Appr. of 2017 fin. stat.	21	-	-	24
Paolo Burlando	Statutory auditor	1/1/2017	12/31/2017	Appr. of 2017 fin. stat.	14	-	-	11
Francesca Masotti	Statutory auditor	1/1/2017	12/31/2017	Appr. of 2017 fin. stat.	14	-	-	16

The column "other" includes the compensations for office in subsidiaries, wages received as employees, and the provisions for benefits upon termination.

Fees paid to the independent auditors

The following table provides the fees paid to the independent auditors by the Issuer and its subsidiaries during the year ended December 31, 2017, separating the fees paid for audit services from the fees paid for other attestation services:

	Year ended December 31, 2017	
(euro thousand)	**Gruppo MutuiOnline S.p.A.**	**Subsidiaries**
Audit	75	155
Audit of non financial disclosure pursuant to Lesislative Decree 254/2016	23	-
impacts of the new regulation concerning non financial disclosure	31	-
Total fees paid to the independent auditor	**129**	**155**

39. Subsequent events

Purchase of own shares

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholders' meeting, after December 31, 2017, the Group purchased 54,661 own shares, equal to 0.137% of the share capital.

In addition, after December 31, 2017, following the exercise of stock options by employees of the Group, the Issuer sold a total of 174,120 own shares in portfolio, equal to 0.435% of share capital.

As of the date of approval of this consolidated financial report the Group's companies own in total 1,970,433 Issuer shares, equal to 4.926% of share capital, for a total cost equal to Euro 8,854 thousand.

Loan granted by Mediocredito Italiano

It is worth pointing out that on January 30, 2018 the Issuer obtained a loan from Mediocredito Italiano S.p.A. for a total amount equal to Euro 50,000 thousand, paid in two tranches respectively on January 30, 2018 and February 28, 2018. Such operation is a corporate loan with the purpose, for the part not used for the reimbursement of the existing loans with the group Intesa SanPaolo, to support the Group in its own financial needs.

The schedule of the loan provides for quarterly reimbursements starting from March 31, 2019 until December 31, 2023, at a yearly fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

Finally, the Issuer is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) ratio between consolidated net financial indebtedness and EBIT less than 2.5; ii) ratio between total indebtedness and equity less than 1.5; iii) distribution of earnings and/or retained earnings not over 50% in presence of a ratio between consolidated net financial indebtedness and EBIT higher than 2.0.

Increase of share capital

As described in note 26, in January 2018, 99,130 new shares were subscribed, referring to the increase of the share capital resolved by the Board of Directors, following the delegation attributed by the extraordinary shareholders' meeting held on April 22, 2016. As a consequence of such subscription, as of the date of the present Report, the share capital is equal to Euro 1,012,354.01, and is formed by 40,000,000 ordinary shares without nominal value.

New stock option plan

On April 27, 2017 the shareholders' meeting approved the rules for a stock option plan for the benefit of certain directors, employees and other personnel of the Group.

On March 12, 2018 the Company's Board of Directors resolved, according to the rules of the stock option plan resolved by the shareholders' meeting of the Issuer held on April 27, 2017, to offer n. 400,000 stock options to the executive directors, Marco Pescarmona and Alessandro Fracassi, at an exercise price equal to Euro 13.549.

On March 12, 2018, the Company's executive committee resolved the allotment of n. 839,850 stock options to certain employees and other personnel of the Group, at an exercise price equal to Euro 13.549 per share.

The valuation of the stock option plan was based on the Black, Scholes and Merton model using the following parameters:

Risk-free interest rate (%)	1.00%
Maturity (years)	6
Implicit volatility (%)	32.7%
Dividend yield	2.23%

The parameters used for the valuation of the options granted refer to data recorded on the same date of the allotment of the options and refer to the most recent economic/financial variables.

Strategic investments

Within the activities of strategic development of the Group in synergic sectors with those in which it already operates, the Group is considering investments in strategic participations.

40. Earnings per share

Earnings per share for the year ended December 31, 2016, equal to Euro 0.58, are calculated by dividing the net income attributable to the shareholders of the Company for the year (Euro 21,591 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2016 (37,269,167 shares).

Earnings per share for the year ended December 31, 2017, equal to Euro 0.69, are calculated by dividing the net income attributable to the shareholders of the Issuer for the year (Euro 25,920 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2017 (37,515,497 shares).

For the financial year ended December 31, 2017 diluted earnings per share are equal to Euro 0.66 as the average number of equity instruments (stock options) that meet the requirements provided by IAS 33 to generate dilutive effects on the earnings per share is equal to 1,798,340.

Milan, March 12, 2018

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2017

Prepared according to IAS/IFRS

4. ANNUAL REPORT AS OF AND FOR YEAR ENDED DECEMBER 31, 2017

4.1. Financial statements

4.1.1. Statement of financial position

(euro thousand)	Note	As of December 31, 2017	As of December 31, 2016
ASSETS			
Intangible assets	3	181	272
Plant and equipment	4	603	225
Investments in associated companies	5	72,349	69,888
Participation in associated companies and joint ventures	6	1,423	292
Other non-current assets (with related parties)	7, 27	3,536	3,346
Total non-current assets		**78,092**	**74,023**
Cash and cash equivalents	8	73,585	39,776
(of which) with related parties	*27*	*3,302*	*2,896*
Trade receivables		188	464
(of which) with related parties	*27*	*170*	*457*
Tax receivables	24	-	338
Other current assets	9	24,889	15,559
(of which) with related parties	*27*	*23,952*	*14,989*
Total current assets		**98,662**	**56,137**
TOTAL ASSETS		**176,754**	**130,160**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	10	999	995
Legal reserve	10	200	200
Other reserves	10	1,074	2,829
Retaind earnings	10	1,560	3,535
Net income	10	14,809	9,289
Total shareholders' equity		**18,642**	**16,848**
Long-term borrowings	11	17,421	18,409
Defined benefit program liabilities	12	488	378
Deferred tax liabilities	13	206	99
Other non current liabilities	14	50	5,290
Total non-current liabilities		**18,165**	**24,176**
Short-term borrowings	15	131,472	86,722
(of which) with related parties	*27*	*105,352*	*85,786*
Trade and other payables	16	753	458
(of which) with related parties	*27*	*43*	*49*
Tax payables		168	2
Other current liabilities	17	7,554	1,954
(of which) with related parties	*27*	*1,218*	*1,419*
Total current liabilities		**139,947**	**89,136**
TOTAL LIABILITIES		**158,112**	**113,312**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**176,754**	**130,160**

4.1.2. Income statement

(euro thousand)	Note	Years ended December 31, 2017	December 31, 2016
Revenues	19	20,229	13,573
(of which) with related parties	*27*	*20,205*	*13,438*
Other income		166	108
(of which) with related parties	*27*	*109*	*52*
Services costs	20	(2,198)	(1,992)
(of which) with related parties	*27*	*(307)*	*(348)*
Personnel costs	21	(1,903)	(1,804)
Other operating costs		(102)	(129)
Depreciation and amortization		(297)	(236)
Operating income		**15,895**	**9,520**
Financial income	22	1	5
(of which) with related parties	*27*	*-*	*1*
Losses from participations	5, 22	(1,258)	(621)
Financial expenses	22	(379)	(398)
(of which) with related parties	*27*	*-*	*(12)*
Losses from financial liabilities	22	(205)	(96)
Net income before income tax expense		**14,054**	**8,410**
Income tax expense	23	755	879
Net income		**14,809**	**9,289**

4.1.3. Comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2017	December 31, 2016
Net income		**14,809**	**9,289**
Actuarial gain/(losses) on defined benefit program liability	12	(18)	2
Tax effect on actuarial gain/(losses)		4	(1)
Total comprehensive income for the period		**14,795**	**9,290**

4.1.4. Statement of cash flows

(euro thousand)	Note	Years ended December 31, 2017	Years ended December 31, 2016
Net income		**14,809**	**9,289**
Amortization and depreciation	3, 4	297	236
Stock option expenses	18	192	257
Interest cashed		1	4
Income tax paid		(3,557)	(5,855)
Changes in trade receivables/payables		571	(16)
(of which) with related parties		*(293)*	*89*
Changes in other assets/liabilities		(3,184)	(2,403)
(of which) with related parties		*8,952*	*6,573*
Payments on defined benefit program		110	84
Net cash provided by operating activities		**9,239**	**1,596**
Investments:			
- Increase of intangible assets	3	(72)	(379)
- Increase of property, plant and equipment	4	(513)	(132)
- Increase of participation	5	(1,131)	(242)
- Capital contribution	5	(3,500)	(3,860)
Net cash used in investing activities		**(5,216)**	**(4,613)**
Increase of financial liabilities	11	25,000	-
Decrease of financial liabilities	11, 15	(804)	(3,559)
Increase of financial assets	7, 27	(190)	-
Interest paid		(379)	(385)
Increase of share capital	10	1,936	-
Purchase/sale of own shares	10	(4,099)	(498)
Dividends paid	10	(11,244)	(5,568)
Net cash used in financing activities		**10,220**	**(10,010)**
Net increase/(decrease) in cash and cash equivalents		**14,243**	**(13,027)**
Net cash and cash equivalent at the beginning of the period		(46,010)	(32,983)
Net cash and cash equivalents at the end of the period		**(31,767)**	**(46,010)**
Net increase/(decrease) in cash and cash equivalents		**14,243**	**(13,027)**
Cash and cash equivalents at the beginning of the year	8	39,776	31,518
(of which) with related parties	*27*	*2,896*	*3,701*
Current account overdraft at the beginning of the year	27	(85,786)	(64,501)
Net cash and cash equivalents at the beginning of the year		**(46,010)**	**(32,983)**
Cash and cash equivalents at the end of the year	8	73,585	39,776
(of which) with related parties	*27*	*3,302*	*2,896*
Current account overdraft at the end of the year	27	(105,352)	(85,786)
Net cash and cash equivalents at the end of the year	**12**	**(31,767)**	**(46,010)**

4.1.5. Statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Stock option reserve	Share premium reserve	Retained earnings	Net income of the year	Total
Value as of December 31, 2015	**989**	**200**	**2,785**	**-**	**7,012**	**2,090**	**13,076**
Allocation of net income 2015							
Distribution of ordinary dividend	-	-	-	-	(3,712)	(1,856)	**(5,568)**
Retained earnings	-	-	-	-	234	(234)	**-**
Stock option plan	-	-	550	-	-	-	**550**
Purchase of own shares	(20)	-	(5,736)	-	-	-	**(5,756)**
Exercise of stock options	26	-	5,230	-	-	-	**5,256**
Net income of the year	-	-	-	-	1	9,289	**9,290**
Value as of December 31, 2016	**995**	**200**	**2,829**	**-**	**3,535**	**9,289**	**16,848**
Allocation of net income 2016							
Distribution of ordinary dividend	-	-	-	-	-	(8,655)	**(8,655)**
Retained earnings	-	-	-	-	634	(634)	**-**
Increase of share capital	9	-	-	1,926	-	-	**1,935**
Distribution of extraordinary dividend	-	-	-	-	(2,589)	-	**(2,589)**
Stock option plan	-	-	412	-	-	-	**412**
Purchase of own shares	(10)	-	(5,091)	-	-	-	**(5,101)**
Exercise of stock options	5	-	998	-	-	-	**1,003**
Other movements	-	-	-	-	(20)	-	**(20)**
Net income of the year	-	-	-	-	-	14,809	**14,809**
Value as of December 31, 2017	**999**	**200**	**(852)**	**1,926**	**1,560**	**14,809**	**18,642**
Note	10	10	10, 18	10	10		

4.2. Explanatory notes to the financial statements (separated financial report)

1. Basis of preparation of the financial statements

This annual report, including the statement of financial position, comprehensive income statement, statement of cash flows and statement of changes in shareholders' equity as of and for the year ended December 31, 2017 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("IASB") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

The financial statements are prepared at cost, with the exception of the items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction as of the date of measurement.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

In particular, the IFRS have been consistently applied to all the periods presented.

All the amounts included in the tables of the following notes are in thousands of Euro.

Following the effectiveness of EU Regulation N 1606/1002 and the related national provisions of enactment, starting from year 2007, Gruppo MutuiOnline S.p.A. adopts the International Financial Standard issued by the International Accounting Standard Board ("IASB") and the related interpretations, adopted by the European Commission ("IFRS"). IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC").

The financial statement schemes adopted are in accordance to the ones provided by IAS 1 ("Presentation of financial statements") and in particular:

- for the statement of financial position, we adopted the "current/non-current" presentation;
- for the comprehensive income statement, we adopted the presentation of costs by nature;
- the statement of changes in shareholders' equity was prepared according with IAS 1;
- the statement of cash flows was prepared using the indirect method.

In addition, in accordance with revised IAS 1 ("Presentation of financial statements"), in the income statement after the net income for the period we also present the comprehensive income components.

The most significant provisions adopted for the preparation of the consolidated financial statements are the following:

A) Intangible assets

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Licenses and other rights

Licenses and other rights are amortized on a straight line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Leasehold improvements	shorter of contract duration and useful life
Generic equipment	5 years
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments in subsidiaries

An entity is defined subsidiary when the Issuer owns, directly or indirectly, the control.

Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable at the reporting date is also taken into consideration for the purposes of determining control.

Investments in subsidiaries are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

Investments in joint ventures and associated companies

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

D) Impairment of assets

At each balance sheet date the Issuer assesses property, plant and equipment, intangible assets and financial assets in order to identify possible indicators of impairment, deriving from both internal and external sources of the Company. If such indicators are identified, an estimate of the recoverable value is made and any impairment of the relevant book value is recognized in the income statement. The recoverable amount of an asset is the higher amount between its fair value, less sales costs, and its value in use, equal to actualized value of the expected cash flows of such asset. In calculating the value in use, the expected cash flows are discounted using a discount rate reflecting the current market value of the investments and the specific risks associated with the asset.

The value in use of an asset that does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related cash generating unit exceeds its recoverable value. Whenever circumstances causing impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

E) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short term investments (readily convertible to cash within 3 months), that are easily convertible to cash and not subject to risk of change in value. Overdrafts are included in short-term borrowings and are measured at the fair value.

F) Financial assets held to maturity

These financial assets are low-risk bonds, not representing equity instruments, purchased by the Group and not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

G) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

H) Own shares

Own shares are booked as reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

I) Trade payables and financial liabilities

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method.

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initially determined effective interest rate.

J) Defined benefit program liability

Employee termination benefits ("*Trattamento Fine Rapporto*", or "TFR"), which are compulsory for Italian companies in accordance with civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements. The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that became effective in 2007 had no significant impact on the evaluation method adopted by the Company because the percentage of employees adhering to the funds at the relevant date was low and besides the Company does not exceed the limits, provided by the new law and calculated on the average number of employees in the year in force, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

K) Share based payments

The Company has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

With respect to the valuation of the stock options assigned to directors and employees of subsidiaries, for which there is no mechanism to charge back the cost incurred to such subsidiaries, the book value of the participations has been increased by an amount equal to the cost incurred for the options, counter-balanced by the appropriate shareholders' equity reserve.

L) Revenue and cost recognition

Revenues and costs are recognized on an accrual basis. Services revenues are recognized when the services are performed.

Revenues and other income are recognized net of discounts, allowances and bonuses and the taxes directly related to the services.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Company.

Costs are recognized as the assets and services are consumed during the relevant period or when they are incurred, when it is not possible to determine future economic benefits.

M) Dividends

Dividends received are recognized when the Company obtains the right to receive the payment. This right arises on the date of the resolution of the shareholders' meeting of the subsidiary that distributes the dividends.

In the income statement, dividends received are classified among the revenues.

N) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial income and expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

O) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseen period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Starting from the financial year ended December 31, 2006 the Company and its subsidiaries exercised, upon the occurrence of the conditions of law, the option for the tax consolidation regime as provided by Italian law, which allows to calculate the corporate income tax ("IRES") on a taxable income corresponding to the algebraic sum of the taxable incomes or losses of the Companies of the Group. The economic relationships, besides the mutual responsibilities and duties, among the holding and its subsidiaries that exercised the option, are regulated by contracts drawn up at the exercise of the option. Tax liabilities are counterbalanced by other current assets of the parent company versus its subsidiaries corresponding to the taxable income transferred within the tax consolidation regime.

It is worth pointing out that in the financial year ended December 31, 201, subsidiary MutuiOnline S.p.A. did not renew the option for the tax consolidation regime. Moreover, as of December 31, 2016, subsidiary 7Pixel S.r.l. did not adhere to the tax consolidation regime.

The joint venture GSA S.r.l., the Issuer and the shareholder with whom we exercise joint control, have adhered to the tax transparency regime, on the basis of which the taxable income generated by the joint venture is attributed to the shareholders in the relevant tax period, regardless of whether the shareholders effectively received such income, that is even if dividends are not distributed. The taxable income is transferred to the shareholders of the joint venture as of the end of tax period, proportionally to the stakes held at the beginning of the tax period. The transferred tax liability is recorded among "Current tax liabilities", meanwhile the receivable from the joint venture is recorded among "Other current assets".

Other taxes, not related to income, are recognized as operating costs in the income statement.

P) Earnings per share

Since the Company prepares both the consolidated and separate annual reports, the required information is presented only in the consolidated annual report.

Q) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

For the Company, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are those regarding the accounting representation of the stock options. The valuation of stock option plans is based on valuation techniques which take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

R) New principles effective starting from the financial year ended December 31, 2017

Accounting standards used for the preparation of the consolidated report as of December 31, 2017 are in accordance with the standards used for the preparation of yearly financial report of the Group as of December 31, 2016, except for the adoption of new standards, changes and interpretations effective from January 1, 2017. The Company did not adopt any other standard interpretation or change published but not yet effective.

The nature and the impact of each new standard/change are described as follows:

Informational integration – Changes to IAS 7 statement of cash flow

The amendment require entities to provide disclosure of changes in their liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes (such foreign exchange gains or losses). The Issuer provided on notes 11 and 15 the relevant information both for the current financial year and for the comparative period.

Recognition of tax assets for not realized losses - Changes to IAS 12 Income taxes

The amendment clarifies that an entity needs to consider whether tax law restricts the sources of taxable profits against which it may make deductions on the reversal of deductible temporary difference related to unrealized losses. Furthermore, the amendments provide guidance on how an entity should determine future taxable profits and explain the circumstances in which taxable profits may include the recovery of some assets for more than their carrying amount.

The Issuer took into account these changes retroactively. Moreover their application did not impact significantly on Issuer's financial position and results.

The Issuer provided on notes 13 and 23 information on deferred taxes

S) Accounting principles recently approved by European Commission and not yet effective

As pointed out in the consolidated financial report as of December 31, 2016, among the standards issued by IASB, but not yet effective for the preparation of the present report, we highlight: IFRS 9 "Financial instruments", IFRS 15 "Revenue from contracts with customers" and IFRS 16 "Leases". The first two standards are effective from January 1, 2018, while IFRS 16 will be effective, once the approval procedure will be completed, starting from January 1, 2019.

IFRS 15 Revenue from contracts with customers

Considering the business model of the Issuer (holding company), the news that will be introduced by IFRS 15 will have no impact for the Company.

IFRS 16 Leases

IFRS 16 was published on January 2016 (issued at the end of 2017) and it replaces IAS 17 "Leasing", IFRIC 4 "Determining whether an arrangement contains a lease", SIC-15 "Operating leases – Incentives" and SIC-27 "Evaluating the substance of transactions in the legal form of a lease". IFRS 16 sets out the principles for the recognition, measurement, presentation and the disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee will recognize a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease (i.e. the right of use asset). Lessees will be required to separately recognize the interest expenses on the lease liability and the depreciation expense on the right of use asset.

Lessees will be also required to re-measure the lease liability on the occurrence of certain events (e.g. a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to establish those payments). The lessee will generally recognize the re-measurement amount of the lease liability as an adjustment to the right of use of the asset.

The standard includes two recognition exemptions for lessees:

- leases of low value assets (a situation that could arise for the Company with reference to operating leases for office equipment such as photocopiers, currently recognized in the balance sheet under the item "Other operating costs");

- short-term leasing contracts (e.g. leases with a lease term of 12 months or less).

The accounting provided by IFRS 16 for lessors is substantially unchanged if compared to the current accounting pursuant to IAS 17.

IFRS 16 requires also lessees and lessors to make more extensive disclosures compared to IAS 17.

IFRS 16 will be effective for the financial years that will start January 1, 2019 or afterwards. Early application is permitted, but not before the entity applies IFRS 15. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. In the case of application of the latter approach, the transitional provisions of the standards would permit some optional simplifications that the Company is evaluating with the purpose of completely assessing costs and benefits.

Positions that could be implied by the application of IFRS 16 and for which we presently expect that there could be, in principle, a significant effect are linked to leasing contracts for the main office site (Milan).

These rents, in the financial reporting as of December 31, 2017, are recorded in the income statement of the Issuer among "Services costs" for a total amount of Euro 307 thousand and Euro 10 thousand respectively for leasing and for car rentals.

In 2018 the Issuer will continue the definition of the impacts of IFRS 16 on their own consolidated financial report taking into account also the possible changes that will occur in the contractual positions as of the date of this financial report as well as the hypothesis of early adoption and simplifications provided by the standard.

IFRS 9 Financial instruments

On July 2014, IASB issued the final version of IFRS 9 "Financial instruments", which replaces IAS 39 "Financial instruments: Recognition and measurement" and all the previous versions of IFRS 9. IFRS 9 brings together all the three aspects of the accounting of financial instruments: classification and measurement, impairment and hedge accounting. The Issuer will adopt the new standard on the required effective date (January 1, 2018) and will not restate comparative disclosure.

The Issuer has performed an assessment on the impacts of all the aspects treated by IFRS 9. This assessment is based on currently available information, included the strategies for the use of financial instruments, and may be subject to changes arising from further or different information being made available to the Issuer in 2018, when the Issuer will adopt IFRS 9. In principle, the Issuer does not foresee significant impacts on its own financial statement and equity with reference to the main areas of intervention on the discipline operated by the standard described below.

Classification and measurement of the financial assets and liabilities

The Issuer does not foresee significant impacts on its financial report and equity with the application of the classification and measurement requirements of IFRS 9. In particular the Issuer does not own at present any financial liability measured at FVTPL due to the adoption of the so called fair value option. Concerning financial assets, the new standard provides that the classification of the assets depends on the characteristics of the financial flows linked to such assets and to the business model used by the Issuer for their management. The Issuer at present does not own nor managed during the financial year any financial asset, such as debt securities, with sale purpose nor in absolute terms. In addition, the Issuer does not own participations as investments which could be included under IFRS 9 or derivatives, even embedded ones. Trade receivables are held to be cashed at the contractual maturities of the cash flows related to them in capital and interest, where applicable. The Issuer assessed the characteristics of the contractual cash flows of these instruments and concluded that they respect the criteria for the measurement at amortized cost according to IFRS 9. Therefore it will not be necessary to reclassify these financial instruments. We can arrive at the same conclusions for the items recorded as cash and cash equivalents.

Impairment

IFRS 9 requires the Issuer to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12 month period or on a lifetime basis (e.g. lifetime expected loss). The Issuer will apply the simplified approach and therefore will record the expected losses on every trade receivable based on their residual contractual duration. The standard allows the adoption of matrixes for the measurement of the provision, capable of incorporating forecast information and not limited to historical evidences, as a practical expedient. The Issuer will however continue to analytically consider the specificity of the sector and of some clients in its assessments. The Issuer, even if it does not expect significant changes to the value of the provisions already allotted only due to the change of standard, is considering the necessary information to face the increased disclosure requirements provided by IFRS 9.

Hedge accounting

If the Issuer should decide in the future to make hedging operations by means of derivatives and to implement *hedge accounting*, it will adopt IFRS9 rules. Given that IFRS 9 does not modify the general principle according to which an entity accounts for the effective hedging instruments, the main changes compared to the previous regulation IAS 39 concern: - the hedge effectiveness test is only perspective and can also be based on qualitative aspects, replacing the previous 80-125% test and focusing on the economic relationship between hedge and hedged element - the possibility to designate as subject to hedging only a component of risk also for non-financial elements (provided that the risk component can be separately identifiable and reliably estimated) - introduction of the cost of hedging concept – greater possibility to designate groups of elements as subject to hedging, including stratifications and some net positions. Without hedge accounting, the changes in the fair value of derivatives will continue to be recorded in the income statement.

Other adjustments

The adoption of IFRS 9 for the Issuer should not involve the significant adjustment of other items recorded in financial statement as of January 1, 2018.

2. Risk analysis

Gruppo MutuiOnline S.p.A. is a holding company and for this reason it is indirectly subject to the peculiar risks of its subsidiaries. In this respect, please refer to the notes to the consolidated financial statements and to the directors' report on operations of each subsidiary.

Instead the Company is autonomously subject to exchange and interest rate risk and liquidity risk.

Exchange and interest rate risk

As of today, financial risk management is performed at Group level.

The Company presents a financial indebtedness equal to Euro 148,893 thousand, of which, however Euro 105,338 thousand are represented by short-term financial debts with subsidiaries within the Group's cash pooling services. In addition, current assets include cash and cash equivalents equal to Euro 73,585 thousand, of which Euro 3,302 thousand from subsidiaries within the Group's cash pooling services.

Therefore, within the framework of Group interest rate risk management, the use of derivative instruments to hedge interest rate risk is not contemplated since, currently, the Company has a variable interest rate borrowing (based on Euribor) towards non-related parties of a lower amount than bank deposits (all of which are based on Euribor), so that the economic and financial effect of rate changes is considered negligible.

As regards the relationships with banks it is worth pointing out that the interest rate on the bank loan with Intesa Sanpaolo S.p.A., signed in 2014, is equal to 1-month Euribor increased by 1.89%, during the pre-amortizing period (first two year of the loan), and to 1-month Euribor increased by 2.09% for the amortizing period (five years). The interest rate on the bank loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., obtained during the financial year ended December 31, 2015, is equal to 6-month Euribor increased by 1.75% and is subject to changes during the duration of the contract based on the ratio between consolidated Net Financial Indebtedness and EBITDA. It is worth pointing out that based on the values of these parameters reported in the consolidated financial report of the Group, the applicable spread on the loan in 2018 is expected to be 1.75%. The interest rate on the bank loan obtained from Mediocredito Italiano S.p.A. on April 6, 2017 is equal to 3-month Euribor increased by 0.75%. A possible unfavorable variation of the interest rate, equal to 1%, should produce an additional expense equal to Euro 366 thousand in 2018. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

It is also worth pointing out that the Issuer pursues a policy for the management of available liquidity by investing it in low-risk financial assets with a maturity date of less than twelve months. The investment strategy is to hold these assets to maturity.

As regards to the coverage of exchange rate risk, it is worth pointing out that as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The Company holds cash and cash equivalent as of December 31, 2017 equal to Euro 73,585 thousand, of which Euro 3,302 thousand with subsidiaries, against current liabilities equal to Euro 131,472 thousand, of which, however Euro 105,352 thousand consist in current financial debts and other current liabilities with subsidiaries. Furthermore, the current assets include receivables and other current assets from subsidiaries equal to Euro 23,952 thousand, which have considerable liquidity. This provides the Company with easily available financial resources to support short-term operations.

Moreover, the risk arising from the potential default of our bank counterparties is mitigated by the policy of diversifying the available deposits with different banking institutions.

NOTES TO THE MAIN ITEMS OF THE STATEMENT OF FINANCIAL POSITION

NON-CURRENT ASSETS

3. Intangible assets

The following table presents the details of the item as of December 31, 2017 and 2016:

(euro thousand)	**Licenses and other rights**	**Total**
Increases	379	379
Amortization expense	166	166
Net value as of December 31, 2016	**272**	**272**
Increases	72	72
Amortization expense	163	163
Net value as of December 31, 2017	**181**	**181**

The increases of licenses and other rights are mainly due to the purchases of software in financial year ended December 31, 2017 for Euro 72 thousand.

4. Plant and equipment

The following table presents the details of plant and equipment as of December 31, 2017 and 2016:

(euro thousand)	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2016	**237**	**209**	**446**
Additions	68	64	132
Cost as of December 31, 2016	**305**	**273**	**578**
Accumulated depreciation as of January 1, 2016	**106**	**177**	**283**
Depreciation expense	49	21	70
Accumulated depreciation as of December 31, 2016	**155**	**198**	**353**
Net book value as of December 31, 2016	**150**	**75**	**225**
Cost as of January 1, 2017	**305**	**273**	**578**
Additions	513	-	513
Altri movimenti	4	(88)	(84)
Cost as of December 31, 2017	**822**	**185**	**1.007**
Accumulated depreciation as of January 1, 2017	**155**	**198**	**353**
Depreciation expense	107	28	135
Altri movimenti	4	(88)	(84)
Accumulated depreciation as of December 31, 2017	**266**	**138**	**404**
Net book value as of December 31, 2017	**556**	**47**	**603**

Increases in the financial year ended December 31, 2017 refer to purchases of production hardware for Euro 510 thousand and of other specific equipment for Euro 3 thousand.

5. Investments in subsidiaries

The Company holds 100% of the ordinary share capital of MutuiOnline S.p.A., Centro Istruttorie S.p.A., PrestitiOnline S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Centro Finanziamenti S.p.A., PP&E S.r.l, Effelle Ricerche S.r.l., Money360.it S.p.A., Centro Servizi Asset Management S.r.l. (for short CESAM S.r.l.), Quinservizi S.p.A., International Security Services S.r.l. (for short INSECO S.r.l.), Segugio Servizi S.r.l., Innovazione Finanziaria SIM S.p.A. (for short Innofin SIM S.p.A.), Klikkapromo S.r.l., Centro Processi Assicurativi S.r.l. and Finprom S.r.l., 60% of the ordinary share capital of EuroServizi per i Notai S.r.l. and 51% of the ordinary share capital of 7Pixel S.r.l. and Mikono S.r.l..

During financial year ended December 31, 2017 the Issuer subscribed an increase of the share capital in the subsidiary Innovazione Finanziaria SIM S.p.A. for an amount equal to Euro 500 thousand and also paid capital contributions to Segugio.it S.r.l., for Euro 1,500 thousand, to Klikkapromo S.r.l., for Euro 750 thousand, and Segugio Servizi S.r.l., for Euro 750 thousand.

The following table provides the detail of investments in subsidiaries as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Investments in subsidiaries	72,349	69,888
Total investments in subsidiaries	**72,349**	**69,888**

The following table describes the changes of the item during the financial year:

Participations	% holding as of December 31, 2016	As of december 31, 2016	Increases	Decreases	As of december 31, 2017	% holding as of December 31, 2017
7Pixel S.r.l	51%	20,156	-	-	20,156	51%
Centro Finanziamenti S.p.A.	100%	2,447	27	-	2,474	100%
Centro Istruttorie S.p.A.	100%	3,280	53	-	3,333	100%
Centro Processi Assicurativi S.r.l.	100%	2,849	25	-	2,874	100%
Centro Servizi Asset Management S.r.l.	100%	70	3	-	73	100%
Cercassicurazioni.it S.r.l.	100%	3,774	34	-	3,808	100%
Effelle Ricerche S.r.l.	100%	22	1	-	23	100%
Euroservizi per i Notai S.r.l.	60%	368	1	-	369	100%
FINPROM S.r.l.	100%	127	3	-	130	60%
IN.SE.CO. S.r.l.	100%	9,191	-	-	9,191	100%
Innovazione Finanziaria SIM S.p.A.	100%	2,000	500	-	2,500	100%
Klikkapromo S.p.A.	100%	27	750	(658)	119	100%
Mikono S.r.l.	51%	125	-	-	125	100%
Money360.it S.p.A.	100%	15	5	-	20	100%
MutuiOnline S.p.A.	100%	3,651	39	-	3,690	51%
PP&E S.r.l.	100%	306	1	-	307	51%
PrestitiOnline S.p.A.	100%	826	7	-	833	100%
Quinservizi S.p.A.	100%	7,108	15	-	7,123	100%
Segugio Servizi S.r.l.	100%	22	750	(600)	172	100%
Segugio.it S.r.l.	100%	13,524	1,505	-	15,029	100%
Total Participations		**69,888**	**3,719**	**(1,258)**	**72,349**	

In addition to the above mentioned increase of share capital and capital contributions, changes to the item include also the cost of the stock options assigned to employees and other personnel of the subsidiaries, for an amount equal to Euro 219 thousand in the year ended December 31, 2017, for which the costs are not rebilled to the subsidiaries.

Moreover, during the assessment of the value of the investments at the end of financial year, we believe that subsidiaries Klikkapromo S.r.l. and Segugio Servizi S.r.l., which show a book value higher than equity, show indicators of impairment that management considered permanent and, therefore, the two participations were written down for a total amount of Euro 1,258 thousand, with the purpose to align their book value to the relevant equity. The impairment is recorded in the income statement among losses from participations.

The following tables provide a brief summary of the main data of the subsidiaries.

Corporate name: 7PIXEL S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	11
2017 Statutory loss	(859)
Shareholders' equity	24,387
Pro quota equity	12,437
Book value	20,156

Referring to 7Pixel S.r.l., the book value of the participation is higher than the value of its shareholders' equity *pro quota*.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2018 budget and from the 2019-2020 strategic plan of the company, approved by the Board of Directors of the Issuer on March 12, 2018.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.00%.

As of December 31, 2017, the value-in-use of the participation in 7Pixel S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discounting rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 11.15%;

- growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of the "g" rate down to -2.53%.

Based on these assessments, the management of the Issuer considers the book value of the participation in the annual report as of December 31, 2017, recoverable.

Corporate name: CERCASSICURAZIONI.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2017 Statutory profit	2,489
Shareholders' equity	7,976
Book value	3,809

Corporate name: CENTRO FINANZIAMENTI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2017 Statutory profit	1,837
Shareholders' equity	6,307
Book value	2,474

Corporate name: CENTRO ISTRUTTORIE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	500
2017 Statutory profit	8,709
Shareholders' equity	12,954
Book value	3,333

Corporate name: CENTRO PROCESSI ASSICURATIVI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	50
2017 Statutory profit	229
Shareholders' equity	690
Book value	2,874

Referring to Centro Processi Assicurativi S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2018 budget and from the 2019-2020 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 12, 2018.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.15%.

As of December 31, 2017, the value-in-use of the participation in Centro Processi Assicurativi S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discounting rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discounting rate: the value in use remains higher than the book value of participation also assuming an increase of the discounting rate (WACC) up to 20.76%;

- Growth rate “g”: the value in use remains higher than the book value of participation also assuming a decrease of g rate down to -17.11%;

Based on these assessments, the management of the Issuer considered the book value of the participation in the separated income statement as of December 31, 2017, recoverable.

Corporate name: CESAM S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory profit	1,407
Shareholders' equity	5,024
Book value	73

Corporate name: PRESTITIONLINE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	200
2017 Statutory profit	1,798
Shareholders' equity	5,636
Book value	833

Corporate name: EFFELLE RICERCHE S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory profit	945
Shareholders' equity	1,400
Book value	23

Corporate name: EUROSERVIZI PER I NOTAI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory profit	1,382
Shareholders' equity	1,397
Pro quota equity	838
Book value	369

Corporate name: FINPROM S.R.L.	
Registered office: Romania, Arad, Str. Cocorilor n. 24/A	
Share capital	10
2017 Statutory profit	991
Shareholders' equity	3,579
Book value	130

Corporate name: INNOFIN SIM S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2017 Statutory profit	335
Shareholders' equity	1,902
Book value	2,500

Referring to Innofin SIM S.p.A. the book value of the participation is higher than the equity value of the participation. This difference in the book value of the participation does not represent an indicator of impairment, since the subsidiary is in a startup phase.

In addition it is worth pointing out that the net income 2017 is positive for an amount equal to 335 thousand thereby reducing the difference between book value and equity. The income perspectives for the next financial years are positive, as reported in the business plan prepared for the company.

Corporate name: INSECO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory profit	1,117
Shareholders' equity	6,517
Book value	9,191

Referring to IN.SE.CO. S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2018 budget and from the 2019-20120 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 12, 2018.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.15%.

As of December 31, 2017, the value-in-use of the participation in IN.SE.CO. S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discounting rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discounting rate: the value in use remains higher than the book value of participation also assuming an increase of the discounting rate (WACC) up to 61.60%;

- Growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of g rate under -100%;

Based on these assessments, the management of the Issuer considered the book value of the participation in the separated income statement as of December 31, 2017, recoverable

Corporate name: KLIKKAPROMO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory loss	(654)
Shareholders' equity	125
Book value	119

Corporate name: MIKONO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory loss	(49)
Shareholders' equity	21
Pro quota equity	11
Book value	125

Referring to Mikono S.r.l. the book value of the participation is higher than the *pro quota* equity value of the participation. We point out that this difference in the book value of the participation does not represent an indicator of impairment, since the subsidiary is in a startup phase and we expect growing revenues and positive cash flows during the next financial years, as shown in budget 2018 and in the 2019-2020 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 12, 2018.

Corporate name: MONEY360.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	120
2017 Statutory profit	178
Shareholders' equity	938
Book value	20

Corporate name: MUTUIONLINE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	1,000
2017 Statutory profit	10,130
Shareholders' equity	48,483
Book value	3,690

Corporate name: PP&E S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2017 Statutory profit	285
Shareholders' equity	893
Book value	307

Corporate name: QUINSERVIZI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	150
2017 Statutory profit	855
Shareholders' equity	3,709
Book value	7,123

Referring to Quinservizi S.p.A., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2018 budget and from the 2019-2020 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 12, 2018.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.15%.

As of December 31, 2017, the value-in-use of the participation in Quinservizi S.p.A., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discounting rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discounting rate: the value in use remains higher than the book value of participation also assuming an increase of the discounting rate (WACC) up to 23.52%;

- Growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of g rate down to -22.24%;

Based on these assessments, the management of the Issuer considered the book value of the participation in the separated income statement as of December 31, 2017, recoverable.

Corporate name: SEGUGIO.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory loss	(1,918)
Shareholders' equity	399
Book value	15,028

Referring to Segugio.it S.r.l., the book value of the participation is higher than the value of its shareholders' equity. We underline that the subsidiary is investing heavily in communication for the development of the "Segugio.it" brand, launched in September 2012.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2018 budget and from the 2019-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 12, 2018.

The main assumptions regarding the value-in-use of the CGU are the operating cash flows during the five-year forecasted period, the discount rate and the growth rate used to find out the terminal value, equal to 0.68%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the CGU has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discounting rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the CGU's reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 8.00%.

As of December 31, 2017, the value-in-use of the participation in Segugio.it S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discounting rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- discount rate: the value in use remains higher than the book value of the participation also assuming an increase of the discount rate (WACC) up to 12.90%;
- growth rate "g": the value in use remains higher than the book value of the participation also assuming a decrease of the "g" rate down to -7.78%.

Based on these assessments, the management of the Issuer considers the book value of the participation in the annual report as of December 31, 2017, recoverable.

Corporate name: SEGUGIO SERVIZI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2017 Statutory loss	(586)
Shareholders' equity	174
Book value	172

6. Participation in associated companies and joint ventures

This item refers to the participation in Generale Servizi Amministrativi S.r.l., in short GSA S.r.l., a company of which the Issuer holds 50% of the share capital, to the participation in the associated company Generale Fiduciaria S.p.A., a company of which the Issuer holds 10% stake of the share capital, to the participation in the associated company 65Plus S.r.l., of which the Issuer purchased 30% of the share capital for a consideration equal to Euro 1,071 thousand, and to the participation in the joint venture CreditPro Mediazione Creditizia S.r.l., of which the Issuer purchased 50% of the share capital for a consideration equal to Euro 60 thousand.

The following table presents the details of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Generale Servizi Amministrativi S.r.l.	50	50
Generale Fiduciaria S.p.A.	242	242
65Plus S.r.l.	1,071	-
CreditPro Mediazione Creditizia S.r.l.	60	-
Total investments in joint ventures and associated companies	**1,423**	**292**

7. Other non-current assets

This item refers to the non-interest bearing loan granted to subsidiary 7Pixel S.r.l. for Euro 3,345 thousand and to joint venture CreditPro Mediazione Creditizia S.r.l. for Euro 190 thousand. It is worth pointing out that the actualization of the financial asset using the current market interest rates has no significant impact on the evaluation of the asset itself.

CURRENT ASSETS

8. Cash and cash equivalent

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication No. DEM/6064293 dated July 28, 2006, as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	As of December 31, 2016	Change	%
A. Cash and cash equivalents	73,585	39,776	33,809	85.0%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	-	-	-	N/A
D. Liquidity (A) + (B) + (C)	**73,585**	**39,776**	**33,809**	**85.0%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	-	-	-	N/A
G. Current portion of long-term borrowings	(26,120)	(936)	(25,184)	2690.6%
H. Other short-term borrowings	(105,352)	(85,786)	(19,566)	22.8%
I. Current indebteness (F) + (G) + (H)	**(131,472)**	**(86,722)**	**(44,750)**	**51.6%**
J. Net current financial position (I) + (E) + (D)	**(57,887)**	**(46,946)**	**(10,941)**	**23.3%**
K. Non-current portion of long-term bank borrowings	(17,421)	(18,409)	988	-5.4%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	-	-	-	N/A
N. Non-current Indebteness (K) + (L) + (M)	**(17,421)**	**(18,409)**	**988**	**-5.4%**
O. Net financial position (J) + (N)	**(75,308)**	**(65,355)**	**(9,953)**	**15.2%**

Gruppo MutuiOnline S.p.A. manages a cash pooling service. All the Italian subsidiaries as of December 31, 2017 have joined this system. The cash pooling service aims to provide a more efficient management of available liquidity and investments at a group level. Therefore, the short-term financial liabilities of the Issuer as of December 31, 2017 include "Other current borrowings" equal to Euro 105,352 thousand, consisting exclusively in liabilities towards subsidiaries within the cash pooling service.

For more detail on the cash balance of cash and cash equivalents and of current financial debts from companies of the Group please refer to note 27.

9. Other current assets

The following table presents the detail of the item as of December 31, 2017 and 2016:

(euro thousand)	As of December 31, 2017	December 31, 2016
Receivables from subsidiaries for dividends	17,800	9,000
Receivables from subsidiaries for national tax consolidation regime	6,145	5,989
Receivables from joint venture for national tax consolidation regime	7	-
VAT receivables	290	313
Accruals and prepayments	224	250
Advances to suppliers	61	7
Others	362	-
Total other current assets	**24,889**	**15,559**

Receivables from subsidiaries are as follows:

(euro thousand)	As of December 31, 2017	December 31, 2016
Receivables for national tax consolidation regime:		
From Centro Istruttorie S.p.A.	2,844	2,078
From EuroServizi per i Notai S.r.l.	644	1,190
From Centro Servizi Asset Management S.r.l.	444	611
From Centro Finanziamenti S.p.A.	412	489
From IN.SE.CO. S.r.l.	351	421
From PrestitiOnline S.p.A.	200	289
From Innovazione Finanziaria SIM S.p.A.	14	-
From Effelle Ricerche S.r.l.	304	274
From CercAssicurazioni.it S.r.l.	743	238
From Quinservizi S.p.A.	19	222
From PP&E S.r.l.	92	106
From Centro Processi Assicurativi S.r.l.	78	71
Total receivables for tax consolidation regime	**6,145**	**5,989**
Receivables for dividends:		
From Centro Istruttorie S.p.A.	12,000	-
From PrestitiOnline S.p.A.	4,000	6,500
From Effelle Ricerche S.r.l.	1,800	-
From CercAssicurazioni.it S.r.l.	-	2,500
Total receivables for dividends	**17,800**	**9,000**
Total receivables from subsidiaries	**23,945**	**14,989**

Receivables for national tax consolidation regime include receivables deriving from the transfer of liabilities for IRES of the subsidiaries within the national tax consolidation regime of the Group.

Receivables for dividends refer to receivables for dividends resolved by the subsidiaries PrestitiOnline S.p.A., Centro Istruttorie S.p.A. and Effelle Ricerche S.r.l. in 2017 and not yet cashed as of the end of financial year. The collection of these receivable is foreseen in 2018.

In this regard, it is worth pointing out that during the year the Issuer cashed dividends from PrestitiOnline S.p.A. and CercAssicurazioni S.r.l. , which are included among the receivables as of December 31, 2016, for a total amount equal to Euro 9,000 thousand.

SHAREHOLDERS' EQUITY

10. Share capital and reserves

For the statement of changes in shareholders' equity please refer to the relevant table.

On April 27, 2017 the shareholders' meeting resolved the distribution of a dividend of 0.23 per share, for a total amount of Euro 8,655 thousand. Such dividends have been paid out with ex-dividend date May 8, 2017, record date May 9, 2017 and payable date May 10, 2017.

On the same date the shareholders' meeting resolved the distribution of an extraordinary dividend equal to Euro 2,634 thousand, entirely paid out from retained earnings, corresponding to Euro 0.07 per share.

Following such resolution, the Issuer paid dividends for a total amount equal to Euro 11,244 thousand.

On April 22, 2016 shareholders' meeting resolved to grant to the Board of Directors the power to increase the share capital pursuant to article 2441, comma 8, and to 2443 of the civil code. The increase of share capital implies the issuing, also in several tranches, of ordinary shares without nominal value, up to 3,951,187 shares of the Issuer, as well as up to a nominal value equal to Euro 100,000.00, to be offered for subscription to employees of the Issuer or of its subsidiaries.

On September 28, 2017, the Board of Directors, partially exercising the power received, resolved to increase the share capital up to a nominal value equal to Euro 12,354.01, to be paid, by issuing ordinary shares up to n. 488,130, at a price of Euro 4.976 per share, following the exercise of stock options by employees and directors of the Group.

As a consequence of such delegation, the Company, as of December 31, 2017, shows a share capital equal to Euro 1,009,845.14, formed by 39,900,870 ordinary shares without nominal value.

In addition, it is worth pointing out that, as of the date of preparation of the present financial report, share capital is equal to Euro 1,012,354.01, and is formed by 40,000,000 ordinary shares without nominal value.

During the year ended December 31, 2007, the Company initiated a buy-back program. During the following financial years, the shareholders' meeting has approved and renewed the buy-back program, specifying limits and purposes, for up to the 10% of share capital, or any higher quantity permitted by the applicable pro tempore law.

During the year ended December 31, 2017, the Issuer purchased 438,187 own shares equal to 1.098% of ordinary share capital. During the same period following the exercise of the stock options vested held by some employees of the Group, the Issuer sold 201,500 own shares equal to 0.505% of ordinary share capital.

As of December 31, 2017, the Company holds 438,370 own shares, equal to 1.099% of ordinary share capital, at a total cost of Euro 3,707 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 11 thousand as of December 31, 2017, and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

(euro thousand)	As of December 31, 2017	As of December 31, 2016
Book value of own shares	**3,707**	**1,102**
(of which) offsetting share capital	11	5
(of which) offsetting other reserves	3,696	1,097

It is worth mentioning that the number of shares of the Issuer purchased by all the companies of the Group in total does not exceed 10% of the ordinary share capital of the Issuer.

The following table presents the origin and the availability of the items included in shareholders' equity:

				Summary of the utilizations during the past three years		
(euro thousand)	As of December 31, 2017	Possible utilization	Available amount	for purchase of own shares	for share capital increase	distribution and income allocation
Share capital	999	-	-	(45)	-	-
Earnings reserves:						
Legal reserve	200	B	-	-	-	-
Share premium reserve	1,926	A,B,C	1,926	-	-	-
Stock option reserve	(852)	A,B	(852)	(14,728)	-	-
Retained earnings	1,560	A,B,C	1,560	-	-	(25,696)
Net income	14,809	A,B,C	14,809	-	-	-
Total shareholders' equity	**18,642**		**17,443**			
Not available for distribution			-			
Remaining distributable amount			17,443			

Legend:
A: for share capital increases
B: for the offsetting of losses
C: for distribution to shareholders

NON-CURRENT LIABILITIES

11. Long-term borrowings

The following table presents the details of the item, including only bank borrowings:

(euro thousand)	As of December 31, 2017	December 31, 2016
1 - 5 years	17,421	3,417
More than 5 years	-	14,992
Total long-term borrowings	**17,421**	**18,409**

Non-current bank borrowings refer to the loan contract signed on June 9, 2014 with Intesa Sanpaolo S.p.A. and to the loan contract signed on March 13, 2015 with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A..

It is worth pointing out that on April 6, 2017 the Issuer obtained a bullet loan from Mediocredito Italiano S.p.A. for an amount equal to Euro 25,000 thousand, without usage constraints. The loan has a maturity of 18 months minus one day and therefore as of December 31, 2017 the relevant liability is entirely classified among current financial liabilities.

The book value of the financial liabilities represents their fair value.

Loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A.

On March 13, 2015, the Issuer signed, as part of the acquisition, by the Group, of the controlling participation in 7Pixel S.r.l., a bank loan contract with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., for a total amount of Euro 15,000 thousand, with a seven years bullet structure.

The repayment schedule of the loan contract from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A. provides for the reimbursement of the whole capital, equal to Euro 15,000 thousand, in a sole solution at the term of the loan, on March 31, 2022. The costs sustained for obtaining loan, for a total amount equal to Euro 241 thousand, were distributed along the entire duration of the loan. The loan is booked with the amortising cost method.

The spread applied on the interest rate is restated at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA resulting from the consolidated economic and financial situation of the Group. For Net Financial Indebtedness we consider the financial indebtedness net of totally subordinated shareholders' loans, cash and cash equivalent and negotiated financial activities. Based on the values of these parameters reported in the consolidated financial report for the financial year ended December 31, 2017, the applicable spread the loan for 2018 is expected to be 1.75%.

Besides, also with regard to the loans with Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A., the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended and half years ended during the term of the contract, clarifying that the economic data are to be considered on an yearly basis: i) ratio between Net Financial Indebtedness and EBITDA not over 2.5 until December 31, 2016 and not over 2.0 at the following terms; ii) ratio between Free Cash Flow and Debt Service not less 1.1, where for Debt Service we mean the part of Financial Indebtedness, included net financial costs, paid during the relevant period.

The Issuer has complied these financial covenants as of December 31, 2017.

Loan from Intesa Sanpaolo S.p.A.

The loan granted by Intesa Sanpaolo S.p.A. is repayable in 84 monthly installments of principal and interest, with the exception of the first 24 installments which are interest only. The repayment schedule is as follows:

	As of	
(euro thousand)	December 31, 2017	December 31, 2016
- between one and two years	1,013	992
- between two and three years	1,031	1,010
- between three and four years	522	1,030
- between four and five years	-	522
Total	**2,566**	**3,554**

With regards to the loan with Intesa S.p.A. the Group is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) consolidated shareholders' equity higher than Euro 10,000 thousand; ii) consolidated net financial position lower than the most value of consolidated EBITDA multiplied by 3 and Euro 10,000 thousand. The Company has always complied with such parameters since the signing of the contract and also as of December 31, 2017.

Below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(euro thousand)	January 1, 2017	Cash flow	Others	December 31, 2017
Loan from Intesa Sanpaolo S.p.A.	3,554	-	(988)	2,566
Loan from Banca Popolare di Milano S.c.ar.l. e Cariparma S.p.A. (*pool*)	14,855	-	-	14,855
Long-term borrowings	**18,409**	**-**	**(988)**	**17,421**

12. Defined benefit program liabilities

The following table presents the situation of the item:

	As of	
(euro thousand)	December 31, 2017	December 31, 2016
Employees' termination benefits	333	264
Directors' termination benefits	155	114
Total defined benefit program liabilities	**488**	**378**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below:

	As of December 31, 2017	As of December 31, 2016
ECONOMIC ASSUMPTIONS		
Inflation rate	1.50%	1.50%
Discount rate	1.30%	1.31%
Salary growth rate	2.50%	2.50%
TFR growth rate	2.63%	2.63%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	2002 ISTAT data on the Italian population split by gender.
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	A rate of 2.50% p.a. has been applied for the permanent employees and a rate of 15% p.a. has been applied for the fixed-term employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

It is worth pointing out that actuarial income, deriving from the liability as of December 31, 2017, is recorded in equity, with the recognition in the comprehensive income statement. The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2017 and 2016:

Value as of December 31, 2015	**217**
Current service cost	41
Interest cost	5
Transfer of TFR	19
Benefits paid	(14)
Gain of the year	(4)
Value as of December 31, 2016	**264**
Current service cost	57
Interest cost	4
Benefits paid	(10)
Losses of the year	18
Value as of December 31, 2017	**333**

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Current personnel cost	(57)	(41)
Implicit interest cost	(4)	(5)
Total expenses related to the defined benefit	**(61)**	**(46)**

As regards the discount rate the reference rate used for the valorization of this parameter was the Iboxx Eur Corporate AA 10+ index as of the valuation date. This term (over 10 years) is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

With reference to directors' termination benefits, they were provided only for the executive directors and they are calculated, referring to their annual compensations, according with the provisions of article 2120 of the civil code.

13. Deferred tax liabilities and deferred tax assets

The following table presents the variations of the item:

(euro thousand)	As of January 1, 2017	Accrual	Utilization	As of December 31, 2017	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	-	4	-	4	4	-
Differences between the tax bases of assets and their carrying amounts	4	-	-	4	4	-
Defined benefit program liability	5	-	(5)	-	-	-
Total deferred tax assets	**9**	**4**	**(5)**	**8**	**8**	**-**
Deferred tax liabilities						
Dividends deliberated not yet paid	(108)	(214)	108	(214)	(214)	-
Total deferred tax liabilities	**(108)**	**(214)**	**108**	**(214)**	**(214)**	**-**
Total	**(99)**	**(210)**	**103**	**(206)**	**(206)**	**-**

As of December 31 2017 the amount of deferred tax liabilities, net of deferred tax assets, is equal to Euro 206 thousand and is related to revenues taxable during the following financial years.

As of December 31 2016 the amount of deferred tax liabilities, net of deferred tax assets, is equal to Euro 99 thousand and is related to revenues taxable during the following financial years.

14. Other liabilities

The item represents the financial liabilities for the foreseen consideration for the earn out, to be paid out during the financial year 2019, equal to Euro 50 thousand, related to the purchase of the participation in subsidiary Klikkapromo S.r.l., which took place in the financial year ended December 31, 2015.

The decrease if compared to 2016 is due to the reclassification from "non-current" to "current" of the liability or the earn out related to the purchase of the participation in IN.SE.CO. S.r.l. which will be paid during the financial year ended December 31, 2018.

CURRENT LIABILITIES

15. Short-term borrowings

Short-term borrowings include, besides the financial payables with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 27, the current portion of liability for outstanding bank loans for an amount equal to Euro 26,120 thousand, of which Euro 995 thousand related to the loan from Intesa Sanpaolo S.p.A., Euro 25,013 thousand related to the loan from Mediocredito Italiano S.p.A., and Euro 112 thousand related to the loan from Banca Popolare di Milano S.c.a.r.l. and Cariparma S.p.A..

Finally, it is worth highlighting that the increase of the item as of December 31, 2017, compared to the previous year is mainly due to the subscription of the bank loan with Mediocredito Italiano S.p.A. which will be entirely reimbursed during the financial year ended December 31, 2018, and to the increase of financial debts with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 27.

Below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(euro thousand)	**January 1, 2017**	**Cash flow**	**Others**	**December 31, 2017**
Loan from Intesa Sanpaolo S.p.A.	972	(965)	988	995
Loan from Banca Popolare di Milano S.c.ar.l. e Cariparma S.p.A. (*pool*)	-	-	112	112
Loan from Mediocredito Italiano S.p.A.	-	24,975	38	25,013
Short-term borrowings	**972**	**24,010**	**1,138**	**26,120**

16. Trade and other payables

The amount of the item is equal to Euro 753 thousand (Euro 458 thousand as of December 31, 2016) and consists of payables to suppliers, including payables to subsidiaries for Euro 43 thousand.

17. Other current liabilities

The following table presents the situation of the item:

	As of	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Liabilities to subsidiaries	1,218	1,419
Liabilities to personnel	332	286
Social security liabilities on behalf of employees	417	74
Social security liabilities	140	104
Other current liabilities	5,442	60
Accruals and prepayments	5	11
Total other liabilities	**7,554**	**1,954**

Liabilities to subsidiaries refer to the liabilities as of December 2017 accrued versus subsidiaries within the national tax consolidation regime.

The other current liabilities strongly increase if compared to December 31, 2016 following the reclassification from "non-current" to "current" of the liability or the earn out related to the purchase of the participation in IN.SE.CO. S.r.l. which will be paid during the financial year ended December 31, 2018.

18. Stock option plan

The following table presents the outstanding stock options for the benefit of the executive directors and certain employees of the Issuer as of December 31, 2017:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	711,700	4.976	0.86
			Total options	**711,700**		

The weighted average market price of the shares for the year ended December 31, 2017 is equal to Euro 11.644.

Personnel costs in the year ended December 31, 2017 include Euro 193 thousand (in 2016 Euro 257 thousand) related to the Group's stock option plan for the benefit of the executive directors and certain employees of the Issuer.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

19. Revenues

The revenues of the year are mainly accrued from subsidiaries and the associated company Generale Fiduciaria S.p.A... They include the dividends resolved by the subsidiaries, the associated companies and the joint venture during the year and the fees for coordination and professional services by the Company in favor of its subsidiaries and the joint venture, for an amount equal to Euro 580 thousand.

The following table presents the dividends resolved by the subsidiaries during the years ended December 31, 2017 and 2016:

	Years ended	
(euro thousand)	**December 31, 2017**	**December 31, 2016**
Dividend from CercAssicurazioni S.r.l.	-	2,500
Dividend from Centro Istruttorie S.p.A.	12,000	-
Dividend from Effelle Ricerche S.r.l.	1,800	-
Dividend from EuroServizi per i Notai S.r.l.	1,689	1,508
Dividend from Generale Fiduciaria S.p.A.	160	-
Dividend from GSA S.r.l.	-	2,250
Dividend from PrestitiOnline S.p.A.	4,000	6,500
Total dividends	**19,649**	**12,758**

20. Services costs

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Technical, legal and administrative consultancy	(822)	(643)
Rental and lease expenses	(634)	(645)
Communication expenses	(299)	(309)
Other general expenses	(443)	(395)
Total services costs	**(2,198)**	**(1,992)**

21. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Wages and salaries	(733)	(661)
Directors' compensation	(628)	(624)
Social security contributions	(232)	(165)
Defined benefit program liabilities	(100)	(82)
Stock option expenses	(193)	(257)
Other costs	(17)	(15)
Total personnel costs	**(1,903)**	**(1,804)**

The average headcount as of December 31, 2017 and 2016 is as follows:

categories	2017 Average number	2016 Average number
Managers	1	1
Supervisors	1	1
Employees	20	16
Total	**22**	**18**

The Company applies the collective labor agreement of the commerce sector.

22. Financial income and expenses

The following table presents the details of the item for the financial years ended December 31, 2017 and 2016:

(euro thousand)	Years ended December 31, 2017	December 31, 2016
Financial income	1	5
Losses from participations	(1,258)	(621)
Interest expense	(379)	(398)
Losses from financial liabilities	(205)	(96)
Net financial loss	**(1,841)**	**(1,110)**

Losses from participations refer to the impairment of the participations in Klikkapromo S.r.l. and Segugio Servizi S.r.l., already described in Note 5.

Interest expenses include interest accrued in financial year on the ongoing bank loans for an amount equal to 379 thousand.

Losses from financial liabilities are related to the expenses deriving from the evaluation of the financial liability for the earn out, to be paid in during the financial year ended December 31, 2018, for the acquisition of the participation in IN.SE.CO. S.r.l..

23. Income tax expense

With respect to corporate income tax, in the financial year ended December 31, 2017, the Company recorded a taxable loss, due to the not taxability of 95% of the dividends received during the year, which, because of the adhesion to the tax consolidation regime, generates a tax benefit equal to Euro 862 thousand, whose financial counterbalance offsets current taxes.

Because of the deferred taxation of some revenues and tax deductibility of some costs compared to their accrual, during the year ended December 31, 2017 the provision for advance tax assets has been increased by Euro 214 thousand and utilized for Euro 108 thousand.

No regional income taxes (IRAP) are due.

24. Tax consolidation

As mentioned above, the coordination activity is reflected in the participation of the Issuer, in its capacity of holding company, to the Italian tax consolidation regime, as provided by article 117 and following of presidential decree 917/1986. All the Italian subsidiaries as of December 31, 2017 participate, also indirectly, in the tax consolidation regime, except MutuiOnline S.p.A. and 7Pixel S.r.l..

We remind that 50% of the tax receivable for IRES generated by the joint venture Generale Servizi Amministrativi S.r.l. during the financial year ended December 31, 2017, following the adhesion to the tax transparency regime, has been transferred to the Issuer for a non-significant amount.

The net consolidated tax liability amounts to Euro 160 thousand and is recorded in the statement of financial position among "Tax payables" as reported in table:

(euro thousand)	Assets	Liabilities
Gruppo MutuiOnline S.p.A.	862	-
Centro Finanziamenti S.p.A.	-	412
Centro Istruttorie S.p.A.	-	2,844
Centro Processi Assicurativi S.r.l.	-	78
Centro Servizi Asset Management S.r.l.	-	444
CercAssicurazioni.it S.r.l.	-	743
PrestitiOnline S.p.A.	-	200
Effelle Ricerche S.r.l.	-	305
EuroServizi per i Notai S.r.l.	-	644
IN.SE.CO. S.r.l.	-	351
Innovazione Finanziari SIM S.p.A.	-	14
Klikkapromo S.r.l.	206	-
Mikono S.r.l.	17	-
Money360.it S.p.A.	178	-
PP&E S.r.l.	-	92
Quinservizi S.p.A.	-	19
Segugio Servizi S.r.l.	205	-
Segugio.it S.r.l.	612	-
Consolidated advances	3,906	-
Total assets and liabilities	**5,986**	**6,146**
Total net assets and liabilities		**160**

25. Benefits to the managers with strategic responsibilities and compensation to members of the governing and controlling bodies and auditors

The total cost for the Company of compensations paid to executive directors is equal to Euro 800 thousand, of which Euro 172 thousand for stock option expenses.

The compensation to the board of statutory auditors amounts to Euro 51 thousand.

The fees paid to the independent auditors by the Company and its subsidiaries for their audit activities and other services different from audit for the financial year ended December 31, 2017 are equal to Euro 129 thousand.

We finally point out that there are no managers with strategic responsibilities.

26. Classes of financial instruments

In the balance sheet as of December 31, 2017 financial assets are classified as follows:

- Cash and cash equivalents for Euro 73,585 thousand (2016: Euro 39,776 thousand);
- Loans and receivables for Euro 3,785 thousand (2016: Euro 3,817 thousand).

All the financial liabilities recorded in the balance sheet as of December 31, 2017 and 2016 are stated at the amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach. The expenses deriving from the measurement of these liabilities are recorded in the income statement for the financial year ended December 31, 2017 and are equal to Euro 205 thousand.

27. Related party transactions

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

The following tables details the transactions and balances with related parties:

(euro thousand)	Relationship	As of December 31, 2017	As of December 31, 2016
Trade receivables			
7Pixel S.r.l.	Subsidiary	68	-
Centro Finanziamenti S.p.A.	Subsidiary	1	24
Centro Istruttorie S.p.A.	Subsidiary	42	69
Centro Processi Assicurativi S.r.l.	Subsidiary	2	29
Centro Servizi Asset Management S.r.l.	Subsidiary	16	18
CercAssicurazioni.it S.r.l.	Subsidiary	1	2
PrestitiOnline S.p.A.	Subsidiary	6	22
Effelle Ricerche S.r.l.	Subsidiary	-	22
EuroServizi per i Notai S.r.l.	Subsidiary	3	55
Generale Servizi Amministrativi S.r.l.	*Joint venture*	-	26
IN.SE.CO. S.r.l.	Subsidiary	1	20
Innovazione Finanziaria SIM S.p.A.	Subsidiary	3	12
Klikkapromo S.r.l.	Subsidiary	-	19
Mikono S.r.l.	Subsidiary	-	12
Money360.it S.p.A.	Subsidiary	1	20
MutuiOnline S.p.A.	Subsidiary	8	24
PP&E S.r.l.	Subsidiary	1	27
Quinservizi S.p.A.	Subsidiary	16	42
Segugio Servizi S.r.l.	Subsidiary	1	6
Segugio.it S.r.l.	Subsidiary	-	8
Total trade receivables from related parties		**170**	**457**

(euro thousand)	Relationship	As of December 31, 2017	As of December 31, 2016
Trade and other payables			
7Pixel S.r.l.	Subsidiary	-	1
Centro Finanziamenti S.p.A.	Subsidiary	-	2
Centro Istruttorie S.p.A.	Subsidiary	-	5
Centro Servizi Asset Management S.r.l.	Subsidiary	-	1
CercAssicurazioni.it S.r.l.	Subsidiary	-	3
PrestitiOnline S.p.A.	Subsidiary	-	10
EuroServizi per i Notai S.r.l.	Subsidiary	-	1
IN.SE.CO. S.r.l.	Subsidiary	-	3
MutuiOnline S.p.A.	Subsidiary	-	20
PP&E S.r.l.	Subsidiary	43	-
Quinservizi S.p.A.	Subsidiary	-	3
Total trade and other payables to related parties		**43**	**49**

(euro thousand)	Relationship	As of December 31, 2017	December 31, 2016
Other non current assets			
7Pixel S.r.l.	Subsidiary	3,346	3,346
CreditPro Mediazione Creditizia S.r.l.	*Joint venture*	190	-
Total other non current assets from related parties		**3,536**	**3,346**
Other current assets			
Centro Finanziamenti S.p.A.	Subsidiary	412	489
Centro Istruttorie S.p.A.	Subsidiary	14,844	2,078
Centro Processi Assicurativi S.r.l.	Subsidiary	78	71
Centro Servizi Asset Management S.r.l.	Subsidiary	444	611
CercAssicurazioni.it S.r.l.	Subsidiary	743	2,738
PrestitiOnline S.p.A.	Subsidiary	4,200	6,789
Effelle Ricerche S.r.l.	Subsidiary	2,105	274
EuroServizi per i Notai S.r.l.	Subsidiary	644	1,190
Generale Servizi Amministrativi S.r.l.	*Joint venture*	7	-
IN.SE.CO. S.r.l.	Subsidiary	351	421
Innovazione Finanziaria SIM S.p.A.	Subsidiary	14	-
MutuiOnline S.p.A.	Subsidiary	-	-
PP&E S.r.l.	Subsidiary	92	106
Quinservizi S.p.A.	Subsidiary	19	222
Segugio Servizi S.r.l.	Subsidiary	-	-
Total other current assets from related parties		**23,953**	**14,989**

(euro thousand)	Relationship	As of December 31, 2017	December 31, 2016
Other current liabilities			
Innovazione Finanziaria SIM S.p.A.	Subsidiary	-	218
Klikkapromo S.r.l.	Subsidiary	206	229
Mikono S.r.l.	Subsidiary	17	13
Money360.it S.p.A.	Subsidiary	178	151
Segugio Servizi S.r.l.	Subsidiary	205	94
Segugio.it S.r.l.	Subsidiary	612	714
Total other current liabilities to related parties		**1,218**	**1,419**

(euro thousand)	Relationship	As of December 31, 2017	December 31, 2016
Cash and cash equivalent			
Klikkapromo S.r.l.	Subsidiary	332	420
Mikono S.r.l.	Subsidiary	-	21
Money360.it S.p.A.	Subsidiary	-	134
PP&E S.r.l.	Subsidiary	2,127	1,987
Segugio Servizi S.r.l.	Subsidiary	88	-
Segugio.it S.r.l.	Subsidiary	755	334
Total cash and cash equivalent with related parties		**3,302**	**2,896**
Short-term borrowings			
7Pixel S.r.l.	Subsidiary	35	1,355
Centro Finanziamenti S.p.A.	Subsidiary	7,004	5,281
Centro Istruttorie S.p.A.	Subsidiary	24,595	14,853
Centro Processi Assicurativi S.r.l.	Subsidiary	479	571
Centro Servizi Asset Management S.r.l.	Subsidiary	3,092	3,315
CercAssicurazioni.it S.r.l.	Subsidiary	8,598	7,417
PrestitiOnline S.p.A.	Subsidiary	9,579	14,149
Effelle Ricerche S.r.l.	Subsidiary	2,280	1,520
EuroServizi per i Notai S.r.l.	Subsidiary	690	690
IN.SE.CO. S.r.l.	Subsidiary	6,190	5,532
Mikono S.r.l.	Subsidiary	15	-
Money360.it S.p.A.	Subsidiary	67	-
MutuiOnline S.p.A.	Subsidiary	38,156	26,861
Quinservizi S.p.A.	Subsidiary	4,573	3,745
Segugio Servizi S.r.l.	Subsidiary	-	497
Total short-term borrowings with related parties		**105,353**	**85,786**

The non-current assets refer to the loans granted to the subsidiary 7Pixel S.r.l. during the financial year ended December 31, 2015, and to the joint venture CreditPro Mediazione Creditizia S.p.A. during the financial year ended December 31, 2017.

The other current assets as of December 31, 2017, refer to receivables versus subsidiaries for dividends resolved and not yet paid and for the participation to the tax consolidation regime.

The other current liabilities as of December 31, 2017, refer to liabilities versus subsidiaries for the participation to the tax consolidation regime.

The treasury of the Italian companies of the Group is centrally managed by the Issuer. The financial operations displayed refer to debit and credit balances of the cash pooling accounts of the subsidiaries with the Issuer as of December 31, 2017.

(euro thousand)	Relationship	Years ended December 31, 2017	December 31, 2016
Revenues			
7Pixel S.r.l.	Subsidiary	69	85
Centro Finanziamenti S.p.A.	Subsidiary	24	24
Centro Istruttorie S.p.A.	Subsidiary	12,057	61
Centro Processi Assicurativi S.r.l.	Subsidiary	25	25
Centro Servizi Asset Management S.r.l.	Subsidiary	9	29
CercAssicurazioni.it S.r.l.	Subsidiary	1	2,501
PrestitiOnline S.p.A.	Subsidiary	4,026	6,529
Effelle Ricerche S.r.l.	Subsidiary	1,821	21
EuroServizi per i Notai S.r.l.	Subsidiary	1,803	1,696
Generale Servizi Amministrativi S.r.l.	*Joint venture*	26	2,276
Generale Fiduciaria S.p.A.	Subsidiary	160	-
IN.SE.CO. S.r.l.	Subsidiary	21	20
Innovazione Finanziari SIM S.p.A.	Subsidiary	12	12
Klikkapromo S.r.l.	Subsidiary	19	19
Mikono S.r.l.	Subsidiary	12	12
Money360.it S.p.A.	Subsidiary	19	19
MutuiOnline S.p.A.	Subsidiary	27	30
PP&E S.r.l.	Subsidiary	24	24
Quinservizi S.p.A.	Subsidiary	39	43
Segugio Servizi S.r.l.	Subsidiary	5	6
Segugio.it S.r.l.	Subsidiary	6	6
Total revenues from related parties		**20,205**	**13,438**

(euro thousand)	Relationship	Years ended December 31, 2017	December 31, 2016
Other revenues			
7Pixel S.r.l.	Subsidiary	-	6
Centro Finanziamenti S.p.A.	Subsidiary	2	-
Centro Istruttorie S.p.A.	Subsidiary	48	17
Centro Processi Assicurativi S.r.l.	Subsidiary	4	4
Centro Servizi Asset Management S.r.l.	Subsidiary	22	9
CercAssicurazioni.it S.r.l.	Subsidiary	1	1
EuroServizi per i Notai S.r.l.	Subsidiary	1	-
IN.SE.CO. S.r.l.	Subsidiary	1	-
Innovazione Finanziari SIM S.p.A.	Subsidiary	3	-
PrestitiOnline S.p.A.	Subsidiary	2	1
Generale Servizi Amministrativi S.r.l.	*Joint venture*	-	1
Money360.it S.p.A.	Subsidiary	1	-
MutuiOnline S.p.A.	Subsidiary	4	3
PP&E S.r.l.	Subsidiary	2	2
Quinservizi S.p.A.	Subsidiary	17	8
Segugio Servizi S.r.l.	Subsidiary	1	-
Total other revenues from related parties		**109**	**52**

The revenues for the year ended December 31, 2017 mainly refer to dividends distributed by the subsidiaries and, for the residual part, to fees for direction, coordination and professional services invoiced by the Issuer to its subsidiaries.

		Years ended	
(euro thousand)	**Relationship**	**December 31, 2017**	**December 31, 2016**
Services costs			
PP&E S.r.l.	Subsidiary	307	303
Quinservizi S.p.A.	Subsidiary	-	45
Total services costs from related parties		**307**	**348**

Services costs are related to rental and office residence services provided by PP&E S.r.l..

In the financial year ended December 31, 2017 we do not identify any other related parties translations.

28. Subsequent events

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholders' meeting, after December 31, 2017, the Issuer purchased 54,661 own shares, equal to 0.137% of the share capital.

In addition, after December 31, 2017, following the exercise of stock options by employees of the Group, the Issuer sold a total of 174,120 own shares in portfolio, equal to 0.435% of share capital.

As of the date of approval of this consolidated financial report the Issuer owns 318,911 Issuer shares, equal to 0.797% of share capital, for a total cost equal to Euro 2,120 thousand.

Loan granted by Mediocredito Italiano

It is worth pointing out that on January 30, 2018 the Issuer obtained a loan from Mediocredito Italiano S.p.A. for a total amount equal to Euro 50,000 thousand, paid in two tranches respectively on January 30, 2018 and February 28, 2018. Such transaction is a corporate loan with the purpose, for the part not used for the reimbursement of the existing loans with the Intesa SanPaolo group, to support the Group in its own financial needs.

The schedule of the loan provides for quarterly reimbursements starting from March 31, 2019 to December 31, 2023, at a yearly fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and to 1.05% on the second tranche of Euro 20,000 thousand.

Finally, the Issuer is obliged to comply with the following financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) ratio between consolidated net financial indebtedness and EBIT less than 2.5; ii) ratio between total indebtedness and equity less than 1.5; iii) distribution of earnings and/or retained earnings not over 50% in presence of a ratio between consolidated net financial indebtedness and EBIT higher than 2.0.

Increase of share capital

As described in note 10, in January 2018, 99,130 new shares were subscribed, referring to the increase of the share capital resolved by the Board of Directors, following the delegation attributed by the extraordinary shareholders' meeting held on April 22, 2016. As a consequence of such subscription, at the date of the present Report, the share capital is equal to Euro 1,012,354.01, and is formed by 40,000,000 ordinary share without nominal value.

New stock option plan

On April 27, 2017 the shareholders' meeting approved the rules for a stock option plan for the benefit of certain directors, employees and other personnel of the Group.

On March 12, 2018 the Company's Board of Directors resolved, according to the rules for a stock option plan resolved by the shareholders' meeting of the Issuer hal on April 27, 2017, to offer n. 400,000 stock options to the executive directors, Marco Pescarmona and Alessandro Fracassi, at an exercise price equal to Euro 13.549.

On March 12, 2018 the Company's executive committee resolved the allotment of n. 839,850 stock options to certain employees and other personnel of the Group, at an exercise price equal to Euro 13.549 per share.

The recognition of the stock option plan was based on the Black, Scholes and Merton model for valuation of options using the following parameters:

Risk-free interest rate (%)	1.00%
Maturity (years)	6
Implicit volatility (%)	32.7%
Dividend yield	2.23%

The parameters used for the valuation of options granted refer to data collected at the same date of the allotment of the options and refer to the most recent economic/financial variables.

Strategic investments

Within the activities of strategic development of the Group in synergic sectors with those in which it already operates, the Issuer is considering investments in strategic participations.

Milan, March 12, 2018

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to art. 123-bis of the Consolidated Law on Finance

(traditional model of administration and control)

Issuer: Gruppo MutuiOnline S.p.A.
Website: www.gruppomol.it

Financial year of reference: 2017
Date of approval of the report: March 12, 2018
Date of publication of the report: March 29, 2018

5. REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE

GLOSSARY

Articles of Association: articles of association and bylaws of the Issuer, published also on the website of the Issuer, in section "Governance", "Articles of association and company bylaws".

Board or **Board of Directors**: the Board of Directors of the Issuer.

Board of Statutory Auditors: statutory auditors of the Issuer.

Code of Conduct: the Code of Conduct for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confidustria.

CONSOB: National Commission for Companies and Stock Exchange.

CONSOB Issuer Regulations: the regulations adopted by CONSOB with resolution no. 11971 in 1999 (and subsequent amendments) pertaining the discipline of issuers.

CONSOB Market Regulations: the regulations adopted by CONSOB with resolution no. 16191 in 2007(and subsequent amendments) pertaining the discipline of markets.

CONSOB Regulations on Related Parties: the regulations adopted by CONSOB with resolution no. 17221 on March 12, 2010 (and subsequent amendments) pertaining the discipline of related parties.

Consolidated Law on Finance or **TUF** (*Testo Unico della Finanza*): legislative decree no. 58 of February 24, 1998 (and subsequent amendments).

Financial year: the relevant financial year of the Report.

Group: the companies belonging to the group of the Issuer.

Instructions accompanying Markets Rule: Instructions accompanying the Rules of the Markets organized and managed by the Italian Stock Exchange.

Issuer or **Company**: Gruppo MutuiOnline S.p.A., with registered office at via F. Casati 1/A, Milan.

Italian Stock Exchange: Borsa Italiana S.p.A.

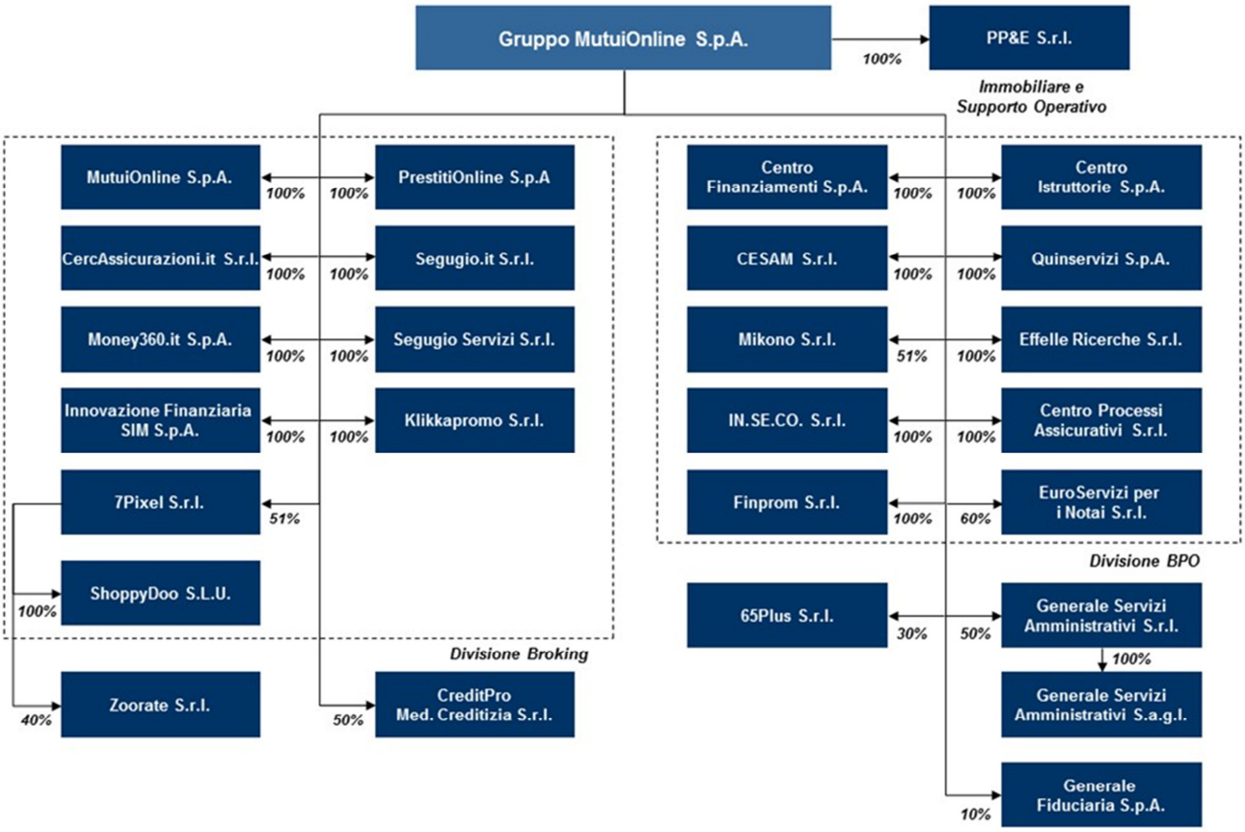
Market Regulations: the regulations of the markets organized and managed by the Italian Stock Exchange.

Report: the report on corporate governance and company structure that companies are required to prepare pursuant to article 123-bis of TUF.

1. PROFILE OF THE ISSUER

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with a leadership position in the Italian market for the online comparison, promotion and intermediation of products provided financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for financial and insurance sector operators.

The structure of the Group as of December 31, 2017 is as follows:



The companies indicated above are all based in Italy, except Finprom S.r.l., a company incorporated under Romanian law, and ShoppyDoo S.L.U., a company incorporated under Spanish law.

Generale Servizi Amministrativi S.r.l., a joint venture of which the Issuer holds a 50% stake, controls Generale Servizi Amministrativi S.a.g.l., a Swiss company with registered office in Lugano.

The Issuer is organized according to the traditional model of administration and control as per articles 2380-*bis* and following of the civil code, which provides for the shareholders' meeting, the Board of Directors and the board of statuary auditors. The Company adheres to the Code of Conduct.

2. INFORMATION ON OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2017

2.1. Structure of share capital

The company has a fully paid up share capital of Euro 1,009,845.14 composed of 39,900,870 ordinary shares without nominal value.

The shares are listed on the STAR Segment of the *Mercato Telematico Azionario* (**MTA**), the Italian screen-based trading system organized and managed by the Italian Stock Exchange. Please refer to Table 1 in the appendix for the structure of share capital.

Except what follows, the Company has not issued other financial instruments that give the right to subscribe for new shares.

On September 25, 2014, the shareholders' meeting approved a stock option plan for the benefit of certain directors, employees and other personnel of the Group. For more information on stock option plans outstanding as of December 31, 2017 please refer to the disclosure documents prepared pursuant to article 84-*bis* of the Issuer Regulations deposited at the Company's registered office and published on the website of the Company www.gruppomol.it in the section "Governance", "Other documents" "2014". Please refer also to the explanatory notes attached to the financial statements for the financial year ended December 31, 2017 and to the remuneration report prepared pursuant to article 123-*ter* of TUF and article 84-*quater* of the Issuers' Regulations.

We notice that on April 27, 2017 the shareholders' meeting of Gruppo MutuiOnline S.p.A. approved the rules of a new stock option plan for directors, employees and collaborators.

2.2. Restrictions to the transfer of shares

There are no restrictions to the transfer of shares.

2.3. Significant shareholders

As of December 31, 2017, according to the communications received pursuant to article 120 of TUF, the list of shareholders who hold directly or indirectly at least five percent of the ordinary share capital, is presented in appendix in Table 1 concerning relevant shareholdings.

It is worth pointing out that there are no controlling shareholders.

Besides, it is worth pointing out that Marco Pescarmona, Chairman of the Board of Directors, holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi, Chief Executive Officer, holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.). Alma Ventures S.A., as of December 31, 2017, holds 12,841,070 shares of the issuer, equal to 32.182% of ordinary share capital, none of which acquired during the financial year ended December 31, 2017.

As of December 31, 2017, the Group's companies hold in total 2,089,892 shares of the Issuer, of which 343,870 shares are directly held by the Issuer, 1,500,000 shares are held by subsidiary MutuiOnline S.p.A. and 151,522 shares are held by subsidiary Centro Istruttorie S.p.A., for a total equal to 5.238% of ordinary share capital. These shares, as provided by law, do not give voting rights at the shareholders' meeting.

2.4. Shares that confer special rights

The Company has not issued shares that confer special controlling rights or special powers assigned to the securities.

2.5. Employee shareholding plan: procedure for the exercise of voting rights

There is no procedure for the exercise of voting rights for employees.

2.6. Restrictions to voting rights

There are no restrictions to voting rights.

2.7. Shareholders' agreements

As of the date of approval of the present Report, the issuer is not aware of any shareholders' agreements.

2.8. Change of control clauses

The Issuer and its subsidiaries have not entered into any significant agreements which become effective, are modified or expire in case of change in the control of the contracting company.

The Articles of Association of the Issuer do not contain exceptions to the passivity rule as provided for by article 104, paragraphs 1 and 2, of TUF and do not require the application of the breakthrough rule as per article 104-*bis*, paragraphs 2 and 3, of TUF.

2.9. Delegations of the power to increase share capital and authorizations to buy own shares

On April 27, 2015, the shareholders' meeting delegated the Board to increase share capital excluding option rights, pursuant to articles 2443 and 2441, comma 4, second period, of civil code, with payment in cash or in kind. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the limit of 10% of the total amount of outstanding shares of the Issuer as of the date of the resolution, as well as of 10% of share capital as of the same date. The faculty to increase the share capital above-described has not yet been exercised by the Board.
On April 22, 2016 the shareholders' meeting delegated the Board to increase share capital, pursuant to articles 2443 and 2441, comma 8 of civil code. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the maximum limit of 3,951,187 shares of the Issuer and the maximum nominal value of 100,000.00 euro, to offer in subscription to employees of the Issuer or its subsidiaries. These are no bonus shares and should be paid in money.

On September 28, 2017, the Board of Directors, partially exercising the power received with the resolution of the extraordinary shareholders' meeting of April 22, 2016, resolved to increase the share capital up to a nominal value equal to Euro 12,354.01, to be paid, by issuing ordinary shares up to n. 488,130, at a price of Euro 4.976 per share.

On April 27, 2017 the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 22, 2016 and authorized the Board of Directors to purchase and dispose own shares, also by means of subsidiaries of the Issuer, with the following purposes:

i. for activities in support of market liquidity;

ii. for the possible use of shares as compensation in extraordinary transactions, including exchange of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and "Equita SIM S.p.A.", for its role as specialist on the stock market, compliant with the requirements for the presence in the STAR segment of MTA;

v. for an efficient investment of the liquidity of the Group.

The authorization for the purchase of own shares approved on April 27, 2017 was granted for the maximum limit permitted by the currently applicable law, pursuant to articles 2357 and 2357-*ter* of the civil code, taking into account own shares already held by the Company and the shares of the Issuer held by its subsidiaries.

The authorization for the purchase of own shares have been granted for a period of 18 (eighteen) months from the date of the shareholder's meeting, whereas the authorization for the disposal has an unlimited duration.

As of December 31, 2017 the companies of the Group hold a total of 2,089,892 shares, and as of the date of approval of this Report, hold a total of 1,970,433 shares of the Issuer, divided as follows:

Shareholder company	Shares held as of December 31, 2017	Shares held as of March 12, 2018	Date of the last authorization of the shareholders' meeting
Gruppo MutuiOnline S.p.A.	438,370	318,911	April 22, 2018
MutuiOnline S.p.A.	1,500,000	1,500,000	May 20, 2011
Centro Istruttorie S.p.A.	151,522	151,522	April 24, 2008
Total	**2,089,892**	**1,970,433**	

2.10. Management and coordination activity

The Company is not subject to management and coordination activities by any other company or entity pursuant to articles 2497 and the following of the civil code.

With reference to the further information pursuant to article 123-*bis* of the TUF we specify that:

- for information on eventual agreements between the Company and the directors which provide for indemnities in case of resignation or dismissal without just cause or if their office is terminated due to a takeover bid (article 123-*bis,* paragraph 1, letter i)), please refer to the remuneration report published pursuant to article 123-*ter* of TUF and to article 84-*quater* of the Issuers' Regulations*;*

- for information on the rules applicable for the appointment and replacement of directors as well as statutory changes (article 123-*bis*, paragraph 1, letter 1)), please refer to the following paragraph 4.1.

3. COMPLIANCE

The Company has adopted the Code of Conduct, publicly available on the website of the Committee of Corporate Governance (http://www.borsaitaliana.it/comitato-corporate-governance/codice/2015clean.pdf).

Neither the Issuer nor any of its subsidiaries of a certain strategic relevance are subject to non-Italian laws that affect the corporate governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors and modifications of bylaws

The Company is led by a Board of Directors composed of a minimum of seven members to a maximum of twelve members. The ordinary shareholders' meeting decides, at the moment of appointment, the duration of the office, which cannot exceed three financial years; the mandate of the directors expires on the date of the shareholders' meeting called for the approval of the financial statement of the last financial year of their office. Directors are eligible for re-election.

Acceptance of office as director is subject to the fulfillment of the requirements provided by the law, the Articles of Association and any other applicable provisions.

Article 16, paragraph 14 of the Articles of Association provides that, if not otherwise authorized by the Board, an individual cannot be appointed director of the Company and, if appointed, will lose the office, if he/she:

i. is, when appointed, more than seventy years old;

ii. has not obtained a total of at least three years' experience in the performance of accounting or controlling activities in corporations, professional activities or permanent university teaching in economic, financial, legal or technical/scientific subjects pertinent to the Company's business activities;

iii. exercises a competing activity on his/her own or for others, or is a director, general manager or executive in competitor companies or clients of the Company, or has been such in the previous biennium; or

iv. is director, general manager or executive in companies recorded in the Register of Banks, pursuant to article 13 of Law Decree 385/1993.

It is also worth highlighting that, since the Issuer is admitted to trading on the MTA, STAR Segment, in order to maintain the status it must have in its Board of Directors an adequate number of independent directors and, therefore, comply with the criteria of Article IA.2.10.6 of the Instructions of the Stock Exchange Regulations which provide for: at least 2 independent directors for boards up to 8 members; at least 3 independent directors for boards with between 9 and 14 members; at least 4 independent directors for boards with more than 14 members. In addition, in the Code of Conduct the criterion 3.C.3 recommends that at least one-third of the Board of Directors are independent directors.

In accordance with article 16, paragraph 5 of the Articles of Association, each list must contain and expressly indicate independent director candidates, with reference both to the number of candidates to be elected and to the independence requirements established for the statutory auditors by article 148, paragraph 3 of Law Decree 58/1998, in addition to the independence requirements established by the Code of Conduct. Furthermore, in accordance with the equilibrium among genders, provided by article 147-*ter*, comma 1-*ter* of TUF implemented by Law n. 120 of 12 July 2011, each list – if the lists does not present a number of candidates less than three – must assure the presence of both genders, so that the candidates of the gender less represented are, for the first mandate following the entering in force of the Law 120/2011, at least a fifth of the total and, in the two subsequent mandates, at least a third of the total; everything with a rounding, in case of fractional number, to the upper unit. The Issuer has considered it unnecessary to adopt a diversity policy to be applied in relation to the composition of the Board of Directors in term of age and background, as annually the Board performs a board evaluation regarding also the composition of the Board itself and its committees. We believe that the Board members hold a variety of skills which allows analyzing different topics during the discussions from different perspectives and, therefore, helps to develop the dialectic that is the distinctive assumption for a collegial, thoughtful and conscious resolution

Article 16, paragraphs 2 and 3 of the Articles of Associations also provides a voting system for the appointment of the governing body based on lists submitted by shareholders who, alone or together with others, hold a stake at least equal to that established by CONSOB Issuers' Regulation. It is worth pointing out that on January 24, 2018, CONSOB, with resolution n. 20273, resolved the maximum shareholding thresholds required for the submission of the lists of candidates for the elections of the governing and controlling bodies of the Companies whose financial year ended on December 31, 2017; as the market capitalization is more than Euro 375 million and less than Euro 1 billion, the Issuer has identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting.

Any shareholder, as well as the shareholders adhering a shareholders' agreement pursuant to article 122 of TUF, and also the controlling entity, the subsidiary companies and those which are subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, even though a third party or trust company, more than one list, nor they can vote for different lists. Adherence to a lists or votes expressed in violation of these prohibitions shall not be assigned to any list.

The lists submitted by the shareholders must be filed at the registered office at least twenty five days before the date set for the shareholders' meeting in first call, together with the documents required by the Articles of Association, among which a resume of the candidates included in the list.

The election of the directors proceeds as follows:

i. from the list that has obtained the highest number of votes at the shareholders' meeting, all candidates except one, among which three independents or, if the directors to be elected are less than nine, two independents; within such numerical limit, the candidates are elected according to their progressive order in the list;

ii. from the list that has obtained the second highest number of votes at the shareholders' meeting and is not connected to the first, the first candidate of such list.

If the composition of the board using the above procedure does not guarantee the equilibrium among genders, taking into account their order in the list, the last elected of the majority list belonging to the most represented gender delay in sufficient number to assure the respect of the requirement and they are substituted by the first candidates not elected in the same list of the less represented gender. In the absence of candidates of the less represented gender inside the majority list in sufficient number for the substitution, the general meeting integrates the board with the legal majority, assuring the satisfaction of the requirements.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists meeting the requirements set out in article 147-ter, comma 1-*ter* of the TUF.

In the event of submission of a single list, all the candidates in that list will be elected. In the case no list is submitted, the shareholders' meeting will appoint the Board of Directors as provided by the law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If during the financial year one or more directors cease to hold the office, for any reason, the Board of Directors will act pursuant to article 2386 of the civil code and pursuant to article 16 of the Articles of Association.

In particular, if the director or the directors that ceased to hold office were taken from a list that contained also non-elected candidates, the Board of Directors will make the replacement appointing from the same list of the directors who ceased to hold office, based on the progressive order, persons who are still eligible and willing to accept the office. The shareholders' meeting deliberates, with the majority required by law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If the person who ceases to hold office is an independent director, the replacement will occur, as far as possible, by appointing the first of the non-elected independent directors from the same list in which the director that ceases to hold office was elected. The shareholders' meeting deliberates, with the majority required by law, in accordance with such principles.

If there is a lack of previously non-elected candidates from that list, the Board of Directors shall replace the directors no longer in office, without compliance to such provisions, pursuant to article 2386 of the civil code, and will guarantee, when it is an independent director that ceases to hold office, the minimum number of independent directors required under the applicable law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF. The shareholders' meeting decides, with the majority required by law, in accordance with such principles.

Article 16, paragraph 13 of the Articles of Association provides that if the majority of directors cease to hold office, the whole Board of Directors will be considered revoked and a shareholders' meeting should be called immediately for the appointment of new directors.

The Issuer has not adopted any explicit succession planning in view of the substantial short-term interchangeability of the executive directors Marco Pescarmona and Alessandro Fracassi. In fact, if any of the two were to cease to hold office, the remaining executive director would be in able to ensure continuity for the management of both Divisions, relying on a solid first line of management, capable of supervising the ordinary activities during the necessary time for the research and the placement of one or more senior executives capable to contribute at a strategic level to the management of the Group. Of course, in the very unlikely case, in which both executive directors cease to hold office, the Board of Directors has the duty to identify an appropriate solution, without relying on pre-established plans.

4.2. Composition

The current Board of Directors was appointed by the shareholders' meeting of April 27, 2017, in which only one list of candidates was submitted, proposed by shareholder Alma Ventures S.A., and will remain in charge until the approval of the financial statement for the year ended December 31,

2019. The list of candidates belonging to that list received a favorable vote by 95.87% of the shareholders present, representing 68.55% of the share capital.

Currently, the Board of Directors consists of 9 members. The members in office as of December 31, 2017 are shown in Table 2, in appendix, concerning the structure of the Board and committees, as well as the attendance rate to the meetings.

As regards the personal and professional characteristics of each director, please refer to their *curricula* published on the Issuer's website www.gruppomol.it, in the "Governance" section, "Shareholders' meeting and Company governance", "2017".

As of the end of the financial year, the composition of the Board of Directors has not changed.

Maximum number of offices held in other companies

The Board did not define any general criteria about the maximum number of offices held as director or auditor in other companies, that could be considered compatible with an efficient performance as director of the Issuer; taking into account the duty of each director to assess the compatibility of any office held as director or statutory auditor in other companies listed in regulated markets, in financial, banking, insurance or other large companies, with a diligent performance of their tasks as director of the Issuer, the Board, yearly, makes an assessment based on the declarations of each director, keeping particular attention to assess the diligence of each director to follow with constancy and attention the different management tasks of the Issuer and of their participation to the meetings of the Board and the committees.

As regards the offices held, during the financial year, by the directors of the Issuer in other listed companies, in financial, banking and insurance companies or in large companies, please refer to Table 2A in the appendix. The Board considered these offices compliant with the office held in the Issuer based on the criteria above mentioned.

Induction Program

During all the meetings of the Board of Directors, the Chairman and the CEO duly report about the performance of the economic sector of the Issuer, the operations, the dynamics of the company, the standards of proper risk management and the regulatory framework. In addition to formal meetings, all directors are constantly informed about the operations of the Issuer during informal meetings and/or conference calls. Furthermore, we point out that some directors participate to professional updating and training courses on regulatory, technical and professional issues related to the business activities of the Group.

4.3. Role of the Board of Directors

During the financial year, the current Board of Directors met 7 times for an average of about two and a half hours for each meeting. All meetings were attended by at least two members of the Board of Statutory Auditors and Francesco Masciandaro, Chief Financial Officer of the Issuer and manager in charge of preparing the accounting statements.

For financial year 2018 there are 4 scheduled meetings for the approval of the periodic financial reports. During 2018, in addition to the first scheduled meeting, during which the Board approved the draft statutory financial statements for the financial year ended on December 31, 2017 together with this Report, a not previously scheduled meeting has been held, during which the Board resolved the subscription of a new loan agreement.

The members of the Board of Directors are provided, in proper and timely manner, with the documentation and information necessary for decision-making. The documentation is usually sent by e-mail, with a 24/48 hours' notice, considered adequate and usually respected, to allow to act with full knowledge of the facts and take an active part to the Board decisions. Sometimes, remarkable issues are reported in advance by the executive directors during the above mentioned informal meetings and/or conference calls. Besides it is worth pointing out that during the meeting the Board examines in deep all the arguments in agenda considered more significant and strategic; the president and the CEO explain in detail the discussed arguments and are at full disposal of the other members of the Board to reply to any clarification required.

The Board of Directors meets according to the notice letter also outside Italy, anywhere in the EU, or in Switzerland. The Board may be called into session at any time by the President on his own initiative. The President shall call the Board at any time upon the written request of at least two Directors and/or at least one Statutory Auditor.

The notice should be given at least three days prior to the meeting by registered mail or by hand, fax or e-mail and should be sent to every Director and Statutory Auditor. Except in special circumstances when notice of a meeting shall be given as soon as possible, the members shall be notified at least one day in advance.

In absence of formal call, a meeting of the Board of Directors can be considered valid, whenever every member and every Statutory Auditor is attending it.

The majority of committee members must be present for meetings to be duly convened; it is also allowed to attend the meeting via tele-conferencing or video-conferencing on the condition that all participants can be identified and can simultaneously follow and participate in discussion of the topics on the agenda and view documents in real time. In the presence of these requirements, the committee shall be considered to have met in the place where the meeting's Chairman is located, where the Secretary must also be located in order to permit writing and signing of the minutes of the meeting.

During the meeting of the Board, after ascertaining that all the documents concerning the agenda have already been circulated to every member of the board of directors and of the board of the statutory auditors, the executive directors expose and explain all the points of the agenda, answering exhaustively to the questions and information required. Every issue will be discussed for the amount of time needed to allow constructive analysis and comparisons, which will bring to the Board decisions. Usually, for issues regarding the internal committees, the Chairman of the committee exposes the proposal and the committee activities.

Resolutions shall be passed by majority vote among those attending the meeting; if the vote is split, the Chairman shall cast the deciding vote. Directors are not allowed to vote on behalf of another member.

The Board of Directors plays a central role within the corporate organization and has the task and responsibility of determining strategy and organization, as well as verifying the existence of the controls required for the monitoring of the operations of the Company and the of Group.

Each member of the Board of Directors is required to act with full knowledge of the facts and autonomously, with the purpose of creating value for shareholders, and is committed to devoting to the office covered in the Company the necessary time in order to ensure the diligent performance of his or her functions, regardless of the positions held outside of the Issuer, being aware of the responsibilities of the office held.

Pursuant to article 17 of the Articles of Association, the Board of Directors is invested with all powers for the management of the Company and to this purpose it may act or take any actions that will consider necessary or useful for the implementation of the business purpose, with the exception of the matters exclusively reserved to the shareholders' meeting by the law and by the Articles of Association.

Under the same statutory provisions, the Board is also empowered to take, pursuant to article 2436 of the civil code, decisions regarding:

i. merger and demerger resolutions in the cases pursuant to articles 2505, 2505-*bis* and 2506-*ter*, last paragraph of the civil code;

ii. the constitution or suppression of secondary offices in Italy or abroad;

iii. the reduction of capital upon termination of shareholders;

iv. adaptation of the Articles of Association to regulatory provisions;

v. the transfer of the registered office in the national territory;

vi. the indication of the delegated directors; the appointment of one or more general managers and the assignment of powers;

vii. the other powers reserved to it by the law or by the Articles of Association.

The Board of Directors has the general power of direction and control over the activities of the Company and on the management of the business. In particular, it:

i. examines and approves the financial, industrial and strategic plans of the Company and of the Group;

ii. evaluates and approves the annual budget of the Company and of the Group;

iii. examines and approves transactions - including investments and divestments - which, by their nature, strategic importance, size or by the commitments they might imply, have a large impact on the activities of the Group;

iv. verifies the adequacy of the organizational and general management structure of the Company and the Group;

v. drafts and adopts the regulations of the Company's corporate governance and sets out the guidelines of governance of the Group;

vi. constitutes the Supervisory Body pursuant to the legislative decree n. 231 of June 8, 2001;

vii. assigns and revokes the powers of the directors and to the executive committee, if constituted, setting the limits, the exercise and the time interval, normally not exceeding three months, by which the delegated bodies must report to the Board about the activity done during the exercise of the powers delegated to them;

viii. determines the duties and the powers of the general managers, if appointed;

ix. determines, after examining the proposals of the relative committee and consulting the Board of Statutory Auditors, the remuneration of the CEO and of the directors who hold particular offices and, if the shareholders' meeting has not defined it, the breakdown of the total remuneration due to any members of the Board and committees;

x. supervises the general business management, with particular attention to conflicts of interest, taking into account, in particular, the information received from the CEO, from the executive committee, if established, and from the Control and Risk Committee, and comparing periodically the results achieved with those planned;

xi. evaluates and approves the periodic reports as provided by the law;

xii. exercises all the other powers assigned to it by law and by the Articles of Association.

At each Board meeting, the members of the executive committee shall inform the Board in detail on the main management events of strategic importance, on the business performance and on the evolution of the management for all companies of the Group, comparing the results achieved with the budgeted ones.

Furthermore, the executive directors, holding positions of operational nature within the Group, have full visibility of accounting, administrative and organizational issues of the Issuer and its subsidiaries, updating the Board promptly at the first useful meeting about any critical situation emerged or any substantial changes occurred. In this way the Board can adequately assess the organizational, administrative and accounting structure of subsidiaries, which are all deemed relevant from a strategic point of view, considering the variety and complementarity of the services offered.

The Board deemed that the relatively low complexity of the organizational structure of the Group is coherent with the operational efficiency of the Group.

Periodically, the Control and Risk Committee shall inform, as provided by the Code of Conduct, the Board on its activities and on the adequacy of internal control system, providing directors with documents that illustrate the work of the committee.

The Board, taking into account the relatively simple organizational structure, considers it appropriate not to define any general criteria for the identification of significant transactions in terms of strategic, economic, or financial relevance for the Issuer itself. In addition, it is worth pointing out that the Articles of Association of the Issuer grant to the Board the responsibility for ordinary and extraordinary administration of the Company, except only the acts for which the law or the Articles of Association exclusively reserve to the shareholders' meeting. In this respect, we point out that during financial year 2017, the Board was convened to resolve on a transaction of significant economic and financial relevance for the Issuer.

On November 13, 2017 the Board evaluated the functioning, organization, size and composition of internal committees, without the support of external advisors.

The Remuneration and Share Incentive Committee is composed of three independent directors. After evaluation it results to work regularly, to be well-sized in its composition and its members, with appropriate professional experience and background for the committee's tasks, enabling it to provide effective and valuable support to the Board

With regards to the Control and Risk Committee, it is composed of two independent directors (one of the two is the Chairman) and a non-independent Director. The committee works regularly, results to be well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board. We highlight that at least one of the members has a strong background and significant experience in accounting, finance and in risk. The committee shall report to the Board of Directors at least once every six months during the meetings for approval of the draft financial statements and half-year Report.

Within the Board is also present the Committee for Transactions with Related Parties formed by three independent directors. The committee was formed in accordance with the "Regulations concerning related party transactions" approved by CONSOB with Resolution n. 17221 of 12 March 2010. Within the procedures that assure transparency and procedural fairness of the transactions with related parties it requires that related party transactions be approved with the involvement of a committee formed by three independent directors. The committee results well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board.

Considering the positive outcome of the board evaluation in November 2016, the Board, on the occasion of the new appointment of the Directors in 2017, deemed to give no indication to the shareholders about managerial and professional figures to be appointed; in addition, it is worth pointing out that in the Board appointed during the financial year ended December 31, 2017 there are no new members. The Board members hold a variety of skills which allows analyzing different arguments during the discussions from different perspectives and, therefore, helps to develop the dialectic that is the distinctive assumption for a collegial, thoughtful and conscious resolution.

Finally, it is worth pointing out that the shareholders' meeting did not authorize, in a generic and precautionary way, any derogation to the competition ban pursuant to article 2390 of the civil code.

4.4. Delegated bodies

Chief Executive Officer

Pursuant to article 21 of the Articles of Association, the Board of Directors may delegate, pursuant to and within the limits of law and regulations, its own powers to one or more directors of the Board by defining the limit on the powers.

As of the date of approval of this report, the office of Chief Executive Officer is covered by Alessandro Fracassi.

The Board of Directors of the Company, during the meeting held on May 11, 2017 has delegated to director Alessandro Fracassi, to whom such delegation was also granted by the previous Board, with separate signature and for the entire duration of his office, the full power for:

i. the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 1,000,000 for each transaction (net of VAT) and

ii. for the recruitment and termination of employees that are not managers.

It is worth pointing out that the CEO is one the main responsible figures of the general management of the company and he is no part of the Board of Directors of any other issuer where a Director of the Issuer is CEO.

Chairman

The shareholders' meeting of April 27, 2017 has appointed director Marco Pescarmona (who already covered the same office in the previous Board) as chairman of the Board of Directors.

According to the Article of Association, the chairman has: the power of presiding the Shareholders' meeting (article 13), the power to call Board meetings (article 18), the power of legal representation for the Company, and the power of signature (article 24).

The chairman is, together with the CEO, one of the main managers of the Issuer and he is no part of the Board of Directors of any other issuer where a Director of the Issuer is CEO, as well. According to the provision of the format for the preparation Report on corporate governance and company structure set up by Italian Stock Exchange, it is worth pointing out that the Chairman is not the controlling shareholder of the Issuer.

Executive committee

Pursuant to Article 21 of the Articles of Association, the Board of Directors may establish an executive committee, composed by some of its members, determining the powers and the operating regulations pursuant and within the limits of law and regulations in force.

The Board of Directors of the Company, during the meeting of May 11, 2017, has appointed the executive committee composed by Marco Pescarmona and Alessandro Fracassi (chairman of the committee), already members of the previous executive committee.

The following powers have been assigned to the executive committee:

i. the broadest power for the execution of any kind of transactions of ordinary and extraordinary administration up to a maximum of Euro 5,000,000 for each transaction (net of VAT);

ii. the decisions about the vote that a subject delegated by the committee itself or a legal representative of the Company should express in the ordinary and extraordinary shareholders' meetings of the subsidiaries;

iii. the definition, implementation and the monitoring of the execution of the strategies of the Group; and

iv. the broadest powers for the recruitment and termination of managers and employees.

In addition, both the members of the Executive Committee, has been granted, also dis-jointly, all the powers required for the purchase and sale of Issuer own shares, within the scope of applicable regulations and of the authorization granted by the Shareholders' meeting on April 27, 2017.

During the financial year, the executive committee met 4 times, for an average duration of about 30 minutes for each meeting.

For the year 2018 no meetings of the executive committee have been planned. As of the date of the approval of this report a meeting of the executive committee have been held on March 8, 2018.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

Information to the Board

Pursuant to article 21 of the Articles of Association, the delegated bodies are required to report to the Board of Directors and to the Board of Statutory Auditors, at intervals of at least 180 days, on general management performance, on the business outlook, as well as on the most significant transactions, for their size or characteristics, performed by the Company and its subsidiaries, and on transactions with potential conflicts of interest.

The members of the executive committee, as directors, shall attend the meetings of the Board of Directors and, during the financial year ended December 31, 2017, at least one of the two members of the Committee attended the meetings of the Board of Directors. On such occasions, the members of the Executive Committee duly report to the rest of the Board and to the Board of statutory auditors about the management performance and about the main executive decisions taken, always within the limits of the delegated powers, for all the companies of the Group, at the first available meeting and, in any case, at least quarterly.

4.5. Other executive directors

The Board of Directors has not appointed other delegated directors beside Alessandro Fracassi.

On December 31, 2017 the members of the executive committee Marco Pescarmona and Alessandro Fracassi hold the offices in subsidiaries and associated companies described in Table 2B.

With the participation of at least one of the executive directors of the Issuer in almost all the boards of directors of the Italian subsidiaries and associated companies, the Board of Directors of the Issuer is constantly updated and informed on the situation and dynamics of the business of the Group.

4.6. Independent directors

The independent directors are in number and authority such as to guarantee that their judgment has a significant weight in board decisions of the Company. The independent directors bring their specific experiences in the board discussions, contributing to the taking of decisions consistent with the interest of the company.

The shareholders' meeting of April 27, 2017 appointed as independent directors Anna Maria Artoni, Chiara Burberi, Matteo De Brabant, Klaus Gummerer and Valeria Lattuada, who declared to possess all the necessary independence requirements on March 27, 2017, when their candidacy was accepted.

At the earliest opportunity, on May 11, 2017 the Board of Directors checked the subsistence of independence requirements for every independent director, pursuant to article 148, comma 3, of TUF. The aforementioned assessments used all the criteria provided by Code of Conduct. On May 11, 2017 the Issuer announced the results of these assessments in a press release, disclosed to the Market pursuant to article 144-novies, comma 1-bis of CONSOB Issuer Regulation and application guideline 3.C.4 of the Code of Conduct.

In the meeting of May 11, 2017, the Board of Statutory Auditors has verified the correct application of the criteria and control procedures adopted by the Board to evaluate the independence of its own members. The result of these verifications has been positive.

The independent directors participate actively and assiduously in the Board meetings and are constantly informed on relevant aspects concerning their assignment. Before the Board meetings, the independent directors meet without the other directors to discuss the agenda of the meeting, to analyze the activity of the Board of Directors and to assess the effectiveness, clarity, completeness and timeliness of the flow of information between the executive directors and the other directors.

In 2017, the independent directors held a meeting on November 13, 2017, during which the functioning of the Board of Directors and the capacity of the independent directors to give an autonomous and not-conditioned judgments on the resolutions were assessed. At the end of the meeting they agreed that the executive directors give full information to the other directors about the management of the Company and the environment in which the Issuer and its subsidiaries operate, that dialectic and diffusion of information within the Board are complete and exhaustive, that discussion are open and that resolutions are taken with full knowledge, uniformity and autonomous judgment, without conflicts of interests.

4.7. Lead independent director

There being the conditions, provided by application guideline 2.C.3 of the Code of Conduct, the Board of Directors, in the meeting of May 11, 2017, designated, among the independent directors, Valeria Lattuada as the Lead Independent Director pursuant to the Code of Conduct, so that he could be the point of reference and coordination for the requests and contributions of the non-executive directors, and in particular of the independent ones. Daniele

The Lead Independent Director may, among other things, call – on his/her own initiative or upon request of other directors – special meetings of only independent directors (i.e. independent directors' executive sessions) to discuss issues from time to time judged of interest related to the functioning of the Board of Directors and to the management of the Company, with also the possibility to invite members of the management for an exchange of information with the organization.

The Lead Independent Director has collaborated with the Chairman of the Board to ensure that the Directors receive complete and timely information flows.

5. TREATMENT OF CORPORATE INFORMATION

Management of confidential information and code of conduct for insider dealing

The Company has adopted an internal regulation, which contains the provisions relating to the management of confidential information and to the management and external disclosure of privileged information as per article 181 TUF, regarding the Company and its subsidiaries. This regulation, besides providing a definition of privileged information, establishes the procedure for the public disclosure of such information which, by law, should occur without delay.

The regulation should be respected by all the components of the governing bodies, employees and other personnel of the company and subsidiaries, who for any reason have access to the privileged or confidential information.

In compliance with the regulation, the management of confidential information is followed by the Investor Relations function, under the responsibility of Marco Pescarmona.

In compliance with the regulation, the Issuer has also created a register of the persons that have access to the privileged information, governed by a special regulation. The responsibility for the correct keeping of this register has been entrusted to the administrative office, in person of the CFO Francesco Masciandaro.

The regulations for the management and the disclosure of confidential and privileged information are available on the Website, in the section "Governance", "Other documents".

Furthermore, the Company adopts a code of conduct which regulates the obligations of information disclosure and of behavior related to the financial transactions carried out by persons who, by virtue of the office held in the Company, have access to relevant information (with relevant information we mean the information related to facts able to determine significant changes in the capital, financial and economic perspectives of the Company or of the Group and able, if made public, to influence the price of the listed financial instruments).

The financial manager is, in compliance with this regulation and with the delegation granted by the Board of Directors, the subject responsible for receiving, managing and circulating to CONSOB and to the market the communications sent to the Company by persons that have access to relevant information.

The 6 communications received by the Company during the financial year have been regularly published and are available on the Internet site of the Company, in the section "Governance", "Internal dealing", "2017".

6. COMMITTEES WITHIN THE BOARD

In compliance with the Code of Conduct, the Board of Directors, under the authority conferred pursuant to article 22 of the Articles of Association, has constituted the following internal committees with consulting, proactive or control tasks, and which are granted the right to access to relevant information.

In particular, the Remuneration and Share Incentive Committee, the Control and Risk Committee and the Committee for the Transactions with Related Parties were constituted within the Board.

7. NOMINATION COMMITTEE

At present and for an undefined period, the Board of Directors has decided not to set up an internal committee for the nomination of candidate directors, as the shareholding structure of the Company does not present such characteristics of diffusion to justify the adoption of such committee; however the Board in its collegiality carries out the related functions.

8. REMUNERATION AND SHARE INCENTIVE COMMITTEE

The Board of Directors, in compliance with article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, applicable to the issuers admitted to trading in the STAR segment and pursuant to the Code of Conduct, in the meeting of May 11, 2017, has designated the independent directors Anna Maria Artoni, Matteo De Brabant and Klaus Gummerer as members of the Remuneration and Share Incentive Committee. Director Matteo De Brabant, has been appointed chairman of this committee.

The committee has advisory functions in particular for the assessment and formulation of proposals to the Board of Directors (i) about the compensation policy proposed by the Company for the management, monitoring the application of the resolutions adopted by the Board itself, (ii) about the stock option plans and similar plans for the incentive and retaining of directors, employees and collaborators of the Group, (iii) about the compensation of the executive directors and the managers with strategic responsibilities, as well as, based on the indication of the chairman or of the CEO, the criteria for the remuneration of the top management of the Company. The committee has free access to the information and the company functions necessary to carry out its own activities.

During the financial year, the Remuneration and Share Incentive Committee met 2 times for an average of about an hour and a half, with the participation of all the members of the committee. The meetings were attended by the chairman of the Board of Statutory Auditors and by the non-executive director and member of the Control and Risk Committee Marco Zampetti, invited to serve as secretary. The non-executive director and member of the Control and Risk Committee Marco Zampetti took part in Committee Meetings at the invitation by the same committee.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

During the meetings, the committee members deliberated on:

- preparation of the remuneration model for the Group Executive Directors for financial year 2017, and the subsequent proposal to the Board of Directors;

- analysis of the structure and rules of the expiring stock option plan 2014-2017, and of the retention and effectiveness towards employees, directors and collaborators, in order to express an opinion about the adoption of a new stock option plan (2017-2020), starting after the termination of the current plan.

The president of the Remuneration and Share Incentive Committee provided information about the activity of the committee during the Board meetings of May 11, 2017 and August 10, 2017.

As already expressed in paragraph 4.3, the Board of Directors reported its satisfaction with the members of the committee, who, thanks to their appropriate professional experience and background for the committee's tasks, provide effective and valuable support to the Board. In addition, during the financial year the committee was never supported by external advisors.

The meetings of the Remuneration and Share Incentive Committee have been properly recorded and the relative minutes were transcribed in the register available at the administrative office of the Company.

There are no meetings of the Remuneration and Share Incentive Committee scheduled for 2018. As of the date of approval of this Report, one meetings of the Remuneration and Share Incentive Committee was held on March 8, 2018. During such meeting the committee resolved about the remuneration for the executive directors of the Issuer for the year 2017, about the remuneration model for the executive directors to be applied for year 2018, and about the new stock option plan for the employees, directors and collaborators.

It is worth pointing out that, pursuant to Applicative Criterion 6.C.6 of the Code of Conduct the executive directors, whose compensations were discussed during the meetings of the committee held on March, 8 and July 26, 2017, do not take part to the meetings of the committee in which the proposals about their remuneration are discussed and resolved. Moreover, it is worth pointing out that the executive directors, during the meeting of the Board of Directors held on August 10, 2017, did not take part in the discussion, though attending it, about their remuneration and incentive plan, and abstained from voting on the matter.

The Board of Directors in the meeting of May 11, 2017, resolved a total compensation, on an annual basis, for the members of the Remuneration and Share Incentive Committee equal to Euro 17 thousand in total.

No financial resources have been allocated to the committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

For any other information on the Remuneration and Share Incentive Committee, please refer to "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Internet site of the Company in the section "Governance", "Other documents", "2018", at least twenty-one days before the shareholders' meeting called on April 24, 2018.

9. REMUNERATION OF DIRECTORS

For the general policy for the remuneration adopted by the Issuer, the share remuneration plans, the remuneration of executive directors, directors with strategic responsibilities (if any) and non-executive directors, and for the indemnities of directors in case of resignation, dismissal or termination as a consequence of a takeover bid, please refer to the "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Website in the section "Governance", "Other documents", "2018", at least twenty-one days before the shareholders' meeting called on April 24, 2018.

10. CONTROL AND RISK COMMITTEE

The Board of Directors, pursuant to article 2.2.3, comma 3 letter m) of Market Regulations, applicable to the issuers pursuant to requirements for STAR segment and according to Code of Conduct, during the meeting of May 11, 2017, appointed the independent directors Chiara Burberi, Klaus Gummerer and the non-executive director, Marco Zampetti as members of the Control and Risk Committee. Chiara Burberi was appointed chairman of this committee, meanwhile Marco Zampetti is a member of the committee who, by virtue of his professional activity, possesses a considerable experience in accounting, financial, fiscal and compliance matters.

According to the Code of Conduct, the internal Control and Risk Committee:

i. assists the Board in defining the guidelines of the internal control system, so that the main risks relative to the Issuer and its subsidiaries can be correctly identified, as well as appropriately measured, managed and monitored, also determining compatibility criteria of these risks with a management of the enterprise coherent with strategic goals identified;

ii. assists the Board in assessing, yearly at least, the adequacy of the internal and risks management control system, compared to the company features and to the risk profile hired, beside its efficacy;

iii. assists the Board in describing the essential elements of the internal control system, the risk management and the coordination between those involved, in the corporate governance report, expressing its own assessment of the overall adequacy of this system;

iv. assesses, together with the manager in charge of preparing the company's accounting documents and with the Board of Statutory Auditors, the proper and consistent application of accounting principles and their homogeneity in the preparation of the consolidated financial statements;

v. expresses opinions on specific aspects related to the identification of the main corporate risks;

vi. examines the periodic reports about the valuation of the internal control and risk system and those proposed by the internal auditor;

vii. monitors to the Board the independence, the adequacy, the effectiveness and the efficiency of the internal auditor;

viii. request to the internal auditor to investigate on specific areas, notifying it at the same time to the Chairman of the Board of Statutory Auditors;

ix. reports to the Board on the activity it has performed and on the adequacy of the internal control and risk system, at least twice a year, on the occasion of the approval of the Report and of the semi-annual reports;

x. monitors the compliance and the periodic update of the corporate governance rules and the observance of rules of conduct potentially adopted by the Issuer and its subsidiaries;

xi. supports, with an appropriate preliminary activity, the Board of Directors assessments and decisions about risk management derived from prejudicial events known to the Board of Directors.

xii. performs any additional duties that are assigned by the Board.

The Control and Risk Committee:

i. has access to all corporate activities and information necessary to perform its duties;

ii. may ask the Board to use external consultancy services to perform its activity;

iii. normally meets before the Board meetings called to approve the financial statements, the semi-annual and the quarterly reports, or whenever the chairman deems it appropriate or receives a request from a member or an executive director.

The Control and Risk Committee, as one of the main interlocutors to the internal auditor, shall be consulted by the Board of Directors about decisions regarding the appointment, revocation, remuneration of and the provision of resources to the internal auditor, analyzing and assessing his work.

The members of the Control and Risk Committee Marco Zampetti and Chiara Burberi, on March 10, 2017, met the representatives of EY S.p.A., the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro, the members of the Internal Audit function Walter Baraggia and Giangiacomo Lacaita, and the Control function of the subsidiary Innofin SIM S.p.A.. During the meeting, the following topics were dealt with: updates about the audit activity related to 2017 financial statements of the Issuer and of its subsidiaries and of the 2017 consolidated financial statement by the independent auditing firm; update about the activities carried out by the control functions of Innofin SIM S.p.A.; update about activities carried out by Internal Audit function of the Issuer, also in relation to the 2016 audit plan. In this meeting, the committee also reviewed the activity carried out in 2016.

On May 4, 2017, the members of the Control and Risk Committee, Marco Zampetti and Chiara Burberi met to examine the 2017 audit plan, to be submitted to the discussion and approval of the Board of Directors of May 11, 2017.

On June 8, 2017, the members of the Control and Risk Committee met the Issuer's CFO Francesco Masciandaro, and the members of the Internal Audit function Walter Baraggia and Giangiacomo Lacaita, to receive an update about activities performed in relation to the 2017 audit plan, approved during the Board of Directors of May 11, 2017.

On July 26, 2017, the members of the Control and Risk Committee Marco Zampetti and Klaus Gummerer, met the independent auditing firm EY S.p.A.. The meeting was also attended by the members of the Board of Statutory Auditors and by the Issuer's CFO Francesco Masciandaro. EY S.p.A. provided an update to the participants about the execution of the audit activities related to the consolidated half year financial report as of June 30, 2017. Subsequently, the Control and Risk

Committee met, together with the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro and the members of Internal Audit function Walter Baraggia and Giangiacomo Lacaita, for an update regarding the business performance during the first half of 2017 at consolidated level, and the activities performed by the Internal Audit function in relation to the 2017 audit plan.

The Control and Risk Committee members met on September 26, 2017 the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro, the members of Internal Audit function Walter Baraggia and Giangiacomo Lacaita and the Control functions of the subsidiaries Innofin SIM S.p.A. and Centro Finanziamenti S.p.A., to discuss about the topics on which the Board of Directors was subsequently involved to resolve, about the activities performed by Internal Audit function of the Issuer, related to 2017 audit plan, and about the activities performed by the control functions of the subsidiaries mentioned above.

On December 11, 2017, the Control and Risk Committee, in its entirely, met the statutory auditors Paolo Burlando and Francesca Masotti, the CFO Francesco Masciandaro, the members of the Internal Audit function Walter Baraggia and Giangiacomo Lacaita and the control functions of the subsidiaries Innofin SIM S.p.A. and Centro Finanziamenti S.p.A.; during such meeting, both the Issuer's Internal Audit function and the control functions of the entities mentioned above, reported to the Committee about the control activities performed.

We point out that the member of the Control and Risk Committee Marco Zampetti, the Board of Statutory Auditors, the executive directors, the CFO and the head of internal audit (through informal meetings and e-mails) keep each other informed in order to be constantly updated on the internal control system of the Issuer.

Therefore, during the financial year, the Control and Risk Committee met six times for an average of about two hours and fifty minutes. During the meetings on March 14, 2017 and August 10, 2017, the Control and Risk Committee members, as provided for in the Code of Conduct, informed the Board of Directors on the activity of the committee and on the adequacy of the internal control system.

There are no scheduled meetings of the Control and Risk Committee for 2018. As of the approval of the present Report one meeting of the committee took place on March 7, 2018. The members of the committee, the representatives of the independent auditing firm EY S.p.A., the Board of Statutory Auditors represented by Paolo Burlando and Francesca Masotti, the CFO of the Issuer, Francesco Masciandaro, the control functions of Innofin SIM S.p.A and Centro Finanziamenti S.p.A.. During the meeting, the following topics were dealt with: updates about the independent auditing activity carried out on the 2017 financial statements of the Issuer and of its subsidiaries and on the consolidated financial statements; summary of the 2017 activities of the Control functions of Innofin SIM S.p.A. and Centro Finanziamenti S.p.A.; examination of the activities carried out by the committee in the second half 2017, in order to give an update to the Board of Directors during the meeting taking place on March 12, 2018.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

All the meetings of the Control and Risk Committee have been properly recorded and the relative minutes were transcribed in the register held at the administrative office of the Company.

During the meeting of May 11, 2017, the Board of Directors resolved an annual total compensation for the members Control and Risk Committee equal to Euro 24 thousand.

No financial resources have been allocated to the Control and Risk Committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors defines the guidelines of the internal control and risk management system, designed as a set of processes aimed at monitoring the efficiency of business and corporate management, the reliability of the financial information, the compliance with laws and regulations, the safeguard of corporate assets, and the prevention of fraud against the Company and financial markets.

The internal control and risk management system is structured as a set of rules and procedures in order to enable, through a proper process of identification, measurement, management and monitoring of the main risks, sound and correct corporate management, in line with the set objectives.

According to the Code of Conduct, the Board of Directors, taking also into account that the Company is part of a group, defines the guidelines of the internal control and risk management system and verifies its correct functioning with respect to the management of corporate risks through the activity performed by the Control and Risk Committee. The Board of Directors define the nature and level of risk, compatible with Issuer's strategic goals, including in its assessments all relevant risks with a perspective of mid-long term sustainability. The director in charge defines the instruments and procedures for the implementation of the internal control system, following the guidelines established by the Board of Directors, assures the overall adequacy of the system, its practical functionality, its adaption to changes of operating conditions and of legislative or regulatory frameworks.

The internal control and risk management system defined by the Board of Directors satisfies the following general principles:

i. the operational powers are assigned taking into account the nature, normal size and risks of individual types of transactions; operational areas are closely related to the delegated tasks;

ii. the organizational structures are articulated so as to reduce the overlapping of functions and the concentration on one person, without the proper authorization process, of activities that have a high degree of criticality or risk;

iii. an appropriate system of parameters and a related periodic flow of information to measure the efficiency and effectiveness is provided for each process;

iv. a periodical analysis of the professional knowledge and skills available within the organization in terms of congruence with the objectives assigned;

v. the operating processes are defined in accordance with an appropriate documentary support enabling them to be verified in terms of congruence, consistency and responsibility;

vi. the security mechanisms ensure an adequate safeguard of the corporate assets and access to the information required for the performance of the assigned tasks;

vii. the risks related to achievement of the objectives are identified by observing an adequate periodic monitoring and updating; negative events that may threaten the corporate business continuity are subject to special assessments and adjustment of safeguards;

viii. the internal control and risk management system is subject to continuous supervision for periodic evaluations and constant adjustments.

For the purpose of verifying the correct functioning of the internal control system, the Board of Directors relies on the Control and Risk Committee, on the CFO and on an internal audit function, which have an appropriate level of independence and necessary means for the performance of their tasks; they report to the director in charge of internal control, to the Control and Risk Committee and to the Board of Statutory Auditors (and Supervisory Body).

The director in charge of internal control implements the interventions on the internal control system deemed necessary as a result of the above control activities, and may appoint one or more delegates for such purpose.

During the financial year ended December 31, 2017, the Board of Directors assessed the adequacy of the internal control and risk management system referring to the characteristics of the business and the risk profile assumed, as well as its efficiency, during the meetings held on March 14 and August 10, 2017, concurrently with the report presented by the Control and Risk Committee on the activities carried out and the adequacy of the internal control system. During the discussions, which were attended by all the directors, no particular warning or criticality emerged.

The 2017 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge for the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on May 11, 2017. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

11.1. Main principles of the existing internal control and risk management systems in relation to the financial reporting process

Introduction

The risk management system should not be considered separately from the internal control system in relation to the financial reporting process; both are, in fact, elements of the same system. It is worth mentioning that this system is aimed at ensuring the trustworthiness, accuracy, reliability and timeliness of financial reporting.

All the companies of the Group adopt detailed procedures to manage the sales process, the purchasing process, the human resources process and the financial reporting process approved by the Board the Directors.

The basic principle for the management of these processes is that, because of the relatively simple structure of the Group, all the significant authorization processes are handled by executive directors, vested with adequate powers.

Description of the main features of the existing internal control and risk management systems in relation to the financial reporting process

The activities under the responsibility of the administration unit of the Group are defined in the organizational structure of the Group and the above mentioned procedures. Please find below, in an illustrative and not exhaustive way, the main activities carried out by the administration unit:

i. ensure, through the planning process and management control, the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets;

ii. define and propose, within the policies and strategies agreed with the top management, the Group's financial policy;

iii. ensure the proper administrative management of the Group, and in particular define and propose the policy for the financial statements, ensure the preparation of the annual financial statements of the Company and of the Group and of its relevant annexes pursuant to the existing civil and fiscal laws as well as to the institutional provisions;

iv. ensure the systematic monitoring of the economic performance of the Group in order to afford a proper process of management control;

v. ensure the alignment of the management control system (*Sistema di Controllo di Gestione* or SCG) with the strategies and the business and market context.

The main risks pertaining to the financial reporting process are:

i. the risk of recognition of revenues that are not related, not accrued or not due or the incomplete recognition of revenues;

ii. risks linked to the recognition of expenses that are not related, not accrued or not due, or incomplete recognition of them;

iii. risks linked to the acquisition of company for which it is necessary an administrative and accounting reorganization to align their financial statements to the standard required by the Issuer;

iv. risks linked to the presence in the consolidation area of a Rumanian company;

v. risks linked to the presence of an autonomous administrative structure in the subsidiary 7Pixel S.r.l.;

vi. risks of loss or information or data during the automatic data extraction process from the general ledger.

Corrective actions adopted to reduce the impact of these risks, procedures and controls applied for the continuous monitoring of the identified risks are respectively summarized in the following list:

i. the billing process follows a detailed procedure on receivables which takes into account the different types of revenues of the companies of the Group: the billing from the administrative office takes place only after verifying the accuracy of the billing reports and their compliance to the contractual conditions. These controls are carried out by selecting random samples of sale invoices, verifying phases and documents required by the procedure for the issuance of the invoice itself and the collection of payment, and by checking that contractual rates are applied and respected properly;

ii. the process on liabilities also follows an internal procedure which takes into account the various types of purchases (mainly marketing, technology and general services expenses). The registration of an accounting document takes place only after the verification of the existence of a purchase order authorized by a representative of the company with appropriate credentials and upon verification of the correspondence with the purchase order itself. Also in this case, the verifications are carried out by selecting a random sample of purchase invoices, verifying that they are authorized by an order and that the amounts to be paid match with the ones specified in the order;

iii. the administrative and accounting management of the newly acquired companies is taken over by the administrative office of the Issuer, which at the beginning analyzes the "as is" situation with the aim to realize the reorganizational processes required by the guide lines of the Issuer, setting the billing process, the process on liabilities and the personnel process centrally defined and using the same accounting basics for a correct financial statements at a consolidated level. It should be noted that, during 2017, the companies 65Plus S.r.l. and CreditPro Mediazione Creditizia S.r.l., joined the Group with equity method;

iv. definition of guidelines to which the accounting employees of Finprom S.r.l. must comply, in accordance with the local regulations. The Issuer receives a monthly financial management report, and on quarterly basis a detailed financial statement of the company;

v. in order to verify the correct and complete collection of economic-financial consolidated data through an automated process, we perform cross-checks while balancing the general ledger data with the cost accounting at the EBITDA level, analyzing potential deviations and the accuracy of the automatic formulas. The process of data collection and extraction for the preparation of the periodic financial reports is regulated by a specific internal procedure.

The administrative area of the Group is under the direct responsibility of the Chief Financial Officer (CFO), Francesco Masciandaro, and is composed of a total of 16 persons, in the Italian office. Within the administrative area there are two distinct functions:

- Accounting, whose mission is to provide a correct representation of the Company's capital and economic life, ensuring the proper execution of the activities related to the preparation of corporate financial statements and consolidated financial statements, in compliance with the accounting principles and regulations;

- Management Control, whose mission is to ensure through the planning and control process the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets.

As regards the management of the Accounting function, four persons located in Romania have full responsibility for all activities related to subsidiary Finprom S.r.l., which they manage with full autonomy. As regards the management of the Accounting function for the other subsidiaries, it is entirely carried out by the structure and resources located in Italy, who report to the head of the function, which provides the operating guidelines.

The process of financial reporting for the Group is headed by the CFO, who receives, at least once a month, the summary financial reports by all the companies of the Group and, quarterly, more detailed financial reports at the base of the periodic financial reporting.

Within this activity the CFO has the responsibility to manage the process to identify the main operative risks, identify the corrective actions or the instruments aimed to reduce and, if possible, cancel such risks, identify the system for the management of these instruments and, finally, verify the right application of it.

At the end of this activity, the outcome is directly submitted for evaluation to the executive director in charge of the internal control system. The information flow is particularly direct, since there are no intermediate levels between the CFO, internal auditor and the executive director in charge of the internal control system. In addition, the CFO and the internal auditor meet periodically the committee for internal control and the Supervisory Body for an appropriate update on the performance of controls.

The Board of Directors in the meetings of March 14, 2017 and of August 10, 2017 has positively assessed the effectiveness and the effective functioning of the internal control system. During this meeting, the members of the Control and Risk Committee illustrated to the attendees the job performed by the committee and briefed on the adequacy of the internal control system. The committee sends in advance the most significant elements by a brief memorandum circulated to all the directors and members of the Board of Statutory Auditors.

11.2. Executive director in charge of the internal control and risk management system

The Board of Directors, during the meeting of May 11, 2017, appointed the chairman of the Board of Directors and member of the executive committee, Marco Pescarmona, as the executive director in charge of the Control and Risk Committee.

During the financial year, the executive director in charge of supervising the functionality of the internal control and risk management system identified, in collaboration with the Control and Risk Committee, the CFO and the Board of Statutory Auditors / Supervisory Body, the main risks related to the Issuer and its subsidiaries, by constantly verifying the adequacy of the internal control system. In addition, in collaboration with the internal audit function, a constant monitoring on most relevant compliance issues was carried out, adjusting where necessary the business procedures to the regulations in force.

The director, in charge of supervising the internal control system and risk management operations, can ask to internal audit to check on specific operating areas and compliance with the rules and the internal procedures during business operations, informing the chairman of the Control and Risk Committee and the chairman of the Board of Statutory Auditors / Supervisory Body.

During the financial year, based on the controls performed, the director in charge of supervising the internal control system and risk management operations did not detect any business risks not managed within the corporate organization.

11.3. Head of internal audit

The Issuer has instituted from January 2010 the internal audit function, with the hiring of a dedicated resource in the organizational structure of the Group. In July 2015, also as a consequence of the enlargement of the Group structure, a new resource was hired in this office. In January 2017 a new resource was added to the function. As of the date of approval of this report the function is composed of three resources, all internal to the Group.

Some subsidiaries of the Issuer also have internal staff which carry out specific audit activities for the company in which they operate. The audit activities of these "dedicated" resources are coordinated by the Group's internal audit function.

The head of internal audit was not appointed by the Board of Directors but directly by the director responsible for the internal control and risk management system, with the favorable opinion of the Control and Risk Committee and the Board of Statutory Auditors. The head of internal audit is Walter Baraggia. We highlight that for the identification of the head of internal audit, the executive director in charge of supervising the functionality of the internal control and risk management system took into account the informal opinion of the Board of Directors. Moreover, it is worth pointing out that the Board of Directors has never given the formal investiture to the head of internal audit because, considering the significant professional experience of the director responsible for the internal control and risk management system, it preferred to leave him the task of identifying the resource.

The head of internal audit has an appropriate level of independence and suitable means to operate effectively. The head of internal audit has direct access to all the useful information to his office and reports about his own activity to the director in charge, to the Control and Risk Committee and to the Board of Statutory Auditors / Supervisory Body. He has no direct operational responsibility or authority and depends hierarchically from the Board.

The 2017 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge of the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on May 11, 2017. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

The head of internal audit brings directly to the attention of the director in charge of supervising the functionality of the internal control and risk management system and to the CFO, who are committed to periodically update the Board of Directors, all the controls performed and the analyses concerning compliance and regulatory updates, the legislative updates and the significant events (e.g. inspections and requests for information by Supervisory Authorities). The information flow is direct because there are no intermediate layers between the head of internal audit, the CFO and the executive director in charge of the internal control and risk management system. Furthermore, the head of internal audit and the CFO meet periodically the Control and Risk Committee and the Board of Statutory Auditors / Supervisory Body for adequate updates on the activities performed.

The head of internal audit performs a monthly of the effectiveness of the audit information systems by analyzing the actual data for all the Group's companies, comparing results with budget forecasts, and verifying the correct recording in the management accounts of revenues and costs as well as the proper accrual in time.

No specific budget is provided for this office, as it performs its tasks by using the structure and resources of the Issuer. At least once a year, the Board of Directors is updated, through the report of the Control and Risk Committee on the activities performed by the internal audit function and on the execution of the activity program set by the committee. Every year the executive committee sets remuneration, duties and resources for the head of internal audit, with the opinion of the Control and Risk Committee; the definition of the remuneration and the budget for internal audit are established by the executive directors rather than the Board of Directors, as, taking into account the relative simplicity of the organizational structure of the internal audit function, it was preferred not to involve the whole Board in this decision.

The activities of the head of internal audit, planned and decided with the director in charge for internal control and risk management system, the Control and Risk Committee and the Board of Statutory Auditors / Supervisory Body, aim at the satisfaction of international standards, that the Issuer, which operates as a listed company in a highly regulated sector, must follow.

The main activities carried out by the internal audit function during the financial year were:

- controls related to cybercrimes and illicit data treatment;
- controls related to market abuse;
- controls related to anti money laundering;
- controls related to job safety;
- controls related to corporate crimes;

- controls related to credit broking activities.

Internal audit activities, overall as well as for operating segments, were not assigned to external subjects.

11.4. Organizational model pursuant to Law Decree 231/2001

On March 20, 2008, the Company adopted the model of organization pursuant to article 6 of Law Decree 231/2001, of which the last update was approved by the Board of Directors on August 9, 2013. On May 14, 2016, the Board of Directors resolved to confirm the appointment as Supervisory Body of the Board of Statuary Auditors, which during the shareholders' meeting held on April 27, 2015 was renewed confirming the same statutory auditors, which continued to hold the office of Supervisory Body. The Board of Directors believes that such appointment can certainly be effective within the Group. Furthermore, the members of the Board of Statutory Auditors have all the required professional, independence and integrity qualifications.

It was resolved that the duration of this office would continue until the natural expiration of the Board of Statutory Auditors, that is until the date of approval of the financial statements for the year ended December 31, 2017; no specific additional remuneration has been provided for this office.

In the previous three years, the office of Supervisory Body was attributed to the Board of Statutory Auditors appointed in the shareholders' meeting of April 26, 2012.

During 2017, the Supervisory Body met six times. On such occasions, it met the CFO Francesco Masciandaro and the head of internal audit Walter Baraggia and the member of the internal audit function Giangiacomo Lacaita. During the meetings, the controls carried out by the internal audit function during the year were analyzed, always keeping in mind the potential offences worth of special attention within the organizational model pursuant to Legislative Decree 231/2001.

The organizational model adopted by the Group and its principles are applied to the corporate bodies of all the companies of the Group (meaning the Board of Directors and the Board of Statutory Auditors of the companies and their relative members), to the employees, to the other personnel of the Group, to consultants, suppliers and more generally to all those that, for whatever reason, operate with "sensitive" activities on behalf or for the Group. The model intends to prevent the following types of offences:

- crimes against public administration (articles 24 and 25, Law Decree 231/01);
- data processing crimes and illegal treatment of data (article 24-bis, Legislative Decree 231/01);
- protection of trademarks and distinctive signs (article 25-bis, Legislative Decree 231/01);
- crimes against industry and trade (article 25-bis.1, Legislative Decree 231/01);
- corporate crimes (articles 25-*ter* Law Decree 231/01);
- market abuse crimes (article 25-*sexies* Law Decree 231/01);
- crimes introduced by article 9 of law 123/2007 (article 25-*septies* Law Decree 231/01), which include manslaughter or serious injury caused by the violation of safety and occupational hygiene regulations at work;

- receiving of stolen goods, money laundering and the utilization of money, goods or assets originating from illicit activities (article 25-octies, Legislative Decree 231/01);

- crimes relating to breach of copyright (article 25-novies, Legislative Decree 231/01), which covers certain offenses under Law 633/1941;

- environmental crimes (article 25-*undecies*, Legislative Decree 231/01);

- incitement not to testify or bear false testimony in court (article 25-novies, Legislative Decree 231/01);

- employment of foreign countries' citizens whose residency permit is not regular (article 25-*duodecies*, Legislative Decree 231/01).

The organizational model pursuant to the Legislative Decree 231/2001 is available on the Internet site of the Company in the section "Governance", "Other documents".

11.5. Auditing firm

The auditing firm in charge of legally-required auditing of accounting activities is EY S.p.A., with registered office in Roma, via Po n. 32, appointed by the shareholders' meeting of April 22, 2016 and with expiration on the date of the shareholders' meeting for approval of the financial statements for the year ended December 31, 2024.

11.6. Manager responsible for preparing the Company's financial reports

Article 23, paragraph 1 of the Articles of Association provides for the appointment by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, of a manager responsible for preparing the Company's financial reports in compliance with the provisions of article 154-*bis* of TUF, who must be chosen among individuals with a degree in economics, finance or disciplines related to business management and must have at least three years of experience (i) in the exercise of administrative or managerial functions or (ii) in the exercise of professional activities within an auditing firm or (iii) as a certified accountant, consultant to limited liability companies. Those who are not in possession of the integrity requirements of article 147-*quinquies* of TUF cannot be appointed to the office and, if already appointed, shall expire from the same.

The manager responsible for preparing the Company's financial reports exercises the powers and responsibilities attributed to him in accordance with article 154-*bis* of TUF.

The Board of Directors in the meeting of May 8, 2008, with the approval of the Board of Statutory Auditors, confirmed as manager responsible for preparing the Company's financial reports Francesco Masciandaro, who within the Group holds the role of Chief Financial Officer and Head of Administration and Control.

The manager responsible for preparing the Company's financial reports is provided with adequate powers and means to perform the tasks assigned to him or her. In particular, the manager in charge has developed a set of procedures and information flows aimed at identifying all the processes and business events with an economic and financial relevance; in this way all the economic and financial events of relevance are reflected in the accounting data and periodic financial reports.

Finally, it is worth highlighting that the manager responsible for preparing the Company's financial reports was appointed director with delegated powers on administrative matters, including powers to represent the Company in dealings with the financial administration and powers to sign all the declarations required by applicable tax laws, in all the Italian subsidiaries of the Group, except 7Pixel S.r.l. and Innovazione Finanziaria SIM S.p.A..

11.7. Ethical Code

The Ethical Code, approved on March 20, 2008, is an essential element and function of the organizational model that the Group has adopted pursuant to Law Decree n. 231/2001 and expresses the principles of business ethics and rules of conduct designed to prevent, under Italian law, the commission of offences and all those behaviors inconsistent with the values that the Issuer and its subsidiaries pursuant to article 2359 of the civil code seek to promote.

The Group recognizes the importance of business ethics and social responsibility in the management of corporate activities and affairs and is committed to take into account the legitimate interests of its stakeholders and of the community in which it operates. At the same time, the Group expects from all its employees the respect of business rules and principles established in the Ethical Code and to operate with the highest ethical standards and in compliance with all applicable laws.

The Ethical Code is distributed to all employees. In addition, the Group requires from all subsidiaries, associated companies and major suppliers a conduct in line with the general principles of the Ethical Code.

The Ethical Code is available on the Internet site of the Company in the section "Governance", "Other documents".

11.8. Coordination among the bodies involved in the internal control and risk management system

The coordination and the information flow between people involved in the internal control and risk management system appears to be streamlined and effective.

In particular, the executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, Chairman of the Board of Directors as well, and the manager responsible for preparing the Company's financial reports, Francesco Masciandaro and the head of internal audit Walter Baraggia, work together to find out and manage risks which endanger and/or could endanger the Group's companies to achieve business objectives.

The executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, as Chairman of the Board of Directors, helps to identify the main risks for the Group, considering the business activities of the Issuer and of its subsidiaries, and is responsible for the set up and management of the internal control and risk management system, constantly verifying its adequacy and effectiveness. With the opinion of the Board, he asks the head of internal audit or the CFO to verify some specific operational areas considering the compliance to regulations and internal procedures in the execution of business operations and to analyze the regulations compared to the business activities. The CFO and the head of internal audit report the results to the executive director in charge of supervising the functionality of the internal control and risk system or directly to the Board of Directors.

The Board of Statutory Auditors (also as Supervisory Body) and the Control and Risk Committee monitor, value and give their opinion on the adequacy and effectiveness of the internal control system by examining the results brought by the CFO and the head of internal audit, with the power to request further examinations on specific operational business areas.

The above mentioned bodies inform and update one another either through formal meetings (like meetings of the Board of Directors, of the internal Control and Risk Committee, of the Board of Statutory Auditors / Supervisory Body, or through constant information flows during informal meetings, conference calls and/or e-mails.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of the Company on November 11, 2010, having acknowledged the favorable opinion of the committee established for this purpose (consisting only of independent directors), approved "The procedure for transactions with related parties" ("**Related Parties Procedure**") pursuant to the Regulation "Transactions with Related Parties", issued by CONSOB with the resolution no. 17221 of March 12, 2010 (subsequently amended by resolution no. 17389 of June 23, 2010), pursuant to article 2391-*bis* of the civil code and articles 113-*ter*, 114, 115, and 154-*ter* of TUF, and in accordance also with the recommendations of the Code of Conduct.

The Company applies the Related Parties Procedure taking into account also CONSOB Communication DEM/10078683, published on September 24, 2010, containing "Indications and guidelines of the Regulation on transactions with related parties adopted to comply with the resolution no. 17221 of March 12, 2010, and subsequent amendments".

The Related Parties Procedure regulates the identification, approval and the management of transactions with related parties performed by the Company, also through its subsidiaries pursuant to article 2359 of the civil code or in any case subject to direction and coordination.

After having verified, consulting the list of related parties of the Group that the counterparty to a transaction is a related party, the parties involved in the execution of the transaction must notify the internal audit function and the administrative and control direction, the intention to begin negotiations for performing the transaction. The internal audit function and the administrative and control direction promptly evaluate whether the transaction complies with the Regulation issued by CONSOB with resolution no. 17221 or if it is possible to apply one or more of the exemption cases for which it is not necessary to follow the approval process required by the procedure. If it is not an exemption, the committee for transactions with related parties expresses its non-binding opinion on the execution of the transaction. The approval for the execution of the transaction is given, depending on the case, by the Board of Directors or by the shareholders' meeting.

Pursuant to paragraph 5 of the Related Parties Procedure, the directors that have an interest in a transaction must promptly and exhaustively inform the Board of Directors on the existence of interest and on his/her circumstances considering, on a case by case basis, the opportunity to leave the Board meetings at the voting moment or to abstain from voting. If he/she is an executive director, he/she abstains from carrying out the transaction. In these cases, the resolutions of the Board of Directors motivate adequately the reasons and the benefits for the Company of the transaction.

For more information, please refer to the Related Parties Procedure and its annexes, available on the Company's Internet site under "Governance", "Other documents".

The Committee for Transactions with Related Parties

The Board of Directors on November 11, 2010 also resolved to set up an internal "Committee for Transactions with Related Parties", composed of independent directors and invested with all the functions provided by the Related Parties Procedure, and to approve the regulation of this committee.

The Board of Directors on May 11, 2017 appointed as members of the Committee for Transactions with Related Parties the independent directors Valeria Lattuada (chairman), Matteo De Brabant and Klaus Gummerer, resolving a total remuneration, on a yearly basis, equal to Euro 4 thousand.

The Committee for Transactions with Related Parties did not meet during the year, because there have been no transactions for which it was necessary to request the opinion of the committee.

13. **APPOINTMENT OF STATUTORY AUDITORS**

The provisions of the Articles of Association of the Issuer governing the appointment of the Board of Statutory Auditors are apt to ensure compliance with the Legislative Decree no. 27 of January 27, 2010 on the implementation of the directive 2007/36/CE for the exercise of certain rights of shareholders in listed companies. The changes for the adjustment of the Articles of Associate to this new regulation were approved by the Board of Directors on November 11, 2010.

The appointment of the Board of Statutory Auditors is made on the basis of lists submitted by shareholders.

The Board of Statutory Auditors is appointed by the shareholders' meeting, with a composition of three standing Statutory Auditors and two substitutes. The objective is to allow minority shareholders to appoint one standing Statutory Auditor and one substitute and to respect the equilibrium of genders, pursuant to article 148, comma 1-bis, of Consolidated Finance Law, as introduced by Law 120 of July 120. Therefore, at least one third of the seats in the company bodies must be held by the least represented gender and, upon first-time application, at least one fifth of the seats be held by the least represented gender. Moreover, upon first-time application at least one fifth (and not one third) of the Director and Statutory Auditor seats must be reserved for the least represented gender, rounding up to the higher unit, in the event of a fraction of number. The Issuer has considered unnecessary the adoption of a diversity policy to be applied in relation of the composition of the Board of Statutory Auditors in term of age and background. Nevertheless, the current composition of the Board of Statutory Auditors ensures diversity in term of gender, age and background.

Each shareholder, or the members of a shareholder agreement pursuant to article 122 of TUF, as well as the controlling entity, the subsidiary companies and those companies subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, neither through a third party or a trust company, more than one list, nor can vote for different lists.

Shareholders are entitled to submit lists if, by themselves or together with other shareholders, are holders of the minimum stake established by CONSOB Regulations for the submission of lists for the appointment of the board of directors. The lists submitted by the shareholders must be filed at the registered office at least twenty-five days before the date set for the shareholders' meeting in first call, along with the required documents prescribed by the Articles of Association together with a resume of the candidates included in the list. It is worth highlighting, that as already mentioned in paragraph 4.1, on January 24, 2018, CONSOB with resolution n. 20273, identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting.

If upon the deadline for the submission of the lists only one list has been filed, or only lists submitted by members linked together pursuant to applicable provisions, other lists may be submitted within three days of the deadline. In this case, the previous threshold is reduced by half.

The election system required by the Articles of Association provides that:

i. the first two candidates (effective section) from the list with the highest number of votes and the first candidate from the list that ranks second for number of votes, who will be the chairman of the Board of Statutory Auditors, will be elected as active statutory auditors;

ii. the first candidate (alternates section) from the list with the highest number of votes and the first candidate from the list that will result second for number of votes will be elected substitute statutory auditors.

Moreover, if the candidates elected with the manner above described do not comply with the laws currently in force on gender balance, the candidate of the gender more represented elected as the latest in consecutive order from the slate that received the highest number of votes shall be replaced by the first candidate of the gender less represented in consecutive order not elected taken by the same slate. This replacing procedure will be applied until the composition of the Board of Directors complies with the laws currently in force on gender balance. If this replacing procedure does not assure the gender balance, the replacing will be carried out by shareholders' meeting resolving with majority required pursuant to law, upon submission of candidates belonging to the gender less represented.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists, complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies.

If only a single list has been submitted, the candidates of this list will be elected active statutory auditors and substitute statutory auditors complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies If no list is submitted, the shareholders' meeting will elect the Board of Statutory Auditors according to the law, always complying with gender equilibrium requirements.

In case of replacement of an active statutory auditor, the substitute auditor belonging to the same list of the ceased statutory auditor will take over always complying with the abovementioned laws on gender equilibrium. If the Board of Statutory Auditors is not complete with the entry of the substitute auditors, a shareholders' meeting must be called to provide for the integration of the Board of Auditors pursuant to the law.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors of the Company in office as of December 31, 2015 was appointed by the shareholders' meeting of April 27, 2015, during which only one list of candidates was submitted by shareholder Alma Ventures S.A. and will remain in office until the approval of the financial statements for the year ended December 31, 2017. The names of candidates on the list coincide with the current members of the Board of Statutory Auditors. It is worth pointing out that the Board of Statutory Auditors of the Company in office correspond to the Board of Statutory Auditors in charge until the approval of the consolidated financial statement ended December 31, 2014. The list obtained the unanimous consent of those present, representing 27,836,748 shares, corresponding to 70.45% of shares with voting rights.

For the composition of the Board of Statutory Auditors and other information please refer to Table 3, in the appendix, concerning the structure of the Board of Statutory Auditors.

As regards the personal and professional characteristics of each member of the Board of Statutory Auditors, please refer to their curricula published on the Issuer's Internet site under "Governance", "Shareholders' meetings and Company governance" "2015".

The statutory auditors, in accepting their office, have declared that they possess the necessary requirements of professionalism, integrity and independence. On May 12, 2015, the Board of Directors then checked the existence of these requirements, by correctly applying the assessment procedures and criteria. The result of this control was positive.

During the financial year, the Board of Statutory Auditors met 10 times with an average meeting duration of two hours. The Board of Statutory Auditors also participated in all the meetings of the Board of Directors and has been regularly updated on business performance and the main events of the year. No meetings of the Board of Statutory Auditors have been scheduled for 2018. As of the date of the approval of this report, on March 7, 2018, there has been a meeting, with the participation of the CFO, the internal auditors, the representatives of the independent auditing firm and the Control and Risk Committee.

The persistence, after appointment, of the independence requirements of the members of the Board of Statutory Auditors, pursuant to article 148, comma 3, of TUF and article 8.C.1, of the Code of Conduct was assessed by the Board of Directors on May 12, 2015. The assessment was conducted acquiring the declaration for the satisfaction of the requirements of professionalism and independence as of the date of their application signed by each member of the Board of Statutory Auditors. Besides, the lists of the direction and control offices of each statutory auditor, as well as the lists of the companies, partnership or corporation, held by them, were obtained. As the outcome of this assessment, the Board of Directors verified, with positive results, the persistence of the independence requirements of each member of the Board of Statutory Auditors. The above-mentioned assessment was conducted by the Board of Directors during a meeting attended by the whole Board of Statutory Auditors. Therefore, it was decided not to proceed with a specific assessment by the Board of Statutory Auditors itself, as this assessment was made the Board of Directors.

Finally, on May 12, 2015, the Board of Statutory Auditors verified the correct application of all the criteria pursuant to article 3.C.1 of the Code of Conduct and to the Instructions accompanying Markets Regulations and the adequacy of the assessment adopted by the Board of Directors with regard to the directors' independence. The results were positive.

During the financial year, on November 10, 2017 the Board of Statutory Auditors verified, with positive result, the satisfaction of the independence requirements of its members. The outcome of this check was sent to the Board of Directors, which acknowledged it in the meeting of November 13, 2017.

The remuneration of the statutory auditors for the year has been determined by the shareholders' meeting at the time of their appointment. The remuneration amounts to Euro 21 thousand per annum for the chairman of the Board of Statutory Auditors and to Euro 14 thousand per annum for each active statutory auditor. The compensation is coherent with the commitment required, with the importance of the role and with the dimensional and sectoral characteristics and of the Company.

The Procedure for Transactions with Related Parties approved by the Board of Directors on November 11, 2010 (see paragraph 12) provides that a Statutory Auditor who has, for himself/herself or on behalf of third parties, an interest on a transaction of the Issuer, must promptly inform the other statutory auditors on the nature, terms and extent of his/her interest.

Over the year 2017 the Board of Statutory Auditors has met the independent auditing firm two times in order to obtain an update on the results of accounting and legally-required auditing and on the schedule of the activities for the audit. These meetings were always attended by the CFO of the

Issuer, Francesco Masciandaro, who informed the Board of Statutory Auditors on the ordinary control activities, paying particular attention to certain companies of the Group.

During the financial year, the Board of Statutory Auditors was regularly updated by the Control and Risk Committee, by the CFO and by the head of internal audit on their activity during the financial year, through various formal meetings with the relevant parties as well as with informal meetings between individual members of the Board of Statutory Auditors and the other subjects involved in the internal control and risk management system.

During the meetings of the Board of Directors and the meetings of the Board of Statutory Auditors as well, the Chairman, the CEO and the CFO duly report to the Board of Statutory Auditors about the business performance of the Issuer, the general management performance, the company trends and the regulatory framework. In addition to formal meetings, all directors are constantly informed of the business performance of the Issuer, usually during informal meetings and/or conference calls.

We also highlight that the active Statutory Auditors are substantially the same also for the other companies of the Group that have a board of statutory auditors in their structure, except 7Pixel S.r.l., which has a different active member if compared to the Board of Statutory Auditors of the Issuer.

For information regarding any management or control offices covered by the members of the Board of Statutory Auditors, please refer to the data published by CONSOB pursuant to article 144-*quinquiesdecies* of Issuers Regulations, on the website under “Corporate boards”, “Disclosure”.

Please note that Legislative Decree no. 39/2010 (“Implementation of Directive 2006/43/EC relating to audits of annual financial statements, which amends directives 78/660/EEC and 83/349/EEC, and which repeals directive 84/253/EEC”) has endowed the Board of Statutory Auditors with the committee functions for internal control and auditing and, specifically, the functions of supervising: (i) the financial information process; (ii) the efficiency of the internal control, internal audit, if applicable, and risk systems; (iii) legally-required auditing of the annual and consolidated financial statements; (iv) independence of the independent auditor or the independent auditing firm, especially with respect to the provision of non-auditing services to the company that is subject to audit.

For more information on the activities carried out by the Board of the Statutory Auditors during the financial year, please refer to the “Report of the Board of Statutory Auditors” prepared pursuant to article 153 of TUF and article 2429, paragraph 2 of the civil code, and published together with the annual financial Report.

15. **RELATIONS WITH SHAREHOLDERS**

The Company considers it coherent with its own specific interest - as well as an obligation towards the market - to establish a constant dialogue, based on mutual understanding of roles, with its shareholders in general and with institutional investors in particular; a relation intended to be conducted anyway in accordance with the “Internal regulation for the management and disclosure of confidential and privileged information”.

In this respect, it was deemed that the creation of a dedicated structure within the Company, with its own staff and appropriate organizational means, could facilitate the relations with the shareholders in general, as well as with the institutional investors.

In accordance with article 2.2.3, paragraph 3, letter i) of Market Regulations, the Board of Directors of the Company, on February 9, 2007, resolved to institute, effective from June 6, 2007, the Investor Relations functions responsible for the relations with the shareholders in general and with institutional investors in particular and possibly perform specific tasks as the management of price sensitive information and relations with CONSOB and the Italian Stock Exchange.

The Board of Directors has appointed ad interim the executive director Marco Pescarmona, to the function of Investor Relator of the Issuer.

The Company provides adequate information for investor relations also by publishing in a timely and continuous manner the most relevant corporate documents on its Internet site (www.gruppomol.it), in two special sections: "Governance" and "Investor Relations".

16. SHAREHOLDERS' MEETINGS

Pursuant to article 9 of the Articles of Association, the shareholders' meeting, regularly constituted, represents the whole body of shareholders and its resolutions are binding for all the shareholders, with or without the right to vote, as well as for those that do not participate or dissent. The shareholders' meeting, both ordinary and extraordinary, is validly constituted and resolves with the majorities prescribed by law.

Pursuant to article 10 of the Article of Association, shareholders' meetings are called with the publication of a notice as prescribed by the law on the website of the Company and also according to the mandatory procedure prescribed by the law and regulations including the publication on one of the following newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *La Repubblica, La Stampa, Il Messaggero, MF/Milano Finanza, Finanza e Mercati* or *Italia Oggi*. The shareholders' meeting should be called by the Board of Directors for the approval of annual financial statements at least once a year within 120 days after the end of the financial year, or within 180 days, since the Company is required to prepare the consolidated financial statements. There are no other limits of constitution or resolution quorum than those provided by law.

The main powers of the shareholders' meeting shall be those provided by the legislative provisions and alternative applicable regulations; in particular, the Articles of Association do not require the authorization of the shareholders' meeting for specific acts of the directors.

There are no shares with multiple voting and increased vote is not provided.

Pursuant to article 11 of the Articles of Association, the right to participate in the shareholders' meeting and the exercise of voting rights is certified by a statement to the Company made by the intermediary in charge of holding the accounting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. With regards to ordinary and extraordinary meetings, the right to participate in the shareholders' meeting and the exercise of voting rights will be certified after January 1, 2013 by a statement to the Company made by the intermediary in charge of keeping the counting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. There are no limitations to the availability of the shares prior to the meeting.

The shareholders' meeting is ordinary or extraordinary according to the law and takes place at the registered office or in other places indicated in the notice, within the national territory, or any other country of the European Community or Switzerland. To facilitate the participation of the shareholders at the meeting, article 11.2 of the Articles of Association provides also that the shareholders' meeting could take place with participants located in several places, near or far, in video conference or conference call, provided that they comply with the collegial method, good faith principles and equal treatment of members. The vote may also be expressed by mail, as expressly provided in the notice, in compliance with applicable regulatory requirements.

Pursuant to article 12 of the Articles of the Association, shareholders who have the right to vote may be represented by law, by written proxy, or by e-mail, in accordance with the provisions of article 2372 of the civil code and other applicable regulatory requirements. The electronic notification of the proxy may be done, following the procedures indicated in the notice, through a message to the certified e-mail address given in the same notice or through the use of the special section on the Company's Internet site. The Company may designate, for each shareholders' meeting, an intermediary to which the shareholders may confer, according to modalities provided by law and regulations, within the end of the second trading day prior to the date scheduled for the shareholders' meeting on single or first call, a delegation with voting instructions on all or only on some of the proposals on the agenda. The delegation has no effect with regards to proposals for which no voting instructions have been given.

With exception of the provisions of the Articles of the Association, all the other operating rules, regulations and discipline of the shareholders' meetings have been determined, upon the proposal of the Board of Directors, by the shareholders' meeting of December 18, 2007 with the approval of a Shareholders' Meeting Regulation, available on the Company's Internet site in the section "Governance", "Shareholders' meeting and Governance", "2007".

As indicated in the Shareholders' Meeting Regulation, the shareholders and the other holders of voting rights pursuant to the law and the Articles of Association can intervene in the Shareholders' Meeting. They are entitled to discuss on the items on the agenda, making observations and asking for information and may also set forth voting proposals and statements. The order of the interventions is decided by the chairman. The maximum length of each intervention should not usually exceed five minutes and each shareholder may intervene only once on each item on the agenda.

For the meeting held in 2017, the directors released a specific proposal for all the point at issue, with suitable advance.

The Board of Directors, represented in the meeting by Chairman Marco Pescarmona, CEO Alessandro Fracassi, and non-executive director Marco Zampetti, reported in the shareholders' meeting on its past and future activities and has done its best to provide the shareholders with adequate information with all the elements needed, by publishing on the web site the necessary documentation within the time limits provided by law, so that they could take their decisions during the shareholders' meeting with full knowledge.

The Chairman (or other member) of the remuneration committee has not directly reported to the shareholders regarding the exercise of the committee duties. Anyway, on April 27, 2017, the report on remuneration pursuant to Legislative Decree 123-*ter* of the TUF was discussed. Such report describes the remuneration policy implemented by Gruppo MutuiOnline S.p.A., describing, among other things, the duties, activities and procedures for the implementation of such policy by the remuneration committee. The majority of the shareholders present at the meeting of April 27, 2017, representing 71.55% of the share capital, expresses a favorable vote on the approval of this report. With regards to other shareholders' rights not illustrated in this Report, please refer to the applicable laws and regulations.

During financial year 2017, the market capitalization of the Company exceeded the threshold of Euro 375 million. Such increase involved a change in the percentages set by CONSOB through the resolution n. 20273, for the exercise of the actions and the prerogatives intended to safeguard minority rights. In particular, the Issuer has identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting.

17. OTHER PROCEDURES OF CORPORATE GOVERNANCE

The Issuer does not adopt corporate governance procedures other than those already mentioned in the preceding paragraphs.

18. CHANGES SINCE THE END OF THE REFERENCE YEAR

As of the end of the financial year, there have been no changes in the corporate governance structure other than those reported in the relevant sections.

19. CONSIDERATIONS ABOUT THE LETTER OF DECEMBER 13, 2017 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations expressed in the letter of December 13, 2017, addressed by the Chairman of Corporate Governance Committee, to the Chairmen of the Boards of Directors of italian listed entities, concerning the fifth report about the application of the Code of Conduct, will be brought to the attention of Board of Directors and its Committees during 2018.. Such recommendations will be considered also during the board evaluation, in order to identify potential improvements of the governance or to fill any gaps in its application.

For the Board of Directors
The Chairman
Ing. Marco Pescarmona

APPENDIX

TABLE 1 -INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE AS OF DECEMBER 31, 2017

	N. of shares	% of the share capital	Listed (specify the market) / not listed	Rights and duties
Ordinary shares	39,900,870	100%	STAR	Each share gives the right to exercise one vote. The rights and the duties of the sharesholders are those provided by art. 2346 and followings of the civil code
Multiple voting shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

PARTECIPAZIONI RILEVANTI NEL CAPITALE AL 31 DICEMBRE 2017

Dichiarante	Azionista diretto	Quota % su capitale ordinario	Quota % su capitale votante
Alma Ventures SA	Alma Ventures SA	32.18%	33.96%
Investmentaktiengesellschaft für Langfristige Investoren TGV	Investmentaktiengesellschaft für Langfristige Investoren TGV	20.00%	21.11%
Axxion SA	Frankfurter Aktienfonds für Stiftungen	9.31%	9.82%
Azione proprie (compresi acquisti da controllate)		5.24%	N/A

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS													EXECUTIVE COMMITTEE		REMUNERATION COMMITTEE		CONTROL AND RISK COMMITTEE		COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES[3]	
Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Exec.	Non-exec.	Indip. Code	Indip. TUF	Numbers of other offices[2]	(*)	(*)	(**)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Marco Pescarmona ● ◊	1970	05-dic-05	apr-17	Appr. of annual report 2019	Only	X				2	6/7	4/4	M						
CEO	Alessandro Fracassi ◊	1969	05-dic-05	apr-17	Appr. of annual report 2019	Only	X				3	7/7	4/4	C	M	2/2				
Director	Anna Maria Artoni	1967	23-apr-14	apr-17	Appr. of annual report 2019	Only		X	X	X	2	5/7								
Director	Fausto Boni	1965	25-mag-06	apr-17	Appr. of annual report 2019	Only		X			2	7/7								
Director	Chiara D.M. Burberi	1967	23-apr-14	apr-17	Appr. of annual report 2019	Only		X	X	X	2	5/7					M / C	5/6	M	0/0
Director	Matteo De Brabant	1974	21-apr-11	apr-17	Appr. of annual report 2019	Only		X	X	X	3	5/7			M / C	2/2				
Director	Klaus Gummerer	1985	13-nov-12	apr-17	Appr. of annual report 2019	Only		X	X	X	0	7/7			M	1/1	M	4/5	M	0/0
Director	Valeria Lattuada ○	1970	23-apr-14	apr-17	Appr. of annual report 2019	Only		X	X	X	0	6/7							C	0/0
Director	Marco Zampetti	1970	06-giu-07	apr-17	Appr. of annual report 2019	Only		X			9	7/7					M	6/6		
DIRECTORS CEASED DURING THE RELEVANT YEAR:																				
Director	Andrea Casalini	1962	30-apr-08	apr-14	Appr. of annual report 2019	Only		X	X	X	3	2/2			C	1/1				
Director	Daniele Ferrero	1970	07-ago-08	apr-14	Appr. of annual report 2019	Only		X	X	X	5	1/2					C	0/1		
Director	Alessandro Garrone	1963	25-mag-06	apr-14	Appr. of annual report 2019	Only		X	X	X	2	2/2								
Required shareholding for the submission of the list on the occasion of the last appointment: 4.5%																				
Number of meetings done during the relevant year:											CdA	7	E.C.	4	R.C.	2	C.R.C.	6	C.T.R.P.	0

● *This symbol indicates the Executive Director in charge of overseeing the Internal Control System.*
◊ *This symbol indicates the main managers of the Issuer.*
○ *This symbol indicates the Lead Indipendent Director.*
[1]*Date of first appointment for each director means the date when the director was appointed for the first time (ever) in the Board of Directors of the Issuer.*
[2]*In this column you can find the number of other offices as director or statutory auditor held by the members of the Board of Directors in other Italian or foreign listed companies, in financial, bank, insurance or significant sized companies.*
(*) *In this column you can find the attendance of the directors at the meetings respectively of the Board of Directors and of the committees (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).*
(**) *In this column you can find the role of directors in the committee: "C": chairman; "M": member. We point out that, in some cases, following the appointment of the new committees occurred during 2017, some directors attended the meetings both as member, and as chairman.*

Legend:
E.C.: executive committee
R.C.: Remuneration and Share Incentive Committee
C.R.C.: Control and Risk Committee
C.T.R.P.: committee for transactions with related parties

TABLE 2A – OTHER OFFICES AS OF DECEMBER 31, 2017

Director	Companies in which the office is held	Office held
Marco Pescarmona*	Alma Ventures S.A.	Director
	Guderian S.p.A.	Sole Director
Alessandro Fracassi*	A2A S.p.A.	Director
	Alma Ventures S.A.	Director
	Casper S.r.l.	Sole Director
Anna Maria Artoni	Artoni Group S.p.A.	Sole Director
	Prelios S.p.A.	Director
Fausto Boni	EatalyNet S.p.A.	Director
	Bemyeye S.r.l.	Director
Chiara Burberi	Aviva Italia Holding S.p.A.	Director
	ePRICE S.p.A.	Director
Matteo De Brabant	Jakala Group S.p.A.	Executive Director
	Seri Jakala S.r.l.	Vice Chairman
	Alkemy S.r.l.	Director
Klaus Gummerer	N/A	N/A
Valeria Lattuada	N/A	N/A
Marco Zampetti	Centro Finanziamenti S.p.A.**	Director
	Innovazione Finanziaria SIM S.p.A.**	Director
	United Ventures One S.p.A. Sicaf	Standing Statutory Auditor
	United Ventures S.p.A. SGR	Standing Statutory Auditor
	Generale Fiduciaria S.p.A.	Director
	BIM Fiduciaria S.p.A.	Director

** For the other offices of the Executive directors inside the companies held by Gruppo MutuiOnline S.p.A. please refer to Table 2B*
*** Companies held by Gruppo MutuiOnline S.p.A.*

TABLE 2B – OFFICES OF THE EXECUTIVE DIRECTORS IN THE OTHER COMPANIES OF THE GROUP AS OF DECEMBER 31, 2017

Company	Alessandro Fracassi	Marco Pescarmona
65 Plus S.r.l.	Director	-
7Pixel S.r.l.	Director	Chairman
Centro Finanziamenti S.p.A.	Executive Director	-
Centro Istruttorie S.p.A.	Chairman	Executive Director
Centro Processi Assicurativi S.r.l.	Chairman	Executive Director
CercAssicurazioni.it S.r.l.	Executive Director	Chairman
CESAM S.r.l.	Chairman	Executive Director
CreditPro Mediazione Creditizia S.r.l.	-	Chairman
Effelle Ricerche S.r.l.	-	-
EuroServizi per i Notai S.r.l.	Executive Director	Executive Director
Finprom S.r.l.	-	-
Generale Fiduciaria S.p.A.	Director	-
Generale Servizi Amministrativi S.r.l.	Executive Director	-
Innovazione Finanziaria SIM S.p.A.	Director	Chairman
IN.SE.CO. S.r.l.	Chairman	Executive Director
Klikkapromo S.r.l.	Executive Director	Chairman
Mikono S.r.l.	Chairman	Executive Director
Money360.it S.p.A.	-	Chairman
MutuiOnline S.p.A.	-	Chairman
PP&E S.r.l.	Executive Director	Chairman
PrestitiOnline S.p.A.	-	Chairman
Quinservizi S.p.A.	Chairman	Executive Director
Segugio.it S.r.l.	Executive Director	Chairman
Segugio Servizi S.r.l.	Director	Executive Director
ShoppyDoo S.L.U.	-	-
Zoorate S.r.l.	-	Director

TABLE 3 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Indip. Code	(*)	Other offices[2]
Chairman	Fausto Provenzano	1960	25-mag-06	27-apr-15	Approval annual report 2017	Only	X	10/10	21
Active member	Paolo Burlando	1962	25-mag-06	27-apr-15	Approval annual report 2017	Only	X	10/10	28
Active member	Francesca Masotti	1969	28-ago-08	27-apr-15	Approval annual report 2017	Only	X	10/10	15
Substitute member	Gianluca Lazzati	1954	27-apr-15	27-apr-15	Approval annual report 2017	Only	n.a.	n.a.	n.a.
Substitute member	Maria Concetta Russano	1965	27-apr-15	27-apr-15	Approval annual report 2017	Only	n.a.	n.a.	n.a.

STATUTORY AUDITORS CEASED DURING THE RELEVANT YEAR

No statutory auditors ceased to hold the office during the relevant year

Required shareholding for the submission of lists by minority shareholders for the election of one or more members (pursuant to art. 148 of TUF): 4.5%

Number of meetings done during the relevant year: 10

[1] *Date of first appointment for each statutory auditor means the date when the statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer*
[2] *In this column you can find the number of other offices as director or as statutory auditor held by the person concerned pursuant to art. 148-bis of TUF and the related national provisions of enactment contained in CONSOB Issuer Regulations. The complete list of other offices is published on CONSOB website pursuant to art. 144-quinquiesdecies of CONSOB Issuer Regulations.*
(*) *In this column you can find the attendance of the statutory auditor at the meetings of the Board of Statutory Auditors (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).*

6. REPORT OF THE BOARD OF STATUTORY AUDITORS

<u>Gruppo MutuiOnline S.p.A.</u>

Registered office: Via F. Casati 1/A – 20124 Milan

Administrative office: Via Desenzano 2 – 20146 Milan

Share capital: Euro 1,000,000.00 fully paid-up

Company registry – Milan office, N. 05072190969

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE ANNUAL SHAREHOLDERS' MEETING

(Art. 153 of Law Decree 24/2/1998 n. 58 and Art. 2429, par. 2, civil code)

Kind shareholders,

this report refers to the execution of the functions and activities attributed to this board of statutory auditors in compliance with art. 149 and following of Law Decree 24/02/1998 n. 58; it follows the base scheme suggested by CONSOB with communication n. 1025564 of April 6, 2001, and subsequent amendments.

The supervision required by law has been regularly performed, observing both the principles of conduct of the board of statutory auditors in listed companies issued by the National Council of Accounting Experts, and the recommendations and communications of CONSOB.

The Board of Statutory Auditors in charge was appointed by the shareholders' meeting of April 27, 2015 and finishes its office with the approval of the Annual Report as of December 31, 2017.

The appointed independent auditor is the firm EY S.p.A., as resolved by the shareholders' meeting of April 22, 2016, which has also been appointed to perform the limited review of the Non-Financial Report.

* * *

1.0. Reflections on the most significant economic and financial operations and facts carried out by the Company and their compliance with the law and the articles of association

Gruppo MutuiOnline S.p.A. is the holding company of a group of financial services firms, active in the Italian market for the distribution of retail credit and insurance products and in the Italian market for the provision of outsourcing services for the origination of loans by banks and financial intermediaries, as well as, starting from 2015, in e-commerce price comparison.

The Company, during the financial year ended December 31, 2017, has correctly carried out its activity of direction and coordination of the operating subsidiaries.

In the initial part of the Director's Report on Operations for 2017, the directors provide detailed and complete information on the type of activities carried out by the controlled companies, organized by business specialization, and on the corporate structure of the Group (par. 2.2 Group Organization), as well as on the organizational changes that have taken place in 2017.

The board of statutory auditors, with the sole purpose of recapitulating and making its Report self-standing, reminds that the business of the Group is structured in two divisions, (a) the Broking Division, which operates in the distribution of mortgages and consumer credit and insurance products, as well as, starting from 2015, in e-commerce price comparison and (b) the BPO (Business Process Outsourcing) Division that operates as an outsourcer of commercial and processing activities for retail mortgages and employee loans, of mass not-motor insurance claims management services and of services linked to the asset management industry.

Besides those described by the Directors in their "Report on Operations", there are no other operations of specific relevance that require to be mentioned or commented here, nor we have to highlight manifestly imprudent or risky operations, in potential conflict of interest, against with the resolutions of the shareholders' meeting or such to endanger the integrity of the shareholders' equity.

Just for recollection, as the directors have already commented in this respect in their report we remind that:

- on July 26, 2017, the Company made an investment in 65Plus S.r.l., of which today it holds 30% of the share capital, for a total disbursement equal to Euro 1.071 thousand. 65Plus S.r.l. offers specialized consulting and financial services for the elderly. The investment agreement signed by the parties provides for, among other things, the possible acquisition of the remaining stake of 65Plus S.r.l., by means of a combined put/call mechanism.
- revenues for the year ended 31 December 2017 are Euro 152.8 million, with an increase of 10.7% over the previous year;
- the operating profit (EBIT) grew from € 35.2 million in 2016 to € 39.3 million in 2017 (+ 11.7%), EBITDA grew from € 42.5 million in 2016 to € 46.4 million in 2017 (+ 9.2%); finally, the net income for the year grew from € 24.8 million to € 25.9 million (+4.3%);
- the Net Financial Position as of December 31, 2017 is positive for € 22.2 million, while it was positive for € 7.9 million as of December 31, 2016;
- directors provide useful information about the trend in 2017 and the foreseeable evolution in 2018 in the residential mortgages market (par. 2.12.1); directors refer the business "*has recorded an overall growth in financial year 2017*" and "*the outlook for 2018 is of slight revenue growth*….;
- about the BPO Division, directors (par. 2.12.2) state that "revenues, for the fifth year in a row, show double-digit growth, while operating margins remain in line with stated long term objectives", and that "*2018 will be influenced by the inevitably negative trend of the refinancing market, however the medium term outlook for the BPO Division remains very interesting….*";
- headcount is also growing, going up from 1,368 FTEs in 2016 to 1,473 FTEs in 2017, of which 1,074 in Italy and 399 in Romania.

With respect to all the points mentioned and, more generally, to the overall operations, the board of statutory auditors recognizes that during the financial year it has always received in a timely manner the information needed to be aware of and understand the development of the Company's operations which are illustrated in the Reports prepared by the board of directors.

The Board of Statutory Auditors considers that the above-mentioned corporate transactions are pursuant to the Law and to the Articles of Association, are compliant to the corporate interest, are not imprudent and risky, are not in contrast with the resolutions of the shareholders' meeting nor such to compromise the financial integrity of the company.

2.0. Unusual or atypical operations

Not occurred.

2.1. Unusual or atypical operations with related parties

Not occurred (please refer to note38).

2.2. Unusual or atypical operations with third parties or with group companies

Not occurred.

2.3. Ordinary intra-group or related party operations

The Company, in accordance with the "Code of Conduct of Borsa Italiana S.p.A.", approved the adoption of the principles of conduct concerning the transactions with related parties. The board of directors, on November 11, 2010, adopted a "Related Parties Procedure", to comply with the Consob resolution no. 17221 of March 12, 2010, and subsequent amendments

In the financial report, in the separated and consolidated financial reports the Directors have provided disclosure regarding ordinary intra-group or related party operations. These operations particularly refer to commercial transactions related to intra-group purchases and sales for direction services and interests accrued in the scope of the cash pooling activity supplied by the holding and outsourcing services supplied by some of the companies of the Group.

The board of statutory auditors has periodically verified during the financial year that intra-group transactions or related party transactions are executed in compliance with the above mentioned procedure, and, in any case, based on regular contracts prepared according to normal market standards and at arm's length conditions. The intra-group operations examined by the board of statutory auditors have been found satisfactory, in the best interest of the Company and the group controlled by the Company, as well as correctly justified and documented.

The board of statutory auditors has nothing to add to such disclosures which appear adequate.

3.0. Evaluation of the adequacy of the information provided by the Directors on atypical or unusual operations

No atypical or unusual operations have occurred.

4.0. Remarks on Auditors' qualifications

The independent auditing firm issued on March 29, 2018 its opinions related to the audit of the Issuer's financial statement and of the consolidated financial statement; according to the independent auditing firm, both financial statements, separated and consolidated, provide "a truthful and correct representation of the financial situation of the Group (and of the Issuer) as of December

31, 2017, of the economic result and of cash flows for the financial year ended in such date, according to International Financial Reporting Standards adopted by European Union, and to regulations issued in execution to art. 9 of the Legislative Decree n. 38/2005".

The independent auditing firm also issued, on March 29, 2018, the opinion on Non-Financial Report, compliant with article 5 comma 3, letter b, of the Legislative Decree n. 254/2016 and with art. 5 of Consob resolution n. 20267/2018, where it certifies that no items reached to the attention of the firm, that make it believe the Non-Financial Report of the Group as of December 31, 2017, has not been prepared in according to articles 3 and 4 of the Decree mentioned above, and to the GRI Standards, with reference to GRI Standards indicated in the paragraph "*Methodology notes*" of the Non-Financial Report.

5.0. Denunciations pursuant to article 2408 of the civil code

Not occurred.

6.0. Complaints presented

Not occurred.

7.0. Further assignments to the Auditors

Please refer to the relevant table in note 38 of the consolidated annual report.

8.0. Assignments granted to other parties related to the Auditors

Please refer to the relevant table in note 38 of the consolidated annual report.

9.0. Opinions issued in compliance with law requirements

During financial year 2017 the board of statutory auditors issued the following opinions:

- favorable opinion on the recognition for each board member, of the integrity requirements envisaged by art. 148 par. 4, TUF, as mentioned by art. 147-quinquies, par. 1, TUF (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion on the presence of independence requirement for the members Anna Maria Artoni, Chiara Burberi, Valeria Lattuada, Matteo De Brabant and Klaus Gummerer (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion, pursuant to art. 2389, par. 3 of Civil Code, on the approval of the total yearly compensation for the members of the Remuneration and Share Incentive Committee, equal to Euro 17 thousand (Euro 7 thousand to the chairman and Euro 5 thousand to each member remaining) (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion, pursuant to art. 2389, par. 3 of Civil Code, on the approval of the total yearly compensation for the members of the Control and Risk Committee, equal to Euro 24 thousand (Euro 10 thousand to the chairman and Euro 7 thousand to each member remaining) (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion, pursuant to art. 2389, par. 3 of Civil Code, on the approval of the total yearly compensation for the members of the Committee for Transactions with Related

Parties, equal to Euro 4 thousand (Euro 2 thousand to the chairman and Euro 1 thousand to each member remaining) (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion, pursuant to art. 2389, par. 3 of Civil Code, on the approval of the total yearly compensation for the Lead Independent Director, equal to Euro 2 thousand (Euro 7 thousand to the chairman and Euro 5 thousand to each member remaining) (opinion issued in the meeting of the Board of Directors held on May 11, 2017);

- favorable opinion on the approval of the remuneration and incentive plan for executive directors for the year 2017 proposed by the Remuneration and Share Incentive Committee (opinion issued in the meeting of the Board of Directors held on August 10, 2017).

10.0. Frequency of the meetings of the board of directors and of the board of statutory auditors

The statutory auditors, during 2017, held 9 meetings and, in addition, participated to 7 meetings of the Board of Directors, to 6 meetings of the Control and Risk Committee, to 2 meetings of the Remuneration and Share Incentive Committee and to 1 ordinary shareholders' meeting.

11.0. Remarks on compliance with the principles of fair administration

The Board of Statutory auditors has informed itself and supervised on the respect of the principles of fair administration. This has occurred through the participation to the meetings of the Board of Directors and to the meetings, also informal, of the Control and Risk Committee, one-on-one meetings with the Directors, direct observation and inquiries, collection of information from the managers in charge of business functions, meetings with the Auditing Firm also aimed at reciprocal exchange of relevant data and information according to article 150, paragraph 2, of the Consolidated Law on Finance.

The activity of the Board of Statutory Auditors has been aimed at controlling the legitimacy of the management choices of the Directors and their compliance, in the formation process, with criteria of economic and financial logic, according to the best practice advices. Furthermore, this activity was performed without any control on the appropriateness and profitability of the same choices.

The Board of Statutory Auditors has verified that typical and usual operations, as well as the most significant ones, were not extraneous to the company's objectives, in contrast with the Articles of Association or in conflict of interest, even if only potential, and also that they could not compromise the integrity of the Company's capital or, anyway, be patently imprudent or risky. The Board of Statutory Auditors has also verified that they were not executed in contrast with the resolutions of the governing bodies or harmful to the rights of individual shareholders or minorities.

We have also made sure that the decisions of the Board of Directors on the most significant operations were assisted by the usual inquiries, in-depth analyses, control, possible acquisition of opinion and valuation of independent advisors, suggested by the best practice regarding the economic and financial correctness and their coherence with the interest of the Company.

No remarks have occurred regarding the respect of the principles of fair administration.

12.0. Remarks on the adequacy of the organizational structure

The Board of Statutory auditors has acquired information and supervised on the adequacy of the organizational structure of the Company through direct observations, interviews, collection of information from the business functions of the company, and meetings with the subjects in charge of internal and external auditing.

During the financial year, the Board of Statutory auditors has supervised, together with the independent auditor and the Control and Risk Committee, on the possibility of organizational/managerial problems that could derive from defects of organization; no instances worth mentioning in this report have arisen.

The organizational structure is periodically updated for the requirements from time to time expressed; the statutory auditors are periodically informed about the changes in the most important positions.

The assessment of the organizational structure has confirmed, overall, its reliability.

The system of powers in force is based on a split by nature of the different kinds of acts and operations as well as by means of maximum amounts for the implementation of the various types of acts of management.

13.0. Remarks on the adequacy of the internal control system

The Board of Statutory auditors has supervised on the adequacy of the internal control system, directly by means of meetings with the Group's CFO as well as the manager in charge of the internal control system, and with the head of internal audit, of the participation to the meetings, also informal, of the Control and Risk Committee and of periodic meetings with the independent auditing firm, concluding that the system has not displayed any significant problems or other facts worth highlighting in this report.

Regular meetings of the Board of Statutory Auditors with the CFO and with the Control and Risk Committee have allowed the Board to effectively follow the evolution of this business function and the results of the activities performed. These meetings also allowed the statutory auditors to coordinate with the Control and Risk Committee itself the execution of their own functions of "Committee for Internal Control and Audit" also according to article 19 of the legislative decree n. 39/2010 and, specifically, (i) monitor the financial information process and (ii) control the effectiveness of the internal control, risk management and internal audit systems.

From the analyses and the controls performed, relative to the areas and the business functions interested by the activity, we derive a judgment of overall fairness and reliability of the internal control system.

In practice, we have not identified any relevant weaknesses of the system, therefore, even in its process of continuous evolution and improvement, the system has proven to be reliable.

During the financial year, the statutory auditors were also appointed Supervisory Body pursuant to legislative decree 231/01; this resolution was adopted by the board of directors of the holding held on May 11, 2012. During the following months the same resolution was adopted also by the subsidiaries. We remind that the appointment of the Board of Statutory Auditors as Supervisory Body was confirmed by the Board of Directors of the Issuer on March 16, 2016.

A specific paragraph of the report on operations shows the main risk factors that affect the Company; in addition, the report on corporate governance gives full disclosure on the activities performed to manage the risks related to the financial reports, particularly referring to the provisions of the Law 262/05.

14.0. Remarks on the adequacy of the accounting management system

The Issuer, during the financial year 2017, performed for the other Italian companies of the Group all the accounting and administrative services. The assessment of the system is positive; specifically, we believe that the accounting system is able to correctly represent business activity.

The accounting management system, as a whole, has proven reliable: in particular, we consider the accounting management system capable to correctly represent the results of operations.

The Board of Statutory Auditors is regularly kept up to date on the functioning of the existing system by the manager in charge of the accounting department.

15.0. Remarks on the adequacy of instructions to controlled companies (art. 114 TUF)

The board of statutory auditors has been informed of the instructions given to controlled companies pursuant to article 114, paragraph 2, Unified Code of Finance and has found them satisfactory for the purpose of the fulfillment of legal obligations.

The deliberate continuity in the names of the components of the boards of directors and of the boards of statutory auditors of the Group companies facilitates, in fact, those control functions by providing timely information and coordination of the instructions given by the controlling company.

16.0. Relevant facts emerged during the meetings with the independent auditing firm (art. 150 TUF and art. 19 D. Lgs. 39/2010)

During the financial year under review, we have had regular interactions with the independent auditing firm, with whom a fruitful relationship of data and information exchange has taken place also, and above all, considering the function of the statutory auditors, according to article 19 of legislative decree n. 39/2010, as "Committee for Internal Control and Audit".

The relationship with the independent auditing firm has taken place through formal meetings also with the participation of the Company, during which we dwelled particularly upon (i) the legal audit activities on the annual and consolidated accounts, with a particular focus on the Key Audit Matters and (ii) the aspects related to the independence of the auditing firm, referring particularly to the services supplied different from the audit. The mentioned meetings have taken place on July 26, 2017, in connection with the activities related to the Half Year Financial Report, on December 18, 2017, on March 6, 2018 and on March 21, 2018 in connection with the activities related to the 2017 Consolidated Financial Report and Issuer's Financial Report.

Also with respect to the preparatory activities for the separate annual report and the consolidated financial statements, no facts have been found worth mentioning in this report; in particular, the auditing firm has not informed the Board of Statutory Auditors of any critical issues or weaknesses relevant enough to affect the reliability of the process leading to the preparation of the financial statements. Finally, the statutory auditors acknowledge that the independent auditing firm presented to the Control and Risk Committee the opinion pursuant to article 11 of EU regulation 537/2014 on March 29, 2018 and in such date, the Board of Statutory Auditors forwarded it to the Board of Directors without any own observations.

During the independent auditing activities no events or circumstances have occurred, such to raise significant doubts about the ability of the Issuer to continue to operate as a functioning entity (so called going concern), or significant deficiencies of the internal control system,regarding the disclosure process.

17.0. Adhesion to the Code of Conduct

The Company has adhered to the principles established by Code of Conduct sponsored by Borsa Italiana S.p.A. and the Board of Directors on March 12, 2018 has approved the annual report on corporate governance and on ownership structure.

Just as a reminder, we point out that (i) within the Board of Directors operate, with advisory responsibilities, the Control and Risk Committee, the Remuneration and Share Incentive Committee and the Committee for Transactions with Related Parties; regarding role, tasks and functioning we refer to the specific paragraph of the Report of the Board of Directors on Corporate Governance; (ii) within the Board of Directors also operates the executive committee with specific operative powers; the executive committee is now composed of two executive directors, Marco Pescarmona and Alessandro Fracassi; (iii) the Board of Directors has identified in the Chairman of the Board the director in charge of overseeing the functionality of the internal control system; (iv) the Board of Directors identified, with resolution of May 11, 2017, Valeria Lattuada as lead independent director; (v) the Company has set up specific procedures relating to:

- transactions with related parties;
- the functioning of ordinary, extraordinary and special shareholders' meeting; regulations for shareholders' meetings;
- adoption of the "Handbook on market and privileged information abuse" containing, among other things, the procedure for outside communication of confidential price sensitive information, updated based on the regulations on the subject of "market abuse";
- the information duties concerning financial transactions performed by "relevant subjects" (new procedure on internal dealing) also keeping into account the regulations on the subject of "market abuse".

The Board of Statutory Auditors has verified the exact application of the criteria adopted by the Board of Directors to assess the independence of its non-executive members as well as the exact application of the relevant verification procedures.

The Board of Directors positively evaluated the independence of the members of the Board of Statutory Auditors, following their appointment in the meeting of May 12, 2015; furthermore, during the meeting of November 13, 2017, also attended by the Board of Statutory Auditors, the Board of Directors acknowledge the result of the yearly assessment of independence requirements of the statutory auditors, took place during its meeting on November 10, 2017.

Following these checks, no objections were raised by the Board of Statutory Auditors.

18.0. Final remarks on supervisory activity

The Board of Statutory Auditors has verified the existence, in general, of an appropriate an adequate organizational structure of the Company, such as to ensure the respect of regulations and the exact and timely execution of any related duties.

Such verification has been conducted through:

- specific contributions and activities aimed at verifying the respect of the law and of the articles of association;

- the participation to the meetings of the governing bodies of the Company;

- the acquisition of information relating the controls and the supervision performed by the auditing firm and the activity directly performed as Supervisory Body pursuant to legislative decree 231/01;

- the collection of further information in meetings – also occasional – with the Directors, the administrative, finance and control function, the head of the internal audit function, the Control and Risk Committee and the managers in charge of the various business functions;

- the analysis, performed together with the Company, of any new regulations or communications issued by CONSOB of interest to the Company.

In this way, we have been able to verify the presence of the organizational and technical pre-requisites for the respect, in practice, of the articles of association, laws and regulations that control the functioning of the bodies and business activities of the Company.

19.0. Possible proposals to be presented to the Shareholders' meeting (art. 153 TUF)

The Board of Statutory auditors confirms that it has overseen the application of the laws and regulations regarding the preparation of the 2017 annual report of the Company as well as of the 2017 consolidated annual report and regarding their filing and on the respect of the duties of the Directors and the independent auditing firm on this subject.

The annual report submitted to your examination and the consolidated financial report reflect the operations of the Company in 2016 and contain an exhaustive analysis of the situation and of the operating result, as well as a description of the main risks and uncertainties to which the Company and the Group are exposed, with a unified description of the financial and economic situation, illustrated in detail by the Board of Directors in the "Report on Operations" and in the "Illustrative Notes"; the "Report on Operations" is consistent with the consolidated annual report.

* * *

Based on the controls directly performed and the information exchanged with the independent auditing firm, also taking into account its Report which provides an unqualified opinion, taking into account that the Directors have not taken advantage of the exemption from article 2423, paragraph 4, of the civil code, we have neither remarks nor proposals concerning the Financial Statements, the Report on Operations and the proposed allocation of the income of the year which, as a consequence and for what concerns us, are subject to your approval.

Milan, March 29, 2018

FOR THE BOARD OF STATUTORY AUDITORS

Fausto Provenzano Chairman

Gruppo MutuiOnline S.p.A.

Consolidated financial statements as at December 31, 2017

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gruppo MutuiOnline (the Group), which comprise the consolidated statement of financial position as at December 31, 2017, and the income statement, the comprehensive income statement, the statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report.
We are independent of Gruppo MutuiOnline S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Revenue recognition: revenues related to services	
Sales revenues include management's estimate of revenues related to services provided to bank counterparts and not yet billed as of December 31, 2017. The processes and methodologies adopted to estimate such revenues are based on complex procedures that require the Company to determine the completion of each of the different activities provided by the executed agreement prior to a formal confirmation from the clients. Considering the number of transactions subject to estimate and the timing of receiving from the clients confirmation of the service provided, we have determined that this area constitutes a key audit matter. The Group disclosed the criteria applied to recognize revenues in the explanatory note 4) "Accounting policies", P) "Revenue recognition" to the consolidated financial statements.	Our audit procedures in response to this key audit matter included, among others: - the analysis of the Group process and key controls related to revenues recognition; - the testing, on a sample basis, of the data used by the management to determine the revenues already accrued but not yet billed; - analytical procedures aimed at identifying unusual revenues, both in terms of timing of the recognition and significance; - look-back analysis of the revenues' estimate made in the previous year against the amount of actual revenues recognized, including variance analyses. Lastly, we reviewed the disclosures made in the notes to the consolidated financial statements related to the revenue recognition for services provided.
Key Audit Matter	Audit Response
Evaluation of goodwill	
The carrying amount of goodwill at December 31, 2017 is Euro 43 million. The processes and methodologies to evaluate and determine the recoverable amount, in terms of value in use, are based on complex assumptions that , by their nature, imply the use of judgement by management, in particular with reference to cash flow forecasts for the period covered by the business plan and to the long term growth rates and discout rate applied to future cash flows. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of goodwill, we have determined that this area constitutes a key audit matter.	Our audit procedures relating to this key audit matter included, among others: - Understanding the process and key controls implemented by the Group related to the goodwill impairment test; - Validating the determination of CGUs and the allocation of the carrying value of asset and liabilities to the different CGUs; - Analysis of cash flow forecasts, also considering available data and forecasts available for the industry; - Assessment of the consistency of cash flow forecasts for the different CGUs with the business plans;

The disclosures relating to goodwill evaluation are included in explanatory notes 8 "Recoverability of intangible assets" and 4 "Accounting policies", F) "Impairment" of the consolidated financial statements.	- Evaluation of the cash flow forecasts in light of the historical accuracy of the Group's forecasts; - Assessment of the discount and long term growth rates. In performing our audit procedures we involved EY valuation specialists who performed independent calculations and sensitivity analyses of key assumptions, to determine any changes in assumptions that could materially impact the determination of the recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes to the consolidated financial statements relating to evaluation of goodwill.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Directors are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- we have obtained an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;
- we have obtained sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Gruppo MutuiOnline S.p.A., in the general meeting held on April 22, 2016, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.
We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Gruppo MutuiOnline as at December 31, 2017, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of MutuiOnline Group as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of MutuiOnline Group as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, March 29 2018

EY S.p.A.
Signed by: Lorenzo Secchi, Partner

This report has been translated into the English language solely for the convenience of international readers.

Gruppo MutuiOnline S.p.A.

Financial statements as at December 31, 2017

Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gruppo MutuiOnline S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2017, and the income statement, the comprehensive income statement, the statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

EY S.p.A.
Sede Legale: Via Po, 32 - 00198 Roma
Capitale Sociale deliberato Euro 3.250.000,00, sottoscritto e versato Euro 3.100.000,00 i.v.
Iscritta alla S.O. del Registro delle Imprese presso la C.C.I.A.A. di Roma
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We identified the following key audit matters:

Key Audit Matter	Audit Response
Evaluation of investments in subsidiaries	
The carrying amount of investments in subsidiaries at December 31, 2017 is Euro 73,8 million. The Management assesses, at least annually, whether there are indicators of potential losses in value for each investment, consistently with the Group investments' strategy and, if any impairment indicators are noted, completes the related impairment test. The processes and methodologies to evaluate and determine the recoverable amount of the investment, in terms of value in use, are based on complex assumptions that, by their nature, imply the use of judgement by management, in particular with reference to the identification of impairment indicators, the forecast of future profitability for the period covered by the business plan, and the long term growth rates and discount rate applied to future cash flows. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of investments, particularly impacted by future market trends, we have determined that this area constitutes a key audit matter. The disclosures relating to investments evaluation are included in explanatory notes 5 "Investments in subsidiaries" and 1"Basis of preparation of the financial statements", D) "Impairment of assets" of the consolidated financial statements.	Our audit procedures relating to this key audit matter included, among others: - Understanding the process and key controls implemented by the Group related to the impairment assessment of investments in subsidiaries; - Assessing cash flow forecasts, also considering data and forecasts available for the industry; - Assessment of the consistency of cash flow forecasts for the different subsidiaries with their business plans; - Evaluation of the cash flow forecasts in light of the historical accuracy of the Group's forecasts; - Assessment of the discount and long term growth rates. In performing our audit procedures we involved EY valuation specialists who performed independent calculations and sensitivity analyses of key assumptions, to determine any changes in assumptions that could materially impact the determination of the recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes to the consolidated financial statements relating to evaluation of investments in subsidiaries.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (ISA Italia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

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

We have communicated with those charged with governance, identified at an appropriate level as required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Gruppo MutuiOnline S.p.A., in the general meeting held on April 16, 2016, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Gruppo MutuiOnline S.p.A. as at December 31, 2017, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Gruppo MutuiOnline S.p.A. as at December 31, 2017 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Gruppo MutuiOnline S.p.A. as at December 31, 2017 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, March 29, 2018

EY S.p.A.
Signed by: Lorenzo Secchi, Partner

This report has been translated into the English language solely for the convenience of international readers.

9. DECLARATION PURSUANT TO ART. 154-BIS PAR. 5 OF LEGISLATIVE DECREE 58/1998

The undersigned Marco Pescarmona and Francesco Masciandaro, respectively chairman of the Board of Directors and manager in charge of preparing the accounting documents of Gruppo MutuiOnline S.p.A., hereby certify, taking into account the provision of art. 154-bis, paragraph 3 and 4, of Law Decree n. 58 dated February 24, 1998:

- the adequacy in relation to the features of the company; and
- the actual application of the administrative and accounting procedures for the preparation of the annual report and the consolidated annual report as of and for the year ended December 31, 2017.

In this respect no relevant issues have arisen, such as anomalies or problems that could alter the information presented in this document or such modify the judgment of its readers.

Besides, we certify that:

1. the annual report and the consolidated annual report:

   1.1 correspond to the results of the accounting books and book entries;

   1.2 are prepared in accordance with IFRS, understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2017 and published in the EU regulations as of this date;

   1.3 are appropriate to give a true and fair representation of the financial and economic situation of the Issuer and of all the companies included in the scope of consolidation.

2. The directors' report on operations contains a reliable analysis about the state and the results of the operations, as well as a situation of the Issuer and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, March 12, 2018

For the Board of Directors The Chairman (Ing. Marco Pescarmona)	The Manager in charge of preparing the accounting statements (Dr. Francesco Masciandaro)