ANNUAL FINANCIAL REPORT AT 31/12/2018

This English version of Tinexta's 2018 Annual Financial Report is made available to provide non-Italian speakers a translation of the original document. Please note that in the event of any inconsistency or discrepancy between the English version and the Italian version, the original Italian version shall prevail.

TINEXTA

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COMPANY DATA and COMPOSITION OF CORPORATE GOVERNANCE BODIES

Parent Company's Registered Office

TINEXTA S.p.A.[1]
Piazza Sallustio 9
00187 Rome Italy

Statutory Information about the Parent Company

Share capital resolved € 47,207,120 - subscribed and paid-in € 46,890,120
Rome Corporate Registry No. RM 1247386
Tax ID and VAT No. 10654631000
Website www.tinexta.com

Corporate governance bodies currently in office

Board of Directors

Enrico Salza	Chairman
Riccardo Ranalli	Deputy Chairman
Pier Andrea Chevallard	Chief Executive Officer
Alessandro Potestà	Director
Laura Benedetto	Director (independent)
Gian Paolo Coscia	Director (independent)
Elisa Corghi	Director (independent)
Giada Grandi	Director (independent)
Eugenio Rossetti	Director (independent)
Paola Generali	Director (independent)
Lorena Pellissier	Director (independent)

Control Risks Committee - Related Parties Committee

Eugenio Rossetti	Chairman
Riccardo Ranalli	
Elisa Corghi	
Alessandro Potestà	
Gian Paolo Coscia	

Remuneration Committee

Giada Grandi	Chairman
Riccardo Ranalli	
Paola Generali	
Lorena Pellissier	
Eugenio Rossetti	

Board of Statutory Auditors

Luca Laurini	Chairman
Monica Mannino	Standing Auditor
Alberto Sodini	Standing Auditor
Domenica Serra	Alternate Auditor
Maria Cristina Ramenzoni	Alternate Auditor

Independent Auditors

KPMG S.p.A.

Manager responsible for the preparation of the corporate accounting documents

Nicola Di Liello

Registered and Operating Office
Piazza Sallustio 9 - 00187 Rome

Operating Office
Via Principi d'Acaia, 12 - 10143 Turin
Via Meravigli, 7 - 20123 Milan

[1] On 7 November 2018, the Extraordinary Shareholders' Meeting approved the plan to change the company name from Tecnoinvestimenti to Tinexta. The change became effective 8 November 2018 following the registration in the Rome Corporate Registry.

SUMMARY OF GROUP RESULTS

Summary economic data *(In thousands of Euro)*	**2018**	**2017**[2]	**Change**	**Change %**	**of which change % for IFRS 2018**[3]
Revenues	239,618	181,018	58,600	32.4%	-0.5%
EBITDA	65,958	40,631	25,327	62.3%	0.5%
Operating profit	48,150	27,099	21,051	77.7%	0.7%
Net profit	33,107	20,206	12,901	63.8%	-0.1%
Adjusted net profit	36,146	21,633	14,513	67.1%	-0.1%
Free Cash Flow	30,309	25,665	4,644	18.1%	n.a.
Earnings per share (in Euro)	0.70	0.43	0.26	60.5%	n.a.
Adjusted earnings per share (in Euro) [4]	0.77	0.47	0.31	66.0%	n.a.
Dividend	10,691	6,520	4,171	64.0%	n.a.
Dividend per share (in Euro) [5]	0.228	0.14	0.088	62.9%	n.a.

Summary equity-financial data *(In thousands of Euro)*	**31/12/2018**	**31/12/2017**[2]	**Change**	**Change %**
Share capital	46,890	46,573	317	0.7%
Shareholders' Equity	145,545	143,213	2,332	1.6%
Net financial indebtedness	124,946	104,427	20,518	19.6%

Since 1 January 2018, the Group has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", which have led to changes in accounting policies and adjustments to the amounts entered in the accounts. Comparative 2017 data have not been restated, while the data for the reference period reflect the application of IFRS 15 and IFRS 9 (both IFRS 2018). In order to ensure effective comparability with the 2017 economic results, the effects on the comparative analysis deriving from the application of the accounting standards adopted from 1 January 2018 (IFRS 2018) are explained.

[2] The comparative data for 2017 were restated for the completion during the year of activities to identify the fair values of the assets and liabilities of Warrant Hub S.p.A. and its subsidiaries, consolidated on a line-by-line basis from 1 December 2017, as well as the completion of accounting for the acquisition of the Eurofidi business unit purchased on 31 October 2017.

[3] Change % in 2018 compared to 2017 for the component attributable to the adoption of IFRS 15 and IFRS 9 (both *IFRS 2018*) effective from 1 January 2018.

[4] The *Adjusted EPS* is obtained from the ratio of *Adjusted net profit* and the weighted average number of Ordinary Shares outstanding of 46,642,599 in 2018 and 46,326,468 in 2017.

[5] The *Dividend per share* is obtained from the ratio of *Dividend* and the number of Shares at the reporting date, equal to 46,890,120 in 2018 and 46,573,120 in 2017.

LETTER TO SHAREHOLDERS

Dear Shareholders,

The year 2018 was particularly important year for our Company, characterised by significant growth in Revenues and profitability, new acquisitions, and the launch of an important project to integrate the Group's activities, which has now reached sizeable dimensions.

Tinexta is a business that employs 1,294 individuals, 107 more than in 2017. In 2018, Revenues exceeded € 239 million, with growth of 32.4% over the prior year, EBITDA is more than € 65 million (+62.3%), and EBITDA margin rose to 27.5% from 22.4%. The results for the year were higher than the objectives set out in the 2018-2020 Business Plan; growth was supported by positive performance in all business units, which demonstrated their ability to establish themselves on the market despite the scenario of economic uncertainty.

In 2018, 10 years after the creation of Tecnoinvestimenti, reflecting the rapid evolution, both in terms of size and diversification, of the business activities performed, we changed the company name and became Tinexta in order to be recognised as an entity with strong growth, at the service of innovation, for small and medium-sized businesses, professionals and artisans, but also credit institutions and larger companies.

The name change also involved the companies of Warrant Group, which was renamed Warrant Hub in November. The company, a leader in advisory services for innovation, thus reflects, including in its name, its role in blending and connecting skills to support business development. In twenty years, Warrant Hub has developed 25 thousand projects for over 5 thousand customers. Its inclusion in Tinexta Group in December 2017 provided additional stimulus to the activities of the Innovation and Marketing Service Division alongside Co.Mark, a leader in services for the internationalisation of small and medium-sized enterprises.

Tinexta is a leader in digital identity and digital certification, with ambitions for European growth.
In May, it acquired, through InfoCert, 51% of AC Camerfirma, the Spanish certification authority based in Madrid, with a solid presence in the Iberian market and interesting commercial initiatives in South America. Owned by the Spanish Chambers of Commerce, the company, founded in 2000, contributed about € 3 million, in eight months, to the Group's Revenues. This was the first step towards the goal of creating a pan-European Trust Service Provider.
Again through the subsidiary InfoCert S.p.A., Tinexta signed an agreement in September to acquire 50% of LuxTrust, a leading Digital Trust company in Luxembourg. The joint venture, finalised at the end of December, will stimulate the growth of LuxTrust as a result of its offer of the best Digital Trust services to existing and newly acquired customers, strengthening its position on the domestic market and laying the foundations for growth in other European markets, such as France, Netherlands, and Belgium.

The acquisitions also contributed to developing the capabilities and profitability of the Credit Information and Management business unit. Through the subsidiary Innolva, the acquisition of Comas and Webber, two companies active in the sale of commercial and real estate information through the web, was completed in July. Thus, Innolva will be able to offer its higher value-added products on a new sales channel, starting from a platform that boasts over 2.5 million visitors a year.
At the end of October, again through Innolva, the acquisition of 100% of the share capital of Promozioni Servizi, a company based in Vicenza providing advisory for access to the guarantee fund for small and medium enterprises, was concluded. The objective is to consolidate the Group's presence in the banking, financial and insurance market by offering highly specialised capabilities in these sectors.

In combination with these acquisitions, the Group continued to consolidate in 2018, starting from a progressive integration of IT systems and innovation and commercial policies. A major project was also launched to strengthen the organisational structure, which will be gradually implemented during 2019, enabling the Group to take advantage of all the opportunities offered by consolidation activities.

The Plan confirms Tinexta's growth path. At the end of January, our Board of Directors, which was renewed last April, approved the 2019-2021 Business Plan, which envisages Revenues that exceed € 250 million in 2019 and € 290 million in 2021, with profitability increasing more than proportionally.

Based on the positive results of 2018 and the growth prospects, on 12 March the Board of Directors proposed to the Shareholders' Meeting to approve a total dividend of € 10,690,947, equal to € 0.228 per share, up 62.9% compared to the previous year.

Milan, 12 March 2019

Enrico Salza
Chairman of the Board of Directors
Tinexta S.p.A.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

This Directors' Report on Operations relates to the Separate and Consolidated Financial Statements of Tinexta at 31 December 2018, prepared in accordance with the International Financial Reporting Standards (IFRS) and International Accounting Standards (IAS) issued by the International Accounting Standards Board (IASB) and approved by the European Union. The Report should be read together with the corresponding Tables and related Notes, which together make up the Financial Statements for the year ended 31 December 2018.

Unless otherwise indicated, all the amounts in this Report are in thousands of Euro.

GROUP ACTIVITIES

Tinexta Group operates in Italy and, to a lesser extent abroad, in three business units: Digital Trust, Credit Information & Management and Innovation & Marketing Services. The Group has developed rapidly in recent years, due to both organic growth and acquisitions, aimed at expanding the portfolio of products/services and extending the offering to market sectors considered strategic and synergistic.

The Group operates through three Business Units (BUs):

1. the Digital Trust BU proposes IT solutions to the market for digital identity and dematerialisation of processes in line with applicable regulations (including the new European eIDAS regulation of 2016) and customer and sector compliance standards, through various products and services such as certified e-mail (CEM), electronic storage, digital signature, e-invoicing, Telematic Trust Solutions and Enterprise Content Management Solutions. Digital Trust activities are provided by the Group through InfoCert S.p.A., its subsidiaries and associates, as well as Visura S.p.A.

   For the purpose of carrying out activities as a manager of certified e-mail, electronic storage and Digital Signature, InfoCert is qualified as Certification Authority and accredited by the AgID (*Agenzia per l'identità digitale*, the governmental Agency for Digital Identity). The ability to provide said IT solutions is reserved for entities that meet certain legal requirements, in terms of both assets and organic and technological infrastructure. InfoCert has also been accredited by AgID as Identity Trust Provider, i.e. Digital Identity manager, which can issue digital identities to citizens and businesses, managing in total security the authentication of clients.

   Sixtema S.p.A., 80%-owned by InfoCert since April 2017, provides IT and management services to companies, entities, associations and institutions, with a particular focus on the world of CNAs - *Confederazione Nazionale dell'Artigianato* (National Confederation of Artisans). It has its own data centre through which it provides software services via ASP and/or SaaS. Moreover, as service provider, it provides an integrated technological infrastructure service. Its offer includes software solutions to comply with all tax obligations, employment legislation and other regulations in general.

   AC Camerfirma S.A. (hereinafter also Camerfirma), 51% owned by InfoCert since May 2018, leader in Spain in the Digital Trust sector and present in the South American market as well (Camerfirma Perù S.A.C.), mainly offers digital certification services. It has launched the marketing of high value-added InfoCert products to banks and large companies operating on the Spanish market.

   On 21 December 2018, InfoCert entered into the joint venture Lux Trust S.A. (hereinafter also LuxTrust) through the subscription of 50% of share capital. LuxTrust implements and integrates innovative solutions to guarantee on-line transactions, digital identity, and electronic signatures for its customers. LuxTrust manages digital identities throughout Luxembourg. The conclusion of the transaction will allow

LuxTrust to strengthen its positioning in the domestic market and lay the foundations for growth in other European markets, in particular, France, Netherlands, and Belgium.

Visura S.p.A. is active in the Digital Trust market, mainly through the sale of Telematic Trust Solutions and resale services of products such as certified e-mail, digital signature and electronic invoicing similar to InfoCert; it also offers telematic services and manages a database of approximately 450 thousand customers including professionals, professional firms, public administrations, professional associations and companies, as well as products and services in the IT sector for professional associations such as electronic filing, CAF Facile (the filing of 730 tax declarations and related documents) and certified e-mail. During the year, the process was completed to merge the two subsidiaries, Lextel S.p.A. and ISI Sviluppo Informatico S.r.l. into Visura S.p.A. The brands will be maintained for commercial purposes.

2. The Credit Information & Management BU provides standard and value-added services mainly aimed at supporting processes for the granting, assessment and recovery of credit in both the banking and business sectors

   and operates through Innolva S.p.A.[6] (created from the 2017 merger of the companies Assicom S.p.A. and Ribes S.p.A.), its subsidiaries Comas S.r.l., Webber S.r.l. (acquired in July 2018), and Promozioni Servizi (acquired in October 2018), as well as RE Valuta S.p.A.

   Innolva provides a complete range of IT services to support decision-making processes for the granting, assessment and recovery of credit, along with credit management and business information services, through a business model characterised by the integration of services, with the aim of supporting banks and SMEs at every stage of the credit management and recovery cycle. In May 2018, Innolva sold 70% of Creditreform Assicom Ticino, which belongs to the Creditreform network, an international organisation operating in the business information and credit recovery sector with which it operates on the Swiss market. In July 2018, Innolva finalised the acquisition of Comas and Webber, respectively established in 1976 and 2013 and primarily active in the resale, through the internet, of business information such as filings with Chambers of Commerce, cadastral property registries, the automobile registry and the Registry Office, court certificates, reports on natural and legal persons and other information services. In November 2018, Innolva completed the acquisition of Promozioni Servizi S.r.l., a company specialised in providing advisory services to financial institutions to access the Mediocredito Centrale guarantee fund for SMEs.

   RE Valuta identifies and provides assessment services to define the value of real estate collateral during the granting of loans or during the process of assessing the value of real estate assets recognised in the Financial Statements, primarily for banking and fund customers.

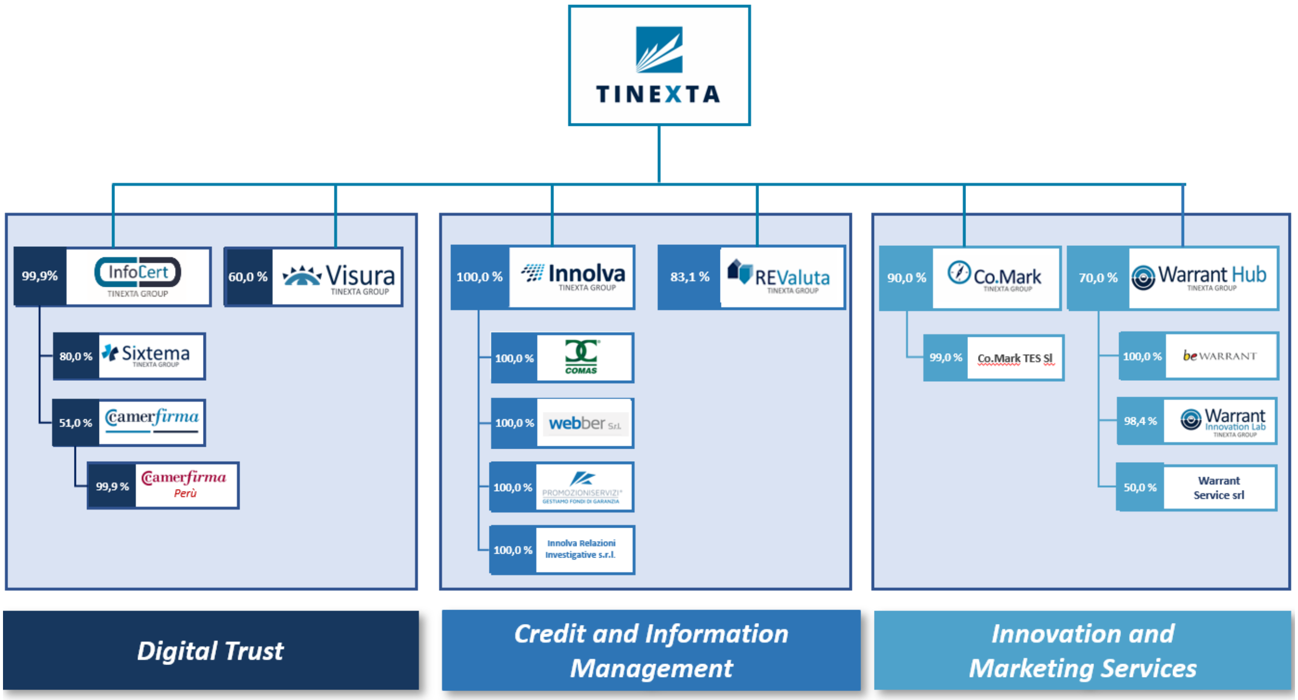
3. The Innovation & Marketing Services BU operates in the market through Co.Mark S.p.A., its subsidiary Co.Mark TES S.L. (Spain), and Warrant Hub S.p.A.[7] and its subsidiaries acquired in November 2017. Through a team of TES® (Temporary Export Specialists®), Co.Mark provides value-added services aimed at supporting small and medium-sized companies or networks of companies in their internationalisation, in the search for customers and in creating business opportunities in Italy as well as abroad. In July 2015, Co.Mark TES was established in Barcelona with the objective of developing the innovative export model, also in support of the Spanish SMEs, which operate in a market very similar to the Italian one.

   Warrant Hub and its subsidiaries predominantly offer consulting services to companies that invest in productivity and R&D innovation to obtain subsidised and integrated loans, also through tools provided by the European Union, the Ministry of Economic Development and the Regions, and tools provided by the National Industry Plan 4.0. Warrant Hub offers specific support to companies in managing relations

[6] As described in the note *KEY EVENTS OF THE PERIOD*, on 26 April 2018, Assicom Ribes changed its name to Innolva S.p.A.
[7] As described in the note *KEY EVENTS OF THE PERIOD*, on 6 November 2018, the Shareholders' Meeting of Warrant Group S.r.l. approved the change in the company name to Warrant Hub and its legal form into a joint-stock company.

with banks and in analysing company ratings in order to identify the most critical variables on which to implement actions to improve the company in view of Basel 2. Warrant Innovation Lab focuses on promoting the sharing of knowledge, ideas, products, technologies and methodologies among companies, universities and research centres, in order to systematically generate and support industrial innovation.

The chart that follows outlines the structure of the Tinexta Group, including controlling interests held, at 31 December 2018.



ECONOMIC CONTEXT

Tinexta Group's business activities are currently concentrated mostly in Italy, with a limited but growing share of the business in Spain. Starting from 2019-2020, the Company plans to gradually develop within the Eurozone.

The Eurozone in 2018 was characterised by 1.8% GDP growth, a moderate decrease compared to +2.3% in the previous year. The slowdown derived from the simultaneous emergence of difficulties globally as well as within the Eurozone.

In terms of international difficulties, the forms of neo-protectionism that appeared everywhere and favoured by the new American commercial policy reduced global trade growth to 3.4%, or two percentage points below the historic twenty-year average. From an internal perspective, the Eurozone suffered from the political uncertainty associated with Brexit and the slowdown in German demand, which was itself partially influenced by growing difficulties in increasing exports, which has constituted Germany's true strength over the last ten years.

Nearing the apex of the expansive phase that began in the second half of 2009, central bankers in 2018 reduced their level of monetary accommodation. The four consecutive increases in the Fed funds rate in the United States, which brought short-term interest rates back to 2.4%, together with the global slowdown, resulted in a year of turbulence in both stock and bond markets. These behaviours, which originated in the United States, were also reflected in Europe due to the normal contagion effect, where, however, they encountered a monetary policy that is still significantly more accommodating than the average, which reduced the potential negative impact. The accommodating monetary conditions were made possible by the limited inflation risk (inflation in the Eurozone is 1.4%) and by the average unemployment rate (8%), twice that of the United States. Finally, in 2018 international commodity prices, measured in Euros, also had a deflationary impact in Europe.

Italy absorbed the European slowdown to a smaller degree through its trade balance, in which exports continued to be dynamic, even during the years of relative stagnation. Italian exports in 2011 were € 376 billion and reached € 480 billion in 2018. Italy has the fourth largest Eurozone trade surplus and the best European export performance after Germany. The economic recovery in Italy did not begin in 2009, but between 2012 and 2013. During the recovery, Italy set itself apart on the strength of its exports, which developed both in total value and in unit value, showing that the manufacturing system after the crisis had regained competitiveness with respect to its European and global competitors. Despite this good performance, GDP growth has always proved to be lower than the Eurozone average. In 2018 it was +0.9 percent, down compared to +1.6 percent in 2017.

Three factors have contributed to limiting Italian growth: a) the continuing crisis in the construction sector, both residential as well as non-residential and public buildings; b) a net fixed investment trend that is still negative, despite the credit accommodations; c) finally, tax rates (42.4%, above the European and OECD averages), caused by the high ratio of debt to GDP. The high debt service acts by squeezing out private spending and generates a redistribution towards yields, which is struggling to reinvest in real assets. Finally, during 2018, the political elections brought about an unprecedented political combination, about which the markets were wary, because the government must confront the need to stimulate the economy without reducing the degree of internal financial and monetary stability. This has, in all likelihood, reduced companies' propensity to invest.

In general, it can be argued that the Italian macroeconomic scenario in 2018 was not unfavourable to economic activities and favourable to innovative services, within which our Company operates.

Although 2019 has just begun, the growth forecasts for the Eurozone endorsed by the European Union are 1.3% (-0.5% compared to 2018 and -0.6% compared to the forecasts from autumn 2018 by the EU). While certain countries have reported some quarters with a negative change in GDP, the Commission does not expect a recession and has developed a forecast of +1.6% for 2020. With regard to Italy, the Commission estimates that 2019 is essentially almost stagnant (+0.2%), without a steep recession and moderate growth recovery already in 2020 (+0.8%).

While witnessing a slowdown in the economy, with predominantly global causes, the European economy will still be under the ECB's expansionary stimulus throughout 2019 and 2020, confirmed in March 2019 by the Chairman Mario Draghi, who has announced, among other things, both the renewal of government securities held by the central banking system at their maturity dates, and new injections of liquidity from the European banking system, which, *inter alia*, has had positive results from the gradual disposal of NPLs accumulated during the previous recession. Furthermore, the slowdown in 2019 is not considered to be a forewarning of a recession, because this is normally accompanied by a notable deterioration in the labour market. Instead, in the Eurozone, the unemployment rate is 7.9%, slightly down compared to 8% in the autumn of 2018. In addition, real wages were up in 2018, both in the Eurozone (+1%), and in Italy (+0.9%). These assessments reduce the likelihood that the economic slowdown may evolve into a real recession.

Addressing the conditions for the 2019 Italian economy, the stagnation (but not recession) seems to be caused mainly by the uncertainty and reduced confidence of both economic operators and businesses. This condition is determined not so much by the fundamental economic indicators as by the perception of the risks associated with a new phase of economic policy that has introduced, in a framework already marked by the high public debt, new and potentially destabilising elements, such as conflicts with both domestic and international economic institutions, additional growth in current public expenditures and transfers in relation to the budget, and difficulty in implementing the infrastructure spending programs that began in the previous legislatures. The spread between the long-term yields of Italian and German government bonds has risen to 240 basis points (March 2019) and is estimated to fall only along with the political uncertainty that made it rise again.

Operating in the Italian market, our Company could be affected by a recession affecting GDP in 2019, even if the data currently indicates that a recession is unlikely. The most likely scenario appears instead to be a slowdown in 2019, followed by a moderate recovery in 2020, a scenario that would not constitute a significant threat for the Company.

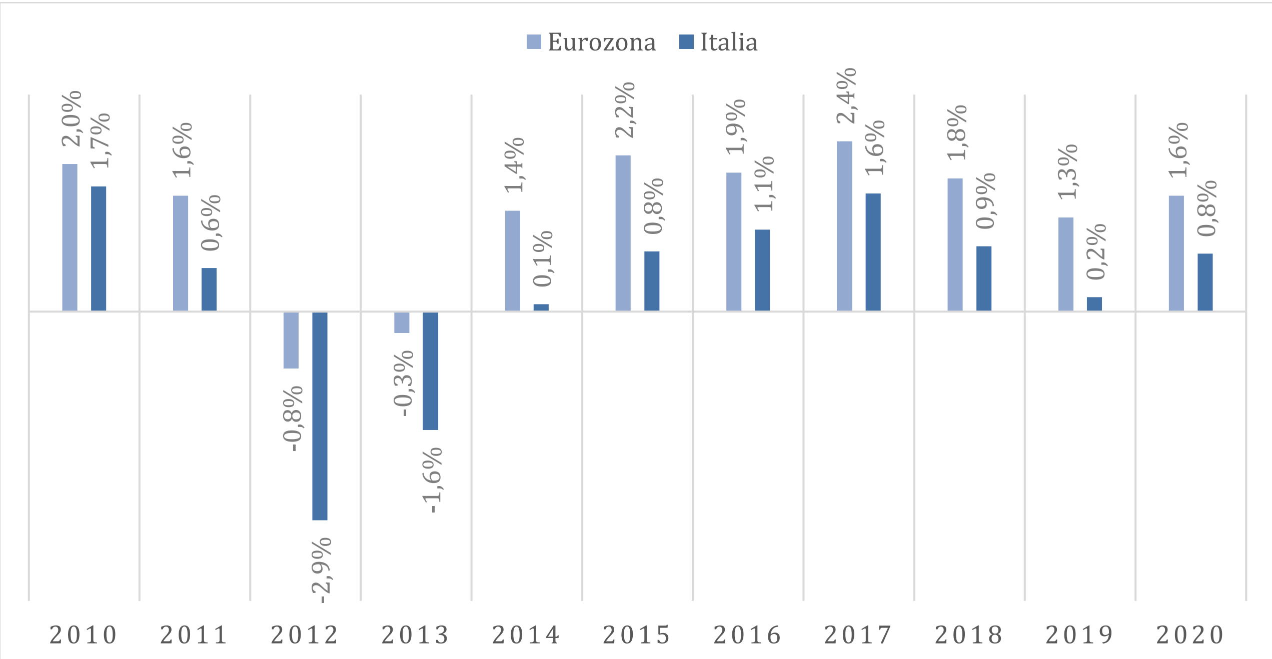


Chart - GDP growth rates in the Eurozone and Italy (2010-2018, Eurostat; 2019-2020 European Commission).

KEY EVENTS OF THE PERIOD

Below is a summary of the most significant events that occurred during the year until 31 December 2018:

1. On 8 February 2018, Cedacri, a Tinexta Shareholder, completed the placement of 4.25% of the share capital at € 6.70 per share. Following the disposal, achieved through an accelerated book building procedure reserved for institutional investors, Cedacri's stake in Tinexta declined to 1.352%, with regard to which Cedacri undertook a 180-day lock-up commitment.

2. On 1 March 2018, the Board of Directors of Assicom Ribes S.p.A (now Innolva S.p.A.) resolved to dispose of the stake held in Swiss company Creditreform Assicom Ticino SA since, after the changes made to the corporate structure of Assicom Ribes S.p.A. in 2017, this investment is no longer considered strategic. Innolva S.p.A. completed the sale on 22 May 2018. Creditreform Assicom Ticino S.A. was consolidated into the Tinexta Group on a line-by-line basis until 31 May 2018, and with the equity method starting from 1 June.

3. On 13 March 2018, InfoCert S.p.A. received a petition from Thron S.p.A. demanding the payment of € 200 thousand as a penalty due to the failure to comply with a confidentiality agreement, in addition to € 21,780 thousand due to greater damages suffered for alleged undue use of software. In acknowledging this judicial initiative, Tinexta S.p.A. notes the groundlessness of the arguments supporting the claims made. To that end, the appropriate judicial initiatives are underway.

4. The Ordinary Shareholders' Meeting of 24 April 2018 renewed and set the number of members of the Board of Directors at 11 for the years 2018-2019-2020, as well as the Board's remuneration, confirming Enrico Salza as the Chairman of the Board of Directors. The Ordinary Shareholders' Meeting also appointed the Board of Statutory Auditors for the period 2018-2020 and resolved the distribution of a dividend of € 0.14 per ordinary share, for a total amount of € 6,520,236.80. In its meeting following the Shareholders' Meeting, the Board confirmed Pier Andrea Chevallard as Chief Executive Officer.

5. On 26 April 2018, Assicom Ribes changed its name to Innolva S.p.A. Innolva is the new name of the company fully owned by Tinexta S.p.A., which offers business information, risk monitoring and credit recovery services and is part of the Group's Credit Information & Management Business Unit. The company's name change from Assicom Ribes S.p.A. to Innolva S.p.A. was approved by the Company's Extraordinary Shareholders' Meeting on 28 March 2018 and became effective for all intents and purposes following registration with the Corporate Registry of the Chamber of Commerce of Udine.

6. On 3 May 2018, Tinexta Group, through its subsidiary InfoCert S.p.A., successfully completed the acquisition of AC Camerfirma SA (Camerfirma), leader in Spain in the Digital Trust sector, present in the South American market as well (Camerfirma Perù). InfoCert has a 51% stake in the company. The transaction enables InfoCert S.p.A. to pursue its growth strategy through:

    - The creation of an international Trust Service Provider with solid roots and a clear focus on the European market;
    - Integration of the respective offers and capabilities for effective coverage of the market;
    - Optimisation of synergies in infrastructures, transactions, investments, innovation and development of new products/solutions.

    The 51% acquisition of Camerfirma took place through the subscription of a share capital increase of € 3.1 million. InfoCert carried out the acquisition with internal resources.

7. On 5 July, Innolva S.p.a. acquired 100% of Comas S.r.l. and Webber S.r.l., two companies operating in

the sale of business information through the internet, for € 9.25 million. The transaction is part of the broader strategy aimed at strengthening the positioning on the web and increasing Innolva's market share, which is one of Italy's leaders in distributing and developing business and real estate information, as well as providing credit management services to small and medium-sized businesses, banks, professionals, and public administration.

8. On 12 July 2018, Tinexta S.p.A. completed the purchase of an additional 10% of Co.Mark S.p.A., which operates in the Innovation & Marketing Services Business Unit, for € 6,296 thousand, in addition to expenses, following the exercise of the second put option by minority shareholders within the contractually envisaged times. Tinexta's stake in Co.Mark S.p.A. has thus risen to 90%.

9. On 10 September 2018, Tinexta S.p.A. received from Cedacri S.p.A. - which, based on publicly available information, held 1.352% of the share capital of Tinexta S.p.A. at that date - the request to exercise its second tranche of warrants, for the maximum envisaged number of 317,000 warrants, corresponding to 317,000 new Ordinary Shares of Tinexta S.p.A. at the subscription price of € 3.40 per share. At the same time as the request, Cedacri S.p.A. made a payment of € 1,077,800, recognised under equity reserves. The exercising of the second tranche follows the satisfaction of the condition set forth in art. 3 of the Regulation of the "Warrant Tinexta 2016-2019" for the year ended 31 December 2017.

10. On 26 September, Tinexta Group signed a strategic partnership with Lux Trust S.A. (hereinafter also LuxTrust). Tinexta, through its subsidiary InfoCert S.p.A., signed an agreement to acquire 50% of LuxTrust, a leading Digital Trust company in Luxembourg, with strong institutional sponsorship. Through LuxTrust, InfoCert expects to accelerate its commercial activities in France, Netherlands, and Belgium. The transaction was concluded on 21 December through the payment of € 12 million. A subsequent price adjustment is envisaged up to a maximum of € 4 million, based on the Net Financial Position of LuxTrust at 31 December 2018, as well as the possibility of the payment of up to € 5 million in 2021 as an additional share capital increase.

11. On the same date, 26 September 2018, Visura S.p.A. acquired the interests of the minority shareholders of ISI Sviluppo Informatico S.r.l., corresponding to 8% of its share capital, for € 250 thousand. The purposes of this transaction were to finalise the merger by incorporation of the subsidiaries Lextel S.p.A. and ISI Sviluppo Informatico S.r.l., which the Visura S.p.A. Board of Directors approved on 11 September 2018.

12. On 12 October, Tinexta S.p.A. increased its share capital to € 46,890,120, fully subscribed and paid-in, divided into 46,890,120 Shares, in execution of the Board of Directors' resolution of 3 October 2018 following the request to exercise the second tranche of the warrants held by Cedacri (ref. point 9 above).

13. On 30 October, Tinexta Group, through its subsidiary Innolva S.p.A., acquired 100% of Promozioni Servizi S.r.l. for € 4.5 million. The company specialises in providing advisory services to financial institutions on access to the Mediocredito Centrale guarantee fund for SMEs.

14. On 6 November 2018, the Shareholders' Meeting of Warrant Group S.r.l. approved the change in the company name to Warrant Hub and its legal form into a joint-stock company.

15. On 7 November 2018, the Extraordinary Shareholders' Meeting approved the plan to change the company name from Tecnoinvestimenti to Tinexta. The change became effective 8 November 2018 following the registration in the Rome Corporate Registry. In the ordinary session, the Shareholders approved the Board of Directors' proposal to authorise the purchase and disposal of Treasury Shares in order to provide the Company with a tool used by listed companies to take advantage of investment opportunities for any purpose permitted by current regulations, with reference to the purchase of Treasury Shares to support the security's liquidity and for the establishment of a securities "warehouse", without prejudice to the provisions of Regulation (EU) no. 596/2014 and related implementation provisions, where applicable. Note that the request to authorise the purchase of Treasury Shares is not aimed at reducing share capital by cancelling the Treasury Shares purchased. The

transaction's maximum purchase amount is set at € 35 million, which is less than distributable profits and available reserves. The authorisation to purchase Treasury Shares is requested for the maximum term set by art. 2357, paragraph 2 of the Italian Civil Code, i.e., within 18 (eighteen) months starting from the date of the Shareholders' approval resolution.

16. On 14 November 2018, the Board of Directors of Tinexta S.p.A. appointed Riccardo Ranalli as Deputy Chairman, conferring the relative powers.
17. On 18 December, the corporate reorganisation of Visura and its subsidiaries was finalised through the deed of merger by incorporation of Lextel S.p.A. and ISI Sviluppo Informatico S.r.l. in Visura S.p.A., effective 31 December 2018. The accounting and tax effects are retroactive to 1 January 2018.

DEFINITION OF PERFORMANCE INDICATORS

Tinexta management evaluates the performance of the Group and of the business segments also on the basis of a number of indicators not envisaged by the IFRS.

With regard to said indicators, on 3 December 2015, CONSOB issued Communication no. 0092543/15, authorising application of the Guidelines issued on 5 October 2015 by the European Securities and Markets Authority (ESMA/2015/1415), regarding their presentation in the regulated information disclosed or in the statements published starting from 3 July 2016. These guidelines are intended to promote the usefulness and transparency of the alternative performance indicators included in the regulated information or in the statements falling within the scope of application of Directive 2003/71/EC, in order to improve their comparability, reliability and comprehensibility, when such indicators are not defined or envisaged by the financial reporting framework.

The criteria used to calculate these indicators are provided below, in line with the aforementioned communications.

EBITDA: Calculated as "Net profit" before "Income taxes", "Net financial income (charges)", "Share of profit of equity-accounted investments", "Amortisation/depreciation", "Provisions" and "Impairment", or as "Revenues" net of "Costs of raw materials", "Service costs", "Personnel costs", "Contract costs" and "Other operating costs".

Operating profit: Although the IFRS do not contain a definition of Operating profit, it is presented in the Statement of Profit/(Loss) and Other comprehensive income and is calculated by subtracting "Amortisation/depreciation", "Provisions" and "Impairment" from EBITDA.

Adjusted net profit: Calculated using "Net profit" net of non-recurring components and amortisation of intangible assets recognised upon allocation of the price paid for business combinations, net of tax effect. This indicator reflects the Group's economic performance, net of non-recurring factors that are not directly attributable to the activities and operation of its core business.

Adjusted EPS: Obtained from the ratio of *Adjusted net profit* and the weighted average number of Ordinary Shares outstanding during the period.

Net financial position (indebtedness): Determined in accordance with Consob Communication no. 6064293 of 28 July 2006 and the ESMA/2013/319 Recommendation, subtracting "Current financial liabilities", "Derivative financial instruments payable" and "Other non-current financial liabilities" from "Cash and cash equivalents", "Other current financial assets" and "Current derivative financial instruments receivable".

Total net financial position (indebtedness): Calculated by adding the *Net financial position (indebtedness)*, "Non-current derivative financial instruments receivable" and "Other non-current financial assets".

Free Cash Flow: Represents the cash flow available for the Group and is equal to the difference between the cash flow from operations and the cash flow for investments in capital assets. It is equal to the difference between "Net cash and cash equivalents generated by operations" and the sum of "Investments in property, plant and equipment" and "Investments in intangible assets" included in the Statement of Cash Flows.

Net non-current assets: The difference between "Non-current assets" and "Non-current liabilities", with the exception of:

- "Non-current derivative financial instruments payable";
- "Non-current financial liabilities";
- "Non-current receivables from customers";
- "Non-current contract cost assets".

Net working capital: The difference between "Current assets" and "Current liabilities", including "Non-current receivables from customers" and "Non-current contract cost assets" and excluding:

- "Current derivative financial instruments receivable";
- "Other current financial assets";
- "Cash and cash equivalents";
- "Current derivative financial instruments payable";
- "Current financial liabilities".

Net invested capital: The algebraic sum of *Net non-current assets* and *Net working capital*.

GROUP ECONOMIC RESULTS

The Group closed 2018 with Revenues of € 239,618 thousand. EBITDA amounted to € 65,958 thousand, equal to 27.5% of Revenues. Operating profit and Net profit amounted to € 48,150 thousand and € 33,107 thousand, respectively, equal to 20.1% and 13.8% of Revenues.

Since 1 January 2018, the Group has adopted IFRS 15 "Revenue from Contracts with Customers" and IFRS 9 "Financial Instruments", which have led to changes in accounting policies and adjustments to the amounts entered in the accounts. In order to ensure effective comparability with the 2017 economic results, the effects on the comparative analysis deriving from the application of the IFRS 15 and IFRS 9 accounting standards adopted from 1 January 2018 (both *IFRS 2018*) are explained.

Abbreviated Consolidated Income Statement (in thousands of Euro)	**31/12/2018**	**%**	**31/12/2017**[8]	**%**	**Change**	*of which change for IFRS 2018*	**Change %**	*of which change % for IFRS 2018*
Revenues	239,618	*100.0%*	181,018	*100.0%*	58,600	*(835)*	*32.4%*	*-0.5%*
EBITDA	65,958	*27.5%*	40,631	*22.4%*	25,327	*184*	*62.3%*	*0.5%*
Operating profit	48,150	*20.1%*	27,099	*15.0%*	21,051	*184*	*77.7%*	*0.7%*
Net profit	33,107	*13.8%*	20,206	*11.2%*	12,901	*-28*	*63.8%*	*-0.1%*

Revenues rose by € 58,600 thousand or 32.4%, EBITDA by € 25,327 thousand or 62.3%, Operating profit by € 21,051 thousand or 77.7%, and Net profit by € 12,901 thousand or 63.8%. The results reflect the Group's organic growth as well as the expansion of the perimeter compared to 2017, with the introduction of:

- Sixtema, consolidated line-by-line as of 1 April 2017;
- Warrant Hub and its subsidiaries, consolidated as of 1 December 2017;
- Camerfirma and its subsidiary Camerfirma Perù, consolidated as of 1 May 2018.
- Comas and Webber, consolidated as of 1 July 2018;
- Promozioni Servizi, consolidated as of 1 November 2018.

It is worthwhile noting the deconsolidation, following the sale of the controlling interest in Creditreform Assicom Ticino as of 1 June 2018. Starting from this date, the participation is accounted for using the equity method of the associated stake of 30%.

The table below shows the economic results net of non-recurring items.

Abbreviated Consolidated Income Statement net of non-recurring items (in thousands of Euro)	**31/12/2018**	**%**	**31/12/2017**	**%**	**Change**	*of which change for IFRS 2018*	**Change %**	*of which change % for IFRS 2018*
Revenues	238,701	*100.0%*	174,790	*100.0%*	63,912	*(835)*	*36.6%*	-0.5%
EBITDA	66,214	*27.7%*	38,853	*22.2%*	27,362	*184*	*70.4%*	0.5%
Operating profit	48,406	*20.3%*	25,320	*14.5%*	23,086	*184*	*91.2%*	0.7%
Net profit	32,043	*13.4%*	18,349	*10.5%*	13,694	*-28*	*74.6%*	-0.2%

[8] The comparative data for 2017 were restated for the completion during the year of activities to identify the fair values of the assets and liabilities of Warrant Hub S.p.A. and its subsidiaries, consolidated on a line-by-line basis from 1 December 2017.

Net of the non-recurring items, Revenues were up by 36.6%, EBITDA by 70.4%, Operating profit by 91.2% and Net profit by 74.6%.

Non-recurring items

During 2018, *Non-recurring revenues* of € 916 thousand were recognised, of which € 737 thousand related to the write-off of contractual liabilities relating to the commercial re-use of data provided to certain customers, recognised more than 10 years ago in the financial statements of the former Ribes S.p.A. (now Innolva S.p.A.) and for which it is certain they will never be reimbursed, and € 179 thousand related to a capital gain realised from the sale of a capital property of Visura S.p.A.

Non-recurring operating costs were also recorded for € 1,174 thousand, of which € 627 thousand for costs linked to acquisitions of target companies and € 547 thousand in reorganisation charges.

Non-recurring financial income of € 138 thousand was recognised for income earned in acquiring control of Camerfirma.

Non-recurring income taxes includes non-recurring income of € 1,183 thousand, of which € 25 thousand for the tax effect on non-recurring components of profit before tax and € 1,158 thousand for the "Patent Box" benefit recognised by InfoCert S.p.A. in the years 2015-2018.

In 2017, the following amounts were recognised: *Non-recurring revenues* of € 6,228 thousand relating to a favourable judgement for damages to Ribes S.p.A. (now Innolva S.p.A.), *Non-recurring operating costs* totalling € 4,450 thousand (restructuring charges, for target company valuation and related to the aforementioned judgement), *Non-recurring financial income* of € 747 thousand recorded in the acquisition of Sixtema S.p.A., and *Non-recurring income taxes* of € 668 thousand for the tax effect on the non-recurring items reported above.

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The calculation method for the Adjusted net profit for the period is shown below, used to present the Group's operating performance, net of non-recurring items and the amortisation of intangible assets which arose at the time of allocation of the price paid in the business combinations (net of the tax effect). This indicator reflects the Group's economic performance, net of non-recurring factors that are not directly attributable to the activities and operation of its core business, thus allowing a more homogeneous analysis of the Group's performance in the periods under comparison.

Abbreviated Consolidated Income Statement *(in thousands of Euro)*	**31/12/2018**	**31/12/2017**	**Change**	*of which change for IFRS 2018*	**Change %**	*of which change % for IFRS 2018*
Net profit	**33,107**	**20,206**	**12,901**	*-28*	**63.8%**	*-0.1%*
Non-recurring revenues	-916	-6,228	5,312			
Non-recurring service costs	660	1,999	-1,339			
Non-recurring personnel costs	513	2,405	-1,893			
Other non-recurring operating costs	1	46	-46			
Amortisation of intangible assets recognised upon cost allocation (PPA)	5,735	4,598	1,138			
Non-recurring financial income	-138	-747	609			
Tax effect e non-recurring taxes	-2,816	-647	-2,169			
Adjusted net profit	**36,145**	**21,633**	**14,513**	*-28*	**67.1%**	*-0.1%*

The following table provides details of the 2018 Income Statement compared with the prior year:

Consolidated Income Statement *(in thousands of Euro)*	**31/12/2018**	**%**	**31/12/2017**	**%**	**Change**	*of which change for IFRS 2018*	**Change %**	*of which change % for IFRS 2018*
Revenues	**239,618**	**100.0%**	**181,018**	**100.0%**	**58,600**	**-835**	**32.4%**	**-0.5%**
Total Operating Costs	**173,660**	**72.5%**	**140,387**	**77.6%**	**33,273**	**-1,019**	**23.7%**	**-0.7%**
Costs of raw materials	5,893	2.5%	5,176	2.9%	717	598	13.9%	11.5%
Service costs	80,900	33.8%	69,663	38.5%	11,238	-8,785	16.1%	-12.6%
Personnel costs	76,714	32.0%	63,777	35.2%	12,937	-884	20.3%	-1.4%
Contract costs	8,052	3.4%	n.a.	0.0%	8,052	8,052	n.a.	n.a.
Other operating costs	2,100	0.9%	1,772	1.0%	329	0	18.6%	0.0%
EBITDA	**65,958**	**27.5%**	**40,631**	**22.4%**	**25,327**	**184**	**62.3%**	**0.5%**
Depreciation, amortisation, provisions and impairment	17,808	7.4%	13,532	7.5%	4,276	0	31.6%	0.0%
Operating profit	**48,150**	**20.1%**	**27,099**	**15.0%**	**21,051**	**184**	**77.7%**	**0.7%**
Financial income	313	0.1%	3,444	1.9%	-3,131	0	-90.9%	0.0%
Financial charges	2,833	1.2%	1,921	1.1%	912	212	47.5%	11.0%
Profit of equity-accounted investments	106	0.0%	4	0.0%	102	0	2,365.0%	0.0%
Profit before tax	**45,737**	**19.1%**	**28,626**	**15.8%**	**17,110**	**-27**	**59.8%**	**-0.1%**
Income taxes	12,629	5.3%	8,420	4.7%	4,209	0	50.0%	-0.0%
Net profit	**33,107**	**13.8%**	**20,206**	**11.2%**	**12,901**	**-28**	**63.8%**	**-0.1%**

Revenues rose from € 181,018 thousand in 2017 to € 239,618 thousand in 2018, an increase of € 58,600 thousand or 32.4% (the adoption of IFRS 15 from 1 January 2018 resulted in the recognition of lower Revenues for € 835 thousand, equivalent to a decrease of 0.5%). The change in Revenues attributable to the change in perimeter was 28.7%, while 4.2% is due to organic growth.

Operating costs rose from € 140,387 thousand in 2017 to € 173,660 thousand in 2018, an increase of € 33,273 thousand or 23.7% (of which € -1,019 thousand, or -0.7%, for applying IFRS 15 from 1 January 2018). The increase in operating costs attributable to the change in perimeter was 21.0%, while the remaining 3.4% is due to organic growth. The item *Contract costs*, introduced following application of IFRS 15, includes the periodic release of the relevant share of incremental cost assets capitalised for obtaining or fulfilling contracts with customers.

EBITDA margin, or the ratio of EBITDA to Revenues, grew from 22.4% in 2017 to 27.5% in 2018. This improvement is due to the business mix, careful cost control, and, to a residual extent, the effect of the adoption of the new IFRS 15 standard introduced beginning in 2018.

The item **Depreciation, amortisation, provisions and impairment**, for € 17,808 thousand (€ 13,532 thousand in 2017) includes € 5,735 thousand in amortisation of intangible assets arising upon allocation of the excess cost paid in business combinations, mainly relating to Innolva, Visura, Co.Mark and Warrant Hub.

The balance of **Financial income and charges** for 2018 is negative for € 2,519 thousand (positive for € 1,523 thousand in 2017). Note the recognition in 2017 of the income realised on the acquisition of the controlling interest in Sixtema for € 747 thousand and the positive adjustment of contingent consideration (Co.Mark) for € 2,475 thousand. *Financial charges* of € 2,833 thousand are mainly comprised of interest expense on bank loans for € 1,204 thousand, interest to the Majority Shareholder Tecno Holding S.p.A. for € 500 thousand, the negative adjustment of contingent consideration for € 509 thousand, and interest expenses on payment deferment of € 202 thousand. The increase in Financial charges reflects the adoption of IFRS 9 from 1 January 2018, which resulted in recorded higher charges of € 212 thousand.

Estimated **Income taxes**, calculated based on the tax rates envisaged for the year by the current tax laws, amount to € 12,629 thousand. The tax rate is 27.6%, down from the prior period (29.4%) due to "Patent Box" benefit recognised by InfoCert S.p.A. for the years 2015-2018.

Results by business segment

The results of the business segments are measured through the analysis of performance of Revenues and EBITDA. In particular, management believes that EBITDA provides a good indication of performance as it is not influenced by tax regulations and amortisation policies.

The growth trends by segment are shown in the table below, which illustrates the Revenues and EBITDA, compared to the prior year:

Abbreviated Income Statement by business segment ***(in thousands of Euro)***	**2018**	**EBITDA % 2018**	**2017**	**EBITDA % 2017**	**Change**	*of which change for IFRS 2018*	**Change %**			
							Total	*IFRS 2018*	*Organic*	*Perimeter*
Revenues										
Digital Trust	*94,645*		*82,738*		*11,907*	*-835*	*14.4%*	*-1.0%*	*7.9%*	*7.5%*
Credit Information & Management	*74,291*		*76,107*		*-1,816*	*0*	*-2.4%*	*0.0%*	*-5.1%*	*2.8%*
Innovation & Marketing Services	*70,681*		*22,170*		*48,511*	*0*	*218.8%*	*0.0%*	*22.1%*	*196.7%*
Other segments (Parent Company)	*0*		*3*		*-2*	*0*	*-81.7%*	*0.0%*	*-81.7%*	*0.0%*
Total Revenues	***239,618***		***181,018***		***58,600***	***-835***	***32.4%***	***-0.5%***	***4.2%***	***28.7%***
EBITDA										
Digital Trust	*24,921*	*26.3%*	*20,924*	*25.3%*	*3,997*	*301*	*19.1%*	*1.4%*	*13.2%*	*4.5%*
Credit Information & Management	*15,523*	*20.9%*	*16,580*	*21.8%*	*-1,057*	*0*	*-6.4%*	*0.0%*	*-10.8%*	*4.4%*
Innovation & Marketing Services	*33,139*	*46.9%*	*9,247*	*41.7%*	*23,892*	*-117*	*258.4%*	*-1.3%*	*35.5%*	*224.2%*
Other segments (Parent Company)	*-7,626*	*n.a.*	*-6,121*	*n.a.*	*-1,504*	*0*	*-24.6%*	*0.0%*	*-24.6%*	*0.0%*
Total EBITDA	***65,958***	***27.5%***	***40,631***	***22.4%***	***25,327***	***184***	***62.3%***	***0.5%***	***6.7%***	***55.1%***

The following table shows the economic results by business segments, net of non-recurring items:

Abbreviated Income Statement by business segment net of non-recurring items ***(in thousands of Euro)***	**2018**	**EBITDA % 2018**	**2017**	**EBITDA % 2017**	**Change**	*of which change for IFRS 2018*	**Change %**			
							Total	*IFRS 2018*	*Organic*	*Perimeter*
Revenues										
Digital Trust	*94,466*		*82,738*		*11,728*	*-835*	*14.2%*	*-1.0%*	*7.7%*	*7.5%*
Credit Information & Management	*73,554*		*69,879*		*3,675*	*0*	*5.3%*	*0.0%*	*2.3%*	*3.0%*
Innovation & Marketing Services	*70,681*		*22,170*		*48,511*	*0*	*218.8%*	*0.0%*	*22.1%*	*196.7%*
Other segments (Parent Company)	*0*		*3*		*-2*	*0*	*-81.7%*	*0.0%*	*-81.7%*	*0.0%*
Total Revenues	***238,701***		***174,790***		***63,912***	***-835***	***36.6%***	***-0.5%***	***7.4%***	***29.7%***
EBITDA										
Digital Trust	*24,846*	*26.3%*	*21,224*	*25.7%*	*3,623*	*301*	*17.1%*	*1.4%*	*11.1%*	*4.6%*
Credit Information & Management	*15,562*	*21.2%*	*13,446*	*19.2%*	*2,116*	*0*	*15.7%*	*0.0%*	*10.2%*	*5.5%*
Innovation & Marketing Services	*33,139*	*46.9%*	*9,247*	*41.7%*	*23,892*	*-117*	*258.4%*	*-1.3%*	*35.5%*	*224.2%*
Other segments (Parent Company)	*-7,333*	*n.a.*	*-5,065*	*n.a.*	*-2,268*	*0*	*-44.8%*	*0.0%*	*-44.8%*	*0.0%*
Total EBITDA	***66,214***	***27.7%***	***38,853***	***22.2%***	***27,362***	***184***	***70.4%***	***0.5%***	***12.2%***	***57.8%***

Comments on the results of the individual business segments, net of non-recurring items, are provided below.

Digital Trust

Revenues from the Digital Trust segment amounted to € 94,466 thousand. The increase over 2017 amounts to 14.2%, or € 11,728 thousand in absolute terms, consisting of 7.7% due to organic growth and 7.5% as a result of the changes in the perimeter. The change in the perimeter is due to the line-by-line consolidation of Sixtema from 1 April 2017, and of Camerfirma and Camerfirma Perù from 1 May 2018. Application of the new IFRS 15 from 1 January 2018 had a negative effect of 1.0%.

EBITDA for the segment was € 24,846 thousand. The increase over the EBITDA for the previous year amounts to 17.1%. Organic growth amounted to 11.1%, while the contribution of Sixtema S.p.A., Camerfirma, and Camerfirma Perù, due to the aforementioned change in perimeter, was 4.6%. The adoption of IFRS 15 from 1 January 2018 resulted in a positive variation of 1.4% compared to 2017. In percentage terms, the EBITDA margin (impact of EBITDA on Revenues) was 26.3%, an improvement from 2017 (25.7%).

Credit Information & Management

Revenues in the Credit Information & Management segment amounted to € 73,554 thousand. Compared to 2017, an increase of 5.3% was recorded, comprising organic growth of 2.3% and 3.0% for the change in perimeter as a result of the consolidation of Comas and Webber from 1 July 2018, Promozione Servizi from 1 November 2018, and the deconsolidation of Creditreform Assicom Ticino from June 2018.

EBITDA was up 15.7% over 2017, amounting to € 15,562 thousand; the change in perimeter amounted to 5.5% while organic growth was 10.2%. The EBITDA margin equalled 21.2%, compared to 19.2% in 2017.

Despite an extremely competitive market, the Credit Information & Management segment contributed to the Group’s results with positive performance in turnover and EBITDA.

Innovation & Marketing Services

Revenues from the Innovation & Marketing Services segment amounted to € 70,681 thousand. The increase over 2017 amounts to 218.8%, or € 48,511 thousand in absolute terms, consisting of 22.1% due to organic growth and 196.7% as a result of the changes in the perimeter. The change in the perimeter is due to the line-by-line consolidation of Warrant Hub and its subsidiaries effective 1 December 2017.

EBITDA for the segment was € 33,139 thousand. The increase over the EBITDA for the previous year amounts to 258.4%. Organic growth amounted to 35.5%, while the contribution of Warrant Hub and its subsidiaries, due to the aforementioned change in perimeter, was 224.2%. The adoption of IFRS 15 from 1 January 2018 resulted in a variation of -1.3% compared to 2017. In percentage terms, the EBITDA margin (impact of EBITDA on Revenues) was 46.9%, an improvement from 2017 (41.7%).

GROUP BALANCE SHEET AND FINANCIAL POSITION

We provide below the balance sheet of the Group at 31 December 2018 with comparison data at 31 December 2017:

In thousands of Euro	31/12/2018	% of Net invested capital/Total sources	31/12/2017	% of Net invested capital/Total sources	Change	Change %
Intangible assets and goodwill	270,536	100.0%	260,630	105.2%	9,906	3.8%
Property, plant and equipment	8,232	3.0%	8,287	3.3%	-54	-0.7%
Investment property	594	0.2%	0	0.0%	594	n.a.
Other net non-current assets and liabilities	-17,196	-6.4%	-24,935	-10.1%	7,739	-31.0%
Net non-current assets	**262,166**	**96.9%**	**243,982**	**98.5%**	**18,185**	**7.5%**
Inventories	1,344	0.5%	2,072	0.8%	-728	-35.1%
Contract cost assets	6,557	2.4%	n.a.	0.0%	6,557	n.a.
Trade and other receivables*	86,533	32.0%	80,543	32.5%	5,989	7.4%
Contract assets	6,145	2.3%	n.a.	0.0%	6,145	n.a.
Current tax assets	4,519	1.7%	1,990	0.8%	2,530	127.1%
Assets held for sale	199	0.1%	199	0.1%	0	0.0%
Trade and other payables	-53,318	-19.7%	-47,725	-19.3%	-5,593	11.7%
Contract liabilities and deferred income	-41,277	-15.3%	-26,593	-10.7%	-14,684	55.2%
Current employee benefits	-1,488	-0.6%	-360	-0.1%	-1,128	313.6%
Current tax liabilities	-704	-0.3%	-6,125	-2.5%	5,421	-88.5%
Current provisions for risks and charges	-186	-0.1%	-342	-0.1%	157	-45.8%
Net working capital	**8,325**	**3.1%**	**3,659**	**1.5%**	**4,666**	**127.5%**
Total loans - net invested capital	**270,491**	**100.0%**	**247,641**	**100.0%**	**22,850**	**9.2%**
Shareholders' Equity	145,545	53.8%	143,213	57.8%	2,332	1.6%
Net financial indebtedness	124,946	46.2%	104,427	42.2%	20,518	19.6%
Total sources	**270,491**	**100.0%**	**247,640**	**100.0%**	**22,851**	**9.2%**

* The item Trade and other receivables includes non-current receivables from customers

The following is the breakdown of *Other net non-current assets and liabilities*:

In thousands of Euro	31/12/2018	31/12/2017	Change	Change %
Equity-accounted investments	12,533	25	12,508	50948.0%
Other investments	24	49	-25	-50.4%
Other financial assets except for derivative fin. instruments	1,123	543	579	106.6%
Derivative financial instruments	30	40	-10	-26.0%
Deferred tax assets	6,677	5,556	1,121	20.2%
Other receivables	618	385	233	60.7%
Non-current assets	**21,005**	**6,598**	**14,407**	**218.4%**
Provisions	-1,945	-1,598	-347	21.7%
Deferred tax liabilities	-16,508	-17,521	1,014	-5.8%
Employee benefits	-11,353	-10,977	-376	3.4%
Contract liabilities and deferred income	-8,395	-1,437	-6,959	484.4%
Non-current liabilities	**-38,201**	**-31,533**	**-6,668**	**21.1%**
Other net non-current assets and liabilities	**-17,196**	**-24,935**	**7,739**	**-31.0%**

Shareholders' Equity increased by € 2,332 thousand. The change is the result of the following factors:

- the result from the comprehensive income statement for the period of € 33,119 thousand;
- dividends resolved by the Group for € 12,067 thousand;
- negative adjustment for the put options on minority interests (€ 14,794 thousand) due to the revision in estimated payments envisaged based on future expected results of the relevant companies;
- adoption of IFRS 15, which involved the recognition, at 1 January 2018, of lower equity reserves for € 8,391 thousand;
- increase in minority interests due to the line-by-line consolidation of Camerfirma (€ 3,132 thousand);
- The increase in share capital of € 1,078 thousand for the Shareholder Cedacri following the warrant exercise (as described in notes 9 and 12 of the *Key events of the period).*

Net working capital increased from € 3,659 thousand at 31 December 2017 to € 8,325 thousand at 31 December 2018. The increase in *Net working capital* is due to the change in Current income tax assets/liabilities. At 31 December 2017, there was a liability for € 4,135 thousand against a receivable at 31 December 2018 for € 3,815 thousand. The change of € 7,951 thousand is explained by the movements in advances paid based on the taxable base from the prior year. Specifically, note in particular the non-recurring income recognised by Innolva in 2017 (equal to € 6.2 million), which did not affect advances paid in the previous year, instead generating a multiplier effect on 2018 cash flows (calculation of 2017 balance and 2018 advances). Moreover, lower advances were paid in 2017 by InfoCert due to financial dynamics associated with the tax consolidation, which led to payment of a higher balance in 2018. It should be emphasised that *Deferred tax assets* at 31 December 2018 reflect not only the Innolva non-recurring income mentioned above, but also the adoption of IFRS 15, which generated a lower burden from current income taxes during the year (offset by the release of *Deferred tax liabilities*) and the "Patent Box" benefit.

With regard to *Net working capital*, IFRS 15 entailed the recognition, at 1 January 2018, of *Current contract liabilities* for € 9,369 thousand. Application of said standard required recognition of the following items in the Financial Statements:

- *Contract cost assets*: these include capitalised incremental costs to obtain contracts with customers and capitalised costs incurred to carry out contracts with customers that do not fall under the scope of application of other principles;
- *Contract assets*: these represent the Group's right to obtain consideration for goods or services transferred to the customer when the right is subject to something other than the passing of time. These assets are stated separately from *Trade receivables*, which solely include rights not impacted by the consideration;
- *Contract liabilities*: these represent the Group's obligation to transfer to the customer goods or services for which the Group has received consideration from the customer or for which consideration is due.

Net non-current assets amounted to € 262,166 thousand at 31 December 2018, with an increase of € 18,185 thousand (+7.5%) compared to 31 December 2017 (€ 243,982 thousand). The increase is attributable to the investment to acquire 50% of LuxTrust (*Equity-accounted investments*), equivalent to a total of € 12,260 thousand, and to provisional goodwill recognised on the acquisitions of Comas, Webber, and Promozioni Servizi for a total of € 11,387 thousand, net of the increase in *Contract liabilities* (€ +6,959 thousand), principally for the adoption from the beginning of the year of IFRS 15, which resulted in the recognition, on 1 January 2018, of *Non-current contract liabilities* of € 4,149 thousand.

Group Net Financial Position

The table below shows a breakdown of the Group's Net financial indebtedness at 31 December 2018 and a comparison with the same position at 31 December 2017:

In thousands of Euro

	31/12/2018	31/12/2017	Change	%
A Cash	35,117	36,953	-1,836	-5.0%
B Cash equivalents	19	34	-15	-43.6%
D Liquid assets (A+B)	**35,136**	**36,987**	**-1,850**	**-5.0%**
E Current financial receivables	8,186	4,311	3,875	89.9%
F Current bank debt	-8,113	-1,297	-6,816	525.4%
G Current portion of non-current debt	-12,018	-7,355	-4,664	63.4%
H Other current financial debt	-77,252	-13,071	-64,181	491.0%
I Current financial debt (F+G+H)	**-97,384**	**-21,723**	**-75,661**	**348.3%**
J Net current financial indebtedness (D+E+I)	**-54,062**	**19,574**	**-73,636**	**-376.2%**
K Non-current bank debt	-45,706	-43,058	-2,648	6.2%
L Other non-current financial debt	-25,178	-80,944	55,766	-68.9%
M Non-current financial debt (K+L)	**-70,884**	**-124,001**	**53,117**	**-42.8%**
N Net financial position (indebtedness) (J+M) (*)	**-124,946**	**-104,427**	**-20,518**	**19.6%**
O Other non-current financial assets	1,152	584	569	97.5%
P Total net financial position (indebtedness) (N+O)	**-123,793**	**-103,844**	**-19,950**	**19.2%**

(*) *Net financial indebtedness computed in accordance with the provisions of Consob Communication no. 6064293 of 28 July 2006 and consistent with the ESMA/2013/319 Recommendation*

Net financial indebtedness amounted to € 124,946 thousand compared to € 20,518 thousand in 2017. Net financial indebtedness at 31 December 2018 includes: € 59,070 thousand in liabilities linked to the purchase of minority interests for put options, € 1,227 thousand in liabilities for contingent consideration linked to the acquisitions, and € 10,736 thousand in liabilities for price deferments granted by sellers.

The change in the item *Other current financial debt,* largely offset by a similar change of opposite sign of the item *Other non-current financial debt,* is attributable to the reclassification from "non-current" to "current" of the put options expiring in the first half of 2019, in addition to the debt of € 25 million to the Majority Shareholder Tecno Holding S.p.A., for which repayment is scheduled on 30 June 2019.

Moreover, note the stipulation of a loan agreement with Banca Popolare di Sondrio for € 10,000 thousand and the draw-down of the Cariparma Capex line for € 5,000 thousand used for the acquisitions of Promozioni Servizi and LuxTrust concluded in the last quarter of 2018.

The main factors impacting the change in Net financial indebtedness are summarised below.

Net financial indebtedness at 31/12/2017	**104,427**
Free Cash Flow	-30,309
Dividends resolved	12,067
Adjustment for put options	14,794
Business combinations	10,707
Investments in shareholdings consolidated using the equity method	12,269
Net financial (income) charges	2,657
Share capital increase	-1,078
IFRS 9 adjustment	-682
Other residual	93
Net financial indebtedness at 31/12/2018	**124,946**

- The *Free Cash Flow* generated during the period amounted to € 30,309 thousand, of which € 43,404 thousand in *Net cash and cash equivalents generated by operations* excluding € 13,095 thousand absorbed by investments in Property, plant and equipment and Intangible assets. The *Free Cash Flow* figure increased 18.1% compared to 2017 (€ 25,665 thousand). While the increase is considerable, it is lower than the change in other economic indicators and must be understood in the context of the change of income taxes paid in the two years (€ 19,345 thousand in 2018 and € 5,680 thousand in 2017), for the reason previously described in the comments to the Group's Balance Sheet and Financial Position, in relation to the change in *Net working capital.*

- *Dividends resolved* for € 12,067 thousand, of which € 5,547 thousand from Group companies to minority interests and € 6,520 resolved by Tinexta S.p.A.

- *Adjustment for put options* for € 14,794 thousand, due to the revision in estimated payments envisaged based on future expected results of the relevant companies.

- *Business combinations* for € 10,707 thousand, following the acquisitions of Camerfirma in May, Comas and Webber in July, and Promozioni Servizi in October.

- *Investments in shareholdings consolidated using the equity method* for the acquisition of 50% of LuxTrust for € 12,260 thousand and the payment of additional funding obligations in eTuitus for € 9 thousand.

- *Net financial charges* for € 2,657 thousand, considered net of the income of € 138 thousand for the consolidation of Camerfirma, as it does not produce effects on Net financial indebtedness.

- *Share capital increase* of € 1,078 thousand for the exercise of the second tranche of Cedacri warrants (as described in notes 9 and 12 of the *Key events of the period).*

- The *IFRS 9 adjustment* at 1 January 2018 resulted in a reduction in bank debt of € 682 thousand, to account for the change in cash flows following the refinancing that took place in 2017, to be immediately recognised in profit/(loss) for the year in accordance with IFRS 9.

RESULTS OF THE PARENT COMPANY

Below are the main values related to the economic results and Balance Sheet and Financial Position of the Parent Company Tinexta S.p.A.

ECONOMIC RESULTS OF THE PARENT COMPANY

In thousands of Euro	2018	2017	Change	Change %
Revenues	**780**	**503**	**278**	**55.2%**
Total Operating Costs	**8,406**	**6,467**	**1,939**	**30.0%**
Costs of raw materials	0	0	0	-
Service costs	3,558	2,814	744	26.4%
Personnel costs	4,593	3,540	1,053	29.7%
Other operating costs	255	113	142	125.6%
EBITDA	**-7,626**	**-5,964**	**-1,661**	**27.9%**
Depreciation, amortisation, provisions and impairment	134	60	74	123.6%
Operating profit	**-7,760**	**-6,025**	**-1,735**	**28.8%**
Financial income	29,347	18,257	11,089	60.7%
Financial charges	1,986	1,671	315	18.9%
Profit before tax	**19,601**	**10,562**	**9,039**	**85.6%**
Income taxes	-2,021	-1,407	-614	43.7%
Net profit	**21,622**	**11,968**	**9,653**	**80.7%**

BALANCE SHEET AND FINANCIAL POSITION OF THE PARENT COMPANY

Statement of Financial Position of Tinexta S.p.A.

In thousands of Euro	**31/12/2018**	**% of Net invested capital/Total sources**	**31/12/2017**	**% of Net invested capital/Total sources**	**Change**	**Change %**
Intangible assets	297	0.1%	117	0.1%	179	152.8%
Property, plant and equipment	112	0.0%	88	0.0%	24	27.7%
Other net non-current assets and liabilities	233,166	100.8%	226,722	100.1%	6,444	2.8%
Net non-current assets	**233,575**	**100.9%**	**226,928**	**100.2%**	**6,647**	**2.9%**
Trade and other receivables* and Contract assets	535	0.2%	878	0.4%	-343	-39.1%
Current tax assets (liabilities)	894	0.4%	1,167	0.5%	-273	-23.4%
Trade and other payables	-2,547	-1.1%	-2,076	-0.9%	-471	22.7%
Current employee benefits	-1,060	-0.5%	-360	-0.2%	-700	194.7%
Net working capital	**-2,179**	**-0.9%**	**-391**	**-0.2%**	**-1,788**	**457.3%**
Total loans - net invested capital	**231,397**	**100.0%**	**226,537**	**100.0%**	**4,860**	**2.1%**
Shareholders' Equity	138,006	59.6%	121,532	53.6%	16,474	13.6%
Net financial indebtedness	93,390	40.4%	105,005	46.4%	-11,615	-11.1%
Total sources	**231,397**	**100.0%**	**226,537**	**100.0%**	**4,860**	**2.1%**

* The item Trade and other receivables includes non-current receivables from customers

In thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**	**Change %**

Equity investments recognised at cost	232,907	226,588	6,319	2.8%
Other financial assets except for derivative fin. instruments	11	10	1	8.4%
Derivative financial instruments	21	29	-8	-26.8%
Deferred tax assets	613	622	-9	-1.5%
Other receivables	13	25	-12	-48.3%
Non-current assets	**233,566**	**227,275**	**6,291**	**2.8%**
Deferred tax liabilities	-98	-23	-74	321.2%
Employee benefits	-302	-529	227	-43.0%
Non-current liabilities	**-399**	**-552**	**153**	**-27.7%**
Other net non-current assets and liabilities	**233,166**	**226,722**	**6,444**	**2.8%**

Statement of Net Financial Position of Tinexta S.p.A.

In thousands of Euro	31/12/2018	31/12/2017	Change	%
A Cash	14,780	23,266	-8,486	-36.5%
B Cash equivalents	0	0	0	0.0%
D Liquid assets (A+B)	**14,780**	**23,266**	**-8,486**	**-36.5%**
E Current financial receivables	8,866	29	8,836	100.0%
F Current bank debt	-29	-31	2	-5.8%
G Current portion of non-current debt	-9,574	-3,467	-6,107	176.2%
H Other current financial debt	-60,174	-39,383	-20,791	52.8%
I Current financial debt (F+G+H)	**-69,777**	**-42,881**	**-26,897**	**62.7%**
J Net current financial indebtedness (D+E+I)	**-46,132**	**-19,585**	**-26,546**	**135.5%**
K Non-current bank debt	-40,164	-34,962	-5,202	14.9%
L Other non-current financial debt	-7,095	-50,457	43,363	-85.9%
M Non-current financial debt (K+L)	**-47,258**	**-85,419**	**38,161**	**-44.7%**
N Net financial position (indebtedness) (J+M) (*)	**-93,390**	**-105,005**	**11,615**	**-11.1%**
O Other non-current financial assets	33	40	-7	-17.6%
P Total net financial position (indebtedness) (N+O)	**-93,357**	**-104,965**	**11,608**	**-11.1%**

(*) *Net financial indebtedness computed in accordance with the provisions of Consob Communication no. 6064293 of 28 July 2006 and consistent with the ESMA/2013/319 Recommendation*

KEY EVENTS SUBSEQUENT TO THE END OF THE YEAR

On **31 January 2019**, the sale of the Eurofidi business unit by Innolva S.p.A. to its subsidiary Promozione Servizi S.r.l. was finalised with a notary deed. Commercial and organisational needs and opportunities prompted the project to concentrate in a single entity the offer to the market of consulting services for access to the Central Guarantee Fund. This transaction, in addition to having rationalised the corporate structure based on the type of business activity performed, will enrich Promozioni Servizi S.r.l. with resources and skills necessary for its development plans. The sale of the business unit involved the rights on the specific software for the exercise of training and management activities, the lease contract for offices where the business is conducted, together with the financial receivable for the security deposit provided to the owner of the premises, the contractual relationships with customers, and employment contracts with eleven staff working in the business unit.

On **28 January 2019**, Co.Mark S.p.A. announced the appointment of the new Board of Directors consisting of the following five members: Giorgio Tabellini, confirmed as Chairman, Aldo Gallo, Eugenio Rossetti, Pier Andrea Chevallard and Marco Sanfilippo, appointed Chief Executive Officer. The appointments conclude a process started in April 2016 with the acquisition of controlling interest in Co.Mark by Tinexta Group and developed gradually and in constant agreement with the former owners.

OUTLOOK

Tinexta S.p.A. confirms its strategy of growth, both internally and through acquisitions. Over the course of 2019, following the exercise of the put and call options, Tinexta will achieve full control of almost all Group companies, thereby accelerating its process for integration and synergistic development of the various activities and taking advantage of important revenue synergies in the medium term.
The Strategic Guidelines, approved by the Board of Directors on 29 January 2018, which are the basis for the Group development objectives, can be represented as follows:

- Globalisation
  - leadership in the European market through M&A and abroad in Digital Trust;
  - strengthening of market positioning in Spain and protecting market share in Benelux, in the Innovation and Marketing Services BU.
- Development of the offer to support customers with new services/products in:
  - Digital transformation;
  - Digital marketing;
  - Cyber security.
- New organisational model, to reinforce the support to the business and take advantage of all growth opportunities offered by presence in several markets.

HUMAN RESOURCES

At 31 December 2018, the Group had 1,294 employees compared to 1,187 at 31 December 2017.

The Group has an average annual workforce (FTE) of 1,236 annual workers, broken down by category as set out below.

Number of employees	*Annual average*		*31 December*	
	2018	**2017**	**2018**	**2017**
Senior Management	34	30	33	32
Middle Management	170	144	172	164
Employees	1,032	816	1,089	991
Total	**1,236**	**990**	**1,294**	**1,187**

The national labour contracts applied are:

- Services sector: commerce, distribution and services
- Industry metalworking sector

INFORMATION ON THE ENVIRONMENT

The Parent Company and the other Group companies operate in an environmentally responsible and respectful manner in order to reduce the impact of their activities externally. However, matters relating to environmental aspects are not crucial considering the services sector in which the Group carries on business.

INFORMATION ON CORPORATE GOVERNANCE

The Company has modified its corporate governance system to meet the requirements established by Italian Legislative Decree no. 58/1998 (“Consolidated Finance Act”) and the Code of Corporate Governance for Listed Companies, promoted by Borsa Italiana (the “Corporate Governance Code”).
Pursuant to art. 123-*bis* of the Consolidated Finance Act, the Company is required to prepare the annual report on Corporate Governance and Ownership Structures containing a general description of the corporate governance system adopted by the Group and which includes, among other things, information on the ownership structure and on the main governance practices implemented and the characteristics of the internal control and risk management system, also with reference to the financial reporting process.
The Report on Corporate Governance and Ownership Structures, approved by the Board of Directors on 12 March 2019, is available at the registered office of the Company and on the Company website (www.tinexta.com/relazione-sul-governo-societario).

TRANSACTIONS WITH RELATED PARTIES

Transactions with Related parties of the Group do not qualify as atypical nor as unusual, as they are part of the normal activities of the Group. These transactions are carried out on behalf of the Group at normal market conditions. Reference is made to the section “Transactions with Related parties” in the Notes for further information on transactions with Related parties, also in relation to information to be provided on the basis of Consob Resolution no. 17221 of 12 March 2010, amended by Resolution no. 17389 of 23 June 2010. The “Procedure for Transactions with Related Parties” is available on the Company’s website (www.tinexta.com/procedura-sulle-operazioni-con-parti-correlate).

RESEARCH & DEVELOPMENT

The Group carries out research and development activities within the scope of its core business. In 2018, InfoCert S.p.A. carried out research and development activities for technological innovation and focused its efforts on further developing its core products (Certified Mail, Digital Signature, Digital Preservation, Electronic Invoicing, Digital Identity, and Cloud Solutions), seeking to evolve their content, as well as on Enterprise design activities, to respond quickly and with flexibility to the needs generated from private and public markets.

OTHER INFORMATION

At 31 December 2018, the Company does not hold any Treasury Shares, not even through trust companies or third parties.

STOCK PERFORMANCE

The Tinexta stock (Ticker: TNXT) closed the year 2018 at a price of € 6.25 per share, compared to € 5.99 per share at 31 December 2017, with an increase in the share price of € 0.26 or +4.3%. At 31 December 2018, market capitalisation was € 293 million.

The minimum closing price in 2018 was € 5.35, recorded on 26 July, while the maximum closing price was € 7.38, recorded on 7 February. In the course of 2018, trading of Tinexta Shares in the market managed by Borsa Italiana S.p.A. reached an average daily value of € 402,584 and an average daily volume of 61,954 Shares. On 6 June 2018, the Company paid a dividend of € 0.14 per share (ex-date of 4 June 2018).

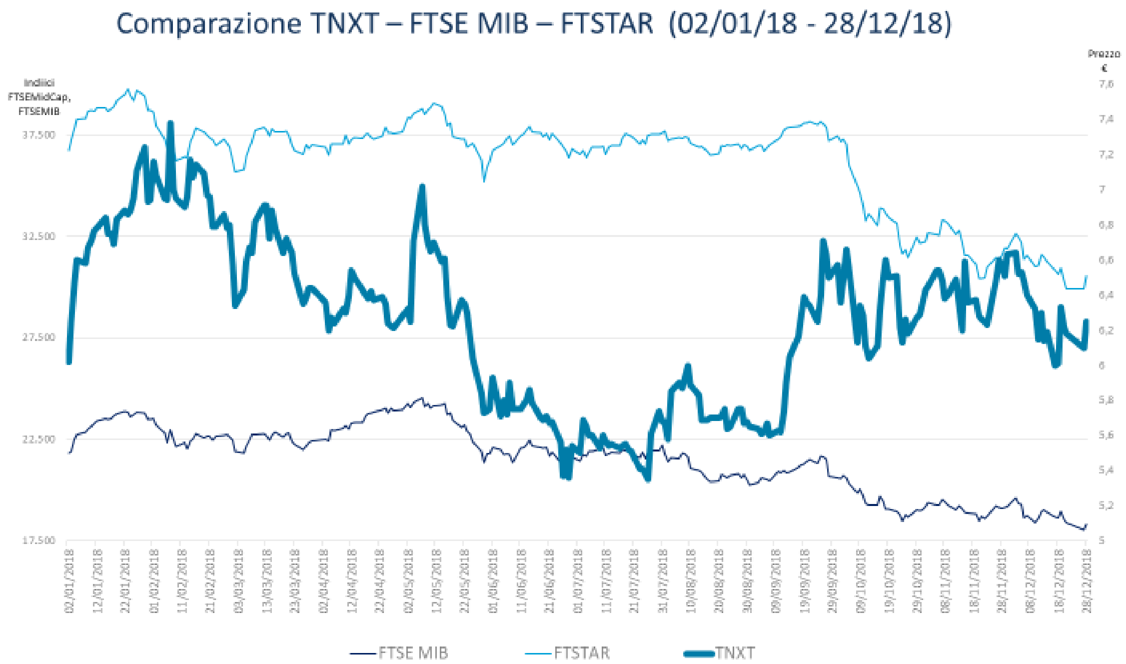
Prezzo @ 28/12/2018 (€)	**6,25**
N. azioni (mn)	46,9
Mkt Cap (€mn)	**293,1**

	Prezzo Medio Ponderato (€)			
	1 Mese	3 Mesi	6 Mesi	12 Mesi
da (incluso)	3-dic-18	1-ott-18	2-lug-18	2-gen-18
a (incluso)	28-dic-18	28-dic-18	28-dic-18	28-dic-18
Media Semplice	**6,301**	**6,372**	**6,073**	**6,265**
Max	*6,642*	*6,712*	*6,712*	*7,251*
Min	*5,938*	*5,938*	*5,404*	*5,377*

	Volumi medi giornalieri			
	1 Mese	3 Mesi	6 Mesi	12 Mesi
da (incluso)	3-dic-18	1-ott-18	2-lug-18	2-gen-18
a (incluso)	28-dic-18	28-dic-18	28-dic-18	28-dic-18
N. azioni	16.519	37.459	43.246	61.954
Controvalore (€)	103.791	239.977	265.540	402.584
VWAP (€)	**6,283**	**6,406**	**6,140**	**6,498**

Fonte: Bloomberg

In 2018, the FTSEMib Index, the basket that combines the Italian companies with the largest capitalisations, posted a contraction of 16.2% and the FTSE STAR, the index for the STAR segment (Segment of Equities with High Requirements) managed by Borsa Italiana that includes medium-sized joint-stock companies, posted a decline of 16.9%. In Europe, the MSCI Europe Index fell 17.7% in 2018, while in America, the S&P 500 had a more moderate reduction of 6.24%.



The positive performance of the Tinexta share, within the market context described above, reflected the announcement at the beginning of the year of positive 2017 results and the presentation of the three-year 2018-2020 business plan, which shows substantial growth. This announcement was followed, during the year, by positive quarterly performance and the conclusion of several acquisitions that are strategic to the Group's business, such as the acquisition of Camerfirma announced on 3 May, the acquisition of Comas and Webber communicated on 6 July, and the announcement of the joint venture with LuxTrust on 26 September.

During 2018, Investor Relations activities were further strengthened. The Company had ongoing meetings with investors in Italy and the major European stock exchanges in Milan, London, Paris, Geneva, and Madrid. It participated in conferences organised by Borsa Italiana and by financial intermediaries in Milan and London. The Company also held 3 conference calls on earnings and 2 conference calls following the announcements of the extraordinary transactions. For its Investor Relations activities, the Company was supported by Mediobanca as Corporate Broker and Intermonte, as Specialist.

STATEMENT OF RECONCILIATION OF SHAREHOLDERS' EQUITY/NET PROFIT OF THE PARENT COMPANY WITH CONSOLIDATED FIGURES

The reconciliation between Shareholders' Equity and Profit for the year, highlighted in the Parent Company's statements, and the Group Shareholders' Equity and Profit for the year, presented in the Consolidated Financial Statements, shows that at 31 December 2018, Group Shareholders' Equity was € 3,783 thousand higher than that of Tinexta S.p.A., and the Group's Net profit of € 32,521 thousand was € 10,899 thousand higher than that of Tinexta S.p.A.

Statement of reconciliation of Shareholders' Equity and Profit of the Parent Company and the corresponding consolidated data

Amounts in thousands of Euro	2018 net profit	Shareholders' Equity 31/12/2018	2017 net profit	Shareholders' Equity 31/12/2017
Tinexta S.p.A. _ Separate Financial Statements	**21,622**	**138,006**	**11,968**	**121,532**
Shareholders' Equity of consolidated companies and allocation of their results	44,640	81,451	27,381	77,244
Book value of consolidated equity investments		-232,907		-226,588
Recognition of liabilities for put options		-57,605		-49,396
Allocation of goodwill		182,464		182,464
Allocation of intangible assets	-3,742	34,354	-2,907	38,096
Recognition in the Income statement of the adjustment of contingent consideration	-9	0	2,432	0
Recognition in the income statement of ancillary expenses for acquisition of shareholdings	0	0	-157	0
Derecognition of intra-group dividends	-29,324	0	-18,243	0
Use of non-deductible interest expense in tax consolidation	-160	237	19	397
Other consolidation adjustments	81	-456	-287	-536
Shareholders' Equity and profit for the year attributable to minorities	-586	-3,757	-78	-537
Tinexta Group_Consolidated Financial Statements	**32,521**	**141,789**	**20,129**	**142,676**

PROPOSED ALLOCATION OF THE 2018 PROFIT OF TINEXTA S.P.A.

In inviting you to approve the Financial Statements and the Report as presented, we invite you to approve the allocation of the profit for the year, amounting to € 21,621,639.99, as follows:

- 5% of the profit for the year to legal reserve, for an amount of € 1,081,082.00;
- € 10,690,947.36 for dividend distribution, equal to € 0.228 per share;
- € 9,849,610.63 to profits carried forward.

CONSOLIDATED NON-FINANCIAL STATEMENT PURSUANT TO LEGISLATIVE DECREE 254/2016

METHODOLOGICAL NOTE

This Consolidated Non-Financial Statement (hereinafter also “NFD” or “Statement”) of Tinexta Group (hereinafter also the “Group” and “Tinexta”) for the year ended 31 December 2018 was prepared in compliance with Italian Legislative Decree 254/2016 - issued in implementation of European Parliament and Council Directive 2014/95/EU of 22 October 2014.

Therefore, it constitutes the report of the relevant impacts of Tinexta Group’s business activities related to aspects referred to in the aforementioned Legislative Decree.

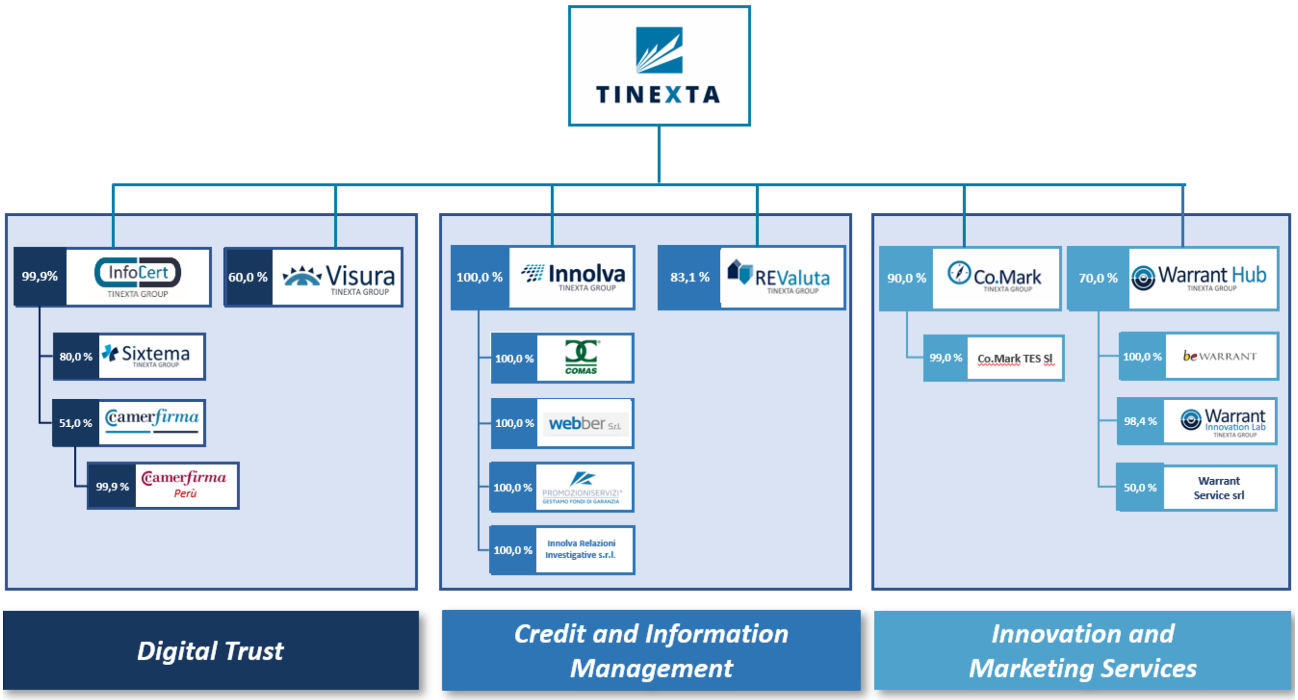
In all significant aspects, the NFD was drafted in compliance with the requirements of arts. 3 and 4 of Legislative Decree 254/2016 and the “GRI Standards” defined in 2016 by the GRI - Global Reporting Initiative, in accordance with the “Core” option.

The NFD from the previous year, published on 27 April 2018, was drafted using the “GRI Referenced” application methodology. The shift to the “Core” option is due to the gradual evolution that the Group intends to undertake as part of the management and reporting of non-financial information.

The “Reconciliation Table” section of the document provides a summary table that correlates the information considered material that is reported with the GRI indicators.

Scope of the Consolidated Non-Financial Statement

The chart that follows outlines the structure of Tinexta Group, including controlling interests held, at 31 December 2018, to which the associates Etuitus S.r.l. and Innovazione 2 Sagl, as well as the JV LuxTrust are added.



Within its perimeter of reporting under this Statement, Tinexta Group takes into consideration the following companies:

- Tinexta S.p.A.;
- InfoCert S.p.A.;
- Sixtema S.p.A.;

- Innolva S.p.A. (formerly Assicom Ribes S.p.A.);
- Re Valuta S.p.A.;
- Co.Mark S.p.A.;
- Visura S.p.A.;
- Warrant Hub S.p.A.;
- Warrant Innovation Lab Scarl;
- Warrant Service S.r.l.;
- Be Warrant S.r.l.

Compared to the Consolidated Non-Financial Statement from the previous year, the perimeter included the four companies of Warrant Group that were acquired during 2017.

The resulting exclusions are supported by the limited contribution of these companies, both individually and in the aggregate, compared to total consolidated amounts, in terms of turnover and employees. Primarily, these are companies acquired during 2018.

Thus, according to the provisions of arts. 3 and 4 of Legislative Decree 254/2016, the perimeter of this NFD includes the companies consolidated on a line-by-line basis, "*to the extent necessary to ensure an understanding of the group's activity, its performance, results, and the impact it generates*". In fact, the principle of materiality, expressly referred to in Legislative Decree 254/2016, was used to identify the issues to be reported in this NFD. Note that, in consideration of the specific business sector, the Group's activities do not entail significant water consumption or the emission of pollutants into the atmosphere that are not included in greenhouse gas emissions. Hence, while an adequate understanding of the Company's activities is ensured, these issues (referenced in art. 3, paragraph 2 of Legislative Decree 254/16) are not reported in this document.

Quantitative information is presented for the three-year period 2016-2018 using the perimeter of this NFD to provide a more meaningful comparison of data. For data that reference the perimeter of the previous NFD, a specific disclosure was included.

Materiality analysis

For the 2018 NFD, Tinexta Group reviewed and confirmed the process used to prepare last year's NFD, designed to identify the most significant issues based on the Group's activities.

In particular, the following activities were performed:

- a benchmark analysis on reporting of non-financial information on a sample of identified comparable companies;
- a reputational web search with the objective of ensuring reasonable completeness of the information included.

Furthermore, interviews were conducted with Top Management of Tinexta S.p.A. in order to identify and characterise any additional issues and/or risks to report in light of the adopted strategy, as well as actions taken in 2018 and the dialogue with stakeholders.

From these analyses, as well as the interviews, no additional significant issues emerged that would need to be added to the materiality matrix that was prepared for the 2017 NFD.

Hence, the main categories of stakeholders identified by the Group are:

- Shareholders;
- internal collaborators;
- customers;
- direct service providers;
- commercial partners;
- institutions and regulatory and control bodies.

The process for determining material issues was carried out by filling in a questionnaire (known as the materiality questionnaire) and through benchmarking analyses, to complete the materiality analysis, in order to identify the issues considered most significant for Tinexta's business, which should be included in this Statement.

The questionnaire was submitted to Tinexta's top management, proposing a series of topics relating to six macro-areas: Governance, Collectivity, Economic Responsibility, Product Responsibility, Social Responsibility and Environmental Responsibility.

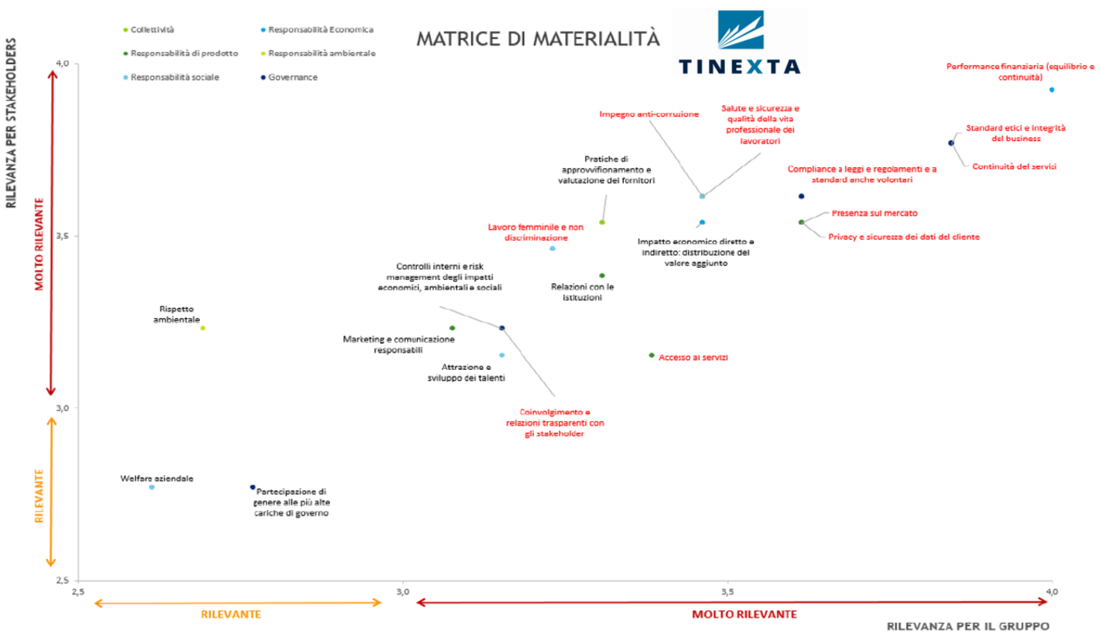
Each manager involved was asked to assign a score from 1 to 4 to each topic, assessing them on two different aspects:

- the importance attributed to the topic in question with respect to business activities, reflected on the x-axis;
- the perception of relevance that each topic assumes for the aforementioned stakeholder categories, reflected on the y-axis.

Lastly, managers were asked to indicate the 10 issues considered to be the most important ("Top 10").

Processing of the completed questionnaires resulted in the creation of a materiality matrix, with the average values of each relevant topic for the Tinexta Group along the x-axis and the average values of each relevant topic for stakeholders, with particular focus on issues within the "Top 10", along the y-axis.

The matrix was also confirmed for 2018. However, the document was rationalised, with the aim of obtaining a tool that can effectively communicate all the aspects inherent to the Group's various business activities. It is therefore intended to provide a complete overview of the impacts, risks, risk management methods, and improvement objectives. For these reasons, the issues that were defined as "Top 10" in 2017 were considered "material".



Reconciliation Table

The following is a reconciliation table in order to facilitate identification in the NFD and a cross-reference with the issues required by Legislative Decree 254/2016, aspects that emerged from the Materiality Matrix, and the related topics envisaged by GRI, with the related GRI reporting indicators.

Material aspects identified by the Materiality Matrix	Topic-Specific GRI Standards	KPI for GRI Standards	Topics envisaged by Leg. Decree 254/2016	2018 NFD chapters
Financial performance	GRI 201 -Economic performance	201-1	Social	Economic and financial responsibility
Ethical standards and business integrity	205 - Anti-corruption	205-1 205-3	Combating active and passive corruption	Combating active and passive corruption
Accessibility and Continuity of services[9]	GRI 417 -Marketing and labelling	417-2	Social	Responsible management of the service
Compliance with laws, regulations and standards, including on a voluntary basis	GRI 419 - Socioeconomic compliance	419-1	Combating active and passive corruption	Combating active and passive corruption
Presence on the market	GRI 202 - Market presence	202-2	Social	Economic and financial responsibility
Customer privacy and data security	GRI 418 -Customer privacy	418-1	Social	Responsible management of the service
Health, safety and quality of the professional life of workers	GRI 403 -Occupational Health and Safety	403-1	Personnel	Responsible management of human resources and human rights
Anti-corruption commitment	GRI 205 -Anti-corruption	205-1 205-3	Combating active and passive corruption	Combating active and passive corruption
Female employment and non-discrimination	GRI 405 - Diversity and equal opportunity GRI 406 - Non-discrimination	405-1 406-1	Personnel, diversity and respect for human rights	Responsible management of human resources and human rights
Involvement and transparent relations with stakeholders	General Standard Disclosure - Stakeholder engagement	-	Organisation and management model	Corporate governance

Reporting process

The contents of this Consolidated Non-Financial Statement have been validated and approved to ensure that it was developed in compliance with the "Reporting Procedure for the Non-Financial Statement", adopted by the Group in November 2018. In particular, the procedure established the responsibilities of the various parties in the process, namely: the NFD Reporting Process Manager, Operational Coordinator, and local Representatives at the individual companies.

The local Representative is identified within each subsidiary as the local manager of the process of collecting and sending non-financial information; he/she must forward the forms, signed by the managers of the relevant functions, to the Chief Executive Officer/General Manager for his/her approval by digital signature or in paper format.

The final contents were approved by the Chief Executive Officer and Board of Directors of the Parent Company Tinexta S.p.A.

The contents of this Statement were reviewed and verified by the designated auditor, in accordance with the methods envisaged by standard ISAE 3000 (Limited Assurance).

[9] In virtue of the similarity between the topics "Continuity of services" and "Access to services", it was decided to combine the reporting on the issues inherent to these topics.

This Statement is published, together with the Report on the Financial Statements of the Tinexta Group, in the section Investor Relations - Financial Statements and Reports, on the website www.tinexta.com.

Controls and procedures for managing risks generated or incurred

The principal management methods adopted by Tinexta Group in relation to the identified risks for the topics are summarised below, envisaged by Legislative Decree 254/16 and associated with the Group's business activities, which emerged from the materiality analysis.

In coordination with the Parent Company, risk management is the responsibility of the individual companies of the Group, due to the diversified nature of the business.

The individual companies adopt procedures and controls following a risk-based approach, according to methods deemed appropriate and proportional to their commercial relationships, products and services that may have negative repercussions.

With regard to the risk management procedures connected with economic and financial responsibility, please refer to the information included in the Consolidated Financial Statements package of Tinexta Group.

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
Corporate governance	Risk of underestimating economic, environmental and social impacts	Organisation, management and control model pursuant to Legislative Decree 231/2001; Code of Ethics Organisational model pursuant to Law 262/2005; Any quality certifications obtained; Management Control, periodic management reporting, KPIs, personnel appraisal procedure, new personnel training initiatives; Stakeholder Engagement (surveys, customer satisfaction, calls, mailings, personal meetings, events, conferences).

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
Responsible management of the service	Risk of violation of IT security Risk of data loss and/or damage to data centres; Reputation risk	Organisation, management and control model pursuant to Legislative Decree 231/2001; Code of Ethics; Data Protection Policy; DPO & IT Security Audit Director at Group level Cookies Policy and Guidelines for application security, in the case of InfoCert; Any quality certifications obtained; In InfoCert: Certification of Qualified Trust Service Provider, according to the ETSI EN 319 401 standard; Service Management System in compliance with ISO/IEC 20000; Business Quality Management System in compliance with the ISO 9001:2015 standard; Security Management System in line with the UNI CEI ISO/IEC 27001:2014 standard, Accreditation with AGID (Agency for Digital Italy); Internal Audit oversight; Training and developing awareness for personnel; Information flows to Supervisory Board.
Combating active and passive corruption	Risks relative to crimes linked to corruption Corporate crimes Risks relative to non-compliance or violation of reference regulations	Organisational model pursuant to Leg. Dec. 231/2001; Code of Ethics; Compliance system through whistle-blowing channel; Procedure for transactions with related parties; Internal Audit oversight; Training programmes; Information flows to Supervisory Board.

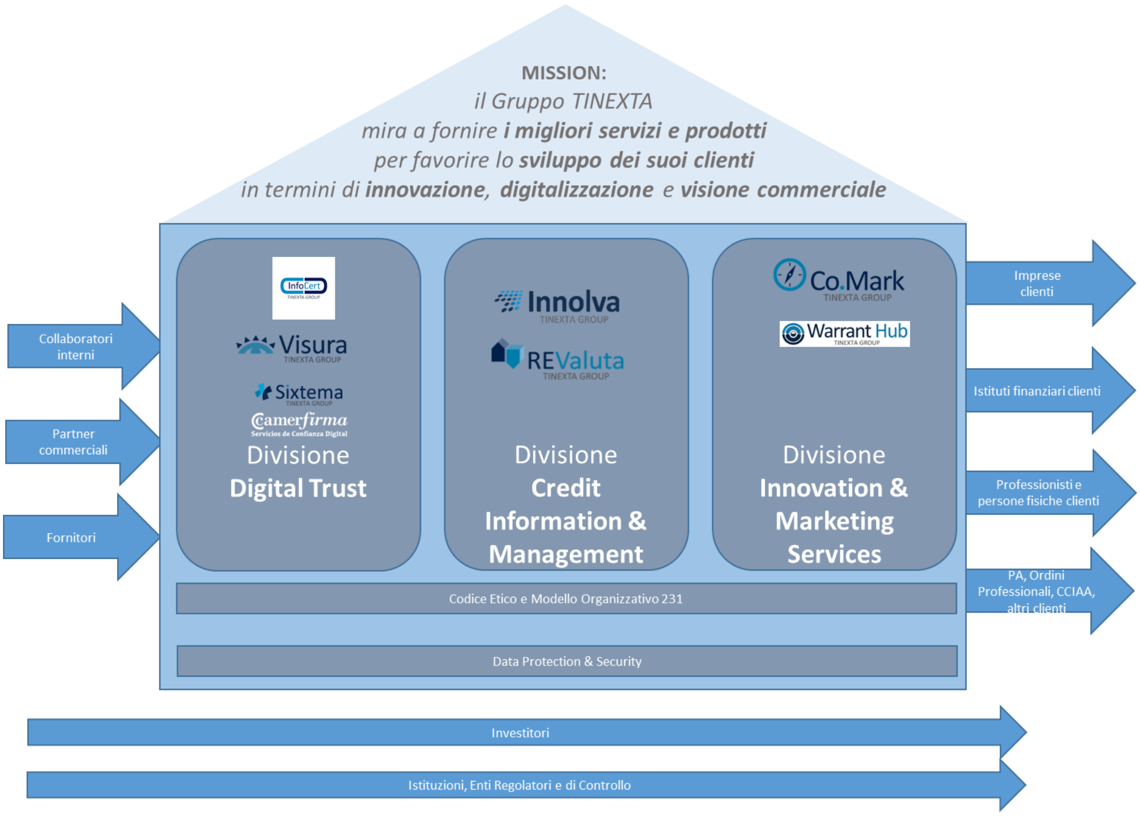
NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
Responsible management of human resources and human rights	Increase in turnover and loss of competent and key personnel Increase in accident rate Increase in the level of work-related stress No generational turnover in technical and professional skills Lack of monitoring in relation to cases of gender discrimination in career development.	Organisational model pursuant to Leg. Dec. 231/2001; Code of Ethics; Specific business provisions for personnel management; Risk Assessment Document (RAD); Welfare plan; Internal Audit oversight; Training programmes; Information flows to Supervisory Board.
Responsible management of the supply chain	Risk that the materials/services requested are not compliant with the required quality standards Risk that supplies are not delivered/carried out within the times envisaged.	Organisational model pursuant to Leg. Dec. 231/2001; Code of Ethics; Group Procurement unit for oversight of the supply chain; Qualitative audit procedure for the Parent Company; Qualification procedures; Availability of specialised reporting for product categories, both in qualification phase and in supplier service assessment; Internal Audit oversight; Training programmes; Information flows to Supervisory Board.

BUSINESS MODEL

Tinexta is a dynamic industrial Group that is growing rapidly.

The Shares of the Parent Company Tinexta S.p.A. are all registered, indivisible and freely transferable; they are currently listed on the Electronic Equity Market (MTA) organised and managed by Borsa Italiana S.p.A., STAR segment, from 30 August 2016.

The Group has offices throughout Italy, in Spain, Belgium, Luxembourg, and Peru. The Parent Company has offices in Rome, Milan and Turin.



Digital Trust, Credit Information & Management, and Innovation & Marketing Services are the three business areas in which Tinexta Group operates, through its subsidiaries, offering customers innovative systems and tools for business management, such as:

- **dematerialisation** of business processes through secure use of the internet and digital tools, in full compliance with European standards;
- support in managing business activities and optimising working capital through the sale of **business information**, investigative reports, and credit recovery services;
- support for innovation, advisory services in the area of **innovation**, and dematerialisation tools for production processes;
- support for commercial expansion and consulting services for the **globalisation** of SMEs.

The business model is based on the expertise and high degree of specialisation of the companies that are part of the Group, with the objective of supporting companies and professionals along their development path in terms of innovation, data security, information procurement, and advanced consultancy to better meet the challenges of competitors and the market.

Consistent with its Mission, Tinexta Group provides businesses and professionals with a range of high value-added services and tools, in a highly digitalised environment. In particular, Tinexta is able to offer advanced services and technology solutions, intended for private companies, financial institutions, trade associations, professional bodies, professionals, and public administration.

Tinexta S.p.A. is the Parent Company that handles the management and coordination of subsidiaries, assisting the corporate units in the principal staff functions, such as Human Resources, Administration and Finance, Management Control, Planning and Development, Internal Audit, Legal Affairs and Procurement.

At 31 December 2018 the number of Group employees was 1,294 (for this Statement's perimeter, the number of employees was 1,209), consolidated Revenues amounted to € 239.6 million, and total share capital was € 293 million.

A brief overview of the Group companies that are part of the perimeter of consolidation for the NFD, as well as the Parent Company, is provided below.

Digital Trust	**InfoCert**	It is the largest European certification authority, active in more than twenty countries. With offices in Rome, Milan and Padua, InfoCert provides digitalisation, e-Delivery, digital signature and digital preservation of documents and is an AgID-accredited digital identity manager in the SPID system. InfoCert is the European leader in offering Digital Trust services that are fully compliant with European requirements and standards. InfoCert directs its offer to both public and private companies operating in the sectors of banking, insurance, pharmaceutical, manufacturing, energy, utilities, commercial distribution, environment, quality, safety, healthcare, and public administration, as well as to trade associations, professional bodies, and professionals. InfoCert invests heavily in research and development and in quality: it holds a considerable number of patents, while the ISO 9001, 27001 and 20000 quality certifications attest to its commitment at the highest levels to service delivery and security management. InfoCert owns 80% of Sixtema S.p.A., and, with a view to global expansion, in 2018 InfoCert purchased 51% of Camerfirma, one of the main certification authorities in Spain, and signed a partnership to purchase 50% of LuxTrust, which manages all digital identities in Luxembourg.
	Sixtema	Sixtema provides IT and management services to companies, entities, associations and institutions, with a particular focus on the world of CNAs - *Confederazione Nazionale dell'Artigianato* (National Confederation of Artisans). It is 80% owned by InfoCert S.p.A., while the remaining 20% is held by some entities related to CNAs. It has a structure of 130 employees located throughout its operating offices in Modena, Florence, Ancona and Pisa. It has a data centre through which it provides its software services in ASP and/or SaaS mode. Moreover, as service provider, it provides an integrated technology infrastructure service (including software, connectivity, and application software management services), with more than 5,000 users served. Thus, the offer consists of software solutions, integration and management platforms, infrastructure solutions, consulting services, and Trusted services.
	Visura	Visura operates in the development, maintenance and supply of IT and telematic application systems for the production of goods and/or services and information, intended for professionals, through databases and similar, and Digital Trust services such as electronic billing, digital signatures and PEC. The brands are VISURA (for all professional categories), LEXTEL (for the legal

		profession) and ISI SVILUPPO (for professional bodies). The company's largest office is located in Rome.
Credit Information & Management	**Innolva**	Innolva works in the credit recovery channel on behalf of third parties as well as producing and distributing high value-added business information. These two lines of business are integrated with other channels such as the direct distribution of databases as well as the development of products and services dedicated to marketing. The two main offices are located in Milan (company and operational headquarters) with the production business units related to ICs and Real Estate Services, while Buja is the registered office for the area related to Credit Recovery. Other cross-functional areas (IT, Sales, Marketing, Administration, Staff) are located in both locations. The secondary office in Brescia is dedicated to the production of tracking services and commercial information while the secondary office in Turin is dedicated to the Central Guarantee Fund. The merger by incorporation of Assicom and Ribes into Innolva resulted in a personnel reorganisation, with no new hires against the terminations, including five senior management roles.
	REValuta	REValuta operates in the real estate valuation sector, mainly for credit institutions (97% of turnover). This market consists of two segments, retail (residential, offices, shops) and corporate (valuations of NPLs, credit restructuring plans, and IAS/IFRS application). Market operators can be divided into 4 clusters: large diversified operators that work mainly in the area of Credit Information; international real estate operators integrated along the value chain and therefore also operating in the valuation segment; national integrated real estate operators; and operators specialised in the real estate valuation segment. The company's operating and registered office is in Milan.
Innovation & Marketing Services	**Co.Mark**	Co.Mark is a consulting company that provides services for SMEs, mainly consisting of a customised consultancy service aimed at developing commercial activity in foreign markets. The registered and operating office is in Bergamo, but the Temporary Export Specialists carry out their activities at the customer's site, throughout the national territory. More than 90% of customers are medium, small and micro-enterprises, operating in various business sectors.
	Warrant Hub	Warrant Hub S.p.A. works alongside companies throughout Italy, assisting them to obtain available incentives for business development. The headquarters of Warrant Hub S.p.A. is in Correggio in the province of Reggio Emilia. There are secondary offices located in Casalecchio di Reno (Bologna), where the business unit that deals with European financing operates, in Bergamo, with a representative office in the Kilometro Rosso

		site, as well as in Piossasco (Turin). The target market is SMEs, which represent around 80% of turnover, with around 85% distributed throughout the central-northern regions. At 31 December 2018, the company had 29 ongoing freelance contracts (professional service contracts and continued, coordinated collaborations).
	BeWarrant	BeWarrant is a subsidiary of Warrant Hub S.p.a. and represents the Belgian headquarters of the European Funding Division business unit of Warrant Hub, which manages European projects. The headquarters is in Brussels.
	Warrant Innovation Lab	Warrant Innovation Lab S.r.l. is a subsidiary of Warrant Hub S.p.A. and manages Technology Transfer, Patent Box, GDPR and Digital Transformation services for Warrant Hub customers. The headquarters of Warrant Innovation Lab is in Correggio in the province of Reggio Emilia.
	Warrant Service	Warrant Service S.r.l. is a commercial company that procures assignment mandates for Warrant Hub S.p.A. The company's office is located in Verona.

Key impacts, risks, and opportunities

In 2018, the Group significantly increased its economic results, exceeding the expectations communicated to stakeholders and Shareholders during the planning phase.

The Group's priorities for 2018 were: consolidation and development of the core business and launch of the Group's globalisation strategy. Both challenges were pursued successfully, reaping positive economic and social effects for stakeholders.

The support of digitisation, optimisation, and business growth are inherent to the strategy and represent a positive social impact in and of themselves.

Given the nature of the business, there are no significant environmental impacts.

The principal risks and opportunities identified are as follows:

- Opportunities: international expansion, cross-selling of services offered, maximisation of synergies between Group companies, and additional growth through external lines.
- Risks: Italian and European regulatory changes, increased competition in the Digital Trust and Innovation & Marketing Services business units, a negative economic cycle in the Italian market that would reduce SME investments, and potential difficulties in implementing the rationalisation and integration process.

Of the main social impacts of Tinexta, the issue of digitisation merits special attention.

In fact, Tinexta is active in the process of digitising business processes, both public and private. With digitisation, for example, it is not necessary to sign paper contracts or to send letters through the post, with a considerable benefit in terms of environmental impact.

Customers benefit significantly in both economic and social terms. The social benefit, in terms of time recovered and use of resources, is a direct consequence of digitisation, which offers customers the possibility of carrying out various transactions remotely with legal value.

In the last year, the indicators improved remarkably. For example, in 2018 InfoCert handled more than 1 million certified emails, signature transactions (between digital signatures and time-stamps), digital invoices, and files processed by GoSign, each day.

All these indicators represent the economic, social and environmental benefits and their growth is both a challenge and a clear opportunity for the future.

Growth by external lines represents both a risk and an opportunity in terms of the Group's sustainability. International growth certainly represents an interesting opportunity for all Group employees, as development and job-rotation opportunities will be expanded in a dynamic and multi-national context. Globalisation certainly also presents risks, above all linked to the ability to integrate different businesses and cultures. For this reason, the Company has included in the plan the review and strengthening of the organisation, in order to ensure the most effective oversight in post-merger integration.

Significant changes

During 2018, with the exception of the acquisitions described above, there were no further significant changes in the Group's size, organisational and ownership structure, and its supply chain compared to the previous year.

For more details, please refer to the key events during the period, described in the Report on Operations, which do not change (indeed confirm) the Group's business model. In particular, note:

- on 8 February, reduction of Cedacri's ownership stake in Tinexta;
- on 1 March 2018, the Board of Directors of Assicom Ribes S.p.A (now Innolva S.p.A.) resolved to dispose of the stake held in Swiss company Creditreform Assicom Ticino SA, as it was no longer considered strategic.
- on 24 April 2018, renewal of the mandate for the members of the Board of Directors, confirming Enrico Salza as Chairman of the Board of Directors, in addition to the appointment of the Board of Statutory Auditors, and the distribution of a dividend of € 0.14 per ordinary share, for a total amount of € 6,520,236.80.
- on 26 April, change of the company name from Assicom Ribes to **Innolva S.p.A.**;
- acquisition of **AC Camerfirma SA (Camerfirma)**, leader in Spain in the Digital Trust sector, present in the South American market as well (Camerfirma Perù), completed on 3 May 2018. InfoCert has a 51% stake in the new company. The transaction allows InfoCert S.p.A. to pursue its growth strategy through the creation of an international Trust Service Provider with solid roots and a clear focus on the European market; the integration of the respective offers and capabilities for effective coverage of the market; exploitation of synergies in infrastructure, operations, investments, innovation, and new product/solution development;
- acquisition of 100% of **Comas S.r.l. and Webber S.r.l.**, two companies operating in the sale of business information through the internet. The transaction completed on 5 July is part of the broader strategy aimed at strengthening the positioning on the web and increasing the market share of the Credit Information & Management Division;
- on 12 July 2018, purchase of an additional 10% of the subsidiary **Co.Mark S.p.A.**, thus arriving at 90% of share capital;
- strategic partnership with **LuxTrust**. On 26 September, Tinexta, through its subsidiary InfoCert S.p.A., signed an agreement to acquire 50% of LuxTrust, a leading Digital Trust company in Luxembourg, with strong institutional sponsorship, through the subscription of a share capital increase at the closing of the transaction. Through LuxTrust, InfoCert expects to accelerate its commercial activities in France, Netherlands, and Belgium.
- on 30 October 2018, acquisition of **Promozione Servizi S.r.l.** The company specialises in providing consulting services to financial institutions on access to the Mediocredito Centrale guarantee fund for SMEs.
- effective 31 December, merger by incorporation of the subsidiaries **Lextel S.p.A.** and **ISI Sviluppo**

Informatico S.r.l. in **Visura S.p.A.**;

- the finalisation of the corporate reorganisation of Visura and its subsidiaries through the deed of merger by incorporation of Lextel S.p.A. and ISI Sviluppo Informatico S.r.l. in Visura S.p.A., effective 31 December 2018. The accounting and tax effects are retroactive to 1 January 2018.
- on 31 January 2019, the sale of the Eurofidi business unit by Innolva S.p.A. to its subsidiary Promozione Servizi S.r.l. was finalised with a notary deed. Commercial and organisational needs and opportunities prompted the project to concentrate in a single entity the offer to the market of consulting services for access to the Central Guarantee Fund. This transaction, in addition to having rationalised the corporate structure based on the type of business activity performed, will enrich Promozioni Servizi S.r.l. with resources and skills necessary for its development plans. The sale of the business unit involved the rights on the specific software for the exercise of training and management activities, the lease contract for offices where the business is conducted, together with the financial receivable for the security deposit provided to the owner of the premises, the contractual relationships with customers, and employment contracts with eleven staff working in the business unit.

CORPORATE GOVERNANCE

Corporate governance represents an essential element for Tinexta and its stakeholders, and the following issues are considered important:

- Involvement and transparent relations with stakeholders
- Internal controls and risk management of the economic, environmental and social impacts.

Management policies and actions taken

Tinexta has adopted and implemented a business model broken down into three business units, described in the previous sections of this Report on Operations and in the Report on Corporate Governance and Ownership Structures.

Corporate governance system

The corporate governance system of Tinexta S.p.A., developed according to the traditional model, is focused: on the leading role in strategic direction assigned to the Board of Directors; the transparency of management decisions within the Company as well as with respect to the market; the efficiency and effectiveness of the internal control system; on the rigorous discipline of potential conflicts of interest; and on solid principles of conduct in carrying out transactions with Related parties.

It comprises the following bodies:

- BOARD OF DIRECTORS: 11 members, of which 5 women (1 Chairman, 1 Chief Executive Officer, 7 Independent Directors and 2 other Directors);
- BOARD OF STATUTORY AUDITORS: 3 standing members, of which 1 woman;
- REMUNERATION COMMITTEE: 5 members, of which 3 women;
- CONTROL AND RISKS COMMITTEE - RELATED PARTY TRANSACTIONS COMMITTEE: 5 members, of which 1 woman;
- SUPERVISORY BOARD: 3 members, of which 1 woman. This board consists of an independent director, a member of the Board of Statutory Auditors, and a criminal attorney.

For additional information on the corporate bodies, internal committees and internal control and risk management system, see the Report on Corporate Governance and Ownership Structures published on the site www.tinexta.com.

With regard to non-financial reporting, the organisational governance is ensured by the flow illustrated above.

Organisation and management models

Tinexta Group has implemented the following business management systems and internal organisational models for all Group companies within the reporting perimeter, with the exception of the subsidiaries of Warrant Hub:

- Organisation, management and control model pursuant to Legislative Decree 231/2001;
- Code of Ethics (Tinexta's Code of Ethics is published at www.tinexta.com, Governance - Corporate documents section.
- Organisational model pursuant to Law 262/2005;

ISO 9001, ISO 27001, ISO 20000, ISO14001 and ETSI EN 319 401 certifications adopted by some Group companies, demonstrating the desire to always offer customers the highest levels of service, including in terms of safety, quality and environmental protection.

Moreover, to support the strategy and address the business risks listed above, the Group companies, depending on circumstances, have management control tools, periodic management reporting, KPIs, personnel appraisal procedures, and new personnel training initiatives;

All Group companies, in pursuing the promotion and dissemination of the culture of risk prevention and commitment to respect ethical values, have adopted an Organisational Model pursuant to Legislative Decree 231/2001, with the aim of implementing a risk prevention and management system in line with the provisions of the Decree and suitable in preventing and reducing the risk of crimes, strengthening the corporate governance and the internal control system in general.

The Model and subsequent additions were approved by the Board of Directors; the procedures, processes and models implemented by the Group, in accordance with Legislative Decree 231/01, are subject to verification and supervision by the Supervisory Board. The entire structure is informed through publication of the same documents on the company Intranet.

The organisation, management and control model pursuant to Legislative Decree 231/01 of the Parent Company is broken down into two parts:

- General Section containing specific information on the qualifying contents of Legislative Decree 231/2001 and subsequent additions, objectives and structure of the Model, requirements, functions and powers of the Supervisory Board, information flows to the same, and disciplinary and sanctioning regime connected with violations of the provisions of the Model;
- Special Sections, comprising a series of specific protocols in relation to the different types of relevant crimes among those envisaged by Legislative Decree no. 231/2001, which for Tinexta have been identified as the following: crimes in relations with Public Administration and corruption between private individuals; corporate crimes; transnational crimes; organised crime; violations of accident prevention and occupational health and safety regulations; receiving, laundering and use of money, goods or utilities of unlawful origin as well as self-laundering; computer crimes; employment of illegal third-country nationals and illegal intermediation and labour exploitation; market abuse.

In its risk assessment, the Group acts based on the following three policies:

- ✓ definition and approval of the budget and the strategic plan, with the connected monitoring of the degree of achievement of the established targets, by the Board of Directors;
- ✓ implementation of the audit activities carried out by the Group's Internal Audit function, so as to guarantee the maintenance and updating of adequate control protocols intended to mitigate risks linked to financial

reporting, in compliance with Law 262/2005. The reports issued by Internal Audit are brought to the attention of the Board of Directors of the relevant individual companies.

- ✓ adoption of the Organisation, management and control model pursuant to Legislative Decree 231/2001, which for the Board of Directors represents a tool for monitoring the risk of offences pursuant to the above-mentioned decree, receiving suitable instructions and formal reports from the Supervisory Board.

This mandatory approach is, on a case-by-case basis, supplemented by the performance of specific controls and verifications with regard to issues or risks that arise in meetings of the company Supervisory Boards or as requested by the Chief Executive Officers and/or General Managers of the subsidiaries.

Lastly, the companies that have certification regularly perform specific audits to ensure compliance.

In order to ensure the utmost transparency in communications and information to third parties and to the market, the website www.tinexta.com includes certain procedures, in particular: the Procedure for the public disclosure of privileged information, the Procedure for management of the register of individuals with access to privileged information, the Procedure for compliance with the obligations on internal dealing and the Procedure for transactions with Related parties.

Code of Ethics

Tinexta has adopted and implemented its own Code of Ethics (hereinafter the "Code"), published on the company website, which describes the moral and professional values and standards to be observed in carrying out the various business activities.

The values and standards indicated in the Code include a number expressly defined for respect of the environment, relations with customers and suppliers, and for the definition of social issues in relation to the Company's employees.

The Code applies to each role in the organisation, including: (i) directors, statutory auditors, independent auditors; (ii) managers, employees, collaborators, consultants; (iii) any customers, suppliers, business partners and anyone else who, directly or indirectly, on a stable or temporary basis, establishes collaboration relationships or works on behalf of the Company; (iv) Tinexta Shareholders.

The Code states that all Tinexta workers, in the performance of their activities and exercise of their responsibilities, must behave in a proper, transparent and objective manner; furthermore, all company activities must take place in compliance with the laws in effect and with company procedures, as well as in accordance with the criteria of diligence, honesty, collaboration, fairness and loyalty.

Every violation shall be reported to the Supervisory Board and to the Internal Control Bodies and may result in disciplinary, civil and/or penal consequences.

The Group has set up an internal reporting system for actions and behaviours that may constitute a violation of regulations, internal or external, as well as the principles of control and rules of behaviour as envisaged in the Organisational model pursuant to Legislative Decree 231/2001 and Law 179/2017 (hereinafter also the "Law").

For this purpose, specific information channels were adopted to ensure the confidentiality of the reporter and facilitate the flow of reports and information to the Supervisory Board. In particular, report of violations, or presumed violations, of the Model can be submitted through the "**Whistleblowing Communication**" platform, accessed from the dedicated website.

Stakeholder Engagement

With regard to the activities of listening, dialogue and involvement of stakeholders, identified within the categories of customers, suppliers, employees and commercial partners, one of the key communication tools used is the internet site, which provides, in addition to all of the information on the activities carried out by the Group, information on Corporate Governance as well.

The priorities include the development of the service proposition to offer to the customer base, to give a strong signal of progress following the change in the corporate structure that occurred in 2018.

The positive results achieved thus far include:

- development of new services to satisfy new requirements;
- re-engineering of some internal processes;
- consensus toward digital transformation.

During 2018, a first set of KPIs was identified to be used in assessing the results, various meetings were held with the main stakeholders to evaluate the path chosen, and training and coaching sessions were organised for employees so that they can pro-actively contribute to the Group's development.

To date, no stakeholder engagement plans have been developed at Group level, however some subsidiaries regularly involve their customers by organising meetings, as well as on-line or telephone surveys, concerning the level of satisfaction with the quality of the product or the technical assistance service offered pre- and post-sale.

Results obtained

For details on the composition of the Board of Directors, please refer to Table 405-1, included in the annex.

RESPONSIBLE MANAGEMENT OF THE SERVICE

Tinexta has the objective of supporting the growth of small and large businesses and financial institutions by helping them to be competitive and offering them a variety of services for innovative information management and collection.

The Group is committed to presenting its products in a transparent and responsible manner, through forms of marketing that allow customers to determine their distinctive characteristics and which also allow full accessibility based on customer's characteristics.

Thus, responsible management of the service is important for the Group, placing particular attention on the following topics:

- Accessibility and continuity of services
- Customer privacy and security
- Responsible marketing and communications

Within responsible management of the service, Tinexta has identified the following risk areas:

- Risk of violation of IT security;
- Risk of data loss and/or damage to data centres;
- Reputation risk.

These are mainly technology risks, whose prevention constitutes a fundamental element of the services offered by the Group, especially for the Digital Trust Division.

In addition to being relevant for the business and therefore for the continuity of Tinexta, technology risks also have global implications. Hence, the occurrence of these risks could have substantial impacts in economic and social terms, both for the Group and for stakeholders.

The market's focus on these risks has grown considerably in recent years. In this regard, note that the risk of cyber attacks and the risk of data fraud or theft represent two of the Top 5 Global Risks in terms of probability of occurrence according to the 2018 Global Risk Report published by the World Economic Forum.

Management policies and actions taken

The Group is committed to identifying and preventing IT risks, and has the objective of ensuring transparency and responsibility for the product. For this reason, customers are provided with instructions on the proper and safe use of the service.

With regard to governance, the Group companies adopt organisational models pursuant to Legislative Decree 231/2001 and the Code of Ethics, which govern, *inter alia*, computer crimes.

In accordance with the Code of Ethics, Tinexta commits to inform the Recipients in a clear and transparent manner about their situation and their performance with regard to the relationship established, without favouring any interest group or individual.

Ethical and behavioural principles were also defined in the Code of Ethics, in particular with regard to confidential information and the protection of privacy. In this regard, Tinexta commits to implement the provisions regarding the protection and safeguarding of personal data and to adopt all the necessary organisational measures for this purpose. Therefore, the data collected in databases and in archives, with the specific business forms, must be processed exclusively for purposes of the Company exercising its business activities.

The Recipients of the Code of Ethics are required to protect the confidentiality of this data and to ensure that all the obligations provided for by privacy regulations are observed. Therefore, it is forbidden to communicate business information to third parties, use business information for purposes other than that for which it is intended, make copies of documents containing business information or remove documents or archived copies, unless this is necessary to perform specific tasks, or to improperly destroy business information.

EU Regulation 2016/679 (GDPR)

With the enactment of EU Regulation 2016/679 (GDPR), which became effective 25 May 2018, the European Commission sought to strengthen and standardise the protection of personal data of citizens and residents of the European Union.

Thus, the Group has harmonised its procedures for processing personal data in compliance with the GDPR requirements, establishing security measures that are adapted to the regulation.

In particular, in 2018, the following should be noted:

- the issue of a **Data Protection Policy**, in accordance with GDPR, regarding the processing of personal data
- appointment of the **DPO & IT Security Audit Director** to supervise the process at Group level.

Each company manages data protection according to pre-defined rules and under the control of the Data Protection Officer (DPO).

A report is drawn up and reviewed each quarter regarding contracts, reporting, and the data processing register.

Furthermore, in the IT-technology area, the **IT Security Audit Director** prepared a self-assessment questionnaire based on the national framework for cyber security created by CIS-Sapienza and the National Cybersecurity Laboratory. The representative for each Group company completed this questionnaire and the self-assessment feedback was included in a report on the status of IT security, submitted to the attention of the Boards of Directors. Therefore, each company has prepared an activity plan in relation to the observations contained in the report.

Focus on Tinexta Group

One of the subsidiaries, InfoCert, is the leader in the Italian market for digitisation and dematerialisation services, as well as one of the main European certification authorities for the services of certified electronic mail, digital signature, and digital document preservation (AgID-Accredited Registrar).

InfoCert also acts as a European certification authority and is an identity provider accredited by the Italian government.

InfoCert has achieved the following quality certifications and accreditations that recognise the high levels it has achieved in providing services and managing security:

- **Certification as Qualified Trust Service Provider**: for fiduciary services provided in compliance with eIDAS Regulation (EU) 910/2014 regarding qualified certification services for electronic signatures, electronic seals, website authentication, and for the time validation service qualified according to the ETSI EN 319 401 standard.
- **Service Management System**: this system was introduced in the Company in compliance with ISO/IEC 20000 (international IT Service Management standard) in order to maintain and improve the alignment and quality of business services provided in relation to customer requirements, through a constant cycle of monitoring, reporting and review of the agreed SLAs.
- Business Quality Management System compliant with **ISO 9001:2015**: aimed at ensuring continuous improvement of customer satisfaction, optimising the organisation of resources and interactions between business processes and reducing the occurrence of non-compliance situations and conditions for products and services.
- Information security, through the ongoing development and control of a Security Management System, in line with the **UNI CEI ISO/IEC 27001:2014** standard. This Information Security Management System is **UNI CEI ISO/IEC 27001:2014** certified for activities EA:33-35
- "SPID" digital identity management, the Company is accredited by **AGID** (Agency for Digital Italy) as manager of the "Public System for Digital Identity Management" (SPID) according to the Prime Minister's Decree of 24 October 2014. InfoCert is a Certified Identity Provider in compliance with the provisions of art. 24 of eIDAS Regulation 910/2014, the Prime Minister's Decree of 24 October 2014, the Commission's Implementation Regulation EU 2015/1502, and ETSI EN 319 401 as defined by the Accredia Circular 35/2016.
- Preservation of electronic documents, as accredited for several years in accordance with art. 24 of EU Regulation 910/2014.

InfoCert is constantly committed to maintaining the quality certifications and accreditations achieved, through continuous monitoring of the systems and controls as well as providing timely and prompt support to the verification entities.

InfoCert's IT security policies include the Cookies Policy and the Guidelines for Application Security, adopted to define the security requirements that must be considered in developing a product/service.

The withdrawal form is available on the InfoCert website to allow the customer to easily exercise this right.

Results obtained

Through the Model 231/2001, the Code of Ethics and the business policy based on transparency, quality and safety, and as a result of the certifications obtained from accreditation entities, Tinexta monitors the management of any system failures by handling them in a timely manner.

In 2018, no system failures resulted in litigation.

Note that there were 43 cases of non-compliance for InfoCert products identified in third-party audits (certification entities), of which 16 minor cases of non-compliance and 27 suggestions for improvement.

With reference to cases of violations of customer privacy and loss of customer data, the Group companies each maintain their own data breach register. During 2018, there were 6 events, two of which resulted in a notification to the privacy authority. For details, see Table 418-1 shown in the annex.

COMBATING ACTIVE AND PASSIVE CORRUPTION

One of the key factors of Tinexta's business model is the ability to conduct its business with integrity, transparency, legality, impartiality, prudence and respect for laws and regulations, including on a voluntary basis.

Therefore, combating active and passive corruption represents an important aspect for Tinexta, which can be broken down into the following topics:

- Anti-corruption commitment
- Compliance with laws, regulations and standards, including on a voluntary basis
- Ethical standards and business integrity
- Relations with institutions.

Within combating active and passive corruption, Tinexta has identified the following risk areas:

- risks relative to crimes linked to corruption
- corporate crimes
- risks relative to non-compliance or violation of the reference regulations.

Management policies and actions taken

Tinexta is committed to combat corruption in all forms. Under no circumstance shall the pursuit of interests or advantages for the Company, at Group level, justify unethical, dishonest or unlawful conduct; therefore, the fight against corruption, both active and passive, is considered essential.

The main tools adopted by Tinexta to combat corruption are the organisational models pursuant to Legislative Decree 231/2001, which also govern crimes related to active and passive corruption, the Code of Ethics, the compliance system through the whistleblowing channel, the procedure for transactions with Related parties, internal audit activities, and training and developing awareness for personnel to reinforce the culture of ethical business relationships. Furthermore, the Boards of Directors of the companies are informed of any cases of corruption through mandatory information flows from the Supervisory Boards and internal audit.

Ethical and behavioural principles were also defined in the Code of Ethics, in particular with regard to combating corruption.

In this regard, Tinexta does not accept or tolerate any type of corruption and, therefore, will not enter into any kind of relationship with parties who are not willing to align with these principles.

As established by the Code of Ethics, the Recipients, in performing their duties, undertake to act on the basis of moral integrity and the principles of correctness, good faith and transparency.

The organisational model pursuant to Legislative Decree 231/2001 adopted by the Parent Company, in addition to overseeing compliance with the reference legislation, provides in the special section, *inter alia*, two separate chapters, one dedicated to crimes in relations with the public administration and corruption between private individuals, the other to corporate crimes. These chapters describe the sensitive processes/activities, general principles of behaviour, specific oversights and controls, and the disciplinary system. The same provisions are included in the models adopted by the other Group companies, which describe principles and policies designed to mitigate the risk of active and passive corruption, in relation to both public and private parties, as well as the management of situations involving conflicts of interest, including transactions with Related parties.

The Anti-Corruption Policy, included in the Organisational and management models pursuant to Legislative Decree 231/2001, is disclosed on the company Intranet and guaranteed by express behavioural provisions included in the Code of Ethics, delivered to all employees upon hiring; moreover, anti-corruption training is compulsory for all employees in order to ensure dissemination and awareness of the principles, procedures and rules of conduct aimed at mitigating the risk of corruption.

Particular attention is also paid to compliance with the laws and regulations applicable to the Group, through procedures defined by the Parent Company and which involved all companies included within the scope of consolidation.

The control system implemented by Tinexta in order to mitigate the risks of fraud and corruption envisage the adoption of the following principles:

- segregation of tasks;
- existence of company provisions/formal procedures;
- authorisation and signing powers;
- tracking of transactions.

Actions taken during 2018 include:

- training to combat possible corruption risks, in the classroom and through e-learning, which involved employees of companies that have adopted the 231/2001 Model
- launch of the Whistleblowing system, with a web platform to ensure the confidentiality of reporting and connection with the Supervisory Boards in the event of fraud
- updating of the procedure for transactions with Related parties;

Results obtained

The main business processes/areas within which the impact of corruption risk was evaluated are the following:

- management of relations with public authorities (Consob, Borsa Italiana, etc.);
- acquisition of controlling interests;
- sales;
- hiring of personnel, career progression, incentive systems;
- public tenders;
- consultancy, professional mandate assignments, sponsorships, advertising;
- gifts and other donations;
- disbursement and release of the service;
- credit notes and allowances;
- inspections by public officials.

During the year, there were no confirmed incidents of corruption nor were legal actions initiated against the Group or its employees for reasons related to corruption.

The members of the Boards of Directors of the Group companies, as well as the Group's employees, receive communications on the principles of the adopted Model pursuant to Legislative Decree 231/2001 and the Code of Ethics, the documents of which are available on the Intranet of the individual companies.

Group customers and suppliers are informed regarding the adoption of a Code of Ethics and a Model pursuant to Legislative Decree 231/2001 through the website of the individual companies, in the dedicated sections.

RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES AND HUMAN RIGHTS

The services provided by Tinexta Group are essentially intangible in nature.

Therefore, the responsible management of human resources and protection of human rights is one of the main strategic levers for the Group, in particular:

- Attraction and development of talent
- Company welfare
- Health, safety and quality of the professional life of workers
- Gender representation in the higher governance positions;
- Female employment and non-discrimination.

Within responsible management of human resources and human rights, Tinexta has identified the following risk areas:

- Increase in turnover and loss of competent and key personnel
- Increase in accident rate
- Increase in the level of work-related stress
- No generational turnover in technical and professional skills
- Lack of monitoring in relation to cases of gender discrimination in career development.

Management policies and actions taken

Management objectives are designed to stimulate individuals to undertake a path of personal and professional growth, ensuring equal opportunities for development and working conditions to mitigate the risk of discrimination.

Tinexta Group's policy of responsible management of human resources and protection of human rights is based on the Code of Ethics, regarding which personnel receive training and communications from the beginning of the employment relationship.

As defined in the Code of Ethics, Tinexta recognises the central role of human resources and the importance of establishing and consolidating relationships based on mutual trust, inspired by key principles, such as respect for workers' rights and appreciation for resources, with a view to development and professional growth.

Tinexta promotes the balance between private life and equality of opportunities, combating all forms of discrimination, and ensuring full respect for fundamental human rights. As the principles and values are shared with other Group companies, the Code of Ethics adopted by the subsidiaries establishes the absolute prohibition of any acts of discrimination.

As part of managing employment relationships, the policies and procedures adopted by Tinexta recall the provisions in the various National Collective Labour Contracts, to which the individual companies refer. 100% of the Group's workers are covered by National Collective Labour Contracts.

The main tools adopted by Tinexta in this area are:

- Organisational models pursuant to Legislative Decree 231/2001 adopted by Group companies, which regulate, in specific chapters, crimes committed in violation of accident prevention regulations, workplace protection and safety, offences involving the employment of citizens from other countries who do not possess the necessary permits, and illicit intermediation and exploitation of labour;
- the Code of Ethics, where the ethical and behavioural principles are defined, in particular, human resources and protection of health and safety in the workplace, and, thus, the promotion of a culture of safety, developing awareness of risks and promoting responsible behaviour by all Recipients, in order to preserve their health and safety and prevent harassment at work;
- specific business provisions for personnel management.

The Group is committed to defining and implementing a management system that ensures that each employee is able to work in the best possible conditions, within a comfortable and safe work environment.

The Group promotes continuing education and training designed to enhance specific skills and to preserve and increase its competencies. Training activities are coordinated by the Parent Company, in order to identify the training requirements of the individual categories of employees and increase awareness on training issues, including those related to ethics.

As defined in the Code of Ethics, Tinexta requires that in internal and external working relationships, harassment of any kind is prohibited, such as the creation of a hostile work environment towards individual workers or groups of workers, unnecessary interference with the work of others, or the creation of obstacles and impediments to the professional opportunities of others.

The policy for workplace health and safety is inspired by the principles of protecting the safety and dignity of the individual. Therefore, its purpose is to ensure the protection of the physical safety of workers and guarantee sanitary conditions in the workplace, in the performance of all activities at the various sites.

The Risk Assessment Document (RAD) has been drawn up for all Group companies and periodically updated, identifying and assessing the risks to which employees and interested parties may be subject, along with the appropriate prevention measures.

Among the primary measures for responsible management of human resources and human rights implemented in 2018, note:

- gradual centralisation of personnel management policies at Group level;
- training in the companies, including in relation to 231 topics, English language courses, and initiatives on prevention, raising awareness, and protecting employees' health, in addition to staff meetings held to provide guidance;
- actions to promote smart working, a new agile and flexible mode of working, already adopted by over 60% of InfoCert;
- the Welfare Plan, which was improved and enhanced, including as a result to the recent renewals of the two main national labour contracts in force in Group companies (trade and metalworkers), to support work-life balance and the standardisation of the incentive system. In addition to these regulations, some Group companies that have participated in second-level bargaining have implemented ad hoc welfare platforms for the relevant businesses.

Training and development

Training is provided across all business functions: all employees, including senior management, have completed the mandatory training for listed companies, namely courses on Regulation 231 and on workplace health and safety, as well as GDPR training. Moreover, in some Group companies, meetings were held with functional managers on the topics pertaining to Law 262, and training on accounting standards was provided to some roles within the Administration and Finance Department and Internal Audit.

The training programmes mainly regard specialised and cross-functional/behavioural training, and significant attention is also paid to language training, as it is considered essential to the internationalisation objectives.

Welfare plan

The Welfare Plan envisages, depending on the case, providing additional benefits to those provided for by the various national collective labour contracts. In general, the benefits are provided to both permanent and temporary employees and also to part-time employees.

It is common, at Group level, to offer basic benefits to all employees without distinction with regard to contract duration. However, in some cases, additional benefits are provided based on the employment level or specific duties.

Furthermore, note that some Group companies participate in social initiatives, such as, for example, the "Fiocco in azienda" project launched by Manageritalia. This project provides numerous services, sometimes enhanced by individual companies, aimed at future mothers. The aim of the project is to promote motherhood so that companies become the leading promoters of a cultural change that recognises the social role of parenthood.

Health and safety

The Group's organisational system for health and safety is structured in observance of Italian legislation: each Company has an "RSPP" (*Responsabile del Servizio di Prevenzione e Protezione* - Head of Prevention and Protection Service), as well as an "RLS" (*Rappresentante dei Lavoratori per la Sicurezza* - Workers' Safety Representative) and the relative physician responsible for health monitoring. The Group's policy for workplace health and safety is inspired by the principles of protecting the safety and dignity of the individual; moreover, in business terms, it sets the pre-eminence of sustainable development. Therefore, its purpose is to ensure the protection of the physical safety of workers and guarantee sanitary conditions in the workplace, in the performance of all activities at the various sites.

Overall, employees can be classified for the purposes of risk assessment as personnel with managerial or coordination duties and personnel with clerical/commercial/telework duties.

In particular, a UNI-INAIL Occupational Health and Safety Management System was adopted by some Group companies, aimed at achieving the objectives established in the Safety Policy, with a view to effectiveness and continuous improvement of business performance for security purposes.

Most Group employees work on video terminals, therefore all equipment supplied is compliant with regulations, in accordance with Legislative Decree 81/08.

Results obtained

The Group is growing, as can be seen in the net balance between new hires (164) and terminations (124) in 2018, equal to 40 individuals. New hires and terminations mainly involved individuals up to the age of 40; for additional details, please refer to the section below on "Human resource data".

In 2018 and the two prior years, no incidents related to personnel discrimination were recorded in any Group companies within the reporting perimeter.

Human rights

The Group believes that, based on the activities carried out, the geographical location, the markets served and the composition of the workforce, the risk of violation of human rights in companies of the Tinexta Group is remote.

The Group's business activities are mainly carried out in Italy, in which protection of human rights is ensured by governing regulations.

In 2018, no incidents related to discrimination were recorded in any Group companies, including foreign ones, within the reporting perimeter.

For the year in question, there were no transactions subject to review with regard to human rights or assessment of the impact on human rights.

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

Tinexta identifies and assesses risks associated with this issue, including the risk that the materials/services requested are not compliant with the required quality standards and that supplies are not delivered/provided under the expected timing.

Responsible management of the supply chain may in fact have implications on responsible management of the service offered to customers.

Management policies, actions taken, and results obtained

Collaborating with our suppliers to achieve the highest standards is a priority for the Group: given the diversified nature of its services, Tinexta often has to work with external professionals and commercial partners who must guarantee the same service quality standards to the final customer.

In 2018, a Group Procurement unit was created in order to reinforce oversight of the supply chain.

The Group Procurement unit has developed standardised clauses to be used within the Group, which will gradually be applied to all suppliers. The clauses include the commitment to respect the Code of Ethics as well as aspects regarding employee health and safety, payment of social security contributions, and the Tinexta Group's right to conduct inspections.

In 2018 the Parent Company, among other things, established a qualitative audit procedure for suppliers, which is carried out on a discretionary basis, at any time during the contractual relationship, which provides the basis for creating the supplier database and the consequent vendor lists. In particular, two different supplier monitoring processes may be implemented:

- standard assessment: evaluation of a supplier at the end of the contractual period or as part of the renewal phase for a multi-year period;
- supplier audit: a more rigorous procedure, which can be carried out at any time during the contractual relationship, and includes the definition of the Audit Plan to be sent in advance to the Supplier so that a date for the visit can be arranged.

Note that in InfoCert approximately 90% of purchases in 2018 were from Italian suppliers while the remaining 10% from foreign suppliers (mainly European). Foreign suppliers were mainly used for marketing campaigns or software, while Italian suppliers were used for software development and consultancy, purchases of resalable products, hardware and software maintenance and other external services (call centres, product assembly, outsourcing, SMS notifications, etc.).

In Tinexta S.p.A., a supplier qualification procedure was established based on requesting a series of documents, including for social purposes, including company overview, DURC (statement certifying social security contributions), last approved Financial Statements, self-certification from the legal representative certifying the absence of convictions or of bankruptcy proceedings for the Company, and any certifications. Furthermore, economic-financial information is verified through a specific procedure. This procedure is already partly applied by some companies, in particular by InfoCert for purchases over € 50 thousand and by Innolva, solely for the portion related to the verification of economic-financial data. InfoCert is also required to observe environmental criteria in supplier selection, as required by ISO 14001 certification. At present, the percentage of new suppliers selected using social and environmental criteria is zero.

Furthermore, InfoCert evaluates suppliers on an annual basis with respect to certain parameters: compliance with deliveries, service levels, quality, and regulatory compliance, and if the assessment is lower than certain parameters, the supplier is deactivated from the database and therefore can no longer be used.

With respect to the above, there were no significant changes in the Group's supply chain during the year under review.

The main categories of suppliers regard the procurement of primary assets necessary for the business (servers, data centres and IT systems) and outsourcing of professional services, such as appraisals and legal consulting. In this regard, the Group does not have a significant number of freelance contracts. Please note the following:

- REValuta has stipulated approximately 400 contracts with external experts that appraise properties.
- Warrant Hub has stipulated professional service contracts with external consultants, mainly in the field of engineering, to draft applications for innovation consulting services, and Industry 4.0. These roles are employed through the main recruitment channels used by the company (direct announcements, employment agencies) and primarily concern professionals with specialised skills across the manufacturing sector, capable of preparing all the documentation that is useful and necessary to take advantage of the various subsidies, in full compliance with current regulations that govern the various forms of incentives.
- The Warrant Innovation Lab Business Model provides consulting services using both internal staff as well as external suppliers. If a service is provided that involves one or more external suppliers, extensive scouting is carried out to select the company or consultant most suitable for performing the activities envisaged by the project. In the scouting phase, any previous contracts or collaborations are considered, as is the quality of the work performed by the assessed supplier.

As regards the external and/or freelance collaborators working in the Group, for whom the organisation is responsible for the general safety of the work environment, no accidents were reported in the 2016-2018 three-year period.

A Group company received from a commercial partner a petition demanding the payment of € 200 thousand as a penalty due to the failure to comply with a confidentiality agreement, in addition to € 21,780 thousand due to greater damages suffered for alleged undue use of software. In acknowledging this judicial initiative, the Group notes the groundlessness of the arguments supporting the claims made. To that end, the appropriate judicial initiatives are underway.

RESPONSIBLE MANAGEMENT OF THE ENVIRONMENT

In virtue of the sector in which the Group operates, no specific risk areas were identified in reference to the materiality analysis conducted, therefore, it is confirmed that environmental matters pose no significant risks for the Group.

In any case, Tinexta has agreed to define and implement a system to ensure a healthy and safe work environment for all employees, also aimed at increasing awareness on the possible impact that individuals may cause to the environment.

The Group has approved a specific policy on travel, board and lodgings, effective for all Group companies, in order to limit, to the extent possible, the use of automobiles and, consequently, the number of trips within Italy.

Preference is given to video conferencing and, if this is not possible, travel takes place by train; therefore, the use of automobiles is limited to cases where there is no other possible solution.

This policy has a triple advantage: reducing cost reimbursements based on km travelled, reducing indirect greenhouse gas emissions and increasing employee health and safety.

Both the Parent Company and the other companies within the reporting perimeter operate with responsible and respectful behaviour towards the environment, in order to reduce the external impact of their activities: maximum attention is paid to rational consumption of energy resources (although limited to lighting of the offices and use of IT equipment) and reduction of water consumption, despite its use being exclusively domestic and for sanitation purposes. Moreover, particular attention is paid to disposal of waste through separate collection.

In addition, Tinexta Group can contribute, through its services, to better management of environmental impacts for its business clients, by developing IT solutions, and, in relation to Innovation, by developing production processes that are more efficient in terms of energy resources.

Management policies and actions taken

The policy of Tinexta Group for responsible management of the environment is based on the Parent Company's Code of Ethics, which includes ethical and behavioural principles related to environmental protection.

As defined in the Code of Ethics, Tinexta promotes business management that is focused on the correct use of resources and respect for the environment.

The Recipients of the Code of Ethics, in performing their duties, commit to respect current regulations on environmental protection and are also required to refrain from any behaviour that could endanger the environment and to report any risk, violation of rules, or inadequacy of these rules to the Supervisory Board and the Board of Directors.

With regard to environmental matters, Tinexta Group can contribute, through its services, to better management of environmental impacts for its business clients, by developing IT solutions, and, in relation to Innovation, by developing production processes that are more efficient in terms of energy resources.

Note the criteria of behaviours to protect the environment defined in the Code of Ethics adopted by one of the Group companies, InfoCert. To ensure that the Company contributes to greater protection of natural and environmental resources, InfoCert has established, as a specific objective, compliance by all Recipients of the Code of Ethics with certain principles, including:

- carrying out all activities with an ongoing commitment to preventing pollution;
- maintaining compliance over time of environmental activities and aspects with regional, national and international laws, regulations and requirements;
- the pursuit of continuous improvement in environmental performance, by defining objectives and programmes, bearing in mind the characteristics of the Company's internal and external collaborators, regulatory changes, technical opportunities, and the economic context;
- development and promotion of a culture of environmental protection in all personnel and collaborators, prevention of accidents through the use and development of plant systems that are compliant with safety standards, and the development and maintenance of plans and procedures aimed at handling any emergencies in collaboration with the appropriate services and competent authorities;
- periodic review of the Environmental Policy in order to keep it current and consistent with the governing regulations, ensuring that it is adequate to the nature, size, aspects and environmental impacts of the business.

A further step forward in the responsible management of the environment is evidenced by the following tools that have been adopted by some companies within Tinexta Group:

- Environmental Management System ISO 14001
- Responsible Forest Management, in line with the offer of paperless solutions, to promote environmental sustainability policies, minimising the use of paper, using FSC-certified (Forest Stewardship Council) material and thus contributing to the responsible management of the world's forests.

Results obtained

During the three-year period in question, Tinexta Group did not record any cases of non-compliance with environmental laws or regulations.

ECONOMIC AND FINANCIAL RESPONSIBILITY

Economic and financial responsibility of Tinexta Group is linked to the following issues:

- Financial performance
- Direct and indirect economic impact: distribution of added value
- Presence on the market

With regard to the policies, management models and risks connected with economic and financial responsibility, please refer to the information included in the Financial Statements package of the Tinexta Group (ref. section *10. Management of financial risk).*

In terms of the direct and indirect economic impact and generation/distribution of economic value, the following table shows the reclassification of the value added income statement relative to the entire scope of financial consolidation:

ECONOMIC VALUE GENERATED AND DISTRIBUTED in thousands of Euro*	2018	2017
Economic value generated by the Group	**239,828**	**184,378**
Revenues from sales and services	236,454	172,718
Other income	2,909	8,201
Financial income	296	3,439
Income/charges from the sale of tangible and intangible assets	168	20
Economic value distributed by the Group	**(187,416)**	**(164,055)**
Operating costs	-96,020	-75,920
Remuneration of collaborators	-61,452	-52,125
Remuneration of lenders	-2,787	-1,921
Remuneration of investors **		-12,067
Remuneration of public administration	-26,840	-21,876
External donations	-317	-146
Economic value withheld by the Group	**(52,411)**	**(20,323)**
Bad debts provision	-2,294	-1,424
Impairment	-253	-417
Exchange rate differences	-29	5
Adjustments to financial assets	106	4
Amortisation/Depreciation	-14,959	-11,671
Provisions	-476	-462
Deferred tax assets and liabilities	-1,400	1,781
Reserves	-33,107	-8,140

** For 2018, the schedule of economic value generated and distributed was redefined to provide a more accurate classification of certain financial statement items. These changes were also made to 2017. For 2016, please refer to the 2017 Annual Report.*
*** As the exact value relating to the Shareholders' remuneration for 2018 will be discussed by the Board of Directors as part of the approval of the Consolidated Financial Statements, it was preferred in this document to prudentially attribute the entire 2018 profit to reserves.*

During 2018, the Group companies of the Group included in the NFD reporting perimeter received financial assistance from the public administration for a total of about € 1.2 million, 34% more than the previous year, at the same time, no political or financial contributions were made by the Group.

Other socio-economic initiatives

Among the external initiatives, note that in 2018, some companies participated in the “rotating school-work” programme, organising two training days on digital issues for two classes at a language-focused high school.

In addition, the Group participated as a sponsor, with the Visura brand, in the charity event organised by UNGDCEC (Association for young chartered accountants) in Naples, with the aim of allocating the funds obtained from the event to the non-profit organisation “Dottor Sorriso” (Doctor Smile) which provides clown therapy throughout Italy. In addition, through the Lextel brand, the Group sponsored a charity show organised by the Rome Bar Association, with the aim of allocating the funds raised from the event to the non-profit organisation “Fondazione Ordine Avvocati di Roma” (Rome Bar Association Foundation), giving scholarships to families with school-age children who have lost a parent who was an attorney.

Through the various companies, the Group participates in associations and organisations, including Confcommercio, ISACA, AIF, AMBROSETTI CLUB, AIDP, GIDP, PMI Confindustria, CNA Modena Association, Assonime, Assosoftware Fondartigianato, ANCIC - National Association of Businesses of Commercial and Credit Management Information - and Unindustria Reggio Emilia.

No large projects involving infrastructure investment and direct support to the community were reported.

However, it is clear that the innovations developed by Tinexta Group, in addition to being the Company’s core business, contribute to the economic growth of client businesses and consequently contribute to raising the technology level of the country.

ANNEX

Results obtained

Human resources

At 31 December 2018, the Group had 1,294 employees (1,187 at 31 December 2017), using the scope of consolidation of the Consolidated Financial Statements.

The data reported below concern, unless otherwise specified, the employees of companies included in the perimeter of the NFD, totalling 1,209 units at 31 December 2018.

The data is taken from the information systems of the individual companies that use different applications, including Explora, Zucchetti, Webrap / Winrap, SAP and Gestpartou. The Group has a significant number of freelance contracts (532 at 31 December 2018).

No. of employees[10] broken down by gender, contract type, employment type, and region

	31/12/2018			31/12/2017			31/12/2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	536	623	1,159	451	506	957	399	412	811
Temporary	15	35	50	11	31	42	11	48	59
Total	**551**	**658**	**1,209**	**462**	**537**	**999**	**410**	**460**	**870**

[10] As the perimeter of the NFD is limited to Italy, the number of employees also includes individuals with an apprenticeship contract, which, in Italian legislation, is similar to a permanent contract.

	31/12/2018			31/12/2017			31/12/2016		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Part-time	18	188	206	19	182	201	9	142	151
Full-time	533	470	1,003	443	355	798	401	318	719
Total	**551**	**658**	**1,209**	**462**	**537**	**999**	**410**	**460**	**870**

	31/12/2018		
Area / Region	**Permanent**	**Temporary**	**Total**
Emilia-Romagna	274	10	284
Lombardy	382	23	405
Lazio	203	6	209
Veneto	106	1	107
Tuscany	22	-	22
The Marches	12	3	15
Piedmont	20	-	20
Friuli	140	7	147
Total	**1,159**	**50**	**1,209**

Note that, in reference only to the tables shown above, the data for previous years are consistent with the perimeter of the NFD at 31 December 2017, in order to ensure that the data is meaningful and reliable.

Equal opportunities and non-discrimination

Percentage of employees[11] broken down by gender and age range by each type of professional category

Gender	UM	2018	2017	2016
Senior Management	**%**	**2**	**3**	**3**
Women	%	0	0	0
Men	%	5	5	6
Middle Management	**%**	**13**	**14**	**15**
Women	%	7	7	8
Men	%	21	22	24
Employees	**%**	**84**	**83**	**82**
Women	%	93	93	92
Men	%	74	73	70

Age range	UM	2018	2017	2016
Senior Management	**%**	**3**	**3**	**3**
<30	%	-	-	-
31-50	%	2	2	3
>50	%	7	6	7
Middle Management	**%**	**13**	**14**	**16**
<30	%	1	1	-
31-50	%	12	13	17
>50	%	28	25	25
Employees	**%**	**84**	**83**	**81**
<30	%	99	99	100
31-50	%	86	85	80
>50	%	64	69	68

[11] The percentages were calculated on the total number of employees as at 31 December, broken down based on GRI requirements.

Composition of the Board of Directors of Tinexta S.p.A.

Age range	UM	*Presence in the governance body*		
		2018	**2017**	**2016**
<30	%	**0**	**0**	**0**
Women	%	0	0	0
Men	%	0	0	0
31-50	%	**36**	**22**	**22**
Women	%	60	33	33
Men	%	17	17	17
>50	%	**64**	**78**	**78**
Women	%	40	67	67
Men	%	83	83	83

Responsible management of the service

GRI 417-2	**UM**	**2018**	**2017**	**2016**
Cases of non-compliance that resulted in sanction/fine	no.	0	0	0
Cases of non-compliance that resulted in only a warning	no.	43	16	6
Cases of non-compliance with voluntary regulations	no.	0	0	0
Total cases	no.	**43**	**16**	**6**

GRI 418-1	**UM**	**2018**	**2017**	**2016**
Complaints received from third parties related to the organisation	no.	0	0	0
Complaints received from regulatory bodies	no.	0	0	0
Total number of losses, thefts, or identified leaks of customer data	no.	6	1	1

Summary table of the Consolidated Non-Financial Statement

Connection between Legislative Decree 254/2016 and GRI Standards

ISSUES IN LEG. DEC. 254/2016 General Statement	DISCLOSURE GRI STANDARDS
Business model for managing and organising the company's activities	GRI 102 General Disclosures • organisational profile • strategy
For businesses that do not apply policies relating to one or more of the aforementioned aspects, the Consolidated Non-Financial Statement provides a clear and detailed explanation of the reasons for this decision	GRI 103
External assurance	GRI 102-56
Description of diversity policy	GRI 102-22, GRI 102-24, GRI 405-1 Management Approach for GRI 405

ISSUES IN LEG. DEC. 254/2016 Matters	Social (material)	Personnel (material)	Fight against corruption (material)
Brief description of the business model for managing and organising the company's activities	GRI 102 General Disclosures • organisational profile • strategy	GRI 102 General Disclosures • organisational profile • strategy	GRI 102 General Disclosures • organisational profile • strategy
Description of the policies applied by the company, including due diligence procedures applied	Management Approach for • GRI 417 • GRI 418 • GRI 419	Management Approach for • GRI 403 • GRI 405 • GRI 406	Management Approach for • GRI 205
Results achieved through policies applied	Management Approach for • GRI 417 • GRI 418 • GRI 419	Management Approach for • GRI 403 • GRI 405 • GRI 406	Management Approach for • GRI 205 •
Main risks associated with these aspects linked to the company's activities, including in reference, where appropriate and proportionate, to its relationships, commercial products and services, including, where relevant, supply chains and sub-contracting, which may have negative impacts in these areas, as well as the relative management methods adopted by the company	GRI 102-15 Management Approach for • GRI 417 • GRI 418 • GRI 419	GRI 102-15 Management Approach for • GRI 403 • GRI 405 • GRI 406	GRI 102-15 Management Approach for • GRI 205
Key indicators for non-financial performance pertinent to the specific business activities	GRI 417 GRI 418 GRI 419	GRI 403 GRI 405 GRI 406 GRI 414 102-12 102-43 102-22 102-24	GRI 205 GRI 415

GRI Content Index

GRI Standards	Disclosure		Page number/Notes	Omissions
GRI 102: General Disclosures - Organisational profile	102-1	Name of the organisation	Methodological note p. 30	
	102-2	Activities, brands, products and services	Business model pp. 36-40	
	102-3	Location of headquarters	Business model p. 36	
	102-4	Location of operations	Business model p. 36	
	102-5	Ownership and legal form	Business model p. 36	
	102-6	Markets served	Business model pp. 36-40	
	102-7	Scale of the organisation	Business model p. 38	
	102-8	Information on employees and other workers	Responsible management of the supply chain p. 54; Annex – Results obtained pp. 58-59	Partial - 102-8 Point b) The 2016 and 2017 data was not published because it was not available. Point d) The data refers only to freelance contracts and does not include apprenticeship contracts and other form of employment collaboration as the data was not available.
	102-9	Supply chain	Responsible management of the supply chain p. 53 Note that the disclosure is only in relation to InfoCert	
	102-10	Significant changes to the organisation and its supply chain	Business model - Significant changes pp. 41-42 Responsible management of the supply chain p. 54	
	102-11	Precautionary Principle or approach	Corporate governance - Organisation and management models p. 43 Responsible management of the supply chain pp. 53-54	
	102-12	External initiatives	Responsible management of human resources and human rights - Welfare plan p. 52	
	102-13	Membership of associations	Economic and financial responsibility p. 58	
GRI 102: General Disclosures - Strategy	102-14	Statement from senior decision-maker	Please refer to the Annual Financial Report - Letter to Shareholders p.3	

GRI 102: General Disclosures - Ethics and integrity	102-15	Key impacts, risks, and opportunities	Business model - main risks and opportunities pp.40-41	
	102-16	Values, principles, standards, and norms of behaviour	Corporate governance - Code of Ethics p. 44	

	102-17	Mechanisms for advice and concerns about ethics and integrity	Corporate governance - Code of Ethics p. 44	
GRI 102: General Disclosures - Governance	102-18	Governance structure	Corporate governance - Corporate governance system p. 42	
	102-22	Composition of the highest governance body and its committees	Please refer to the Report on Corporate Governance and Ownership Structures	
	102-24	Nominating and selecting the highest governance body and its committees	Please refer to the Report on Corporate Governance and Ownership Structures	
GRI 102: General Disclosures - Stakeholder engagement	102-40	List of stakeholder groups	Methodological note - Materiality analysis pp. 31-32	
	102-41	Collective bargaining agreements	Responsible management of human resources and human rights - Management policies and actions taken p. 51	
	102-42	Identification and selection of stakeholders	Corporate governance - Stakeholder engagement p. 45	
	102-43	Approach to stakeholder engagement	Corporate governance - Stakeholder engagement p. 45	
	102-44	Key topics and concerns raised	Corporate governance - Stakeholder engagement p. 45	
	102-45	Entities included in the Consolidated Financial Statements	Perimeter of the Consolidated Non-Financial Statement pp. 30-31	
	102-46	Defining report content and topic boundaries	Methodological note - Materiality analysis pp. 31-32	
	102-47	List of material topics	Methodological note - Materiality analysis pp. 31-32 Reconciliation Table p. 33	

GRI 102: General Disclosures - Reporting practice	**102-48**	Restatements of information	Perimeter of the Consolidated Non-Financial Statement p. 31	
	102-49	Changes in reporting	Methodological note - Materiality analysis pp. 31-32	
	102-50	Reporting period	Methodological note p. 30	
	102-51	Date of most recent report	Methodological note p. 30	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	info@tinexta.com	
	102-54	Claims of reporting in accordance with the GRI Standards	Methodological note p. 30	
	102-55	GRI Content Index	GRI Content Index pp. 62-66	
	102-56	External assurance	Independent Auditors' Report on the Consolidated Non-Financial Statement	
GRI 201: Economic performance	**103**	Management Approach	Economic and financial responsibility p. 57	
	201-1	Direct economic value generated and distributed	Economic and financial responsibility p. 57	
GRI 202: Market presence	**103**	Management Approach	Business model p. 36	
	202-2	Proportion of senior management hired from the local community	100% of senior management are Italian and were hired in Italy.	
GRI 203: Indirect Economic Impacts	**203-1**	Infrastructure investments and services supported	Economic and financial responsibility p. 58	
GRI 205: Anti-corruption	**103**	Management Approach	Combating active and passive corruption - management policies and actions taken pp. 48-49	
	205-1	Operations assessed for risks related to corruption	Combating active and passive corruption - management policies and actions taken p. 48	Partial - The quantitative data is not available
	205-3	Confirmed incidents of corruption and actions taken	Combating active and passive corruption - Results obtained p. 50	
GRI 307: Environmental Compliance	**307-1**	Non-compliance with environmental laws and regulations	Responsible management of the environment - Results obtained p. 56	

GRI 308: Supplier Environmental Assessment	**308-1**	New suppliers that were screened using environmental criteria	Responsible management of the supply chain p. 54	
GRI 403: Occupational Health and Safety	**103**	Management Approach	Responsible management of human resources and human rights - Health and safety p. 52	
	403-1	Health and safety management systems	Responsible management of human resources and human rights - Health and safety p. 52 Note that Standard 403-1, published on 1 October 2018, has been implemented, from the time its use was encouraged by GRI, despite the fact that the publications are not expected to enter into force until 1 January 2021.	
GRI 405: Diversity and equal opportunity	**103**	Management Approach	Responsible management of human resources and human rights - Management policies and actions taken p. 50	
	405-1	Diversity of governance bodies and employees	Corporate governance p. 42 Annex - Equal opportunities and non-discrimination p. 59 Annex - Composition of Board of Directors of Tinexta S.p.A. p. 60	
GRI 406: Non-discrimination	**103**	Management Approach	Responsible management of human resources and human rights - Management policies and actions taken p. 50	
	406-1	Incidents of discrimination and corrective actions taken	Responsible management of human resources and human rights - Human rights p. 53 Note that in 2018, no cases of discrimination were verified.	
GRI 414: Supplier social assessment	**414-1**	New suppliers that were screened using social criteria	Responsible management of the supply chain p. 54	
GRI 415: Public policy	**415-1**	Political contributions	Economic and financial responsibility pp. 57-58	
GRI 417: Marketing and	**103**	Management Approach	Responsible management of the service pp. 45-46	

labelling	**417-2**	Incidents of non-compliance concerning product and service information and labelling	Responsible management of the service - Results obtained p. 48 Annex - Responsible management of the service p. 60	
GRI 418: Customer privacy	**103**	Management Approach	Responsible management of the service pp. 45-46	
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible management of the service - Results obtained p. 48 Annex - Responsible management of the service p. 60	
GRI 419: Socioeconomic compliance	**103**	Management Approach	Combating active and passive corruption pp. 48-50	
	419-1	Non-compliance with laws and regulations in the social and economic area	Combating active and passive corruption p. 50	

Milan, 12 March 2019

Enrico Salza
Chairman of the Board of Directors
Tinexta S.p.A.

2018 CONSOLIDATED FINANCIAL STATEMENTS

Statements and Notes

Consolidated Financial Statements

Consolidated Statement of Financial Position

In thousands of Euro	**Notes**	**31/12/2018**	**31/12/2017**[12]
ASSETS			
Property, plant and equipment	15	8,232	8,287
Intangible assets and goodwill	16	270,536	260,630
Investment property	17	594	0
Equity-accounted investments	18	12,533	25
Other investments	18	24	49
Other financial assets, excluding derivative financial instruments	19	1,123	543
- of which vs Related parties	*46*	*8*	*0*
Derivative financial instruments	27	30	40
Deferred tax assets	20	6,677	5,556
Trade and other receivables	23	830	643
Contract cost assets	21	5,000	n.a.
NON-CURRENT ASSETS		**305,579**	**275,773**
Inventories	24	1,344	2,072
Other financial assets, excluding derivative financial instruments	25	8,186	4,311
Current tax assets	26	4,519	1,990
- of which vs Related parties	*46*	*458*	*1,167*
Trade and other receivables	23	86,321	80,285
- of which vs Related parties	*46*	*44*	*563*
Contract assets	22	6,145	n.a.
Contract cost assets	21	1,556	n.a.
Cash and cash equivalents	28	35,136	36,987
Assets held for sale	15	199	199
CURRENT ASSETS		**143,407**	**125,843**
TOTAL ASSETS		**448,986**	**401,616**
EQUITY AND LIABILITIES			
Share capital		46,890	46,573
Reserves		94,899	96,103
Shareholders' Equity attributable to the Group		*141,789*	*142,676*
Minority interests		*3,757*	*537*
TOTAL SHAREHOLDERS' EQUITY	**29**	**145,545**	**143,213**
LIABILITIES			
Provisions	30	1,945	1,598
Employee benefits	31	11,353	10,977
Financial liabilities, excluding derivative financial instruments	32	70,667	123,800
- of which vs Related parties	*46*	*0*	*25,000*
Derivative financial instruments	27	217	202
Deferred tax liabilities	20	16,508	17,521
Contract liabilities	34	8,395	n.a.
Deferred revenues and income	34	n.a.	1,437
NON-CURRENT LIABILITIES		**109,084**	**155,535**
Provisions	30	186	342
Employee benefits	31	1,488	360
Financial liabilities, excluding derivative financial instruments	32	97,380	21,723
- of which vs Related parties	*46*	*25,252*	*252*
Derivative financial instruments	27	3	0
Trade and other payables	33	53,318	47,725
- of which vs Related parties	*46*	*274*	*242*
Contract liabilities	34	40,587	n.a.
Deferred income	35	690	n.a.
Deferred revenues and income	34	n.a.	26,593
Current tax liabilities	26	704	6,125
- of which vs Related parties	*46*	*0*	*2,395*
CURRENT LIABILITIES		**194,356**	**102,869**
TOTAL LIABILITIES		**303,441**	**258,403**
TOTAL EQUITY AND LIABILITIES		**448,986**	**401,616**

[12] The comparative data at 31 December 2017 were restated for the completion during the year of activities to identify the fair values of the assets and liabilities of Warrant Hub S.p.A. and its subsidiaries, consolidated on a line-by-line basis from 1 December 2017, as well as the completion of accounting for the acquisition of the Eurofidi business unit purchased on 31 October 2017.

Consolidated Statement of Profit/(Loss) and Other comprehensive income

In thousands of Euro	Notes	*Twelve-month period closed at 31 December* 2018	2017[13]
Revenues	**36**	**239,618**	**181,018**
- of which vs Related parties	*46*	*571*	*2,007*
- of which non-recurring	*36*	*916*	*6,228*
Costs of raw materials	37	5,893	5,176
Service costs	38	80,900	69,663
- of which vs Related parties	*46*	*2,037*	*1,688*
- of which non-recurring	*38*	*660*	*1,999*
Personnel costs	39	76,714	63,777
- of which non-recurring	*39*	*513*	*2,405*
Contract costs	40	8,052	n.a.
Other operating costs	41	2,100	1,772
- of which vs Related parties	*46*	*35*	*18*
- of which non-recurring	*41*	*1*	*46*
Amortisation/Depreciation	42	14,959	11,671
Provisions	42	303	20
Impairment	42	2,546	1,841
Total Costs		**191,468**	**153,919**
OPERATING PROFIT		**48,150**	**27,099**
Financial income	43	313	3,444
- of which non-recurring	*46*	*138*	*747*
Financial charges	43	2,833	1,921
- of which vs Related parties	*46*	*500*	*500*
Net financial income (charges)		**-2,519**	**1,523**
Share of profit of equity-accounted investments, net of tax	18	106	4
PROFIT BEFORE TAX		**45,737**	**28,626**
Income taxes	44	12,629	8,420
- of which non-recurring	*44*	*-1,183*	*668*
NET PROFIT FROM CONTINUING OPERATIONS		**33,107**	**20,206**
Profit (loss) from discontinued operations		0	0
NET PROFIT		**33,107**	**20,206**
Other components of the comprehensive income statement			
Components that will never be reclassified to profit or loss			
Actuarial gains (losses) of employee benefit provisions	31	47	-67
Tax effect		-11	16
Total components that will never be reclassified to profit or loss		**36**	**-51**
Components that are or may be later reclassified to profit or loss:			
Exchange rate differences from the translation of foreign financial statements		-2	-22
Profits (losses) from measurement at fair value of derivative financial instruments	27	-37	38
Equity-accounted investees - share of OCI	18	5	0
Tax effect		10	-8
Total components that are or may be later reclassified to profit (loss)		**-24**	**8**
Total other components of comprehensive income, net of tax		**12**	**-43**
Total comprehensive income for the period		**33,119**	**20,163**
Net profit attributable to:			
Group net profit		32,521	20,129
Net profit of minority interests		586	78
Total comprehensive income for the period attributable to:			
Group		32,531	20,086
Minority interests		588	78
Earnings per share			
Basic earnings per share (Euro)	45	0.70	0.43
Diluted earnings per share (Euro)	45	0.69	0.43

[13] The comparative data for 2017 were restated for the completion during the year of activities to identify the fair values of the assets and liabilities of Warrant Hub S.p.A. and its subsidiaries, consolidated on a line-by-line basis from 1 December 2017.

Consolidated Statement of Changes in Equity

Twelve-month period closed at 31 December 2018

In thousands of Euro	Share capital	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined benefits reserve	Other reserves	Shareholders' Equity attributable to the Group	Minority interests	Consolidated Shareholders' Equity
Balance at 31 December 2017	46,573	1,433	53,917	-154	-395	41,301	142,676	537	143,213
Effect of adoption of IFRS 15						-8,387	-8,387	-5	-8,391
Effect of adoption of IFRS 9						519	519		519
Balance at 1 January 2018	46,573	1,433	53,917	-154	-395	33,433	134,807	532	135,340
Comprehensive income for the period									
Profit for the period						32,521	32,521	586	33,107
Other components of the comprehensive income statement				-27	35	3	10	2	12
Total comprehensive income for the period	*0*	*0*	*0*	*-27*	*35*	*32,524*	*32,531*	*588*	*33,119*
Transactions with shareholders									
Dividends						-11,629	-11,629	-437	-12,067
Allocation to legal reserve		598				-598	0		0
Capital increase	317		761			0	1,078		1,078
Adjustment of put option on minority interests						-14,794	-14,794		-14,794
Acquisitions of minority interests in subsidiaries					-1	-214	-215	-83	-298
Acquisitions							0	3,132	3,132
Other changes						12	12	24	37
Total transactions with shareholders	*317*	*598*	*761*	*0*	*-1*	*-27,225*	*-25,549*	*2,636*	*-22,912*
Balance at 31 December 2018	46,890	2,031	54,678	-181	-361	38,731	141,789	3,757	145,545

Twelve-month period closed at 31 December 2017

In thousands of Euro	Share capital	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined benefits reserve	Other reserves	Shareholders' Equity attributable to the Group	Minority interests	Consolidated Shareholders' Equity
Balance at 1 January 2017	46,256	1,136	53,156	-173	-343	29,701	129,734	187	129,921
Comprehensive income for the period									
Profit for the period						20,129	20,129	78	20,206
Other components of the comprehensive income statement				30	-51	-22	-44	1	-43
Total comprehensive income for the period	*0*	*0*	*0*	*30*	*-52*	*20,107*	*20,086*	*78*	*20,163*
Transactions with shareholders									
Dividends						-6,949	-6,949	-28	-6,977
Allocation to legal reserve		297				-297	0		0
Adjustment of put option on minority interests						-1,050	-1,050		-1,050
Capital increase	317		761				1,078		1,078
Acquisitions of minority interests in subsidiaries						-210	-210		-210
Change in scope of consolidation				-10		10	0	299	299
Other changes						-11	-11		-11
Total transactions with shareholders	*317*	*297*	*761*	*-10*	*0*	*-8,507*	*-7,142*	*271*	*-6,871*
Balance at 31 December 2017	46,573	1,433	53,917	-154	-395	41,301	142,676	537	143,213

Consolidated Statement of Cash Flows

	Notes	2018	2017
	Twelve-month period closed at 31 December		
Cash flows from operations			
Net profit		33,107	20,206
Adjustments for:			
- Depreciation of property, plant and equipment	42	3,440	2,848
- Amortisation of intangible assets	42	11,516	8,823
- Depreciation of investment property	42	4	0
- Write-downs (Revaluations)	42	2,546	1,841
- Provisions	42	303	20
- Contract costs	40	8,052	n.a.
- Net financial charges (income)	43	2,519	-1,523
- of which vs Related parties		*500*	*500*
- Share of profit of equity-accounted investments	18	-106	-4
- Income taxes	44	12,629	8,420
Changes in:			
- Inventories		-280	16
- Contract cost assets	21	-10,824	n.a.
- Trade and other receivables and Contract assets	22.23	-12,791	-12,869
- of which vs Related parties		*519*	*-326*
- Trade and other payables	33	3,781	5,982
- of which vs Related parties		*32*	*54*
- Provisions and employee benefits	30.31	975	1,171
- Contract liabilities and deferred income, including public contributions	34.35	7,878	2,901
Cash and cash equivalents generated by operations		**62,749**	**37,831**
Income taxes paid	26	-19,345	-5,680
Net cash and cash equivalents generated by operations		**43,404**	**32,151**
Cash flows from investments			
Interest collected		65	52
Collections from sale or repayment of financial assets		484	4,423
Investments in shareholdings consolidated using the equity method	18	-12,269	0
Investments in property, plant and equipment	15	-3,282	-1,286
Investments in other financial assets	25	-4,179	-85
Investments in intangible assets	16	-9,813	-5,200
Increases in the scope of consolidation, net of liquidity acquired	13	-9,560	-17,035
Decreases in the scope of consolidation, net of liquidity sold	14	-23	0
Net cash and cash equivalents generated/(absorbed) by investing activities		**-38,577**	**-19,131**
Cash flows from financing			
Purchase of minority interests in subsidiaries	32	-6,569	-41,728
Interest paid		-1,506	-1,578
- of which vs Related parties		*-500*	*-404*
MLT bank loans taken out	32	14,886	21,998
Repayment of MLT bank loans	32	-7,364	-5,150
Repayment of ST loans	32	0	-18
Repayment of price deferment liabilities on acquisitions of equity investments	32	-1,603	-1,400
Repayment of contingent consideration liabilities	32	-3,158	-909
Change in other current bank payables	32	6,804	-1,214
Change in other current financial payables	32	2,991	-446
Repayment of finance lease liabilities	32	-171	-119
Capital increase	29	1,078	1,078
Capital increases - subsidiaries		2	0
Dividends paid		-12,067	-6,977
Net cash and cash equivalents generated/(absorbed) by financing		**-6,678**	**-36,464**
Net increase (decrease) in cash and cash equivalents		-1,850	-23,444
Cash and cash equivalents at 1 January		36,987	60,431
Cash and cash equivalents at 31 December		**35,136**	**36,987**

Notes to the Consolidated Financial Statements at 31 December 2018

1. ENTITY THAT PREPARES THE FINANCIAL STATEMENTS

Tinexta S.p.A. (the "Parent Company") has its offices in Italy. These Consolidated Financial Statements at 31 December 2018 include the Financial Statements of the Parent Company and its subsidiaries (jointly, the "Group"). The Group is mainly active in the Digital Trust, Credit Information & Management and Innovation & Marketing Services sectors. These Consolidated Financial Statements at 31 December 2018 were approved and authorised for publication by the Board of Directors of Tinexta S.p.A. at its meeting of 12 March 2019.

The Shares of the Parent Company are listed on the Electronic Equity Market (MTA) managed by Borsa Italiana S.p.A., STAR segment. At the date of preparation of these Consolidated Financial Statements, Tecno Holding S.p.A. (the "Majority Shareholder") is the Shareholder that holds an absolute majority of the Shares of Tinexta S.p.A. The Majority Shareholder does not exercise management nor coordination activities for Tinexta.

2. PREPARATION CRITERIA AND COMPLIANCE WITH IFRS

These Consolidated Financial Statements prepared in accordance with art. 154-*ter* of Legislative Decree no. 58/98 - CFA - and subsequent amendments and additions, have been prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the reporting date, as well as the previous International Accounting Standards (IAS).
The Consolidated Financial Statements were drafted on a going concern basis, as the Directors have verified that there are no financial, managerial or other indicators that suggest critical issues concerning the Group capacity to fulfil its commitments in the foreseeable future and, in particular, over the next 12 months. The description of the procedures through which the Group manages financial risks is provided in the note below on Financial risk management.

3. PRESENTATION CRITERIA

The Consolidated Financial Statements consist of the Statement of Financial Position, the Statement of Profit/(Loss) and Other comprehensive income, the Statement of Changes in Equity, the Statement of Cash Flows, and these Notes.

It is specified that:

- the Statement of Financial Position has been prepared by classifying assets and liabilities according to the "current/non-current" criteria;
- the Statement of Profit/(Loss) and Other Comprehensive Income is classified on the basis of the nature of costs;
- the Statement of Cash Flows is presented using the indirect method.

In accordance with Consob Resolution no. 15519 of 28 July 2006, the Statement of Profit/(Loss) separately identifies, if any, income and charges arising from non-recurring transactions; similarly, shown separately in the Financial Statements are the Balances of transactions with Related parties which are further described in Note *40*. *Transactions with Related parties*.

The Consolidated Financial Statements are presented in Euro, the functional currency of the Parent Company and its subsidiaries (except for Camerfirma Perù S.A.C., whose functional currency is the PEN) and all values are expressed in Euro thousands unless otherwise indicated.

4. SCOPE OF CONSOLIDATION AND CONSOLIDATION CRITERIA

The Consolidated Financial Statements include the Financial Statements of the Parent Company Tinexta S.p.A. and the companies on which the Company has the right to exercise control, directly or indirectly, as defined by IFRS 10 "Consolidated Financial Statements".
For the purposes of the assessment of the existence of control, the three necessary elements are all present:
• power to control the company;
• exposure to the risk or the rights deriving from the variable returns linked to its involvement;
• ability to influence the company, to the extent of conditioning the results (positive or negative) for the investor (correlation between power and exposure to risks and benefits).

Control can be exercised both on the basis of the direct or indirect possession of the majority of the stocks with voting rights, on the basis of contractual or legal agreements, independently from the possession of stocks. In assessing these rights, we take into account the power to exercise these rights independently from their effective exercise and all potential voting rights are considered.
The list of companies consolidated on a line-by-line basis or with the equity method at 31 December 2018 is shown in the following table.

Company	Registered office	at 31 December 2018					
		Share capital		% ownership	via	% contribution to the Group	Consolidation method
		Amount (in thousands of Euro)	Currency				
Tinexta S.p.A. (Parent Company)	Rome	46,890	Euro	n.a.	n.a.	n.a.	n.a.
InfoCert S.p.A.	Rome	17,705	Euro	99.99%	n.a.	99.99%	Line-by-line
Innolva S.p.A.	Buja (UD)	3,000	Euro	100.00%	n.a.	100.00%	Line-by-line
Re Valuta S.p.A.	Milan	200	Euro	83.13%	n.a.	95.00%	Line-by-line
Co.Mark S.p.A.	Bergamo	150	Euro	90.00%	n.a.	100.00%	Line-by-line
Visura S.p.A.	Rome	1,000	Euro	60.00%	n.a.	100.00%	Line-by-line
Warrant Hub S.p.A.	Correggio (RE)	58	Euro	70.00%	n.a.	100.00%	Line-by-line
Sixtema S.p.A.	Rome	6,180	Euro	80.00%	InfoCert S.p.A.	99.99%	Line-by-line
AC Camerfirma S.A.	Spain	3,420	Euro	51.00%	InfoCert S.p.A.	50.99%	Line-by-line
Comas S.r.l.	Arezzo	100	Euro	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Webber S.r.l.	Arezzo	10	Euro	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Promozioni Servizi S.r.l.	Vicenza	10	Euro	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Innolva Relazioni Investigative S.r.l.	Brescia	10	Euro	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Co.Mark TES S.L.	Spain	36	Euro	99.00%	Co.Mark S.p.A.	99.00%	Line-by-line
Warrant Innovation Lab S.r.l.	Correggio (RE)	25	Euro	98.41%	Warrant Hub S.p.A.	98.41%	Line-by-line
Warrant Service S.r.l.;	Correggio (RE)	40	Euro	50.00%	Warrant Hub S.p.A.	50.00%	Line-by-line
Bewarrant S.p.r.l.	Belgium	12	Euro	100.00%	Warrant Hub S.p.A.	100.00%	Line-by-line
Camerfirma Perù S.A.C	Peru	84	PEN	99.99%	AC Camerfirma S.A.	50.98%	Line-by-line
Lux Trust S.A.	Luxembourg	12,416	Euro	50.00%	InfoCert S.p.A.	50.00%	Shareholders' Equity
Etuitus S.r.l.	Salerno	50	Euro	24.00%	InfoCert S.p.A.	24.00%	Shareholders' Equity
Creditreform Assicom Ticino S.A.	Switzerland	100	CHF	30.00%	Innolva S.p.A.	30.00%	Shareholders' Equity
Innovazione 2 Sagl	Switzerland	20	CHF	30.00%	Warrant Hub S.p.A.	30.00%	Shareholders' Equity

The percentage of ownership indicated in the table refers to the portions actually owned by the Group at the reporting date. The percentage of contribution refers to the contribution to the Group's Shareholders' Equity by the individual company as a result of recognition of the additional equity investment in the consolidated company as a result of the recognition of the Put options granted to the minority shareholders on the portions in their possession.
The financial statements of the subsidiaries are consolidated starting from the date on which the control was acquired. In particular, for Camerfirma and Camerfirma Perù, the consolidation took place effective 1 May 2018, for Comas and Webber, the consolidation is from 1 July 2018, and Promozioni Servizi was consolidated on 1 November 2018.
All the financial statements used for the preparation of the Consolidated Financial Statements were drafted at 31 December 2018 and adjusted, where necessary, to make them consistent with the accounting standards applied by the Parent Company.

The criteria adopted for line-by-line consolidation are the following:

- assets and liabilities, charges and income of the subsidiaries are consolidated line by line, attributing to the minority shareholders, if applicable, the portion of Shareholders' Equity and Net profit for the period that pertains to them; these portions are shown separately within Shareholders' Equity and the income statement.
- business combinations are recognised in accordance with the provisions of IFRS 3 Business Combinations according to the Acquisition method. The cost of acquisition is represented by the current value ("fair value") at the time of the acquisition of the assets sold, the liabilities taken on and the equity instruments issued. The identifiable assets, liabilities and potential liabilities acquired are recognised at their current value at the time of the acquisition, with the exception of deferred tax assets and liabilities, assets and liabilities for employee benefit obligations, and assets held for sale, which are recognised on the basis of the corresponding reference accounting standards. The difference between the cost of acquisition and the current value of the assets and liabilities acquired is recognised as goodwill in intangible assets, if positive; if negative, after checking the correct measurement of the current values of the assets and liabilities acquired and the acquisition cost, it is recognised directly in the income statement, as income.
- The accessory charges related to the acquisition are recognised in the income statement at the time in which the services are provided.
- In the case of purchase of controlling interests of less than 100% of share capital, goodwill is recognised only for the part attributable to the Parent Company. The value of minority interests is calculated in proportion to the portions of equity investment held by third parties in the net identifiable assets of the acquired company.
- If the business combination was carried out in multiple stages, at the time of the acquisition of the control the equity investments previously held are re-measured at fair value and any difference (positive or negative) is recognised in the income statement.
- In the case of the purchase of minority interests, after control has been obtained, the difference between the acquisition cost and book value of the minority interests acquired is deducted from or added to the Shareholders' Equity of the Parent Company. In the case of sales of equity investments that do not involve a loss of control, instead, the difference between sale price and carrying amount of the equity investments sold is recognised directly to Shareholders' Equity (as an increase), without passing through the income statement.
- The items deriving from relations between the consolidated companies are cancelled, especially those deriving from outstanding receivables and payables at the end of the year, costs and revenues as well as financial charges and income recognised in the income statements of these companies. Realised profits and losses between the consolidated companies with the related tax adjustments are also cancelled.

ASSOCIATED COMPANIES

Associated companies are those on which the Group exercises a significant influence, which is assumed to exist when the equity participation holds between 20% and 50% of voting rights. Equity investments in associated companies are valued with the equity method and are initially recognised at cost. The equity method is described below:

- the carrying amount of the equity investments is aligned with the Shareholders' Equity adjusted, if necessary, to reflect the application of IFRS and includes the recognition of the greater/lower values allocated to the assets and to the liabilities, and any goodwill identified at the time of the acquisition;
- the profits or losses attributable to the Group are recognised from the date on which the significant influence starts and until the date the significant influence ceases. If, as a result of the losses, the Company measured with the method in question reports negative equity, the carrying value of the equity investment is cancelled and any excess attributable to the Group, where the latter is committed to fulfil legal or implicit obligations of the associated company, or in any case to cover its losses, is recognised in a specific reserve; the changes in the equity of the Company valued with the equity method are not represented in the income statement, but are recognised directly among the other components of comprehensive income;
- unrealised profits and losses on transactions carried out between the Company/subsidiaries and the associated company measured with the equity method, including distributed dividends, are eliminated on the basis of the value of the equity investment of the Group in the associated company, excluding losses if these are representative of a decrease in value of the underlying assets.

5. TRANSLATION OF FINANCIAL STATEMENTS EXPRESSED IN CURRENCIES OTHER THAN THE PRESENTATION CURRENCY

The rules for the translation of the Financial Statements expressed in currencies different from the currency of presentation (excluding situations in which the currency belongs to a hyper-inflation country, which is not the case for the Group), are the following:
• assets and liabilities included in the statements presented are translated at the exchange rate at the end for the period;
• costs and revenues, charges and income included in the statements presented are translated at the average exchange rate of the period, or else at the exchange rate at the time of the transaction if this differs significantly from the average exchange rate;
• the "translation reserve" includes both the exchange rate differences generated from the conversion of income statement items at a rate different from that at the end of the period and those generated from the translation of net opening assets at an exchange rate different from that at the end of the reporting period. The translation reserve is transferred to the income statement at the time of the full or partial sale of the equity investment when this sale involves the loss of control.
Goodwill and the adjustments deriving from the measurement at fair value of the assets and liabilities resulting from the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the end of period exchange rate.

6. SECTOR INFORMATION

Information regarding the business segments has been prepared in accordance with IFRS 8 "Operating Segments", which provides information consistently with the manner adopted by management to make operating decisions. Therefore, the identification of the operating segments and the information presented

are defined on the basis of the internal reports used by the management to allocate resources to the different units and to analyse their performance.
An operating segment is defined by IFRS 8 as the component of an entity (i) that carries out business activities generating revenues and costs (including revenues and costs for transactions with other components of the same entity); (ii) the operating results of which are reviewed regularly at the highest decisional level of the entity to make decisions on the resources to be allocated to the sector and the measurement of the performance; (iii) for which separate financial statement information is available.
The operating units identified by management, which encompass all the services and products provided to the clients, are:

- Digital Trust
- Credit Information & Management
- Innovation & Marketing Services

With respect to 2017, the consolidated economic data for 2018:

- include the first quarter balances of Sixtema (Digital Trust segment), consolidated as of 1 April 2017;
- include the balances for the first eleven months of the year of Warrant Hub and its subsidiaries (Innovation & Marketing Services segment), consolidated as of 1 December 2017;
- include the balances for the months from May to December of Camerfirma and Camerfirma Perù (Digital Trust segment), consolidated as of 1 May 2018;
- include the balances for the second half of the year of Comas and Webber (Credit Information & Management segment), consolidated as of 1 July 2018;
- include the balances for the months of November and December of Promozioni Servizi (Credit Information & Management segment), consolidated as of 1 November 2018;
- do not include the balances for the months from June to December of Creditreform Assicom Ticino SA (Credit Information & Management segment).

The results by business segment are measured and revised periodically by management by analysing trends in EBITDA, defined as “Net profit” before “Income taxes”, “Net financial income (charges)”, “Share of profit of equity-accounted investments”, “Amortisation/depreciation”, “Provisions” and “Impairment”, i.e., as “Revenues” net of “Costs of raw materials”, “Service costs”, “Personnel costs”, “Contract costs” and “Other operating costs”.

Specifically, management believes that EBITDA provides a good indication of the performance since it is not influenced by tax laws and amortisation policies.

We provide below the representation of the Revenues and EBITDA for the individual operating units.

In thousands of Euro	Digital Trust		Credit Information & Management		Innovation & Marketing Services		Other units (Holding costs)		*Total*	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Segment revenues	94,896	83,168	74,611	76,373	70,707	22,170	780	503	240,994	182,214
Intra-unit revenues	251	430	320	265	26	0	780	500	1,377	1,196
Revenues from third parties	**94,645**	**82,738**	**74,291**	**76,107**	**70,681**	**22,170**	**0**	**3**	**239,618**	**181,018**
EBITDA	**24,921**	**20,924**	**15,523**	**16,580**	**33,139**	**9,247**	**-7,626**	**-6,121**	**65,958**	**40,631**
Amortisation/depreciation, provisions and impairment									17,808	13,532
Operating profit									**48,150**	**27,099**
Net financial income (charges)									-2,519	1,523
Income from equity investments									106	4
Profit before tax									**45,737**	**28,626**
Income taxes									12,629	8,420
Net profit									**33,107**	**20,206**

We provide below the breakdown of the assets and liabilities by business units.

In thousands of Euro	Digital Trust		Credit Information & Management		Innovation & Marketing Services		Other units (Parent Company)		*Total*	
	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017	31/12/2018	31/12/2017
In thousands of Euro										
Assets	134,582	90,683	169,364	159,499	163,281	146,206	-18,241	5,228	**448,986**	**401,616**
Liabilities	89,455	63,272	67,125	63,770	112,332	103,010	34,528	28,352	**303,441**	**258,403**

7. MEASUREMENT CRITERIA

We describe below the accounting standards and the most significant measurement criteria used for the preparation of the Consolidated Financial Statements:

PROPERTY, PLANT AND EQUIPMENT

Tangible assets are valued at the cost of purchase or production and net of accumulated depreciation and impairment, if any. The cost includes all the charges directly incurred to prepare the assets to be used, as well as any dismantling and removal charge that shall be incurred to bring the work site back to its original conditions.
The charges incurred for ordinary and/or regular maintenance and repair are directly recognised in the income statement in the year in which they are incurred. The capitalisation of the costs for the expansion, modernisation or improvement of the structural items owned or in use by third parties is carried out only within the limits in which these respond to the requirements for be separately classified as assets or part of an asset. Any public contributions to tangible assets are recorded as deferred revenues and recognised as income in the income statement on a systematic and rational basis over the useful life of the related asset.
The value of an asset is adjusted for systematic depreciation, calculated on the basis of its estimated useful life. When the asset is recognised for the first time, the depreciation is calculated keeping into account the effective date on which the asset is ready for use. The useful life estimated by the Group, for the different classes of assets, is the following:

	Estimated useful life
Land	indefinite
Buildings	33 years
Electronic machines	2.5 - 6 years
Other assets	2.5 - 8 years
Leasehold improvements	6 years

The estimates of the useful life and of the residual value are reviewed at least once a year.
Depreciation ends when the asset is transferred or reclassified as held for sale.
If the asset subject to depreciation includes distinctly identifiable and significant components, with different estimated useful life, the depreciation is calculated separately for each of the different components, in application of the component approach standard.
Gains and losses realised on the sale of assets or groups of assets are calculated by comparing the sale price with the corresponding net carrying amount.

INTANGIBLE ASSETS

Intangible assets consist of non-monetary items without physical form, but which can be clearly identified and able to generate future economic benefits for the company. These items are recognised at the acquisition and/or production cost, inclusive of the expenses directly attributable to the stage of preparation to the activity to make it operational, net of accumulated amortisation (with the exception of intangible assets with indefinite useful life) and any impairment. The amortisation starts when the asset becomes available for use and is allocated systematically with regard to its residual possibility of use, that is, on the basis of its useful life. When the intangible asset is recognised for the first time, amortisation is calculated taking into account the effective use of the asset. Specifically, within the Group, the following main categories of intangible assets can be identified:

- *Goodwill*: Goodwill recognised among intangible assets is related to business combination transactions and represents the difference between the cost incurred for the acquisition of a company or a business unit and the sum of the fair value assigned, at the time of acquisition, to the individual assets and liabilities that make up the capital of that company or business unit. Having indefinite useful life, goodwill is not subject to systematic amortisation but undergoes an impairment test at least once a year. For the purposes of the execution of the impairment test, the goodwill acquired in a business combination is allocated to the individual Cash Generating Unit (CGU) or to groups of CGUs that are expected to benefit of the synergies of the aggregation, in compliance with the minimum level at which this goodwill is monitored within the Group. Goodwill related to associated companies, joint ventures or non-consolidated subsidiaries is included in the value of the equity investments.
- *Software:* Software is recognised at its acquisition and/or development cost net of accumulated amortisation and impairment, if any. The amortisation is carried out from the year in which the software, acquired or internally developed, is available for use and is calculated taking as reference the shorter period between that of expected use and that of ownership. Useful life varies according to the business of the companies and is between 3 and 5 years.
- *Concessions, licences and trademarks:* This category includes: the licences that grant the right to use patents or other intangible assets for an identified or identifiable time- and the trademarks, consisting of signs identifying products or goods as coming from a specific company. The costs, inclusive of the direct and indirect expenses incurred to obtain the rights, may be capitalised as assets after obtaining their ownership and are systematically amortised taking as reference the shorter period between that of expected use and that of ownership of the rights. Useful life is 5 years.

- *Databases:* Costs to acquire financial information is recognised in intangible assets only to the extent to which the Group is able to reliably measure for these costs the future benefits deriving from the acquisition of the information assets. The useful life is between 4 and 5 years.
- *Intangible assets from business combination transactions*: These concern the allocation during PPA (purchase price allocation) of the excess cost paid for the acquisition of the control:
  - ✓ of Ribes, now merged into Innolva S.p.A., at the beginning of 2013, which has involved the recognition of an intangible asset for backlog orders for an amount of € 434 thousand, fully recognised as a deduction from Shareholders' Equity at the time of the transition since, for the duration of the contracts which it refers to, exhausts its future utility in a single year, and an intangible asset for customer lists for an amount of € 7,232 thousand that, on the basis of the rate of turnover of clients, is believed it may exhaust its future utility in a period of 20 years from the acquisition date;
  - ✓ of Assicom, now merged into Innolva S.p.A., carried out at the end of 2014, which has involved the recognition of an intangible asset for backlog orders for an amount of € 1,302 thousand to be amortised in 4 years from 2015 and an intangible asset for customer lists for an amount of € 14,304 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 14 years from the acquisition date;
  - ✓ of the former subsidiary Infonet S.r.l., today merged into Innolva S.p.A., carried out at the end of 2014, which has involved the recognition of an intangible asset for backlog orders for an amount of € 272 thousand fully recognised in the income statement in 2015 and an intangible asset for customer lists for an amount of € 5,728 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 16 years from the acquisition date;
  - ✓ of the former subsidiary Datafin S.r.l., now merged into Innolva S.p.A., carried out at the end of 2015, which has involved the recognition of an intangible asset for customer lists for an amount of € 741 thousand that, on the basis of the rate of turnover of clients of the former subsidiary, it is believed may exhaust its future utility in a period of 10 years from the acquisition date;
  - ✓ of Co.Mark, carried out in March 2016, which has involved the recognition of an intangible asset for backlog orders for an amount of € 1,977 thousand to be recognised in the income statement in 2 years from 2016 and an intangible asset for customer lists for an amount of € 3,324 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 5 years from the acquisition date;
  - ✓ of Visura, carried out in June 2016, which has involved the recognition of an intangible asset for customer lists for an amount of € 7,212 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 5 years from the acquisition date;
  - ✓ of Warrant Hub and its subsidiaries, carried out in November 2017, which has involved the recognition of an intangible asset for customer lists for an amount of € 29,451 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 17 years from the acquisition date;
  - ✓ of Camerfirma and its subsidiaries, carried out in May 2018, which has involved the recognition of an intangible asset for customer lists for an amount of € 360 thousand that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 7 years from the acquisition date.

INVESTMENT PROPERTY

Property held for the purpose of obtaining rents or for the appreciation of invested capital, or both (other than those intended for use in the production or supply of goods or services or in the administration of the company, recorded in the item Property, plant and equipment), are valued at cost and subject to depreciation. The estimated useful life of buildings classified as Investment property is estimated at 33 years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (ASSET IMPAIRMENT)

Goodwill and intangible assets with indefinite useful life

Assets with indefinite useful life are not subject to amortisation, but undergo, at least once a year, an assessment of the recoverability of the value recognised in the Financial Statements (impairment test). As previously indicated, goodwill undergoes an impairment test, annually or more frequently, if there are indications that it may have suffered a decrease in value.
The impairment test is carried out on each of the cash-generating units ("CGU") to which goodwill was allocated and monitored by management.
Any decrease in value of goodwill is recognised if the recoverable amount of the CGU to which goodwill is allocated is less than the corresponding value recognised in the Financial Statements.
The recoverable amount is understood as the greater between the fair value of the CGU, net of sale charges, and the corresponding value in use, the latter being the current value of the expected future cash flows for the assets that make up the CGU. In calculating the value in use, the expected future cash flows are discounted using a discount rate inclusive of taxes, which reflects the current market assessments of the cost of cash, in proportion to the period of the investment and the specific risk of the asset. If the decrease in value identified through impairment testing is greater than the value of the goodwill allocated to the CGU, the residual excess is allocated to the assets included in the CGU in proportion to their carrying value. This allocation has as minimum the highest of:
(i) fair value of the asset, net of sale costs;
(ii) value in use, as above defined;
(iii) zero.
The original value of goodwill cannot be restored if the reasons for its impairment no longer apply.

Intangible and tangible assets with definite useful life

For the assets subject to amortisation, at each reporting date an assessment is carried out as to the existence of indications of impairment, internal and external. If such indications are observed, the recoverable amount of said assets is estimated, and any impairment with respect to the corresponding book value is recognised in the income statement. The recoverable amount of an asset is represented by the greater between the fair value, net of accessory sale costs, and the corresponding value in use, the latter being the current value of the expected future cash flows from the assets. In calculating the value in use, the expected future cash flows are discounted using a discount rate inclusive of taxes, which reflects the current market assessments of the cost of cash, in proportion to the period of the investment and the specific risk of the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is calculated with regard to the cash generating unit to which this asset pertains.
An impairment is recognised in the income statement if the value of recognition of the asset, or of the corresponding CGU to which this is allocated, exceeds the recoverable amount. The impairment of a CGU is recognised first as a decrease in the carrying amount of any allocated goodwill and, then, as a decrease in other assets, in proportion to their carrying amount and within the limits of the corresponding recoverable amount. If the conditions for an impairment previously carried out no longer apply, the carrying amount of

the assets is restored to the income statement, within the limits of the net carrying amount that the asset in question would have had if the write-down had not been carried out and the corresponding amortisation/depreciation had been carried out.

RECEIVABLES AND FINANCIAL ASSETS

The Group classifies financial assets in the following categories:
• Financial assets at amortised cost;
• Financial assets at fair value through other comprehensive income;
• Financial assets at fair value through profit or loss;

The management decides on the classification of a financial asset at the time of its first recognition.

Financial assets at amortised cost. This category includes financial assets that satisfy both of the following conditions: (i) the financial asset is held within the framework of a hold-to-collect business model and (ii) the contractual terms of the financial assets call for cash flows at specific dates represented solely by payments of principal and interest on the amount of principal to be returned.
In the above-mentioned business model, the goal is to collect the contractual cash flows generated by the individual financial assets and not to maximise the overall return on the portfolio by holding and selling the financial assets. The use of this portfolio does not necessarily assume that the financial asset will be held to maturity. In particular, sales of financial assets following a deterioration in credit risk are not incompatible with the objective of collecting contractual cash flows, as activities intending to minimise losses due to credit risk are an integral part of this business model. The sale of a financial asset because it no longer satisfies requirements in terms of credit risk set forth in the company policy is an example of a “permitted” sale. Sales justified by other reasons could also be consistent with this business model, but in this case the frequency and relevance of such sales is checked.
The value of financial assets at amortised cost is determined at each reporting date until they are derecognised using the effective interest method. The gain or loss on the financial asset at amortised cost which is not part of a hedging relationship is recognised in Profit (loss) for the year when the financial asset is derecognised or reclassified to *Financial assets at fair value through profit or loss*, through the amortisation process, or in order to recognise gains or losses caused by impairment.

Financial assets at fair value through other comprehensive income (FVOCI): This category includes financial assets that satisfy both of the following conditions: (i) the financial asset is held within the framework of a hold-to-collect-and-sell business model and (ii) the contractual terms of the financial assets call for cash flows at specific dates represented solely by payments of principal and interest on the amount of principal to be returned. This type of business model entails more sales, in terms of frequency as well as relevance, than the hold-to-collect business model, as the sale of financial assets is an integral part of this business model. The value of *Financial assets at fair value through other comprehensive income* is determined at each reporting date until they are derecognised. The gain or loss on the financial asset is recognised in other comprehensive income, with the exception of gains and losses due to impairment and exchange gains or losses, until the financial asset is derecognised or reclassified. If the financial asset is derecognised, the cumulative profit or loss previously recognised in other comprehensive income is reclassified from Shareholders’ Equity to Profit (loss) for the year by means of a reclassification adjustment. The interest calculated using the effective interest approach is recognised in Profit (loss) for the year.

Financial assets at fair value through profit or loss: The assets that are part of a business model that is not hold-to-collect or hold-to-collect-and-sell and therefore are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss (FVTPL). An example of this business model is a portfolio managed with a view to generating cash flows from the sale of financial assets. Indeed, decisions are taken based on the fair value of the financial assets and, the fact that the entity collects contractual cash flows while it holds the financial assets does not in any event make it possible to claim that the business model is one of those described above. Likewise, a portfolio that is managed and the performance of which is evaluated on the basis of fair value can never be classified in the business models described previously. Furthermore, it is possible to exercise the fair value option upon initial recognition, based on which the Group may irrevocably designate the financial asset as measured at fair value through profit or loss if by so doing it eliminates or significantly reduces a measurement or recognition inconsistency which would otherwise result from the measurement of the assets or liabilities or the recognition of the relative gains and losses on a different basis. The value of these financial assets is determined at each reporting date until they are derecognised. The gains and losses arising from fluctuations in fair value are included in the income statement for the year in which they take place and include gains and losses realised from the disposal of the assets.

Impairment

The Group adopts a forecasting model for expected credit losses ("ECL"). The model assumes a significant level of assessment regarding the impact of changes in economic factors on the ECL, which are weighted based on probabilities.
The new impairment model applies to financial assets measured at amortised cost or at FVOCI, with the exception of equity securities and assets deriving from contracts with customers.
The standard envisages that provisions covering receivables are measured using the "General deterioration method", which requires that financial instruments included in the scope of application of IFRS 9 are classified into three stages. The three stages reflect the level of deterioration in credit quality from the moment the financial instrument is acquired and involve different methods of calculating ECL.
The Group uses the "Simplified approach" for trade receivables. Under the simplified approach, the loss must be recognised for the lifetime of the receivable. The Group uses an allocation matrix based on historical experience to estimate expected losses on receivables. Depending on the type of customer, the Group may use groupings if the historical experience for credit losses is significantly different than the loss models by different customer segments.

DERIVATIVES

In line with the provisions of IFRS 9, the Group has decided to exercise the option of continuing to apply the hedge accounting provisions set forth in IAS 39 during the initial application phase. Thus, the provisions regarding derivatives have remained the same.

Derivative instruments are always treated as assets held for trading and recognised at fair value through profit or loss, unless they represent effective instruments to hedge a specific risk related to underlying assets or liabilities or commitments taken by the Group.

The effectiveness of the hedging transactions is documented and tested both at the beginning of the transaction and regularly (at least at each reporting date) and is measured by comparing the changes in the fair value/cash flow of the hedging instrument with those of the hedged item or, in the case of more complex instruments, through a statistical analysis based on the change of the risk.

The changes in the fair value of derivatives indicated as fair value hedges (not used by the Group) and that are qualified as such, are recognised in the income statement, in the same way as it is done for the changes in the fair value of hedged assets or liabilities due to the risk hedged with the hedging transaction.

The changes in the fair value of the derivatives indicated as cash flow hedges and qualified as such are recognised, only for the "effective" portion, among the other components of the comprehensive income statement through a special equity reserve ("cash flow hedge reserve"), which is transferred to the income statement at the time the underlying hedged asset produces effects on the balance sheet or income statement. The change in fair value due to the ineffective portion is immediately recognised in the income statement. If the execution of the underlying transaction is no longer considered highly likely, the corresponding portion of the "cash flow hedge reserve" is immediately transferred to income statement. If, instead, the derivative instrument is sold, expires or no longer qualifies as effective hedge of the risk against which the transaction had been initiated, the corresponding portion of "cash flow hedge reserve" is kept until when the underlying contract produces effects. The hedging is then derecognised as cash flow hedge.

The Group uses derivative instruments within hedging strategies aimed at neutralising the risk of changes in the expected cash flows from transactions contractually defined or highly likely (cash flow hedge).

FAIR VALUE MEASUREMENT

The Group assesses financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date.

A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible to the Group.

The fair value of an asset or liability is valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest. An assessment of the fair value of a non-financial asset does not consider the ability of a market operator to generate economic benefits by making highest and best use of the asset or by selling it to another market operator that would make the highest and best use of it.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value of the instruments listed in public markets is calculated on the basis of the quoted prices at the end of the year. The fair value of instruments not listed is calculated with financial measurement techniques: specifically, the fair value of the interest rate swap is measured discounting the expected cash flows.

All assets and liabilities for which the fair value is measured or recognised in the Financial Statements are categorised according to the fair value hierarchy, as described below:

- Level 1: financial assets and liabilities the fair value of which is calculated on the basis of the (unadjusted) prices quoted in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: financial assets and liabilities the fair value of which is calculated on the basis of input different from listed prices specified in Level 1 but observable, either directly (prices) or indirectly (from prices);
- Level 3: financial assets and liabilities the fair value of which is calculated through valuation models that use unobservable input data.

If the input data used to calculate the fair value of an asset or liability may be classified at different levels of the fair value hierarchy, the entire measurement is placed at the level of hierarchy of the input at the lowest level that is significant for the entire measurement. The company records the transfers between the different levels of the fair value hierarchy at the end for the year in which the transfer has taken place.

CONTRACT COST ASSETS

The following are recognised under "Contract cost assets":

- incremental costs to obtain the sales contract;
- sales contract fulfilment costs.

Incremental costs to obtain the sales contract are recognised in non-current assets.

Contract fulfilment costs are recognised under current assets if it is believed that the transfer to the customer of the goods or services to which the asset refers will take place as part of the normal operating cycle, including when it is expected that the transfer will not occur within twelve months of the closing date for the year. In fact, the operating cycle is identified as the time between the acquisition of goods for the production process and their realisation in terms of cash and cash equivalents. When the normal operating cycle cannot be clearly identified, it is assumed to have a duration of twelve months. Non-current assets include costs to fulfil the sales contract if the transfer to the customer of the goods and services to which the asset refers is carried out after the normal operating cycle.

The Group recognises incremental costs to obtain the sales contract if it expects to recover these costs. These incremental costs to obtain the contract are costs that the Company incurs to obtain the contract with the customer, and which would not have been incurred if the contract had not been obtained. Costs to obtain the contract that would have been incurred even if the contract had not been obtained are recognised as expenses at the time they are incurred, unless they are explicitly chargeable to the customer even if the contract is not obtained.

Contract cost assets are amortised on a straight-line basis in correspondence with the transfer to the customer of the goods and services to which the asset refers and are recognised in the item Contract costs in the income statement.

INVENTORIES

Inventories are recognised at the lower of cost, calculated making reference to the method of weighted average cost, and the net realisable value, excluding the financial charges and the general structure expenses. The net realisable value is the sale price in the normal management, net of estimated completion costs and those costs needed to carry out the sale.

CONTRACT ASSETS AND LIABILITIES

Contract assets represent the Group's right to consideration in exchange for goods or services transferred to the customer when the right is subject to something other than the passing of time. If the Group fulfilled its obligations, the contract is represented in the Statement of Financial Position as Contract assets, for the amount exceeding the service performed and the receivable recognised. Thus, the item includes invoices to be issued, the gross amount due from clients for project work and accrued trade assets.

Contract liabilities represent the Group's obligation to transfer goods or services to customers, for which the Group has received consideration from the customer or for which consideration is due. If the customer pays the consideration, or if the Group is entitled to an amount of the consideration that is unconditional (i.e., a receivable), before transferring the good or service to the customer, the contract is shown as a contract liability, at the moment when payment is made or (if earlier) when the payment is due. This item includes deferred trade liabilities, advances and thus prepaid trade amounts, the gross amount due to clients for project work and the value of options (material rights) which allow the customer to acquire additional goods or services free of charge or with a discount.

Contract assets and liabilities are included in, respectively, current assets and liabilities if it is believed that the assets will be realised (or the liability will be extinguished) during the normal operating cycle, including when it is expected that they will not be realised/extinguished within twelve months of the closing date for the year. In fact, the operating cycle is identified as the time between the acquisition of goods for the production process and their realisation in terms of cash and cash equivalents. When the normal operating cycle cannot be clearly identified, it is assumed to have a duration of twelve months.

CASH AND CASH EQUIVALENTS

These include cash, deposits at banks or at other credit institutes available for current transactions, postal accounts and other equivalent values as well as investments maturing in the three months of the date of purchase. The cash and cash equivalents are recognised at fair value, usually, coinciding with the nominal value.

SHAREHOLDERS' EQUITY

Share capital
Share capital is represented by the subscribed and paid in capital of the Parent Company.

Share premium reserve
This item consists of the amounts collected by the Company for the issuance of shares at a price above nominal value.

Other reserves
This item includes the reserves of most common use, which may have a generic or specific allocation. Usually they do not derive from profits of previous years.

Reserves of profit/loss carried forward
This item includes the profit of previous years, which were not distributed or allocated to other reserves, or uncovered losses.

Transaction costs relating to the issue of capital instruments
The transaction costs relating to the issue of capital instruments are recognised as a decrease (net of any related tax benefit) of the Share premium reserve, generated by the same transaction, to the extent that they are marginal costs directly attributable to the capital transaction that would have otherwise been avoided. The costs of a capital transaction that is abandoned are recognised in the income statement.
Listing costs not relating to the issue of new shares are recognised in the income statement.
If the listing involves the sale of existing shares and the issue of new shares, the costs directly attributable to the issue of new shares are recognised as a decrease in the Share premium reserve, the costs directly attributable to the listing of existing shares are recognised in the income statement. Costs related to both transactions are recognised as a decrease of the Share premium reserve, in relation to the ratio between issued shares and existing shares, and the remainder is recognised in the income statement.

PAYABLES AND OTHER FINANCIAL LIABILITIES

Payables and other financial liabilities are initially recognised at fair value net of transaction costs: subsequently they are recognised at amortised cost, using the effective interest rate method. If there is a change in the estimate of future cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the current value of the new expected cash flows and the effective interest rate originally calculated.
Payables and the other liabilities are classified as current liabilities, unless the Group has contractual rights to repay its obligations at least more than 12 months after the date of the annual or infra-annual periodic Financial Statements.

PUT OPTIONS ON MINORITY INTERESTS

An option contract that contains an obligation for an entity to buy the equity investments of the minority shareholders of a subsidiary in exchange for cash or other financial assets generates in the Consolidated Financial Statements a financial liability for the current value of the amount to be paid against the reversal of the interest of these minority shareholders. This financial liability will have the offsetting entry in either goodwill or other intangible assets, if the put option was underwritten within a business combination, or Shareholders' Equity if underwritten after this date. Any change in the financial liability, for any reason recognised, after the date of recognition, is recognised with offsetting item in Shareholders' Equity.

CONTINGENT CONSIDERATION

A contingent consideration agreed in a business combination gives rise in the Consolidated Financial Statements to a financial liability for the present value of the amount to be paid at the agreed maturity. Such financial liability will have the offsetting entry in either goodwill or other intangible assets. Any change in the financial liability related to the same after the date of recognition, is recognised in the income statement.

INCOME TAXES

The tax burden of the Group is composed of current and deferred taxes. If due to items recognised in the proceeds and charges recognised to Shareholders' Equity within the other components of comprehensive income, said taxes are recognised as an offsetting item in the same item.
Current taxes are calculated on the basis of the tax laws in force at the reporting date; any risk related to different interpretations of positive or negative income items, like disputes with the tax authorities, are recognised as taxes in the income statement with offsetting adjustment made to the liabilities to adjust the provisions recognised in the Financial Statements.
Deferred taxes are calculated on the basis of the temporary differences that are generated between the carrying amount of the assets and liabilities and their value for tax purposes, as well as on tax losses. The measurement of deferred tax assets and liabilities is carried out by applying the tax rate that expected to be in force at the time in which the temporary differences will be reversed; this forecast is made on the basis of the tax laws in force or substantially in force at the time reference for the year. Deferred tax assets, including those deriving from tax losses, are recognised only if it is believed that taxable income sufficient for their recovery will be generated in the following years.

Starting in 2018, the Parent Company Tinexta S.p.A. opted, as the consolidating company, for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated

Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Parent Company and the consolidated companies are defined in the corresponding tax consolidation regulations. Accordingly, the Group has reported in these Consolidated Financial Statements the balance sheet items related to current IRES (i.e. Corporate Income) taxes for companies participating in the Tinexta tax consolidation. The recognition of current taxes for IRAP purposes remains unchanged.

EMPLOYEE BENEFITS

The short-term benefits are represented by salaries, wages, corresponding social security contributions, pay in lieu of vacation and incentives paid as bonuses to be paid in the twelve months from the date of the Financial Statements. These benefits are recognised as items of personnel expenses in the period of employment.
The benefits after the termination of the employment are divided into two categories:

- *Defined-contribution plans* in which the company pays fixed contributions to a separate entity (for example a pension fund) without a legal or implicit obligation to pay additional contributions if said entity does not have sufficient assets to pay the benefits corresponding to the service provided during employment at the company. The company recognises the contributions to the plan only when the employees have provided their activity in exchange for those contributions;
- *Defined-benefit plans*, which include both the severance indemnity due to employees pursuant to article 2120 of the Italian Civil Code ("TFR"), for the portion accrued until 31 December 2006, and the Supplementary Client Indemnities for agents and representatives, in which the company commits to grant the benefits agreed with the employees in service taking the actuarial and investment risks related to the plan. The cost of this plan is therefore not defined on the basis of the contributions due for the year, but is recalculated on the basis of demographic assumptions, statistics and on the wage trends. The methodology applied is called "projected unit credit method". The value of the liability recognised in the Financial Statements is, therefore, in line with the value resulting from its actuarial measurement, with full and immediate recognition of actuarial profits and losses, in the period in which they arise as other components of the comprehensive income statement, through a special equity reserve ("TFR reserve"). In the calculation of the amount to be recognised in the balance sheet, the current value of the obligation for defined-benefit plans is decreased by the fair value of the assets servicing the plan, calculated using the interest rate adopted to discount the obligation.

For companies with less than 50 employees, from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, among which giving to the worker a choice on the destination of his/her TFR. Specifically, the new TFR flows can be directed by the workers to pension schemes of their choice or else kept in the company. In both cases, from this date the newly accrued portions represent defined-contribution plans not subject to actuarial measurement.
With reference to the classification of the costs related to the TFR contributions, service costs are recognised under "Personnel costs" and interest charges under "Financial charges", while actuarial profits/losses are recognised among the other components of the comprehensive income statement.

SHARE-BASED PAYMENTS

In the event of transactions with share-based payments settled with equity instruments of the Company, the fair value on the allocation date of the options on shares granted to employees is recognised under personnel costs, with a corresponding increase in Shareholders' Equity under the item "Other reserves and retained

earnings" throughout the period during which employees obtain the unconditional right to incentives. The amount recognised as cost will be adjusted to reflect the actual number of incentives (options) for which the conditions of permanence in service have accrued achievement of non-market conditions, so the final amount recognised as cost is based on the number of incentives that will definitively accrue. Similarly, when estimating the fair value of the options granted, all non-vesting conditions must be considered. With reference to the non-vesting conditions, any differences between the assumptions on the allocation date and the actual ones will have no impact on the Financial Statements.
In the event of transactions with share-based payments settled in cash (or shares or other financial instruments not belonging to the Company), the fair value of the amount to be paid to employees is recorded as cost, with a corresponding increase of liabilities for employee benefits throughout the period during which employees will accrue the unconditional right to receive payment. The liability is measured at each year-end date and settlement date on the basis of the fair value of share revaluation rights. Any changes in the fair value of liabilities are recognised in the profit or loss for the year under personnel costs.

PROVISIONS FOR RISKS AND CHARGES

Provisions to the reserve for risks and charges are recognised when, at the reference date, in the presence of a legal or implicit obligation towards third parties, deriving from a past event, it is likely that meeting the obligation will require an outlay of resources, the amount of which can be reliably estimated.
This amount represents the current value, if the financial effect of time is significant, of the best estimate of the expense needed to extinguish the obligation. The rate used in the calculation of the current value of the liability reflects current market values and includes the additional effects related to the specific risk associated to each liability. The changes in the estimate are reflected in the income statement of the year in which the change takes place.
If the Group is exposed to risks for which the occurrence of a liability is only a possibility, these risks are described in the Notes and no provision is made.

LEASED ASSETS

In the presence of finance leases, at the time of first recognition, the lessee recognises a tangible asset and a financial liability for the value equal to the lower of the fair value of the asset and the current value of the minimum payments due at the start of the contract using the implicit interest rate of the lease or the marginal rate of interest of the loan. Subsequently, an amount is recognised in the income statement equal to the portion of depreciation of the asset and the financial charges separated from the rent paid in the year, which for the remaining portion is subtracted from the financial liability recognised.
The depreciation of the leased asset is calculated on the basis of its useful life, if the contract provides for the transition of the ownership or the exercise of the repurchase option. Otherwise, the asset is depreciated for the shorter period between the useful life and the duration of the contract.

REVENUES

The methodological approach followed by the Group in recognising Revenues from contracts with customers (also referred to below as Revenues from sales and services) is broken down into five basic steps (five-step model):
1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations;

5. Recognise the revenue when the performance obligation is satisfied.

Revenues are measured taking into account the contractual terms and commercial practices generally applied in relations with customers. The transaction price is the amount of the consideration (which may include fixed amounts, variable amounts or both) to which the seller believes it is entitled in exchange for the transfer of control over the promised goods/services. Control refers generically to the ability to decide on the use of the asset (good/service) and to substantially draw all remaining benefits from it. The total consideration of service agreements is broken down between all of the services on the basis of the sale price of the relative services as if they had been sold individually.

Within each contract, the reference element for the recognition of revenues is the individual performance obligation. For each individually identified performance obligation, the Group recognises revenues when (or as) it fulfils the obligation by transferring the promised good/service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.
For performance obligations fulfilled over time, revenues are recognised over time, measuring the progress made towards fulfilling the obligation in full at the end of each year. To measure its progress, the Group uses the input-based method (cost-to-cost method). Revenues are recognised on the basis of the inputs used to fulfil the obligation until that date, with respect to the total inputs assumed will be used to fulfil the entire obligation. When the inputs are distributed uniformly over time, the Group recognises the corresponding revenues on a straight-line basis. In specific circumstances, when it is not possible to reasonably assess the result of the performance obligation, revenues are recognised only up to the amount of costs incurred.

If the contractual consideration includes a variable amount (e.g., as a result of reductions, discounts, refunds, credits, price concessions, incentives, performance bonuses, penalties, or because the fee itself depends on whether or not an uncertain future event occurs), the amount of the consideration to which the Group is entitled must be estimated. The Group estimates the variable charges consistently for similar cases, using the expected value or the value of the most probable amount; subsequently, it includes the estimated amount of the variable consideration in the transaction price only to the extent that this amount is highly probable.

The Group's revenues are adjusted for significant financial components, both if it is financed by the customer (advance collection), and if it is financed by the Group (deferred collections). The presence of a significant financial component is identified at the signing of the contract, comparing the expected revenues with the payments to be received. The significant financial component is not recorded if the time between the time of transfer of the good/service and the time of payment is less than 12 months.

The Group breaks down revenues from contracts with customers by business segment, by geographic area, and into the following product/ service categories:

Digital Trust products: this category includes product sales (certified e-mail, digital signature, time stamps, e-invoicing, digital preservation, and digital identity) that do not include project elements. Revenue is mostly recognised over time, that is, throughout the duration of the contract or based on the consumption recorded.

Digital Trust solutions: regards the sale of complex dematerialisation solutions to companies, which, as such, include project elements. Revenue is recognised over time, that is, throughout the duration of the contract.

Data distribution platforms, software and electronic services: this category includes the supply of software, management, and infrastructure services and solutions, as well as solutions for access to the electronic process for businesses and professionals. Consulting and training services provided are also included. Revenue is predominantly recognised over time, that is, throughout the duration of the contract or based on the consumption recorded.

Commercial information and credit recovery: includes the range of standard and value-added information services, mainly aimed at supporting and facilitating the processes of credit assessment, disbursement, and, as necessary, collection. These services are provided either through fee or prepaid contracts, in which the revenue is recorded over time, throughout the duration of the contract, or based on consumption recorded, or the services are provided through consumption contracts, in which the revenue is recognised at a point in time, that is, when the service is provided.

Real estate information and real estate appraisal services: this category includes services, mainly intended for the banking sector, which support property assessment and management processes, including as a guarantee for credit. These services are provided either through fee or prepaid contracts, in which the revenue is recorded over time, throughout the duration of the contract, or based on consumption recorded, or the services are provided through consumption contracts, in which the revenue is recognised at a point in time, that is, when the service is provided.

Marketing consulting: this category includes the consulting service to support customers' globalisation. Revenue is recognised over time, throughout the duration of the consulting contract.

Innovation consulting: refers to consulting services for businesses that invest in productivity, innovation, research, and development in order to obtain incentives, contributions and subsidised financing. The service includes a fixed component and a variable component calculated on the benefits obtained by the customer. Revenue is recognised at a point in time, upon delivery to the customer of the reporting file.

Other innovation services: refer to other innovation services and consulting, including activities related to European projects, energy, and technology transfer. Revenue is predominantly recognised at a point in time, upon delivery to the customer of the reporting file.

COSTS

The costs related to the purchase of assets are recognised when the risks and benefits of the assets traded are transferred; the service costs received are recognised proportionally when the service is provided.
The Group recognises incremental costs to obtain the sales contract and contract fulfilment costs in accordance with the principles discussed in the section *Contract cost assets*. Contract costs include the amortisation on a straight-line basis in correspondence with the transfer to the customer of the goods and services to which the asset refers.

FINANCIAL INCOME AND CHARGES

Interest is recognised on an accrual basis on the basis of the effective interest method, using in other words the interest rate that makes financially equivalent all inflows and outflows (including any premium, discount, commissions etc.) from a transaction.

EARNINGS PER SHARE

Earnings per share - basic
The basic EPS is calculated by dividing the Net profit attributable to the Group by the weighted average of the Ordinary Shares in circulation during the year, excluding Treasury Shares.

Earnings per share - diluted
The diluted EPS is calculated by dividing the Net profit attributable to the Group by the weighted average of outstanding Ordinary Shares, excluding Treasury Shares. For the purposes of the calculation of the diluted EPS, the weighted average of the Shares outstanding is modified assuming that all the rights with a potential

diluting effect are exercised, while the Net profit attributable to the Group is adjusted for the effect, net of taxes, of the exercise of said rights.

8. NEW STANDARDS OR AMENDMENTS FOR 2018 AND FUTURE REQUIREMENTS

ACCOUNTING STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE COMPANY

a) From 1 January 2018, the Group adopted the following new accounting standards:

- IFRS 15 - "Revenue from Contracts with Customers", endorsed by the EU on 29 October 2016 with Regulation no. 1905, and "Clarifications to IFRS 15 Revenue from Contracts with Customers", endorsed by the EU on 9 November 2017 with Regulation no. 291. IFRS 15 defines the criteria for recognition and measurement of revenues from contracts with customers. In brief, the standard requires the analysis of the following 5 steps for revenue recognition: (i) identification of the contract; (ii) identification of the performance obligations contained in the contract; (iii) determination of the transaction price; (iv) allocation of the price envisaged by the contract to the performance obligations; (v) recognition of revenues.

  The Group opted for retrospective application of IFRS 15, accounting for the cumulative effect of the initial application at 1 January 2018 with reference only to contracts that had not been completed at the date of initial application, recognising lower equity reserves for a total of € 8,391 thousand.

  In the Digital Trust Business Unit, a total of € 8,633 million in lower equity reserves was recorded at 1 January 2018, due to:

  - recognition over time of services, measured at point in time in accordance with IAS 18, in relation to the model based on the transfer of risks and rewards and the correlation with costs incurred (€ 7,526 million in lower reserves);
  - recognition over time, throughout the expected term of the contract, of the initial consideration (and correlated costs) charged to the customer and which may not be reimbursed relating to some solutions that provide the possibility for customers to access an ad-hoc platform from which they can take advantage of a series of services within a period of time, previously recognised in correlation with the costs incurred to provide access to the platform (€ 1,441 thousand in lower reserves);
  - early recognition of unrecognised rights (breakage) in the presence of services that require advance payment (€ 335 thousand in greater reserves).

  In the Innovation & Marketing Services Business Unit, an increase of € 241 thousand in Shareholders' Equity reserves was recognised at 1 January 2018, due to the different trend in the amortisation, pursuant to IFRS 15, of contractual costs linked to obtaining contracts.

  In the Credit Information & Management Business Unit, no significant effects were recorded on Shareholders' Equity at 1 January 2018.

- IFRS 9 - "Financial Instruments", endorsed by the EU on 29 November 2016 with Regulation no. 2067. Starting from 1 January 2018, IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement", identifying a new set of accounting rules applicable to the classification and measurement of Financial Instruments, to the impairment of loans and to hedge accounting. Moreover, among other things, IFRS 9 envisages that in the event that a change or exchange of financial liability does not involve an accounting elimination, any effects arising from recalculation of the value of the new liability using the modified cash flows and the original effective interest rate must be recognised immediately in the profit for the period, contrary to what was envisaged by IAS 39, according to which the new financial liability was accounted for in the future. On the other hand, the costs and commissions sustained for the change continue to be recognised as a direct adjustment to the book value of the amended financial liability and amortised at the effective interest rate throughout the life of the instrument.

Adjustment to IFRS 9 at 1 January 2018 involved recognition of greater reserves of Shareholders' Equity for € 519 thousand, to account for the effects of changes in cash flows relative to refinancing during 2017, recognised prospectively in accordance with IAS 39, for which IFRS 9 requires immediate recognition in the income statement.

- IFRS 2 - "Share-based Payment", endorsed by the EU on 26 February 2018 with Regulation no. 289. The document "Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" resolved some issues relating to the accounting of share-based payments. In particular, this amendment makes significant improvements to (i) the valuation of share-based payments settled in cash, (ii) the classification thereof and (iii) the method of accounting in case of modification from share-based payments settled in cash to share-based payments settled with capital instruments.

- IFRS 4 - "Insurance Contracts", endorsed by the EU on 3 November 2017 with Regulation no. 1988. The document "Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts" aims to resolve the inconsistencies deriving from the deferment of the dates of entry into force of IFRS 9 and the new accounting standard on insurance contracts.

- IFRIC 22 - "Foreign Currency Transaction and Advance Consideration", endorsed by the EU on 28 March 2018 with Regulation no. 519. The document aims to provide clarification on the correct recognition of a transaction in foreign currency, in the case of payments made or received in advance with respect to the subject of the transaction to which the payments refer. The interpretation clarifies that the transaction date to be used for the conversion is the date on which the entity makes or receives the advance payment.

- IAS 40 - "Investment Property", endorsed by the EU on 14 March 2018. The document "Amendments to IAS 40: Transfers of Investment Property" aims to clarify the aspects relating to the treatment of transfers from and to investment property. In particular, the amendment clarifies that a transfer must be made if, and only if, there is an actual change in the use of the asset. A change in management's intention is not sufficient in itself for a transfer.

- "Annual Improvements to IFRS Standards 2014-2016 Cycle", endorsed by the EU on 7 February 2018. The amendments introduced fall within the ordinary activity of rationalisation and clarification of international accounting standards.

With the exception of what is mentioned above with regard to IRFS 9 and IRFS 15, adoption of the new standards applicable from 1 January 2018 did not have any significant impacts.

b) *Accounting standards and interpretations on standards effective for the financial years after 2018 and not adopted in advance by the Group*:

- On 13 January 2016, the IASB published the new standard IFRS 16 - "Leases", which replaces the current provisions related to leasing, including IAS 17 - "Leases", 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 is applicable from 1 January 2019. Endorsement by the EU took place on 31 October 2017 with Regulation no. 1986. IFRS 16 establishes the principles for recognising, measuring, presenting and providing disclosure on lease agreements and requires lessees to account for all leases according to a single accounting model similar to the method used to account for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases for "low value" assets (such as personal computers) and short-term leases (for a period of less than or equal to 12 months). At the start date of a lease, the lessee recognises a liability relating to the rent to be paid (i.e., the lease liability) and an asset representing the right to use the underlying asset for the term of the lease (i.e., the right of use). The lessees are required to recognise interest expense on the lease liability and amortisation on the right of use separately. Lessees are also required to reconsider the amount of the lease liability when certain events taken place (i.e., a change in the term of the lease, a change in future payments arising from changes in the index or the rate used to determine such payments). The lessee will generally recognise the difference from the remeasurement of the lease liability amount as an adjustment to the right of use. The accounting method for the lessor under IFRS 16 will remain basically the same as the current policy set forth under IAS 17. Lessors will continue to classify all leases using the classification principle set forth in IAS 17 and will distinguish between two types of leases: operating and finance. IFRS 16 is effective starting from financial periods beginning on or after 1 January 2019.

  The Group expects to adopt IFRS 16 for leases previously classified as operating leases in accordance with IAS 17 by retroactively accounting for the cumulative effect of the initial application of the standard at the initial application date. The Group will recognise the right of use asset at the date of initial application in an amount equal to the lease liability adjusted by the amount of any deferred assets or accrued charges relating to the leases recognised in the Statement of Financial Position at 31 December 2018. The Group expects to make use of the following exemptions provided by the standard on leases:
  - The Group will apply a single discounting rate to a portfolio of similar leases with a similar residual term;
  - The Group will not apply IFRS 16 on leases for which the terms of the lease expire within 12 months of the date of initial application and leases for which the underlying asset has a low value. The Group has entered into lease agreements on some office equipment (e.g., personal computers, printers and photocopiers) which is considered to be low value.
  - The Group will exclude initial direct costs from the valuation of the asset consisting of the right of use at the date of initial application.
  - The Group will use past experience and its knowledge to determine the term of specific lease agreements with tacit renewal clauses.

  The Group is estimating the impact that IFRS 16 will have at the initial application date. This estimate is based on assessments carried out to date and described below. These impacts could change for the following reasons:
  - The Group has not completed its verification and assessment of the controls on the IT system updates;
  - the new accounting policies could be subject to amendments until the point when the Group presents its first Financial Statements that will include the effects of initial application;

  Due to the adoption of the standard in question, as a result of the adjustment in accounting for expenses on leases previously classified as operating leases, the operating profit of the Group is expected to improve, while financial charges should increase as well and there will be a deterioration in the financial position.

In brief, the expected effects from the adoption of the new standard are presented below:

Property, plant and equipment (right of use of assets)	*€ +15 million*
Financial liabilities for leases	*€ +15 million*

- On 12 October 2017, the IASB published some amendments to IFRS 9 - Financial Instruments. The document "Prepayment features with Negative Compensation (Amendments to IFRS 9)" aims to amend the requirements of IFRS 9 with reference to the following two situations: (i) financial assets which contain prepayment options through negative compensation may now be valued at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; (ii) new accounting criteria are introduced in the case of non-substantial amendments that do not entail a derecognition in the case of modifications or exchanges of fixed-rate financial liabilities. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. Endorsement by the EU took place on 22 March 2018 with Regulation no. 498.
- On 12 October 2017, the IASB published some amendments to IAS 28 "Investments in Associates and Joint Ventures". The document "Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)" aims to clarify several aspects in cases in which companies finance associates and joint ventures with preference shares or through loans for which repayment is not required in the foreseeable future ("Long-Term Interests" or "LTI"). In particular, the amendment clarifies that although these types of receivables represent an extension of the net investment in such investees to which IAS 28 applies, they are in any event subject to the provisions on impairment set forth in IFRS 9. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. Endorsement by the EU took place on 8 February 2019 with Regulation no. 237.
- On 7 June 2017, the IASB published the interpretation IFRIC 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect uncertainties on the tax treatment of a given phenomenon in accounting for income taxes. IFRIC 23 applies to Financial Statements relating to years beginning on 1 January 2019, or later. Endorsement by the EU took place on 23 October 2018 with Regulation no. 1595.

At the date of approval of these Consolidated Financial Statements, with the exception of what is set forth with reference to IFRS 16, the Group is conducting analyses in order to verify the existence of any impacts from application of these new accounting standards and interpretations.

c) *Accounting standards and interpretations to be applied in the near future:*

At the date of the approval of these Consolidated Financial Statements, a few accounting standards, interpretations and amendments had been issued by IASB, but not yet ratified by the European Union, some of which still in the consultation stage, among which we note:

- On 18 May 2017, the IASB published the new standard IFRS 17 - "Insurance Contracts", which replaces the current IFRS 4. The new standard on insurance contracts aims to enhance the transparency of sources of profit and quality of earnings realised and to guarantee greater comparability of results, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to Financial Statements relating to years beginning on 1 January 2021, or later. EFRAG's Endorsement Process is still under way.

- On 12 December 2017, the IASB published the document "Annual Improvements to IFRS Standards 2015-2017 Cycle". The amendments introduced, falling within the ordinary activity of rationalisation and clarification of international accounting standards, are related to the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the IASB clarified how to account for increases in interests in a business that is a joint operation; (ii) IAS 12 - Income Taxes: the IASB clarified that the tax effects correlated with the payment of dividends (including payments relating to financial instruments classified in Shareholders' Equity) are recognised consistently with the underlying transactions or events that generated the amounts subject to distribution (e.g., recognition in the income statement, in OCI or in Shareholders' Equity); (iii) IAS 23 - Borrowing Costs: the IASB clarified that general borrowings for the calculation of borrowing costs to be capitalised on qualifying assets do not include the borrowings that are specifically relative to qualifying assets in the construction or development phase. When such qualifying assets are available for use, the relative borrowings are considered general borrowings for the purposes of IAS 23. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. The Endorsement Process was concluded during 2018 and ratification by the EU is expected in the first quarter of 2019.

- On 7 February 2018, the IASB published some amendments to IAS 19 - "Employee Benefits". The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" clarifies several accounting aspects relating to amendments, reductions or settlements of defined benefit plans. The amendments apply for amendments, curtailments or settlements taking place as of 1 January 2019 or the date on which they are applied for the first time (early application is permitted). The Endorsement Process was concluded during 2018 and ratification by the EU is expected in the first quarter of 2019.

- On 29 March 2018, the IASB published the revised version of the Conceptual Framework for Financial Reporting. The main amendments compared to the 2010 version include a new chapter on valuation, better definitions and guidance, with particular regard to the definition of liability, and clarifications of key concepts, such as stewardship, prudence and uncertainty in valuations. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

- On 22 October 2018, the IASB published some amendments to IFRS 3. The document "Amendment to IFRS 3- Business Combinations" introduced a much more restrictive definition of business than that contained in the current version of IFRS 3, as well as a logical procedure to follow to check if a transaction can be considered a "business combination" or simply acquisition of an asset. The amendment must be applied to acquisitions that occur from 1 January 2020. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

- On 31 October 2018, the IASB published the document, "Amendments to IAS 1 and IAS 8: Definition of Material", with the objective of refining and standardising the definition of "material" present in certain IFRSs, so that they are consistent with the new Conceptual Framework for Financial Reporting approved in March 2018. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. Early application is permitted. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

The potential impacts that the accounting standards, amendments and interpretations to be applied in the near future may have on the financial reporting of the Group are being examined and assessed.

9. USE OF ESTIMATES

In drafting these Consolidated Financial Statements, in application of the reference accounting standards, the Directors had to formulate assessments, estimates and assumptions which influence the amounts of the assets, liabilities, and costs and revenues recognised in the Financial Statements, as well as the disclosure provided. Therefore, the final results of the items for which said estimates were used could differ from those reported in these Financial Statements, given the uncertainty that characterises the assumptions and the hypotheses on which the estimates are based.
The accounting standards and the financial statement items that involve a greater subjectivity by the Directors in the estimation process are the following:

- *Intangible assets with indefinite life*: goodwill is assessed on an annual basis, to identify whether there is an impairment that should be recognised in the income statement. Specifically, the assessment in question requires the calculation of the recoverable amount of the CGU (Cash Generating Unit) to which goodwill is allocated. The recoverable amount is calculated by estimating the value in use or the fair value net of disposal costs; if the recoverable amount is less than the carrying amount of the CGU, goodwill is written down. The calculation of the recoverable amount of the CGU requires estimates based on factors that may change over time, with a potentially significant impact on the assessments carried out by Directors.
- *Allocation of the price paid for the acquisition of control over an entity (purchase price allocation)*: in terms of business combinations, in exchange for the consideration transferred for the acquisition of control over a company, the identifiable assets acquired and the liabilities assumed are recognised in the Consolidated Financial Statements at current values (fair value) at the acquisition date, through a purchase price allocation process. During the measurement period, the determination of such current values entails the assumption of an estimate by the directors relating to the information available on all facts and circumstances existing at the date of acquisition which may have effects on the value of the assets acquired and the liabilities assumed.
- *Impairment of fixed assets*: property, plant and equipment and intangible assets with finite useful life are assessed to establish whether there was a decrease in value, to be recognised with a write-down, if there are indications that it will be difficult to recover their net accounting value through use. To establish the presence of said indications, Directors must make subjective assessments on the basis of information available within the Company and the market, as well as historical experience. Moreover, if it is determined that a potential impairment loss may be generated, this loss is calculated using appropriate measurement techniques. The correct identification of the factors indicating the occurrence of a potential decrease in value, as well as the estimates for the calculation of these depend on factors that may vary over time, affecting the assessments and estimates carried out by the Directors.
- *Measurement at fair value*: in measuring the fair value of an asset or liability, the Company makes use of observable market data as far as possible. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques.

10. MANAGEMENT OF FINANCIAL RISK

The Group is exposed to financial risks connected with its operations, especially to the following:

- interest rate risks, from the financial exposure of the Group;
- exchange rate risks, from operations in currencies different from the functional currency;

- liquidity risks, related to the availability of financial resources and access to credit markets;
- credit risks, resulting from normal commercial transactions or financing activities.

Tinexta Group monitors each financial risk closely, intervening with the objective of minimising them promptly also by making use of hedging derivatives.

Exchange rate risk

The exposure to the risk of changes in exchange rates derives from the execution of activities in currencies different from the Euro. The Group carries out most of its activity in Italy, and in any case most of the sales or purchases of services with foreign countries are carried out with EU countries; therefore, it is not significantly exposed to the risk of fluctuation of the exchange rates of foreign currencies against the Euro.

Interest rate risk

The Group uses external financial resources in the form of debt and uses the liquidity available in bank deposits. Changes in market interest rates influence the cost and return of the different types of borrowing and investment and therefore have an impact on the level of the financial charges and income.
Being exposed to interest rate fluctuations with regard to the extent of the financial charges incurred to borrow funds, the Group periodically reviews its exposure to the risk of changes in interest rates and manages it also by making use of interest rate derivatives, specifically Interest Rate Swaps (IRS) taken out only for hedging purposes. The breakdown of interest rate swaps and other hedging derivative financial instruments outstanding at 31 December 2018 is provided in Note *27. Derivative financial instruments.* Cash mainly consists of variable-rate bank deposits, and therefore its fair value is close to the value recognised in the Financial Statements.
The interest rate to which the Company is mostly exposed is the Euribor. Therefore, the risk of interest rate appears adequately monitored, given the current slope of the Euribor rate curve.

Credit risk

Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2018, the liquidity of the Group was invested in bank deposits held at prime credit institutions.

Trade credit risk derives essentially from receivables from clients. To mitigate credit risk from trade counterparties, the Group has implemented internal procedures requiring a preliminary assessment of the solvency of the client before accepting a contract, through a rating analysis. Another procedure was adopted for the recovery and management of trade receivables, which provides for written reminders to be sent in the case of late payments and gradually more targeted actions (letters, phone reminders, legal actions). Lastly, trade receivables recognised in the Financial Statements are analysed individually and if a position is believed to be objectively impossible to collect, in part or fully, it is written down. For trade receivables that are not subject to individual write-downs, the Group uses an allocation matrix to calculate the expected losses, based on historical experience. Depending on the type of customer, the Group may use groupings if the historical experience for credit losses is significantly different than the loss models by different customer segments.

The table in Note *23. Trade and Other Receivables* provides a breakdown of current trade receivables from customers at 31 December 2018, grouped by maturity, gross and net of the related bad debts provision.

Liquidity risk

Liquidity risk consists of an inability to raise, on adequate terms, the financial resources needed for the Group to operate. The two main factors that influence the liquidity of the Group are:

(i) the financial resources generated or absorbed by operating and investing activities;
(ii) the maturity of financial debt.

Liquidity risk is managed through careful management and monitoring of operating cash flows and recourse to a cash pooling system between the Group companies. The liquidity requirements of the Group are monitored by the Group treasury function, with the objective of ensuring that financial resources can be effectively found and an adequate investment/return of liquidity.
The management believes that the cash and the credit lines currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its requirements, deriving from investing activities, management of working capital and repayment of loans at their contractual maturity.

In Note *32. Financial liabilities, excluding derivative financial instruments*, the financial liabilities recognised in the Financial Statements at 31 December 2018 are summarised and classified according to contractual maturity.

11. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The following is a reconciliation of classes of financial assets and liabilities as identified in the Statement of Financial Position of the Company and types of financial assets and liabilities identified on the basis of the requirements of IFRS 7:

In thousands of Euro	*Assets measured at fair value and recognised in the income statement*	*Assets/Liabilities designated at fair value and recognised in the income statement*	*Liabilities held for trading measured at fair value and recognised in the income statement*	*Fair value hedging instruments*	*Assets/Liabilities measured at amortised cost*	*Assets measured at fair value through OCI*	*Investments in instruments representing OCI capital*	***Total***
NON-CURRENT ASSETS	**0**	**431**	**0**	**30**	**1,522**	**0**	**0**	**1,982**
Other financial assets, excluding derivative financial instruments	0	431	0	0	692	0	0	**1,123**
Derivative financial instruments	0	0	0	30	0	0	0	**30**
Trade and other receivables	0	0	0	0	830	0	0	**830**
CURRENT ASSETS	**0**	**3,531**	**0**	**0**	**126,111**	**0**	**0**	**129,643**
Other financial assets, excluding derivative financial instruments	0	3,531	0	0	4,655	0	0	**8,186**
Trade and other receivables	0	0	0	0	86,321	0	0	**86,321**
Cash and cash equivalents	0	0	0	0	35,136	0	0	**35,136**
NON-CURRENT LIABILITIES	**0**	**16,255**	**0**	**217**	**54,412**	**0**	**0**	**70,884**
Financial liabilities, excluding derivative financial instruments	0	* 16,255	0	0	54,412	0	0	**70,667**
Derivative financial instruments	0	0	0	217	0	0	0	**217**
CURRENT LIABILITIES	**0**	**44,042**	**0**	**3**	**106,656**	**0**	**0**	**150,701**
Financial liabilities, excluding derivative financial instruments	0	* 44,042	0	0	53,338	0	0	**97,380**
Trade and other payables	0	0	0	0	53,318	0	0	**53,318**
Derivative financial instruments	0	0	0	3	0	0	0	**3**

* This item includes Liabilities for the purchase of minority interests (more details are provided in Note *32*). As indicated in Note *7. Measurement criteria*, in the section *Put options on minority interests*, these liabilities are recognised at fair value with changes recorded in an offsetting entry in Shareholders' Equity.

12. FAIR VALUE HIERARCHY

The table below shows the fair value hierarchy of the assets and liabilities of the Group:

In thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT ASSETS	**431**	**30**	**0**	**460**
Other financial assets, excluding derivative financial instruments	*431*	*0*	*0*	*431*
Capitalisation policy	431			431
Derivative financial instruments	*0*	*30*	*0*	*30*
Floor options		30		30
CURRENT ASSETS	**3,531**	**0**	**0**	**3,531**
Other financial assets, excluding derivative financial instruments	*3,531*	*0*	*0*	*3,531*
Capitalisation policy	1,937		0	1,937
Financial assets at fair value recognised in the income statement	1,595			1,595
NON-CURRENT LIABILITIES	**0**	**217**	**16,255**	**16,472**
Financial liabilities, excluding derivative financial instruments	*0*	*0*	*16,255*	*16,255*
Liabilities for put options			16,255	16,255
Contingent consideration			0	0
Derivative financial instruments	*0*	*217*	*0*	***217***
Interest rate swaps		177		177
Capped swaps		40		40
CURRENT LIABILITIES	**0**	**3**	**44,042**	**44,046**
Financial liabilities, excluding derivative financial instruments	*0*	*0*	*44,042*	*44,042*
Liabilities for put options			42,815	42,815
Contingent consideration			1,227	1,227
Derivative financial instruments	*0*	*3*	*0*	*3*
Cap options		3		3

13. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS FOR WHICH ACCOUNTING RECOGNITION HAS BEEN COMPLETED

Acquisition of Warrant Hub S.p.A. (Warrant Group S.r.l. on the acquisition date)

On 30 November 2017, the acquisition of 70% of Warrant Group S.p.A. (later Warrant Hub) was completed. At 31 December 2018, Warrant Hub controls the following companies: Warrant Innovation Lab S.r.l. (98.4%), BeWarrant S.p.r.l. incorporated under Belgian law (100%), Warrant Service S.r.l. (50%); it also has significant influence over Innovazione 2 Sagl, incorporated under Swiss law (30%).

Warrant Hub and its subsidiaries offer integrated innovation consulting services to businesses that invest in research, development, and innovation activities. The maximum consideration for the acquisition of 70% of the share capital was set at € 33,880 thousand, of which € 25,700 thousand paid at the closing date, up to € 2,830 thousand based on the results achieved and with a net financial position, determined in the contract, equal to 0, in addition to € 5,350 thousand to be paid in five yearly instalments starting on 15 January 2019. For the remaining 30% held by the selling shareholders, put & call option rights are provided, exercisable in two tranches after the respective approval of the 2018 and 2019 Financial Statements, at a price calculated on the basis of a multiple on the consolidated 2018 EBITDA of Warrant Hub, taking into account its net financial position.
On 6 August 2018, the contingent consideration of € 2,786 thousand was paid.

The € 25.7 million paid at the closing date was financed by using an existing line of credit with Crédit Agricole Cariparma S.p.A. for € 10 million **(Cariparma Line B Loan**), as well as by using € 10 million from a new line of credit granted by UBI S.p.A. (**UBI Loan**). The conditions of the two lines of credit both lay out a maturity at 30 June 2023 and an interest rate calculated as the sum of the 6M Euribor plus a spread of 160 basis points (for more details on loans obtained, refer to Note *32. Financial liabilities, excluding derivative financial instruments*).

On the payment deferment granted by the selling shareholders, the Group defined an implicit interest rate equal to 1.49% taking into consideration the rate established on the unsecured **UBI Loan** and fees on the guarantee to back the deferment obtained. The discounted value was equal to € 5,106 thousand at the acquisition date.

The company was consolidated line-by-line as of 1 December 2017.

In 2018, Warrant Hub and its subsidiaries generated Revenues of € 52,477 thousand and Net profit of € 18,069 thousand.

The following table summarises the fair value at the acquisition date of the main components of the consideration transferred:

Amounts in thousands of Euro	
Cash and cash equivalents for 70%	25,700
Price deferment on 70%	5,106
Contingent consideration (Earn out) on 70%	2,759
Fair value of put & call options on 30%	23,745
Total consideration transferred	**57,310**

The fair value of assets acquired and contingent liabilities was determined according to IFRS 3. The excess of the acquisition price over the fair value of net assets acquired was recognised as goodwill.

The following is a summary of the amounts recognised with reference to the assets acquired and liabilities assumed at the acquisition date:

Amounts in thousands of Euro	**Book values**	**Fair value adjustments**	**Book values**
Property, plant and equipment	406		406
Intangible assets	1,019	29,451	30,470
Equity investments	43		43
Other non-current financial assets	29		29
Deferred tax assets	2,009		2,009
Inventories	1,043		1,043
Other current financial assets	14		14
Trade and other receivables	11,874		11,874
Cash and cash equivalents	7,663		7,663
Total assets acquired	**24,099**	**29,451**	**53,550**
Provisions	26		26
Employee benefits	1,858		1,858
Non-current financial liabilities	1,285		1,285
Deferred tax liabilities	169	8,217	8,386
Current financial liabilities	1,955		1,955
Trade and other payables	6,212		6,212
Deferred revenues and income	6,210		6,210
Current tax liabilities	1,762		1,762
Total liabilities assumed	**19,477**	**8,217**	**27,693**
Net assets acquired	**4,623**	**21,234**	**25,856**

The recognition at fair value of the acquisition of Warrant Hub's assets and liabilities resulted in the recognition of an intangible asset for customer lists for an amount of € 29,451 thousand (before taxes), which, according to the customer turnover rate, is deemed may deplete its future useful life in a period of 17 years from the acquisition date.

Goodwill arising from the acquisition was recognised as shown in the following table:

Amounts in thousands of Euro	
Total consideration transferred	57,310
Net assets acquired	25,856
Net assets acquired of minority shareholders	-299
Goodwill	**31,753**

As required by IFRS 3, the values reported above, determined definitively, were recognised retrospectively at 30 November 2017, with the consequent modification and integration of the balance sheet and income statement values included in the Consolidated Financial Statements for the year ended 31 December 2017.

Acquisition of AC Camerfirma S.A.

On 3 May 2018, Tinexta Group completed, through InfoCert S.p.A, acquisition of control (51%) of the Spanish company AC Camerfirma S.A. (also "Camerfirma"). Camerfirma controls the Peruvian company Camerfirma Peru S.A.C. (99.99%, 99.8% on the acquisition date).

AC Camerfirma has a solid presence in the Spanish market, as well as a number of commercial initiatives underway in South America via the aforementioned subsidiary Camerfirma Peru. Camerfirma was established in 2000 by the Spanish Chambers of Commerce, which today represent the minority shareholders. The customer base of Camerfirma includes private companies and the Spanish public administration. It was established as a provider of certification services based on Spanish Law no. 59/2003 of 19 December, with regard to electronic signatures and identity certificates, which allows companies and their employees to electronically sign documents having full technical security and legal validity.

Camerfirma and its subsidiaries were consolidated on a line-by-line basis starting from 1 May 2018 and contributed € 2,993 thousand to Tinexta Group's 2018 Revenues, as well as € 199 thousand to Net profit.

InfoCert acquired 51% of Camerfirma through the subscription of a share capital increase of € 3,122 thousand. InfoCert financed the acquisition through internal resources.

The following table summarises the fair value at the acquisition date of the main components of the consideration transferred:

Amounts in thousands of Euro	
Cash and cash equivalents for 51%	3,122
Total consideration transferred	**3,122**

The fair value of assets acquired and contingent liabilities was determined according to IFRS 3. The excess of the acquisition price over the fair value of net assets acquired was recognised as goodwill. The following is a summary of the amounts recognised with reference to the assets acquired and liabilities assumed at the acquisition date:

Amounts in thousands of Euro	**Book values**	**Fair value adjustments**	**Fair Value**
Property, plant and equipment	138		138
Intangible assets	447	360	807
Equity investments at cost or fair value	2		2
Other non-current financial assets	50		50
Current and deferred tax assets	480		480
Inventories	21		21
Other current financial assets	48		48
Trade receivables, other receivables and contract assets	2,568		2,568
Cash and cash equivalents*	3,535		3,535
Total assets acquired	**7,289**	**360**	**7,649**
Trade and other payables	1,106		1,106
Contract liabilities	25		25
Deferred income	31		31
Deferred tax liabilities	0	90	90
Current tax liabilities	4		4
Total liabilities assumed	**1,166**	**90**	**1,256**
Net assets acquired	**6,123**	**270**	**6,393**

* *Cash and cash equivalents* include € 3,122 thousand paid by InfoCert for the share capital increase.

The recognition at fair value of the acquisition of Camerfirma's assets and liabilities resulted in the recognition of an intangible asset for customer lists for an amount of € 360 thousand (before taxes), which, according to the customer turnover rate, is deemed may deplete its future useful life in a period of 7 years from the acquisition date.

No goodwill arising from the acquisition of Camerfirma was recognised since, as shown in the following table, income was recognised in *Other financial income*, calculated as follows:

Amounts in thousands of Euro	
Total consideration transferred	3,122
Net assets acquired	6,393
Net assets acquired of minority shareholders	-3,132
Income from a good business deal	**138**

The net cash flow, at the acquisition date, deriving from consolidation of Camerfirma and its subsidiary is shown below:

In thousands of Euro	
Consideration paid	-3,122
Cash and cash equivalents acquired	3,535
Net cash flow deriving from consolidation	**413**

Acquisition of Eurofidi business unit

On 31 October 2017, Ribes S.p.A. (now Innolva S.p.A.) entered into the contract for the acquisition of a business unit of the company Eurofidi Società Consortile di garanzia collettiva Fidi S.C. a r.l. - in liquidation. The contract established a purchase price of € 405 thousand, € 122 thousand of which disbursed in 2017, € 203 thousand paid in the course of 2018, and € 81 thousand to be disbursed in 2019. In addition to the purchase price, a possible additional price to be paid to the selling company of € 150 thousand was envisaged if the turnover recorded by the transferee in 2018, in relation to the transferred business unit, was not lower than € 1,100 thousand. Based on turnover achieved during the year, the selling company was not entitled to the additional price.

The following table summarises the fair value at the acquisition date of the main components of the consideration transferred:

Amounts in thousands of Euro	
Cash and cash equivalents	122
Price deferment	284
Total consideration transferred	**405**

Goodwill arising from the acquisition was recognised as shown in the following table: The fair value of net assets acquired is equivalent to the book value.

Amounts in thousands of Euro	
Total consideration transferred	405
Net assets acquired (Software)	10
Goodwill	**395**

As established by IFRS 3, the values reported above, with particular reference to the contingent consideration, determined definitively, were reflected retrospectively at the acquisition date, with the subsequent amendment and integration of the equity values included in the Consolidated Financial Statements for the year ended at 31 December 2017.

BUSINESS COMBINATIONS FOR WHICH ACCOUNTING RECOGNITION HAS NOT BEEN COMPLETED

Acquisition of Comas S.r.l. and Webber S.r.l.

On 5 July 2018, Tinexta Group, through the subsidiary Innolva S.p.a., acquired 100% of Comas S.r.l. and Webber S.r.l., two companies operating in the sale of business information through the internet.

Comas and Webber, established in 1976 and 2013 respectively, are predominantly active in the resale, through the internet, of business information such as filings with Chambers of Commerce, cadastral property registries, the automobile registry and the Registry Office, court certificates, reports on natural and legal persons and other information services.

The transaction is part of the broader strategy aimed at strengthening the positioning on the web and increasing Innolva's market share, as well as providing credit management services to small and medium-sized businesses, banks, professionals, and public administration.

Comas and Webber were consolidated on a line-by-line basis starting from 1 July 2018 and contributed, respectively, € 1,677 thousand and € 315 thousand to Tinexta Group's 2018 Revenues, as well as € 288 thousand and € 31 thousand to Net profit.

The consideration for the acquisition of both companies was set at a total of € 9,259 thousand, of which € 900 thousand paid at the signing date, € 7,869 thousand at the closing date, and € 490 thousand to be paid in five yearly instalments starting on 4 January 2019.

On the payment deferment granted by the selling shareholders, the Group defined an implicit interest rate equal to 1.89%, taking into consideration the rate established on the unsecured **UBI Loan** obtained by Tinexta S.p.A. at the end of 2017. The discounted value was equal to € 463 thousand at the acquisition date.

The following table summarises the fair value at the acquisition date of the main components of the consideration transferred:

Amounts in thousands of Euro	
Cash and cash equivalents	8,769
Price deferment	463
Total consideration transferred	**9,232**

The following is a summary of the book values recognised with reference to the assets acquired and liabilities assumed at the acquisition date of the companies Comas and Webber:

Amounts in thousands of Euro	**Comas Book values**	**Webber Book values**	**Total Book values**
Property, plant and equipment	349	12	361
Non-current financial assets	431	1	432
Current and deferred tax assets	7	2	9
Trade receivables, other receivables and contract assets	128	1	129
Cash and cash equivalents	1,637	339	1,976
Total assets acquired	**2,551**	**355**	**2,907**
Trade and other payables	409	76	485
Contract liabilities	214	32	247
Employee benefits	190	29	219
Current and deferred tax assets	188	3	191
Current financial liabilities	4	4	8
Total liabilities assumed	**1,006**	**143**	**1,149**
Net assets acquired	**1,545**	**212**	**1,757**

Goodwill arising from the acquisition has been provisionally recognised as shown in the following table:

Amounts in thousands of Euro	
Total consideration transferred	9,232
Net assets acquired	1,757
Goodwill recognised on a provisional basis	**7,475**

The net cash flow, at the acquisition date, deriving from consolidation of Comas and Webber is shown below:

In thousands of Euro	
Consideration paid	-8,769
Cash and cash equivalents acquired	1,976
Net cash flow deriving from consolidation	**-6,793**

Acquisition of Promozioni Servizi S.r.l.

On 30 October 2018, Tinexta Group, through its subsidiary Innolva S.p.a., acquired 100% of Promozione Servizi S.r.l. (hereinafter Promozioni Servizi). The company specialises in providing consulting services to financial institutions on access to the Mediocredito Centrale guarantee fund for SMEs.

The transaction is part of the strategy to expand the commercial offer and develop competitiveness in the Credit Information & Management segment, and follows the previous acquisition of the Eurofidi business unit in 2017, through which Innolva extended its commercial offer by acquiring specific expertise in the sector of access to the Central Guarantee Fund.

Promozioni Servizi S.r.l. was consolidated on a line-by-line basis starting from 1 November 2018 and contributed € 556 thousand to Tinexta Group's 2018 Revenues, as well as € 149 thousand to Net profit.

The consideration for the acquisition was set at a total of € 4,494 thousand, of which € 3,706 thousand paid at the closing date, and € 788 thousand to be paid in six yearly instalments starting in 2020 after the approval of the 2019 Financial Statements.

On the payment deferment granted by the selling shareholders, the Group defined an implicit interest rate equal to 1.89%, taking into consideration the rate established on the unsecured **UBI Loan** obtained by Tinexta S.p.A. at the end of 2017. The discounted value was equal to € 730 thousand at the acquisition date.

The following table summarises the fair value at the acquisition date of the main components of the consideration transferred:

Amounts in thousands of Euro	
Cash and cash equivalents	3,706
Price deferment	730
Total consideration transferred	**4,436**

The following is a summary of the book values recognised with reference to the assets acquired and liabilities assumed in relation to the company at the acquisition date:

Amounts in thousands of Euro	**Book values**
Property, plant and equipment	51
Intangible assets	59
Non-current financial assets	9
Current and deferred tax assets	3
Current financial assets	5
Trade receivables, other receivables and contract assets	412
Cash and cash equivalents	526
Total assets acquired	**1,065**
Trade and other payables	414
Contract liabilities	1
Employee benefits	52
Current and deferred tax assets	74
Total liabilities assumed	**542**
Net assets acquired	**523**

Goodwill arising from the acquisition has been provisionally recognised as shown in the following table:

Amounts in thousands of Euro	
Total consideration transferred	4,436
Net assets acquired	523
Goodwill recognised on a provisional basis	**3,912**

The net cash flow, at the acquisition date, deriving from consolidation of the company is shown below:

In thousands of Euro	
Consideration paid	-3,706
Cash and cash equivalents acquired	526
Net cash flow deriving from consolidation	**-3,180**

14. DIVESTITURES

On 22 May 2018, Tinexta Group completed, through Innolva S.p.A., the sale of control (70%) of Swiss company Creditreform Assicom Ticino S.A.

On 1 March 2018, the Board of Directors of Innolva S.p.A. resolved to dispose of the stake held in this Swiss company, since, after the changes made to the corporate structure of Assicom Ribes S.p.A. (now Innolva S.p.A.) in 2017, this investment was no longer considered strategic. The transaction’s closing date was 22 May 2018.

The transaction involved the disposal as at closing date of 70% of the share capital for a total of CHF 370 thousand over 4 years, expiring in 2022, with an early payment option. A call option will be provided on the remaining 30% at a pre-established price of CHF 150 thousand, to be exercised by the purchaser between the date of full payment of the instalment and 2023.

Creditreform Assicom Ticino S.A. was consolidated on a line-by-line basis until 31 May 2018. The company contributed to Tinexta Group's Revenues for € 293 thousand and showed a loss of € 34 thousand. Starting from 1 June 2018, the company was accounted using the equity method.

The following table summarises the fair value at the sale date of the main components of the consideration transferred:

In thousands of Euro

Fair value of consideration on the sale 70%	276
Fair value of the 30% stake maintained	128
Total	**404**
Book value of Creditreform net assets	191
Goodwill allocated to the CGU Creditreform	222
Conversion reserve recognised in the income statement	-5
Total net assets sold	**409**
Capital losses from the loss of control	**5**

The net cash flow deriving from deconsolidation of Creditreform Assicom Ticino S.A. is shown below:

In thousands of Euro

Consideration received	30
Cash and cash equivalents sold	-53
Net cash flow deriving from deconsolidation	**-23**

Information on the Statement of Financial Position

The items of the Consolidated Statement of Financial Position at 31 December 2018 are commented hereunder. The comparative values at 31 December 2017 were restated (as indicated in Note *13. Business Combinations*) in relation to the completion during the year of the activities for the identification of the fair value of the assets and liabilities of Warrant Hub and its subsidiaries, consolidated on a line-by-line basis starting from 1 December 2017, and the completion during the year of the business combination of the Eurofidi business unit.

In thousands of Euro	31/12/2017	Completion of Warrant Hub Business Combination	Completion of Eurofidi Business Combination	31/12/2017 Restated
ASSETS				
Property, plant and equipment	8,287			8,287
Intangible assets and goodwill	252,693	8,072	-135	260,630
Investment property	0			0
Equity-accounted investments	25			25
Other investments	49			49
Other financial assets, excluding derivative financial instruments	543			543
Derivative financial instruments	40			40
Deferred tax assets	5,556			5,556
Trade and other receivables	643			643
Contract cost assets	n.a.			n.a.
NON-CURRENT ASSETS	**267,836**	**8,072**	**-135**	**275,773**
Inventories	2,072			2,072
Other financial assets, excluding derivative financial instruments	4,311			4,311
Current tax assets	1,990			1,990
Trade and other receivables	80,285			80,285
Contract assets	n.a.			n.a.
Contract cost assets	n.a.			n.a.
Cash and cash equivalents	36,987			36,987
Assets held for sale	199			199
CURRENT ASSETS	**125,843**	**0**	**0**	**125,843**
TOTAL ASSETS	**393,679**	**8,072**	**-135**	**401,616**
EQUITY AND LIABILITIES				
Share capital	46,573			46,573
Reserves	96,207	-104		96,103
Shareholders' Equity attributable to the Group	*142,780*	*-104*		*142,676*
Minority interests	*537*			*537*
TOTAL SHAREHOLDERS' EQUITY	**143,317**	**-104**	**0**	**143,213**
LIABILITIES				
Provisions	1,598			1,598
Employee benefits	10,977			10,977
Financial liabilities, excluding derivative financial instruments	123,935		-135	123,800
Derivative financial instruments	202			202
Deferred tax liabilities	9,345	8,176		17,521
Contract liabilities	n.a.			n.a.
Deferred revenues and income	1,437			1,437
NON-CURRENT LIABILITIES	**147,493**	**8,176**	**-135**	**155,535**
Provisions	342			342
Employee benefits	360			360
Financial liabilities, excluding derivative financial instruments	21,723			21,723
Derivative financial instruments	0			0
Trade and other payables	47,725			47,725
Contract liabilities	n.a.			n.a.
Deferred income	n.a.			n.a.
Deferred revenues and income	26,593			26,593
Current tax liabilities	6,125			6,125
Liabilities held for sale	0			0
CURRENT LIABILITIES	**102,869**	**0**	**0**	**102,869**
TOTAL LIABILITIES	**250,362**	**8,176**	**-135**	**258,403**
TOTAL EQUITY AND LIABILITIES	**393,679**	**8,072**	**-135**	**401,616**

It should be noted that the tables of changes in equity items show the effect on the consolidated data of the changes in the scope of consolidation (the values of the assets and liabilities acquired of Camerfirma and its subsidiary Camerfirma Perù, the values estimated provisionally for the assets and liabilities acquired of the companies Comas, Webber and Promozioni Servizi S.r.l,, and the sale of control of Creditreform Assicom Ticino), as illustrated in Note *13. Business Combinations and 14. Divestitures.*

15. PROPERTY, PLANT AND EQUIPMENT

Provided below are the changes in property, plant and equipment investments:

Amounts in thousands of Euro	**31/12/2017**	**Investments**	**Divestments**	**Depreciation**	**Reclassifications**	**Change in Scope - Acquisitions**	**Change in Scope - Disposals**	**31/12/2018**
Land								
Cost	161		-13					*148*
Net value	**161**	**0**	**-13**	**0**	**0**	**0**	**0**	**148**
Leased land								
Cost	303							*303*
Net value	**303**	**0**	**0**	**0**	**0**	**0**	**0**	**303**
Buildings								
Cost	1,499		-56		-806	417		*1,054*
Accumulated Depreciation	-447		13	-40	207	-138		*-405*
Net value	**1,052**	**0**	**-43**	**-40**	**-598**	**279**	**0**	**650**
Leased buildings								
Cost	2,953							*2,953*
Accumulated Depreciation	-1,170			-85				*-1,255*
Net value	**1,783**	**0**	**0**	**-85**	**0**	**0**	**0**	**1,698**
Electronic machines								
Cost	15,470	2,674	-369			909	-8	*18,677*
Accumulated Depreciation	-12,988		365	-2,434	9	-752	4	*-15,796*
Net value	**2,482**	**2,674**	**-4**	**-2,434**	**9**	**157**	**-4**	**2,881**
Leasehold improvements								
Cost	1,812	32					-7	*1,837*
Accumulated Depreciation	-1,137			-192			2	*-1,327*
Net value	**676**	**32**	**0**	**-192**	**0**	**0**	**-5**	**510**
Assets in progress and advances								
Cost	0	358						*358*
Net value	**0**	**358**	0	**0**	**0**	**0**		**358**
Other assets								
Cost	7,020	389	-160			369	-25	*7,592*
Accumulated Depreciation	-5,189		126	-677		-255	9	*-5,987*
Net value	**1,830**	**389**	**-34**	**-677**	**0**	**115**	**-17**	**1,606**
Other leased assets								
Cost	65	91	-65					*91*
Accumulated Depreciation	-65		65	-12				*-12*
Net value	**0**	**91**	**0**	**-12**	**0**	**0**	**0**	**79**
Property, plant and equipment	**8,287**	**3,544**	**-94**	**-3,440**	**-589**	**551**	**-26**	**8,232**

The investments in *Electronic machines* totalling € 2,674 are attributable in the amount of roughly € 2,480 thousand to the Digital Trust business unit and refer mainly to acquisitions of hardware and electronic devices required for the functioning of company Data centres.
The item *Buildings* includes the reclassification for a total of € 598 thousand of two property units to *Investment property*, which were previously for business use and were leased to third parties in the course of the year (please see Note *17* below for further details).

Assets held for sale includes a property located in San Martino Buon Albergo (VR), which has been put up for sale; the carrying amount was maintained equal to the net book value as it is considered less than the fair value less expected costs of disposal.

16. INTANGIBLE ASSETS AND GOODWILL

This item includes intangible assets with indefinite (goodwill) or definite (intangible assets) useful life.

Amounts in thousands of Euro	31/12/2017	Investments	Divestments	Amortisation	Reclassifications	Revaluations	Impairment	Change in Scope - Acquisitions	Change in Scope - Disposals	Allocations	Delta Exchange rates	31/12/2018
Goodwill												
Original cost	191,929						-252		-222	11,387		202,842
Net value	**191,929**	**0**	**0**	**0**	**0**	**0**	**-252**	**0**	**-222**	**11,387**	**0**	**202,842**
Other intangible assets with indefinite useful life												
Original cost	376	29										405
Bad debts provision												0
Net value	**376**	**29**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**405**
Software												
Original cost	46,373	2,488	-891		305			1,511				49,786
Accumulated amortisation	-39,018		891	-3,535	-9			-1,148				-42,819
Net value	**7,355**	**2,488**	**0**	**-3,535**	**296**	**0**	**0**	**364**	**0**	**0**	**0**	**6,967**
Concessions, licences, trademarks and similar rights												
Original cost	276	13	-45					31				275
Accumulated amortisation	-181		45	-10				-30				-177
Net value	**95**	**13**	**0**	**-10**	**0**	**0**	**0**	**1**	**0**	**0**	**0**	**98**
Other intangible assets from consolidation												
Original cost	71,016							360				71,376
Accumulated amortisation	-12,757			-5,735								-18,492
Net value	**58,259**	**0**	**0**	**-5,735**	**0**	**0**	**0**	**360**	**0**	**0**	**0**	**52,884**
Assets in progress and advances												
Original cost	1,701	1,386			-1,824							1,263
Net value	**1,701**	**1,386**	**0**	**0**	**-1,824**	**0**	**0**	**0**	**0**	**0**	**0**	**1,263**
Databases												
Original cost	2,107	5,897			1,258							9,261
Accumulated amortisation	-1,906			-1,968								-3,874
Net value	**201**	**5,897**	**0**	**-1,968**	**1,258**	**0**	**0**	**0**	**0**	**0**	**0**	**5,388**
Other												
Original cost	3,397	5	-2,070		261			4	-70		1	1,528
Accumulated amortisation	-2,683		2,066	-267				-4	50		-1	-838
Net value	**715**	**5**	**-4**	**-267**	**261**	**0**	**0**	**0**	**-20**	**0**	**0**	**690**
Intangible assets with definite and indefinite useful life	**260,630**	**9,818**	**-4**	**-11,516**	**-9**	**0**	**-252**	**724**	**-243**	**11,387**	**0**	**270,536**

Goodwill

At 31 December 2018 the item amounts to € 202,842 thousand and can be broken down as follows among the CGUs/Operating segments:

In thousands of Euro		31/12/2018	31/12/2017	Change
CGU	***Operating segments***			
Goodwill Innolva	(Credit Information & Management)	94,629	83,494	11,135
Goodwill Creditreform	(Credit Information & Management)	0	222	-222
Goodwill RE Valuta	(Credit Information & Management)	4,578	4,578	0
Goodwill Warrant	(Innovation & Marketing Services)	31,753	31,753	0
Goodwill Co.Mark	(Innovation & Marketing Services)	46,663	46,663	0
Goodwill Visura	(Digital Trust)	25,191	25,191	0
Goodwill Ecomind	(Digital Trust)	27	27	0
	Goodwill	**202,842**	**191,929**	**10,913**

The increase in goodwill allocated to the Innolva CGU resulted from the following events:

Goodwill Innolva CGU 1/1/2018	**83,494**
Goodwill recognised on a provisional basis from the acquisition of Comas and Webber	7,475
Goodwill recognised on a provisional basis from the acquisition of Promozioni Servizi	3,912
Impairment of goodwill on the Eurofidi business unit	-253
Goodwill Innolva CGU 31/12/2018	**94,629**

With respect to the determination of goodwill from the acquisitions of Comas, Webber and Promozioni Servizi, please see *Note 13. Business Combinations*. It is noted that the allocation of this goodwill is determined in a provisional manner, as the measurement at fair value of net assets acquired is still underway.

In January 2019, Innolva completed the disposal of the Eurofidi business unit, acquired in 2017 (for the details, see *Note 13. Business combinations*), to the subsidiary Promozioni Servizi (for details about the disposal, please refer to Note *49. Key events subsequent to the end of the year*). Considering the price defined for the disposal, which is lower than the carrying amount, a write-down of € 253 thousand was recognised in the income statement item *Impairment*.

Elimination of the goodwill allocated to the Creditreform CGU is due to the 70% disposal and to the consequent loss of control of the CGU identified as the company Creditreform Assicom Ticino. For details, please refer to *Note 14. Divestitures.*

In compliance with the requirements of IAS 36, the CGUs were defined as the smallest identifiable asset group that generates cash flows that are largely independent from the cash flows generated by other assets or groups of assets and represent the minimum level at which goodwill is monitored for internal management purposes.

The CGU identified to which goodwill has been allocated are indicated in the table above. In particular, goodwill was allocated to the CGUs, as defined above, at the time of the acquisition of control of each individual company or group of companies.

The related recoverable amount was determined on the basis of an estimate of the value in use, as the fair value of the individual CGUs could not be determined in a reliable manner.

The value in use has been determined by using the discounted cash flow method, in the unlevered version, applied to forecasts prepared by the Directors of each CGU in relation to the three-year period from 2019 to 2021. The cash flows used for the determination of the value in use are related to the operational management of each CGU and do not include financial charges and extraordinary items; they include the investments envisaged in the plans and changes in cash attributable to working capital, without taking into consideration the effects of future restructuring not yet approved by the directors or future investments to improve future profitability. The expected growth forecast in the plans used as the basis of the impairment test is in line with the corresponding growth foreseen in the respective sectors. An explicit period of three years was used, beyond which the above flows were projected according to the perpetual return method (terminal value) using a growth rate (g-rate) equal to 1% for the market within which the individual CGUs operate. The macroeconomic assumptions at the base of the plans, when available, were determined based on external sources of information, while the estimates in terms of growth and profitability used by the directors, are derived from historical trends and expectations related to the markets in which Group companies operate. The cash flows were discounted using a WACC equal to 8.08% post-tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 2.6%, equal to the gross average return of the Italian ten-year BTP;
- market risk premium of 5.8%;
- additional risk factor equal to 2.0%;
- sector levered beta of 0.79, determined considering a list of comparable listed companies;
- financial structure of the Company equal to 20.3%, considering the average of the D/E ratio recorded by comparable companies;
- cost of debt applicable to the Group, equal to 3.4%.

The impairment test at 31 December 2018 did not identify any goodwill impairment to be recognised, with the exception of what has already been noted with respect to the Innolva CGU impairment loss in relation to the disposal of the Eurofidi business unit to Promozioni Servizi S.r.l.

The plans underlying the impairment tests mentioned above were approved by the Boards of Directors of the individual companies, or sub-groups, to which goodwill has been allocated. The impairment tests were approved by the Board of Directors of Tinexta on 12 March 2019.

The excess of the recoverable value of the main CGU with respect to the book value, determined on the basis of the assumptions described above, is equal to:

In thousands of Euro		**31/12/2018**
CGU	***Operating segments***	
Goodwill Innolva	(Credit Information & Management)	2,728
Goodwill RE Valuta	(Credit Information & Management)	25,169
Goodwill Warrant	(Innovation & Marketing Services)	206,368
Goodwill Co.Mark	(Innovation & Marketing Services)	11,313
Goodwill Visura	(Digital Trust)	39,919
	Total	**285,497**

The following table sets out the excess of the recoverable value of the CGUs with respect to the book value, compared with the following sensitivity analyses: (i) increase in WACC used to develop cash flows of all CGUs of 50 basis points all other conditions being equal; ii) decrease in the growth rate in the calculation of the terminal value of 50 basis points, all other conditions being equal.

In thousands of Euro		WACC +0.5%	*g-rate* -0.5%
CGU	***Operating segments***		
Goodwill Innolva	(Credit Information & Management)	-5,998	-4,924
Goodwill RE Valuta	(Credit Information & Management)	23,230	23,480
Goodwill Warrant	(Innovation & Marketing Services)	188,884	191,097
Goodwill Co.Mark	(Innovation & Marketing Services)	7,293	7,805
Goodwill Visura	(Digital Trust)	35,901	36,414
	Total	**249,310**	**253,872**

The following table shows the values of the WACC and g-rate that would result in the recoverable value of each CGU equal to the related book value, with all other parameters used in the respective impairment tests remaining the same.

%		WACC	*g-rate*
CGU	***Operating segments***		
Goodwill Innolva	(Credit Information & Management)	8.23	0.83
Goodwill RE Valuta	(Credit Information & Management)	48.32	n.a.
Goodwill Warrant	(Innovation & Marketing Services)	33.07	-57.13
Goodwill Co.Mark	(Innovation & Marketing Services)	9.69	-0.91
Goodwill Visura	(Digital Trust)	21.47	-20.39

Other intangible assets with indefinite useful life

The item *Other intangible assets with indefinite useful life* consists for € 376 thousand of the value of the press review database called AZ Press attributable to Innolva S.p.A. Considering the specific nature of this database, it is not possible to define criteria to link the value of individual data with the historical value and determine a useful life. Each verification of the value of the database as a whole, as well as that of the ability to express useful life, can therefore only be by means of periodic analysis of the recoverability of the investment. The impairment test at 31 December 2018 did not reveal any impairment loss of the database.

Intangible assets with definite useful life

Software

The item *Software* includes both the expenses for maintenance and development of the platform related to the software application for the management of Credit Information & Management databases and the costs for the purchase of software licences used for the supply of Digital Trust services.
Investments for the year, totalling € 2,488 thousand, are attributable to the Credit Information segment (€ 1,300 thousand) and Digital Trust (€ 904 thousand).

Databases

The *Databases* increased by € 5,897 thousand due to investments made during the period, in addition to € 1,258 thousand for beginning of production of investments made at the end of 2017. Investment in the Credit Information & Management business unit, specifically in the company Innolva S.p.A., envisaged the establishment of the initial structure and constant updating of the positions in the proprietary archives through steady annual investments. The underlying reasons for the investment are: the possibility of developing an offering aligned with market demand, which calls for the launch of innovative products and proposition of associated additional services; independence in the procurement phases from the main competitors and the possibility of guaranteeing the highest quality standards with respect to the depth of the data underlying the analyses and the accuracy guaranteed by their continuous updating.

Other intangible assets from consolidation

Other intangible assets from consolidation consist of the intangible assets recognised during the fair value measurement of the assets acquired as part of the following business combinations:

In thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Customer list Warrant	27,574	29,306	-1,732
Customer list & backlog order Assicom (Innolva)	10,368	11,410	-1,042
Customer list Ribes (Innolva)	5,062	5,424	-362
Customer list Infonet (Innolva)	4,296	4,654	-358
Customer list Visura (Innolva)	3,606	5,048	-1,442
Customer list Co.Mark	1,316	1,974	-658
Customer list Datafin (Innolva)	336	442	-106
Customer list Camerfirma	326	0	326
Other intangible assets from consolidation	**52,884**	**58,259**	**-5,375**

The decrease recognised during the year can be attributed to amortisation (equal to € 5,735 thousand). The increase in the Customer list Camerfirma was due to the acquisition during the year for € 360 thousand, that, on the basis of the rate of turnover of clients, it is believed may exhaust its future utility in a period of 7 years from the date of acquisition in May 2018.

Assets in progress and advances

Assets in progress rose by € 1,386 thousand, of which € 918 thousand in the Digital Trust segment.

17. INVESTMENT PROPERTY

Provided below are the changes in investment property:

Amounts in thousands of Euro	**31/12/2017**	**Investments**	**Divestments**	**Depreciation**	**Reclassifications**	**31/12/2018**
Buildings investment property						
Original cost	0				806	806
Accumulated depreciation	0			-4	-207	-211
Net value	**0**	**0**	**0**	**-4**	**598**	**594**
Investment property	**0**	**0**	**0**	**-4**	**598**	**594**

Following its reclassification from the item *Property, plant and equipment* in the course of the year, this item includes the value of two buildings and the relative appurtenances leased to third parties. These include a property located in Nova Milanese (MI) leased for six years, renewable, starting from 1 December 2018 and a property located in Vimodrone (MB), also leased for six years, renewable, starting from last 1 October 2018.

Revenues for rents from investment property recognised during the year amounts to € 12 thousand and is included in *Other revenues and income*.

18. EQUITY INVESTMENTS

Equity-accounted investments

The table below provides the valuation details of companies consolidated using the equity method.

In thousands of Euro	% ownership	31/12/2017	Increases/Decreases in the income statement	Acquisitions	Changes in scope of consolidation	Exchange rate Delta	31/12/2018	% ownership
Lux Trust S.A.	0%	0	0	12,260			12,260	50%
Creditreform Assicom Ticino S.A.	*100%	0	-20		128	1	109	30%
Innovazione 2 Sagl	30%	11	126			4	140	30%
eTuitus S.r.l.	24%	14		9			23	24%
Shareholdings in associated companies		**25**	**106**	**12,269**	**128**	**5**	**12,533**	

* Consolidated line-by-line at 31/12/2017

At 21 December 2018, through InfoCert S.p.A., the Tinexta Group completed the acquisition of 50% of Lux Trust S.A. operating in the Digital Trust segment in Luxembourg. The company, founded in 2005, implements and integrates innovative solutions to guarantee on-line transactions, digital identity, and electronic signatures for its customers. Its mission is to guarantee the digital identity and electronic data security of companies and residents alike, and thus boost trust in the digital economy to make life simpler and encourage business efficiency. LuxTrust manages digital identities throughout Luxembourg. InfoCert acquired 50% of Lux Trust in exchange for the payment of € 12 million for a share capital increase with a subsequent price adjustment up to a maximum of € 4 million (by way of share capital increase without the issue of new shares), based on the Net Financial Position (defined in the contract) of the company at 31 December 2018. There is also the possibility of the payment of an additional amount of up to € 5 million in 2021 as a share capital increase (without the issue of new shares) based on the economic results of LuxTrust. The amount of € 12,260 thousand includes transaction costs linked to the operation.

The increase attributable to the Creditreform Assicom Ticino S.A. investment was caused by the full deconsolidation until 31 May 2018, due to the sale of control of said company, as previously commented on in Note *14. Divestitures.* Given the 30% stake, the company was consolidated through the equity method starting from 1 June 2018.

The change of € 9 thousand in the equity investment in eTuitus S.r.l. relates to the payment of residual funding obligations.

Other investments

The item in question includes investments in other companies for € 24 thousand (€ 49 thousand at 31 December 2017) and refers to minority interests in companies/consortia. The decrease during the period is due in part to the sale of the entire investment (16.33%) in Gestio S.r.l. by Warrant Hub S.p.A. for € 50 thousand; this sale generated a capital gain of € 29 thousand, recognised under *Financial income*.

19. OTHER NON-CURRENT FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in thousands of Euro	31/12/2018	31/12/2017	Change
Other financial assets, excluding derivative financial instruments	**1,123**	**543**	**579**

This item rose primarily as a result of the consolidation of the company Comas, which has two capitalisation insurance contracts the fair value of which amounts to € 431 thousand at 31 December 2018. The remainder of the increase is due to recognition of the receivable, for the amount due over 12 months, of € 170 thousand, relative to the price deferment granted to the purchasers of 70% of Creditreform (described in more detail in Note *14. Divestitures*). The remaining amount mainly includes receivables for security deposits.

20. DEFERRED TAX ASSETS/LIABILITIES

Deferred tax assets/liabilities, due to temporary deductible and taxable differences generated also as a result of consolidation adjustments, can be broken down as follows:

Amounts in thousands of Euro						
Deferred tax assets:	**31/12/2017**	**Allocations (Releases) Income statement**	**Allocations (Releases) Comprehensive income statement**	**Allocations (Releases) Shareholders' Equity**	**Change in scope**	**31/12/2018**
Deductible goodwill	367	-41	0	0	0	326
Provisions for risks and charges	217	8	0	0	0	225
Impairment of fixed assets	32	-2	0	0	0	30
Impairment of receivables and inventory	582	139	-4	0	0	716
Decreases in hedging financial instruments	47	0	9	0	0	56
Differences between statutory and tax amortisation rates	947	48	0	0	0	995
Interest expenses	405	-160	0	0	0	245
AIM listing costs	77	-48	0	0	0	28
Employee benefits	323	62	-10	0	7	382
Losses that can be carried forward for tax purposes	486	-56	0	0	478	909
Contract liabilities	0	-3,329	0	4,003	0	675
Other temporary differences	2,072	14	0	0	3	2,090
Total Deferred tax assets	**5,556**	**-3,365**	**-6**	**4,003**	**488**	**6,677**
Deferred tax liabilities:	**31/12/2017**	**Allocations (Releases) Income statement**	**Allocations (Releases) Comprehensive income statement**	**Allocations (Releases) Shareholders' Equity**	**Change in scope**	**31/12/2018**
Difference between the book values and the fair values of assets and liabilities acquired from business combinations	16,489	-1,633	0	0	90	14,946
Increases in hedging financial instruments	0	0	-1	0	0	-0
Early and excess amortisation	191	-4	0	0	0	187
Other temporary differences	626	43	0	185	7	861
Employee benefits	0	0	1	0	0	1
Deductible goodwill	215	0	0	0	0	215
Contract liabilities	0	-75	0	145	0	70
Contract cost assets	0	-296	0	524	0	228
Total Deferred tax liabilities	**17,521**	**-1,965**	**0**	**853**	**97**	**16,507**
Net Balance	**-11,965**	**-1,400**	**-6**	**3,150**	**391**	**-9,830**

The increase in *Deferred tax assets* first of all refers to the application at 1 January 2018 of IFRS 15, which required the allocation of € 4,003 thousand, with offsetting entry in Shareholders' Equity, released for the most part in 2018 with entry in the income statement.

Deferred tax liabilities refer primarily to the fair value of assets emerging on the allocation of the excess cost paid in business combinations (€ 14,946 thousand), released during the period for € 1,633 thousand. An allocation of € 867 thousand was also recorded during the year, with offsetting entry under Shareholders' Equity, due to adoption from 1 January 2018 of IFRS 15 (€ 703 thousand) and IFRS 9 (€ 164 thousand).

21. CONTRACT COST ASSETS

The following are recognised under Contract cost assets, pursuant to IFRS 15 "*Revenue from Contracts with Customers*":

- incremental costs for obtainment of the sales contract;
- sales contract fulfilment costs.

Amounts in thousands of Euro	**31/12/2017**	**Adoption IFRS 15 1/1/2018**	**31/12/2018**
Contract obtainment cost assets	0	2,559	2,380
Contract fulfilment cost assets	0	1,471	2,621
Non-current contract cost assets	**0**	**4,030**	**5,000**
Contract fulfilment cost assets		1,029	1,556
Current contract cost assets	**0**	**1,029**	**1,556**
Contract cost assets	**0**	**5,059**	**6,557**

The incremental costs to obtain a sales contract are recognised under Non-current assets; the Group recognises as expenses the incremental costs to obtain the contract when they are sustained, in the case in which the amortisation period of the assets that the Group would have otherwise recognised does not exceed one year.

Contract obtainment cost assets, equal to € 2,380 thousand at 31 December 2018, include commissions paid to agents to obtain contracts predominantly in the Credit Information & Management and Innovation & Marketing Services sectors. These costs are amortised on a straight-line basis and in line with the average duration of the contracts to which they refer. The periodic release of the amount relating to 2018 amounts to € 6,863 thousand, and no impairment losses on the capitalised costs were recorded.

Contract fulfilment costs are recognised under Current assets if it is believed that the transfer to the customer of the goods or services to which the asset refers will take place within twelve months. Non-current assets include costs to fulfil the sales contract if the transfer to the customer of the goods and services to which the asset refers is carried out after twelve months.

Non-current contract fulfilment cost assets include costs sustained in Digital Trust to implement "ad hoc" customer platforms to provide a series of services within a time frame of over twelve months. *Current contract fulfilment cost assets* include costs sustained to provide consulting services, primarily with regard to innovation consulting, in Innovation & Marketing Services, with respect to which the relative income has not yet been recognised

(recognised under *Inventories* until 31 December 2017). The periodic release of Contract fulfilment cost assets for the amount relating to 2018 is equal to € 1,189 thousand, and no impairment losses on the capitalised costs were recorded.

22. CONTRACT ASSETS

Contract assets of € 6,145 thousand at 31 December 2018 predominantly comprise the Group's right to receive consideration for work completed but not yet invoiced at the end of the period. These assets are reclassified under *Trade receivables* when the right becomes unconditional. Thus, the item includes invoices to be issued, the gross amount due from clients for project work and accrued trade assets.

Adoption of IFRS 15 at 1 January 2018 involved a reclassification of € 4,710 thousand in *Contract assets*, recognised under *Trade and other receivables* at 31 December 2017.

23. TRADE AND OTHER RECEIVABLES

The item *Trade and other receivables* totalled € 87,151 thousand (€ 80,928 thousand at 31 December 2017) and can be detailed as follows:

in thousands of Euro	31/12/2018	31/12/2017	Change
Receivables from customers	212	258	-46
Deferred assets	565	313	253
Receivables from others	52	72	-20
Trade receivables and other non-current receivables	**830**	**643**	**187**
Receivables from customers	78,022	70,115	7,907
Receivables from associated companies	2	0	2
Receivables from others	3,017	1,779	1,237
VAT credit	75	1,619	-1,544
IRPEF credit	22	7	15
Other tax receivables	811	577	235
Deferred assets	4,372	6,046	-1,674
Accrued assets	n.a.	3	-3
Contract work in progress	n.a.	140	-140
Trade and other current receivables	**86,321**	**80,285**	**6,036**
of which vs Related parties	***44***	***563***	***-519***
Trade and other receivables	**87,151**	**80,928**	**6,223**

Receivables from customers are shown net of the related bad debts provision of € 4,946 thousand at 31 December 2018 (€ 3,614 thousand at 31 December 2017).

The increase in current receivables from customers was impacted by the balances generated by the consolidation of Camerfirma, Comas, Webber and Promozioni Servizi which, at 31 December 2018, amounted to a total of € 2,358 thousand net of the associated bad debts provision. Also note that due to adoption of IFRS 15 as of 1 January 2018, as anticipated in the previous note, the amount of € 4,710 thousand in *Contract* *assets* was reclassified into *Receivables from customers*, *Accrued assets* and *Contract work in progress* at 31 December 2017.

The following table provides a breakdown of current trade receivables from customers at 31 December 2018, grouped by maturity brackets, gross and net of the related bad debts provision:

Amounts in thousands of Euro	**31/12/2018**	due	past due within 90 days	past due between 91 and 180 days	past due between 181 days and 1 year	past due beyond 1 year
Trade receivables from current customers	**82,968**	48,891	17,652	5,261	5,454	5,709
Bad debts provision	**4,946**	101	182	322	798	3,543
% Bad debts provision	**6.0%**	0.2%	1.0%	6.1%	14.6%	62.0%
Net value	**78,022**	48,790	17,470	4,939	4,656	2,167

The following table shows changes in the year in the Bad debts provision:

Amounts in thousands of Euro	
Bad debts provision at 31 December 2017	**3,614**
Allocation 2018	2,294
Uses 2018	-1,105
Change in scope of consolidation (acquisitions)	169
Change in scope of consolidation (disposals)	-26
Bad debts provision at 31 December 2018	**4,946**

The balance of *Receivables from others* at 31 December 2018 includes the receivable for contributions on research and development projects presented to the Lazio Region regarding EU funds still to be received by InfoCert for € 1,104 thousand (€ 595 thousand at 31 December 2017); the remaining balance is due primarily to advances to suppliers and agents.

The decrease in the *VAT credit* resulted from the adoption of the Split Payment VAT regulation. Indeed, as of 1 January 2018, as certified by their inclusion in the lists published on the website of the Ministry of the Economy and Finance - Department of Finance, the Group companies (with the exception of Warrant Hub and its subsidiaries Comas, Webber and Promozioni Servizi) are qualified as parties subject to the split payment regulations pursuant to art. 17-ter of Italian Presidential Decree no. 633 of 26 October 1972. As a result, VAT is not paid to suppliers and periodic required payments are made to the tax authorities.

Deferred assets represent charges accrued after the cash flows and/or documentation have been exchanged; they do not depend on the time of payment of the corresponding charges, pertain to two or more fiscal years and proportionally allocated based on time. This item, in addition to the cost of insurance and rent, mainly relates to hardware and software maintenance services purchased by Infocert S.p.A., as well as the unused portion of prepaid supply contracts of Innolva S.p.A. The decrease in the item is due to recognition under *Contract obtainment cost assets* (Note *21*) of commissions to agents for obtaining contracts, mainly in the sectors of Credit Information & Management and Innovation & Marketing Services, previously recognised under deferred assets for the non-accrued portion.

24. INVENTORIES

Inventories at 31 December 2018 amounted to € 1,344 thousand (€ 2,072 thousand at 31 December 2017) and can be broken down as follows:

in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Raw and ancillary materials and consumables	872	860	12
Finished products and goods	472	183	289
Pending costs	n.a.	1,029	-1,029
Inventories	**1,344**	**2,072**	**-728**

Due to adoption on 1 January 2018 of IFRS 15, the costs sustained for the provision of consulting services, of the Innovation & Marketing Services segment, with respect to which the relative revenue has not yet been recognised, recognised under *Pending costs* at 31 December 2017 and equal to € 1,029 thousand, were reclassified under *Contract cost assets* (as indicated in Note *21*).

Inventories of raw materials are mainly attributable to the Digital Trust sector and consist principally of chips for business keys, smart cards, CNS and other electronic components available for sale. Inventories of raw materials are shown net of the related bad debts provision equal to € 106 thousand; said provision did not change during the period. Inventories of finished products and goods are also attributable to the Digital Trust sector and relate to inventories of digital signature readers, smart cards and business keys.

25. OTHER CURRENT FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Other current financial assets amounted to € 8,186 thousand at 31 December 2018 (€ 4,311 thousand at 31 December 2017).

in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Guarantee deposits	4,000	0	4,000
Capitalisation insurance contracts	1,937	2,306	-370
Other financial assets at fair value	1,595	1,674	-79
Other financial assets	655	330	324
Other current financial assets	**8,186**	**4,311**	**3,875**

The item Guarantee deposits includes the payment by InfoCert of € 4 million to an independent third party in accordance with contractual arrangements to guarantee the contingent consideration to be paid to the sellers of Lux Trust S.A. (for further details, please refer to Note *18. Equity investments*), pending the definition of the balance to be paid.

In addition, the partial collection of a capitalisation insurance contract by Visura for € 400 thousand was recognised during the period.

26. CURRENT TAX ASSETS AND LIABILITIES

At 31 December 2018, the Group showed an overall net credit position for current taxes equal to € 3,815 thousand (net debt position of € 4,135 thousand at 31 December 2017) as detailed below:

in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Current tax assets	4,519	1,990	2,530
of which vs Related parties	***458***	***1,167***	***-709***
Current tax liabilities	704	6,125	-5,421
of which vs Related parties	***0***	***2,395***	***-2,395***
Net current tax assets	**3,815**	**-4,135**	**7,951**

The significant change in *Net current tax assets* (€ +7,951 thousand compared to 2017), reflected in the flow of taxes paid during the year (€ 19,345 thousand in 2018, compared to € 5,680 thousand in 2017) was caused by trends in advances paid on the basis of the previous year's taxable amount. Specifically, note in particular the non-recurring income recognised by Innolva in 2017 (equal to € 6.2 million), which did not affect advances paid in the previous year, instead generating a multiplier effect on 2018 flows (2017 balance and 2018 advances). Moreover, lower advances were paid in 2017 due to financial dynamics associated with the tax consolidation, which led to the payment of a higher balance in 2018.
It should be emphasised that *Net current tax assets* at 31 December 2018 reflect not only the Innolva non-recurring income mentioned above, but also the adoption of the new IFRS 15, which generated a lower burden from current income taxes during the year (offset by the release of Deferred tax assets, already mentioned in Note. *20*), and the "Patent Box" benefit, described in Note *44. Income taxes*.

Please note that starting in the year 2018 the Parent Company Tinexta S.p.A. opted, as the consolidating company, for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The overall credit balance for IRES of the companies participating in tax consolidation is € 2,847 thousand. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Parent Company and the consolidated companies are defined in the corresponding tax consolidation regulations.

In 2017, the option for tax consolidation (2015-2017 three-year period) in which Tinexta S.p.A. and InfoCert S.p.A. participated was made by the Majority Shareholder Tecno Holding S.p.A. At 31 December 2018 the credit balance towards the Majority Shareholder, totalling € 458 thousand, relates to the tax income recognised during the year by InfoCert S.p.A. for the tax relief pursuant to art. 1, paragraphs 37-45 of Law no. 190 of 23 December 2014 ("Patent Box") for the years 2015 and 2016 (for further details, please refer to Note *44. Income taxes*).

27. DERIVATIVE FINANCIAL INSTRUMENTS

The financial assets and liabilities for derivative instruments may be broken down as follows:

In thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Non-current financial assets for hedging derivatives	30	40	-10
Non-current financial liabilities for hedging derivatives	217	202	15
Current financial liabilities for hedging derivatives	3	0	3
Liabilities for net hedging derivative financial instruments	**190**	**162**	**29**

Non-current financial liabilities for hedging derivatives relate primarily to agreements entered into by the Group to cover the risk of variability in cash flows due to fluctuating interest rates on a portion of the **Cariparma line A1 loan**, on a portion of the **Cariparma line A2 loan**, on a portion of the **Cariparma line B loan** and on the entire **UBI loan** (for the details, see Note *32. Financial liabilities, excluding derivative financial instruments*).

In 2018, the hedging strategy was supplemented with two Capped Swap derivatives stipulated with UBI Banca. These derivative contracts were stipulated to hedge the risk connected to variability in the cash flows due to fluctuation in the Euribor 6-month interest rate on the **Cariparma Line B** and **UBI loans**, maturing on 30 June. Both contracts envisage a maximum Euribor 6-month rate of 1.5%.

The table below provides details about the type of contract, notional value, loan hedged and fair value at 31 December 2018 of the current derivatives.

In thousands of Euro

Type	Company	Bank	Notional	Loan hedged	Maturity	Rate received	Rate paid	Fair value at 31/12/2018	Fair value at 31/12/2017
IRS	Tinexta S.p.A.	CA Cariparma	2,806	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-33	-49
IRS	Tinexta S.p.A.	BPER	2,562	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-30	-45
IRS	Tinexta S.p.A.	Iccrea	732	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-9	-13
IRS	Tinexta S.p.A.	CA Cariparma	4,186	Cariparma line A1	30/6/2023	Euribor 6 months	0.600%	-60	-38
IRS	Innolva S.p.A.	CA Cariparma	1,058	Cariparma line A2	31/12/2020	Euribor 6 months	0.595%	-13	-19
IRS	Innolva S.p.A.	BPER	966	Cariparma line A2	31/12/2020	Euribor 6 months	0.595%	-12	-17
IRS	Innolva S.p.A.	Iccrea	276	Cariparma line A2	31/12/2020	Euribor 6 months	0.595%	-3	-5
IRS	Innolva S.p.A.	CA Cariparma	914	Cariparma line A2	30/6/2023	Euribor 6 months	0.640%	-17	-9
Total Interest Rate Swap "hedging instruments"			**13,500**					**-177**	**-195**

Type	Company	Bank	Notional	Loan hedged	Maturity	Hedged rate	Strike	Fair value at 31/12/2018	Fair value at 31/12/2017
Capped Swap	Tinexta S.p.A.	UBI	10,000	Cariparma line B	30/6/2023	Euribor 6 months	1.500%	-21	n.a.
Capped Swap	Tinexta S.p.A.	UBI	10,000	UBI	30/6/2023	Euribor 6 months	1.500%	-19	n.a.
Total Capped Swap "hedging instruments"			**20,000**					**-40**	**0**

Type	Company	Bank	Notional	Loan hedged	Maturity	Hedged rate	Strike	Fair value at 31/12/2018	Fair value at 31/12/2017
Floor	Tinexta S.p.A.	CA Cariparma	6,100	Cariparma line A1	31/12/2020	Euribor 6 months	0.001%	21	29
Floor	Innolva S.p.A.	CA Cariparma	2,300	Cariparma line A2	31/12/2020	Euribor 6 months	0.001%	8	11
Total Floor Option "hedging instruments"			**8,400**					**30**	**40**

Type	Company	Bank	Notional	Loan hedged	Maturity	Hedged rate	Strike	Fair value at 31/12/2018	Fair value at 31/12/2017
Cap	Sixtema S.p.A.	Credem	541	Finance lease	01/4/2019	Euribor 3 months	2.000%	-3	-7
Total Cap Option "hedging instruments"			**541**					**-3**	**-7**

The Interest Rate Floors outstanding at 31 December 2018 were stipulated during 2017 following renegotiation of the **Cariparma line A1** and **line A2 loans**, in order to make hedging of the IRS with maturity 31/12/2020 fully effective at the renegotiated conditions.

The € 3 thousand in *Current financial liabilities for hedging derivatives* are to be attributed to an Interest Rate Cap of Sixtema S.p.A. relating to a hedging strategy on a finance lease.

Derivative financial instruments fall within Level 2 of the fair value hierarchy.

28. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 35,136 thousand at 31 December 2018 (€ 36,987 thousand at 31 December 2017) and the breakdown is as follows:

Amounts in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Bank and postal deposits	35,058	36,929	-1,870
Cheques	19	34	-15
Cash and cash equivalents	59	24	35
Cash and cash equivalents	**35,136**	**36,987**	**-1,850**

The balance is mainly represented by the cash and cash equivalents held in bank accounts at leading national banks. Please refer to the Statement of Cash Flows for a detailed analysis of the changes shown.

29. SHAREHOLDERS' EQUITY

Consolidated Shareholders' Equity at 31 December 2018 amounted to € 145,545 thousand (€ 143,213 thousand at 31 December 2017) and can be analysed as follows:

Amounts in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Share capital	46,890	46,573	317
Legal reserve	2,031	1,433	598
Share premium reserve	54,678	53,917	761
Reserve from valuation of hedging derivatives	-181	-154	-27
Defined-benefits plan reserve	-361	-395	34
Other reserves	6,210	21,173	-14,963
Profit (loss) for the Group	32,521	20,129	12,393
Total Group Shareholders' Equity	**141,789**	**142,676**	**-887**
Capital and reserves attributable to minority interests	3,170	459	2,711
Profit (loss) attributable to minority interests	586	78	509
Total minority interests	**3,757**	**537**	**3,219**
Total Shareholders' Equity	**145,545**	**143,213**	**2,332**

On 12 October 2018, the share capital of Tinexta S.p.A. increased by 317,000 Shares with no nominal value, for an amount equal to € 317 thousand, following the exercise of the right of conversion of the second tranche of the "*Warrant Tinexta 2016-2019"* held by the Shareholder Cedacri S.p.A. at the price of € 3.40 for a total of € 1,077,800, of which € 761 thousand recognised in the *Share premium reserve*. In this respect, please recall that on 4 February 2016 Tinexta's Extraordinary Shareholders' Meeting approved the issue of 951,000 Warrants named "*Warrant Tinexta 2016-2019"* to be offered free of charge for subscription to the Shareholder Cedacri following the achievement of specific annual turnover objectives for the years 2016-2018 to be exercised in three instalments and in as many time frames (between 5 July and 30 September inclusive in the years 2017 - 2018 - 2019).

The *Reserve from valuation of hedging derivatives* refers to the fair value valuation of hedging derivatives (referred to in Note *27. Derivative financial instruments*).

The *Defined-benefits plan reserve* refers to the actuarial component of the Employee severance indemnity according to the requirements of IAS 19.

30. PROVISIONS

Provisions, amounting to € 2,131 thousand at 31 December 2018 (€ 1,940 thousand at 31 December 2017) are detailed as follows:

In thousands of Euro	**31/12/2017**	**Provisions**	**Uses**	**Releases**	**31/12/2018**
Provision for pensions	802	258	-16	-94	950
Other non-current provisions	796	576	-140	-237	995
Non-current provisions	**1,598**	**834**	**-156**	**-331**	**1,945**
Other current provisions	342	60	-152	-65	186
Current provisions	**342**	**60**	**-152**	**-65**	**186**
Provisions	**1,940**	**894**	**-308**	**-396**	**2,131**

The *Provision for pensions* relates to the provision of the supplementary indemnity of customers due, in the cases provided by law, to agents based on the actuarial valuation of the liability quantifying future payments, through the projection of indemnities accrued on the valuation date by agents until the estimated time of interruption of the contract. Provisions net of releases are recognised by nature in *Service costs*.

The items *Other current and non-current provisions* relate to disputes with current employees or employees who have stopped working at 31 December 2018. Provisions for disputes with employees, net of releases, are recognised by nature in *Personnel costs* for an overall effect during the year of € 10 thousand. The residual amount of provisions and releases relates to disputes with customers, agents and tax authorities in which the risk of an unfavourable outcome is likely. In particular, during the period a provision of € 408 thousand was made for Warrant Hub for outstanding disputes with certain customers.

On 13 March 2018, InfoCert S.p.A. received a petition from Thron S.p.A. demanding the payment of € 200 thousand as a penalty due to the failure to comply with a confidentiality agreement, in addition to € 21,780 thousand due to greater damages suffered for alleged undue use of software. In acknowledging this judicial initiative, Tinexta S.p.A. notes the groundlessness of the arguments supporting the claims made. To that end, the appropriate judicial initiatives are underway.

31. EMPLOYEE BENEFITS

Employee benefits, amounting to € 12,841 thousand at 31 December 2018 (€ 11,337 thousand at 31 December 2017) are detailed as follows:

Amounts in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Employee severance indemnity	11,159	10,322	837
Other non-current employee benefits	194	655	-461
Non-current employee benefits	**11,353**	**10,977**	**376**
Other current employee benefits	1,488	360	1,128
Current employee benefits	**1,488**	**360**	**1,128**
Employee benefits	**12,841**	**11,337**	**1,504**

The Employee severance indemnity (TFR) includes the effects of the actuarial calculations according to the requirements of IAS 19.

The following are the changes in liabilities for Employee severance indemnity:

In thousands of Euro	2018	2017	Change
Liabilities at the beginning of the year	**10,322**	**6,141**	**4,181**
Change in scope of consolidation (acquisitions)	289	3,939	-3,650
Current service cost	1,291	841	450
Financial charges	127	102	25
Benefits paid	-824	-768	-56
Actuarial (profits)/losses recognised in the year	-47	67	-114
Liabilities at the end of the year	**11,159**	**10,322**	**837**

The details of the economic and demographic assumptions used for the purposes of the actuarial calculations are provided below:

Discount rate	1.57%
Inflation rate	1.50%
TFR rate of increase	2.625%
Real rate of increase in wages	0.5 - 1%
Expected mortality rate	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender
Resignations expected	10% - 2%
Advances expected	1.0% - 2.5%

Below is a sensitivity analysis of the main actuarial assumptions included in the calculation model considering as the base scenario the one described above and increasing and decreasing the average annual discounting rate, the average inflation rate and turnover rate, respectively, by a quarter, a quarter and one percentage point. The results obtained can be summarised in the following table:

In thousands of Euro	31/12/2018
Turnover rate +1%	11,064
Turnover rate -1%	11,193
Inflation rate +0.25%	11,080
Inflation rate -0.25%	11,187
Discount rate +0.25%	10,886
Discount rate -0.25%	11,373

The liability accrued relating to the Virtual Stock Option Plan approved by the Board of Directors of the Company on 14 November 2016 was included in the item *Other employee benefits*, aimed at key management personnel, targeted at disbursing deferred sums corresponding to the growth in value of Company Shares. Current liabilities amounted to € 1,060 thousand and relate to the first tranche, already exercisable, for € 428 thousand and the second tranche exercisable from 31 July 2019, for € 633 thousand. Both tranches may be exercised by 31 July 2020.

The remainder in *Other current and non-current employee benefits* includes the provision relating to a long-term incentive program for the management of InfoCert S.p.A., expected to be paid in 2019 (€ 428 thousand) and in 2020 (€ 194 thousand).

32. FINANCIAL LIABILITIES, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

This item includes financial liabilities assumed by the Group for a variety of reasons, with the exception of those deriving from the underwriting of derivative financial instruments, and is broken down as follows:

Amounts in thousands of Euro	31/12/2018	31/12/2017	Change
Current portion of bank loans	12,033	7,360	4,673
Non-current portion of bank loans	45,706	43,058	2,648
Other current bank payables	8,099	1,292	6,807
Liabilities for the purchase of minority interests, current	42,815	5,752	37,063
Liabilities for the purchase of minority interests, non-current	16,255	44,820	-28,565
Liabilities for current contingent consideration	1,227	3,138	-1,911
Liabilities for non-current contingent consideration	0	739	-739
Current price deferment liabilities	2,706	1,689	1,017
Non-current price deferment liabilities	8,029	9,394	-1,364
Liabilities to Majority Shareholder for current loans	25,252	252	25,000
Liabilities to Majority Shareholder for non-current loans	0	25,000	-25,000
Liabilities for the purchase of current leased assets	146	134	12
Liabilities for the purchase of non-current leased assets	675	785	-110
Current payables to other lenders	5,102	2,106	2,997
Non-current payables to other lenders	2	3	-1
Current financial liabilities	**97,380**	**21,723**	**75,657**
of which vs Related parties	**25,252**	**252**	***25,000***
Non-current financial liabilities	**70,667**	**123,800**	**-53,132**
of which vs Related parties	***0***	***25,000***	***-25,000***
Total	**168,047**	**145,522**	**22,525**

Non-current financial liabilities expected to mature in more than 5 years from the date of the Financial Statements equal € 671 thousand, of which € 294 thousand for price deferments and € 376 thousand for finance leases. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2018, classified according to the contractual maturity:

Amounts in Euro	within one year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years	Book value at 31/12/2018
Bank loans	12,033	12,629	12,764	12,847	7,466		**57,739**
Other current bank payables	8,099						**8,099**
Liabilities for the purchase of minority interests	42,815	16,255					**59,070**
Liabilities for contingent consideration	1,227						**1,227**
Price deferment liabilities	2,706	2,641	2,614	1,231	1,249	294	**10,736**
Liabilities to Majority Shareholder for loans	25,252						**25,252**
Liabilities for the purchase of leased assets	146	151	77	34	36	376	**820**
Payables to other lenders	5,102	2					**5,104**
Total financial liabilities	**97,380**	**31,677**	**15,456**	**14,113**	**8,750**	**671**	**168,047**

Bank loans

The following is a breakdown of *Bank loans* in place at 31 December 2018 with evidence of the current and non-current portion. The current portion includes any accrued interest.

Bank loans *In thousands of Euro*	**Counterparty**	**Rate**	**Maturity**	**Current portion**	**Non-current portion**	**Residual value at 31/12/2018**
Loan line of credit A1	Crédit Agricole Cariparma	Euribor 6 months + spread 1.30%	30/6/2023	3,477	11,565	15,041
Loan line of credit A2	Crédit Agricole Cariparma	Euribor 6 months + spread 1.30%	30/6/2023	1,083	3,599	4,682
Loan line of credit A3	Crédit Agricole Cariparma	Euribor 6 months + spread 1.30%	30/6/2023	450	1,511	1,961
Loan line of credit B	Crédit Agricole Cariparma	Euribor 6 months + spread 1.60%	30/6/2023	1,875	13,016	14,891
UBI loan	UBI Banca	Euribor 6 months + spread 1.60%	30/6/2023	2,222	7,692	9,915
BPS loan	Banca Popolare di Sondrio	Euribor 6 months + spread 1.40%	31/12/2023	2,014	7,890	9,904
Warrant Hub loans				770	415	1,185
Other minor loans				142	18	160
				12,033	**45,706**	**57,739**

The **Cariparma line A1, Cariparma line A2 and Cariparma line A3** loans were taken out on 27 April 2017 in order to renegotiate the loan obtained on 16 December 2014 in the amount of € 36.5 million entered into with a pool of banks, of which Crédit Agricole Cariparma was lead bank. The main terms of the contract are as follows: maturity on 30 June 2023 and repayment of semi-annual instalments at 6-month Euribor plus a margin of 130 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA ≥ 3 Margin 145 bps; NFP/EBITDA < of 3 and ≥ 1 Margin 130 bps; NFP/EBITDA < 1 margin 115 bps

The **Cariparma line B loan** available upon request for € 15 million, € 10 million of which used at 31 December 2017 (to cover the investment in Warrant Hub S.p.A.), was used for a further € 5 million on 29 October 2018 for the acquisition of Promozioni Servizi S.r.l. The loan carries interest at 6-month Euribor plus 160 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA ≥ 3 Margin 175 bps; NFP/EBITDA < of 3 and ≥ 1 Margin 160 bps; NFP/EBITDA < 1 margin 145 bps. The repayment of principal will take place in half-yearly instalments starting from 31 December 2019, maturing on 30 June 2023, and interest will be paid on a half-yearly basis starting from 31 December 2017.

On the Cariparma loans, the Company is committed, for each reference half-year, to respecting the following limits: maximum NFP/EBITDA ratio threshold of 3.5 and NFP/Equity ratio of 2.0. At 31 December 2018, these parameters were respected.

UBI Loan for an original amount of € 10 million to support the investment in Warrant Hub S.p.A. The loan was disbursed on 30 November 2017 at 6-month Euribor plus 160 bps and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and maturing on 30 June 2023, with interest paid on a half-yearly basis starting from 31 December 2017. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* ≥ 3 Margin 175 bps; *NFP/EBITDA* < of 3 and ≥ 1 Margin 160 bps; *NFP/EBITDA* < 1 margin 145 bps. Starting from 30 June 2017 and for each reference half-year period, the Group has committed to respecting the following financial limits: *NFP/EBITDA* less than 3.5 and *NFP/Equity* lower than 2.0. At 31 December 2018, these parameters were respected.

BPS Loan for an original amount of € 10 million to support the acquisition of Lux Trust S.A. The loan was disbursed on 26 November 2018 at 6-month Euribor plus 140 bps and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and maturing on 31 December 2023, with interest paid on a half-yearly basis starting from 30 June 2019. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* ≥ 3 Margin 165 bps; *NFP/EBITDA* < of 3 and ≥ 2 Margin 140 bps; *NFP/EBITDA* < 2 margin 125 bps. Starting from 31 December 2018 and for each reference half-year period, the Group has committed to respecting the following financial limits on consolidated data: *NFP/EBITDA* less than 3.5 and *NFP/Equity* lower than 2.0. At 31 December 2018, these parameters were respected.

On 4 December 2018 a new loan for up to € 15 million was taken out from Crédit Agricole Cariparma, which had not yet been used at 31 December 2018, to support investments planned for the acquisition of minority interests of subsidiaries by virtue of the put/call options expiring in 2019 (for the details please refer to the *Liabilities for the purchase of minority interests* section). The loan bears interest at the 6 month Euribor plus 135 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* > 2 Margin 150 bps; *NFP/EBITDA* ≤ 2 of and > 1.5 Margin 135 bps; *NFP/EBITDA* ≤ 1 margin 120 bps. The repayment of principal will take place in equal half-yearly instalments starting from 30 June 2020, maturing on 31 December 2024, and interest will be paid on a half-yearly basis starting from 31 December 2019.

The **Warrant Loans** refer to the minor loans outstanding at 31 December 2018, with different banking institutions extended to Warrant Hub S.p.A. and its subsidiary Warrant Service S.r.l.

The changes in *Bank loans* are shown below, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	**31/12/2017**	**IFRS 9 adjustment at 1/1/2018**	**Disbursements**	**Principal payments**	**Interest paid**	**Accrued interest**	**31/12/2018**
Bank loans	**50,418**	-682	14,886	-7,364	-701	1,183	**57,739**

IFRS 9 Adjustment at 1 January 2018 involved a decrease in bank debt to account for the effects of the change in cash flows relative to the refinancing of **Cariparma line A** during 2017, recognised prospectively in accordance with IAS 39, for which IFRS 9 instead requires immediate recognition in the income statement. The above decrease was recognised as an offsetting entry to Shareholders' Equity at 1 January 2018.

Other current bank payables

Other current bank payables amounted to € 8,099 thousand at 31 December 2018 (€ 1,292 thousand at 31 December 2017). The substantial increase compared to the previous year relates to the opening of a short-term line of credit of € 5 million for advances on invoices as well as the increase in bank overdrafts, used by the Group to meet temporary liquidity requirements.

Liabilities for the purchase of minority interests

The item *Liabilities for the purchase of minority interests* includes the liabilities for put options granted by the Group to the minority shareholders of RE Valuta S.p.A. (11.875%), Co.Mark S.p.A. (10%), Visura S.p.A. (40%), Sixtema S.p.A. (20%) and Warrant Hub S.p.A. (30%). The value of these liabilities was calculated as the current value of the amount to be paid at the contractual maturities against the reversal of the interests of these minority shareholders. At 31 December 2018, the discount rate used was equal to WACC used for the purposes of the impairment test of the goodwill resulting from the purchase of the equity investments in question (8.08%).

In thousands of Euro	**31/12/2018**	*31/12/2018*		**31/12/2017**	*31/12/2017*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Warrant Hub Put Options	**36,839**	*20,584*	*16,255*	**23,901**		*23,901*	**12,938**
Co.Mark Put Options	**4,979**	*4,979*		**11,990**	*5,752*	*6,238*	**-7,011**
Visura Put Options	**13,965**	*13,965*		**12,480**		*12,480*	**1,485**
Sixtema Put Options	**1,465**	*1,465*		**1,176**		*1,176*	**289**
RE Valuta Put Options	**1,821**	*1,821*		**1,024**		*1,024*	**797**
Total Liabilities for the purchase of minority interests	**59,070**	*42,815*	*16,255*	**50,572**	*5,752*	*44,820*	**8,498**

Liabilities for contingent consideration

Liabilities for contingent consideration connected to acquisitions were determined at the present value of the amounts to be paid at the contractual expiries. At 31 December 2018, the discount rate used was equal to WACC used for the purposes of the impairment test of the goodwill resulting from the purchase of the equity investments in question (8.08%).

In thousands of Euro	**31/12/2018**	*31/12/2018*		**31/12/2017**	*31/12/2017*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Sixtema contingent consideration (Earn out)	**1,227**	*1,227*		**739**		*739*	**489**
Warrant Hub contingent consideration (Earn out)	**0**			**2,777**	*2,777*		**-2,777**
Eco-Mind App Factory contingent consideration (Earn out)	**0**			**361**	*361*		**-361**
Total liabilities for contingent consideration (Earn out)	**1,227**	**1,227**	**0**	**3,877**	**3,138**	**739**	**-2,650**

Changes in contingent consideration (Earn Out) are recognised in the income statement under *Financial charges.*

Payment of the contingent consideration linked to the selling Shareholders of Warrant Hub for € 2,786 thousand and of Eco-Mind App Factory for € 372 thousand was recognised during the period.

Price deferment liabilities

Price deferment liabilities represent the payable at the reporting date referring to deferments obtained from the selling shareholders of Co.Mark S.p.A. (€ 4,265 thousand), Warrant Hub S.p.A. (€ 5,190 thousand), Comas S.r.l. and Webber S.r.l. (€ 468 thousand), Promozioni Servizi S.r.l. (€ 732 thousand) and Eurofidi for the sale of the business unit (€ 81 thousand).

The changes in *Price deferment liabilities* are shown below, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	**31/12/2017**	**Principal payments**	**Interest paid**	**Accrued interest**	**New no cash-flow liabilities**	**31/12/2018**
Price deferment liabilities	**11,083**	-1,603	-112	174	1,193	**10,736**

For the Comas and Webber acquisition, the Group obtained a payment deferment for € 490 thousand, to be paid in five annual instalments starting from 4 July 2019. On the payment deferment granted by the selling shareholders, an implicit interest rate equal to 1.89% has been defined, taking into consideration the rate established on the unsecured **UBI Loan** obtained by Tinexta S.p.A. at the end of 2017. The discounted value was equal to € 463 thousand at the acquisition date.

For the Promozioni Servizi acquisition, the Group obtained a payment deferment for € 788 thousand, to be paid in five annual instalments starting from 2020 after the approval of the 2019 Financial Statements. On the payment deferment granted by the selling shareholders, an implicit interest rate equal to 1.89% has been defined, taking into consideration the rate established on the unsecured **UBI Loan** obtained by Tinexta S.p.A. at the end of 2017. The discounted value was equal to € 730 thousand at the acquisition date.

Liabilities to Majority Shareholder for loans

The item *Liabilities to Majority Shareholder* refers to the loan of € 25 million, maturing on 30 June 2019, granted by the Majority Shareholder Tecno Holding S.p.A. in two tranches in 2016. For this loan, the expected interest is calculated at Euribor 6m/365 plus two percentage points. It is noted that the rate applied may never be less than 2% on an annual basis.

The changes in *Liabilities to Majority Shareholder for loans* are shown below, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	**31/12/2017**	**Interest paid**	**Accrued interest**	**31/12/2018**
Liabilities to Majority Shareholder for loans	**25,252**	-500	500	**25,252**

Liabilities for the purchase of leased assets

Liabilities for the purchase of leased assets include the liability with regard to Sixtema S.p.A. for an amount at 31 December 2018 of € 541 thousand, relative to a finance lease agreement with a duration of 18 years, maturing in 2030, concerning a portion of the property in Modena where the company office is located. The remaining amount of the liability equal to € 236 thousand can be ascribed to the remaining financial liability on a finance lease agreement on a property located in Buja (UD), where the company Innolva S.p.A. is headquartered.

The changes in *Liabilities for the purchase of leased assets* are shown below, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	**31/12/2017**	**Principal payments**	**Interest paid**	**Accrued interest**	**New no cash-flow liabilities**	**31/12/2018**
Liabilities for the purchase of leased assets	**919**	-171	-29	29	73	**820**

Payables to other lenders

Payables to other lenders amounted to € 5,104 thousand (€ 2,109 thousand at 31 December 2017). The increase with respect to the previous year was due to the recognition of € 2,838 thousand in liabilities by Warrant Hub in relation to the cash collected for projects and initiatives approved by the European Commission and to be paid to the partner companies in such projects and initiatives.

The item includes € 1,735 thousand in prepaid amounts paid by customers to purchase stamps and fees not yet used at the date of 31 December 2018 (€ 1,751 thousand at 31 December 2017) and € 506 thousand in payables to customers for amounts recovered to be returned as part of credit recovery activities of the Credit Information & Management Business Unit (€ 354 thousand at 31 December 2017).

33. TRADE AND OTHER CURRENT PAYABLES

The item *Trade and other current payables* totalled € 53,318 thousand (€ 47,725 thousand at 31 December 2017) and can be detailed as follows:

Amounts in thousands of Euro	**31/12/2018**	**31/12/2017**	**Change**
Payables to suppliers	29,622	26,865	2,757
Payables to Majority Shareholder	97	106	-10
Payables to Associated companies	144	88	56
Due to Social security	5,607	4,745	862
VAT liability	4,137	909	3,228
Payable for withholding taxes to be paid	2,733	2,685	48
Payables to employees	10,455	10,842	-387
Due to others	370	1,022	-653
Accrued sales charges	154	464	-310
Trade and other current payables	**53,318**	**47,725**	**5,593**
of which vs Related parties	***274***	***242***	***32***

The increase in *Payables to suppliers* was impacted by the balances generated by the consolidation of Camerfirma, Camerfirma Perù, Comas, Webber and Promozioni Servizi which, at 31 December 2018, amounted to a total of € 1,365 thousand.

The increase in the *VAT liability* resulted from the adoption of the Split Payment VAT regulation. Indeed, as of 1 January 2018, as certified by their inclusion in the lists published on the website of the Ministry of the Economy and Finance - Department of Finance, the Group companies (with the exception of Warrant Hub and its subsidiaries, Comas, Webber and Promozioni Servizi) are qualified as parties subject to the split payment regulations pursuant to art. 17-ter of Italian Presidential Decree no. 633 of 26 October 1972. As a result, VAT is not paid to suppliers and periodic required payments are made to the tax authorities.

34. CONTRACT LIABILITIES

Deferred revenues and income, equal to € 28,030 thousand at 31 December 2017, was reclassified at 1 January 2018 as a result of adoption of IFRS 15, under the items *Contract liabilities* (for € 27,780 thousand) and *Deferred income* (€ 250 thousand).

Contract liabilities represent the Group's obligation to transfer to the customer goods or services for which the Group has received consideration from the customer or for which consideration is due. This item includes deferred trade liabilities, advances and thus prepaid trade amounts, the gross amount due to clients for project work and the value of options (material rights) which allow the customer to acquire additional goods or services free of charge or with a discount. The item, equal to € 48,982 thousand at 31 December 2018, can be broken down as follows:

Amounts in thousands of Euro	31/12/2017	IFRS 15 Reclassification 1/1/2018	IFRS 15 1/1/2018	Decreases revenues 2018	Increases	Reclassifications	Exchange rate Delta	Change in Scope - Acquisitions	Change in Scope - Disposals	31/12/2018
Non-current contract liabilities	n.a.	1,437	4,149	0	4,521	-1,711	0	0	0	**8,395**
Current contract liabilities	n.a.	26,343	9,369	-35,238	38,184	1,711	1	273	-56	**40,587**
Contract liabilities	**n.a.**	**27,780**	**13,518**	**-35,238**	**42,705**	**0**		**273**	**-56**	**48,982**

The increase in the item *Contract liabilities*, with respect to reclassification from the item *Deferred revenues and income*, is first of all due to the adoption of IFRS 15 , which involved recognition of greater liabilities at 1 January 2018 for € 13,518 thousand.

Please also note that, compared to last year, the item Current contract liabilities declined by € 737 thousand, recognised as a non-recurring component of *Other revenues*, as a result of the write-off of contractual liabilities relating to the commercial re-use of data provided to certain customers, recorded more than 10 years ago in the financial statements of the former Ribes S.p.A. (now Innolva S.p.A.) and which it is now certain (also since the statute of limitations has run out) will never be reimbursed.

35. DEFERRED INCOME

The item *Deferred income* totalled € 690 thousand (€ 250 thousand at 31 December 2017) and includes primarily deferrals for public contributions.

Information on the Comprehensive Income Statement

With respect to 2017, the consolidated economic data for 2018:

- include the First Quarter balances of Sixtema (Digital Trust segment), consolidated as of 1 April 2017;
- include the balances for the first eleven months of the year of Warrant Hub and its subsidiaries (Innovation & Marketing Services segment), consolidated as of 1 December 2017;
- include the balances for the months from May to December of Camerfirma and Camerfirma Perù (Digital Trust segment), consolidated as of 1 May 2018;
- include the balances for the second half of the year of Comas and Webber (Credit Information & Management segment), consolidated as of 1 July 2018;
- include the balances for the months of November and December of Promozioni Servizi (Credit Information & Management segment), consolidated as of 1 November 2018;
- do not include the balances for the months from June to December of Creditreform Assicom Ticino SA (Credit Information & Management segment).

The cumulative effect of these updates on changes with respect to the previous year is specified in the notes below as a change in the scope of consolidation.

Please note that, as already commented on extensively in Note *13. Business Combinations* in relation to the completion of the activities for the identification of the fair value of the assets and liabilities of Warrant and its subsidiaries at the acquisition date, the comparative balances for 2017 were restated as follows.

In thousands of Euro	**2017**	**Completion of Warrant Hub Business Combination**	**2017 restated**
Revenues	**181,018**	**0**	**181,018**
Costs of raw materials	5,176		5,176
Service costs	69,663		69,663
Personnel costs	63,777		63,777
Contract costs	n.a.		n.a.
Other operating costs	1,772		1,772
Amortisation/Depreciation	11,526	144	11,671
Provisions	20		20
Impairment	1,841		1,841
Total Costs	**153,775**	**144**	**153,919**
OPERATING PROFIT	**27,243**	**-144**	**27,099**
Financial income	3,444		3,444
Financial charges	1,921		1,921
Net financial income (charges)	**1,523**	**0**	**1,523**
Share of profit of equity-accounted investments, net of tax	4		4
PROFIT BEFORE TAX	**28,771**	**-144**	**28,626**
Income taxes	8,460	-40	8,420
NET PROFIT FROM CONTINUING OPERATIONS	**20,310**	**-104**	**20,206**
Profit (loss) from discontinued operations	0	0	0
NET PROFIT	**20,310**	**-104**	**20,206**

Since 1 January 2018, the Group has adopted IFRS 15 "*Revenue from Contracts with Customers*" and IFRS 9 "*Financial Instruments*", which have led to changes in accounting policies and adjustments to the amounts

entered in the accounts. Comparative 2017 data have not been restated. In order to ensure effective comparability with the economic results of the previous year, the effects on the comparative analysis deriving from the application of IFRS 15 and IFRS 9 adopted from 1 January 2018 are illustrated.

36. REVENUES

In 2018, *Revenues* totalled € 239,618 thousand (€ 181,018 thousand in 2017). Revenues rose compared to the prior year by 32.4%, of which 4.2% due to organic growth, 28.7% to the change in the scope of consolidation and -0.5% to the adoption of IFRS 15 from 1 January 2018. The amount would have been € 240,452 thousand if the Group had not adopted IFRS 15.

In thousands of Euro	**2018**	**2017**	**Change**
Revenues from sales and services	236,526	172,782	63,744
Other revenues and income	3,092	8,236	-5,144
Revenues	**239,618**	**181,018**	**58,600**
of which vs Related parties	***571***	***2,007***	***-1,436***
of which non-recurring	***916***	***6,228***	***-5,312***

The following table summarises details of Revenues by business segment:

In thousands of Euro	**Digital Trust**		**Credit Information & Management**		**Innovation & Marketing Services**		**Other units (Holding costs)**		***Total***	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**	**2018**	**2017**
Segment revenues	94,896	83,168	74,611	76,373	70,707	22,170	780	503	240,994	182,214
Intra-unit revenues	251	430	320	265	26	0	780	500	1,377	1,196
Revenues from third parties	**94,645**	**82,738**	**74,291**	**76,107**	**70,681**	**22,170**	**0**	**3**	**239,618**	**181,018**

Revenues from sales and services

This item includes Revenues from contracts with customers. The summary table below illustrates details of Revenues from sales and services recognised during the year by business segment, geographical area and type of product or service.

In thousands of Euro	Digital Trust	Credit Information & Management	Innovation & Marketing Services	**Total**
Italy	89,129	72,560	69,219	230,908
EU	3,177	252	1,310	4,740
Non-EU	421	428	30	878
Total by Geographical area	*92,727*	*73,241*	*70,558*	**236,526**
Digital Trust products	27,663			27,663
Digital Trust solution	38,911			38,911
Data distribution platforms, software and electronic services	26,153			26,152
Commercial information and credit recovery		44,544		44,544
Real estate information and real estate appraisal services		28,696		28,696
Marketing consulting			18,091	18,091
Innovation consulting			42,596	42,596
Other innovation services			9,871	9,871
*Total by category of product/service**	*92,727*	*73,241*	*70,558*	***236,526***

* For more detailed information on product/service categories, please refer to Note *7. Measurement criteria – Revenues.*

Other revenues and income

In thousands of Euro	2018	2017	Change
Public contributions	1,466	919	547
Capital gains on the sale of assets	183	35	148
Rental income on investment property	12	0	12
Other	1,432	7,282	-5,850
Other revenues and income	**3,092**	**8,236**	**-5,144**

The non-recurring revenues recognised in *Other revenues and income* amounted to € 916 thousand (€ 6,228 thousand at 31 December 2017) of which € 737 thousand related to the write-off of contractual liabilities relating to the commercial re-use of data provided to certain customers, recorded more than 10 years ago in the financial statements of the former Ribes S.p.A. (now Innolva S.p.A.) and which it is now certain will never be reimbursed, and € 179 thousand related to a capital gain realised from the sale of a capital property of Visura S.p.A.

37. COSTS OF RAW MATERIALS

Costs of raw materials in 2018 amounted to € 5,893 thousand (€ 5,176 thousand in 2017) and refer almost entirely to the Digital Trust Business Unit, in large part to InfoCert, and mainly include the amounts relating to the purchase of IT products intended for resale to customers. Costs of raw materials are up compared to the prior year by 13.9%, of which -1.9% due to organic change, 4.2% to the change in the scope of consolidation and 11.5% to the adoption of IFRS 15 from 1 January 2018. The amount would have been € 5,296 thousand if the Group had not adopted IFRS 15.

In thousands of Euro	2018	2017	Change
Hardware, software	6,165	4,903	1,261
Production consumption	4	305	-301
Change in inventory of raw and ancillary materials, consumables and goods	-275	-33	-242
Other general consumption	0	1	-1
Costs of raw materials	**5,893**	**5,176**	**717**

38. SERVICE COSTS

In 2018, *Service costs* totalled € 80,900 thousand (€ 69,663 thousand in 2017). Service costs rose compared to the prior year by 16.1%, of which 7.3% due to organic change, 21.5% to the change in the scope of consolidation and -12.6% to the adoption of IFRS 15 from 1 January 2018. The amount would have been € 89,685 thousand if the Group had not adopted IFRS 15, mainly due to the different treatment of the portion of costs of the agent network, capitalised based on the new standard under *Contract obtainment cost assets* (pursuant to Note *21. Contract cost assets*) and recognised for the relative portion under *Contract obtainment costs* (pursuant to Note *40. Contract costs*).

In thousands of Euro	**2018**	**2017**	**Change**
Purchase of access to databases	23,525	20,975	2,550
Technical services	22,871	13,400	9,471
Costs for agent network	3,232	7,725	-4,492
Costs for use of third-party assets	8,058	5,063	2,995
Specialist professional services	3,200	3,387	-187
Travel, assignments, and lodging expenses	3,502	2,481	1,021
Maintenance costs	2,514	2,315	199
IT structure costs	1,209	2,394	-1,185
Advertising, marketing and communication	3,366	2,022	1,344
Help desk services	1,853	1,626	227
Consultancy	1,643	1,538	105
Network and connectivity costs	1,566	1,324	242
Utilities and telephone costs	1,381	892	489
Banking costs	818	646	172
Insurance	591	421	170
Independent auditors' fees for audit and other services	405	628	-223
Statutory auditors' fees	421	358	63
Other service costs	3,670	3,152	518
Capitalised service costs	-2,923	-684	-2,239
Service costs	**80,900**	**69,663**	**11,238**
of which vs Related parties	***2,037***	***1,688***	***349***
of which non-recurring	***660***	***1,999***	***-1,339***

Technical services represent professional and technical services relating to the Group's ordinary operations, which can be potentially insourced and are activated only for technical and organisational reasons or business practice. These include € 10,442 thousand for Digital Trust (€ 7,590 thousand in 2017), € 4,297 thousand for Credit Information & Management (€ 4,893 thousand in 2017) and € 8,132 thousand for Innovation & Marketing Services (€ 916 thousand in 2017).

The increase in *Capitalised service costs* is due to the effect of *Capitalised service costs in fulfilment of the contract* (introduced by IFRS 15) for the external costs sustained in Digital Trust to implement "ad hoc" customer platforms to provide a series of services within a time frame of over twelve months, and for external costs sustained for the provision of consulting services, primarily relating to innovation consulting in Innovation & Marketing Services, for which the relative revenue has not yet been recognised.

Non-recurring service costs incurred in 2018 amounted to € 660 thousand recognised primarily in *Specialist professional services*, of which € 627 thousand for expenses connected with acquisitions of target companies and € 33 thousand for expenses linked to the merger into Visura S.p.A. of its subsidiaries Lextel S.p.A. and ISI S.r.l.

39. PERSONNEL COSTS

In 2018, *Personnel costs* totalled € 76,714 thousand (€ 63,777 thousand in 2017). Personnel costs rose compared to the prior year by 20.3%, of which 0.1% due to organic growth, 21.6% to the change in the scope of consolidation and -1.4% to the adoption of IFRS 15 from 1 January 2018. The amount would have been € 77,598 thousand if the Group had not adopted IFRS 15, mainly due to the recognition under *Capitalised personnel costs* of the suspension in *Contract obtainment cost assets* (Note *21. Contract cost assets*) of the personnel costs sustained in Digital Trust for implementation of "ad hoc" customer platforms from which to provide a series of services within a time frame of over twelve months, and personnel costs sustained for the provision of consulting services, primarily relating to innovation consulting, in Innovation & Marketing Services, for which the relative revenue has not yet been recognised.

In thousands of Euro	**2018**	**2017**	**Change**
Wages and salaries	51,502	41,058	10,443
Social security contributions	15,252	11,425	3,827
Employee severance indemnity	3,327	2,787	540
Retirement incentives	386	1,754	-1,368
Provisions for disputes with personnel	10	227	-217
Provisions for stock options	368	647	-279
Other personnel costs	3,278	2,400	879
Capitalised personnel costs	-1,992	-972	-1,020
Directors' fees	3,918	4,249	-331
Ongoing partnerships	665	202	463
Personnel costs	**76,714**	**63,777**	**12,937**
of which non-recurring	***513***	***2,405***	***-1,893***

The number of employees at 31 December 2018 is shown below along with the average number of employees in 2018 compared with the average number of employees in 2017.

Number of employees	***31/12/2018***	**Average 2018**	**Average 2017**
Senior Management	33	34	30
Middle Management	172	170	144
Employees	1,089	1,032	815
Total	**1,294**	**1,236**	**990**

Stock Option Plan Allocations includes the allocation for the year of € 368 thousand relating to the liability associated with the Virtual Stock Option Plan approved by the Board of Directors of the Parent Company on 14 November 2016 for senior managers with strategic responsibilities, aimed at the payment of deferred sums corresponding to the growth in the value of the Tinexta Shares.

Non-recurring personnel costs recognised during the year primarily include costs for Innolva S.p.A.'s reorganisation of the Credit Information & Management segment, which began in 2017, during the Assicom-Ribes merger, for € 560 thousand, and releases of € 47 thousand in *Provisions for disputes with personnel* of Sixtema, in the Digital Trust segment, following non-recurring allocations recognised in 2017 for the reorganisation after the acquisition of control.

40. CONTRACT COSTS

The item *Contract costs*, introduced following application of IFRS 15, includes the periodic release of the year's share of the incremental cost assets capitalised for obtaining or fulfilling the contract (better described in Note *21. Contract cost assets*).

In thousands of Euro	***2018***
Contract obtainment costs	6,863
Contract fulfilment costs	1,189
Contract costs	**8,052**

41. OTHER OPERATING COSTS

In 2018, *Other operating costs* totalled € 2,100 thousand (€ 1,772 thousand in 2017), of which € 35 thousand with respect to Related parties. Other operating costs rose compared to the prior year by 18.6%, of which -13.0% due to organic growth and 31.6% to the change in the scope of consolidation. These costs refer to items of a residual nature, the most significant of which include: membership fees, donations and gifts (amounting to € 317 thousand) and sundry taxes and duties (€ 359 thousand).

42. AMORTISATION/DEPRECIATION, PROVISIONS AND IMPAIRMENT

Details of the items depreciation/amortisation, provisions and impairment are summarised below:

In thousands of Euro	**2018**	**2017**	**Change**
Depreciation of property, plant and equipment	3,440	2,848	592
Amortisation of intangible assets	11,516	8,823	2,693
Depreciation of investment property	4	0	4
Amortisation/Depreciation	**14,959**	**11,671**	**3,288**
Provisions	**303**	**20**	**283**
Impairment	**2,546**	**1,841**	**705**

Amortisation and depreciation in 2018 amounted to € 14,959 thousand (€ 11,671 thousand in 2017), of which € 3,440 thousand referring to *Property, plant and equipment*, € 11,516 thousand to *Intangible assets*, and € 4 thousand to *Investment property*. With regard to their composition, we refer to the tables of changes in Notes *15, 16, 17*.

Regarding the nature of *Provisions* for the year, reference is made to Note *30. Provisions.*

The item *Impairment* in the period refers to the expected losses on trade receivables totalling € 2,294 thousand (in this regard, please refer to Note *23. Trade and other receivables*). The remaining € 253 thousand refers to the impairment on part of the goodwill recognised on the Innolva CGU for the sale of the Eurofidi business unit (in this regard, see Note *16. Intangible assets*).

43. NET FINANCIAL INCOME (CHARGES)

In 2018, *Net financial charges* totalled € 2,519 thousand (*Net financial income* of € 1,523 thousand in 2017). The Net financial charges would have amounted to € 2,308 thousand if the Group had not adopted IFRS 9 as of 1 January 2018.

In thousands of Euro	2018	2017	Change
Financial income	313	3,444	-3,131
of which non-recurring	*138*	*747*	*-609*
Financial charges	2,833	1,921	912
of which vs Related parties	*500*	*500*	*0*
Net financial income (charges)	**-2,519**	**1,523**	**-4,043**

Financial income

In thousands of Euro	2018	2017	Change
Bank and postal interest	16	44	-28
Positive adjustment to the fair value of contingent consideration	2	2,475	-2,473
Positive adjustment to financial instruments at fair value	78	146	-69
Income on financial assets at amortised cost	11	0	11
Income on derivatives	13	0	13
Exchange gains	17	6	11
Other financial income	177	774	-596
Net financial income (charges)	**313**	**3,444**	**-3,131**
of which non-recurring	***138***	***747***	***-609***

The decrease in Financial income compared to 2017 is attributable to the elimination in the previous year of the fair value of contingent consideration to be paid to the selling Shareholders of Co.Mark S.p.A.

The *Positive adjustment to financial instruments at fair value* is related to financial assets classified as "Financial assets at fair value recognised in the income statement" referred to in Note *25. Other current financial assets*, as well as capitalisation insurance contracts pursuant to *19* and *25*.

Financial income on *Financial assets at amortised cost* includes implicit interest income accrued on the price deferment granted to the purchasers of Creditreform Assicom Ticino S.A. (for the details, refer to Note *14. Divestitures*).

Non-recurring financial income in 2018 includes income from the consolidation of AC Camerfirma S.A., equal to € 138 thousand, recognised under *Other financial income* (for the details, refer to Note *13. Business Combinations*). The same item includes the capital gain of € 29 thousand recognised as a result of disposal of the stake in Gestio S.r.l. (for details, see Note *18. Equity investments*).

Financial charges

In thousands of Euro	**2018**	**2017**	**Change**
Interest expenses to Majority Shareholder for loans	500	500	0
Interest expenses on bank loans	724	533	191
Amortised cost adjustment on bank loans	480	203	277
Interest expenses on payment deferments	202	124	77
Interest expenses on leases	31	25	6
Financial component of employee benefits	127	102	25
Negative adjustment to the fair value of contingent consideration	509	235	273
Negative adjustment to financial instruments at fair value	81	15	66
Charges on hedging derivatives	111	136	-24
Other interest expenses	17	11	6
Other financial charges	5	35	-30
Exchange losses	46	1	45
Financial charges	**2,833**	**1,921**	**912**
of which vs Related parties	***500***	***500***	***0***

The increase in *Interest expenses on bank loans* reflects the higher interest recognised in the **Cariparma line B** and **UBI** loans disbursed at the end of 2017, as well as on the **BPS** loan obtained at the end of 2018 (for the details, see Note *32. Financial liabilities*). The total financial charges in the year related to bank loans also include € 480 thousand for expenses accrued by applying the effective interest criterion, and € 111 thousand for *Charges on hedging derivatives* (the ineffective component of Charges on hedging derivatives amounts to € 15 thousand and relates to the Time Value component on the *CA Cariparma Floors* pursuant to Note *27. Derivative financial instruments*). The greater adjustment of *Amortised cost on bank loans* is for the most part the result of the adoption of IFRS 9 from 1 January 2019, which resulted in the recognition of higher charges of € 212 thousand on the **Cariparma line A** loan.

The higher financial charges on payment deferments were impacted by price deferments obtained in the course of the year for the Comas, Webber and Promozioni Servizi acquisitions (for the details, see Note *32. Financial liabilities).*

The *Negative adjustment to the fair value of contingent considerations* was impacted by adjustment of the contingent considerations (Earn outs) to be paid to the selling Shareholders of Sixtema, Warrant Hub and Eco-Mind App Factory with respect to the amount estimated at 31 December 2017, also as a result of the passing of time (for the details, refer to Note *32. Financial liabilities*).

The *Negative adjustment to financial instruments at fair value* is related to financial assets classified as "Financial assets at fair value recognised in the income statement" referred to in Note 25. *Current financial assets*.

44. INCOME TAXES

In 2018, the income tax expense totalled € 12,629 thousand, and can be detailed as follows:

In thousands of Euro	2018	2017	Change
IRES	10,006	9,825	182
IRAP	2,327	1,922	405
Current foreign taxes	71	15	56
Deferred tax liabilities	-1,965	-1,201	-764
Deferred tax assets	3,365	-580	3,945
Income taxes related to previous years	-778	-21	-757
Proceeds from tax consolidation	-397	-1,539	1,142
Income taxes	**12,629**	**8,420**	**4,209**
of which non-recurring	***-1,183***	***668***	***-1,851***

The item *Deferred tax liabilities* refers predominantly to the releases of deferred tax liabilities relating to the amortisation of intangible assets recorded at the time of the accounting of business combinations at fair value, as better detailed in Note *20. Deferred tax assets/liabilities.*

The item *Deferred tax assets* includes releases of assets allocated at 1 January 2018 following introduction of IFRS 15. This allocation, recognised under Shareholders' Equity, was € 4,003 thousand.

The item *Proceeds from tax consolidation* includes income recognised by InfoCert S.p.A. for the GOP (Gross operating profit) transferred in 2017 to the Tecno Holding 2015-2017 tax consolidation.

Non-recurring components include the tax effect on non-recurring components of profit before tax (amounting to € -25 thousand between IRES and IRAP) as well as the income recognised for the "Patent Box" benefit. In order to take advantage of the tax relief pursuant to art. 1, paragraphs 37-45 of Italian Law no. 190 of 23 December 2014 ("Patent Box") for the year 2015 and the four subsequent years, on 23 December 2015 InfoCert S.p.A. electronically sent to the Revenue Agency the Form "Option for the facilitated taxation system on income deriving from the use of intangible assets", approved by Measure of the Director of the Revenue Agency of 10 November 2015, Prot. 144042. On 17 December 2018, the Company entered into a preventive agreement with the Revenue Agency to define the calculation methods and criteria relating to the economic contribution for the direct use of intangible assets. In light of this, the Company determined the effects of this agreement by recognising the estimated benefit for the years 2015-2018 under taxes (of which € -977 thousand in *Income taxes related to previous years* for the years 2015-2017 and € -181 thousand in IRES and IRAP for the year 2018).

The actual tax rate on the *Profit before tax* is 27.6%, down compared to the previous year (29.4%) as a result of the above-mentioned "Patent Box" benefit.

Additional information

45. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing Net profit for the period attributable to the Group by the weighted average number of Ordinary Shares outstanding during the period (net of any Treasury Shares):

	2018	2017
Group net profit (*thousand Euro*)	32,521	20,129
Weighted average number of outstanding ordinary shares	46,642,599	46,326,468
Basic earnings per share (Euro)	0.70	0.43

Diluted earnings, equal to € 0.69 per share, include the effects of the 2016-2019 Tinexta Warrants for a total of 317,000 Shares, granted in favour of the Shareholder Cedacri S.p.A., which envisage an issue price of Shares in service of the Warrants of € 3.40 per share, compared to an average fair value of Tinexta Shares in 2018, weighted by volume, of € 6.498 per share:

	2018	2017
Group net profit (*thousand Euro*)	32,521	20,129
Diluted weighted average number of shares	46,793,733	46,566,391
Diluted earnings per share (Euro)	0.69	0.43

46. TRANSACTIONS WITH RELATED PARTIES

All transactions with Related parties are part of normal business operations and are regulated at normal market conditions.

Below is the summary table of all equity balances and the incidence on the related items of the Statement of Financial Position at 31 December 2018 and the relative comparative figures at 31 December 2017:

31/12/2018							
In thousands of Euro	**Non-current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Majority Shareholder	8	458	20		25,252	97	
Associated companies			2			144	
Other Related parties			21			33	
Total Related parties	***8***	***458***	***44***	***0***	***25,252***	***274***	***0***
Total financial statement item	**1,123**	**4,519**	**86,321**	**70,667**	**97,380**	**53,318**	**704**
% Incidence on Total	*0.7%*	*10.1%*	*0.1%*	*0.0%*	*25.9%*	*0.5%*	*0.0%*
31/12/2017							
In thousands of Euro	**Non-current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Majority Shareholder		1,167	20	25,000	252	106	2,395
Associated companies						63	
Other Related parties			543			72	
Total Related parties	***0***	***1,167***	***563***	***25,000***	***252***	***242***	***2,395***
Total financial statement item	**543**	**1,990**	**80,285**	**123,800**	**21,723**	**47,725**	**6,125**
% Incidence on Total	*0.0%*	*58.6%*	*0.7%*	*20.2%*	*1.2%*	*0.5%*	*39.1%*

Please note that in 2017, the option for tax consolidation (2015-2017 three-year period) in which Tinexta S.p.A. and InfoCert S.p.A. participated was terminated by the Majority Shareholder Tecno Holding S.p.A. At 31 December 2018 the credit balance towards the Majority Shareholder, totalling € 458 thousand, relates to the IRES tax income recognised during the year by InfoCert S.p.A. for the tax relief pursuant to art. 1, paragraphs 37-45 of Law no. 190 of 23 December 2014 ("Patent Box") for the years 2015 and 2016 (for further details, please refer to Note *44. Income taxes*).

The item Financial liabilities to Majority Shareholder refers to the loan of € 25,000 thousand, expiring on 30 June 2019, disbursed by Tecno Holding S.p.A. in two tranches in 2016. For this loan, the expected interest is calculated at Euribor 6m/365 plus two percentage points. It is noted that the rate applied may never be less than 2% on an annual basis.

The table below summarises all economic transactions and the incidence on the associated items of the income statement in 2018 and the relative comparative balances in 2017:

2018				
In thousands of Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial charges**
Majority Shareholder	0	446	3	500
Associated companies	8	810		
Other Related parties	564	781	32	
Total Related parties	**571**	**2,037**	**35**	**500**
Total financial statement item	**239,618**	**80,900**	**2,100**	**2,833**
% Incidence on Total	*0.2%*	*2.5%*	*1.7%*	*17.7%*
2017				
In thousands of Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial charges**
Majority Shareholder		439	4	500
Associated companies	166	351		
Other Related parties	1,841	898	13	
Total Related parties	**2,007**	**1,688**	**18**	**500**
Total financial statement item	**181,018**	**69,663**	**1,772**	**1,921**
% Incidence on Total	*1.1%*	*2.4%*	*1.0%*	*26.0%*

Service costs to the Majority Shareholder mainly relate to lease or service contracts in place for the offices used by the Parent Company (Rome and Milan), Innolva S.p.A. and RE Valuta S.p.A., as well as for personnel seconded to the Parent Company. The financial charges to the Majority Shareholder refer to the interest accrued on the above-mentioned loan.

Service costs to other Related parties refer primarily to costs for lease fees of the offices of Co.Mark S.p.A., Visura S.p.A., and Warrant Hub S.p.A.

47. NET FINANCIAL INDEBTEDNESS

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Group's Net financial indebtedness at 31 December 2018 is provided below:

Amounts in thousands of Euro	**31/12/2018**	***of which vs Related parties***	**31/12/2017**	***of which vs Related parties***
A Cash	35,117		36,953	
B Cash equivalents	19		34	
C Securities held for trading	0		0	
D Liquid assets (A+B+C)	**35,136**		**36,987**	
E Current financial receivables	**8,186**		**4,311**	
F Current bank debt	-8,113		-1,297	
G Current portion of non-current debt	-12,018		-7,355	
H Other current financial debt	-77,252	*-25,252*	-13,071	*-252*
I Current financial debt (F+G+H)	**-97,384**		**-21,723**	
J Net current financial indebtedness (D+E+I)	**-54,062**		**19,574**	
K Non-current bank debt	-45,706		-43,058	
L Bonds issued	0		0	
M Other non-current financial debt	-25,178		-80,944	*-25,000*
N Non-current financial debt (K+L+M)	**-70,884**		**-124,001**	
O Net financial position (indebtedness) (J+N)	**-124,946**		**-104,427**	

48. OTHER INFORMATION

Commitments made by the Group

In relation to the acquisition of 50% of Lux Trust S.A., the Group made the commitment to pay an additional contingent consideration up to a maximum of € 4 million (by way of share capital increase without the issue of new shares), based on the Net Financial Position (defined in the contract) of the company at 31 December 2018. There is also the possibility of the payment of an additional amount of up to € 5 million in 2021 as a share capital increase (without the issue of new shares) based on the economic results of the company.

Public funding

Italian Law 124/2017 requires companies to provide information relating to funding received from Italian public administrations. The funding received by the Group during the year is listed below:

Beneficiary	**Funding party**	**Funds** ***In thousands of Euro***	**Reason for economic benefit received**
InfoCert S.p.A.	Tax authorities	315	R&D contribution pursuant to art. 3 of Decree Law 145/2013.
Sixtema S.p.A.	Tax authorities	176	R&D contribution pursuant to art. 3 of Decree Law 145/2013.
Sixtema S.p.A.	Province of Modena	29	Hiring of individuals with disabilities.

The Group also received "*de minimis*" aid from Italian public entities. For detailed information, please refer to the National Registry of State Aid.

Remuneration to Directors, Statutory auditors, General Managers and Key Management Personnel of the Parent Company

With reference to disclosures on the remuneration paid to Directors, Statutory auditors, General Managers and other Key Management Personnel of the Parent Company, reference is made to the table below referring to the Remuneration Report pursuant to art. 123-ter of the Consolidated Law of Finance for further details.

In thousands of Euro	Fixed remuneration	Remuneration for participation in Committees	Variable remuneration non-equity (Bonus and other incentives)	Non-monetary benefits	Other remuneration	Total
Directors	663	103	139	0	87	**992**
Statutory Auditors	181	0	0	0	11	**192**
General Manager	270	0	0	0	0	**270**
Other Key Management Personnel	318	0	73	0	2	**393**

Independent Auditors' fees

Below are details of the remuneration of the Independent Auditors and other companies belonging to the network pursuant to art. 149-duodecies of Implementing Regulation of Legislative Decree 24 February 98 no. 58. The fees shown in the table, applicable to the year 2017, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, any supervisory contribution and VAT).

In thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Audit services	**355**		**355**
- Parent Company Tinexta S.p.A.	*59*		***59***
- Subsidiaries	*296*		***296***
Attestation services	**35**		**35**
- Parent Company Tinexta S.p.A.	*23*		***23***
- Subsidiaries	*12*		***12***
Non-audit services	**10**	**5**	**15**
- Parent Company Tinexta S.p.A.	*10*		***10***
for IFRS 15 GAP analysis	10		**10**
- Subsidiaries		*5*	***5***
for other activities		5	**5**
Total	**399**	**5**	**404**

49. KEY EVENTS SUBSEQUENT TO THE END OF THE YEAR

On **31 January 2019**, the sale of the Eurofidi business unit by Innolva S.p.A. to its subsidiary Promozione Servizi S.r.l. was finalised with a notary deed. Commercial and organisational needs and opportunities prompted the project to concentrate in a single entity the offer to the market of consulting services for access to the Central Guarantee Fund. This transaction, in addition to having rationalised the corporate structure based on the type of business activity performed, will enrich Promozioni Servizi S.r.l. with resources and skills necessary for its development plans. The sale of the business unit involved the rights on the specific software for the exercise of training and management activities, the lease contract for offices where the business is conducted, together with the financial receivable for the security deposit provided to the owner of the premises, the contractual relationships with customers, and employment contracts with eleven staff working in the business unit.

On **28 January 2019**, Co.Mark S.p.A. announced the appointment of the new Board of Directors consisting of the following five members: Giorgio Tabellini, confirmed as Chairman, Aldo Gallo, Eugenio Rossetti, Pier Andrea Chevallard and Marco Sanfilippo, appointed Chief Executive Officer. The appointments conclude a process started in April 2016 with the acquisition of controlling interest in Co.Mark by Tinexta Group and developed gradually and in constant agreement with the former owners.

Milan, 12 March 2019

Enrico Salza
Chairman of the Board of Directors
Tinexta S.p.A.

2018 SEPARATE FINANCIAL STATEMENTS
Statements and Notes

Separate Financial Statements of Tinexta S.p.A.

Statement of Financial Position

in Euro	Notes	31/12/2018	31/12/2017
ASSETS			
Property, plant and equipment	10	112,396	88,003
Intangible assets	11	296,583	117,304
Equity investments recognised at cost	12	232,907,013	226,588,063
Other financial assets, excluding derivative financial instruments		11,305	10,427
Derivative financial instruments	21	21,437	29,292
Deferred tax assets	13	613,070	622,294
Trade and other receivables	14	12,707	24,566
- of which vs Related parties	*30*	*0*	*1,300*
NON-CURRENT ASSETS		**233,974,511**	**227,479,948**
Other financial assets, excluding derivative financial instruments	16	8,865,679	29,194
- of which vs Related parties	*30*	*8,683,902*	*0*
Current tax assets	15	5,741,358	1,166,898
- of which vs Related parties	*30*	*2,894,405*	*1,166,898*
Trade and other receivables	14	480,676	877,769
- of which vs Related parties	*30*	*219,920*	*144,689*
Contract assets	14	54,200	n.a.
- of which vs Related parties	*30*	*54,200*	*n.a.*
Cash and cash equivalents	17	14,779,776	23,266,008
CURRENT ASSETS		**29,921,690**	**25,339,869**
TOTAL ASSETS		**263,896,201**	**252,819,817**
EQUITY AND LIABILITIES			
Share capital		46,890,120	46,573,120
Reserves		91,116,323	74,959,124
TOTAL SHAREHOLDERS' EQUITY	**18**	**138,006,443**	**121,532,244**
LIABILITIES			
Employee benefits	19	301,741	528,986
Financial liabilities, excluding derivative financial instruments	20	47,086,615	85,274,473
- of which vs Related parties	*30*	*0*	*41,000,000*
Derivative financial instruments	21	171,704	144,777
Deferred tax liabilities	13	97,643	23,181
NON-CURRENT LIABILITIES		**47,657,703**	**85,971,416**
Employee benefits	19	1,060,135	359,765
Financial liabilities, excluding derivative financial instruments	20	69,777,295	42,880,617
- of which vs Related parties	*30*	*57,642,398*	*35,119,111*
Trade and other payables	22	2,547,269	2,075,775
- of which vs Related parties	*30*	*89,177*	*100,423*
Current tax liabilities	15	4,847,356	0
- of which vs Related parties	*30*	*4,847,356*	*0*
CURRENT LIABILITIES		**78,232,055**	**45,316,157**
TOTAL LIABILITIES		**125,889,758**	**131,287,573**
TOTAL EQUITY AND LIABILITIES		**263,896,201**	**252,819,817**

Statement of Profit/(Loss) and Other comprehensive income

		for the year ended 31 December	
in Euro	**Notes**	**2018**	**2017**
Revenues	**23**	**780,192**	**502,688**
- of which vs Related parties	*30*	*779,700*	*500,000*
Costs of raw materials		0	0
Service costs	24	3,557,840	2,814,092
- of which vs Related parties	*30*	*242,832*	*169,219*
- of which non-recurring	*24*	*292,265*	*900,397*
Personnel costs	25	4,592,971	3,540,079
Other operating costs	26	255,004	113,015
- of which vs Related parties	*30*	*0*	*35,000*
Amortisation/Depreciation	27	134,205	60,018
Provisions		0	0
Impairment		0	0
Total Costs		**8,540,020**	**6,527,204**
OPERATING PROFIT		**-7,759,827**	**-6,024,516**
Financial income	28	29,346,600	18,257,133
- of which vs Related parties	*30*	*29,329,317*	*18,242,725*
Financial charges	28	1,986,131	1,670,950
- of which vs Related parties	*30*	*784,003*	*931,912*
Net financial income (charges)		**27,360,469**	**16,586,184**
PROFIT BEFORE TAX		**19,600,642**	**10,561,668**
Income taxes	29	-2,020,998	-1,406,598
- of which non-recurring	*29*	*-70,143*	*-216,095*
PROFIT FOR THE YEAR		**21,621,640**	**11,968,266**
Other components of the comprehensive income statement			
Components that will never be reclassified to profit or loss			
Actuarial gains (losses) of employee benefit provisions	19	-19,016	-8,701
Tax effect		4,564	2,088
Total components that will never be reclassified to profit or loss		**-14,452**	**-6,613**
Components that are or may be later reclassified to profit or loss:			
Profits (losses) from measurement at fair value of derivative financial instruments	21	-43,849	21,480
Tax effect		10,524	-5,155
Total components that are or may be later reclassified to profit or loss		**-33,325**	**16,325**
Total other components of comprehensive income, net of tax		**-47,777**	**9,712**
Total comprehensive income for the year		**21,573,863**	**11,977,978**

Statement of Changes in Equity

Amounts in Euro	Share capital	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined-benefits plan reserve	Other reserves	Total
							For the year ended 31 December 2018
Balance at 31 December 2017	46,573,120	1,432,810	53,917,203	-109,236	-39,722	19,758,069	121,532,244
Effect of adoption of IFRS 9						342,773	342,773
Balance at 1 January 2018	46,573,120	1,432,810	53,917,203	-109,236	-39,722	20,100,842	121,875,017
Comprehensive income for the year							
Profit for the year						21,621,640	21,621,640
Other components of the comprehensive income statement				-33,325	-14,452		-47,777
Total comprehensive income for the year	*0*	*0*	*0*	*-33,325*	*-14,452*	*21,621,640*	*21,573,863*
Transactions with shareholders							
Allocation to legal reserve		598,413				-598,413	0
Dividends						-6,520,237	-6,520,237
Capital increase	317,000		760,800				1,077,800
Total transactions with shareholders	*317,000*	*598,413*	*760,800*	*0*	*0*	*-7,118,650*	*-5,442,437*
Balance at 31 December 2018	46,890,120	2,031,223	54,678,003	-142,561	-54,174	34,603,832	138,006,443

Amounts in Euro	Share capital	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined-benefits plan reserve	Other reserves	Total
							For the year ended 31 December 2017
Balance at 1 January 2017	46,256,120	1,136,257	53,156,403	-125,560	-33,110	12,133,767	112,523,877
Comprehensive income for the year							
Profit for the year						11,968,266	11,968,266
Other components of the comprehensive income statement				16,325	-6,613		9,712
Total comprehensive income for the year	*0*	*0*	*0*	*16,325*	*-6,613*	*11,968,266*	*11,977,978*
Transactions with shareholders							
Allocation to legal reserve		296,553				-296,553	0
Dividends						-4,047,411	-4,047,411
Capital increase	317,000		760,800				1,077,800
Total transactions with shareholders	*317,000*	*296,553*	*760,800*	*0*	*0*	*-4,343,964*	*-2,969,611*
Balance at 31 December 2017	46,573,120	1,432,810	53,917,203	-109,236	-39,722	19,758,069	121,532,244

Statement of Cash Flows

	Notes	2018	2017
		for the year ended 31 December	
Cash flows from operations			
Profit for the year		21,621,640	11,968,266
Adjustments for:			
- Depreciation of property, plant and equipment	27	54,158	22,925
- Amortisation of intangible assets	27	80,046	37,092
- Net financial charges (income)	28	-27,360,469	-16,586,184
- of which vs Related parties		*-28,545,313*	*-17,310,814*
- Income taxes	29	-2,020,998	-1,406,598
Changes in:			
- Trade and other receivables and Contract assets	14	354,751	-262,868
- of which vs Related parties	*30*	*-73,931*	*-83,281*
- Trade and other payables	22	471,493	742,412
- of which vs Related parties	*30*	*-11,246*	*42,909*
- Provisions and employee benefits	19	482,385	683,390
- of which vs Related parties		*37,013*	*0*
Cash and cash equivalents generated/(absorbed) by operations		**-6,316,993**	**-4,801,565**
Income taxes paid		2,285,650	2,084,040
Net cash and cash equivalents generated/(absorbed) by operations		**-4,031,344**	**-2,717,525**
Cash flows from investments			
Dividends collected	28	29,323,649	17,118,350
- of which vs Related parties	*30*	*29,323,649*	*17,118,350*
Interest collected		42,228	104
Investments in shareholdings	12	-6,309,832	-67,584,960
Investments in property, plant and equipment	10	-78,716	-31,690
Investments in other financial assets	16	-179,170	-60,900
Investments in intangible assets	11	-259,325	-83,691
Current accounts with subsidiaries	16	-8,678,235	0
- of which vs Related parties	*30*	*-8,678,235*	*0*
Net cash and cash equivalents generated/(absorbed) by investing activities		**13,860,600**	**-50,642,787**
Cash flows from financing			
Interest paid		-1,728,681	-1,572,372
- of which vs Related parties		*-936,166*	*-723,561*
Change in other current bank payables	20	-12,149	17,725
Bank loans taken out	20	14,886,193	21,997,946
Bank loans repaid	20	-3,476,667	-3,158,333
Loans taken out by Majority Shareholder and subsidiaries	20	0	13,500,000
- of which vs Related parties	*30*	*0*	*13,500,000*
Repayment of loans by Majority Shareholder and subsidiaries	20	-29,500,000	0
- of which vs Related parties	*30*	*-29,500,000*	*0*
Repayment of price deferment liabilities on acquisitions of equity investments	20	-1,400,000	-1,400,000
Repayment of contingent consideration liabilities	20	-2,786,326	-908,973
Current accounts with subsidiaries	20	11,144,578	21,093,830
- of which vs Related parties	*30*	*11,144,578*	*21,093,830*
Capital increase	18	1,077,800	1,077,800
Dividends paid	18	-6,520,237	-4,047,411
Net cash and cash equivalents generated/(absorbed) by financing		**-18,315,489**	**46,600,212**
Net increase (decrease) in cash and cash equivalents		*-8,486,233*	*-6,760,099*
Cash and cash equivalents at 1 January		23,266,008	30,026,107
Cash and cash equivalents at 31 December		**14,779,776**	**23,266,008**

Notes to the Separate Financial Statements at 31 December 2018

1. ENTITY THAT PREPARES THE FINANCIAL STATEMENTS

Tinexta S.p.A. (the Company) is based in Rome (Italy) – Piazza Sallustio 9, and has been listed on the STAR segment of Borsa Italiana since August 2016.

On 7 November 2018, the Extraordinary Shareholders' Meeting approved the plan to change the company name from Tecnoinvestimenti to Tinexta. The change became effective 8 November 2018 following the registration in the Rome Corporate Registry.

Tinexta operates, through its subsidiaries, primarily in Italy, with diversified and customisable services through three business units: Digital Trust, Credit Information & Management and Innovation & Marketing Services.

At the date of preparation of these Financial Statements, Tecno Holding S.p.A. (the "Majority Shareholder") is the Shareholder that holds an absolute majority of the Shares of Tinexta S.p.A. The Majority Shareholder does not exercise management nor coordination activities for the Company.

It is noted that as the Company has significant controlling interests in other companies, it also prepares the Group Consolidated Financial Statements, published together with the Separate Financial Statements.

These Financial Statements were approved and authorised for publication by the Board of Directors of the Company at its meeting on 12 March 2019.

2. PREPARATION CRITERIA AND COMPLIANCE WITH IFRS

These Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the reporting date, as well as the previous International Accounting Standards (IAS).

These Financial Statements have been prepared under the going concern assumption. The general policy adopted in preparing these Financial Statements is the historical cost, with the exception of items that, under IFRS, are obligatorily measured at fair value, as indicated in the measurement criteria of individual items.

3. PRESENTATION CRITERIA

The Separate Financial Statements consist of the Statement of Financial Position, the Statement of Profit/(Loss) and Other comprehensive income, the Statement of Changes in Equity, the Statement of Cash Flows, and these Notes.

It is specified that:

- the Statement of Financial Position has been prepared by classifying assets and liabilities according to the "current/non-current" criteria;
- the Statement of Profit/(Loss) and Other comprehensive income is classified on the basis of the nature of costs;
- the Statement of Cash Flows is presented using the indirect method.

In accordance with Consob Resolution no. 15519 of 28 July 2006, the Statement of Profit/(Loss) separately identifies, if any, income and charges arising from non-recurring transactions; similarly, shown separately in the Financial Statements are the Balances of transactions with Related parties which are further described in Note *30. Transactions with Related parties*.
The Separate Financial Statements have been prepared in Euro, which is the functional currency of the Company. The Financial Statements are expressed in Euro, as well as the related notes, unless otherwise specified.

4. MEASUREMENT CRITERIA

Described below are the accounting standards and the most significant measurement criteria used for the preparation of the Separate Financial Statements:

PROPERTY, PLANT AND EQUIPMENT

Tangible assets are valued at the cost of purchase or production and net of accumulated depreciation and impairment, if any. The cost includes all the charges directly incurred to prepare the assets to be used, as well as any dismantling and removal charge that shall be incurred to bring the work site back to its original conditions.
The charges incurred for ordinary and/or regular maintenance and repair are directly recognised in the income statement in the year in which they are incurred. The capitalisation of the costs for the expansion, modernisation or improvement of the structural items owned or in use by third parties is carried out only within the limits in which these respond to the requirements for be separately classified as assets or part of an asset. Any public contributions to tangible assets are recorded as deferred revenues and recognised as income in the income statement on a systematic and rational basis over the useful life of the related asset.
The value of an asset is adjusted for systematic depreciation, calculated on the basis of its estimated useful life. When the asset is recognised for the first time, the depreciation is calculated keeping into account the effective date on which the asset is ready for use. The useful life estimated by the Company, for the different classes of assets, is the following:

	Estimated useful life
Electronic machines	2.5 years
Leasehold improvements	6 years
Other assets	from 2.5 to 6.5 years

The estimates of the useful life and of the residual value are reviewed at least once a year.
Depreciation ends when the asset is transferred or reclassified as held for sale.
If the asset subject to depreciation includes distinctly identifiable and significant components, with different estimated useful life, the depreciation is calculated separately for each of the different components, in application of the component approach standard.
Gains and losses realised on the sale of assets or groups of assets are calculated by comparing the sale price with the corresponding net carrying amount.

INTANGIBLE ASSETS

Intangible assets consist of non-monetary items without physical form, but which can be clearly identified and able to generate future economic benefits for the company. These items are recognised at the acquisition and/or production cost, inclusive of the expenses directly attributable to the stage of preparation to the activity to make it operational, net of accumulated amortisation (with the exception of intangible assets with indefinite useful life) and any impairment. The amortisation starts when the asset becomes available for use and is allocated systematically with regard to its residual possibility of use, that is, on the basis of its useful life. When the intangible asset is recognised for the first time, amortisation is calculated taking into account the effective use of the asset. Specifically, with reference to the Company, the following main categories of intangible assets can be identified:

- *Software*: Software is recognised at its acquisition and/or development cost net of accumulated amortisation and impairment, if any. The amortisation is carried out from the year in which the software, acquired or internally developed, is available for use and is calculated taking as reference the shorter period between that of expected use and that of ownership. Estimated useful life is 3 years.

- *Concessions, licences and trademarks*: This category includes: the licences that grant the right to use patents or other intangible assets for an identified or identifiable time and the trademarks, consisting of signs identifying products or goods as coming from a specific company. The costs, inclusive of the direct and indirect expenses incurred to obtain the rights, may be capitalised as assets after obtaining their ownership and are systematically amortised taking as reference the shorter period between that of expected use and that of ownership of the rights.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (ASSET IMPAIRMENT)

For the assets subject to amortisation, at each reporting date an assessment is carried out as to the existence of indications of impairment, internal and external. If such indications are observed, the recoverable amount of said assets is estimated, and any impairment with respect to the corresponding book value is recognised in the income statement. The recoverable amount of an asset is represented by the greater between the fair value, net of accessory sale costs, and the corresponding value in use, the latter understood as the current value of the expected future cash flows from the assets. In calculating the value in use, the expected future cash flows are discounted using a discount rate inclusive of taxes, which reflects the current market assessments of the cost of cash, in proportion to the period of the investment and the specific risk of the asset. For an asset that does not generate largely independent cash flows, the recoverable amount is calculated with regard to the cash generating unit (CGU) to which this asset pertains.
An impairment is recognised in the income statement if the value of recognition of the asset, or of the corresponding CGU to which this is allocated, exceeds the recoverable amount. The impairment of a CGU is recognised first as a decrease in the carrying amount of any allocated goodwill and, then, as a decrease in other assets, in proportion to their carrying amount and within the limits of the corresponding recoverable amount. If the conditions for an impairment previously carried out no longer apply, the carrying amount of the assets is restored to the income statement, within the limits of the net carrying amount that the asset in question would have had if the write-down had not been carried out and the corresponding amortisation/depreciation had been carried out.

INVESTMENTS IN SHAREHOLDINGS

Shareholdings in subsidiaries, associates and joint ventures are classified as “investments in shareholdings” and measured at cost in accordance with IAS 27. In the presence of objective evidence of impairment, the recoverability is tested by comparing the book value of the asset with the recoverable value represented by the higher of the fair value (net of disposal costs) and the value in use.
Shareholdings in companies other than subsidiaries, associates and joint ventures (in general with a percentage of ownership of less than 20%) are classified, at the time of acquisition, among “investments in

shareholdings”. These instruments are initially recognised at cost at the transaction date, as representative of the fair value, including transaction costs directly
attributable to the related transaction. Subsequent to initial recognition, these investments are measured at fair value, if determinable, with recognition of the effects in the comprehensive income statement and, therefore, in a specific equity reserve. Upon realisation or recognition of an impairment loss, when there is objective evidence that such instruments have suffered a material and prolonged impairment, gains and losses accumulated in said reserve are reclassified in the income statement. If upon the outcome of the update of the related fair value, any impairment is recovered, in whole or in part, the related effects will also be recognised in the comprehensive income statement recognising in an offsetting item the specific reserve already established.

The contingent consideration related to the acquisition of shareholdings is recognised at the acquisition date, as an increase of the shareholding to which it refers, at the present value of the estimated liability. Subsequent changes, due to both changes in the estimate, and to the capitalisation of the present value, are recognised as an increase or decrease of the shareholding.

RECEIVABLES AND FINANCIAL ASSETS

The Group classifies financial assets in the following categories:
• Financial assets at amortised cost;
• Financial assets at fair value through other comprehensive income;
• Financial assets at fair value through profit or loss;

The management decides on the classification of a financial asset at the time of its first recognition.

Financial assets at amortised cost. This category includes financial assets that satisfy both of the following conditions: (i) the financial asset is held within the framework of a hold-to-collect business model and (ii) the contractual terms of the financial assets call for cash flows at specific dates represented solely by payments of principal and interest on the amount of principal to be returned.
In the above-mentioned business model, the goal is to collect the contractual cash flows generated by the individual financial assets and not to maximise the overall return on the portfolio by holding and selling the financial assets. The use of this portfolio does not necessarily assume that the financial asset will be held to maturity. In particular, sales of financial assets following a deterioration in credit risk are not incompatible with the objective of collecting contractual cash flows, as activities intending to minimise losses due to credit risk are an integral part of this business model. The sale of a financial asset because it no longer satisfies requirements in terms of credit risk set forth in the company policy is an example of a “permitted” sale. Sales justified by other reasons could also be consistent with this business model, but in this case the frequency and relevance of such sales is checked.
The value of financial assets at amortised cost is determined at each reporting date until they are derecognised using the effective interest method. The gain or loss on the financial asset at amortised cost which is not part of a hedging relationship is recognised in Profit (loss) for the year when the financial asset is derecognised or reclassified to *Financial assets at fair value through profit or loss*, through the amortisation process, or in order to recognise gains or losses caused by impairment.

Financial assets at fair value through other comprehensive income: This category includes financial assets that satisfy both of the following conditions: (i) the financial asset is held within the framework of a hold-to-collect-and-sell business model and (ii) the contractual terms of the financial assets call for cash flows at specific dates represented solely by payments of principal and interest on the amount of principal to be returned. This type of business model entails more sales, in terms of frequency as well as relevance, than the hold-to-collect business model, as the sale of financial assets is an integral part of this business model. The value of *Financial assets at fair value through other comprehensive income* is determined at each reporting date until they are derecognised. The gain or loss on the financial asset is recognised in other comprehensive income, with the exception of gains and losses due to impairment and exchange gains or losses, until the financial asset is derecognised or reclassified. If the financial asset is derecognised, the cumulative profit or loss previously recognised in other comprehensive income is reclassified from Shareholders' Equity to Profit (loss) for the year by means of a reclassification adjustment. The interest calculated using the effective interest approach is recognised in Profit (loss) for the year.

Financial assets at fair value through profit or loss: The assets that are part of a business model that is not hold-to-collect or hold-to-collect-and-sell and therefore are not measured at amortised cost or at fair value through other comprehensive income are measured at fair value through profit or loss (FVTPL). An example of this business model is a portfolio managed with a view to generating cash flows from the sale of financial assets. Indeed, decisions are taken based on the fair value of the financial assets and, the fact that the entity collects contractual cash flows while it holds the financial assets does not in any event make it possible to claim that the business model is one of those described above. Likewise, a portfolio that is managed and the performance of which is evaluated on the basis of fair value can never be classified in the business models described previously. Furthermore, it is possible to exercise the fair value option upon initial recognition, based on which the Group may irrevocably designate the financial asset as measured at fair value through profit or loss if by so doing it eliminates or significantly reduces a measurement or recognition inconsistency which would otherwise result from the measurement of the assets or liabilities or the recognition of the relative gains and losses on a different basis. The value of these financial assets is determined at each reporting date until they are derecognised. The gains and losses arising from fluctuations in fair value are included in the income statement for the year in which they take place and include gains and losses realised from the disposal of the assets.

DERIVATIVES

In line with the provisions of IFRS 9, the Company has decided to rely on the possibility to continue to apply the hedge accounting provisions set forth in IAS 39 during the initial application phase. Thus, the provisions regarding derivatives have remained the same.

Derivative instruments are always treated as assets held for trading and recognised at fair value through profit or loss, unless they represent effective instruments to hedge a specific risk related to underlying assets or liabilities or commitments taken by the Company.

The effectiveness of the hedging transactions is documented and tested both at the beginning of the transaction and on a half-yearly basis, at 30 June and at 31 December, and is measured by comparing the changes in the fair value/cash flow of the hedging instrument with those of the hedged item or, in the case of more complex instruments, through a statistical analysis based on the change of the risk.

The changes in the fair value of the derivatives indicated as fair value hedge (not used by the Company), and that are qualified as such, are recognised in the income statement, in the same way as it is done for the changes in the fair value of the hedged assets or liabilities due to the risk hedged with the hedging transaction.

The changes in the fair value of the derivatives indicated as cash flow hedges and qualified as such are recognised, only for the "effective" portion, among the other components of the comprehensive income statement through a special equity reserve ("cash flow hedge reserve"), which is transferred to the income

statement at the time the underlying hedged asset produces effects on the balance sheet or income statement. The change in fair value due to the ineffective portion is immediately recognised in the income statement. If the execution of the underlying transaction is no longer considered highly likely, the corresponding portion of the "cash flow hedge reserve" is immediately transferred to income statement. If, instead, the derivative instrument is sold, expires or no longer qualifies as effective hedge of the risk against which the transaction had been initiated, the corresponding portion of "cash flow hedge reserve" is kept until when the underlying contract produces effects. The hedging is then derecognised as cash flow hedge.
The Company uses derivative instruments within hedging strategies aimed at neutralising the risk of changes in the expected cash flows from transactions contractually defined or highly likely (cash flow hedge).

FAIR VALUE MEASUREMENT

The Company assesses financial instruments, such as derivatives, at fair value at each reporting date. Fair value is the price that would be received for the sale of an asset, or that would be paid to transfer a liability in an arm's length transaction at the measurement date.
A fair value measurement assumes that the sale transaction of the asset or transfer of the liability takes place:

- in the main market of the asset or liability; or
- in the absence of a main market, in the most advantageous market for the asset or liability.

The main market or the most advantageous market must be accessible to the Company.

The fair value of an asset or liability is valued by adopting the assumptions that market operators would use in the determination of price of the asset or liability, assuming that market operators act to best meet their own economic interest. An assessment of the fair value of a non-financial asset does not consider the ability of a market operator to generate economic benefits by making highest and best use of the asset or by selling it to another market operator that would make the highest and best use of it.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data is available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs. The fair value of the instruments listed in public markets is calculated on the basis of the quoted prices at the end of the year. The fair value of instruments not listed is calculated with financial measurement techniques: specifically, the fair value of the interest rate swap is measured discounting the expected cash flows.

All assets and liabilities for which the fair value is measured or recognised in the Financial Statements are categorised according to the fair value hierarchy, as described below:

- Level 1: financial assets and liabilities the fair value of which is calculated on the basis of the (unadjusted) prices quoted in active markets for identical assets or liabilities that the entity can access at the measurement date;
- Level 2: financial assets and liabilities the fair value of which is calculated on the basis of input different from listed prices specified in Level 1 but observable, either directly (prices) or indirectly (from prices);
- Level 3: financial assets and liabilities the fair value of which is calculated through valuation models that use unobservable input data.

If the input data used to calculate the fair value of an asset or liability may be classified at different levels of the fair value hierarchy, the entire measurement is placed at the level of hierarchy of the input at the lowest level that is significant for the entire measurement. The Company records the transfers between the different levels of the fair value hierarchy at the end for the year in which the transfer has taken place.

CASH AND CASH EQUIVALENTS

These include cash, deposits at banks or at other credit institutes available for current transactions, postal accounts and other equivalent values as well as investments maturing in the three months of the date of purchase. The cash and cash equivalents are recognised at fair value, usually, coinciding with the nominal value.

As of 1 July 2017, a centralised group treasury management system (cash pooling) was activated by the Company. The direct and indirect subsidiaries participating in the cash pooling are Co.Mark S.p.A., InfoCert S.p.A., Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A. and Visura S.p.A. Warrant Hub S.p.A. was also included in the cash pooling system as of 14 May 2018. The debt balance to the subsidiaries is recognised under current financial liabilities, while the credit balance to subsidiaries is recognised under current financial assets.

SHAREHOLDERS' EQUITY

Share capital
The share capital is represented by the subscribed and paid-in capital.

Share premium reserve
This item consists of the amounts collected by the Company for the issuance of shares at a price above nominal value.

Other reserves
This item includes the reserves of most common use, which may have a generic or specific allocation. Usually they do not derive from profits of previous years.

Reserves of profit/loss carried forward
This item includes the profit of previous years, which were not distributed or allocated to other reserves, or uncovered losses.

Transaction costs relating to the issue of capital instruments
The transaction costs relating to the issue of capital instruments are recognised as a decrease (net of any related tax benefit) of the Share premium reserve, generated by the same transaction, to the extent that they are marginal costs directly attributable to the capital transaction that would have otherwise been avoided. The costs of a capital transaction that is abandoned are recognised in the income statement.
Listing costs not relating to the issue of new shares are recognised in the income statement.
If the listing involves the sale of existing shares and the issue of new shares, the costs directly attributable to the issue of new shares are recognised as a decrease in the Share premium reserve, the costs directly attributable to the listing of existing shares are recognised in the income statement. Costs related to both transactions are recognised as a decrease of the Share premium reserve, in relation to the ratio between issued shares and existing shares, and the remainder is recognised in the income statement.

PAYABLES AND OTHER FINANCIAL LIABILITIES

Payables and other financial liabilities are initially recognised at fair value net of transaction costs: subsequently they are recognised at amortised cost, using the effective interest rate method. If there is a

change in the estimate of future cash flows, the value of the liabilities is recalculated to reflect this change on the basis of the current value of the new expected cash flows and the effective interest rate originally calculated.
Payables and the other liabilities are classified as current liabilities, unless the Company has the contractual right to extinguish its obligations more than 12 months after the reporting date.

INCOME TAXES

The tax expense of the Company is given by current and deferred taxes. If due to items recognised in the proceeds and charges recognised to Shareholders' Equity within the other components of comprehensive income, said taxes are recognised as an offsetting item in the same item.
Current taxes are calculated on the basis of the tax laws in force at the reporting date; any risk related to different interpretations of positive or negative income items, like disputes with the tax authorities, are recognised as taxes in the income statement with offsetting adjustment made to the liabilities to adjust the provisions recognised in the Financial Statements.
Deferred taxes are calculated on the basis of the temporary differences that are generated between the carrying amount of the assets and liabilities and their value for tax purposes, as well as on tax losses. The measurement of deferred tax assets and liabilities is carried out by applying the tax rate that expected to be in force at the time in which the temporary differences will be reversed; this forecast is made on the basis of the tax laws in force or substantially in force at the time reference for the year. Deferred tax assets, including those deriving from tax losses, are recognised only if it is believed that taxable income sufficient for their recovery will be generated in the following years.

Starting in the year 2018 the Company opted, as the consolidating company, for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Company and the consolidated companies are defined in the corresponding tax consolidation regulations. As a result, in current tax assets/liabilities in these Financial Statements the Company has listed both the amounts due to the tax authorities for IRES relating to the Tinexta tax consolidation as well as balance sheet items with the companies participating in the tax consolidation for the receivable/payable transferred as part of the above-mentioned tax consolidation.

EMPLOYEE BENEFITS

The short-term benefits are represented by salaries, wages, corresponding social security contributions, pay in lieu of vacation and incentives paid as bonuses to be paid in the twelve months from the date of the Financial Statements. These benefits are recognised as items of personnel expenses in the period of employment.

The benefits after the termination of the employment are divided into two categories:
- *Defined-contribution plans* in which the company pays fixed contributions to a separate entity (for example a pension fund) without a legal or implicit obligation to pay additional contributions if said entity does not have sufficient assets to pay the benefits corresponding to the service provided during employment at the company. The company recognises the contributions to the plan only when the employees have provided their activity in exchange for those contributions;
- *Defined-benefit plans*, which include both the severance indemnity due to employees pursuant to article 2120 of the Italian Civil Code ("TFR"), for the portion accrued until 31 December 2006, and the

Supplementary Client Indemnities for agents and representatives, in which the company commits to grant the benefits agreed with the employees in service taking the actuarial and investment risks related to the plan. The cost of this plan is therefore not defined on the basis of the contributions due for the year, but is recalculated on the basis of demographic assumptions, statistics and on the wage trends. The methodology applied is called "projected unit credit method". The value of the liability recognised in the Financial Statements is, therefore, in line with the value resulting from its actuarial measurement, with full and immediate recognition of actuarial profits and losses, in the period in which they arise as other components of comprehensive income, through a special equity reserve ("Defined-benefits plan reserve"). In the calculation of the amount to be recognised in the Statement of Financial Position, the current value of the obligation for defined-benefit plans is decreased by the fair value of the assets servicing the plan, if any, calculated using the interest rate adopted to discount the obligation.

For companies with less than 50 employees, including Tinexta S.p.A., from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, among which giving to the worker a choice on the destination of his/her TFR. Specifically, the new TFR flows can be directed by the workers to pension schemes of their choice or else kept in the company. In the first case, from this date the newly accrued portions represent defined-contribution plans not subject to actuarial measurement.
With reference to the classification of the costs related to the TFR contributions, service costs are recognised under "Personnel costs" and interest charges under "Financial charges", while actuarial profits/losses are recognised among the other components of the comprehensive income statement.

SHARE-BASED PAYMENTS

In the event of transactions with share-based payments settled with equity instruments of the Company, the fair value on the allocation date of the options on shares granted to employees is recognised under personnel costs, with a corresponding increase in Shareholders' Equity under the item "Other reserves and retained earnings" throughout the period during which employees obtain the unconditional right to incentives. The amount recognised as cost will be adjusted to reflect the actual number of incentives (options) for which the conditions of permanence in service have accrued achievement of non-market conditions, so the final amount recognised as cost is based on the number of incentives that will definitively accrue. Similarly, when estimating the fair value of the options granted, all non-vesting conditions must be considered. With reference to the non-vesting conditions, any differences between the assumptions on the allocation date and the actual ones will have no impact on the Financial Statements.
In the event of transactions with share-based payments settled in cash (or shares or other financial instruments not belonging to the Company), the fair value of the amount to be paid to employees is recorded as cost, with a corresponding increase of liabilities for employee benefits throughout the period during which employees will accrue the unconditional right to receive payment. The liability is measured at each year-end date and settlement date on the basis of the fair value of share revaluation rights. Any changes in the fair value of liabilities are recognised in the profit or loss for the year under "Personnel costs".

PROVISIONS FOR RISKS AND CHARGES

Provisions to the reserve for risks and charges are recognised when, at the reference date, in the presence of a legal or implicit obligation towards third parties, deriving from a past event, it is likely that meeting the obligation will require an outlay of resources, the amount of which can be reliably estimated.
This amount represents the current value, if the financial effect of time is significant, of the best estimate of the expense needed to extinguish the obligation. The rate used in the calculation of the current value of the liability reflects current market values and includes the additional effects related to the specific risk associated to each liability. The changes in the estimate are reflected in the income statement of the year in which the change takes place.
If the Company is exposed to risks for which the occurrence of a liability is only a possibility, these risks are described in the Notes and no provision is made.

REVENUES

The methodological approach followed by the Company in recognising revenues from contracts with customers (also referred to below as revenues from sales and services) is broken down into five basic steps (five-step model):
1. Identify the contract with the customer;
2. Identify the performance obligations in the contract;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations;
5. Recognise the revenue when the performance obligation is satisfied.

Revenues are measured taking into account the contractual terms and commercial practices generally applied in relations with customers. The transaction price is the amount of the consideration (which may include fixed amounts, variable amounts or both) to which the seller believes it is entitled in exchange for the transfer of control over the promised goods/services. Control refers generically to the ability to decide on the use of the asset (good/service) and to substantially draw all remaining benefits from it. The total consideration of service agreements is broken down between all of the services on the basis of the sale price of the relative services as if they had been sold individually.

Within each contract, the reference element for the recognition of revenues is the individual performance obligation. For each individually identified performance obligation, the Company recognises revenues when (or as) it fulfils the obligation by transferring the promised good/service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.
For performance obligations fulfilled over time, revenues are recognised over time, measuring the progress made towards fulfilling the obligation in full at the end of each year. To measure its progress, the Company uses the input-based method (cost-to-cost method). Revenues are recognised on the basis of the inputs used to fulfil the obligation until that date, with respect to the total inputs assumed will be used to fulfil the entire obligation. When the inputs are distributed uniformly over time, the Company recognises the corresponding revenues on a straight-line basis. In specific circumstances, when it is not possible to reasonably assess the result of the performance obligation, revenues are recognised only up to the amount of costs incurred.

COSTS

The costs related to the purchase of assets are recognised when the risks and benefits of the assets traded are transferred; the service costs received are recognised proportionally when the service is provided.

FINANCIAL INCOME AND CHARGES

Dividends due are recognised when the Company's right to receive payment is established.
Interest is recognised on an accrual basis on the basis of the effective interest method, using in other words the interest rate that makes financially equivalent all inflows and outflows (including any premium, discount, commissions etc.) from a transaction.

5. NEW STANDARDS OR AMENDMENTS FOR 2018 AND FUTURE REQUIREMENTS

ACCOUNTING STANDARDS AND AMENDMENTS TO THE STANDARDS ADOPTED BY THE COMPANY

b) From 1 January 2018, the Company adopted the following new accounting standards:

- IFRS 15 - "Revenue from Contracts with Customers", endorsed by the EU on 29 October 2016 with Regulation no. 1905, and "Clarifications to IFRS 15 Revenue from Contracts with Customers", endorsed by the EU on 9 November 2017 with Regulation no. 291. IFRS 15 defines the criteria for recognition and measurement of revenues from contracts with customers. In brief, the standard requires the analysis of the following 5 steps for revenue recognition: (i) identification of the contract; (ii) identification of the performance obligations contained in the contract; (iii) determination of the transaction price; (iv) allocation of the price envisaged by the contract to the performance obligations; (v) recognition of revenues.

  The adoption of this standard had no effects on Shareholders' Equity at 1 January 2018.

- IFRS 9 - "Financial Instruments", endorsed by the EU on 29 November 2016 with Regulation no. 2067. Starting from 1 January 2018, IFRS 9 "Financial Instruments" replaced IAS 39 "Financial Instruments: Recognition and Measurement", identifying a new set of accounting rules applicable to the classification and measurement of Financial Instruments, to the impairment of loans and to hedge accounting. Moreover, among other things, IFRS 9 envisages that in the event that a change or exchange of financial liability does not involve an accounting elimination, any effects arising from recalculation of the value of the new liability using the modified cash flows and the original effective interest rate must be recognised immediately in the profit for the period, contrary to what was envisaged by IAS 39, according to which the new financial liability was accounted for in the future. On the other hand, the costs and commissions sustained for the change continue to be recognised as a direct adjustment to the book value of the amended financial liability and amortised at the effective interest rate throughout the life of the instrument.

  Adjustment to IFRS 9 at 1 January 2018 involved recognition of greater reserves of Shareholders' Equity for € 343 thousand, to account for the effect of changes in cash flows relative to the **Cariparma line A** refinancing in 2017, recognised prospectively in accordance with IAS 39, for which IFRS 9 requires immediate recognition in the income statement.

- IFRS 2 - "Share-based Payment", endorsed by the EU on 26 February 2018 with Regulation no. 289. The document "Classifications and Measurement of Share-based Payment Transactions (Amendments to IFRS 2)" resolved some issues relating to the accounting of share-based payments. In particular, this amendment makes significant improvements to (i) the valuation of share-based payments settled in cash, (ii) the classification thereof and (iii) the method of accounting in case of modification from share-based payments settled in cash to share-based payments settled with capital instruments.

- IFRS 4 - “Insurance Contracts”, endorsed by the EU on 3 November 2017 with Regulation no. 1988. The document “Amendments to IFRS 4: Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts” aims to resolve the inconsistencies deriving from the deferment of the dates of entry into force of IFRS 9 and the new accounting standard on insurance contracts.

- IFRIC 22 - “Foreign Currency Transaction and Advance Consideration”, endorsed by the EU on 28 March 2018 with Regulation no. 519. The document aims to provide clarification on the correct recognition of a transaction in foreign currency, in the case of payments made or received in advance with respect to the subject of the transaction to which the payments refer. The interpretation clarifies that the transaction date to be used for the conversion is the date on which the entity makes or receives the advance payment.

- IAS 40 - “Investment Property”, endorsed by the EU on 14 March 2018. The document “Amendments to IAS 40: Transfers of Investment Property” aims to clarify the aspects relating to the treatment of transfers from and to investment property. In particular, the amendment clarifies that a transfer must be made if, and only if, there is an actual change in the use of the asset. A change in management’s intention is not sufficient in itself for a transfer.

- “Annual Improvements to IFRS Standards 2014-2016 Cycle”, endorsed by the EU on 7 February 2018. The amendments introduced fall within the ordinary activity of rationalisation and clarification of international accounting standards.

With the exception of what is mentioned above with regard to IRFS 9, adoption of the new standards applicable from 1 January 2018 did not have any significant impacts.

b) *Accounting standards and interpretations on standards effective for the financial years after 2018 and not adopted in advance by the Company:*

- IFRS 16 was issued in January 2016 and replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 establishes the principles for recognising, measuring, presenting and providing disclosure on lease agreements and requires lessees to account for all leases according to a single accounting model similar to the method used to account for finance leases under IAS 17. The standard includes two recognition exemptions for lessees - leases for “low value” assets (such as personal computers) and short-term leases (for a period of less than or equal to 12 months). At the start date of a lease, the lessee recognises a liability relating to the rent to be paid (i.e., the lease liability) and an asset representing the right to use the underlying asset for the term of the lease (i.e., the right of use). The lessees are required to recognise interest expense on the lease liability and amortisation on the right of use separately. Lessees are also required to reconsider the amount of the lease liability when certain events taken place (i.e., a change in the term of the lease, a change in future payments arising from changes in the index or the rate used to determine such payments). The lessee will generally recognise the difference from the remeasurement of the lease liability amount as an adjustment to the right of use. The accounting method for the lessor under IFRS 16 will remain basically the same as the current policy set forth under IAS 17. Lessors will continue to classify all leases using the classification principle set forth in IAS 17 and will distinguish between two types of leases: operating and finance. IFRS 16 is effective starting from financial periods beginning on or after 1 January 2019.

The Company expects to adopt IFRS 16 for leases previously classified as operating leases in accordance with IAS 17 by retroactively accounting for the cumulative effect of the initial application of the standard at the initial application date. The Company will recognise the right of use asset at the date of initial application in an amount equal to the lease liability adjusted by the amount of any deferred assets or accrued charges relating to the leases recognised in the Statement of Financial Position at 31 December 2018. The Company expects to make use of the following exemptions provided by the standard on leases:

- The Company will apply a single discounting rate to a portfolio of similar leases with a similar residual term;
- The Company will not apply IFRS 16 on leases for which the terms of the lease expire within 12 months of the date of initial application and leases for which the underlying asset has a low value. The Company has entered into lease agreements on some office equipment (e.g., personal computers, printers and photocopiers) which is considered to be low value.
- The Company will exclude initial direct costs from the valuation of the asset consisting of the right of use at the date of initial application.
- The Company will use past experience and its knowledge to determine the term of specific lease agreements with tacit renewal clauses.

The Company is estimating the impact that IFRS 16 will have at the initial application date. This estimate is based on assessments carried out to date and described below. These impacts could change for the following reasons:

- the Company has not completed its verification and assessment of the controls on the IT system updates;
- the new accounting policies could be subject to amendments until the point when the Company presents its first Financial Statements that will include the effects of initial application.

Due to the adoption of the standard in question, as a result of the adjustment in accounting for expenses on leases previously classified as operating leases, the operating profit of the Company is expected to improve, while financial charges should increase as well and there will be a deterioration in the financial position.

In brief, the expected effects from the adoption of the new standard are presented below:

Property, plant and equipment (right of use of assets)	*+€ 0.74 million*
Financial liabilities for leases	*+€ 0.74 million*

- On 12 October 2017, the IASB published some amendments to IFRS 9 - Financial Instruments. The document “Prepayment features with Negative Compensation (Amendments to IFRS 9)” aims to amend the requirements of IFRS 9 with reference to the following two situations: (i) financial assets which contain prepayment options through negative compensation may now be valued at amortised cost or at fair value through other comprehensive income (FVOCI) if they meet the other relevant requirements of IFRS 9; (ii) new accounting criteria are introduced in the case of non-substantial amendments that do not entail a derecognition in the case of modifications or exchanges of fixed-rate financial liabilities. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. Endorsement by the EU took place on 22 March 2018 with Regulation no. 498.

- On 12 October 2017, the IASB published some amendments to IAS 28 “Investments in Associates and Joint Ventures”. The document “Long-term interests in Associates and Joint Ventures (Amendments to IAS 28)” aims to clarify several aspects in cases in which companies finance associates and joint ventures with preference shares or through loans for which repayment is not required in the foreseeable future ("Long-Term Interests" or "LTI"). In particular, the amendment clarifies that although these types of receivables represent an extension of the net investment in such investees to which IAS 28 applies, they are in any event subject to the provisions on impairment set forth in IFRS 9. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. Endorsement by the EU took place on 8 February 2019 with Regulation no. 237.

- On 7 June 2017, the IASB published the interpretation IFRIC 23 - "Uncertainty over Income Tax Treatments", which provides indications on how to reflect uncertainties on the tax treatment of a given phenomenon in accounting for income taxes. IFRIC 23 applies to Financial Statements relating to years beginning on 1 January 2019, or later. Endorsement by the EU took place on 23 October 2018 with Regulation no. 1595.

At the date of approval of these Financial Statements, with the exception of what is set forth with reference to IFRS 16, the Company is conducting analyses in order to verify the existence of any impacts from application of these new accounting standards and interpretations.

c) *Accounting standards and interpretations to be applied in the near future:*

At the date of the approval of these Financial Statements, a few accounting standards, interpretations and amendments had been issued by IASB, but not yet ratified by the European Union, some of which still in the consultation stage, among which we note:

- On 18 May 2017, the IASB published the new standard IFRS 17 - "Insurance Contracts", which replaces the current IFRS 4. The new standard on insurance contracts aims to enhance the transparency of sources of profit and quality of earnings realised and to guarantee greater comparability of results, introducing a single standard for the recognition of revenues which reflects the services provided. IFRS 17 applies to Financial Statements relating to years beginning on 1 January 2021, or later. EFRAG's Endorsement Process is still under way.

- On 12 December 2017, the IASB published the document "Annual Improvements to IFRS Standards 2015-2017 Cycle". The amendments introduced, falling within the ordinary activity of rationalisation and clarification of international accounting standards, are related to the following standards: (i) IFRS 3 - Business Combinations and IFRS 11 - Joint Arrangements: the IASB clarified how to account for increases in interests in a business that is a joint operation; (ii) IAS 12 - Income Taxes: the IASB clarified that the tax effects correlated with the payment of dividends (including payments relating to financial instruments classified in Shareholders' Equity) are recognised consistently with the underlying transactions or events that generated the amounts subject to distribution (e.g., recognition in the income statement, in OCI or in Shareholders' Equity); (iii) IAS 23 - Borrowing Costs: the IASB clarified that general borrowings for the calculation of borrowing costs to be capitalised on qualifying assets do not include the borrowings that are specifically relative to qualifying assets in the construction or development phase. When such qualifying assets are available for use, the relative borrowings are considered general borrowings for the purposes of IAS 23. The amendments apply to Financial Statements relating to years beginning on 1 January 2019 or later; earlier application is permitted. The Endorsement Process was concluded during 2018 and ratification by the EU is expected in the first quarter of 2019.

- On 7 February 2018, the IASB published some amendments to IAS 19 - "Employee Benefits". The document "Plan Amendment, Curtailment or Settlement (Amendments to IAS 19)" clarifies several accounting aspects relating to amendments, reductions or settlements of defined benefit plans. The amendments apply for amendments, curtailments or settlements taking place as of 1 January 2019 or the date on which they are applied for the first time (early application is permitted). The Endorsement Process was concluded during 2018 and ratification by the EU is expected in the first quarter of 2019.

- On 29 March 2018, the IASB published the revised version of the Conceptual Framework for Financial Reporting. The main amendments compared to the 2010 version include a new chapter on valuation, better definitions and guidance, with particular regard to the definition of liability, and clarifications of key concepts, such as stewardship, prudence and uncertainty in valuations. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

- On 22 October 2018, the IASB published some amendments to IFRS 3. The document "Amendment to IFRS 3- Business Combinations" introduced a much more restrictive definition of business than that contained in the current version of IFRS 3, as well as a logical procedure to follow to check if a transaction can be considered a "business combination" or simply acquisition of an asset. The amendment must be applied to acquisitions that occur from 1 January 2020. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

- On 31 October 2018, the IASB published the document, "Amendments to IAS 1 and IAS 8: Definition of Material", with the objective of refining and standardising the definition of "material" present in certain IFRSs, so that they are consistent with the new Conceptual Framework for Financial Reporting approved in March 2018. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. Early application is permitted. The EFRAG Endorsement Process and ratification by the EU is expected in 2019.

The potential impacts that the accounting standards, amendments and interpretations to be applied in the near future may have on the financial reporting of the Company are being examined and assessed.

6. USE OF ESTIMATES

As part of the preparation of these Separate Financial Statements, in application of the reference accounting standards, the Directors had to make assessments, estimates and assumptions that influence the amounts of the assets, liabilities, costs, and revenues recognised in the Financial Statements, as well as the information provided. Therefore, the final results of the items for which said estimates were used could differ from those reported in these Financial Statements, given the uncertainty that characterises the assumptions and the hypotheses on which the estimates are based.

The accounting standards and the financial statement items that involve a greater subjectivity by the Directors in the estimation process are the following:

• *Equity investments recognised at cost:* equity investments recognised at cost, the carrying amount of which is higher than the relative Shareholders' Equity, are assessed on an annual basis to identify whether there is an impairment that should be recognised in the income statement. Specifically, the assessment in question requires the calculation of the recoverable amount of the investment by estimating the value in use or the fair value net of disposal costs; if the recoverable amount is less than the carrying amount, the investment is written down. The calculation of the recoverable amount of the equity investments requires estimates based on factors that may change over time, with a potentially significant impact on the assessments carried out by Directors.

• *Impairment of fixed assets*: property, plant and equipment and intangible assets with finite useful life are assessed to establish whether there was a decrease in value, to be recognised with a write-down, if there are indications that it will be difficult to recover their net accounting value through use. To establish the presence of said indications, Directors must make subjective assessments on the basis of information available within the Company and the market, as well as historical experience. Moreover, if it is determined that a potential impairment loss may be generated, this loss is calculated using appropriate measurement techniques. The correct identification of the factors indicating the occurrence of a potential decrease in value, as well as the estimates for the calculation of these depend on factors that may vary over time, affecting the assessments and estimates carried out by the Directors.

• *Measurement at fair value*: in measuring the fair value of an asset or liability, the Company makes use of observable market data as far as possible. Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques, as described before.

7. MANAGEMENT OF FINANCIAL RISK

The Company is exposed to financial risks connected with its operations, especially related to the following:

- interest rate risks, from the financial exposure of the Company;
- exchange rate risks, from operations in currencies different from the functional currency;
- liquidity risks, related to the availability of financial resources and access to credit markets;
- credit risks, resulting from normal commercial transactions or financing activities.

Tinexta monitors each financial risk closely, intervening with the objective of minimising them promptly also by making use of hedging derivatives.

Exchange rate risk
The exposure to the risk of changes in exchange rates derives from the execution of activities in currencies different from the Euro. The Company conducts its business exclusively in Italy, the entire turnover and almost all purchases are realised in Euro; therefore, it is not significantly exposed to the risk of fluctuations in foreign currency exchange rates against the Euro.

Interest rate risk
The Company uses external financial resources in the form of debt and uses the liquidity available in bank deposits. Changes in market interest rates influence the cost and return of the different types of borrowing and investment and therefore have an impact on the level of the financial charges and income.
Being exposed to interest rate fluctuations with regard to the extent of the financial charges incurred to borrow funds, the Company periodically reviews its exposure to the risk of changes in interest rates and manages it also by making use of interest rate derivatives, primarily interest rate swaps (IRS) taken out only for hedging purposes. The breakdown of interest rate swaps and other hedging derivative financial instruments outstanding at 31 December 2018 is provided in Note *21. Derivative financial instruments.*
Cash mainly consists of variable-rate bank deposits, and therefore its fair value is close to the value recognised in the Financial Statements.
The interest rate to which the Company is mostly exposed is the Euribor. Therefore, the risk of interest rate appears adequately monitored, given the current slope of the Euribor rate curve.

Credit risk
Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2018, the liquidity of the Company was invested in bank deposits held at prime credit institutes.
The trade receivable risk mainly arises from receivables from subsidiaries deriving from the charge-back of infra-group services; therefore, the Company is not significantly exposed to the trade receivable risk.

Liquidity risk
Liquidity risk consists of an inability to raise, on adequate terms, the financial resources needed for the Company to operate. The main factors that influence the liquidity of the Company are:

(i) the financial resources generated or absorbed by operating and investing activities;
(ii) the financial resources generated or absorbed by the direct and indirect subsidiaries, given the Group's centralised treasury management system (cash pooling);
(ii) the maturity of financial debt.
The liquidity requirements of the Company and the Group are monitored by the treasury function, with the objective of ensuring that financial resources can be effectively found and an adequate investment/return of liquidity.
The management believes that the cash and the credit lines currently available, in addition to those that will be generated by operating and financing activities, will allow the Company to meet its requirements, deriving from investing activities, management of working capital and repayment of loans at their contractual maturity.

In Note *20. Financial liabilities, excluding derivative financial instruments*, the financial liabilities recognised in the Financial Statements at 31 December 2018 are summarised and classified according to contractual maturity.

8. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The following is a reconciliation of classes of financial assets and liabilities as identified in the Statement of Financial Position of the Company and types of financial assets and liabilities identified on the basis of the requirements of IFRS 7:

Amounts in thousands of Euro	*Assets measured at fair value and recognised in the income statement*	*Assets/ Liabilities designated at fair value and recognised in the income statement*	*Assets/ Liabilities designated at fair value and recognised in the income statement*	*Fair value Hedging instruments*	*Assets/ Liabilities measured at amortised cost*	*Assets measured at fair value through OCI*	***Total***
NON-CURRENT ASSETS	**0**	**0**	**0**	**21**	**24**	**0**	**45**
Other financial assets, excluding derivative financial instruments	0	0	0	0	11	0	**11**
Derivative financial instruments	0	0	0	21	0	0	**21**
Trade and other receivables	0	0	0	0	13	0	**13**
CURRENT ASSETS	**0**	**0**	**0**	**0**	**24,126**	**0**	**24,126**
Other financial assets, excluding derivative financial instruments	0	0	0	0	8,866	0	**8,866**
Trade and other receivables	0	0	0	0	481	0	**481**
Cash and cash equivalents	0	0	0	0	14,780	0	**14,780**
NON-CURRENT LIABILITIES	**0**	**0**	**0**	**172**	**47,087**	**0**	**47,258**
Financial liabilities, excluding derivative financial instruments	0	0	0	0	47,087	0	**47,087**
Derivative financial instruments	0	0	0	172	0	0	**172**
CURRENT LIABILITIES	**0**	**0**	**0**	**0**	**72,325**	**0**	**72,325**
Financial liabilities, excluding derivative financial instruments	0	0	0	0	69,777	0	**69,777**
Derivative financial instruments	0	0	0	0	0	0	**0**
Trade and other payables	0	0	0	0	2,547	0	**2,547**

9. FAIR VALUE HIERARCHY

The table below shows the fair value hierarchy of the assets and liabilities of the Company:

In thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT ASSETS	**0**	**21**	**0**	**21**
Derivative financial instruments		*21*		*21*
Interest rate floor		21		21
NON-CURRENT LIABILITIES	**0**	**172**	**0**	**172**
Derivative financial instruments		*172*		*172*
Interest rate swaps		132		132
Capped swaps		40		40

Information on the Statement of Financial Position

10. PROPERTY, PLANT AND EQUIPMENT

The details of property, plant and equipment are provided below.

Amounts in Euro	31/12/2017	Investments	Divestments	Depreciation	Reclassifications	Impairment	31/12/2018
Electronic machines							
Cost	47,988	18,278	-8,909				*57,357*
Accumulated Depreciation	-22,824		8,909	-23,864			*-37,779*
Net value	**25,164**	**18,278**	**0**	**-23,864**	**0**	**0**	**19,577**
Leasehold improvements							
Cost	27,658	14,408	-27,658				*14,408*
Accumulated Depreciation	-27,658		27,658	-800			*-800*
Net value	**0**	**14,408**	**0**	**-800**	**0**	**0**	**13,608**
Other assets							
Cost	104,725	46,031	-385				*150,371*
Accumulated Depreciation	-41,886		220	-29,494			*-71,160*
Net value	**62,839**	**46,031**	**-165**	**-29,494**	**0**	**0**	**79,211**
Property, plant and equipment	**88,003**	**78,716**	**-165**	**-54,158**	**0**	**0**	**112,396**

11. INTANGIBLE ASSETS

The item comprises intangible assets with definite useful life as follows:

Amounts in Euro	31/12/2017	Investments	Divestments	Amortisation	Reclassifications	31/12/2018
Software						
Cost	127,837	259,325	-9,452		71,691	*449,401*
Accumulated Amortisation	-82,224		9,452	-80,046		*-152,819*
Net value	**45,613**	**259,325**	**0**	**-80,046**	**71,691**	**296,583**
Concessions, licences, trademarks and similar rights						
Cost	8,000					*8,000*
Accumulated Amortisation	-8,000					*-8,000*
Net value	**0**	**0**	**0**	**0**	**0**	**0**
Assets in progress and advances						
Cost	**71,691**	**0**	**0**	**0**	**-71,691**	**0**
Intangible assets with definite useful life	**117,304**	**259,325**	**0**	**-80,046**	**0**	**296,583**

The increase during the period in the item *Software* including the reclassification from *Assets in progress* relates to capitalised costs for the implementation of the new ERP that began operating during the year.

12. EQUITY INVESTMENTS RECOGNISED AT COST

The net increase of € 6,319 thousand compared to the value at 31 December 2017 is due mainly to the acquisition during the period of an additional 10% of the minority interests in Co.Mark S.p.A.

The following tables provide:

- the opening and closing balances of the investments held by the Company, and the related changes in the year;
- details of the investments, including, among other information, the ownership percentages and the related carrying value at 31 December 2018.

Amounts in Euro	31/12/2017				Changes in the year					31/12/2018			
	% owner ship	Cost	Accumulated impairment	Net balance	Investments	Impairment	Revaluations	Mergers	Other Changes	% owner ship	Cost	Accumulated impairment	Net balance
InfoCert S.p.A.	99.99	18,238,589	0	*18,238,589*						99.99	18,238,589	0	*18,238,589*
Innolva S.p.A. [14]	100.00	111,119,735	0	*111,119,735*						100.00	111,119,735	0	*111,119,735*
Co.Mark S.p.A.	80.00	39,379,883	0	*39,379,883*	6,309,832					90.00	45,689,715	0	*45,689,715*
Visura S.p.A.	60.00	22,985,361	0	*22,985,361*						60.00	22,985,361	0	*22,985,361*
RE Valuta S.p.A.	83.13	1,124,375	0	*1,124,375*						83.13	1,124,375	0	*1,124,375*
Warrant Hub S.p.A[15].	70.00	33,740,120	0	*33,740,120*					9,117	70.00	33,749,237	0	*33,749,237*
Equity investments		**226,588,063**	**0**	**226,588,063**	**6,309,832**	**0**	**0**	**0**	**9,117**		**232,907,013**	**0**	**232,907,013**

Amounts in Euro	% ownership	Cost	Registered office	Share Capital at 31/12/2018	Shareholders' Equity at 31/12/2018	Profit for the year 2018
InfoCert S.p.A.	99.99	18,238,589	Rome	17,704,890	25,058,045	12,122,128
Innolva S.p.A.	100.00	111,119,735	Buja (UD)	3,000,000	22,740,292	4,619,918
Co.Mark S.p.A.	90.00	45,689,715	Milan	150,000	8,075,496	4,009,904
Visura S.p.A.	60.00	22,985,361	Rome	1,000,000	6,010,800	3,299,110
RE Valuta S.p.A.	83.13	1,124,375	Milan	200,000	2,104,898	1,837,360
Warrant Hub S.p.A.	70.00	33,749,237	Correggio (RE)	57,692	16,825,176	16,635,418

With reference to the equity investments for which the cost value is higher than the relative Shareholders' Equity, please note that impairment tests were conducted in relation to the carrying amounts at 31 December 2018.

The related recoverable amount was determined on the basis of an estimate of the value in use, as the fair value of the individual equity investments could not be determined in a reliable manner.

The value in use has been determined by using the discounted cash flow method, in the unlevered version, applied to forecasts prepared by the Directors of each company in relation to the three-year period from 2019 to 2021. The cash flows used for the determination of the value in use are related to the operational management of each company and do not include financial charges and extraordinary items; they include

[14] On 26 April 2018, Assicom Ribes changed its name to Innolva S.p.A.
[15] On 6 November 2018, the Shareholders' Meeting of Warrant Group S.r.l. approved the change in the company name to Warrant Hub and its legal form into a joint-stock company.

the investments envisaged in the plans and changes in cash attributable to working capital, without taking into consideration the effects of future restructuring not yet approved by the directors or future investments to improve future profitability. The expected growth forecast in the plans used as the basis of the impairment test is in line with the corresponding growth foreseen in the respective sectors. An explicit period of three years was used, beyond which the above flows were projected according to the perpetual return method (terminal value) using a growth rate (g-rate) equal to 1% for the market within which the individual companies operate. The macroeconomic assumptions at the base of the plans, when available, were determined based on external sources of information, while the estimates in terms of growth and profitability used by the directors, are derived from historical trends and expectations related to the markets in which Group companies operate.

The cash flows were discounted using a WACC equal to 8.08% post-tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 2.6%, equal to the gross average return of the Italian ten-year BTP;
- market risk premium of 5.8% used for mature economies in the valuation processes;
- additional risk factor equal to 2.0%;
- sector levered beta of 0.79, determined considering a list of comparable listed companies;
- financial structure of the Company equal to 20.3%, considering the average of the D/E ratio recorded by comparable companies;
- cost of debt applicable to the Group, equal to 3.4%.

The plans underlying the impairment tests mentioned above were approved by the Boards of Directors of the individual investees. The impairment tests were approved by the Board of Directors of Tinexta on 12 March 2019.

The impairment tests carried out on shareholdings for which the cost value is higher than the related Shareholders' Equity have not revealed any impairment loss.

Changes during the year recognised in the item are illustrated below:

Co.Mark S.p.A.

On 12 July 2018, Tinexta S.p.A. completed the acquisition of an additional 10% of the subsidiary Co.Mark S.p.A. for a total of € 6,296 thousand, plus charges of € 14 thousand, following the exercise of the second put option by the minority shareholders within the terms laid out in the contract. The contract for the acquisition of 70% envisaged that the remaining 30%, held by the founding Shareholders, would be subject to put & call option rights, which may be exercised in three annual tranches of 10% each, at a price calculated through the application of a variable multiple on annual EBITDA, on the basis of the growth rates recorded. Therefore, Tinexta's stake in Co.Mark S.p.A. rose to 90%.

Warrant Hub S.p.A.

The increase in the value of this investment, recognised in *Other changes*, is attributable to the adjustment compared to the estimate at 31 December 2017 of the contingent consideration to be provided to the selling Shareholders, which was paid on 6 August 2018 for a total of € 2,786 thousand.

13. DEFERRED TAX ASSETS/LIABILITIES

Below is the breakdown and changes during the year of Deferred Tax Assets and Liabilities:

Amounts in Euro	1/1/2018	Allocations Income statement	Releases Income statement	Allocations Comprehensive income statement	Releases Comprehensive income statement	Allocations Shareholders' Equity	Releases Shareholders' Equity	31/12/2018
Deferred tax assets:								
Impairments of equity investments	20,202							20,202
Decreases in hedging financial instruments	34,746			10,273				45,019
Differences between statutory and tax amortisation rates	1,737	5,847	-791					6,793
AIM listing costs	76,555		-48,351					28,204
Employee benefits	4,845							4,845
Losses that can be carried forward for tax purposes	484,209		-26,636					457,573
Other temporary differences	0	50,435						50,435
Deferred tax assets	**622,294**	**56,282**	**-75,778**	**10,273**	**0**	**0**	**0**	**613,071**
Deferred tax liabilities:								
Increases in hedging financial instruments	251				-251			0
Revaluations of equity investments	22,930							22,930
Financial liabilities	0		-33,531			108,244		74,713
Deferred tax liabilities	**23,181**	**0**	**-33,531**	**0**	**-251**	**108,244**	**0**	**97,643**

Allocations Shareholders' Equity in Deferred tax liabilities, relating to the item *Financial liabilities*, resulted from the adoption at 1 January 2018 of IFRS 9, transferred in part in the course of the period.

Deferred tax assets have been recognised at 31 December 2018 as the management of the Company has deemed them to be recovered in future years.

14. TRADE AND OTHER RECEIVABLES and CONTRACT ASSETS

The item *Trade and other receivables* totalled € 493 thousand (€ 902 thousand at 31 December 2017) and can be detailed as follows:

Amounts in Euro	31/12/2018	31/12/2017	Change
Deferred assets	12,707	24,566	-11,858
Trade receivables and other non-current receivables	**12,707**	**24,566**	**-11,858**
of which vs Related parties	***0***	***1,300***	***-1,300***
Receivables from subsidiaries	198,378	123,054	75,325
Receivables from others	10,528	29,158	-18,630
VAT credit	45,524	551,529	-506,006
Deferred assets	226,246	174,028	52,218
Trade and other current receivables	**480,676**	**877,769**	**-397,093**
of which vs Related parties	***219,920***	***144,689***	***75,231***
Trade and other receivables	**493,384**	**902,335**	**-408,951**
Contract assets	**54,200**	**n.a.**	**54,200**
of which vs Related parties	**54,200**	**n.a.**	**54,200**

There is no bad debts provision as the book value is considered fully recoverable.

The decrease in the VAT credit resulted from the adoption of the Split Payment VAT regulation. Indeed, as of 1 January 2018, as certified by its inclusion in the lists published on the website of the Ministry of the Economy and Finance - Department of Finance, the Company is qualified as a party subject to the split payment regulations pursuant to art. 17-ter of Italian Presidential Decree no. 633 of 26 October 1972. As a result, VAT is not paid to suppliers and periodic required payments are made to the tax authorities.

Contract assets of € 54 thousand at 31 December 2018, entirely from subsidiaries, predominantly comprise the Company's right to receive consideration for work completed but not yet invoiced at the end of the year. These assets are reclassified under *Trade receivables* when the right becomes unconditional.

15. CURRENT TAX ASSETS AND LIABILITIES

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Receivables from tax authorities for IRES	2,846,954	0	2,846,954
Receivables from subsidiaries participating in Tinexta tax consolidation	2,894,405	0	2,894,405
Receivables from Majority Shareholder for Tecno Holding tax consolidation	0	1,166,898	-1,166,898
Current tax assets	**5,741,358**	**1,166,898**	**4,574,460**
of which vs Related parties	*2,894,405*	*1,166,898*	*1,727,507*
Payables to subsidiaries participating in Tinexta tax consolidation	4,847,356	0	4,847,356
Current tax liabilities	**4,847,356**	**0**	**4,847,356**
of which vs Related parties	*4,847,356*	*0*	*4,847,356*
Net current tax assets/(liabilities)	**894,002**	**1,166,898**	**-272,896**

Starting in the year 2018 the Company opted, as the consolidating company, for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Company and the consolidated companies are defined in the corresponding tax consolidation regulations.

The table shows the Company's exposure as consolidating company to the tax authorities, as well as the amounts receivable from/payable to the consolidated companies.

Please note that the tax consolidation option (2015-2017 three-year period) headed by the Majority Shareholder Tecno Holding S.p.A. was terminated in 2017.

16. OTHER FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Positive balance current accounts with subsidiaries	8,683,902	0	8,683,902
Other current financial assets	181,778	29,194	152,584
Other current financial assets, excluding derivative financial instruments	**8,865,679**	**29,194**	**8,836,486**
of which vs Related parties	*8,683,902*	*0*	*8,683,902*

The item *Positive balance current accounts with subsidiaries* refers to positive balance current accounts with subsidiaries as a result of the application, as of 2017, of the centralised Group treasury management system (cash pooling) by the Company.

Other financial assets includes the pending cost of € 173 thousand for transaction costs linked to obtaining the Cariparma loan (described in Note *20. Financial liabilities*), not yet used at 31 December 2018.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents can be broken down as follows:

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Bank and postal deposits	14,777,584	23,264,732	-8,487,148
Cash and cash equivalents	2,192	1,276	916
Cash and cash equivalents	**14,779,776**	**23,266,008**	**-8,486,232**

The balance is mainly represented by the cash and cash equivalents held in bank accounts at leading national banks.

As of 2017, a centralised group treasury management system (cash pooling) was activated by the Company. The direct and indirect subsidiaries participating in the cash pooling are Co.Mark S.p.A., InfoCert S.p.A., Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A. and Visura S.p.A. Warrant Hub S.p.A. was also included in the cash pooling system as of 14 May 2018. The debt balance to the subsidiaries, recognised under current financial liabilities, amounts to € 32,307 thousand (for the details, refer to Note. *20. Financial liabilities, excluding derivative financial instruments*), and the credit balance from the subsidiaries, recognised in current financial assets, amounts to € 8,684 thousand (for the details, refer to Note *16. Financial assets, excluding derivative financial instruments*).

The change during the period, as described in more detail in the Statement of Cash Flows, can be ascribed to the liquidity absorbed by operations of € 4,031 thousand; the liquidity generated by investing activities of € 13,861 thousand primarily for dividends collected from the subsidiaries during the period; the liquidity used in financing activities for € 18,315 thousand, in particular for the repayment of loans to subsidiaries.

18. SHAREHOLDERS' EQUITY

The subscribed and paid-in share capital amounts € 46,890,120 at 31 December 2018 and consists of 46,890,120 Ordinary Shares.

Amounts in Euro	31/12/2018	31/12/2017	Change
Share capital	46,890,120	46,573,120	317,000
Legal reserve	2,031,223	1,432,810	598,413
Share premium reserve	54,678,003	53,917,203	760,800
Extraordinary reserve	8,223,589	8,223,589	0
Revaluation reserve pursuant to art. 2426 Civil Code	554,012	554,012	0
First Time Adoption Reserve	4,393	4,393	0
Profits (losses) previous years	4,200,198	-992,191	5,192,389
Reserve from valuation of hedging derivatives	-142,561	-109,236	-33,325
Defined-benefits plan reserve	-54,174	-39,722	-14,452
Profit (loss) for the year	21,621,640	11,968,266	9,653,374
Total Shareholders' Equity	**138,006,443**	**121,532,244**	**16,474,199**

The items of Shareholders' Equity are broken down as follows according to their origin, possible use, allocation and use in the three prior years:

Amounts in Euro	31/12/2018	Possibility of use	Available portion	Distributable portion	Summary of uses in the three previous years	
					For loss coverage	For other reasons
Share capital	46,890,120		0	0		
Legal reserve	2,031,223	B	0	0		
Share premium reserve	54,678,003	A, B, C	54,678,003	48,412,284		
Extraordinary reserve	8,223,589	A, B, C	8,223,589	8,223,589		
Revaluation reserve pursuant to art. 2426 Civil Code	554,012	A, B	554,012	0		
First Time Adoption Reserve	4,393	B	0	0		
Profits (losses) previous years	4,200,198	A, B, C	4,200,198	4,200,198		
Reserve from valuation of hedging derivatives	-142,561		0	0		
Defined-benefits plan reserve	-54,174		0	0		
Profit (loss) for the year	21,621,640		21,621,640	20,540,558		
Total	**138,006,443**	**0**	**89,277,442**	**81,376,629**		

Key

A: For capital increase

B: To cover losses

C: For distribution to shareholders

On 12 October 2018, the share capital of Tinexta S.p.A. increased by 317,000 Shares with no nominal value, for an amount equal to € 317,000, following the exercise of the right of conversion of the second tranche of the "*Warrant Tinexta 2016-2019"* held by the Shareholder Cedacri S.p.A. at the price of € 3.40 for a total of € 1,077,800, of which € 760,800 recognised in the *Share premium reserve*. In this respect, please recall that on 4 February 2016 Tinexta's Extraordinary Shareholders' Meeting approved the issue of 951,000 Warrants named "*Warrant Tinexta 2016-2019*" to be offered free of charge for subscription to the Shareholder Cedacri following the achievement of specific annual turnover objectives for the years 2016-2018 to be exercised in three instalments and in as many time frames (between 5 July and 30 September inclusive in the years 2017 - 2018 - 2019).

The Shareholders' Meeting of 24 April 2018 approved the distribution of a € 6,520 thousand dividend.

The *Reserve from valuation of hedging derivatives* refers to the effective component of the change in fair value of the derivatives entered into by the Company to cover the risk of variability in cash flows due to fluctuating interest rates on a portion of the **Cariparma line A1 loan**, on a portion of the **Cariparma line B loan** and on the **UBI loan** (for the details, please refer to Note *21. Derivative financial instruments*).

The *Defined-benefits plan reserve* refers to the actuarial component of the Employee severance indemnity according to the requirements of IAS 19.

19. EMPLOYEE BENEFITS

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Employee severance indemnity	301,741	196,811	104,930
Other non-current employee benefits	0	332,175	-332,175
Total non-current employee benefits	**301,741**	**528,986**	**-227,245**
Other current employee benefits	1,060,135	359,765	700,370
Total current employee benefits	**1,060,135**	**359,765**	**700,370**

This item refers to the Employee severance indemnity (TFR) for € 302 thousand. The Employee severance indemnity includes the effects of the actuarial calculations according to the requirements of IAS 19.

The changes in the TFR liability were as follows:

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Liabilities at the beginning of the year	**196,811**	**150,235**	**46,576**
Current service cost	63,438	45,865	17,573
Financial charges	2,687	1,903	784
Benefits paid	-2,662	-9,893	7,231
Transfers	22,451	0	22,451
Actuarial (profits)/losses recognised in the year	19,016	8,701	10,315
Liabilities at the end of the year	**301,741**	**196,811**	**104,930**

The details of the economic and demographic assumptions used for the purposes of the actuarial calculations are provided below:

Discount rate	1.57%
Inflation rate	1.50%
TFR rate of increase	2.625%
Real rate of increase in wages	1.00%
Expected mortality rate	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender
Retirement	100% upon reaching compulsory general insurance (AGO) requirements
Expected resignations/advances	4.50% / 2.50%

Below is a sensitivity analysis of the main actuarial assumptions included in the calculation model considering as the base scenario the one described above and increasing and decreasing the average annual discounting rate, the average inflation rate and turnover rate, respectively, by a quarter, a quarter and one percentage point. The results obtained can be summarised in the following table:

Amounts in Euro	**31/12/2018**
Turnover rate +1%	300,176
Turnover rate -1%	303,576
Inflation rate +0.25%	306,492
Inflation rate -0.25%	297,144
Discount rate +0.25%	295,805
Discount rate -0.25%	307,970

The liability accrued relating to the Virtual Stock Option Plan approved by the Board of Directors of the Company on 14 November 2016 was included in the item *Other employee benefits*, aimed at key management personnel, targeted at disbursing deferred sums corresponding to the growth in value of Company Shares. Current liabilities amounted to € 1,060 thousand and relate to the first tranche, already exercisable, for € 428 thousand and the second tranche exercisable from 31 July 2019, for € 633 thousand. Both tranches may be exercised by 31 July 2020.

20. FINANCIAL LIABILITIES, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

This item includes financial liabilities incurred by the Company for a variety of reasons, with the exception of those deriving from the underwriting of derivative financial instruments, and is broken down as follows:

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Current portion of bank loans	9,587,500	3,469,947	6,117,553
Non-current portion of bank loans	40,163,627	34,961,793	5,201,834
Other current bank payables	15,669	27,819	-12,149
Current price deferment liabilities connected to acquisitions	2,531,729	1,486,532	1,045,197
Non-current price deferment liabilities connected to acquisitions	6,922,988	9,312,680	-2,389,692
Current liabilities for contingent consideration connected to acquisitions	0	2,777,209	-2,777,209
Current liabilities to Majority Shareholder for loans	25,252,055	252,055	25,000,000
Non-current liabilities to Majority Shareholder for loans	0	25,000,000	-25,000,000
Current liabilities to subsidiaries for loans	83,836	13,766,868	-13,683,032
Non-current liabilities to subsidiaries for loans	0	16,000,000	-16,000,000
Negative balance current accounts with subsidiaries	32,306,507	21,100,189	11,206,318
Current financial liabilities	**69,777,295**	**42,880,617**	**26,896,679**
of which vs Related parties	***57,642,398***	***35,119,111***	***22,523,286***
Non-current financial liabilities	**47,086,615**	**85,274,473**	**-38,187,858**
of which vs Related parties	***0***	***41,000,000***	***-41,000,000***
Total financial liabilities	**116,863,911**	**128,155,090**	**-11,291,179**

The expiry of non-current financial liabilities is expected within 5 years of the date of the Financial Statements. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2018, classified according to the contractual maturity:

Amounts in Euro	2019	2020	2021	2022	2023	Total
Bank loans	9,587,500	10,851,651	11,263,987	11,343,107	6,704,882	**49,751,128**
Other current bank payables	15,669					**15,669**
Price deferment liabilities connected to acquisitions	2,531,729	2,407,714	2,422,809	1,038,389	1,054,076	**9,454,717**
Liabilities to Majority Shareholder for loans	25,252,055					**25,252,055**
Liabilities to subsidiaries for loans	83,836					**83,836**
Negative balance current accounts with subsidiaries	32,306,507					**32,306,507**
Total financial liabilities	**69,777,295**	**13,259,365**	**13,686,796**	**12,381,496**	**7,758,958**	**116,863,911**

The changes in Financial liability items are shown below, with the exception of *Negative balance current accounts with subsidiaries* and *Other current bank payables*, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	31/12/2017	FTA IFRS 9	Disbursements	Principal payments	Interest paid	Accrued interest	31/12/2018
Bank loans	**38,431,740**	-451,017	14,886,193	-3,476,667	-589,489	950,367	**49,751,128**
Price deferment liabilities connected to acquisitions	**10,799,212**			-1,400,000	-112,000	167,505	**9,454,717**
Liabilities for contingent consideration connected to acquisitions	**2,777,209**			-2,786,326		9,117	**0**
Liabilities to Majority Shareholder for loans	**25,252,055**				-500,000	500,000	**25,252,055**
Liabilities to subsidiaries for loans	**29,766,868**		0	-29,500,000	-436,165	253,133	**83,836**
Total financial liabilities	**107,027,083**	**-451,017**	**14,886,193**	**-37,162,993**	**-1,637,654**	**1,880,123**	**84,541,734**

Bank loans

The following is a breakdown of *Bank loans* in place at 31 December 2018 with evidence of the current (inclusive of accrued interest) and non-current portion:

Bank loans *In thousands of Euro*	Counterparty	Rate	Maturity	Current portion	Non-current portion	Residual value at 31 December 2018
Loan line of credit A1	Crédit Agricole Cariparma	Euribor 6 months + spread 1.30%	30/6/2023	3,476,667	11,564,782	15,041,449
Loan line of credit B	Crédit Agricole Cariparma	Euribor 6 months + spread 1.60%	30/6/2023	1,875,000	13,016,493	14,891,493
UBI loan	UBI Banca	Euribor 6 months + spread 1.60%	30/6/2023	2,222,222	7,692,380	9,914,602
BPS loan	Banca Popolare di Sondrio	Euribor 6 months + spread 1.40%	31/12/2023	2,013,611	7,889,972	9,903,583
				9,587,500	**40,163,627**	**49,751,127**

The **Cariparma line A1 loan** was taken out on 27 April 2017 in order to renegotiate the loan obtained on 16 December 2014 in the amount of € 24,000 thousand entered into with a pool of banks, of which Crédit Agricole Cariparma was lead bank. The main terms of the contract are as follows: maturity on 30 June 2023 and repayment of semi-annual instalments at 6-month Euribor plus a margin of 130 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* ≥ 3 Margin 145 bps; *NFP/EBITDA* < of 3 and ≥ 1 Margin 130 bps; *NFP/EBITDA* < 1 margin 115 bps

The **Cariparma line B loan** available upon request for € 15 million, € 10 million of which used at 31 December 2017 (to cover the investment in Warrant Hub S.p.A.), was used for a further € 5 million on 29 October 2018 for acquisitions carried out by the subsidiary Innolva S.p.A. The loan carries interest at 6-month Euribor plus

160 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA ≥ 3 Margin 175 bps; NFP/EBITDA < of 3 and ≥ 1 Margin 160 bps; NFP/EBITDA < 1 margin 145 bps. The repayment of principal will take place in half-yearly instalments starting from 31 December 2019, maturing on 30 June 2023, and interest will be paid on a half-yearly basis starting from 31 December 2017.

On the Cariparma loans, the Company is committed, for each reference half-year, to respecting the following limits: maximum NFP/EBITDA ratio threshold of 3.5 and NFP/Equity ratio of 2.0. At 31 December 2018, these parameters were respected.

UBI Loan for an original amount of € 10 million to support the investment in Warrant Hub S.p.A. The loan was disbursed on 30 November 2017 at 6-month Euribor plus 160 bps and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and maturing on 30 June 2023, with interest paid on a half-yearly basis starting from 31 December 2017. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* ≥ 3 Margin 175 bps; *NFP/EBITDA* < of 3 and ≥ 1 Margin 160 bps; *NFP/EBITDA* < 1 margin 145 bps. Starting from 30 June 2017 and for each reference half-year period, the Company has committed to respecting the following financial limits: *NFP/EBITDA* less than 3.5 and *NFP/Equity* lower than 2.0. At 31 December 2018, these parameters were respected.

BPS Loan for an original amount of € 10 million to support acquisitions carried out by the subsidiary InfoCert S.p.A. The loan was disbursed on 26 November 2018 at 6-month Euribor plus 140 bps and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and maturing on 31 December 2023, with interest paid on a half-yearly basis starting from 30 June 2019. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* ≥ 3 Margin 165 bps; *NFP/EBITDA* < of 3 and ≥ 2 Margin 140 bps; *NFP/EBITDA* < 2 margin 125 bps. Starting from 31 December 2018 and for each reference half-year period, the Company has committed to respecting the following financial limits on consolidated data: *NFP/EBITDA* less than 3.5 and *NFP/Equity* lower than 2.0. At 31 December 2018, these parameters were respected.

On 4 December 2018 a new loan for up to € 15 million was taken out from Crédit Agricole Cariparma, which had not yet been used at 31 December 2018, to support investments planned for the acquisition of minority interests of subsidiaries by virtue of the put/call options expiring in 2019 (for the details please refer to Note *32. Other information*). The loan bears interest at the 6 month Euribor plus 135 bps. The applicable margin is updated based on the ratio of NFP to EBITDA, defined contractually, as follows: *NFP/EBITDA* > 2 Margin 150 bps; *NFP/EBITDA* ≤ 2 of and > 1.5 Margin 135 bps; *NFP/EBITDA* ≤ 1 margin 120 bps. The repayment of principal will take place in equal half-yearly instalments starting from 30 June 2020, maturing on 31 December 2024, and interest will be paid on a half-yearly basis starting from 31 December 2019.

Other current bank payables

Other current bank payables refer to the debt balance on company credit cards not charged to the current account at 31 December 2018.

Liabilities for contingent consideration

Price deferment liabilities represent the payable at the reporting date referring to deferments obtained from the selling Shareholders of Co.Mark S.p.A. (€ 4,265 thousand) and Warrant Hub S.p.A. (€ 5,190 thousand).

Liabilities for contingent consideration

The decrease in liabilities for contingent consideration was caused by the payment on 6 August 2018 of the contingent consideration to the selling Shareholders totalling € 2,786 thousand.

Liabilities to Majority Shareholder

The item *Liabilities to Majority Shareholder* refers to the loan of € 25 million, maturing on 30 June 2019, granted by the Majority Shareholder Tecno Holding S.p.A. in two tranches in 2016. For this loan, the expected interest is calculated at Euribor 6m/365 plus two percentage points. It is noted that the rate applied may never be less than 2% on an annual basis. The liability includes interest accrued and not yet paid at 31 December 2018.

Liabilities to subsidiaries for loans

During the period all loans to the subsidiaries already outstanding at 31 December 2017 were repaid, for a total of € 29.5 million, plus interest. There is still interest due on the loan repaid to InfoCert S.p.A.

Negative balance current accounts with subsidiaries

This item refers to negative balance current accounts with subsidiaries as a result of the application, as of 2017, of the centralised Group treasury management system (cash pooling) by the Company.

21. DERIVATIVE FINANCIAL INSTRUMENTS

The financial assets and liabilities for derivative instruments may be broken down as follows:

Amounts in Euro	31/12/2018	31/12/2017	Change
Non-current financial assets for hedging derivatives	21,437	29,292	-7,855
Non-current financial liabilities for hedging derivatives	171,704	144,777	26,927
Net liabilities for hedging derivative financial instruments	**-150,267**	**-115,485**	**-34,782**

Non-current financial liabilities for hedging derivatives relate primarily to agreements entered into by the Company to cover the risk of variability in cash flows due to fluctuating interest rates on a portion of the **Cariparma line A1 loan**, on a portion of the **Cariparma line B loan** and on the entire **UBI loan** (for the details, see Note *20. Financial liabilities, excluding derivative financial instruments*).

In 2018, the hedging strategy was supplemented with two Capped Swap derivatives stipulated with UBI Banca. These derivative contracts were stipulated to hedge the risk connected to variability in the cash flows due to fluctuation in the Euribor 6-month interest rate on the **Cariparma Line B** and **UBI loans**, maturing on 30 June. Both contracts envisage a maximum Euribor 6-month rate of 1.5%.

The table below provides details about the type of contract, notional value, loan hedged and fair value at 31 December 2018 of the current derivatives:

Derivative instruments	Bank	Notional in thousands of Euro	Loan hedged	Maturity	Rate received	Rate paid	Fair value in Euro at 31/12/2018	Fair value in Euro at 31/12/2017
IRS	CA Cariparma	2,806	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-32,778	-48,974
IRS	Banca Popolare dell'Emilia Romagna	2,562	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-29,927	-44,716
IRS	Iccrea Banca Impresa	732	Cariparma line A1	31/12/2020	Euribor 6 months	0.576%	-8,551	-12,776
IRS	CA Cariparma	4,186	Cariparma line A1	30/6/2023	Euribor 6 months	0.600%	-60,474	-38,312
Total Interest Rate Swap "hedging instruments"		**10,286**					**-131,729**	**-144,777**

Derivative instruments	Bank	Notional in thousands of Euro	Loan hedged	Maturity	Hedged rate	Strike	Fair value in Euro at 31/12/2018	Fair value in Euro at 31/12/2017
Capped Swap	UBI	10,000	Cariparma line B	30/6/2023	Euribor 6 months	1.500%	-21,140	n.a.
Capped Swap	UBI	10,000	UBI	30/6/2023	Euribor 6 months	1.500%	-18,836	n.a.
Total Capped Swap "hedging instruments"		**20,000**					**-39,976**	**0**

Derivative instruments	Bank	Notional in thousands of Euro	Loan hedged	Maturity	Hedged rate	Strike	Fair value in Euro at 31/12/2018	Fair value in Euro at 31/12/2017
Floor	CA Cariparma	6,100	Cariparma line A1	31/12/2020	Euribor 6 months	0.000%	21,437	29,292
Total Floor Option "hedging instruments"		**6,100**					**21,437**	**29,292**

These derivative financial instruments fall within Level 2 of the fair value hierarchy.

22. TRADE AND OTHER CURRENT PAYABLES

The item *Trade and other payables* totalled € 2,547 thousand (€ 2,076 thousand at 31 December 2017) and can be detailed as follows:

Amounts in Euro	**31/12/2018**	**31/12/2017**	**Change**
Payables to suppliers	1,076,988	1,162,117	-85,130
Payables to Majority Shareholder	89,177	65,423	23,754
Payables to subsidiaries	0	35,000	-35,000
Due to Social security	357,538	211,529	146,009
Payable for withholding taxes to be paid	227,479	133,161	94,319
Payables to employees	778,302	461,215	317,087
Due to others	17,785	7,331	10,454
Trade and other current payables	**2,547,269**	**2,075,775**	**471,493**
of which vs Related parties	***89,177***	***100,423***	***-11,246***

The item *Payables to employees* includes payables for wages to be paid, pay in lieu of vacation, expense reports to be reimbursed and bonuses to be paid.

Information on the Comprehensive Income Statement

23. REVENUES

Revenues for 2018 amounted to € 780 thousand (€ 503 thousand for 2017) and can be broken down as follows:

Amounts in Euro	2018	2017	Change
Revenues from sales and services	630,000	500,000	130,000
Other revenues and income	150,192	2,688	147,505
Revenues	**780,192**	**502,688**	**277,505**
of which vs Related parties	***779,700***	***500,000***	***279,700***

Revenues from sales and services are related to services charged back to the subsidiaries as part of the management Holding activities provided by the Company for the strategic planning, management control, legal assistance and compliance, internal audit, and corporate administrative services functions. The increase for the period is mainly attributable to chargebacks to Warrant Hub S.p.A.

Other revenues and income includes chargebacks of € 149,700 to subsidiaries relating to SAP users.

24. SERVICE COSTS

Service costs for 2018 amounted to € 3,558 thousand (€ 2,814 thousand for 2017) and can be broken down as follows:

Amounts in Euro	2018	2017	Change
Consultancy	1,045,069	661,754	383,315
Specialist professional services	933,875	952,115	-18,241
Travel, assignments, and lodging expenses	314,935	254,396	60,539
Costs for use of third-party assets	281,199	92,969	188,230
Advertising, marketing and communication	190,383	65,334	125,049
Statutory auditors’ fees	113,837	68,932	44,905
Independent auditors’ fees for audit and other services	105,376	348,362	-242,986
Maintenance costs	62,638	6,623	56,015
Insurance	40,625	17,825	22,800
Telephone costs	33,984	22,534	11,449
Banking costs	27,778	7,814	19,963
IT structure costs	21,921	0	21,921
Other costs for services other than the previous ones	386,221	315,433	70,788
Service costs	**3,557,840**	**2,814,092**	**743,748**
of which vs Related parties	***242,832***	***169,219***	***73,613***
of which non-recurring	***292,265***	***900,397***	***-608,132***

Non-recurring costs for the year amounted to € 292 thousand and relate to assessments of possible target companies.

25. PERSONNEL COSTS

Personnel costs for 2018 amounted to € 4,593 thousand (€ 3,540 thousand for 2017) and can be broken down as follows:

Amounts in Euro	**2018**	**2017**	**Change**
Wages and salaries	2,269,024	1,579,879	689,145
Social security contributions	764,693	511,301	253,391
Employee severance indemnity	118,976	84,839	34,137
Other personnel costs	239,885	193,668	46,218
Stock Option Plan provisions	368,195	647,419	-279,223
Directors' fees	832,198	522,974	309,224
Personnel costs	**4,592,971**	**3,540,079**	**1,052,892**

The following table shows the average number of employees in 2018 and the number of employees at 31 December 2018 of Tinexta S.p.A. broken down by category, compared with 2017:

Number of employees	Average		Year-end	
	2018	2017	2018	2017
Senior Management	9	6	9	7
Middle Management	4	2	5	3
Employees	12	7	13	9
Total	**25**	**15**	**27**	**19**

Stock Option Plan Allocations includes the allocation for the year of € 368 thousand relating to the liability associated with the Virtual Stock Option Plan approved by the Board of Directors of the Company on 14 November 2016 for senior managers with strategic responsibilities, aimed at the payment of deferred sums corresponding to the growth in the value of the Tinexta Shares.

26. OTHER OPERATING COSTS

Other operating costs for 2018 amounted to € 255 thousand (€ 113 thousand for 2017). *Other costs* increased primarily as a result of costs incurred for the company convention in which the senior managers of the Company and the subsidiaries participated to define the strategic policies of the Tinexta Group.

Amounts in Euro	**2018**	**2017**	**Change**
Donations, gifts and membership fees	70,487	17,920	52,567
Taxes and duties	6,305	17,221	-10,916
Other costs	178,212	77,874	100,338
Other operating costs	**255,004**	**113,015**	**141,989**
of which vs Related parties	***0***	***35,000***	***-35,000***

27. AMORTISATION/DEPRECIATION, PROVISIONS AND IMPAIRMENT

Amounts in Euro	**2018**	**2017**	**Change**
Depreciation of property, plant and equipment	54,158	22,925	31,233
Amortisation of intangible assets	80,046	37,092	42,954
Amortisation/depreciation, provisions and impairment	**134,205**	**60,018**	**74,187**

For further details regarding amortisation/depreciation, reference is made to as specified in Notes *10* and *11.*

28. NET FINANCIAL INCOME (CHARGES)

Financial income

Financial income for 2018 amounted to € 29,347 thousand (€ 18,257 thousand for 2017) and can be broken down as follows:

Amounts in Euro	**2018**	**2017**	**Change**
Dividends from subsidiaries	29,323,649	18,242,725	11,080,924
Interest income on current accounts with subsidiaries	5,667	0	5,667
Income on derivatives	12,565	0	12,565
Bank and postal interest	4,718	14,408	-9,690
Financial income	**29,346,600**	**18,257,133**	**11,089,466**
of which vs Related parties	***29,329,317***	***18,242,725***	***11,086,592***

Below is the breakdown of *Dividends from subsidiaries* recognised in 2018, the year in which the respective Shareholders' Meetings approved their distribution:

Amounts in Euro	**2018**	**2017**	**Change**
InfoCert S.p.A.	8,599,443	6,828,970	1,770,474
Innolva S.p.A.	6,952,887	6,516,677	436,210
Warrant Hub S.p.A.	6,759,865	0	6,759,865
Co.Mark S.p.A.	3,200,000	3,079,132	120,868
RE Valuta S.p.A.	2,107,438	0	2,107,438
Visura S.p.A.	1,704,016	1,817,947	-113,931
Dividends from subsidiaries	**29,323,649**	**18,242,725**	**11,080,924**

Income on derivatives expresses the ineffective component, particularly the Time Value component, on Capped Swaps taken out during the year, referred to in Note *21. Derivative financial instruments.*

Financial charges

Financial charges for 2018 amounted to € 1,986 thousand (€ 1,671 thousand for 2017) and can be broken down as follows:

Amounts in Euro	2018	2017	Change
Interest expenses on bank loans	591,442	367,233	224,209
Amortised cost on bank loans	358,520	150,578	207,942
Interest expenses on loans from Majority Shareholder	500,000	500,000	0
Interest expenses on loans from subsidiaries	253,133	425,553	-172,420
Interest expenses on current accounts with subsidiaries	30,870	6,359	24,512
Interest expenses on payment deferments connected to acquisitions	167,505	124,919	42,587
Financial component of employee benefits	2,687	1,903	784
Charges on hedging derivatives	81,951	94,352	-12,401
Other bank interest expenses	22	53	-30
Financial charges	**1,986,131**	**1,670,950**	**315,181**
of which vs Related parties	***784,003***	***931,912***	***-147,908***

The increase in *Interest expenses on bank loans* reflects the higher interest recognised in the **Cariparma line B** and **UBI** loans disbursed at the end of 2017, as well as on the **BPS** loan obtained at the end of 2018. The greater adjustment of *Amortised cost on bank loans* is for the most part the result of the adoption of IFRS 9 from 1 January 2019, which resulted in the recognition of higher charges of € 140 thousand on the **Cariparma line A1** loan.

The decrease in *Interest expenses on loans from subsidiaries* resulted from the repayment of loans totalling € 29.5 million during the year.

On the hedging derivatives (cash flow hedge), the effective component of the **Cariparma line A1 loan** amounts to € 71,478, while the ineffective component amounts to € 10,473 and relates primarily to the Time Value component on the Cariparma floor pursuant to Note *21*. *Derivative financial instruments.*

29. INCOME TAXES

Income taxes for 2018 were negative for € 2,021 thousand (€ 1,407 thousand for 2017) and can be broken down as follows:

Amounts in Euro	2018	2017	Change
Deferred tax assets	19,496	-244,464	263,960
Deferred tax liabilities	-33,531	0	-33,531
Income taxes for previous years	8,764	-1,070	9,834
Income from tax consolidation	-2,015,727	-1,161,064	-854,664
Income taxes	**-2,020,998**	**-1,406,598**	**-614,400**
of which non-recurring	***-70,143***	***-216,095***	***145,952***

For a breakdown and changes in the period of deferred tax assets and liabilities, reference is made to what is outlined in Note *13*. *Deferred tax assets/liabilities.*

The Company closed the year 2018 with a tax loss and, therefore, no IRES and IRAP current taxes have been recognised. Income from tax consolidation recognised in the year refers to the 2018 IRES tax loss of the Company used against the taxable income of the Tinexta tax consolidation.

The non-recurring portion of taxes, equal to € -70 thousand, is attributable to the IRES tax effect (24.0%) of non-recurring costs related to assessments of possible target companies, recognised in the income statement under *Service costs* and fully deducted in the year.

The table below shows the reconciliation between the theoretical current IRES tax and the income from tax consolidation.

Amounts in thousands of Euro		*IRES Rate*
Pre-tax result	**19,601**	
Current tax on theoretical income	**4,704**	**24.0%**
Decreases		
Dividends from subsidiaries (PEX Regime)	-7,038	
ACE benefit (Decree Law 201/2011)	-299	
Amortisation non-accounting capital increase 2014	-48	
Deductible directors' cash remuneration	-33	
Other decreases	-1	
Total Decreases	**-7,419**	
Increases		
Dividends in kind (PEX Regime)	352	
Non-deductible interest expense (ROL - Gross operating profit)	237	
Statutory/fiscal amortisation	6	
Deductible directors' cash remuneration	49	
Adjustment of financial charges IFRS 9	34	
Other increases	22	
Total Increases	**699**	
Income from tax consolidation	**-2,016**	**-10.3%**

Additional information

30. TRANSACTIONS WITH RELATED PARTIES

All transactions with Related parties are part of normal business operations and are regulated at normal market conditions.

Below is the summary table of all equity balances and the incidence on the related items of the Statement of Financial Position at 31 December 2018 and the relative comparative figures at 31 December 2017:

31/12/2018									
Amounts in Euro	**Trade and other non-current receivables**	**Current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Contract assets**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Majority Shareholder				20,241			25,252,055	89,177	
Subsidiaries		8,683,902	2,894,405	199,678	54,200		32,390,343		4,847,356
Other Related parties									
Total Related parties	**0**	**8,683,902**	**2,894,405**	**219,920**	**54,200**	**0**	**57,642,398**	**89,177**	**4,847,356**
Total financial statement item	**12,707**	**8,865,679**	**5,741,358**	**480,676**	**54,200**	**47,086,615**	**69,777,295**	**2,547,269**	**4,847,356**
% Incidence on Total	*0.0%*	*97.9%*	*50.4%*	*45.8%*	*100.0%*	*0.0%*	*82.6%*	*3.5%*	*100.0%*

31/12/2017									
Amounts in Euro	**Trade and other non-current receivables**	**Current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Contract assets**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Majority Shareholder			1,166,898	20,335		25,000,000	252,055	65,423	
Subsidiaries	1,300			124,354		16,000,000	34,867,057	35,000	
Other Related parties									
Total Related parties	**1,300**	**0**	**1,166,898**	**144,689**	**n.a.**	**41,000,000**	**35,119,111**	**100,423**	**0**
Total financial statement item	**24,566**	**29,194**	**1,166,898**	**877,769**	**n.a.**	**85,274,473**	**42,880,617**	**2,075,775**	**0**
% Incidence on Total	*5.3%*	*0.0%*	*100.0%*	*16.5%*	*n.a.*	*48.1%*	*81.9%*	*4.8%*	*n.a.*

Current financial assets include the receivable equal to € 8,684 thousand referring to positive balance current accounts with the subsidiary Innolva S.p.A. as a result of the application of the centralised Group treasury management system (cash pooling) by the Company. *Current financial liabilities* includes the payable of € 32,390 thousand relating to negative balance current accounts with the subsidiaries Co.Mark S.p.A., InfoCert S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A. and Warrant Hub S.p.A. The rate applied on negative balances to the subsidiaries is equal to the 6M Euribor less 25 bps; the rate applied on positive balances from the subsidiaries is equal to the 6M Euribor plus 50 bps; the rate applied on receivable/payable balances can be no lower than 0.10%.

Current tax assets/liabilities represent the receivable/payable from/to subsidiaries participating in the 2018-2020 Tinexta tax consolidation. Indeed, starting in the year 2018 the Company opted, as the consolidating company, for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Company and the consolidated companies are defined in the corresponding tax consolidation regulations. *Current tax assets* at 31 December 2017 related instead to the receivable due in relation to the tax losses transferred as part of the Tax Consolidation headed by the Majority Shareholder Tecno Holding S.p.A. for the 2015-2017 three-year period.

Financial liabilities to Majority Shareholder refers to the loan payable of € 25 million, inclusive of interest accrued and not paid, expiring on 30 June 2019, disbursed by Tecno Holding S.p.A. in two tranches in 2016. For this loan, the expected interest is calculated at Euribor 6m/365 plus two percentage points. It is noted that the rate applied may never be less than 2% on an annual basis.

Below is the summary table of all economic transactions and the incidence on the related items of the 2018 income statement and the relative comparative figures of 2017:

2018					
Amounts in Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial income**	**Financial charges**
Majority Shareholder		199,440			500,000
Subsidiaries	779,700	43,392		29,329,317	284,003
Other Related parties					
Total Related parties	**779,700**	**242,832**	**0**	**29,329,317**	**784,003**
Total financial statement item	**780,192**	**3,557,840**	**0**	**29,346,600**	**1,986,131**
% Incidence on Total	*99.9%*	*6.8%*	*n.a.*	*99.9%*	*39.5%*
2017					

Amounts in Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial income**	**Financial charges**
Majority Shareholder		145,099			500,000
Subsidiaries	500,000	24,120	35,000	18,242,725	431,912
Other Related parties					
Total Related parties	**500,000**	**169,219**	**35,000**	**18,242,725**	**931,912**
Total financial statement item	**502,688**	**2,814,092**	**113,015**	**18,257,133**	**1,670,950**
% Incidence on Total	*99.5%*	*6.0%*	*31.0%*	*99.9%*	*55.8%*

Revenues from subsidiaries is related to the services provided as part of the management holding activities provided by the Company for the strategic planning, management control, legal assistance and compliance, internal audit, and corporate administrative services functions. The item also includes chargebacks of € 150 thousand due to the reversal of costs linked to SAP users.

Service costs to the Majority Shareholder relate to lease or service fees on the Rome and Milan properties where the Company offices are located.

Financial income is attributable to dividends recognised during the year in which the Shareholders' Meeting of the subsidiaries approved the distribution thereof.

Financial charges with respect to the Majority Shareholder (Tecno Holding S.p.A.) and to subsidiaries refer to the interest on the loans (closed in 2018) and cash pooling mentioned above.

31. NET FINANCIAL INDEBTEDNESS

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Company's net financial indebtedness a at 31 December 2018, compared to 31 December 2017, is provided below:

Amounts in Euro	**31/12/2018**	**of which vs Related parties**	**31/12/2017**	**of which vs Related parties**
A Cash	14,779,776		23,266,008	
B Cash equivalents	0		0	
C Securities held for trading	0		0	
D Liquid assets (A+B+C)	**14,779,776**		**23,266,008**	
E Current financial receivables	**8,865,679**	8,683,902	**29,194**	0
F Current bank debt	-29,280		-31,098	
G Current portion of non-current debt	-9,573,889		-3,466,667	
H Other current financial debt	-60,174,126	-57,642,398	-39,382,852	-35,119,111
I Current financial debt (F+G+H)	**-69,777,295**		**-42,880,617**	
J Net current financial indebtedness (D+E+I)	**-46,131,840**		**-19,585,415**	
K Non-current bank debt	-40,163,627		-34,961,793	
L Bonds issued	0		0	
M Other non-current financial debt	-7,094,692	0	-50,457,457	-41,000,000
N Non-current financial debt (K+L+M)	**-47,258,319**		**-85,419,250**	
O Net financial position (indebtedness) (J+N)	**-93,390,159**		**-105,004,665**	

32. OTHER INFORMATION

Commitments undertaken by the Company

With reference to the **Cariparma line A loan** agreement entered into on 27 April 2017 pursuant to Note *20. Financial liabilities, excluding derivative financial instruments*, please note that the contract was entered into jointly with the subsidiary Innolva S.p.A. and that Tinexta S.p.A. bears joint and several liability in the fulfilment of all contractual obligations assumed by the subsidiary by virtue of the contract. The financial liability borne by the subsidiary Innolva S.p.A. by virtue of the loan is equal to a nominal amount of € 6,900 thousand at 31 December 2018.

The Company assumed the following purchase commitments on minority interests in the subsidiaries based on put options granted to minority shareholders during the phase of acquiring control:

Company	% subject to put option of minority shareholders	Year of exercise
Co.Mark S.p.A.	10.000%	2019
Visura S.p.A.	40.000%	2019
RE Valuta S.p.A.	11.875%	2019*
Warrant Hub S.p.A.	20.250%	2019
Warrant Hub S.p.A.	9.750%	2020

*Possibility of exercise either in 2019 or 2020

Remuneration to Directors, Statutory Auditors, General Managers and Key Management Personnel of the Company

With reference to disclosures on the remuneration paid to Directors, Statutory Auditors, General Managers and other Key management personnel of the Company, reference is made to the table below referring to the Remuneration Report pursuant to art. 123-ter of the Consolidated Finance Act for further details.

In thousands of Euro	Fixed remuneration	Remuneration for participation in Committees	Variable remuneration non-equity (Bonus and other incentives)	Non-monetary benefits	Other remuneration	Total
Directors	479	103	139	0	81	**802**
Statutory Auditors	90	0	0	0	6	**96**
General Manager	270	0	0	0	0	**270**
Other Key Management Personnel	253	0	73	0	0	**326**

Independent Auditors' fees

Below are details of the remuneration of the Independent Auditors and other companies belonging to the network pursuant to art. 149-duodecies of Implementing Regulation of Legislative Decree 24 February 98 no. 58. The fees shown in the table, applicable to the year 2018, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, any supervisory contribution and VAT).

In thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Audit services	**59**		**59**
Attestation services	**23**		**23**
Non-audit services	**10**		**10**
for IFRS 15 GAP analysis	*10*		*10*
Total	**92**	**0**	**92**

33. KEY EVENTS SUBSEQUENT TO THE END OF THE YEAR

There were no key events subsequent to the end of the year.

34. PROPOSED ALLOCATION OF THE 2018 PROFIT OF TINEXTA S.P.A.

In inviting you to approve the Financial Statements and the Report as presented, we invite you to approve the allocation of the profit for the year, amounting to € 21,621,639.99, as follows:

- 5% of the profit for the year to legal reserve, for an amount of € 1,081,082.00;
- € 10,690,947.36 for dividend distribution, equal to € 0.228 per share;
- € 9,849,610.63 to profits carried forward.

Milan, 12 March 2019

Enrico Salza
Chairman of the Board of Directors
Tinexta S.p.A.

Certification of the Consolidated Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Pier Andrea Chevallard and Nicola Di Liello, as Chief Executive Officer and Manager responsible for the preparation of the corporate accounting documents of Tinexta S.p.A., respectively, certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 24 February 1998 n. 58:

- the adequacy in relation to the characteristics and
- the effective application of the administrative and accounting procedures in drawing up the Consolidated Financial Statements during 2018.

2. In this regard, it is to be noted that:

a) administrative and accounting procedures for the preparation of the Consolidated Financial Statements at 31 December 2018 were defined and an adequacy assessment was carried out on the basis of defined rules and methodologies by Tinexta S.p.A. in line with the ''Internal Control - Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission", which represents a generally accepted reference framework for an internal control system on an international level;

b) such valuation assessment did not identify any material aspects.

3. It is also certified that

3.1 The Consolidated Financial Statements:

a) are drawn up in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the results of the books and accounting records;

c) are suitable in providing a true and accurate representation of the balance sheet, income statement and financial position of the issuer and of the set of companies included within the scope of consolidation;

3.2 the Directors’ Report on operations includes a reliable analysis of the operating performance and results, as well as the the situation of the Issuer and all of the companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, 12 March 2019

Pier Andrea Chevallard
Chief Executive Officer

Nicola Di Liello
Manager responsible for the preparation of the corporate accounting documents

Certification of the Separate Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned, Pier Andrea Chevallard and Nicola Di Liello, as Chief Executive Officer and Manager responsible for the preparation of the corporate accounting documents of Tinexta S.p.A., respectively, certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 24 February 1998 n. 58:

- the adequacy in relation to the characteristics and
- the actual application of the administrative and accounting procedures in drawing up the Financial Statements during 2018.

2. In this regard, it is to be noted that:

a) administrative and accounting procedures for the preparation of the Financial Statements at 31 December 2018 were defined and an adequacy assessment was carried out on the basis of defined rules and methodologies by Tinexta S.p.A. in line with the ''Internal Control - Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission", which represents a generally accepted reference framework for an internal control system on an international level;

b) such valuation assessment did not identify any material aspects.

3. It is also certified that

3.1 The Financial Statements:

a) are drawn up in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to to the results of the books and accounting records;

c) are suitable in providing a true and accurate representation of the balance sheet, income statement and financial position of the issuer;

3.2 the Directors' Report on operations includes a reliable analysis of the operating performance and results, as well as the Issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

Milan, 12 March 2019

Pier Andrea Chevallard
Chief Executive Officer

Nicola Di Liello
Manager responsible for the preparation of the corporate accounting documents

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Tinexta S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Tinexta Group (the "group"), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Tinexta Group as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

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 "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Tinexta S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. 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 judgement, were of most significance in the audit of the consolidated financial statements of the current year. 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.

Recoverability of goodwill

Notes to the consolidated financial statements: section on accounting policies – paragraph "Impairment losses on property, plant and equipment, investment property and intangible assets (impairment of assets)", note 9 "Use of estimates" and note 16 "Intangible assets and goodwill"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2018 include goodwill of €202,842 thousand. The directors tested goodwill for impairment in order to identify any impairment losses on the cash-generating units (CGU), to which goodwill is allocated, compared to their recoverable amount. The recoverable amount is based on value in use, calculated using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures included: — understanding the process adopted for impairment testing approved by the parent's board of directors; — analysing the criteria used to identify the CGU and trace their carrying amounts to the consolidated financial statements; — understanding the process adopted to prepare the 2019-2021 business plan approved by the parent's board of directors (the "2019-2021 plan") from which the expected cash flows used for impairment testing have been derived, as well as analysing the reasonableness of the assumptions used; — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process; — comparing the cash flows used for impairment testing to the cash flows forecast in the 2019-2021 plan and analysing any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about goodwill and related impairment tests.

Allocation of the consideration paid for the acquisition of the Warrant Hub Group, AC Camerfirma S.A., Comas S.r.l., Webber S.r.l. and Promozione Servizi S.r.l.

Notes to the consolidated financial statements: note 4 "Consolidation scope and basis of consolidation", note 9 "Use of estimates" and note 13 "Business combinations"

Key audit matter	Audit procedures addressing the key audit matter
During 2018, the group completed the recognition of the acquisition-dated fair value of the assets acquired and liabilities assumed with the acquisition of control over the Warrant Hub Group and AC Camerfirma S.A. on 30 November 2017 and 3 May 2018, respectively. Moreover, the group provisionally recognised the acquisition-date fair value of the net assets acquired with the acquisition of	Our audit procedures included: — understanding the process adopted to allocate the consideration paid for the acquisitions of the Warrant Hub Group and AC Camerfirma S.A.; — analysing the reports prepared by the external experts engaged by the group to measure the fair value of the assets acquired and liabilities assumed with the

control over the Comas S.r.l., Webber S.r.l. and Promozione Servizi S.r.l. on 5 July, 5 July and 30 October 2018, respectively. Assisted by external experts, the group also measured the fair value of the assets acquired and liabilities assumed using a method that discounts the expected cash flows. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the expected cash flows, calculated by taking into account the acquirees' performance and that of their sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the allocation of the consideration paid for the above acquisitions is a key audit matter.	acquisitions of the Warrant Hub Group and AC Camerfirma S.A.; — involving experts of the KPMG network in the assessment of the reasonableness of the allocation models and related assumptions, including by means of comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about the allocation of the consideration paid for the above acquisitions.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' 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 auditors' 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 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 the 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 ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the 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 auditors' report to the related disclosures in the consolidated 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 auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;
- evaluate 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;
- obtain 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 communicate with those charged with governance, identified at the appropriate level 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 also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other 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 determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 29 April 2016, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2016 to 31 December 2024.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2018 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2018 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2018 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Tinexta S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Rome, 26 March 2019

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Tinexta S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Tinexta S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2018, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Tinexta S.p.A. as at 31 December 2018 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

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 "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. 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 judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of investments in subsidiaries

Notes to the separate financial statements: section on accounting policies – paragraph "Equity investments", note 6 "Use of estimates" and note 12 "Equity investments recognised at cost"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2018 include investments in subsidiaries of €232,907 thousand recognised at acquisition or incorporation cost. When they identify indicators of impairment, the directors check the recoverability of these equity investments, by comparing their carrying amounts with their value in use calculated using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the subsidiaries' expected cash flows, calculated by taking into account the general economic performance and that of the subsidiaries' sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons and considering the materiality of the financial statements caption, we believe that the recoverability of the carrying amount of investments in subsidiaries is a key audit matter.	Our audit procedures included: — understanding the process adopted to prepare the impairment tests approved by the company's board of directors; — understanding the process adopted to prepare the 2019-2021 business plan approved by the company's board of directors (the "2019-2021 plan") from which the expected cash flows used for impairment testing have been derived, as well as analysing the reasonableness of the assumptions used; — checking any discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process; — comparing the cash flows used for impairment testing to the cash flows forecast in the 2019-2021 plan and analysing any discrepancies for reasonableness; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about the measurement of investments in subsidiaries.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian 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.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain 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;
- obtain 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;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the 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 auditors' report to the related disclosures in the separate 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 auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;
- evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level 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 also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other 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 determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 29 April 2016, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2016 to 31 December 2024.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of the a directors' report and a report on corporate governance and ownership structure at 31 December 2018 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2018 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2018 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 26 March 2019

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

KPMG

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Tinexta S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2018 consolidated non-financial statement of the Tinexta Group (the "group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 12 March 2019 (the "NFS").

Responsibilities of the directors and board of statutory auditors ("Collegio Sindacale") of Tinexta S.p.A. (the "parent") for the NFS

The directors are responsible for the preparation of a NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued in 2016 by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of a NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies for the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the parent's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.
4. Gaining an understanding of the following:

- the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;
- the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;
- the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel and personnel of Co.mark S.p.A., Infocert S.p.A., Innolva S.p.A. and Warrant HUB S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at group level,
     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,
     b) we carried out analytical and limited procedures to check the correct aggregation of data in the quantitative information.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2018 consolidated non-financial statement of the Tinexta Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Other matters

The 2016 comparative figures presented in the NFS have not been examined.

Rome, 26 March 2019

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

TINEXTA S.p.A.
Registered office in Rome, Piazza Sallustio no. 9
Share Capital resolved € 47,207,120.00
Share Capital subscribed and paid-in € 46,890,120.00
Enrolled with the Corporate Registry of Rome no. 10654631000
R.E.A. of Rome no. 1247386

Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of the Consolidated Finance Act and Article 2429, paragraph 2, of the Italian Civil Code

To the Shareholders' Meeting of Tinexta S.p.A.

Dear Shareholders,

The Board of Statutory Auditors was appointed for the three-year period 2018-2020 through a resolution of the Shareholders' Meeting of 24 April 2018.

During the financial year ended 31 December 2018, the Board of Statutory Auditors carried out the supervisory activities as required by the applicable legislation starting from the appointment date, in fulfilment of its duties, to the extent of its responsibilities, with regard to compliance with the law and with the Articles of Association, observance of principles of sound management, adequacy of the organisational structure, internal audit and accounting systems, as well as the reliability of the latter in representing correctly the management events and the procedures for practical implementation of the governance rules.

REFERENCE LEGAL FRAMEWORK

The functions assigned to us as the Board of Statutory Auditors have been carried out in compliance with the law, and in particular with the provisions set forth under Article 149 of the Consolidated Finance Act. More generally, we acknowledge that we assumed as inspiring values for our institutional activities the principles contained in the code of conduct of the Board of Statutory Auditors of listed companies issued by the Italian National Board of Chartered and Public Accountants (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the recommendations of the National Commission for Companies and the Stock Exchange (CONSOB) regarding corporate control and activities of the Board of Statutory Auditors, as well as the guidelines of the Corporate Governance Code of Borsa Italiana.

The Board of Statutory Auditors is invested with the role of Internal Control and Auditing Committee pursuant to Article 19 of Legislative Decree 39/2010, taking into account the relevant additions and changes made by Legislative Decree no. 135 of 17 July 2016 in implementation of Directive 2014/56/EU. The Board of Statutory Auditors is also invested with the supervisory role in relation to obligations for non-financial information pursuant to Legislative Decree 254/2016. As the Internal Control Committee, we acknowledge that we have received and examined the additional report pursuant to Article 11 of EU Regulation no. 537/2014 received from the Independent Auditors, forwarding it to the Board of Directors accompanied by our observations.

ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors has scheduled its activities, since its appointment, based on the reference regulatory framework, as well as carrying out the audits considered most suitable in relation to the Company's business activities and size.

The Board carries out its activities through:

- periodic meetings with Managers of the different business functions;

- attendance at meetings of the corporate bodies, in particular of the Board of Directors and the Shareholders' Meeting;
- periodic exchange of information with the Independent Auditors, based on the requirements of applicable law;
- exchange of information with the Boards of Statutory Auditors of subsidiaries
- attendance of the Chairman of the Board of Statutory Auditors at the meetings of the Remuneration Committee, and attendance of all Board members at Control and Risks Committee meetings;
- acquisition of significant information and the evaluation of the outcomes of the activities carried out by the Supervisory Board pursuant to Legislative Decree no. 231/2001, with direct meetings and through Alberto Sodini, member of the Board of Statutory Auditors, in his capacity as member of said Supervisory Board.

The Board of Statutory Auditors performed a self-assessment of its work, recognising the suitability of its members to perform the assigned functions in terms of professionalism, competencies, time availability and independence requirements, as well as mutually acknowledging the absence of economic-financial conditions that may constitute a risk for the independence requirement. The self-assessment report by the Board's members was sent to the Board of Directors, which acknowledged it in their meeting of 12 March 2019.

The Board's remuneration was established by the Shareholders' Meeting at the time of the appointment and the Board considers the remuneration fair based on the commitment necessary to perform its assigned duties.

Frequency and number of the meetings of the Board of Directors and the Board of Statutory Auditors

We attended all 12 meetings of the Board of Directors held during the course of 2018 following the date this Board was appointed, acquiring, in accordance with the provisions set forth under Article 2381, paragraph 5, of the Italian Civil Code and under the Articles of Association, timely and suitable information on the general management trend and on the Company's foreseeable evolution, as well as on the most significant transactions, in terms of size or characteristics, carried out by the Company. In particular, the decision-making process of the Board of Directors has appeared properly inspired by respect for the fundamental principle of informed action.

We attended one Extraordinary Shareholders' Meeting held during the year. In this regard, this Board verified the regularity of the above-mentioned Board of Directors meetings and Shareholder Meetings, in addition to the compliance of resolutions taken by the Board of Directors and by the Shareholders' Meeting with the provisions of the Italian Civil Code and with the governing Articles of Association. The adopted resolutions appeared to comply with the principles of prudence and correct management and such resolutions were not in conflict with any provisions set forth under laws or the Articles of Association.

We performed a key role in the overall control system, carrying out the supervisory activities through 12 meetings of the Board of Statutory Auditors.

Comments in relation to the most relevant economic and financial transactions carried out by the Company and their compliance with law and the Articles of Association

The information gathered in relation to the most relevant economic and financial transactions carried out by the Company and its subsidiaries, allowed us to ascertain their compliance with the law, the Articles of Association and alignment with the corporate interest.

In this respect, we consider that such transactions have been exhaustively described in the Report on Operations. In particular, these transactions are listed below:

- on 3 May 2018, InfoCert S.p.A. acquired 51% of the share capital of AC Camerfirma SA, leader in Spain in the Digital Trust sector and present in the South American market through its subsidiary Camerfirma Perù;

- on 22 May 2018, Innolva S.p.A. sold 70% of the share capital held in Creditreform Assicom Ticino S.A., as it was no longer considered strategic;
- on 5 July 2018, Innolva S.p.A. acquired 100% of Comas S.r.l. and Webber S.r.l., companies operating in the sale of business information through the internet.
- on 12 July 2018, Tinexta S.p.A. acquired an additional 10% of the subsidiary Co.Mark S.p.A. following the exercise of the second put option by the minority shareholders, as envisaged in the contract. Tinexta S.p.A.'s stake in Co.Mark S.p.A. has thus risen to 90%.
- on 26 September 2018, Visura S.p.A. acquired the interests of the minority shareholders of ISI Sviluppo Informatico S.r.l., corresponding to 8% of its share capital. The purposes of this transaction were to finalise the merger by incorporation of the subsidiaries Lextel S.p.A. and ISI Sviluppo Informatico S.r.l.; the deed of the merger of Lextel S.p.A. and ISI Sviluppo Informatico S.r.l. in Visura S.p.A. was signed on 18 December 2018;
- on 30 October 2018, Innolva S.p.A. acquired 100% of Promozioni Servizi S.r.l., a company specialised in providing consulting services to financial institutions for access to the Mediocredito Centrale guarantee fund for SMEs;
- on 21 December 2018, InfoCert S.p.A. finalised the agreement to acquire 50% of LuxTrust S.A., a leading Digital Trust company in Luxembourg.

For our part, we acknowledge that the work of the Board of Directors effectively responds to the requirement of informed action when taking the relevant resolutions. In particular, the Board of Directors assessed the opportunities and consequences of the transactions carried out on the basis of forecast estimates, due diligence, the financial impact of transactions, and a preliminary general assessment of the impact deriving from the application of the IFRS 3 accounting standard. The transactions were disclosed to the market within the terms and with the required transparency.

Remarks regarding the compliance with the principles of sound management

We acquired information and monitored, to the extent of our responsibilities, compliance with the fundamental standard of sound and prudent management of the Company and with the more general principle of diligence, all of which was based on attendance at the Board of Directors' meetings, documentation, and timely information directly received from the various management bodies with regard to the transactions carried out by the Group.

The acquired information allowed us to verify the compliance with the law and the Articles of Association of the activities resolved and implemented and that such activities were not manifestly imprudent or risky.

The Delegated Body has acted within the extent of the powers granted to it. The Board of Directors has received from the Delegated Body appropriate quarterly reporting on the management performance of the Company and its subsidiaries.

With reference to Legislative Decree no. 231/2001, the Supervisory Board has carried out the control activities relating to the adequacy, the observance and the updating of the Organisational Model, without noting any critical points.

Remarks on the adequacy of the organisational structure

The composition of the Board of Directors complies with the provisions of Article 148, paragraph 3, of the Consolidated Finance Act, as referred to in Article 147-*ter*, paragraph 4, with reference to the presence of independent directors in the Board drawn from minority lists and gender quotas.

During the year, we monitored, to the extent of our responsibilities, the adequacy of the Company's organisational structure in relation to the size and nature of the Company's business activities, having in this regard no particular remarks to report.

The Company centralised the oversight, direction, coordination and monitoring activities of the subsidiaries.

The organisational structure is adequate for the Group's structure. In particular, the Company has the following primary functions monitored by the relative appointed Managers:

- Legal and Corporate Function;
- Human Resources and Organisation Function;
- Internal Audit Function, which increased its number of dedicated staff during 2018;
- Management Control Function;
- Information Security, with the appointment of a Manager who also acts as DPO in accordance with GDPR privacy regulations;
- Compliance Function.

The Board of Directors has launched an organisational process, with the assistance of an external advisor, aimed at redefining the Group's remuneration policies.

Furthermore, we acknowledge that, in accordance with the principles of the Corporate Governance Code for Listed Companies regarding the remuneration of executive directors and in line with international best practices on the matter, the Company has a virtual stock option plan that represents a medium-long term remuneration system favouring the alignment of the interests of the Group's key management personnel with those of investors. In our opinion, the plan is a suitable tool for developing a remuneration system correlated to the growth of the market value of the Shares.

Lastly, we monitored the attribution of powers to the Delegated Body and the definition of decision-making powers.

In compliance with the Corporate Governance Code prepared by the Committee for Corporate Governance of Listed Companies, the Company has initiated a self-assessment by members of the Board of Directors, assigning the definition of the analysis and review of the results to the Compliance Function. On our part, we monitored the process to assess its effectiveness. We found no particular suggestions to improve the process.

At the procedural level, in ascertaining that the Company has adopted an internal set of rules to meet the requirements deriving from listing on the Mercato Telematico Azionario, we note that, following the changes introduced in the reference regulatory framework, the internal Market Abuse procedures are adequate and in line with the MAR Directive.

Independent directors constitute the majority of directors.

The Board of Statutory Auditors verified the correct application by the Board of Directors of the criteria for assessing the independence of its members, a topic addressed by the Board of Directors in it meeting of 12 March 2019.

Remarks on the adequacy of the internal control system and in particular on the activities carried out by the persons responsible for internal control

We monitored the internal control system and its extension to the subsidiaries. We believe that the system is appropriate for the management characteristics of the Company and Group, meeting the requirements of efficiency and effectiveness in monitoring risks and in compliance with the procedures and internal and external provisions, including as a result of the increase in staff dedicated to the internal control system.

The control system is based on first-, second- and third-level controls: first-level controls are inherent in procedures or entrusted hierarchically within these functions; second-level controls are attributed to the Management Control and Compliance Functions; while third-level controls are assigned to the Internal Audit Function.

We verified the suitability of the Internal Audit Plan and continuously interacted with the Function's Manager.

As to the effectiveness of the internal control and risk management system – aimed at ensuring the protection of corporate assets, the efficiency of business processes, the reliability of financial information and, more generally, compliance with laws, the Articles of Association and internal procedures – we certify to have assessed the appropriateness of the Management Control System, noting that the planning process is supported by adequate reporting systems and procedures that reliably reconcile the key economic and financial information with the results of the reporting systems used within the individual subsidiaries.

The process ensures the accuracy and integrity of such information.

Remarks on the adequacy of the administrative/accounting system and its reliability in correctly representing management events

We assessed, to the extent of our responsibilities, the reliability of the administrative and accounting system to detect and correctly represent management events, acquiring information directly from the Managers of the various functions and through regular meetings with the Independent Auditors.

In this regard, the Model created to comply with Law 262/2005 and the controls implemented by the Financial Reporting Manager assume fundamental importance, also through the internal control function within the administrative financial governance framework.

The Company has adopted an advanced and unique information system (SAP) for all Group companies, designed to ensure a considerable improvement in the management and control of business performance.

Comments and proposals in relation to the Separate Financial Statements and their approval

With reference to the control of the accounting records and the correct reporting of the management activities into the accounting records, as well as the matching verification between the financial statements information and the outcomes of the accounting records and the compliance of the Financial Statements with the reference normative framework, we note that these duties are conferred to the Independent Auditors.

The judgement rendered by the Independent Auditors with reference to the Separate Financial Statements and to the Consolidated Financial Statements is “unqualified”; thus, it does not highlight any critical points, uncertain situations or possible limitations in the audits or disclosures.

From our side, we supervised the general approach to the Financial Statements being examined. In particular, as already stated, having previously ascertained – through meetings with the Managers of the relevant functions and with the Independent Auditors – the adequacy of the administrative and accounting system in detecting and correctly representing the management activities, we acknowledge that:

- the Financial Statements have been prepared by applying International Financial Reporting Standards (IFRS) and in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and effective on the reporting date, as well as previous International Accounting Standards (IAS);
- the preparation, lay-out, and presentation formats of the Annual Financial Statements comply with the reference regulatory framework;
- the Financial Statements are consistent with the events and the information of which we became aware following the attendance at the meetings of the Corporate Bodies, which allowed this Board to obtain adequate information in relation to the most significant transactions, from an economic and financial standpoint, carried out by the Company;
- to the knowledge of the Board of Statutory Auditors, the Board of Directors in drafting the Financial Statements did not derogate from the legal provisions established by Art. 2423, fifth paragraph, of the Italian Civil Code;
- the phantom stock option plan is correctly measured in the Financial Statements;
- in conducting the impairment test procedures, the Company adopted the internal model.

We ascertained that the Report on Operations is compliant with laws in force, as well as consistent with the resolutions taken by the Board of Directors and with the information available to the Board of Statutory Auditors; we deem that the disclosure provided in the report meets the relevant provisions and contains a true, balanced and exhaustive analysis of the Company's situation, of the management performance and result, as well as indicates the main risks to which the Company is subject and contains express evidence of the elements which may affect the business outlook.

With respect to the Financial Statements at 31 December 2018, we have no further comments or proposals to submit. The supervisory and control activities carried out by the Board of Statutory Auditors during the financial year, also in relation to the tasks attributed to it as the Internal Control and Auditing Committee, as described in this Report, did not highlight further events to be reported to the Shareholders' Meeting.

With regard to the non-financial statement provided in the Report on Operations, as the Company falls under the scope of application of Legislative Decree no. 254/2016, this Board has monitored the process for drafting the disclosure and verified the correct application of the procedure adopted by the Company.

The non-financial statement was subject to limited assurance by the Independent Auditors, which did not identify any elements of inadequacy. The use of the Group's Auditor also for this activity is justified in the knowledge it has acquired in relation to the business model, without compromising its independence.

Remarks regarding the Consolidated Financial Statements

As previously noted, the Consolidated Financial Statements at 31 December 2018 were drafted by applying International Financial Reporting Standards (IFRS), in accordance with the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), endorsed by the European Commission and in force at the reporting date, as well as previous International Accounting Standards (IAS).

The companies in the scope of consolidation include InfoCert S.p.A., Innolva S.p.A., Co.Mark S.p.A., Visura S.p.A., RE Valuta S.p.A., Warrant Hub S.p.A., Co.Mark TES, Sixtema S.p.A., Camerfirma SA, Comas S.r.l., Webber S.r.l., Promozioni Servizi S.r.l., Innolva Relazioni Investigative S.r.l., Warrant Innovation Lab S.r.l., Warrant Service S.r.l., Bewarrant S.r.l., and Camerfirma Perù SAC.

Following the supervisory activity carried out on the Consolidated Financial Statements and on the basis of the direct disclosures and the information obtained, the Board of Statutory Auditors has ascertained and can acknowledge, that:

– provisions concerning the preparation and lay-out of the Consolidated Financial Statements and the accompanying Report on Operations have been observed;
– documents used as the basis for the line-by-line consolidation process are the draft Financial Statements at 31 December 2018, as approved by the competent Boards of Directors of the subsidiaries, and adjusted, where necessary, to make them consistent with the accounting standards applied by the Parent Company. For companies whose control was acquired during the year, the relative Financial Statements have been consolidated starting from the date on which control was acquired;
– no subsidiary is excluded from the scope of consolidation;
– the scope, valuation criteria and consolidation principles adopted are adequately illustrated by the Directors in the Notes.

We are in agreement with the recognition of goodwill in the assets of the Consolidated Financial Statements.

The Board of Statutory Auditors took note of the "unqualified" opinion expressed by the Independent Auditors with specific reference to the statutory audit of the consolidated accounts, and thus the absence of uncertainty or any limitations in the audits or disclosures.

Information regarding the adherence of the Company to the Corporate Governance Code issued by the Committee for the Corporate Governance of Listed Companies

As mentioned above, the Company has decided to adhere to the Corporate Governance Code issued by the Committee for the Corporate Governance of Listed Companies.

Note that the Company has not established an Appointments Committee, which is justified by the fact that a majority of directors on the Board of Directors are independent and the Chairman is not directly involved in managing the business, as well as his contribution to ensuring transparency in how the Board conducts its work.

Remarks on the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Finance Act

This Board met with and maintained contact with the control bodies of the subsidiaries, in order to better share information on the topics that are relevant to all of the various entities of the Group.

Finally, we activated a process to monitor the progress achieved of the implementation by the subsidiaries of the internal regulatory framework.

Transactions with Related Parties. Indication of the possible existence of atypical and/or unusual transactions, including intra-group or related party transactions

The Company has adopted a "Procedure for Transactions with Related Parties". Furthermore, the Control and Risks Committee has been appointed as the Related Parties Committee, required to carry out a preliminary review and to provide an opinion concerning the various types of elated party transactions, with the exception of those transactions which are excluded in accordance to the aforesaid procedure. In this respect, the Board of Statutory Auditors acknowledges that the Committee's members declared that they meet the independence requirements set forth under Article 148, paragraph 3, of the Consolidated Finance Act and Article 3 of the Corporate Governance Code of Borsa Italiana.

For our part, we acknowledge that we have found the substantial suitability of the procedure adopted. The mapping of the Related parties is updated periodically on an annual basis.

As a result of our control activities and attendance at Board of Directors' meetings, we acquired appropriate information on intra-group and related party transactions that are adequately described in the Report on Operations and in the Notes, in compliance with the indications to be provided in this context based on Consob resolutions.

These are transactions with and between subsidiaries of Tinexta, without the involvement of a related third party. Therefore, they fall within the scope of transactions excluded from the application of the procedure and the scrutiny of the related Committee.

We also acknowledge the compliance of these transactions with the law and the Articles of Association, their alignment with the Company's interest, and the absence of situations that would entail further considerations and comments.

During the Board of Directors' meetings, the periodic disclosure on transactions with Related parties, pursuant to Article 2391-*bis* of the Italian Civil Code, was prepared and provided.

The Company has not carried out any intra-group, related party, or third party transactions which are atypical and/or unusual during the financial year.

Indication of any complaints submitted pursuant to Article 2408 of the Italian Civil Code, any initiatives taken, and the related outcomes

We acknowledge that during the 2018 financial year no complaints pursuant to Article 2408 of the Italian Civil Code have been submitted to the Board of Statutory Auditors.

Remarks on any significant issues that emerged during the meetings with the Independent Auditors pursuant to Article 150, paragraph 3, of the Consolidated Finance Act

The Board of Statutory Auditors held 4 meetings with the Independent Auditors during 2018. The elements emerged are represented in the section of this Report related to the activity carried out by the Board in its role as Internal Control and Auditing Committee (ICAC).

Final evaluations concerning the supervisory activities carried out, as well as omissions, reprehensible facts or irregularities detected in performing these activities

We certify that our supervisory activities, carried out during the 2018 financial year, have been performed under normal circumstances and did not reveal any significant events that would require a specific mention in this Report. Pursuant to Article 153, paragraph 2 of the Consolidated Finance Act, the Board of Statutory Auditors does not deem it necessary to formulate additional proposals or observations.

Indications on the content of the Independent Auditors' Report and opinion on the Financial Statements

The Independent Auditors' Report for the year ended 31 December 2018 includes: the paragraph containing the key audit matters; the paragraph on the responsibilities of the Independent Auditors in order to provide more information on the activities performed in the context of the audit, including communications to the parties responsible for governance activities; the paragraph containing specific statements required by Regulation (EU) no. 537/14; the paragraph containing the opinion on the consistency of the Report on Operations with the Financial Statements, as well as the opinion on its compliance with the law, as well as the declaration on any significant errors found.

The Report issued by the Independent Auditors shows an "unqualified" opinion, which does not present further disclosures.

Indication of any conferral of additional assignments to the Independent Auditors and related costs

Based on the information obtained, the Independent Auditors were granted an assignment to perform a limited review of the Consolidated Non-Financial Statement of Tinexta Group, drafted in accordance with Legislative Decree no. 254/2016.

The Board of Statutory Auditors, in its role as ICAC, reviewed the proposal by KPMG S.p.A. and expressed a positive opinion of the consistency and coherence of the procedures indicated therein, including in consideration of the greater effectiveness and efficiency of the activities performed for said purpose by the same party that performs the accounting audit.

Moreover, the ICAC assessed the economic proposal, verified that the independence requirements pursuant to Article 5.4 of Regulation no. 537/2016 were satisfied, and expressed a favourable opinion on granting the assignment of certifying the Consolidated Non-Financial Statement.

Indication of any assignments granted to parties associated with the Independent Auditors

During the year, there were no assignments granted to entities belonging to the KPMG S.p.A. network. Similarly, no assignments have been granted to the Shareholders, Directors, members of Control Bodies, or employees of the auditing firm itself and or to companies controlled or connected to it.

The Independent Auditors issued the declaration on their independence, for which reference should be made to the section of this Report concerning the activity carried out by the Board in its role as ICAC.

Indication of the existence of opinions, proposals and remarks issued in compliance with legal provisions during the year

The Board notes that it has issued, in 2018, the following opinions:

- favourable opinion in relation to the compensation awarded by the Board of Directors to the Chief Executive Officer, following the review of the benchmarking of the variable component of his remuneration;
- favourable opinion on co-opting Giampaolo Coscia as a replacement for Alessandro Barberis, who has resigned;

- favourable opinion on the satisfaction of integrity requirements, as contained in Article 147-*quinquies*, paragraph 1 of the Consolidated Finance Act, by one director;
- favourable opinion on the compensation awarded to the Deputy Chairman Riccardo Ranalli;
- favourable opinion on the assignment for the limited review of the Consolidated Non-Financial Statement of Tinexta Group, drafted pursuant to Legislative Decree no. 254/2016.

ROLE OF THE INTERNAL CONTROL AND AUDITING COMMITTEE

Pursuant to Article 19 of Legislative Decree no. 39/2010, the Board of Statutory Auditors performs the role of the Internal Control and Auditing Committee (ICAC), and in that capacity carried out the activities required by regulations.

As a preliminary point, the Board declares that it has conducted the necessary self-assessment, including in its capacity as members of the ICAC, which determined that the Board possesses the required skills with respect to the sector in which the Company operates.

The supervision of the financial reporting process by the Board in its capacity as ICAC is summarised below.

- The ICAC monitored the independence of the Auditor, as required by Article 10-*bis* of Legislative Decree 39/2010 and Article 6 of the European Regulation no. 537 of 16 April 2014, to carry out the assignment in terms of independence and objectivity, definition of appropriate measures to mitigate the risks of independence, availability of competent professional staff, and authorisation of the person responsible for the assignment to perform the legal audit.
- In relation to the above, the Independent Auditors were granted an assignment to perform a limited review of the Consolidated Non-Financial Statement of the Group.
- The ICAC monitored the work of the Independent Auditors and, in this regard, acknowledges that it has assessed ex-ante the planning of the activities by the Independent Auditors, and that it is consistent with the size and characteristics of the Company, as well as the risk assessment of errors or fraud conducted by the Independent Auditors, which appeared consistent with the information available to the ICAC.
- With regard to the assessment of the effectiveness of the Company’s internal control and risk management systems related to financial reporting, the ICAC took account of the controls adopted, pursuant to Law 262/2005, by the Financial Reporting Manager and of the improvements the same suggested by the Internal Audit function as a result of the ad hoc tests carried out. In particular, we believe that the Company’s decision to adopt a Group ERP system (SAP) strengthens the administrative and financial governance system.
- The ICAC took note of the methodologies adopted by the Independent Auditors to carry out their assignment, which consisted of, with risk-adjusted graduation, process evaluations, direct detailed procedures and comparative analysis procedures against the previous year.
- With reference to the Independent Auditors’ work, the ICAC has verified the absence of objections by the Auditor in relation to the measurement methods adopted by the Company with regard to their correctness, to the adequacy of their application with particular regard to coherence with the *de facto* situation of the options exercised, and the reasonableness of the parameters assumed.
- The Board of Statutory Auditors, in its capacity as ICAC, notes that it has observed, as has the Auditor, the lack of events or circumstances that could raise significant doubts regarding the continuity of the business, as well as the absence of significant weaknesses in the internal control system for financial information and/or accounting system.
- In its capacity as ICAC, the Board of Statutory Auditors acknowledges that it has not observed, nor has the Auditor, the presence of significant matters concerning cases of non-compliance, actual or presumed, with laws and regulations or provisions of the Articles of Association detected during the audit, deemed important to enable the ICAC to carry out its functions.

With regard to the key audit matters, the ICAC acknowledges that they were discussed by the Auditor with the Financial Reporting Manager and with the ICAC itself, analysing in depth the reasons for which key matters were considered, the related procedures auditing performed in response to these risks and the main observations made by the Company. The key audit matters (KAM) identified by the Auditor relate to:

- for the Separate Financial Statements: recoverability of the value of investments;
- for the Consolidated Financial Statements: recoverability of goodwill and allocation of the price paid for the acquisition of investees.

The ICAC agrees with the identified KAMs and acknowledges that the auditing procedures adopted by the Auditor appeared to be adequate relative to the risk.

With regard to the other significant aspects, the ICAC acknowledges having discussed them with the Independent Auditors, examining the reasons and the related audit procedures implemented in response to these risks. These concern:

- management override of controls;
- measurement of liabilities for the purchase of minority interests.

In this regard, it acknowledges that the control procedures adopted by the Auditor appear to be adequate.

CONCLUSIONS

As a result of the supervisory activities performed during the 2018 financial year and taking into account the findings of the activities performed by the Independent Auditors, included in the relevant accompanying Report to the Financial Statements:

a) we acknowledge the adequacy of the organisational, administrative and accounting structure adopted by the Company and of its concrete functioning, as well as of the efficiency and effectiveness of the internal controls, internal audit and risk management system;

b) we do not find, to the extent of our responsibilities, reasons to impede the approval of the Financial Statements at 31 December 2018, as prepared by the Board of Directors, and to the proposal made by the same corporate body regarding the allocation of the profit earned.

Milan, 26 March 2019

The Board of Statutory Auditors

Chairman Luca Laurini

Standing Auditor Monica Mannino

Standing Auditor Alberto Sodini