ANNUAL FINANCIAL REPORT AT 31/12/2019

This English version of Tinexta's 2019 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.

Please note that the Certification of the External Auditors is not included in this version. It is available in the Italian document and the English translation will be made available as soon as it is released.

TINEXTA

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COMPANY DATA and COMPOSITION OF CORPORATE GOVERNANCE BODIES

Parent Company's Registered Office

TINEXTA S.p.A.
Piazza Sallustio 9
00187 Rome Italy

Statutory Information about the Parent Company

Share capital approved, subscribed and paid-in € 47,207,120
Rome Corporate Registry No. RM 1247386
Tax ID and VAT No. 10654631000
Corporate 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 and Risks and 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 Meravigli, 7 – 20123 Milan
Piazza Luigi Da Porto, 3 – 35131 Padua
Via Principi d'Acaia, 12 - 10138 Turin

SUMMARY OF GROUP RESULTS

Summary economic data *(In thousands of Euro)*	2019	2018[1]	Change	*of which change for IFRS 16*[2]	Change %	*of which % change for IFRS 16*[2]
Revenues	258,723	239,618	19,105	*0*	8.0%	*0.0%*
EBITDA before Virtual Stock Options[3]	74,864	66,326	8,539	*3,539*	12.9%	*5.3%*
EBITDA	71,287	65,958	5,329	*3,539*	8.1%	*5.4%*
Operating profit	47,500	47,914	-415	*118*	-0.9%	*0.2%*
Net Profit	28,779	32,938	-4,159	*-160*	-12.6%	*-0.5%*
Adjusted Net Profit	38,292	36,786	1,506	*-160*	4.1%	*-0.4%*
Free Cash Flow	41,686	30,309	11,377	*3,422*	37.5%	*11.3%*
Earnings per share (in Euro)	0.60	0.69	-0.09	*n.a.*	-13.5%	*n.a.*
Adjusted earnings per Share (in Euro)	0.82	0.79	0.03	*n.a.*	3.4%	*n.a.*
Dividend	0	10,691	-10,691	*n.a.*	-100.0%	*n.a.*
Dividend per Share (in Euro)	0	0.228	-0.228	*n.a.*	-100.0%	*n.a.*

Summary equity-financial data *(In thousands of Euro)*	31/12/2019	31/12/2018	Change	*of which change for IFRS 16*	% Change	*of which % change for IFRS 16*
Share Capital	47,207	46,890	317	*n.a.*	0.7%	*n.a.*
Shareholders' Equity	149,426	145,376	4,050	*-160*	2.8%	*-0.1%*
Net Financial Indebtedness	129,138	124,946	4,192	*13,735*	3.4%	*11.0%*

Starting on 1 January 2019, the Group adopted the IFRS 16 standard "Leases", which involved changes to the recognition of leases. The 2018 comparative data have not been restated, while the data for the period under review reflect the application of the aforementioned standard. In order to ensure effective comparability with the 2018 economic, equity and financial results, the effects on the comparative analyses deriving from the application of IFRS 16 adopted from 1 January 2019 are explained.

[1] The comparative data of 2018 were re-stated in relation to the completion, in 2019, of the activities for the identification of the fair values of the assets and liabilities of Comas S.r.l. and Webber S.r.l. consolidated on a line-by-line basis from 1 July 2018, as well as of Promozioni Servizi S.r.l. consolidated on a line-by-line basis from 1 November 2018.

[2] Change for the component attributable to the adoption of IFRS 16 from 1 January 2019.

[3] EBITDA before Virtual Stock Options is calculated as EBITDA before the cost (recognised under "personnel costs") relating to the Virtual Stock Option Plan assigned by the Board of Directors on 14 November 2016.

LETTER TO SHAREHOLDERS

Dear Shareholders:

I writing these words while our country is undergoing a tremendous and unprecedented crisis caused by an imponderable event, this aggressive global epidemic. It is too early to measure the damage that the Italian economy will suffer, as it is premature to predict its trend over the next few months. In Tinexta, we have promptly adopted the necessary measures to protect the health and safety of our employees and to reduce, as much as possible, the effects of the crisis on our operational activities so as to ensure the services we provide to our customers.

I am sure that we will be able to overcome this emergency and get back on track with even greater determination to further develop the business of our Group.

A Group that has just celebrated its tenth anniversary. It was 2009 when with Pier Andrea Chevallard, CEO of the Group, we decided to create Tecnoinvestimenti (later renamed Tinexta) with a clear entrepreneurial idea: to help the corporate system, which in Italy is mostly represented by small- and medium-sized undertakings, to grow in terms of efficiency, expertise and competitiveness.

Most of all, the corporate system needed to be supported in its transition to a digital economy, the new industrial and technological paradigm on which innovative pathways for growth are built.

As entrepreneurs and managers, we have always believed that innovation is an indispensable factor for the development of companies, even in difficult times.

This is why, in 2009, in the midst of one of the worst financial crises in Western history, we established Tecnoinvestimenti. That crisis had plunged Europe and Italy into a recession. Our country, with all its fragility, approached the beginning of that period with companies that were not very competitive, with investments in the wrong sectors and with excessively high public debt.

In 2009, the GDP declined by 6% and investments declined by more than 20%. The pessimism of companies and households infiltrated into the Boards of Directors.

In this type of situation, pessimism is the main enemy to defeat because an entrepreneur who lets pessimism take over, does not invest. And if he does not invest, he is destined to lose competitiveness and, unless he reverses the trend, is destined to fail.

Conversely, we felt that our responsibility was to invest exactly at that time, in the general interest of the country and its economy, as well as for the future profit of the shareholders.

To invest in times of crisis is certainly more difficult and riskier.

However, investing means entrusting your money in the most formidable institution of capitalism: the enterprise. This is where ideas become products that are able to meet the needs of society. This is where we produce real wealth, and this is where new jobs are created, and personal income grows.

We have demonstrated with facts that the entrepreneur must focus on the real economy; must invest in progress, give confidence to young people who are the experts of the new technologies.

Our numbers, as you know, proved us right in a time when the Italian economy struggled until 2014 to find a way out of the recession. We could say that we anticipated the upturn in technological investments that began in 2015, in particular thanks to the launch of the Industry 4.0 Plan.

When Tecno Holding contributed to the establishment of Tecnoinvestimenti, after creating in 1974 an important company such as Cerved, I had the opportunity of leveraging on the wealth of experience I had built in the public sector and in open interactions with the market.

The winning strategy of Tinexta is based on different elements:

- consolidation, strengthening the individual business units with highly professional human resources;
- acquisitions, trying to seize opportunities with the greatest potential close to our business model;
- progressive integration into the Group in order to improve growth opportunities through synergies;
- stock-market listing, to be more visible and transparent;
- internationalisation, to take our skills beyond national borders;
- innovation.

Innovation does not mean only technology. In our experience, innovation always means to anticipate the developments in production and the economy, to respond to new quality standards, to ensure that all collaborators commit to a project that is shared with passion and creativity.

Now we must and can project Tinexta in the European arena. Europe is our daily dimension, much as the Euro is our daily currency. Our Group aims at significant expansion in France, Spain, Germany and in other European regions. Our future will depend, for the most part, on our capacity to identify and seize the best opportunities in order to compete in the global market.

The last ten years brought many changes and there are still more to come. The world is moving more rapidly than ever, also in response to uncertainties that are even more pressing today given this new health emergency.

I believe that, based on a commitment from all of us and with your support, we will be able to effectively meet these new challenges and to strengthen our Group and our leadership while expanding our horizons beyond the Alps toward the assumption of a greater European presence and dimension.

Thank you and best wishes,

Enrico Salza
Chairman
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 2019, 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 Separate and Consolidated Financial Statements for the year ended 31 December 2019.

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 offers IT solutions to the market for digital identity and the dematerialisation of processes coherent with applicable regulations (including the new European eIDAS regulation of 2016, EU Regulation 910/2014) and customer and sector compliance standards. Products can also be broken down between Off the Shelf products (Telematic Trust Solutions) such as certified e-mail (CEM), electronic storage, digital signature, e-invoicing and e-Enterprise Solutions such as Trusted Onboarding Platform (TOP) and GoSign, within the market of Digital Transaction Management. 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 a Certification Authority and accredited by the AgID (Agenzia per l’Italia Digitale - Italian Digital Agency) of the Presidency of the Council of Ministers. 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 a Qualified Trust Service Provider (“QTPS”), i.e. a 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 the CNA - 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, operating 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 the latter's 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 is aimed at strengthening LuxTrust's positioning in the domestic market and laying the foundations for business development in other European markets, in particular, France, Netherlands, and Belgium. As at the end of 2019, in fact, it opened a subsidiary in Paris, LuxTrust France S.A.

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; 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 returns and related documents) and certified e-mail.

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.

   In relation to Credit Information & Management, the Group operates through Innolva S.p.A. (created from the merger of the companies Assicom S.p.A. and Ribes S.p.A. in 2017) and its subsidiaries Comas S.r.l. and Webber S.r.l. (acquired jointly in July 2018), Promozioni Servizi (acquired in October 2018), and Innolva Relazioni Investigative (incorporated in October 2018), as well as Re Valuta S.p.A.

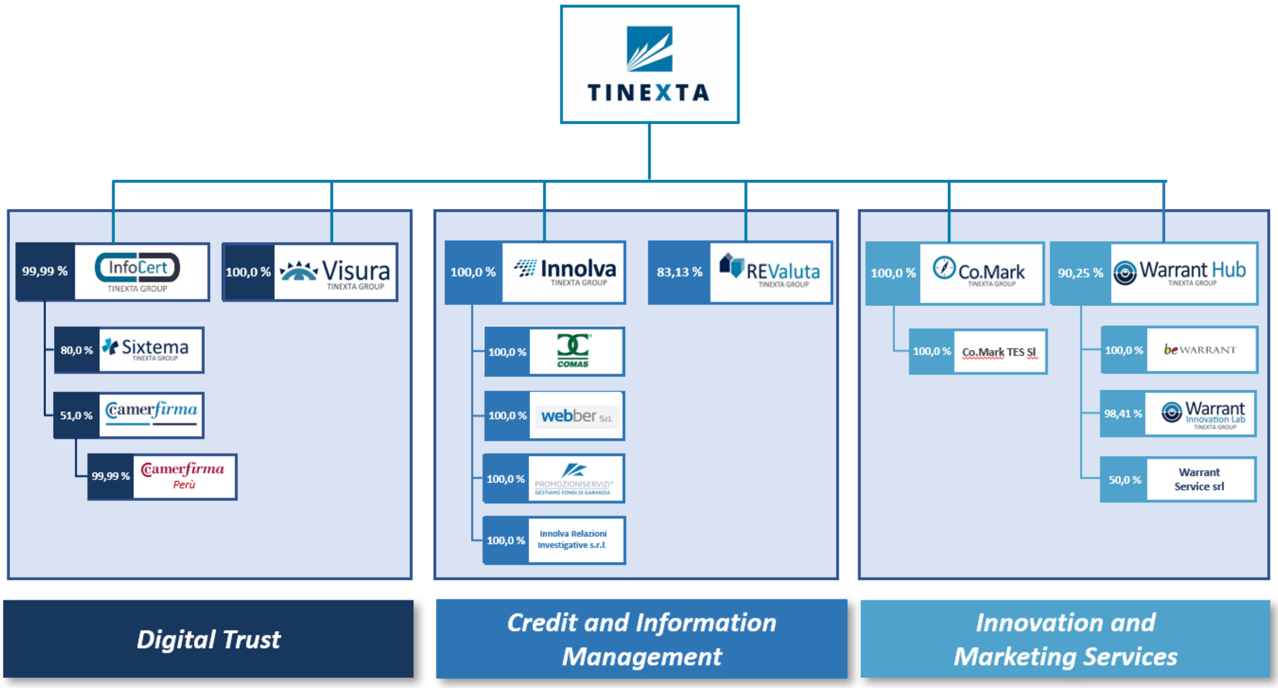
   Innolva provides a complete range of IT services to support decision-making processes for the granting, assessment and recovery of credit, along with credit management and business information services, through a business model characterised by the integration of services, with the aim of supporting banks and SMEs at every stage of the credit management and recovery cycle. Since 2018, Innolva has controlled Comas and Webber, established in 1976 and 2013 respectively, and 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. Through Promozioni Servizi S.r.l., Innolva offers advisory services to financial institutions on access to the 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. and its subsidiaries acquired in November 2017. Through a team of TES® (Temporary Export Specialist®), 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 to support Spanish SMEs, which operate in a market very similar to the Italian one.

   Warrant Hub and its subsidiaries mainly offer consulting services to companies that invest in productivity and innovation/R&D to obtain subsidised and integrated loans primarily from the Ministry of Economic Development and the Regions, as well as the tools provided by the National Industry Plan 4.0. BeWarrant and the European Funding Division of Warrant Hub support European projects for research, development or innovation, facilitating access to the European co-financing through dedicated programmes such as *Horizon 2020* (in the future *Horizon Europe*), *Life, SME Instruments* and *Fast Track to Innovation*. Warrant Hub offers specific support to companies in managing relations 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 2019.



ECONOMIC CONTEXT

The Tinexta Group operates primarily in Italy. Although to date, only 3% of the consolidated revenues come from abroad, the Group aims to expand its activities in Europe through organic growth of its own activities and through acquisitions.

In 2019, GDP in Italy increased by 0.3% compared to the 0.2% estimate of Istat (Italian Statistical Bureau) and a 0.1% estimate of the Government. This growth must be compared with the 0.8% recorded in 2018 and represents the smallest growth since 2014. Economic activity, which slightly increased in the third quarter of the year, remained stable in the fourth quarter, continuing to be affected especially by the weakness in the manufacturing sector.
The ratio of public debt to GDP in 2019 was stable at 134.8%, remaining at the highest historical levels reached in 2016 and 2018.

The current health care emergency will have an impact, not yet quantifiable, on the prospects for Italian economic growth in 2020, which was already expected to be modest, slightly above zero (+0.2%), driven by the service sector in a substantially stable employment context.

The pandemic emergency is completely disrupting all predictions at both a national and international level. The prolonged partial blockage of manufacturing and service activities is expected to cause a recession, the intensity and duration of which is still hard to predict.

The hope is that the measures adopted by the Government and the Health Authorities, at all levels, will manage to stop the contagion and to contain its effects. The extraordinary action plans in support of the economy, households and companies that the Italian and European governments will enact to counter the negative effects of the epidemic, will be decisive.

The Tinexta Group, on its part, has adopted all the precautionary measures recommended by the Ministry of Health and defined in the Decrees approved by the Presidency of the Council of Ministers. Our Group is committed to ensuring the maximum level of service to its customers.

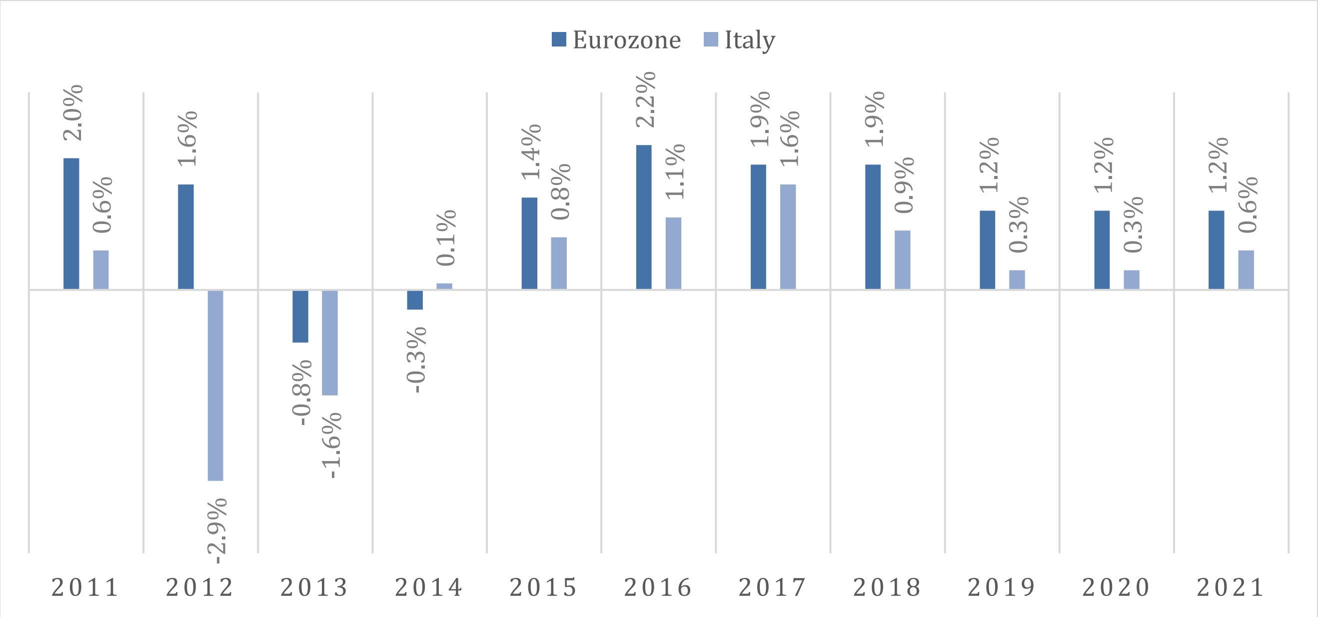


Chart - GDP growth rates in the Eurozone and Italy (2011-2018, Eurostat; 2019-2021 European Commission). **2020 and 2021 forecast refer to a period prior to the emergence of the crisis caused by Covid-19.**

KEY EVENTS OF THE PERIOD

Below is a summary of the most significant events that occurred during the year until 31 December 2019:

1. On **31 January 2019**, the sale of the Eurofidi business unit by Innolva S.p.A. to its subsidiary Promozioni 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.
2. On **28 February 2019**, Co.Mark S.p.A., a company specialising in Temporary Export Management services, appointed the new Board of Directors, composed of the following 5 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 a controlling interest in Co.Mark by Tinexta Group that progressed gradually and in constant agreement with the outgoing Shareholders.
3. On **28 March 2019** Tinexta S.p.A. took out a loan of up to a maximum of € 50 million with the Intesa Sanpaolo Group to finance the acquisition of the minority shares of some of the subsidiaries and to meet the other financial commitments, including the extinguishment of the loan with the controlling Shareholder Tecno Holding S.p.A. The financing, at a floating rate and expiring on 31 December 2025, was structured by Banca IMI, the investment bank of the Intesa Sanpaolo Group, also acted as Mandated Lead Arranger in the transaction. The loan was fully drawn down on 31 December 2019.
4. On **18 April 2019**, the Shareholders' Meeting of Tinexta S.p.A. resolved the distribution of a dividend for the year 2018 of € 0.228 per Share. The total amount to be distributed in the form of a dividend, taking account of the Shares issued as of said date (46,890,120), was equal to € 10,691 thousand. The Ordinary Shareholders' Meeting also resolved to allocate the remainder of the Profit for the Year (€ 9,850 thousand) to Retained Earnings, less 5% to be allocated to the legal reserve, amounting to € 1,081 thousand.
5. On **30 April 2019**, pursuant to the option contract signed on 30 November 2017 between Tinexta S.p.A. and the minority shareholders of Warrant Hub S.p.A., Workyng S.r.l. and Roma S.r.l., the options rights were exercised on 20.25% of the capital of Warrant Hub; therefore, Tinexta holds 90.25% of the share capital of Warrant Hub. The consideration for the purchase of the 9.75% stake from Workyng S.r.l. was € 14,881 thousand. For the purchase of 10.5% of the capital from Roma S.r.l., an amount of € 8,013 thousand was paid on the same date (calculated on 50% of the shares acquired), and for the remaining portion, an amount will be paid in 2020 based on the 2019 results, by applying a multiple to the EBITDA of the consolidated financial statements of Warrant Hub, taking into account the net financial position and based on the growth rates recorded on the basis of a formula agreed in the relevant contracts. Following this transaction, Workyng S.r.l. continues to hold 9.75% of the capital of Warrant Hub, which will be subject to Put/Call options in 2020 at a price calculated by applying a multiple to the annual EBITDA of the 2019 consolidated Financial Statements of Warrant Hub, taking into account the net financial position and based on the growth rates recorded on the basis of a formula agreed in the relevant contracts. Tinexta S.p.A. financed this transaction through the partial use of the credit line subscribed on 28 March 2019 with the Intesa Sanpaolo Group.
6. In the first few days of **May 2019**, the subsidiary Visura S.p.A. suffered a cyber attack which required precautionary intervention on roughly 13% of the certified e-mail accounts sold by said entity and managed by InfoCert, targeted at restoring operations and ensuring the security of the services provided. The appropriate in-depth analyses were carried out and the necessary reports sent to the competent authorities. Preliminary proceedings, initiated by the Italian Data Protection Authority against Visura S.p.A. and InfoCert S.p.A., are in progress.
7. On **28 June 2019**, Tinexta S.p.A. repaid, within the terms set forth contractually, the entire loan of € 25 million extended by the Controlling Shareholder Tecno Holding S.p.A., by drawing down the Crédit

Agricole loan for € 15 million entered into on 4 December 2018 and, for the remaining portion, utilising the loan entered into with the Intesa Sanpaolo Group on 28 March 2019.

8. On **28 June 2019**, Camerfirma Colombia S.A.S. was incorporated by the subsidiary Camerfirma S.A. and private shareholders, with its registered office in Bogotá (Colombia). The subscribed capital is COL$ 1,200,000,000, for a total of 6,000 shares issued. Camerfirma S.A. subscribed 25% of the share capital for a total value of COL$ 300 million (1,500 shares). On 31 December 2019, Camerfirma S.A. paid COL$ 115.2 million, equal to approximately €31 thousand.
9. On **19 July 2019**, options rights were exercised on the remaining 10% of the share capital of Co.Mark S.p.A. for an amount of € 5,219 thousand, as defined in the Option Contract entered into at the time of acquisition. Thanks to this transaction, Tinexta reached owning 100% of Co.Mark S.p.A. The transaction was financed by using the loan stipulated with the Intesa Sanpaolo Group on 28 March 2019.
10. **On the same date**, Tinexta concluded two interest rate swaps with Banca Intesa Sanpaolo. The transactions were entered into to hedge part of the floating rate loan stipulated with the Intesa Sanpaolo Group on 28 March 2019. As a result of these transactions, Tinexta synthetically fixed the cost at a rate of 1.237% p.a. of the financing of € 38,113 thousand.
11. On **24 July 2019**, Tinexta completed another interest rate swap with Crédit Agricole. The transaction was entered into to hedge the floating rate loan contracted on 4 December 2018 for a total of € 15 million. Through this transaction, Tinexta synthetically fixed the total cost of the entire debt of € 15 million at a fixed rate of 1.28%.
12. On **30 July 2019**, Tinexta S.p.A., pursuant to the purchase contract signed on 9 June 2016, exercised its option rights on the remaining 40% of the Share Capital of Visura S.p.A., thereby obtaining the complete ownership of the company. The consideration was set at € 15,372 thousand. The transaction was financed by drawing € 11,887 thousand of the loan concluded with the Intesa Sanpaolo Group on 28 March 2019 and with internal resources for the remaining amount.
13. On **17 September 2019,** the purchase of 1% of the share capital of the Spanish subsidiary Co.Mark TES S.l. by Co.Mark S.p.A. in the amount of € 360, in nominal value, was finalised.
14. On **19 September 2019**, Tinexta S.p.A. received from Cedacri S.p.A. the request to exercise the final tranche of warrants held by the latter, 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, determined in accordance with the Regulation of "Tecnoinvestimenti Warrants 2016-2019". Simultaneously upon making the request, Cedacri S.p.A. paid the amount of € 1,077,800. On **4 October 2019**, Tinexta S.p.A. issued 317,000 new Shares, increasing its Share Capital to € 47,207,120, fully subscribed and paid-in, divided into 47,207,120 Shares, in execution of the Board of Directors' resolution following the request to exercise the final tranche of the warrants held by Cedacri S.p.A.
15. On **18 October 2019**, Tinexta S.p.A. concluded two Interest rate collars with Banca Intesa Sanpaolo. The transaction was carried out for an initial notional amount of € 11,887 thousand to fully cover the last tranche of the disbursement of the floating rate loan stipulated on 28 March 2019 with the Intesa Sanpaolo Group, which was used to purchase 40% of the share capital of Visura S.p.A. Through this transaction, Tinexta limited the degree of fluctuation of the 6-month Euribor rate, the benchmark of the underlying loan, within a range defined a maximum rate (Cap rate) of 1.75% and a minimum rate (Floor rate) of -0.33%.
16. On **20 December 2019,** Tinexta S.p.A. negotiated a loan in the amount of € 20 million from BNL Gruppo BNP Paribas to finance the planned acquisitions of the minority shares of some subsidiaries. The floating rate loan, maturing on 31 December 2025, was not yet used at 31 December 2019. In order to fully cover the future disbursement of the loan, Tinexta S.p.A., on the same date, finalised an Interest Rate Collar transaction with the same counterparty. The transaction was activated with an initial notional amount of € 20 million, with an exchange of flows beginning on 31 December 2020 (starting forward,

first difference to be settled on 30 June 2021). Through this transaction, Tinexta limited the level of fluctuations of the 6-month Euribor rate, a reference parameter of the underlying loan, within a range defined by a maximum rate (Cap rate) of 1.00% and a minimum rate (Floor rate) of -0.30%.

17. On **20 December 2019,** the company Warrant Hub S.p.A. announced the acquisition of PrivacyLab S.r.l., a company operating in the sale of licenses, advisory services, training and tools for the management of compliance with GDPR provisions. The acquisition falls under the diversification process of the offer under the Industry 4.0 Plan, leveraging on the know-how related to advisory expertise on innovation, already present in the subsidiary Warrant Innovation Lab S.r.l. and in the strategy of growth focused on the capacity to adopt solutions that are easily scalable. PrivacyLab S.r.l. ended 2019 with revenues amounting to € 1 million and an EBITDA of € 250 thousand[4]. An advance payment on the acquisition price equal to 60% of the share capital of Privacy Lab was set at € 612 thousand and was disbursed at the **27 January 2020** Closing. As regards this transaction, it was decided that with the approval of the financial statements at 31 December 2019, an integration of the price may be recognised as regards the purchase of 60% of the share capital, calculated on the basis of EBITDA and the net financial position (contractually defined) at 31 December 2019. The price integration shall be paid by 50% on 30 June 2020 and the remaining 50% on 31 December 2020. Warrant Hub, through a system of Put&Call options, has the option of acquiring the remaining 40% of the Company in 2022 after the approval of the financial statements ended 31 December 2021.

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”.

EBITDA before Virtual Stock Options: is calculated as EBITDA before cost (recognised under “Personnel costs”) relating to the Virtual Stock Option Plan.

Adjusted EBITDA: is calculated as “EBITDA before Virtual Stock Option”, before the non-recurring components.

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 operating profit: is calculated as “Operating profit” before the non-recurring components, before the cost (recognised under “Personnel costs”) relating to the Virtual Stock Option Plan, and before the amortisation of the Other intangible assets that emerged at the time of allocation of the price paid in Business Combinations.

[4] Data prepared according to ITA GAAP standards. The transition to the IAS/IFRS accounting standards is under way.

Adjusted Net Profit: is calculated as "Net Profit" before the non-recurring components, before the cost relating to the Virtual Stock Option Plan, before the amortisation of Other intangible assets that emerged at the time of allocation of the price paid in Business Combinations, and before the adjustment of liabilities for contingent considerations related to the acquisitions, net of the related tax effects. 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 2019 with Revenues of € 258,723 thousand. EBITDA before Virtual Stock Options amounted to € 74,864 thousand, equal to 28.9% of Revenues, while EBITDA came to € 71,287 thousand, 27.6% of Revenues. Operating profit and Net profit amounted to € 47,500 thousand and € 28,779 thousand, respectively, equal to 18.4% and 11.1% of Revenues.

Starting on 1 January 2019, the Group has adopted the IFRS 16 standard "Leases" which involved changes to the recognition of leases. In order to ensure effective comparability with the economic results of 2018, the effects on the comparative analyses deriving from the application of the aforementioned standard adopted from 1 January 2019 are exhibited.

Abbreviated Consolidated Income Statement (*in thousands of Euro*)	**2019**	**%**	**2018[5]**	**%**	**Change**	***of which change for IFRS 16***	**% Change**	***of which % change for IFRS 16***
Revenues	258,723	100.0%	239,618	100.0%	19,105	-	8.0%	0.0%
EBITDA before Virtual Stock Options	74,864	28.9%	66,326	27.7%	8,539	3,539	12.9%	5.3%
EBITDA	71,287	27.6%	65,958	27.5%	5,329	3,539	8.1%	5.4%
Operating profit	47,500	18.4%	47,914	20.0%	-415	118	-0.9%	0.2%
Net Profit	28,779	11.1%	32,938	13.7%	-4,159	-160	-12.6%	-0.5%

Revenues rose by € 19,105 thousand (8.0%) compared to 2018. EBITDA before Virtual Stock Options rose by € 8,539 thousand (12.9%) while EBITDA rose by € 5,329 thousand (8.1%). Operating profit fell by € 415 thousand (-0.9%), as did Net Profit, down by € 4,159 thousand (-12.6%). Operating profit was impacted by higher costs, versus 2018, in the amount of € 3,209 thousand, due to the Virtual Stock Option Plan assigned to the Key Management Personnel of Tinexta S.p.A. as approved by the Board of Directors on 14 November 2016. This Plan involved the disbursement of deferred amounts corresponding to the growth in the value of Tinexta's Shares and, consequently, to the creation of value for the Shareholders. To this end, it should be noted that all assigned options were exercised and, therefore, there will be no other costs associated to said plan in the future. Net Profit was also affected by greater provisions set aside in the amount of € 946 thousand for contingent considerations related to acquisitions, and by the Results from investments recognised on the basis of the equity method, equal to €-1,139 thousand (€ +106 thousand in 2018).

The results reflect the Group's expansion of its scope compared to 2018, with the introduction of:

- 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 transfer of control of Creditreform Assicom Ticino (now Creditreform GPA Ticino) as of 1 June 2018. Starting from this date, the investment is accounted for using the equity method on the associated stake of 30%.

[5] The comparative data of 2018 were re-stated in relation to the completion, in 2019, of the activities for the identification of the fair values of the assets and liabilities of Comas S.r.l. and Webber S.r.l. consolidated on a line-by-line basis from 1 July 2018, as well as of Promozioni Servizi S.r.l. consolidated on a line-by-line basis from 1 November 2018.

The following table provides details of the 2019 Income Statement items compared with 2018.

Consolidated Income Statement (in thousands of Euro)	2019	%	2018	%	Change	*of which change for IFRS 16*	% Change	*of which % change for IFRS 16*
Revenues	**258,723**	**100.0%**	**239,618**	**100.0%**	**19,105**	***0***	**8.0%**	***0.0%***
Total Operating costs	**183,858**	**71.1%**	**173,292**	**72.3%**	**10,566**	***-3,539***	**6.1%**	***-2.0%***
Costs of raw materials	8,087	3.1%	5,893	2.5%	2,193	*0*	37.2%	*0.0%*
Service costs	84,194	32.5%	80,900	33.8%	3,293	*-3,333*	4.1%	*-4.1%*
Personnel costs*	79,745	30.8%	76,346	31.9%	3,399	*-206*	4.5%	*-0.3%*
Contract costs	8,763	3.4%	8,052	3.4%	711	*0*	8.8%	*0.0%*
Other operating costs	3,070	1.2%	2,100	0.9%	969	*0*	46.2%	*0.0%*
EBITDA before Virtual Stock Options	**74,864**	**28.9%**	**66,326**	**27.7%**	**8,539**	***3,539***	**12.9%**	***5.3%***
Virtual Stock Options Cost*	3,577	1.4%	368	0.2%	3,209	*0*	871.6%	*0.0%*
EBITDA	**71,287**	**27.6%**	**65,958**	**27.5%**	**5,329**	***3,539***	**8.1%**	***5.4%***
Depreciation, amortisation, provisions and impairment	23,787	9.2%	18,043	7.5%	5,744	*3,421*	31.8%	*19.0%*
Operating profit	**47,500**	**18.4%**	**47,914**	**20.0%**	**-415**	***118***	**-0.9%**	***0.2%***
Financial income	304	0.1%	313	0.1%	-9	*0*	-2.9%	*0.0%*
Financial charges	4,453	1.7%	2,833	1.2%	1,621	*340*	57.2%	*12.0%*
Net financial expenses	**4,149**	**1.6%**	**2,519**	**1.1%**	**1,630**	***340***	**64.7%**	***13.5%***
Profit of equity-accounted investments	-1,139	-0.4%	106	0.0%	-1,246	*0*	-1170.8%	*0.0%*
Profit before tax	**42,211**	**16.3%**	**45,501**	**19.0%**	**-3,291**	***-222***	**-7.2%**	***-0.5%***
Income taxes	13,432	5.2%	12,564	5.2%	868	*-62*	6.9%	*-0.5%*
Net Profit	**28,779**	**11.1%**	**32,938**	**13.7%**	**-4,159**	***-160***	**-12.6%**	***-0.5%***

* Personnel costs are stated net of the Virtual Stock Options Cost, reported hereunder, in order to better understand the construction of EBITDA before Virtual Stock Options.

Revenues rose Euro 19,105 thousand from Euro 239,618 thousand in 2018 to Euro 258,723 thousand in 2019, an increase of 8.0%. The increase in Revenues attributable to the organic growth was 5.5%, while 2.5% is due to the change in the perimeter.

Operating costs rose from € 173,292 thousand in 2018 to € 183,858 thousand in 2019, an increase of € 10,566 thousand or 6.1% (of which € -3,539 thousand, or -2.0%, for applying IFRS 16 from 1 January 2019). The increase in operating costs attributable to organic growth change was 5.6%, while the remaining 2.6% is due to the change in the perimeter.

The **EBITDA margin before Virtual Stock Options**, namely the percent ratio of EBITDA before Virtual Stock Options to Revenues, rose from 27.7% in 2018 to 28.9% in 2019. This improvement was due in particular to the effects of adoption of the new IFRS 16 standard, introduced starting from 2019; net of the effects of IFRS 16, the EBITDA margin before Virtual Stock Options in the first nine months of 2019 would have been 27.6%. Net of non-recurring components and the effects of IFRS 16, the EBITDA margin before the Virtual Stock Options of 2019 would have been 28.3%, compared to 27.9% in 2018.

The **Virtual Stock Options Cost**, targeted at Key Management Personnel and aimed at the disbursement of deferred sums linked to the increase in value of Tinexta Shares, reflects the significant increase in the price of the Shares registered in the first nine months of 2019 until the exercise of the options, which took place in July and August.

The item **Depreciation, amortisation and provisions**, for € 23,787 thousand (€ 18,043 thousand in the first nine months of 2018) includes € 5,914 thousand in amortisation of other intangible assets arising upon allocation of the price paid in business combinations (€ 5,767 thousand in the first nine months of 2018), mainly relating to

Innolva, Visura, Co.Mark and Warrant Hub. The increase in the item was impacted by the adoption of IFRS 16, which involved the recognition of amortisation on rights of use recorded for € 3,421 thousand, as well as the increase in amortisation of Intangible assets, in particular Databases and Software.

In 2019, **Net financial charges** totalled € 4,149 thousand (€ 2,519 thousand in 2018). The increase in Financial charges was due to greater provisions set aside for contingent considerations related to acquisitions in the amount of € 946 thousand, by the increase in bank debt used for the new acquisitions made over the last 12 months, as well as by the adoption of the IFRS 16 standard which involved the recognition of interest expense on leases in the period for € 340 thousand.

Results from investments, recognised based on the net equity method, was negative for € 1,139 thousand (positive for € 106 thousand in 2018) since it was affected by the loss incurred from the joint venture LuxTrust S.A., recognised proportionally to the 50% share, in the amount of € 1,259 thousand.

Estimated **Income taxes**, calculated based on the tax rates envisaged for the year by the current tax laws, amount to € 13,432 thousand (€ 12,564 in 2018). The tax rate applied was 31.8%, up compared with the previous year (27.6%), due to the lower benefit of the so-called "Patent Box" of € 1,158 thousand in 2018 and € 298 thousand in 2019, as well as the negative components that were substantially non-deductible for the year (greater provisions for contingent considerations related to acquisitions and results from the investments recognised based on the net equity method).

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Adjusted Group Results

Following are the Adjusted economic results calculated before non-recurring components, the cost relating to the Virtual Stock Option Plan, amortisation of Other intangible assets that emerged at the time of allocation of the price paid in Business Combinations, and the adjustment of liabilities for contingent considerations related to acquisitions, net of the related tax effects. These indicators reflect 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.

Summary adjusted Consolidated Income Statement (*in thousands of Euro*)	**2019**	**%**	**2018**	**%**	**Change**	***of which change for IFRS 16***	**% Change**	***of which % change for IFRS 16***
Adjusted revenues	258,723	*100.0%*	238,701	*100.0%*	20,021	-	*8.4%*	0.0%
Adjusted EBITDA	76,826	*29.7%*	66,582	*27.9%*	10,244	*3,539*	*15.4%*	5.3%
Adjusted operating profit	58,953	*22.8%*	54,306	*22.8%*	4,648	*118*	*8.6%*	0.2%
Adjusted Net Profit	38,292	14.8%	36,786	15.4%	1,506	*-160*	4.1%	-0.4%

The Adjusted results show growth in Revenues of 8.4% compared to the previous year, an increase of 15.4% in EBITDA, Operating profit was up by 8.6% and Net profit by 4.1%.

The adjustments components are described here below.

Non-recurring items

Non-recurring operating costs came to € 1,962 thousand in 2019, of which € 1,130 thousand for costs linked to the implementation of the Group's new organisational model.

Non-recurring financial income of € 148 thousand was recognised for the capital gain realised through the sale of a minority shareholding (Moxoff S.r.l.) by Warrant Hub S.p.A.

Non-recurring income taxes includes non-recurring income of € 706 thousand, of which € 408 thousand for the tax effect on non-recurring components of profit before tax and € 298 thousand for the "Patent Box" benefit recognised by InfoCert S.p.A. in the year 2019.
In 2018, Non-recurring revenues of € 916 thousand were registered, Non-recurring operating costs of € 1,174 thousand were incurred, non-recurring financial income came to € 138 thousand and income in Non-recurring taxes amounted to € 1,183 thousand.

Virtual Stock Options

In 2019, the Virtual Stock Options Plan entailed a € 3,577 thousand cost (€ 368 thousand in the same period of the previous year). All assigned options were exercised and, therefore, there will be no other costs associated to said plan in the future.

Amortisation of Other intangible assets from Business Combinations

The amortisation of Other intangible assets that emerged at the time of the allocation of the price paid in *Business Combinations* came to € 5,914 thousand (€ 5,767 thousand in the same period of the previous year).

Adjustment of the contingent considerations connected to acquisitions

Adjustments of the contingent considerations connected to acquisitions entailed the recognition of financial charges during the year for € 1,453 thousand (€ 507 thousand in the previous year).

The method for calculating the adjusted key economic indicators is reported below.

Calculation of Adjusted economic results *(in thousands of Euro)*	**EBITDA**		**Operating Profit**		**Net Profit**	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**
Reported economic results	**71,287**	**65,958**	**47,500**	**47,914**	**28,779**	**32,938**
Virtual Stock Options Cost	3,577	368	3,577	368	3,577	368
EBITDA before Virtual Stock Options	**74,864**	**66,326**				
Non-recurring revenues	0	-916	0	-916	0	-916
Non-recurring service costs	1,383	660	1,383	660	1,383	660
Non-recurring personnel costs	239	513	239	513	239	513
Other non-recurring operating costs	340	0	340	0	340	0
Amortisation of Other intangible assets from Business Combinations			5,914	5,767	5,914	5,767
Non-recurring financial income					-148	-138
Adjustment of the contingent considerations connected to acquisitions					1,453	507
Non-recurring taxes and tax effect on adjustments					-3,246	-2,912
Adjusted economic results	**76,826**	**66,582**	**58,953**	**54,306**	**38,292**	**36,786**

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)	2019	EBITDA % 2019	2018	% EBITDA 2018	Change	*of which change for IFRS 16*	% Change			
							Total	IFRS 16	Organic	Perimeter
Revenues										
Digital Trust	*106,655*		*94,645*		*12,010*	*0*	*12.7%*	*0.0%*	*10.9%*	*1.8%*
Credit Information & Management	*72,286*		*74,291*		*-2,005*	*0*	*-2.7%*	*0.0%*	*-8.4%*	*5.7%*
Innovation & Marketing Services	*79,781*		*70,681*		*9,100*	*0*	*12.9%*	*0.0%*	*12.9%*	*0.0%*
Other segments (Parent Company)	*0*		*0*		*0*	*0*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Total Revenues	***258,723***		***239,618***		***19,105***	***0***	***8.0%***	***0.0%***	***5.5%***	***2.5%***
EBITDA										
Digital Trust	*28,976*	*27.2%*	*24,921*	*26.3%*	*4,055*	*1,636*	*16.3%*	*6.6%*	*8.6%*	*1.1%*
Credit Information & Management	*17,243*	*23.9%*	*15,523*	*20.9%*	*1,721*	*789*	*11.1%*	*5.1%*	*-1.7%*	*7.7%*
Innovation & Marketing Services	*37,948*	*47.6%*	*33,139*	*46.9%*	*4,809*	*942*	*14.5%*	*2.8%*	*11.7%*	*0.0%*
Other segments (Parent Company)	*-12,880*	*n.a.*	*-7,626*	*n.a.*	*-5,255*	*172*	*-68.9%*	*2.3%*	*-71.2%*	*0.0%*
Total EBITDA	***71,287***	***27.6%***	***65,958***	***27.5%***	***5,329***	***3,539***	***8.1%***	***5.4%***	***0.5%***	***2.2%***
Total EBITDA before Virtual Stock Options	***74,864***	***28.9%***	***66,326***	***27.7%***	***8,539***	***3,539***	***12.9%***	***5.3%***	***5.3%***	***2.2%***

The following table shows the Adjusted economic results by business segments:

Adjusted Abbreviated Income Statement by business segment (In thousands of Euro)	2019	% EBITDA 2019	2018	% EBITDA 2018	Change	*of which change for IFRS 16*	% Change			
							Total	IFRS 16	Organic	Perimeter
Revenues										
Digital Trust	*106,655*		*94,466*		*12,189*	*0*	*12.9%*	*0.0%*	*11.1%*	*1.8%*
Credit Information & Management	*72,286*		*73,554*		*-1,268*	*0*	*-1.7%*	*0.0%*	*-7.5%*	*5.8%*
Innovation & Marketing Services	*79,781*		*70,681*		*9,100*	*0*	*12.9%*	*0.0%*	*12.9%*	*0.0%*
Other segments (Parent Company)	*0*		*0*		*0*	*0*	*n.a.*	*n.a.*	*n.a.*	*n.a.*
Adjusted Total revenues	***258,723***		***238,701***		***20,021***	***0***	***8.4%***	***0.0%***	***5.9%***	***2.5%***
EBITDA										
Digital Trust	*29,570*	*27.7%*	*24,846*	*26.3%*	*4,724*	*1,636*	*19.0%*	*6.6%*	*11.3%*	*1.1%*
Credit Information & Management	*17,482*	*24.2%*	*15,562*	*21.2%*	*1,920*	*789*	*12.3%*	*5.1%*	*-0.4%*	*7.7%*
Innovation & Marketing Services	*37,948*	*47.6%*	*33,139*	*46.9%*	*4,809*	*942*	*14.5%*	*2.8%*	*11.7%*	*0.0%*
Other segments (Parent Company)	*-8,173*	*n.a.*	*-6,965*	*n.a.*	*-1,208*	*172*	*-17.3%*	*2.5%*	*-19.8%*	*0.0%*
Adjusted Total EBITDA	***76,826***	***29.7%***	***66,582***	***27.9%***	***10,244***	***3,539***	***15.4%***	***5.3%***	***7.8%***	***2.2%***

Comments on the adjusted results of the individual business segments are provided below.

Digital Trust

Revenues from the Digital Trust segment amounted to € 106,655 thousand. The increase over 2018 amounts to 12.9%, or € 12,189 thousand in absolute terms, consisting of 11.1% due to organic growth and 1.8% as a result of the changes in the perimeter. The change in the perimeter is due to the line-by-line consolidation of Camerfirma and Camerfirma Perù from 1 May 2018.

EBITDA for the segment was € 29,570 thousand. The increase over the EBITDA for the previous year amounted to 19.0%. Organic growth amounted to 11.3%, while the contribution of Camerfirma and Camerfirma Perù, due to the aforementioned change in perimeter, was 1.1%. The adoption of IFRS 16 as from 1 January 2019 resulted in a positive change of 6.6% compared to 2018. In percentage terms, the EBITDA margin (impact of EBITDA on Revenues) was 27.7%, an improvement of 26.3% versus the previous year; net of the effects of the adoption of IFRS 16, the EBITDA margin (26.2%) registered a slight decrease due to the higher costs incurred with the start of e-invoicing from 1 January 2019 (support and assistance).

Credit Information & Management

Revenues in the Credit Information & Management segment amounted to € 72,286 thousand. Compared to 2018, a decrease of 1.7% was recorded, comprising an organic decrease of 7.5% and a change in perimeter of 5.8%, as a result of the consolidation of Comas and Webber from 1 July 2018, Promozioni Servizi from 1 November 2018, and the deconsolidation of Creditreform Assicom Ticino (now Creditreform GPA Ticino) from June 2018.

EBITDA was up by 12.3% over 2018, amounting to € 17,482 thousand; the change in consolidation scope amounted to 7.7% while the organic decrease was 0.4%. The adoption of IFRS 16 as from 1 January 2019 resulted in a positive change of 5.1% compared to 2018. In percentage terms, the EBITDA margin (the ratio of EBITDA to Revenues) was 24.2%, up from 21.2% in 2018, also net of the effects of the adoption of IFRS 16 (23.1%).

Despite an extremely competitive market, the Credit Information and Management sector showed a stable EBITDA compared with the previous year.

Innovation & Marketing Services

Revenues from the Innovation & Marketing Services segment amounted to € 79,781 thousand. The increase over 2018 amounted to 12.9%, or € 9,100 thousand in absolute terms.

EBITDA for the segment was € 37,948 thousand. The increase over the EBITDA for the previous year amounted to 14.5%. Organic growth amounted to 11.7%. The adoption of IFRS 16 from 1 January 2019 resulted in a variation of 2.8% compared to 2018. In percentage terms, the EBITDA margin (the ratio of EBITDA to Revenues) was 47.6%, up from 46.9% in 2018, also net of the effects of the adoption of IFRS 16 (46.4%).

GROUP BALANCE SHEET AND FINANCIAL POSITION

The Group's Balance Sheet position at 31 December 2019 compared with 31 December 2018, is reported as follows:

In thousands of Euro	31/12/2019	% of Net invested capital/Total sources	31/12/2018	% of Net invested capital/Total sources	Change	% Change
Intangible assets and goodwill	269,935	96.9%	272,104	100.7%	-2,169	-0.8%
Property, plant and equipment	21,215	7.6%	8,232	3.0%	12,982	157.7%
Investment property	750	0.3%	594	0.2%	155	26.1%
Other net non-current assets and liabilities	-19,405	-7.0%	-18,934	-7.0%	-471	2.5%
Net non-current assets	**272,494**	**97.8%**	**261,997**	**96.9%**	**10,497**	**4.0%**
Inventories	1,145	0.4%	1,344	0.5%	-200	-14.9%
Contract cost assets	6,508	2.3%	6,557	2.4%	-48	-0.7%
Trade and other receivables* and Contract assets	96,056	34.5%	92,678	34.3%	3,378	3.6%
Current tax assets (liabilities)	-2,156	-0.8%	3,815	1.4%	-5,971	-156.5%
Assets held for sale	0	0.0%	199	0.1%	-199	-100.0%
Trade and other payables	-54,953	-19.7%	-53,318	-19.7%	-1,635	3.1%
Contract liabilities and deferred income	-39,540	-14.2%	-41,277	-15.3%	1,738	-4.2%
Current employee benefits	-571	-0.2%	-1,488	-0.6%	917	-61.6%
Current provisions for risks and charges	-420	-0.2%	-186	-0.1%	-234	126.0%
Net working capital	**6,069**	**2.2%**	**8,325**	**3.1%**	**-2,255**	**-27.1%**
Total loans - Net invested capital	**278,564**	**100.0%**	**270,321**	**100.0%**	**8,242**	**3.0%**
Shareholders' Equity	149,426	53.6%	145,376	53.8%	4,050	2.8%
Net Financial Indebtedness	129,138	46.4%	124,946	46.2%	4,192	3.4%
Total sources	**278,564**	**100.0%**	**270,321**	**100.0%**	**8,242**	**3.0%**

* 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	31/12/2019	31/12/2018	Change	% Change
Equity-accounted investments	11,454	12,533	-1,079	-8.6%
Other investments	22	24	-2	-10.3%
Other financial assets, excluding derivative financial instruments	1,149	1,123	26	2.3%
Derivative financial instruments	15	30	-15	-50.4%
Deferred tax assets	5,635	6,677	-1,042	-15.6%
Other receivables	1,241	618	622	100.7%
Non-current assets	**19,515**	**21,005**	**-1,490**	**-7.1%**
Provisions	-3,013	-1,945	-1,068	54.9%
Deferred tax liabilities	-15,848	-18,246	2,397	-13.1%
Employee benefits	-11,878	-11,353	-525	4.6%
Contract liabilities and deferred income	-8,180	-8,395	215	-2.6%
Non-current liabilities	**-38,920**	**-39,939**	**1,019**	**-2.6%**
Other net non-current assets and liabilities	**-19,405**	**-18,934**	**-471**	**2.5%**

Shareholders' Equity increased by € 4,050 thousand. The change is the result of the following factors:

- the positive result from the Comprehensive Income Statement for the period of € 28,251 thousand;

- the dividends approved and distributed by the Group in the amount of € 16,396 thousand (of which € 10,691 thousand paid to the Tinexta shareholders and € 5,705 thousand to the minority shareholders of the subsidiaries);
- the negative adjustment for the put options on Minority interests (€ 8,773 thousand) due to the revision in estimated payments envisaged based on future expected results of the relevant companies, as well the revaluation due to the passage of time;
- The increase in Share Capital of € 1,078 thousand underwritten by the Shareholder Cedacri following the exercise of the Warrants (as described in note 14 of the *Key events of the period*).

Net working capital decreased from € 8,325 thousand at 31 December 2018 to € 6,069 thousand at 31 December 2019. The deviation was driven by the change in the balance of *Net current tax assets/(liabilities)* (€ -5,971 thousand) and the changes in advances paid based on the taxable base from the previous year. The change in *Trade and other receivables, Contract assets* and *Trade and other payables/Contract liabilities and deferred income* entailed an increase in the Net working capital totalling € 3,480 thousand, compatible with the growth in the business volume of the Group.

Net non-current assets amounted to € 272,494 thousand at 31 December 2019, with an increase of € 10,497 thousand (+4.0%) compared to 31 December 2018 (€ 261,997 thousand). The increase is to be attributed to the recognition, at 1 January 2019, of the right of use for € 15,107 thousand under the item *Property, plant and equipment* due to the First Time Adoption of IFRS 16.

Group Net financial indebtedness

The table below provides details of the Group's Net financial indebtedness at 31 December 2019 compared with the same position at 31 December 2018:

In thousands of Euro

	31/12/2019	31/12/2018	Change	%
A Cash	33,586	35,117	-1,531	-4.4%
B Cash equivalents	14	19	-5	-27.7%
D Liquid assets (A+B)	**33,600**	**35,136**	**-1,536**	**-4.4%**
E Current financial receivables	6,609	8,186	-1,577	-19.3%
F Current bank debt	-2,952	-8,113	5,161	-63.6%
G Current portion of non-current debt	-23,752	-12,018	-11,733	97.6%
H Other current financial debt	-35,342	-77,252	41,909	-54.3%
I Current financial debt (F+G+H)	**-62,046**	**-97,384**	**35,337**	**-36.3%**
J Net current financial position (indebtedness) (D+E+I)	**-21,837**	**-54,062**	**32,225**	**-59.6%**
K Non-current bank debt	-90,552	-45,706	-44,846	98.1%
L Other non-current financial debt	-16,749	-25,178	8,429	-33.5%
M Non-current financial debt (K+L)	**-107,301**	**-70,884**	**-36,417**	**51.4%**
N Net financial position (indebtedness) (J+M) (*)	**-129,138**	**-124,946**	**-4,192**	**3.4%**
O Other non-current financial assets	1,163	1,152	11	1.0%
P Total net financial position (indebtedness) (N+O)	**-127,974**	**-123,793**	**-4,181**	**3.4%**

(*) Net financial indebtedness calculated 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 € 129,138 thousand compared to € 4,192 thousand in 2018. The adoption of IFRS 16 at 1 January 2019 involved the recognition of additional lease liabilities of € 13,735 thousand as at 31 December 2019. Net financial indebtedness at 31 December 2019 includes: € 17,950 thousand in liabilities linked to the purchase of Minority interests for Put options (€ 59,070 thousand at 31 December 2018) liabilities for contingent considerations related to the acquisitions for € 7,741 thousand (€ 1,227 thousand at 31 December 2018) and liabilities for price deferments granted by sellers for € 8,218 thousand (€ 10,736 thousand at 31 December 2018).

The exercising of Put options on the companies Warrant Hub S.p.A., Co.Mark S.p.A. and Visura S.p.A. involved a decrease of Other current financial payables, financed almost entirely by medium/long-term bank credit lines. These transactions allowed for a rebalancing of current and non-current financing sources.

It should be noted that, on 28 June 2019, Tinexta S.p.A. repaid, within the terms set forth contractually, the entire loan of € 25 million extended by the Controlling Shareholder Tecno Holding S.p.A., which was financed by using bank credit lines.

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

	In thousands of Euro
Net financial indebtedness at 31/12/2018	**124,946**
Free Cash Flow	-41,686
Dividends approved and distributed	16,396
FTA IFRS 16	15,044
Adjustment for Put options	8,773
Net financial (income) charges	4,138
New leases and adjustments to existing contracts	2,475
Capital increase	-1,078
Other residual	130
Net financial indebtedness at 31/12/2019	**129,138**

- The Free Cash Flow generated during the period amounted to € 41,686 thousand, of which € 55,214 thousand in *Net cash and cash equivalents* generated by operations, excluding € 13,528 thousand absorbed by investments in *Property, plant and equipment* and *Intangible assets.* The Free Cash Flow figure increased 37.5% compared to 2018 (€ 30,309 thousand). The increase was affected by the adoption of IFRS 16 (+11.3%), which involved the shifting of the cash flows relating to operating lease payments according to IAS 17 from *Operating activities* to *Financing activities*, as well as the lower income taxes paid during the period, equal to € 8,688 thousand (€ 19,345 thousand in 2018).
- The adoption of IFRS 16 at 1 January 2019 involved the recognition of financial lease liabilities of € 15,044 thousand. As at 31 December 2019, the new leases signed, as well as the adjustments to existing contracts, involved the recognition of financial liabilities of € 2,475 thousand. Taking into account the payments and interest accrued during the year, the impact of IFRS 16 on the net financial debt, as at 31 December, had an impact of € 13,735 thousand.
- Dividends resolved for € 16,396 thousand, of which € 10,691 thousand from Group companies to minority interests and € 5,705 resolved by Tinexta S.p.A.
- *Adjustment for put options* for € 8,773 thousand, due to the revision in estimated payments based on future expected results of the relevant companies.
- *Net financial charges* for € 4,138 thousand, net of the income of € 148 thousand relating to the capital gain generated by the sale of a minority investment for € 150 thousand (recognised under *Other residual*) and the financial item of employee benefits for € 159 thousand.
- *Capital increase* for € 1,078 thousand as a result of the exercise of the last tranche of the Warrants by Cedacri S.p.A. (as described in Note 14, *Key events of the period*).

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

Income Statement (in thousands of Euro)	2019	2018	Change	*of which change for IFRS 16*	% Change	*of which % change for IFRS 16*
Revenues	**1,357**	**780**	**577**	***0***	**73.9%**	***0.0%***
Total Operating costs	**10,660**	**8,038**	**2,622**	***-173***	**32.6%**	***-2.2%***
Service costs	5,250	3,558	1,692	*-129*	47.6%	*-3.6%*
Personnel costs*	4,960	4,225	735	*-44*	17.4%	*-1.0%*
Other operating costs	450	255	195	*0*	76.4%	*0.0%*
EBITDA before Virtual Stock Options	**-9,303**	**-7,257**	**-2,045**	***173***	**-28.2%**	***-2.4%***
Virtual Stock Options Cost*	3,577	368	3,209	*0*	871.6%	*0.0%*
EBITDA	**-12,880**	**-7,626**	**-5,255**	***173***	**-68.9%**	***-2.3%***
Depreciation, amortisation, provisions and impairment	434	134	300	*154*	223.5%	*115.0%*
Operating profit	**-13,314**	**-7,760**	**-5,555**	***19***	**-71.6%**	***-0.2%***
Financial income	36,264	29,347	6,917	*0*	23.6%	*0.0%*
Financial charges	2,150	1,986	164	*19*	8.3%	*1.0%*
Net financial income	**34,114**	**27,360**	**6,753**	***-19***	**24.7%**	***-0.1%***
Profit before tax	**20,799**	**19,601**	**1,199**	***-1***	**6.1%**	***0.0%***
Income taxes	-3,246	-2,021	-1,225	*0*	60.6%	*0.0%*
Net Profit	**24,045**	**21,622**	**2,424**	***0***	**11.2%**	***0.0%***

* Personnel costs are stated net of the Virtual Stock Options Cost, reported hereunder, in order to better understand the construction of EBITDA before Virtual Stock Options.

BALANCE SHEET AND FINANCIAL POSITION OF THE PARENT COMPANY

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

In thousands of Euro	31/12/2019	% of Net invested capital/Total sources	31/12/2018	% of Net invested capital/Total sources	Change	% Change
Intangible assets and goodwill	633	0.2%	297	0.1%	337	113.6%
Property, plant and equipment	926	0.3%	112	0.0%	813	723.7%
Shareholdings at cost in subsidiaries	284,241	99.9%	232,907	100.7%	51,334	22.0%
Other net non-current assets and liabilities	301	0.1%	259	0.1%	42	16.1%
Net non-current assets	**286,101**	**100.5%**	**233,575**	**100.9%**	**52,526**	**22.5%**
Trade and other receivables and Contract assets	1,462	0.5%	535	0.2%	927	173.4%
Current tax assets (liabilities)	954	0.3%	894	0.4%	60	6.8%
Trade and other payables	-3,980	-1.4%	-2,547	-1.1%	-1,433	56.2%
Current employee benefits	0	0.0%	-1,060	-0.5%	1,060	-100.0%
Net working capital	**-1,563**	**-0.5%**	**-2,179**	**-0.9%**	**615**	**-28.2%**
Total loans - Net invested capital	**284,537**	**100.0%**	**231,397**	**100.0%**	**53,141**	**23.0%**
Shareholders' Equity	152,348	53.5%	138,006	59.6%	14,342	10.4%
Net Financial Indebtedness	132,189	46.5%	93,390	40.4%	38,799	41.5%
Total sources	**284,537**	**100.0%**	**231,397**	**100.0%**	**53,141**	**23.0%**

Other net non-current assets and liabilities				
In thousands of Euro	31/12/2019	31/12/2018	Change	% Change
Other financial assets, excluding derivative financial instruments	20	11	9	80.2%
Derivative financial instruments	15	21	-7	-31.2%
Deferred tax assets	615	613	1	0.2%
Other receivables	162	13	150	1,176.6%
Non-current assets	**812**	**659**	**153**	**23.3%**
Deferred tax liabilities	-73	-98	25	-25.4%
Employee benefits	-438	-302	-137	45.3%
Non-current liabilities	**-511**	**-399**	**-112**	**28.0%**
Other net non-current assets and liabilities	**301**	**259**	**42**	**16.1%**

Shareholders' Equity increased by € 14,342 thousand. The change is the result of the following factors:

- the positive result from the Comprehensive Income Statement for the period of € 23,955 thousand;
- Dividends approved and distributed in the amount of € 10,691 thousand;
- The increase in Share Capital of € 1,078 thousand subscribed by the Shareholder Cedacri following the latter's exercise of warrants (as described in note 14 of the *Key events of the period*).

Net non-current assets amounted to € 286,101 thousand at 31 December 2019, with an increase of € 52,526 thousand (+22.5%) compared to 31 December 2018 (€ 233,575 thousand). The increase is due, first of all, to the *Shareholdings in subsidiaries* following the exercise of the *Put* options on the minority shares of Visura S.p.A., Co.Mark S.p.A. and Warrant Hub S.p.A, as well as to the recognition, at 1 January 2019, of the rights of use for € 741 thousand under the item *Property, plant and equipment* due to the first time adoption of IFRS 16.

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

In thousands of Euro

	31/12/2019	31/12/2018	Change	%
A Cash	19,398	14,780	4,619	31.2%
B Cash equivalents	0	0	0	0.0%
D Liquid assets (A+B)	**19,398**	**14,780**	**4,619**	**31.2%**
E Current financial receivables	10,596	8,866	1,730	19.5%
F Current bank debt	-11	-29	19	-63.3%
G Current portion of non-current debt	-20,891	-9,574	-11,317	118.2%
H Other current financial debt	-52,190	-60,174	7,984	-13.3%
I Current financial debt (F+G+H)	**-73,091**	**-69,777**	**-3,314**	**4.7%**
J Net current financial position (indebtedness) (D+E+I)	**-43,097**	**-46,132**	**3,035**	**-6.6%**
K Non-current bank debt	-83,687	-40,164	-43,524	108.4%
L Other non-current financial debt	-5,404	-7,095	1,690	-23.8%
M Non-current financial debt (K+L)	**-89,092**	**-47,258**	**-41,834**	**88.5%**
N Net financial position (indebtedness) (J+M) (*)	**-132,189**	**-93,390**	**-38,799**	**41.5%**
O Other non-current financial assets	35	33	2	7.3%
P Total net financial position (indebtedness) (N+O)	**-132,154**	**-93,357**	**-38,797**	**41.6%**

(*) *Net financial indebtedness calculated 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 € 132,189 thousand compared to € 38,799 thousand in 2018. The adoption of IFRS 16 at 1 January 2019 involved the recognition of lease liabilities of € 817 thousand as at 31 December 2019.

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

	In thousands of Euro
Net financial indebtedness at 31/12/2018	**93,390**
Investments in shareholdings	51,334
Free Cash Flow including the dividends collected	-25,327
Dividends approved and distributed	10,691
Financial charges	2,145
Capital increase	-1,078
Leasing (IFRS 16)	970
Other changes	64
Net financial indebtedness at 31/12/2019	**132,189**

- The exercise of the Put options on the companies Visura S.p.A., Co.Mark S.p.A. and Warrant Hub S.p.A entailed a disbursement of € 43,593 thousand in addition to the recognition of liabilities for € 7,741 thousand for contingent considerations.

- The *Free Cash Flow* generated in the period, including the dividends collected from the subsidiaries, amounted to € 25,327 thousand. This figure increased by 1.5% compared to 2018 (€ 24,954 thousand). The increase was affected by the adoption of IFRS 16 (+0.7%), which involved the shifting of the cash flows relating to operating lease payments according to IAS 17 from *Operating Activities* to *Financing Activities*.

- *Net financial charges* for € 2,145 thousand, net of the item Benefits to the employees in the amount of € 5 thousand.

- *Capital increase* for € 1,078 thousand as a result of the exercise of the last tranche of the Warrants by Cedacri S.p.A. (as described in Note 14, Key events of the period).

- The adoption of IFRS 16 at 1 January 2019 involved the recognition of financial lease liabilities of € 740 thousand. As at 31 December 2019, the new leases signed, as well as the adjustments to existing contracts, involved the recognition of financial liabilities of € 229 thousand. Taking into account the payments and interest accrued during the year, the impact of IFRS 16 on the net financial debt, as at 31 December, had an impact of € 817 thousand.

It should be noted that, on 28 June 2019, Tinexta S.p.A. repaid, within the terms contractually set forth, the entire loan of € 25 million extended by the Controlling Shareholder Tecno Holding S.p.A. The transaction was financed by drawing on bank credit lines.

KEY EVENTS SUBSEQUENT TO YEAR-END

On **9 January 2020,** InfoCert S.p.A. acquired 1% of the share capital of Camerfirma Colombia S.A.S. held by the subsidiary Camerfirma S.A.

On **27 January 2020**, Warrant Hub S.p.A. closed the acquisition of 60% of PrivacyLab S.r.l.

On **17 February 2020**, the merger by incorporation of the company Webber S.r.l. into Comas S.r.l., both subsidiaries of Innolva S.p.A., effective on 1 March 2020, was finalised. The accounting and tax effects are retroactive to 1 January 2020.

On **26 February 2020**, in agreement with the minority shareholders of Sixtema S.p.A., the maturity date for exercising the purchase option on the remaining 20%, was deferred to 30 April 2020.

In the first **few months of 2020** the problem of the new **COVID-19** virus exploded, and it started expanding from China to the rest of the world, first to the nearby countries and then to Europe, especially Italy. The increase in infected cases in Lombardy and other Italian regions required the adoption by the competent public authorities of urgent measures aimed at combating and containing the spread of the virus, which is starting to have an impact also on our economy.

To this end, it must be noted that regarding the adoption of such measures, the Council of Ministers resolved, on 31 January 2020, to declare a 6 month state of emergency (until 31 July 2020, notwithstanding any possible extensions). Subsequently, the Decree of the President of the Council of Ministers of 9 March 2020 ("Additional provisions implementing decree-law no. 6, of 23 February 2020, providing urgent measures for the containment and management of the COVID-19 epidemic emergency, applicable to the entire country") published in the Official Gazette no. 62 of 9 March 2020, has expanded all the urgent provisions for the containment and the fight against the spread of the Covid-19 virus, set forth in article 1 of the DPCM (Decree of the President of the Council of Ministers) of 8 March 2020 - including restrictions on the movements of people, except for "demonstrated work reasons" or "situations of necessity" or "movements for health reasons" – within the country.

Following the continuous increase in the contagion and the higher number of deaths caused by the COVID-19 infection, the President of the Council of Ministers, on 11 March 2020, issued a new decree imposing additional emergency measures for containing the spread of the virus (the "DPCM 11 March"). Further, on 11 March 2020, the World Health Organisation (WHO) declared that the COVID-19 epidemic was actually a pandemic, thus expressing a "deep concern for the alarming levels in the spreading of the infection and the gravity of the situation". The new emergency measures taken by the Italian government increased the restrictions on the free circulation of people, already introduced in the Lombardy region and in an additional 14 provinces with the DPCM of 8 March 2020 and subsequently extended to the entire country with the DPCM of 9 March 2020.

On 17 March, Decree Law no. 18 of 2020, called "Cure for Italy" setting up a plan of economic measures in the amount of € 25 billion in support of companies and families, was approved. These measures provide for a suspension of the payments of taxes and contributions, the support of international activities of companies and, in order to limit labour costs and direct indemnities, an extensive use of social shock-absorbers.

As regards the emergency situation described above, with the transposition of the directives of the Parent Company, all companies of the Group undertook a number of actions for the protection of their employees and to ensure a continuity of service to internal and external customers. Measures included the use of smart-work at all corporate levels, the closure of offices wherever possible, the cancellation of internal events and the remodulation of the external ones, in addition to other precautionary measures aimed at guaranteeing the health of the workers and preserving the corporate business.

In the area of Digital Trust, the pace of production did not decrease; in this first phase of the crisis, the demand for digital solutions remains steady and it is further increased by the market requesting instruments capable of improving the potential of working remotely. The first few months of the year have recorded revenues in line with the forecast.

The Credit Information and Management sectors recorded a decline in activities in the Finance and Corporate sectors. In both markets, based on a first estimate of the effects produced by the crisis, a decrease in volume is noted in both the real estate and the business information components. The medium-long term impacts are currently difficult to quantify.

The Innovation and Marketing Services sector was not significantly impacted by the crisis in the first two months. Beginning in March, with the intensifying of the restrictive measures to cope with the emergency, limiting the movements within the country and then slowing down any new activity and requests for advisory services by the companies, a deceleration is predicted which will be closely monitored in the next few months.

OUTLOOK

In 2019, the Group completed an in-depth review of the organisational model, aimed at consolidating the governance controls and establishing the basis for a new expansion phase of its activities. On 12 February 2020, the Board of Directors approved the strategic guidelines and the objectives of the three year plan for the period 2020-2022 which provides for the consolidation of the new organisational model and the continuation of the M&A strategy according to two guidelines for growth:

- Internationalisation;
- Expansion of the offering with new services/products.

At present, it is not yet possible to quantify the economic effects of the pandemic on the various Group companies. The economic, equity and financial situation of the Tinexta Group, however, is solid and allows us to face the ongoing crisis. In any case, the Board of Directors, the Control bodies and the Management of the Company will continue to constantly monitor the evolution of the emergency resulting from the spread of COVID-19 and to take all the decisions and measures necessary to deal with it.

HUMAN RESOURCES

At 31 December 2019, the Group had 1,293 employees compared to 1,294 at 31 December 2018.

The Group has an average workforce (FTE: Full Time Equivalents) of 1,272 annual work units, which can be broken down by qualifications as shown below.

Number of employees	***Annual average***		***31 December***	
	2019	**2018**	**2019**	**2018**
Senior Management	36	34	38	33
Middle Management	172	170	169	172
Employees	1,064	1,032	1,086	1,089
Total	**1,272**	**1,236**	**1,293**	**1,294**

The national labour contracts applied are:

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

MAIN RISKS AND UNCERTAINTIES

The Group is exposed to some financial risks: interest rate risk, liquidity risk, credit risk and exchange rate risk. As regards the interest rate risk, the Group assesses on a regular basis its exposure to changes in interest rates and actively manages it by also using financial derivatives for exclusive hedging purposes. The credit risk related to trading receivables is mitigated through internal procedures that provide for a preliminary assessment of the customer solvency, as well as through procedures for credit recovery and management. Liquidity risk is managed through careful management and monitoring of operating cash flows and recourse to a cash pooling system between the Group companies. As regards foreign exchange rate, 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 and the transactions are settled almost exclusively in Euro; therefore, it is not greatly exposed to the risk of fluctuation of the exchange rates of foreign currencies against the Euro. For additional information on the main risks and uncertainties to which the Group is exposed, see the paragraph “Management of financial risk” in the Notes to the Financial Statements.

INFORMATION ON THE ENVIRONMENT

The Parent Company and the other companies of the Group operate in an environmentally responsible and friendly manner in order to ensure a sustainable development of its business. However, environmental issues are not crucial within the service sector in which the Group operates. For additional information, see the Non-Financial Declaration.

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 an 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 19 March 2020, 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. In 2019, InfoCert S.p.A. continued its activities in research, innovation and improvement of products and processes. As in the previous years, InfoCert focused its efforts not only on the area typical of its corporate core business, trying to develop further its contents and to respond with higher speed and flexibility to the numerous requirements of the markets it serves, but also on the study, research/development and testing of new, innovative products. The total cost of the activities carried out in specific project-related contexts was about € 3 million (of which, € 857 thousand was capitalised). As regards the activities carried out, benefits were recognised for € 328 thousand in tax credits (pursuant to Legislative Decree 190/2014) and benefits for participating in projects funded by the EU for € 197 thousand.

OTHER INFORMATION

At 31 December 2019, the Company did not hold, nor had it held during the period, Treasury shares or shares of the Controlling Shareholder through trust companies or intermediaries.

STOCK PERFORMANCE

The Tinexta stock (Ticker: TNXT) closed the year 2019 at a price of € 11.60 per share, compared to € 6.25 per share at 31 December 2018, with an increase in the share price of € 5.35 (+85.6%). At 31 December 2019, market capitalisation was € 548 million.

The lowest closing price in 2019 was € 6.33, recorded on 7 January, while the highest closing price was € 14.36, recorded on 13 June. In 2019, trading of Tinexta shares in the market managed by Borsa Italiana S.p.A. reached an average daily value of € 1,076,571 (+167.4% compared with the average value of 2018) and an average daily volume of 95,809 shares (+54.6% compared with the average daily volume of 2018). On 5 June 2019, the Company paid a dividend of € 0.228 per share (ex-date of 3 June 2019).

Market Cap

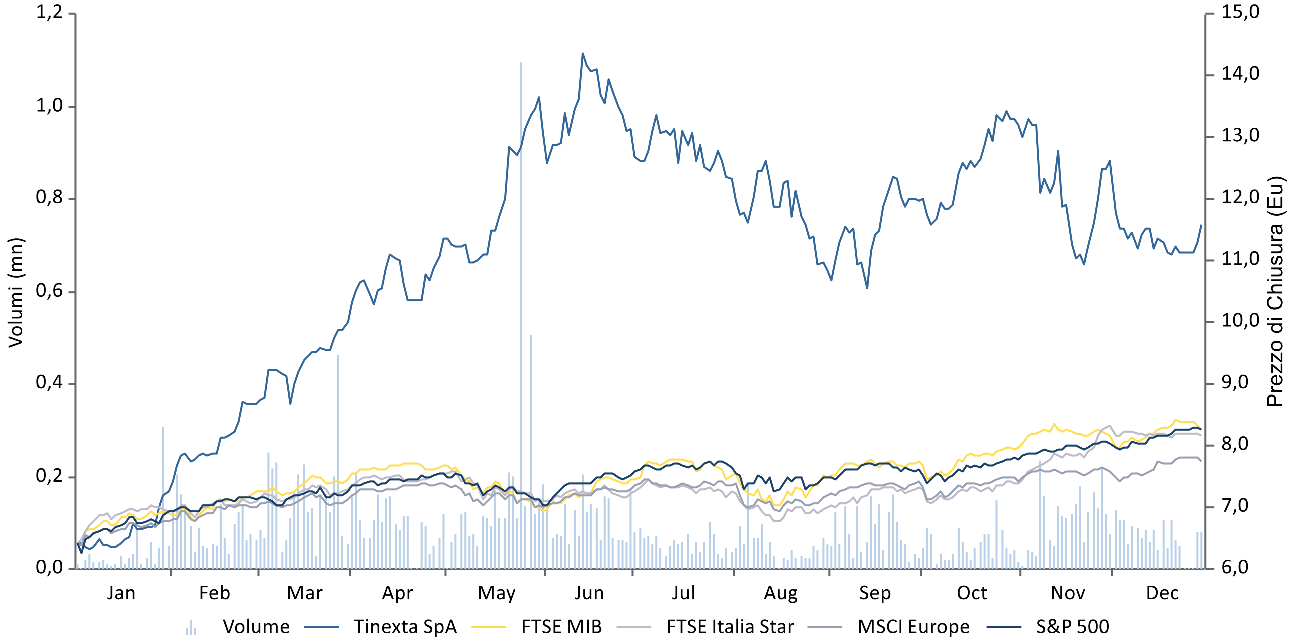
Price @ 30 December 2019 (Eu)	**11.60**
No. of shares (mn n.)	47.2
Mkt Cap (Eu mn)	**547.6**

	Closing price			
	1 Month	**3 Months**	**6 Months**	**12 Months**
from (included)	*29-Nov-19*	*1-Oct-19*	*1-Jul-19*	*2-Jan-19*
to (included)	*30-Dec-19*	*30-Dec-19*	*30-Dec-19*	*30-Dec-19*
Simple average (Eu)	**11,444**	**12,075**	**12,082**	**11,060**
Max (Eu)	12,620	13,440	13,440	14,360
Min (Eu)	11,120	10,960	10,560	6,330

	Average daily volumes			
	1 Month	**3 Months**	**6 Months**	**12 Months**
from (included)	*29-Nov-19*	*1-Oct-19*	*1-Jul-19*	*2-Jan-19*
to (included)	*30-Dec-19*	*30-Dec-19*	*30-Dec-19*	*30-Dec-19*
No. shares (n. #)	83,676	83,267	75,109	95,809
Countervalue (Eu)	962,060	998,076	901,751	1,076,571
VWAP (Eu)	**11,497**	**11,986**	**12,006**	**11,237**

In 2019, the FTSE MIB Index posted a 28.3% increase and the FTSE STAR, the index for the STAR segment (Segment of Equities with High Reporting Requirements), managed by Borsa Italiana, that includes medium-sized joint-stock companies, posted a 26.9% increase. In Europe, the MSCI Europe index was up by 20.3% in 2019, whereas in America, the S&P500 index exceeded 28.3%.

Comparison of the trend of Tinexta with the main reference indexes
(2 January 2019 - 30 December 2019)



Note: FTSE MIB and FTSE Star indexes recalculated based on Tinexta prices at 2 January 2019
Source: FactSet

The positive performance of Tinexta's Shares, within the market context described above, reflected the announcement of the positive 2018 results, the three-year 2018-2020 Business Plan and the Quarterly results.

Investor Relations activities increased in 2019. The Company met with investors in Italy and in the main European markets of Milan, London, Paris, Madrid, Frankfurt, Brussels, Helsinki and New York. It participated in conferences organised by Borsa Italiana and by different financial intermediaries in Milan, London, Paris, Geneva, Frankfurt and Amsterdam. The Company held regular conference calls following the full year results and facilitated interactions with management ("Team Tinexta Day"), in order to provide in-depth information on the structure and growth strategies of the Group. The Company is supported in its Investor Relations by a Specialist (Intermonte) and two Corporate Brokers (Bank IMI and Mediobanca).

In the first few months of 2020, the Shares increased in price subsequent to the presentation of the preliminary 2019 Results and the 2020-2022 Plan up to € 13.78 per Share on 20 February (+18% from the end of 2019). Following this, there was a marked decline in price, concurrent with the crash of the financial markets due to the Covid-19 virus pandemic.

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 2019, Group Shareholders' Equity was € 6,781 thousand lower than that of Tinexta S.p.A., and the Group's Net profit of € 28,182 thousand was € 4,137 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	Net Profit 2019	Shareholders' Equity 31/12/2019	Net Profit 2018	Shareholders' Equity 31/12/2018
Tinexta S.p.A. Separate Financial Statements	**24,045**	**152,348**	**21,622**	**138,006**
Shareholders' Equity of consolidated companies and allocation of their results	45,982	84,788	44,470	81,282
Book value of consolidated equity investments		-284,241		-232,907
Recognition of liabilities for Put options		-16,396		-57,605
Allocation of goodwill		182,464		182,464
Allocation of intangible assets	-3,738	30,616	-3,742	34,354
Recognition in the Income statement of the adjustment of contingent consideration	-1,333	0	-9	0
Derecognition of intra-group dividends	-36,242	0	-29,324	0
Use of non-deductible interest expense in tax consolidation	4	241	-160	237
Other consolidation adjustments	60	-395	81	-456
Shareholders' Equity and Profit for the year attributable to minorities	-597	-3,859	-586	-3,757
Tinexta Group Consolidated Financial Statements	**28,182**	**145,567**	**32,351**	**141,619**

PROPOSED ALLOCATION OF THE 2019 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 € 24,045,370.75, as follows:

- 5% of the Profit for the year to the Legal reserve, in the amount of € 1,202,268.54;
- € 22,843,102.21 to Profits carried forward.

Following the spread of the Covid-19 epidemic, it was decided to suspend the distribution of Dividends as a precautionary measure and to allow the Company to implement the 2020-22 Three Year Plan.

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

METHODOLOGICAL NOTE

This Consolidated Non-Financial Declaration (hereinafter also "NFD" or "Declaration") of Tinexta Group (hereinafter also the "Group" and "Tinexta") for the year ended 31 December 2019 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.

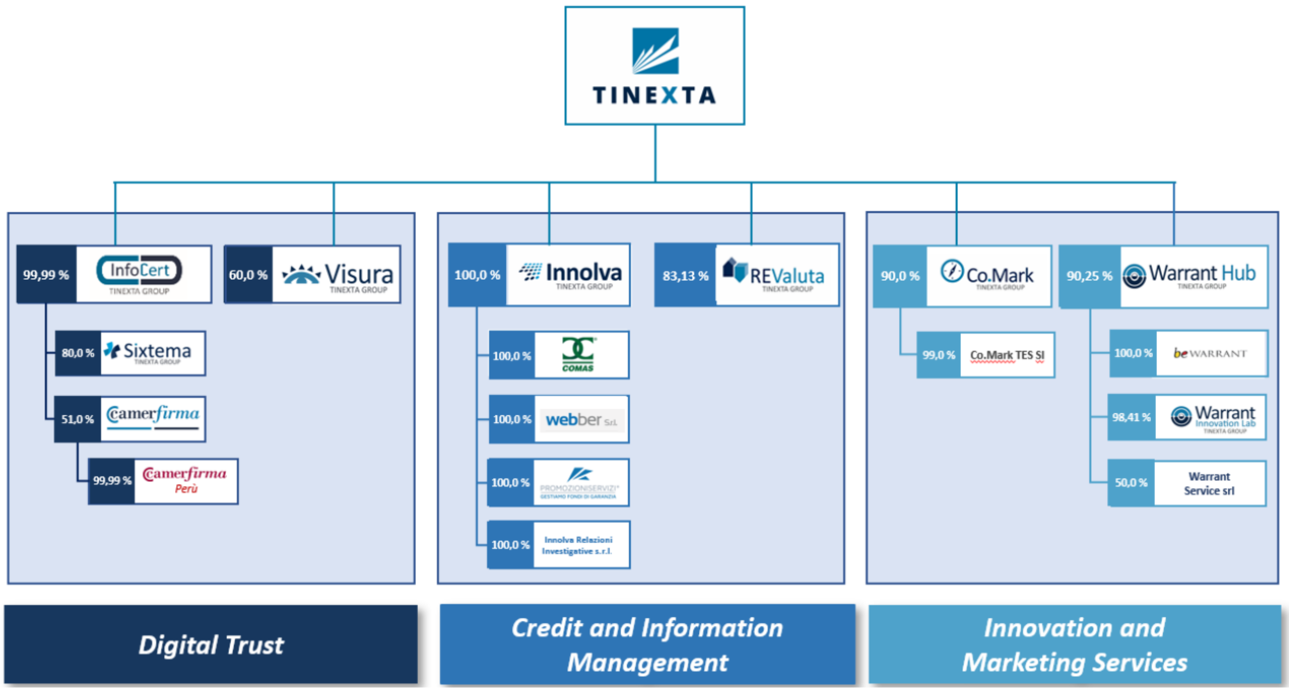
Therefore, it constitutes the report of the relevant impacts of Tinexta Group's business activities related to aspects referred to in the aforementioned Legislative Decree.

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 of the previous year, published on 28 March 2019, was also drawn up in compliance with this option.

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 Declaration

The chart that follows outlines the structure of Tinexta Group, including controlling interests held, at 31 December 2019, to which the associated companies e-Tuitus S.r.l., Creditreform GPA Ticino S.A., Innovazione 2 Sagl and Camerfima Colombia S.A.S., as well as JV LuxTrust S.A. are to be added.



Tinexta Group considers within its perimeter of reporting under this Declaration the following companies:

- Tinexta S.p.A.

- InfoCert S.p.A.
- Sixtema S.p.A.
- Innolva 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 S.r.l.
- Warrant Service S.r.l.

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.

Thus, according to the provisions of Art. 3 and 4 of 254/2016, the scope 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.

The quantitative information at 31 December 2019 refers to the previously indicated reporting scope; these figures are then compared, when available, with the data of 2017 and 2018 published in the NFD of the previous period, the scope of which does not significantly differ from the current one.

Materiality analysis

In 2019, Tinexta updated the materiality matrix for the purpose of drafting this NFD.

The matrix is the result of the materiality analysis carried out according to the provisions of the GRI standards, used by Tinexta as a reporting standard for providing the information required in Legislative Decree 254/2016.

The methods adopted in 2019, compared with the previous matrix published in the NFD of 2017 and 2018, provided for a Stakeholder Engagement through the involvement of employees, investors, suppliers and customers.

The process adopted for the materiality analysis was structured into three steps.

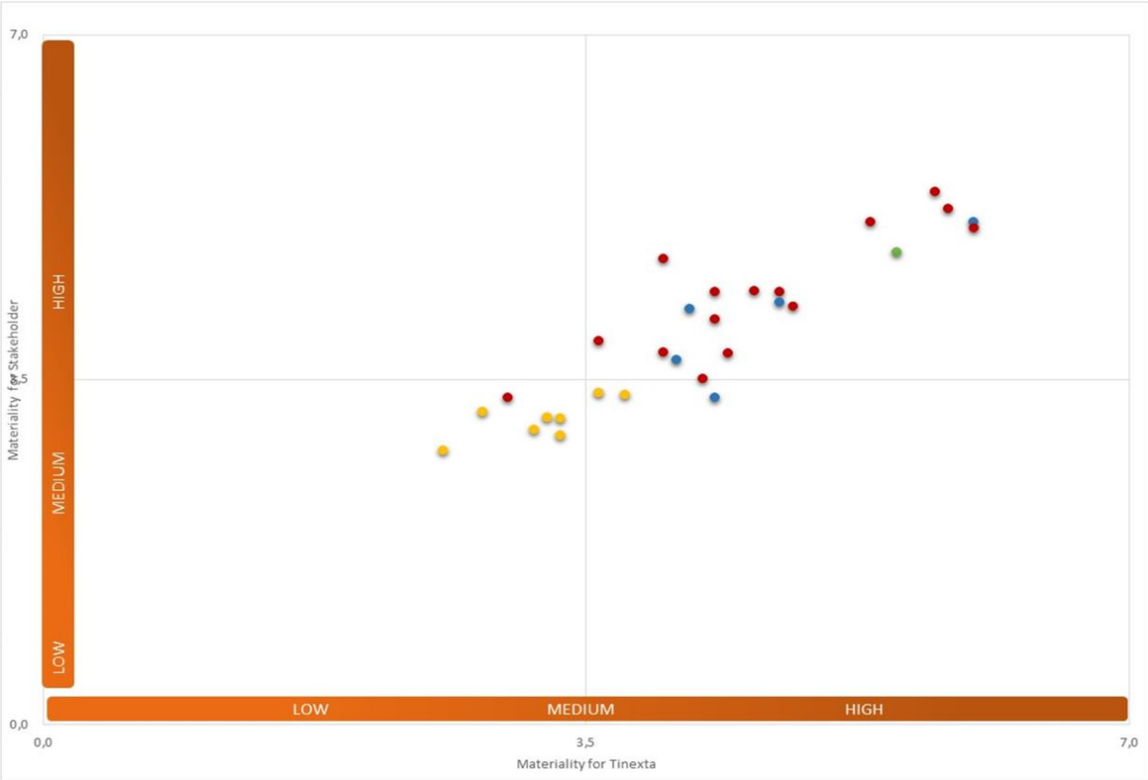
The first step consisted of identifying the potential topics that were relevant for the business and/or for the stakeholders of Tinexta through a number of external and internal analyses:

a) The external analysis involved a study of the benchmarks on the reporting of non-financial information from a sample of comparable companies, an analysis of the topics as required by investors specialised in governance and sustainability (ESG), a reputational media search with the objective of guaranteeing a reasonable completeness of the processed information and a review of the topics covered by the GRI Standards and the *Sustainability Topics for Sectors*.

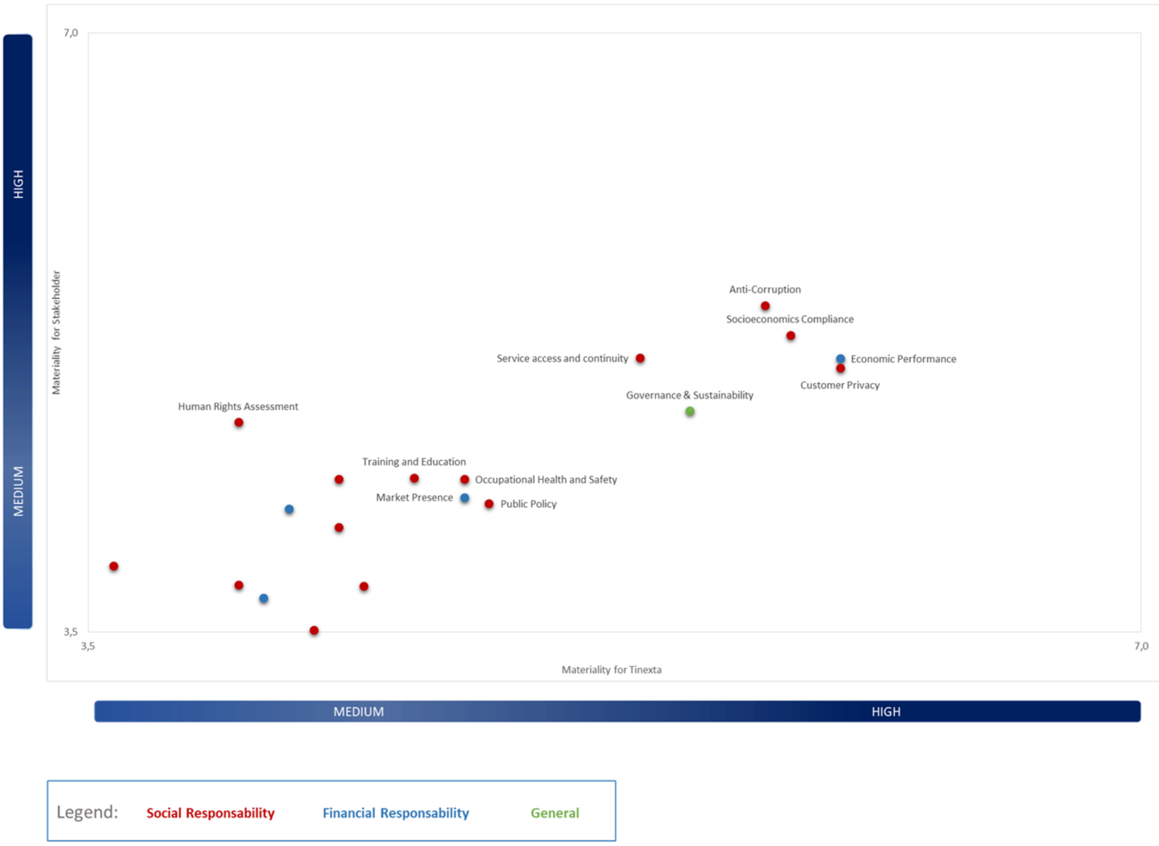
b) Internal analyses were based on the Business Plan 2019-2021, on the financial and non-financial documentation published by the Parent Company and on interviews with management in order to identify any additional topics and/or risks to report in light of the adopted strategy, as well as any actions undertaken and dialogues maintained with the stakeholders.

The second step consisted of the administration of an on-line questionnaire related to the potentially relevant topics, already identified in the previous step. The purpose of the survey was to identify the topics deemed to be particularly significant for Tinexta's business, hence, to be reported in this document. The questionnaire was completed by the Management of the Parent Company and the main subsidiaries as well as by the stakeholders. The stakeholders involved are represented by a sample of employees of the companies within the scope of the NFD as well as some investors, customers and suppliers.

The third step consisted of the analysis of the results and the formalisation of the materiality matrix which considers in its abscissas the average values of each topic that is relevant for the Group and in its ordinates the average values of each topic that is relevant for the stakeholders.



The following topics, relevant for Tinexta and its stakeholders, emerged from the materiality matrix.



The same material topics reported in the 2018 NFD are substantially confirmed in this document; in addition, due to the materiality matrix drawn up in 2019, the material topics include relations with institutions, training (update of competences, assessment of the performance and professional development) as well as the respect for human rights.

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 topics identified by the Materiality Matrix	Topic-Specific GRI Standards	KPI for GRI Standards	Aspects provided forth in Legislative Decree 254/2016	2019 NFD chapters
Financial performance	GRI 201 - Economic performance	201-1	Social	Economic and financial responsibility
Ethics, integrity and anti-corruption	GRI 205 - Anti-corruption	205-3	Combating active and passive corruption	Combating active and passive corruption
Accessibility and Continuity of services	GRI 417 - Marketing and labelling	417-2	Social	Responsible management for the service
Compliance with laws, regulations and standards, also on a voluntary basis	GRI 419 - Socio-economic compliance	419-1	Combating active and passive corruption	Combating active and passive corruption
Presence on the market and direct economic impact on the economic development of the countries where the Group operates	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 for the service
Occupational health and safety	GRI 403 - Occupational Health and Safety	403-3	Personnel	Responsible management of human resources and human rights
Training: update of competences, assessment of the performance and of professional development	GRI 404 – Training and education	404-1	Personnel	Training and development
Relations with institutions	GRI 415 - Public policy	415-1	Combating corruption	Combating active and passive corruption
Respect for human rights	GRI 406 - Non-discrimination	406-1	Respect for human rights	Responsible management of human resources and human rights
Governance and sustainability	General Standard Disclosure - Stakeholder engagement	-	Organisation and management model	Corporate governance

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	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisation, management and control model pursuant to Legislative Decree 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Organisational model pursuant to Law 262/2005; • Any quality certifications obtained; • Management Control, periodic management reporting, KPIs, personnel evaluation procedure, new personnel training initiatives; risk management system; • Stakeholder Engagement.
Responsible management for the service	Risk of violation of IT security Risk of data loss and/or damage to data centres Reputation risk	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisation, management and control model pursuant to Legislative Decree 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Guidelines for managing safety and privacy in the preparation of products and services by the Parent Company; • Audit GDPR - Checklist» containing a checklist of the controls, in accordance with the GDPR, to use for internal verification and for qualifying the suppliers; • Master agreements CAP/PT and cybersecurity; • Special Assessment; • Data Protection Policy; • IT Audit Report and GDPR Report;

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
		• DPO & IT Security Audit Director at the 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); • In Innolva: ISO 9001:2015 Certification and Security Management System in line with the UNI CEI ISO/IEC 27001:2014 provisions • 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	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisational model pursuant to Leg. Dec. 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Compliance system through the whistleblowing channel; • Procedure for transactions with related parties; • Internal Audit oversight; • Training programmes; • Information flows to Supervisory Board.
Responsible management of human resources and human rights	Increased turnover and loss of competent and key personnel Level of work-related stress Generational turnover in technical and professional skills	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisational model pursuant to Leg. Dec. 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Specific business provisions for personnel management; • Risk Assessment Document (RAD); • Welfare plan; • Internal Audit oversight; • Training programmes; • Information flows to Supervisory Board.

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
Responsible management for 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.	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisational model pursuant to Leg. Dec. 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Group Procurement unit for oversight of the supply chain; • Evaluation process, for the Parent Company, of the monitoring of the suppliers' performance and fulfilment of contractual obligations; • 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.

Reporting process

The contents of this Consolidated Non-Financial Declaration have been validated and approved to ensure compliance with the "Reporting Procedure for Non-Financial Declaration", adopted in October 2019 by the Group which has reviewed and updated the previous procedure issued in 2018. In particular, the procedure governs 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 and signature.

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 Declaration were reviewed and verified by the designated auditor, in accordance with the methods envisaged by standard ISAE 3000 (Limited Assurance).

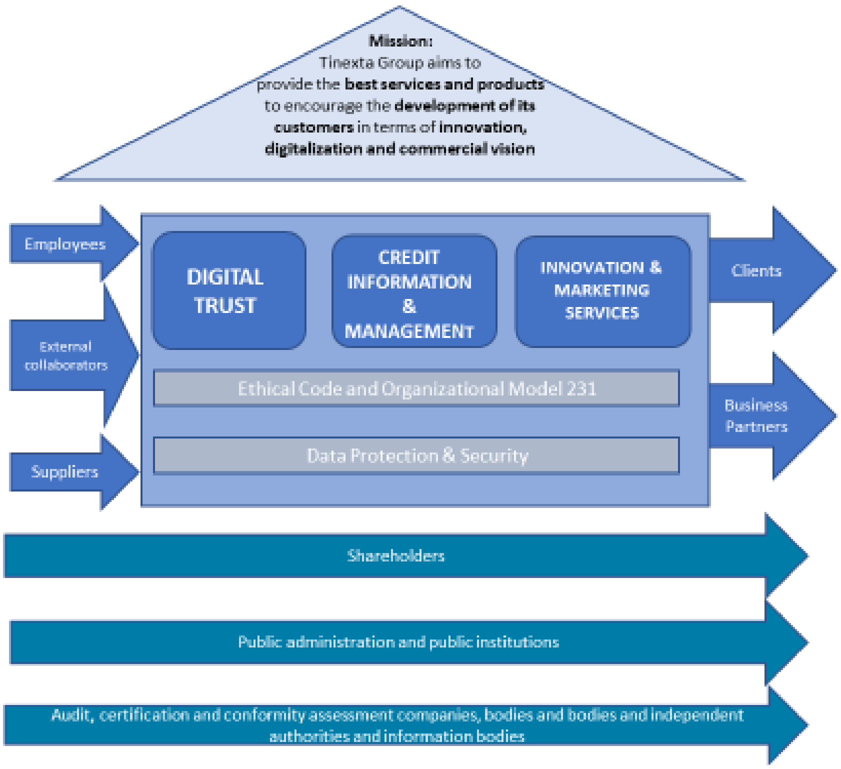
This Declaration is published, together with the Report on the Financial Statements of the Tinexta Group, in the section Investor Relations - Financial Statements and Reports, on the website www.tinexta.com.

BUSINESS MODEL

Tinexta, formerly Tecnoinvestimenti, is the Parent Company of 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 have been 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 primarily throughout Italy as well as in Spain, Belgium, Luxembourg, and Peru. The Parent Company has offices in Rome, Milan and Turin.



Through its subsidiaries, Tinexta operates in three business areas: Digital Trust, Credit Information & Management and Innovation & Marketing Services.

Business Units of Tinexta Group

DIGITAL TRUST	Digital Trust refers to IT solutions for digital identity and process dematerialization according to applicable legislation (including the new European eIDAS regulation) with products and services such as certified electronic mail (PEC), electronic preservation, digital signature, invoicing solutions for the secure and simplified transmission of legal and financial documents. Digital identity is the virtual representation of the real identity that can be used during electronic interactions with people and machines and for which certification is needed to make these interactions legally valid. The BU Digital Trust provides its advanced solutions through its companies **InfoCert, Visura, Sixtema and Camerfirma.**
CREDIT INFORMATION & MANAGEMENT	The BU Credit Information & Management deals with the assessment of the reliability of companies and individuals, creditworthiness, management of credit collection, strategically integrating the most effective data collection, analysis and evaluation tools. Its goal is to enhance the commercial credit of organizations and professionals to guarantee the expected financial flows and to minimize the problems of insolvency and late payment. By strengthening and integrating their databases, the companies operating in this BU are a valuable source of information and can be a reference for any type of professional service. **Innolva (subsidiaries Promozioni Servizi and Comas) and Re Valuta** operate in this BU.
INNOVATION & MARKETING SERVICES	The BU Innovation & Marketing Services, through the companies **Warrant Group and Co.Mark**, offers a consultancy platform to SMEs to support them in the stages of R&D, production growth and expansion of their commercial capacity, even outside national borders.

Tinexta is continuously offering to its customers new systems and instruments for:

- **expanding** their business through the secure use of the web and digital tools for growth, in full compliance with the European standards;
- **managing and protecting** their business based on documented and updated information;
- **facilitating** access to credit, financing and production expansion;

- **broadening** the commercial areas of operation of the company, promoting exports.

The guiding principle of the Group is summarised in the following slogan specifically tailored for our customers: "*Your growth is our objective: the success and development of your business is a demonstration of our commitment and the reason for our entrepreneurial activity*".

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 throughout their growth process by promoting their development in terms of innovation, data security, information procurement, and advanced consultancy to better meet the challenges of competitors and the market.

In line with its Mission, the Tinexta Group makes available to companies and professionals a constantly updated platform of services and instruments with high added value, within a highly digitalised context. In particular, Tinexta is able to offer services and technological solutions aimed at sustaining the development of companies, financial institutions, trade associations, professional bodies, professionals, and public administration.

From business expansion to the digitalisation of processes; from streamlining the management to boosting exports; from instruments for credit access to financial protection; from risk analysis to digital identity: for each issue, the Group offers a solution that is targeted and suitable to support the value chain of the customer.

Tinexta S.p.A., the Parent Company, directs the management and coordination of subsidiaries and assists the corporate units in their main staff functions, such as Human Resources and Organisation, Administration and Finance, Data Protection, ICT, Communication, Management Control, Procurement, Internal Audit, Corporate and Legal Affairs.

At 31 December 2019 the number of Group employees was 1,293 (within the scope of this Declaration, the number of employees was 1,165), consolidated revenues amounted to € 258.7 million and total share capital was € 548 million. A brief overview of the Group companies that fall under the reporting scope of the NFD, as well as the Parent Company, is provided below.

Digital Trust	InfoCert TINEXTA GROUP	InfoCert is one of the main Certification Authorities at the European level and is active in more than twenty countries. With offices in Rome, Milan and Padua, it provides digitalisation, e-Delivery, digital signature and digital preservation of documents and is an AgID-accredited digital identity manager in the SPID system. It is the European leader in offering Digital Trust services that are fully compliant with European requirements and standards. Its offer is directed 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. Its investment in research, development and quality is significant and is confirmed by the high number of patents and ISO 9001, 27001 and 20000 quality certifications. It owns 80% of Sixtema S.p.A., and, with a view to global expansion, in 2018 it purchased 51% of the share capital of Camerfirma S.A., one of the main certification authorities in Spain, and entered into a partnership for the purchase of 50% of the LuxTrust share capital, which manages all digital identities in Luxembourg.

	Sixtema TINEXTA GROUP	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. Its employees are located at its operating units in Modena, Florence, Ancona and Pisa. The Company, in its capacity as service provider, delivers an integrated technology infrastructure service (including software, connectivity, and application software management services) to more than 5,000 users. The Company uses a data center through which it provides its software services in ASP and/or SaaS mode. The service offers: • **Software solutions:** integration and management platforms for professionals (fulfilment of all tax, labour law and other general legislative requirements), for the management of all Confidi issues, for micro-companies; • **Infrastructural solutions**: software services are provided, through the data center, in SaaS mode and in the capacity as Service Provider; moreover, the offer includes integrated software services, connectivity based on private and public network services, other services applied to application software management, system management, network management and desktop management; • **Advisory Services**: primarily services for the interpretation of legislative, tax, corporate, labour and contractual laws; consultancy and training on internationalisation; • **Trusted Services**: resale, in cooperation with InfoCert, of services for e-mailing, digital signature, e-invoicing and digital storage of documents as well as innovative services for processes digitalisation and dematerialisation.
	Visura TINEXTA GROUP	Visura is a company that offers web services, principally online/telematic searches, through access to the main databases of the Public Administration. The acquired information is made available in real time through a specific e-commerce portal. The range of services provided by Visura is broad and meets the expectations of different categories of users: company searches, filing of financial statement/Starweb with the Corporate Registry, Cadastral Property searches, Civil Registry and Automobile Registry searches, cadastral planimetries, investigative information, electronic access to Civil Proceedings for Expert Witnesses, Universo Imprese which allows the "monitoring" of companies and natural persons so as to promptly alert them in the event of changes related to new data in the Corporate Registry, Real Estate, Negative events (protests, register of extraordinary real estate charges and burdens and Court proceedings). In addition to the resale service of databases, Visura is also active in the area of the sale of Digital Trust solutions within the market of single professionals, Professional Bodies and private companies, in the capacity as an accredited distributor of Certified E-mails, e-Signatures, e-Invoicing and Storage in compliance with applicable regulations. The operating structure consists of three specific business lines (B.L.): Visura, with operating offices in Rome, focused on companies and professionals throughout Italy; B.L. Lextel, with operating offices in Rome, focused primarily on Legal Advisory and B.L. ISI, with operating offices in Parma, focused on the specific areas of Professional Bodies and distribution of management software solutions specifically customised.

Credit Information & Management	Innolva TINEXTA GROUP	Innolva has been a reference player for 30 years in credit management and recovery, as well as in the supply of official and real estate data, both in the corporate and financial sectors. It collects, processes and interprets data from different sources in order to allow the organisations to make educated decisions based on updated and complete information. The range of services provided by Innolva acquires a particular added value through the development of customised solutions for data integration in the management platforms of the customers, which guarantee maximisation of the results and the best synergies for achieving the highest operational efficiency. The two main sites are in Buja (registered office) where the Business Unit of Credit Recovery is located and in Milan (operating unit) where the Commercial Information and Real Estate Services Business Units are located. Corporate Management operates at both sites, along with all the other cross-departmental functions (IT, Commercial, Marketing, Administration, Staff).
	REValuta TINEXTA GROUP	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 TINEXTA GROUP	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; the Temporary Export Specialists carry out their activities at the customer's site and therefore throughout the national territory. More than 90% of customers are medium, small and micro-enterprises, operating in various business sectors.
	Warrant Hub TINEXTA GROUP	Warrant Hub works alongside companies throughout Italy, assisting them in obtaining the available incentives for business development at a national, local and EU level. The headquarters of Warrant Hub is in Correggio, in the province of Reggio Emilia. Branch offices are also in Correggio (RE) where the *Business Unit*s tied to energy efficiency and corporate finance operate, in Casalecchio di Reno (BO) where the *Business Unit* responsible for European financing operates and Piossasco (TO) where an office for reporting on automated subsidized finance activities is located. The target market is SMEs, which represent around 80% of turnover, with around 85% distributed throughout the central-northern regions. The main services provided by the company to the customers are: - consultancy on automated subsidised finance;

		- consultancy on national and regional subsidised finance; - consultancy on European finance; - consultancy on corporate finance; - consultancy on energy efficiency.
	Warrant Innovation Lab S.r.l.	Warrant Innovation Lab is a subsidiary of Warrant Hub S.p.A. and manages Technology Transfer, Patent Box, GDPR and Digital Transformation services. The headquarters of Warrant Innovation Lab is in Correggio in the province of Reggio Emilia.
	Warrant Service S.r.l.	Warrant Service S.r.l. is a commercial company (exclusive agent) that procures assignment mandates for Warrant Hub S.p.A. The company's office is located in Verona.

Key impacts, risks and challenges/opportunities

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 strategic guidelines contained in the 2019-2021 Plan establish internationalisation objectives, new services/products and a new organisational model.

INTERNATIONALISATION	***Digital Trust:*** *leadership in the European market through M&A* ***Innovation & Marketing Services:*** *Strengthening of positioning in Spain and in the BENELUX*
NEW PRODUCT/SERVICES	***Support on Digital Transformation*** ***Support on Digital Marketing*** ***Support on Cyber Security***
NEW ORGANIZATIONAL MODEL	***Strengthening of central staff functions*** ***Centralized coordination of commercial functions*** ***Corporate simplification***

The strategic guidelines are based on the assumption that the full operational control of the Group creates the prerequisites for an internal reorganisation and streamlining and for the pursuit of development objectives in terms of an expansion of the offering and a growth in new markets.

In 2019, the Group significantly increased its economic results, exceeding the expectations communicated to stakeholders and Shareholders during the planning phase.

The priorities of the Group for 2019 were: consolidation and development of its corporate business, implementation of the strategy aimed at the internationalisation of the Group and the launch of a streamlining and integration process. These challenges represent the basis for future growth.

This strategy was positively received by the stakeholders and particularly by the financial markets which saw a growth in the share value exceeding 80% in 2019.

The support of digitisation, optimisation, and business growth is inherent to the strategy and represents a positive social impact.

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 among the 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, potential difficulties in implementing the rationalisation and integration process and the level of maturity and competitiveness of the Credit Information sector.

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, also with legal value.

In the last year, the indicators grew remarkably. For example, in 2019, InfoCert handled more than 1.3 million messages a day, 2.4 million certified e-mail accounts, 36 million e-invoices, 3.2 million certificates of active digital signatures and 2.2 million files processed by GoSign.

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

Growth by external lines represents both a risk and an opportunity in terms of the Group's sustainability. In fact, this represents an interesting opportunity for all Group employees, as development and job-rotation opportunities will be expanded within a dynamic and multi-national context. Globalisation certainly also presents risks, above all linked to the ability to integrate different businesses and cultures. To this end, the Parent Company has implemented, in 2019, a plan to strengthen the organisation in order to guarantee a more efficient control in the area of Post-Merger Integration.

Significant changes

In 2019, there were no further significant changes in the Group's size, organisational and ownership structure, and in 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 31 January 2019, the sale of the **Eurofidi** business unit by Innolva S.p.A. to its subsidiary Promozioni 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.
- On 30 April 2019, pursuant to the option contract signed on 30 November 2017 between Tinexta S.p.A.

and the minority Shareholders of Warrant Hub S.p.A., Workyng S.r.l. and Roma S.r.l., the option rights were exercised on 20.25% of the capital of **Warrant Hub**; as a consequence, Tinexta holds 90.25% of the share capital of Warrant Hub.

- In the first few days of May 2019, the subsidiary Visura S.p.A. suffered a **cyberattack** which required precautionary intervention on roughly 13% of the certified e-mail accounts sold by said entity and managed by InfoCert, targeted at restoring operations and ensuring the security of the services provided. The appropriate in-depth analyses were carried out and the necessary reports sent to the competent authorities. Currently, the total number of leaks, thefts or losses of data occurring at the customer sites following this event, for which some investigating proceedings have been initiated by the Personal Data Protection Authority as regards Visura S.p.A. and InfoCert S.p.A., is not yet available.
- on 28 June 2019, **Camerfirma Colombia S.A.S.** was incorporated by the subsidiary Camerfirma S.A. and private Shareholders, with its registered office in Bogotá (Colombia). Camerfirma S.A. has acquired 25% of the share capital.
- on 19 July 2019, the options rights were exercised on the remaining 10% of the Share Capital of Co.Mark S.p.A., as defined in the Option Contract entered into at the time of acquisition. With this transaction, Tinexta now holds 100% of **Co.Mark** S.p.A.
- on 30 July 2019, the option rights on the remaining 40% of the share capital of Visura S.p.A. were exercised, pursuant to a purchase agreement entered into on 9 June 2016. With this transaction, Tinexta now holds 100% of **Visura** S.p.A.
- on 17 September 2019 the purchase of 1% of the share capital of the Spanish subsidiary **Co.Mark TES S.l.** by Co.Mark S.p.A. was finalised.
- On **20 December 2019,** the company Warrant Hub S.p.A. announced the acquisition of PrivacyLab S.r.l., a company operating in the sale of licenses, advisory services, training and tools for the management of compliance with GDPR provisions. This acquisition falls under the diversification process of the offer under the Industry 4.0 Plan, leveraging on the know-how related to advisory on innovation, already present in the Warrant Innovation Lab S.r.l. and in the strategy of growth focused on the capacity of adopting solutions that are easily scalable. An advance payment on the acquisition price equal to 60% of the share capital of Privacy Lab was set at € 612 thousand and is to be disbursed at the 27 January 2020 closing.

CORPORATE GOVERNANCE

Governance and sustainability are an essential element for Tinexta and its stakeholders, as highlighted in the materiality analysis.

The following aspects were particularly important:

- engagement and transparent relations with the stakeholders;
- internal controls and risk management of the economic, environmental and social impacts.

Tinexta identifies, in its corporate management, as a potential risk, the underestimating the environmental and social impacts connected to its business, as a result of not listening to the expectations of stakeholders and of ineffective internal controls with regard to said topics.

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: composed of 11 members (Chairman, Chief Executive Officer, 7 Independent Directors and 2 other Directors), of which 5 members are women;
- BOARD OF STATUTORY AUDITORS: composed of 3 standing members, of which 1 member is a woman;
- REMUNERATION COMMITTEE: 5 members, of which 3 members are women;
- CONTROL AND RISKS COMMITTEE - RELATED PARTY TRANSACTION COMMITTEE: composed of 5 members, of which 1 member is a woman;
- SUPERVISORY BOARD: 3 members, of which 1 is a 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 website www.tinexta.com.

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

Organisation and management models

The Tinexta Group has implemented the following corporate management systems and internal organisational models:

- Guidelines for drawing up the organisation, management and control model of the Tinexta Group (hereinafter "Guidelines") adopted by the Parent Company in 2019 in order to define the principles and the policies at the basis of the organisational models. These Guidelines provide for a standard model that includes a set of principles and is a reference point for drawing up the models of the Italian subsidiaries, to ensure consistency in the directives and criteria adopted within the Group. This Standard Model is amended/supplemented by the companies based on their size and the contexts in which the operate; hence, the Guidelines assist in the implementation of internal organisational models also for subsidiaries of a small size;

- Code of Ethics of the Group (hereinafter "Group Code of Ethics") posted on the website www.tinexta.com/codice-etico and adopted in 2019. As with the Guidelines, the Group Code of Ethics was drawn up in response to the need of ensuring consistency in the management principles adopted within the Group. Previously, each company within the scope of the NFD had adopted its own Code of Ethics;
- Organisation, management and control model pursuant to Legislative Decree 231/2001, already adopted by all the Companies within the scope of this document, except for the subsidiaries of Warrant Hub. Due to said Guidelines, the Parent Company has updated its 2019 model;
- 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 organisational models pursuant to Legislative Decree 231/2001, as described above, 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 crime, ensuring strengthening of corporate governance and of the internal control system in general.

The models are approved by the Boards of Directors; the procedures, processes and models implemented in accordance with Legislative Decree 231/01, are subject to the oversight and supervision by the respective Supervisory Bodies (hereinafter also S.B.). Information is provided to all the structures through the posting of the necessary documents on the corporate Intranet.

The organisational, management and control model, pursuant to Legislative Decree 231/01 of the Parent Company, updated in August 2019, consists of two sections:

- General Section, containing specific information on the qualifying contents of Legislative Decree 231/2001 and subsequent additions, objectives, recipients and structure of the Model, application of its principles to the subsidiaries, requirements, reporting from the Supervisory Body, information flows to the same, disciplinary and sanctioning system regarding violations of the provisions of the Model, as well as communication and personnel training;
- Special Section, containing the areas of activities of the Company as regards the different types of offences as set forth in Legislative Decree no. 231/2001 and Law no. 146/2006, deemed to be potentially occurring within Tinexta S.p.A. In particular, the Special Section contains: (i) a description related to Sensitive Activities, namely those activities that are present within the corporate context and that may be exposed to the risk of the offences set forth in Legislative Decree 231/2001 as amended; (ii) general control standards, applied to regular activities, on which the instruments and methodologies used to structure specific control standards are based and that have to be present in all the Sensitive Activities taken into consideration by the Model; (iii) specific control standards, applied to selected sensitive activities, formulated in accordance with the general control standards described above, such as the control measures identified in order to mitigate the specific risk of committing an offence/category of offences.
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Risk Management

In its capacity as holding company, the Parent Company is responsible for the management and coordination processes aimed at the development of the business of the Group and the support of the subsidiaries' business. The main challenges identified are represented by the correct management of these processes and the main potential impacts of an economic nature related to the objectives of efficacy and efficiency thereof.

In order to ensure the correct supervision of the management and coordination processes as well as the processes for the support of the subsidiaries' business, the Parent Company began, in 2019, a review of the organisational structure aimed at a progressive centralisation at the holding company of the personnel functions in order to increase the levels of efficiency and efficacy of these activities at the Group level. This project has involved the redesign of all centralised support processes and the subsequent definition of the related operating procedures, which are now in their finalisation phase.

Within the scope of risk assessment, the Group has adopted the following guidelines:

- 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;
- adoption and implementation of an integrated risk management process that enables management to define the actions necessary to maintain the exposure to risk within the levels deemed to be acceptable by the Management Bodies, based on the results obtained from specific identification and assessment of the main risks – of a strategic, operating, financial and compliance nature – as well as from the control systems already implemented for the mitigation of said risks. This process, carried out on a cyclical basis, also provides for the monitoring of the main risks and for the reporting to Senior Management (CEO and Board of Directors) and to the Internal Audit function, in order to deliver useful information for guidance, assessment and control on the achievement of the set out objectives;
- 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 boards of directors of the relevant individual companies.
- adoption of the Organisation, management and control model pursuant to Legislative Decree 231/2001 and of specific guidelines for drawing up the organisational, management and control model of the Group which represents, for the Board of Directors, a tool for monitoring the risk of offences pursuant to the above-mentioned decree, receiving suitable instructions and formal reports from the Supervisory Board.

As regards the two previous guidance principles, 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 Body, 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 in information to third parties and to the market, specific procedures are posted on the web site www.tinexta.com, in particular:

- the Procedure for the public disclosure of Privileged Information,
- the Procedure for the 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.

Group Code of Ethics

The necessity to take into consideration the interests of all the stakeholders, both internal (shareholders, Directors, managers and employees, etc.) and external (customers and suppliers, supervisory bodies, public institutions, etc.) reinforces the importance of defining with clarity the values that the Tinexta Group recognises, accepts, shares and adopts.

Based on this objective, Tinexta has adopted and implemented its own Group Code of Ethics aimed at setting forth the values and moral and professional standards from which the Companies of Group must take inspiration in carrying out their activities, also in terms of efficiency and reliability.

The purpose of the Group Code of Ethics is to promote ethical conduct in Tinexta's internal and external relationships as well as their optimisation in terms of efficiency, in order to ensure consistent conduct rules and preserve a positive corporate reputation.

The Group Code of Ethics:

- describes the duties and responsibilities of the Group toward the stakeholders so that the latter can see the that the Code responds to their expectations;
- describes the ethical principles and basic rules of conduct to which the stakeholders must conform in order to ensure lawful behaviour, as well as the development of a trustful relationship and the strengthening of the Group reputation.

This system of conduct values and rules, which serves as a directive for behaviour and individual and collective choices, is combined with the internal control system, through which each Company of the Group verifies and ensures compliance with the laws and corporate procedures in the pursuit of their own objectives and during the performance of their activities.

The moral values set out in the Code of Ethics of the Group are represented by the following criteria to which the employees of Tinexta must conform their conduct in the performance of the activities assigned to them and in the fulfilment of their responsibilities: *fairness, integrity, objectivity and transparency.*

The ethical conduct principles set out in the Group Code of Ethics are:

- compliance with Law
- honesty
- fairness and loyalty
- trustworthiness
- confidentiality and privacy protection
- integrity and combating corruption
- environmental protection
- corporate assets protection
- impartiality and conflicts of interest
- transparency and completeness of information
- anti-money laundering and anti-terrorism.

Among the conduct criteria in the relationship with third parties, the Group Code of Ethics addresses specifically those applicable to the relationships with shareholders, employees, customers and business partners, suppliers and external collaborators, public administration and public institutions, companies, certification and assessment of compliance, independent authorities and information bodies.

The Group Code of Ethics applies to the entire Group, in all Countries and at any level of the organisation and, with no exception, to: (i) Directors, Statutory Auditors, accountants; (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, for any reason, collaboration relationships or works in the interest of the Group; (iv) Shareholders.

The method for the implementation of the Group Code of Ethics is based on the role of the Supervisory Body which is responsible for verifying the application and the implementation of the Code, its dissemination according to the set out methods and the disciplinary and sanctioning system, having also established the prevalence of the Code in the event that even only one of its provisions should conflict with any other provisions of internal regulations or procedures.

The Group Code of Ethics sets out that the performance of all Tinexta corporate activities must be carried out in compliance with applicable laws. The recipients are required to diligently comply with the laws and the regulations in effect in all the countries where the Group operates. Under no circumstances, can the pursuit of the interest of the Group justify a conduct in violation of these laws and regulations. Each behaviour that is contrary to the provisions and the principles of the organisation, management and control model and of the Code of Ethics of the Group must be prosecuted and sanctioned since it is contrary to the principles adopted by the Tinexta Group and since it may potentially lead to administrative liabilities for the Companies.

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. The Group Code of Ethics requires that each violation must be reported to the Supervisory Body and to the Internal Control Bodies, and may lead to the consequences set forth in the disciplinary and sanctioning system.

For this purpose, specific information channels were adopted to ensure the confidentiality of the reporter and facilitate the flow of reports and information to each 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

The map of the stakeholders, available in the Group Code of Ethics, provides for the following categories of subjects:

- Shareholders
- employees
- customers and business partners
- suppliers and external collaborators
- public administration and public institutions
- auditing companies, entities and bodies, certification and assessment of compliance and independent authorities as well as Information Bodies.

With regard to the activities of listening to, interacting and engaging with the stakeholders, one of the key communication tools being used is the website which provides, in addition to all of the information on the activities carried out by the Group, information on Corporate Governance as well.

As already described, in 2019 a specific stakeholder engagement activity was implemented at the Group level, consisting of the administration, to a sample of employees, investors, customers and suppliers, of a questionnaire for the conduct of a materiality analysis. The results of the questionnaire were also reviewed by the CEO of the Parent Company.

In Tinexta, stakeholder engagement is mainly focused on the Shareholders, through Investor Relation activities which, in 2019, increased in terms of the number of meetings and responses to questionnaires, with the involvement of ESG investors.

For the customers, all dialogue and listening activities are directly managed by the single subsidiaries, some of which organise also encounters and surveys, on-line and by phone, concerning the level of satisfaction with the quality of the products or services provided.

Results obtained

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

RESPONSIBLE MANAGEMENT FOR 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 for 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 for service, Tinexta has identified the following risk areas:

- risk of violation of IT security,
- risk of data loss and/or damage to data centres,
- reputational 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 may also be of a global nature. 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 cyberattacks 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 2019 Global Risk Report published by the World Economic Forum, confirming the findings of the same study conducted the previous year.

Management policies and actions taken

The Group is committed to identifying and preventing IT risks, while pursuing 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.

Applicable at the Governance level are the Group Code of Ethics, the Guidelines used for drawing up the organisational, management and control model of the Tinexta Group, and all organisational models pursuant to Legislative Decree 231/2001 adopted by the individual companies which govern, inter alia, all confidential information and the protection of privacy. In addition, other controls are represented by Internal Audit, employee training and awareness raising, in addition to the information flows to the Supervisory Body.

In compliance with the Group Code of Ethics:

- Tinexta is committed to implementing the provisions regarding the protection and safeguarding of personal data, as set forth in the applicable regulations, and to adopting all the necessary organisational measures for this purpose.
- The processing of the data collected in databases and in archives, with the specific business forms, must be carried out exclusively by the individual companies of the Group, for purposes related to the exercise of their activities.
- The privacy of all employees is also protected through the adoption of policies that specify which information is required and the related methods for its processing and storage. These policies also provide for the prohibition, notwithstanding the exceptions stated by the law, to communicate/disseminate personal data without the consent of the involved party.
- Employees are required to prioritise, in compliance with internal regulations, the maximum satisfaction of the customer, providing, inter alia, comprehensive information that is truthful and accurate about the provided services, so that the latter can make educated decisions. There is also the obligation for all the companies of the Group to pursue their activities in full compliance with the applicable laws, the sector regulations and the laws set forth for consumer and competition protection, which require behaviours based on negotiating fairness, professionalism, impartiality, transparency in all contractual commitments as well as courtesy and collaboration.

The Recipients of the Group Code of Ethics are required to protect the confidentiality of the data that comes into their possession and to ensure that all the obligations set forth in privacy regulations are observed. In particular, confidentiality obligation remains in effect even after the end of the service and it does not allow:

- to communicate corporate information to third parties, unless the information is in the public domain;
- to use corporate information for purposes other than those for which it is intended;
- to make copies of documents containing corporate information or removing documentation or stored copies, except in those cases when this is necessary to carry out specific tasks;
- improperly destroy corporate 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.

In 2019, the Group continued its process of streamlining the management of personal information, aiming at a continuous improvement in the identification of security measures that meet the requirements of said regulations. In particular, to be noted are:

- the issuing of Guidelines for managing security and privacy during the preparation of products and services by the Parent Company, during the more general governance implemented by the latter on these topics toward the subsidiaries and for the purpose of providing directives to be adopted in the planning and maintenance of products/services created or marketed by the Group;
- issuing of a document called “Audit GDPR - Checklist” containing a checklist of the controls, in accordance with the GDPR, to use for internal verification and for qualifying suppliers;

- definition and implementation, with the main subsidiaries, of Vulnerability Assessment and Penetration test (VAP/PT) sessions;
- definition and ensuring availability to all the subsidiaries of on-line training to raise the level of awareness in the area of cybersecurity;
- assessments carried out on some companies of the Digital Trust BU;
- IT Audit Report for Tinexta and for the subsidiaries InfoCert, Innolva, Co.Mark, Warrant, Visura, Sixtema, ReValuta based on the self-evaluation questionnaire prepared in 2018, according to the national framework for Cyber Security;
- preparation of a new broader version of the afore-mentioned questionnaire, based on the original standard, the Cybersecurity Framework issued by the US National Institute of Standards and Technology; the questionnaire was drawn up in the second half of 2019 and the results were communicated to the Boards of Directors;
- GDPR Report for Tinexta and for the subsidiaries InfoCert, Innolva, Co.Mark, Warrant, Visura, Sixtema, ReValuta, Co.Mark TES S.L., Comas, Webber.

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

Focus on Tinexta Group

InfoCert S.p.A., one of the subsidiaries, 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).

It 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.

As regards the withdrawal form, this is available on the website of InfoCert and allows for the prompt management of the exercise of this right by the Customer.

Other companies have moved or are considering the possibility of moving toward the adoption of a model based on the ISO Management systems. In particular, Innolva has obtained in the fall of 2019 the ISO 9001:2015 certification for its own Quality Management System and the UNI CEI ISO/IEC 27001:2014 certification for the Information Security Management System.

Results obtained

As regards the cases of non-compliance related to the products, in 2019, 12 cases were reported, of which 4 identified in the Third Party Audit (certification entities) and 8 identified for the Certified Email services. The complaints filed by regulatory bodies came specifically from the Personal Data Protection Authority.

The total number of complaints (119) is the sum of the requests for a simple restoration of the Certified E-mail functions, clarifications on the occurred event and/or verification of any data breach.

Following the IT attack mentioned above, a number of improvements were implemented, with technical-practical and organisational interventions, including VAP/PT and remediation plans, strengthening of perimetral security controls, access monitoring, tests for the application Go-Live as well as procedural and control updates and optimisations.

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 issue 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 related 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, as described in the Group Code of Ethics, can the pursuit of interests or advantages for the individual companies, 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 Group 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 Group 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 Group 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, does not enter into any kind of relationship with parties who are not willing to align with these principles.

Therefore, it is expressly set forth that *it is not allowed to give, offer, promise, receive, accept, request or solicit money or other favours in order to obtain or maintain an undue advantage in the performance of work activities*; this independently from the circumstance that the recipient of this action is a public officer or a private subject and without prejudice to the actual undue advantage that may have been obtained.

In addition, it is not allowed to take advantage of or claim to have an existing or alleged relationship with a public figure, aimed at unduly obtaining advantages from a third party as a compensation for an unlawful mediation with the public figure.

The Recipients of the Group Code of Ethics, in performing their duties, undertake to act on the basis of moral integrity and in compliance with the principles of fairness, good faith and transparency.

The Group Code of Ethics provides that the companies of the Group do not pay, on a principle basis, any contribution to political parties, committees and political or trade union organisations. Any contributions may be made, in a rigorous manner and in compliance with the laws, to non-profit organisations that have official by-laws and established statutes, and that are of high cultural value or are pursuing charitable purposes with national recognition.

The organisation model, pursuant to Legislative Decree 231/2001 adopted by the Parent Company, aligned with the Guidelines issued for drawing up the organisational, management and control model of the Tinexta Group, in addition to addressing the issue of compliance with the applicable laws, provides for, in its special section, inter alia, two separate sensitive activities, one dedicated to the relationship with the public administration and the supervisory authorities and the other one to corporate affairs. Within the scope of sensitive activities, all applicable offence cases and specific control standards are described. 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 system of controls over the commission of corruption offences (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 involving all companies included within the scope of the NFD.

As set forth in the Guidelines for drawing up the organisational, management and control model of the Tinexta Group, the control system set up in order to mitigate fraud and corruption risks, provides for the adoption of the following general control standards, applicable to all sensitive activities:

- segregation of tasks;
- existence of procedures/name/circulars;
- authorisation and signing powers;
- tracking of transactions.

Actions taken during 2019 include:

- adoption by the Parent Company of the Group Code of Ethics and of the afore-mentioned guidelines for drawing up the organisational, management and control model of the Tinexta Group, in order to ensure consistency in its approach
- update of the organisation, management and control model, pursuant to Legislative Decree 231/01 in August;
- training to combat possible corruption risks, in the classroom and in e-learning settings, concerning employees of companies that have adopted the 231/2001 Model.

Results obtained

During the period, no political contributions in kind or of a financial nature were made by the Group. 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 Group 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 Group 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 the protection of human rights are 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,
- training: upgrade of competences, assessment of the performance and professional development.

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

- increased turnover and loss of competent and key personnel,
- level of work-related stress,
- generational turnover in technical and professional skills.

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.

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 and that apply to 100% of the corporate workforce.

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 Group Code of Ethics that defines the ethical and conduct principles applicable to the relationships with employees;
- specific corporate provisions for personnel management.

Tinexta's policy of responsible management of human resources and protection of human rights is based on the Group 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 acknowledges the central role of human resources and the importance of establishing and consolidating relationships based on mutual trust.

Therefore, in the management of work and collaboration relationships, the Group's companies are committed to respecting the workers' rights and to fully acknowledging their contributions with a view to facilitating their development and professional growth, offering, in full compliance with the laws and contract regulations on this matter, to all workers, the same work opportunities that guarantee an equal statutory and remuneration treatment based on merit and expertise, with no discrimination whatsoever.

Tinexta does not tolerate behaviours of discrimination, humiliation, psychological violence or isolation toward other collaborators or colleagues, that are offensive to human dignity, regardless of the reasons that may have determined them.

The selection of personnel is based on the competences and skills of the candidates that best meet the company's requirements and in compliance with equal opportunity policies. The information provided during the personnel selection process is strictly related to the verification of professional and psychological-aptitude profiles, with full respect for the privacy and opinions of the candidates.

In managing personnel, the decisions are made based on considerations of professionalism, skills and capacities demonstrated by the employees and are merit-based, thus avoiding favouritism, nepotism or any other forms of patronage.

The companies of the Group promote programmes for updating and training aimed at enhancing specific professional skills and deepening and increasing the expertise acquired during the collaboration.

Tinexta is also committed to complying with the applicable laws in the area of protection of the health and safety at the workplace, as well as to consolidating and disseminating a culture of safety by developing awareness of risks and promoting the responsible behaviour by all employees.

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

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.

Tinexta does not tolerate sexual harassment, intended as a subordination of the possibility of professional growth or any other advantage to sexual favours or to the proposal of private interpersonal relationships which, for the fact of being disliked by the recipient, may upset his/her serenity.

Among the primary measures for responsible management of human resources and human rights implemented in 2019, note:

- gradual centralisation of personnel management policies at the Group level, thanks also to the launch of the Integra project
- business training, also in relation to the 231 matters, foreign language classes, technical and professional training and initiatives on prevention, awareness raising, and protection of the employees' health
- activities to consolidate smart-working, a new agile and flexible mode of working, already adopted by over 60% of InfoCert;
- Welfare Plan, which was improved and enhanced, including recent renewals of some supplemental corporate agreements in effect in the companies of the Group to support work-life balance thanks to welfare ad hoc platforms for the reference companies.

Training and development

Training programmes cover technical-specialist topics related to the unique characteristics of each company of the Group, behavioural training aimed at supporting the professional development of the employees and language training targeted at the achievement of internationalisation objectives.

Particular focus was placed on the on-boarding training for newly hired personnel and on managerial training in support of the management responsibilities of the employees.

Finally, all employees, including senior management, have completed mandatory training, including some specific to Listed Companies, courses on Regulation 231 and courses on health and safety in the workplace.

Welfare plan

The Welfare Plan envisages, depending on the company, the provision of benefits in addition to those already granted pursuant to 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 managed by Manageritalia. This project provides numerous services, sometimes enhanced by individual companies, aimed at future mothers. The aim of the project is to address the issue of parenting so that companies become leading promoters of a cultural change that recognises the social role of demographic development.

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 policy of the Group 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.

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’s employees work on video terminals, therefore they are not subject to impacting risks; all equipment used is compliant with applicable regulations, in accordance with Legislative Decree 81/08.

Results obtained

As regards the companies under the NFD, a 44 unit decrease was recorded at 31 December 2019.

A 26% increase in the total number of training hours was recorded.

As regards gender diversity, the percentage of women is 52%. In terms of professional qualifications, 1% of women employees are executives, 7% are managers. As for the men, 5% are executives and 20% are managers.

In 2019 and in the two previous years, no incidents related to personnel discrimination were reported in any of the Group’s companies under the NFD.

Human rights

In compliance with the Group Code of Ethics, Tinexta repudiates child labour, attributes great importance to the protection of minors and the repression of any forms of exploitation of them.

The Group rejects any form of wrongful recruitment and unlawful employment of workers and is fully committed to ensuring that its internal work conditions are respectful of the moral integrity and the personal dignity of every individual.

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 2019, no incidents related to discrimination were recorded in any of the Group’s companies, including foreign ones, within the scope of the NFD.

RESPONSIBLE MANAGEMENT FOR 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 for the supply chain, in most cases, may in fact have implications on Responsible management for 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 order to strengthen controls on the supply chain, the Purchase function of the Parent Company has set out standard requirements for the entire Group which are gradually being applied to all suppliers. These requirements include the commitment to comply with the Group 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.

The Parent Company, inter alia, has set up an evaluation process, among its procedures, aimed at monitoring the performance of the suppliers and their compliance with contractual obligations. The evaluation here described can be applied, on a discretionary basis, at the time of the termination of an agreement or during specific periods of the year (e.g. on an annual basis). In addition, even if to date they have been rarely applied because they were seen as not necessary, there is also the option of carrying out audits at the sites of the suppliers.

In most of the companies, a supplier qualification procedure was established based on requesting a series of documents, including for social purposes (e.g. company overview, DURC [statement certifying social security contributions], last approved Financial Statements, self-certification from the legal representative and any certifications, etc.) that demonstrate the absence of any convictions or bankruptcy proceedings regarding the company. Furthermore, in some cases, with the support of specific reports (e.g. Business information report) some economic-financial information is verified. In addition, InfoCert is required to observe environmental criteria in supplier selection, as required by ISO 14001 certification. At present, the percentage of suppliers selected using social and environmental criteria is zero.

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 concern the procurement of goods and services that are instrumental for the business, such as: servers, business information, digital signature tools, professional services for credit recovery and appraisals.

To this end, it should be noted that the Group has a significant number of contracts that are comparable to those of independent contractors, totalling 563 at 31 December 2019, more specifically regarding the following professionals:

- ReValuta: external appraisers who carry out real estate appraisal activities within the scope of the services that ReValuta provides to its customers;
- Warrant Hub: external consultants, mainly in the field of engineering, who draft applications for innovation consulting services, and Industry 4.0. These professionals have specialised skills across the manufacturing sector, capable of preparing all the documentation that is necessary to take advantage of the various subsidies, in full compliance with the current regulations that govern the various forms of incentives;
- Innolva: sales agents registered with ENASARCO, responsible for acquiring and executing trading agreements. The agents are assigned areas of competence, with no exclusivity;
- Co.Mark: sales agents responsible for the acquisition of new customers within their reference geographic area.

RESPONSIBLE MANAGEMENT FOR 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 in fact 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 and indirect greenhouse gas emissions as well as increasing employee health and safety.

Both the Parent Company and the other companies within the NFD scope 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.

Management policies and actions taken

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

As defined in the Group Code of Ethics, Tinexta promotes the performance of activities focusing on the correct use of resources and respect for the environment. The recipients of the Group Code of Ethics, in performing their functions, are committed to complying with the applicable legislation on environment protection.

In addition, Tinexta Group can contribute, through its services, to a better management of environmental impacts for its business customers, by developing IT solutions, and, in relation to Innovation, by developing production processes that are more efficient in terms of energy resources. Among the companies of the Group, Warrant Hub, through its Energy Efficiency division, delivers to the market services in an environmental context, including energy diagnostics, Business Intelligence Platform (BIP), Energy Management System (EMS), *Energy Invoicing Validation* (EIV) - Dematerialisation and utilities payment services.

In 2019, an energy diagnostic activity was carried out at all the companies of the Group aimed at ensuring the fulfilment of obligations set forth in Legislative Decree no. 102 of 4 July 2014, in preparation also of any subsequent improvements in energy management and increased efficiency in terms of environmental impact.

Among the companies of the Group, to be noted is the environmental and waste procedure set up by Sixtema, which defines the rules that govern roles, responsibilities, controls and conduct principles with which personnel must comply in carrying out activities for the disposal of environmental wastes and any other materials causing an environmental impact. The procedure applies to all Sixtema personnel.

To be noted is also the InfoCert Environmental Policy, an integral part of the Guiding Principles of the Integrated Management System which, in terms of environmental sustainability provides, in particular, for the following objectives:

- promoting each initiative that may help to prevent abnormal situations that may compromise the environment, planning any actions that are necessary for the containment of any impact;

- ensuring an adequate planning, rendering and maintenance of services and systems, also in the event of activities entrusted to third parties, assessing in advance any corporate risks in terms of protection of the environment;
- informing, training and educating personnel on compliance with corporate provisions and with the procedures adopted at a corporate level applicable to the environment;
- guaranteeing compliance with the laws on the environment and prevention of pollution.

A further step forward in the Responsible management for 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 for 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. Hence, no fines or monetary sanctions were imposed for non-compliance with environmental laws and/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 (see 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	2019	2018*	2017
Economic value generated by the Group	**258,870**	**239,828**	**184,378**
Revenues from sales and services	256,338	236,454	172,718
Other income	2,259	2,909	8,201
Financial income	262	296	3,439
Income/charges from the sale of tangible and intangible	11	168	20
Economic value distributed by the Group	**(205,871)**	**(203,812)**	**(164,055)**
Operating costs	-102,859	-96,020	-75,920
Remuneration of collaborators	-66,652	-61,452	-52,125
Remuneration of lenders	-4,387	-2,787	-1,921
Remuneration of investors**		-16,396	-12,067
Remuneration of public administration	-31,590	-26,840	-21,876
External donations	-384	-317	-146
Economic value withheld by the Group	**(52,999)**	**(36,016)**	**(20,323)**
Bad debts provision	-2,560	-2,294	-1,424
Impairment	0	-253	-417
Exchange rate differences	-24	-29	5
Adjustments to financial assets	-1,139	106	4
Amortisation/depreciation	-20,259	-15,195	-11,671
Provisions	-1,420	-476	-462
Deferred tax liabilities	1,182	-1,334	1,781
Reserves	-28,779	-16,542	-8,140

** The 2018 data of the Consolidated Financial Statements were adjusted based on PPAs of Comas, Webber and Promozioni Servizi. This adjustment involved a reclassification of certain items (Amortisation/Depreciation, Deferred and Provisions) under* the *"Value withheld by the Group".*

***The exact value of remuneration to Shareholders in 2019 shall be discussed during approval of the Financial Statements by the Shareholders' Meeting, for the moment, the entire profit for 2019 was allocated to reserves, on a prudent basis.*

Other socio-economic initiatives

The Group participated, in the capacity as Sponsor, with the InfoCert brand in the following events: 2nd Annual Open Banking&Api in Amsterdam; 11th Global Banking Innovation Forum & Expo in Prague; World Branch Transformation Summit in Barcelona; 6th Annual Product Development Excellence in Banking in Summit at

Vienna; 17th Annual Retail Banking in Vienna; Client Onboarding Forum Digital First Banking for Digital First Customers in Amsterdam; Exploit Innovation for a Transformative Future in London; Monex Summit Europe in Warsaw; 2nd Annual World Digital Banking Summit in Berlin; MoneyLIVE Nordic Banking in Copenhagen; Novathon 2019 in Budapest, Cibus Tec in Parma; Forum Coldiretti in Cernobbio; Le opportunità di finanziamento alle Pmi: dall'innovazione alla Green Economy in Turin; Digital Health Summit in Milan; IOTHINGS in Rome; Rental Hub in Milan; Sweet Legal Tec Academy in Milan; FinTechStage Festival 2019 in Milan; Tutto Food in Milan; Sailing Cup in Naples; Forum PA in Rome; Festival del Lavoro in Milan; Cena AIRC in Rome; Decode Symposium 2019 Our Data, Our Future: Radical Tech for a Democratic Digital Society in Turin. In addition, InfoCert participated in the HR Università Aperta Padova PHD, LUMSA Job Square events in Rome and in Recruiting Day #Melomerito in Rome as well as some events that were directly organised; Enterprise - A continuous Next on digital customer Identity in Milan and Automotive in Rome.

The Group has contributed, for charitable purposes:

- with the Innolva brand, to an initiative organised by the non-profit "Sport senza frontiere" (Sports without borders), the Milan Marathon ilan and LILT, which was given a share of the amounts that were donated, as a gift, to the employees;
- with the Parent Company, in support of the non-profit Fondazione Giorgio Cini;
- with the Lextel brand, in the charity show organised by the Council of the Bar Association of Rome, for the purpose of devoting the funds received from the event to the non-profit "Bar Association Foundation of Rome" for a collection of funds to be devoted to the Attorneys of the Court of Rome who are in temporary difficulties;
- with the Warrant brand, in support of the initiatives of different associations including "Noi per loro" (We for them) reserved for families with children hospitalised in the Paediatric Cancer Haematology Department of Ospedale Maggiore of Parma; the non-profit "Oltremodo Oltre" which promotes the autonomy, the participation and the integration of people with specific learning disabilities; "Idee di gomma" (Rubber Ideas) a summer cultural project in Correggio; "Pavarotti d'oro" (Golden Pavarotti) a cultural event for charitable purposes; "ARS Ventuno a.s.d.c." a cultural association that has promoted the project "Tempo al Tempo" (Time to Time) with the high school students of Correggio; the "Istituto Superiode Enrico Fermi" (Enrico Fermi High School) for a robotic project; "Società Sportiva Dilettantistica Correggese Calcio" (Amateur Soccer Sport Association) and the project "A teatro" (At the theatre) of the Classical Lyceum of Correggio".

The Group, through its different companies, participates in associations and entities Confcommercio, AIF, AIDP, GIDP, CDO, CNA Associazione di Modena, APRE (Agenzia per la Promozione della Ricerca Europea - Agency for the Promotion of Research), AIRI (Associazione Italiana per la Ricerca Industriale - Italian Association for Business Research), ANDAF National Association of Administrative and Financial Directors), Italia Start Up, Cluster Fabbrica Intelligente (Intelligent Cluster Factory), Borsa Italiana as a partner in the ELITE project, Assonime, Assosoftware Assommobiliare, Fondartigianato, Assocertificatori, Apsp, Previgen, Assintel, Club Triveneto, Ass. Manager, HRC, ABC, Uninfo, Consorzio Abi Lab, RIPE, MIP - Politecnico Di Milano, Clusit, Anorc, Cloud Signature Consortium VZW, Bitkom, Open Peppol, Souvrin Foundation, Sweet Legal Tech Srl, Associated European Trust Centers, ANCIC - Associazione Nazionale tra le Imprese di Informazioni Commerciali e di Gestione del Credito (National Association among the Business Information and Credit Management Companies, Unindustria Reggio Emilia, Clust-ER Edilizia e Costruizioni (Building and Construction), Clust-ER Innovazione nei servizi (Services Innovation), Clust-ER Agri-food, Clust-Er Mechatronics and Motors, Rete Alta Tecnologia (High Technology Network) Emilia Romagna. In addition, the Group participates in different round tables with the Trade Associations.

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 technological level of the country.

Annex

Results obtained

Human resources

At 31 December 2019, the Group had 1,293 employees (1,294 at 31 December 2018), using the scope of consolidation of the Consolidated Financial Statements.

The data reported below concern, unless otherwise specified, the employees of companies under the NFD, totalling 1,165 units at 31 December 2019 (at 31 December 2018, there were 1,209 units). The decrease is due primarily to the corporate reorganisation of Innolva, including the individual seamless transfers of the contracts of all workers operating at the Brescia site. An increase in the personnel of Tinexta S.p.A. should be noted, due primarily to the need for a better structure of the teams of the different functions, so as to provide a better response to business requirements also with a view to centralising the main personnel functions.

The data is taken from the information systems of the individual companies that use different applications, including Explora, Zucchetti, Winrap and Gestpartou.

The Group has a significant number of freelance contracts (563 at 31/12/2019).

Number of employees[6] broken down by gender, contract type, employment type, and region

	31.12.2019			31.12.2018			31.12.2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	543	588	**1,131**	536	623	**1,159**	451	506	**957**
Temporary	19	15	**34**	15	35	**50**	11	31	**42**
Total	**562**	**603**	**1,165**	**551**	**658**	**1,209**	**462**	**537**	**999**

	31.12.2019			31.12.2018			31.12.2017		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Part-time	11	180	**191**	18	188	**206**	19	182	**201**
Full-time	551	423	**974**	533	470	**1,003**	443	355	**798**
Total	**562**	**603**	**1,165**	**551**	**658**	**1,209**	**462**	**537**	**999**

	31.12.2019			31.12.2018		
Region	Permanent	Temporary	Total	Permanent	Temporary	Total
Lombardy	356	18	**374**	382	23	**405**
Emilia-Romagna	283	9	**292**	274	10	**284**
Lazio	215	1	**216**	203	6	**209**
Friuli	133	1	**134**	140	7	**147**
Veneto	107	2	**109**	106	1	**107**
Tuscany	20	-	**20**	22	-	**22**
Marche	11	3	**14**	12	3	**15**
Piedmont	5	-	**5**	20	-	**20**
Abruzzo	1	-	**1**	-	-	**-**
Total	**1,131**	**34**	**1,165**	**1,159**	**50**	**1,209**

[6]As the scope 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.

Equal opportunities and non-discrimination

Percentage of employees[7] broken down by gender and age range by each type of professional category

Gender	**Unit of measure**	**31.12.2019**	**31.12.2018**	**31.12.2017**
Senior Management	**%**	**3**	**3**	**3**
Women	%	1	-	-
Men	%	5	5	5
Middle Management	**%**	**14**	**13**	**14**
Women	%	7	7	7
Men	%	20	21	22
Employees	**%**	**83**	**84**	**83**
Women	%	92	93	93
Men	%	75	74	73

Age range	**Unit of measure**	**31.12.2019**	**31.12.2018**	**31.12.2017**
Senior	**%**	**3**	**3**	**3**
<30	%	-	-	-
31-50	%	2	2	2
>50	%	8	7	6
Middle	**%**	**14**	**13**	**14**
<30	%	-	1	1
31-50	%	11	12	13
>50	%	29	28	25
Employees	%	**83**	**84**	**83**
<30	%	100	99	99
31-50	%	87	86	85
>50	%	63	64	69

Protected categories and vulnerable minorities

Protected categories (Law 68/99) and vulnerable minorities	**Unit of measure**	**31.12.2019**	**31.12.2018**
Art. 1	%	5	4
Art. 18	%	1	-
Other	%	-	-

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

Age range	**Unit of measure**	*Presence in the governance body*		
		31.12.2019	**31.12.2018**	**31.12.2017**
<30	%	**-**	**-**	**-**
Women	%	-	-	-
Men	%	-	-	-
31-50	%	**27**	**36**	**22**
Women	%	60	60	33
Men	%	-	17	17
>50	%	**73**	**64**	**78**
Women	%	40	40	67
Men	%	100	83	83

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

Annual training average hours per employee (calculated over the total number of employees)

Training	**Unit of measure**	**2019**	**2018**
Senior Management	h.	22	18
Middle Management	h.	29	22
Employees	h.	19	14
Total	**h.**	**20**	**16**
Total Women	h.	15	13
Total Men	h.	25	19

Responsible management for the service

	UM	**2019**	**2018**	**2017**
Cases of non-compliance that resulted in sanction/fine	no.	-	-	-
Cases of non-compliance that resulted in only a warning	no.	12	43	16
Cases of non-compliance with voluntary regulations	no.	-	-	-

	UM	**2019**	**2018**	**2017**
Complaints received from third parties related to the organisation	no.	119	-	-
Complaints received from regulatory bodies	no.	2	-	-
Total number of leaks, thefts or losses of customers' data*	no.	12	6	1

* N.D. The datum does not contain data after the electronic incident occurring in 2019

Summary table of the Consolidated Non-Financial Declaration

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 Declaration 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)	Respect for human rights (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	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	Management Approach for GRI 406
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	Management Approach for GRI 406
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	GRI 102-15 Management Approach for GRI 406
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 406

GRI Content Index

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
GRI 102: General 2016 Disclosures - Organisational profile	**102-1**	Name of the organisation	Methodological note p. 31	
	102-2	Activities, brands, products and services	Business model p. 39-44	
	102-3	Location of headquarters	Business model p. 39	
	102-4	Location of operations	Business model p. 39	
	102-5	Ownership and legal form	Business model p. 39	
	102-6	Markets served	Business model p. 39-44	
	102-7	Scale of the organisation	Business model p. 41	
	102-8	Information on employees and other workers	Responsible management of human resources and human rights - Results obtained p. 66-67 Responsible management for the supply chain p. 60-61	Partial - 102-8 b) The 2017 data was not published because it was not available.
	102-9	Supply chain	Responsible management for the supply chain p. 60-61	
	102-10	Significant changes to the organisation and its supply chain	Business model - Significant changes p. 45-46 Responsible management for the supply chain p. 61	
	102-11	Precautionary Principle or approach	Corporate governance - Organisation and management models p. 47-48 Responsible management for the supply chain p. 61	
	102-12	External initiatives	Responsible management of human resources and human rights Welfare plan p. 59	
	102-13	Membership of associations	Economic and financial responsibility p. 64 – 65	
GRI 102: General 2016 Disclosures - Strategy	**102-14**	Statement from senior decision-maker	Please refer to the Annual Financial Report - Letter to Shareholders p. 3	

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
GRI 102: General 2016 Disclosures - Ethics and integrity	**102-15**	Key impacts, risks, and opportunities	Business model - main risks and opportunities p. 44-45	
	102-16	Values, principles, standards, and norms of behaviour	Corporate Governance - Group Code of Ethics p. 50-51	
	102-17	Mechanisms for advice and concerns about ethics and integrity	Corporate Governance - Group Code of Ethics p. 51	
GRI 102: General 2016 Disclosures - *Governance*	**102-18**	Governance structure	Corporate governance - Corporate governance system p. 47	
	102-21	Consulting stakeholders on economic, environmental and social topics	Methodological note - Materiality analysis p. 32-34	
	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 2016 Disclosures - Stakeholder engagement	**102-40**	List of stakeholder groups	Methodological note - Materiality analysis p. 32	
	102-41	Collective bargaining agreements	Responsible management of human resources and human rights - Management policies and actions taken p. 58	
	102-42	Identification and selection of stakeholders	Corporate governance - Stakeholder Engagement p. 51	
	102-43	Approach to stakeholder engagement	Corporate governance - Stakeholder Engagement p. 51 Methodological note - Materiality analysis p. 32-33	
	102-44	Key topics and concerns raised	Methodological note - Materiality analysis p. 34-35	
GRI 102: General 2016 Disclosures - Reporting process	**102-45**	Entities included in the Consolidated Financial Statements	Scope of the Consolidated Non-Financial Declaration p. 31-32	
	102-46	Defining report content and topic boundaries	Methodological note - Materiality analysis p. 32-35	

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
	102-47	List of material topics	Methodological note - Materiality analysis p.34 Reconciliation Table p. 35	
	102-48	Restatements of information	Scope of the Consolidated Non-Financial Declaration p. 32	
	102-49	Changes in reporting	Methodological note - Materiality analysis p. 35	
	102-50	Reporting period	Methodological note p. 31	
	102-51	Date of most recent report	Methodological note p. 31	
	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. 31	
	102-55	GRI Content Index	GRI Content Index p.70-75	
	102-56	External assurance	Independent Auditors' Report on the Consolidated Non-Financial Declaration p. 35-38	
GRI 201: Economic performance 2016	**103**	Management Approach	Methodological note p. 35-38 Economic and financial responsibility p. 64	
	201-1	Direct economic value generated and distributed	Economic and financial responsibility p. 64	
GRI 202: Presence on the market 2016	**103**	Management Approach	Methodological note p. 35-38 Business model p. 39	
	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 2016	**103**	Management Approach	Methodological note p. 35-38 Economic and financial responsibility p.64-65	
	203-1	Infrastructure investments and services supported	Economic and financial responsibility p.65	
GRI 205: Anti-Corruption 2016	**103**	Management Approach	Methodological note p.35-38 Combating active and passive corruption - Management policies and actions taken p. 55-56	

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
	205-3	Confirmed incidents of corruption and actions taken	Combating active and passive corruption - Results obtained p. 57	
GRI 307: Environmental Compliance 2016	103	Management Approach	Methodological note p.32 Responsible management for the environment - Management policies and actions taken p. 61-62	
	307-1	Non-compliance with environmental laws and regulations	Responsible management for the environment - Results obtained p. 63	
GRI 308: Supplier Environmental Assessment 2016	103	Management Approach	Methodological note p. 35-38 Responsible management for the supply chain p.60-61	
	308-1	New suppliers that were screened using environmental criteria	Responsible management for the supply chain p. 61	
GRI 403: Occupational Health and Safety 2016	103	Management Approach	Methodological note p.35-38 Responsible management of human resources and human rights - Health and safety p. 59-60	
	403-3	Employees exposed to a high risk of occupational accidents or illnesses with regards to their jobs	Responsible management of human resources and human rights - Health and safety p. 59-60	
GRI 404: Training and Education 2016	103	Management Approach	Methodological note p. 35-38 Responsible management of human resources and human rights - Training p. 59	
	404-1	Average hours of annual training per employee	Responsible management of human resources and human rights - Training p. 59 Annex - Average hours of annual training per employee p. 68	
GRI 405: Diversity and equal opportunities	103	Management Approach	Methodological note p. 35-38 Responsible management of human resources and human rights - Management policies and actions taken p. 57-59	

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
2016	405-1	Diversity of governance bodies and employees	Corporate governance p. 47 Annex - Equal opportunities and non-discrimination p. 67 Annex - Composition of the Board of Directors of Tinexta S.p.A. p. 67	
GRI 406: Non-Discrimination 2016	103	Management Approach	Methodological note p. 35-38 Responsible management of human resources and human rights - Management policies and actions taken p. 57-59	
	406-1	Incidents of discrimination and corrective actions taken	Responsible management of human resources and human rights - Human rights p. 60	
GRI 414: Supplier corporate assessment	103	Management Approach	Methodological note p. 35-38 Responsible management for the supply chain p. 60-61	
	414-1	New suppliers that were screened using social criteria	Responsible management for the supply chain p. 61	
GRI 415: Public Policy 2016	103	Management Approach	Methodological note p.35-38 Combating active and passive corruption - Management policies and actions taken p. 55-56	
	415-1	Political contributions	Combating active and passive corruption - Results obtained p. 57	
GRI 417: Marketing and labelling 2016	103	Management Approach	Methodological note p. 35-38 Responsible management for the service p. 52-55	
	417-2	Incidents of non-compliance concerning product and service information and labelling	Responsible management for the service - Results obtained p.55 Annex - Responsible management for the service p. 68	
GRI 418: Customer privacy 2016	103	Management Approach	Methodological note p. 35-38 Responsible management for the service p.52-55	

Standard GRI title	GRI Indicator number	GRI indicator title	Number of pages/Notes	Omissions
	418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	Responsible management for the service - Results obtained p.55 Significant changes p.46 Annex - Responsible management for the service p.68	Partial - 418-8 b). For the reasons indicated on page 46, the datum on “leaks, thefts or losses of customers data” following the electronic incident of 2019 is not available.
GRI 419: Socio-economic compliance 2016	**103**	Management Approach	Methodological note p.35-38 Combating active and passive corruption - Management policies and actions taken p. 55-56	
	419-1	Non-compliance with laws and regulations in the social and economic area	Combating active and passive corruption Results obtained p.57	

19 March 2020

Enrico Salza
Chairman
Tinexta S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS 2019

Statements and Notes

Consolidated Financial Statements

Consolidated Statement of Financial Position

In thousands of Euro	Notes	31/12/2019	31/12/2018[1 2]
ASSETS			
Property, plant and equipment	14	21,215	8,232
Intangible assets and goodwill	15	269,935	272,104
Investment property	16	750	594
Equity-accounted investments	17	11,454	12,533
Other investments	17	22	24
Other financial assets, excluding derivative financial instruments	18	1,149	1,123
- of which vs. Related Parties	*45*	*8*	*8*
Derivative financial instruments	26	15	30
Deferred tax assets	19	5,635	6,677
Trade and other receivables	22	1,333	830
Contract cost assets	20	5,230	5,000
NON-CURRENT ASSETS		**316,737**	**307,148**
Inventories	23	1,145	1,344
Other financial assets, excluding derivative financial instruments	24	6,593	8,186
Derivative financial instruments	26	16	0
Current tax assets	25	756	4,519
- of which vs. Related Parties	*45*	*322*	*458*
Trade and other receivables	22	89,775	86,321
- of which vs. Related Parties	*45*	*267*	*44*
Contract assets	21	6,187	6,145
Contract cost assets	20	1,278	1,556
Cash and cash equivalents	27	33,600	35,136
Assets held for sale	16	0	199
CURRENT ASSETS		**139,351**	**143,407**
TOTAL ASSETS		**456,087**	**450,555**
EQUITY AND LIABILITIES			
Share capital		47,207	46,890
Reserves		98,360	94,729
Shareholders' Equity attributable to the Group		*145,567*	*141,619*
Minority interests		*3,859*	*3,757*
TOTAL SHAREHOLDERS' EQUITY	**28**	**149,426**	**145,376**
LIABILITIES			
Provisions	29	3,013	1,945
Employee benefits	30	11,878	11,353
Financial liabilities, excluding derivative financial instruments	31	107,039	70,667
- of which vs. Related Parties	*45*	*1,458*	*0*
Derivative financial instruments	26	262	217
Deferred tax liabilities	19	15,848	18,246
Contract liabilities	33	8,180	8,395
- of which vs. Related Parties	*45*	*81*	*0*
NON-CURRENT LIABILITIES		**146,221**	**110,823**
Provisions	29	420	186
Employee benefits	30	571	1,488
Financial liabilities, excluding derivative financial instruments	31	62,001	97,380
- of which vs. Related Parties	*45*	*578*	*25,252*
Derivative financial instruments	26	45	3
Trade and other payables	32	54,953	53,318
- of which vs. Related Parties	*45*	*205*	*274*
Contract liabilities	33	37,722	40,587
- of which vs. Related Parties	*45*	*123*	*0*
Deferred income	34	1,818	690
Current tax liabilities	25	2,911	704
CURRENT LIABILITIES		**160,441**	**194,356**
TOTAL LIABILITIES		**306,661**	**305,179**
TOTAL EQUITY AND LIABILITIES		**456,087**	**450,555**

[1] The comparative data at 31 December 2018 were re-stated in relation to the completion, in the first half, of the identification of the fair values of the assets and liabilities of Comas S.r.l. and Webber S.r.l. consolidated on a line-by-line basis from 1 July 2018, as well as of Promozioni Servizi S.r.l. consolidated on a line-by-line basis from 1 November 2018.

[2] Since 1 January 2019, the Group has adopted IFRS 16 "Leases", retrospectively with the cumulative effect of initially applying the Standard recognised at 1 January 2019. Comparative 2018 data have not been restated.

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

		Twelve-month period closed at 31 December	
In thousands of Euro	**Notes**	**2019**	**2018[3] [4]**
Revenues	**35**	**258,723**	**239,618**
- of which vs. Related Parties	*45*	*71*	*571*
- of which non-recurring	*35*	*0*	*916*
Costs of raw materials	36	8,087	5,893
Service costs	37	84,194	80,900
- of which vs. Related Parties	*45*	*1,366*	*2,037*
- of which non-recurring	*37*	*1,383*	*660*
Personnel costs	38	83,322	76,714
- of which non-recurring	*38*	*239*	*513*
Contract costs	39	8,763	8,052
Other operating costs	40	3,070	2,100
- of which vs. Related Parties	*45*	*2*	*35*
- of which non-recurring	*40*	*340*	*1*
Amortisation and depreciation	41	20,259	15,195
Provisions	41	969	303
Impairment	41	2,560	2,546
Total Costs		**211,223**	**191,703**
OPERATING PROFIT		**47,500**	**47,914**
Financial income	42	304	313
- of which non-recurring	*42*	*148*	*138*
Financial charges	42	4,453	2,833
- of which vs. Related Parties	*45*	*307*	*500*
Net financial income (charges)		**-4,149**	**-2,519**
Share of profit of equity-accounted investments, net of tax	17	-1,139	106
PROFIT BEFORE TAX		**42,211**	**45,501**
Income taxes	43	13,432	12,564
- of which non-recurring	*43*	*-706*	*-1,183*
NET PROFIT FROM CONTINUING OPERATIONS		**28,779**	**32,938**
Profit (loss) from discontinued operations		0	0
NET PROFIT		**28,779**	**32,938**
Other components of the comprehensive Income Statement			
Components that will never be reclassified to profit or loss			
Actuarial gains (losses) of employee benefit provisions	30	-639	47
Tax effect		153	-11
Total components that will never be reclassified to profit or loss		**-486**	**36**
Components that are or may be later reclassified to profit or loss:			
Exchange rate differences from the translation of foreign Financial Statements		8	-2
Profits (losses) from measurement at fair value of derivative financial instruments	26	-81	-37
Equity-accounted investments - share of OCI	17	9	5
Tax effect		20	10
Total components that are or may be later reclassified to profit (loss)		**-43**	**-24**
Total other components of comprehensive income, net of tax		**-528**	**12**
Total comprehensive income for the period		**28,250**	**32,950**
Net Profit attributable to:			
Group		28,182	32,351
Minority interests		597	586
Total comprehensive income for the period attributable to:			
Group		27,649	32,362
Minority interests		601	588
Earnings per Share			
Basic earnings per Share (Euro)	44	0.60	0.69
Diluted earnings per Share (Euro)	44	0.60	0.69

[3] The comparative data of 2018 were re-stated in relation to the completion, in 2019, of the activities for the identification of the fair values of the assets and liabilities of Comas S.r.l. and Webber S.r.l. consolidated on a line-by-line basis from 1 July 2018, as well as of Promozioni Servizi S.r.l. consolidated on a line-by-line basis from 1 November 2018.

[4] Since 1 January 2019, the Group has adopted IFRS 16 “Leases”, retrospectively with the cumulative effect of initially applying the Standard recognised at 1 January 2019. Comparative 2018 data have not been restated.

Consolidated Statement of Changes in Equity

Twelve-month period closed at 31 December 2019

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 2019	46,890	2,031	54,678	-181	-361	38,561	141,619	3,757	145,376
Comprehensive income for the period									
Profit for the period						28,182	28,182	597	28,779
Other components of the comprehensive Income Statement				-60	-485	13	-532	4	-528
Total comprehensive income for the period	*0*	*0*	*0*	*-60*	*-485*	*28,195*	*27,649*	*601*	*28,250*
Transactions with Shareholders									
Dividends						-15,900	-15,900	-496	-16,396
Allocation to legal reserve		1,081				-1,081	0		0
Capital increase	317		761			0	1,078		1,078
Adjustment of put option on Minority interests						-8,773	-8,773		-8,773
Acquisitions of minority interests in subsidiaries						-107	-107	-2	-109
Total transactions with Shareholders	*317*	*1,081*	*761*	*0*	*0*	*-25,861*	*-23,702*	*-498*	*-24,200*
Balance at 31 December 2019	47,207	3,112	55,439	-241	-846	40,896	145,567	3,859	149,426

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						32,351	32,351	586	32,938
Other components of the comprehensive Income Statement				-27	35	3	10	2	12
Total comprehensive income for the period	*0*	*0*	*0*	*-27*	*35*	*32,354*	*32,362*	*588*	*32,950*
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*	*-27,226*	*-25,549*	*2,636*	*-22,912*
Balance at 31 December 2018	46,890	2,031	54,678	-181	-361	38,561	141,619	3,757	145,376

Consolidated Statement of Cash Flows

In thousands of Euro		*Twelve-month period closed at 31 December*	
	Notes	**2019**	**2018**
Cash flows from operations			
Net Profit		**28,779**	**32,938**
Adjustments for:			
- Depreciation of property, plant and equipment	41	6,669	3,440
- Amortisation of intangible assets	41	13,547	11,751
- Depreciation of investment property	41	44	4
- Impairment (Revaluations)	41	2,560	2,546
- Provisions	41	969	303
- Contract costs	39	8,763	8,052
- Net financial charges (income)	42	4,149	2,519
- *of which vs. Related Parties*	*45*	*307*	*500*
- Share of profit of equity-accounted investments	17	1,139	-106
- Income taxes	43	13,432	12,564
Changes in:			
- Inventories	23	200	-280
- Contract cost assets	20	-8,715	-10,824
- Trade receivables and other receivables and Contract assets	21.22	-6,459	-12,791
- *of which vs. Related Parties*	*45*	*-223*	*519*
- Trade and other payables	32	1,636	3,781
- *of which vs. Related Parties*	*45*	*-69*	*32*
- Provisions and employee benefits	29.30	-857	975
- Contract liabilities and deferred income, including public contributions	33.34	-1,953	7,878
- *of which vs. Related Parties*	*45*	*203*	*0*
Cash and cash equivalents generated by operations		**63,901**	**62,749**
Income taxes paid		-8,688	-19,345
Net cash and cash equivalents generated by operations		**55,214**	**43,404**
Cash flows from investments			
Interest collected		38	65
Collections from sale or repayment of financial assets	18.22	1,962	484
Investments in shareholdings consolidated using the equity method	17	-51	-12,269
Investments in property, plant and equipment	14	-2,070	-3,282
Investments in other financial assets	18.22	-240	-4,179
Investments in intangible assets	15	-11,457	-9,813
Increases in the scope of consolidation, net of liquidity acquired		0	-9,560
Decreases in the scope of consolidation, net of liquidity sold		0	-23
Net cash and cash equivalents generated/(absorbed) by investing activities		**-11,819**	**-38,577**
Cash flows from financing			
Purchase of Minority interests in subsidiaries	31	-43,593	-6,569
Repayment of loans extended by Controlling Shareholder	31	-25,000	0
- *of which vs. Related Parties*	*45*	*-25,000*	*0*
Interest paid		-2,510	-1,506
- *of which vs. Related Parties*		*-540*	*-500*
MLT bank loans taken out	31	68,992	14,886
Repayment of MLT bank loans	31	-12,907	-7,364
Repayment of price deferment liabilities on acquisitions of equity investments	31	-2,472	-1,603
Repayment of contingent consideration liabilities	31	-1,347	-3,158
Change in other current bank payables	31	-5,147	6,804
Change in other current financial payables	31	-2,224	2,991
Repayment of lease liabilities	31	-3,405	-171
- *of which vs. Related Parties*	*45*	*-599*	*0*
Capital increase	28	1,078	1,078
Capital increases - subsidiaries		0	2
Dividends paid		-16,396	-12,067
Net cash and cash equivalents generated/(absorbed) by financing		**-44,931**	**-6,678**
Net increase (decrease) in cash and cash equivalents		-1,536	-1,850
Cash and cash equivalents at 1 January		35,136	36,987
Cash and cash equivalents at 31 December		**33,600**	**35,136**

Notes to the Consolidated Financial Statements at 31 December 2019

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 2019 include the Financial Statements of the Parent Company and its subsidiaries (jointly, the "Group"). The Group is active in the Digital Trust, Credit Information & Management and Innovation & Marketing Services sectors. These Consolidated Financial Statements at 31 December 2019 were approved and authorised for publication by the Board of Directors of Tinexta S.p.A. at its meeting of 19 March 2020.

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 'Controlling Shareholder') is the Shareholder with an absolute majority of Tinexta S.p.A. shares. The Controlling 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 45. *Transactions with Related Parties.*

The Consolidated Financial Statements are presented in Euro, i.e. the functional currency of the Parent Company and of its subsidiaries (except for Camerfirma Perù S.A.C., whose functional currency is the Peruvian Nuevo Sol - PEN) and all values are expressed in thousands of Euro 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 shares 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 2019 is shown in the following table.

Company	Registered office	at 31 December 2019					
		Share capital		% ownership	via	% contribution to the Group	Consolidation method
		Amount (in thousands Euro)	Currency				
Tinexta S.p.A. (Parent Company)	Rome	47,207	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	100.00%	n.a.	100.00%	Line-by-line
Visura S.p.A.	Rome	1,000	Euro	100.00%	n.a.	100.00%	Line-by-line
Warrant Hub S.p.A.	Correggio (RE)	58	Euro	90.25%	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	100.00%	Co.Mark S.p.A.	100.00%	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
Camerfirma Colombia S.A.S.	Colombia	1,200,000	COP	25.00%	AC Camerfirma S.A.	25.00%	Shareholders' Equity
Creditreform GPA 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.

All the financial statements used for the preparation of the Consolidated Financial Statements were drafted at 31 December 2019 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. SEGMENT REPORTING

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 customers, are:

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

With respect to 2018, the consolidated economic data for 2019:

- include the balances for the months from January to April of Camerfirma S.A. and Camerfirma Perù S.A.S. (Digital Trust segment), consolidated as of 1 May 2018;
- include the balances for the first half of the year of Comas S.r.l. and Webber S.r.l. (Credit Information & Management segment), consolidated as of 1 July 2018;
- include the balances, from January to October, of Promozioni Servizi S.r.l. (Credit Information & Management segment), consolidated as of 1 November 2018;
- do not include the balances for the months from January to May of Creditreform Assicom Ticino SA, now Creditreform GPA Ticino SA (Credit Information & Management segment), deconsolidated as from 1 June 2018.

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.

Amounts in thousands of Euro ***Twelve-month period closed at 31 December***	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		***Other sectors* (Parent Company)**		***Total***	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Segment revenues	107,266	94,896	72,566	74,611	79,824	70,707	1,357	780	261,013	240,994
Intra-segment revenues	611	251	280	320	43	26	1,357	780	2,291	1,377
Revenues from third parties	**106,655**	**94,645**	**72,286**	**74,291**	**79,781**	**70,681**	**0**	**0**	**258,723**	**239,618**
EBITDA	**28,976**	**24,921**	**17,243**	**15,523**	**37,948**	**33,139**	**-12,880**	**-7,626**	**71,287**	**65,958**
Amortisation/depreciation, provisions and impairment									23,787	18,043
Operating Profit									**47,500**	**47,914**
Net financial income (charges)									-4,149	-2,519
Profit of equity-accounted investments									-1,139	106
Profit before tax									**42,211**	**45,501**
Income taxes									13,432	12,564
Net Profit									**28,779**	**32,938**

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

Amounts in thousands of Euro	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		**Other sectors (Parent Company)**		***Total***	
	31/12/2019	**31/12/2018**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**	**31/12/2019**	**31/12/2018**
Amounts in thousands of Euro										
Assets	144,544	134,582	158,350	170,933	161,819	163,281	-8,626	-18,241	**456,087**	**450,555**
Liabilities	103,429	99,359	70,832	68,863	110,818	112,332	21,582	24,624	**306,661**	**305,179**

7. NEW STANDARDS OR AMENDMENTS FOR 2019 AND FUTURE REQUIREMENTS

a) From 1 January 2019, the Group adopted the following new accounting standards:

- "IFRS 16" - "*Leases*", the endorsement of which by the EU took place on 31 October 2017 with Regulation no. 1986. IFRS 16 replaces the IAS 17 standard *Leases*, as well as IFRIC 4 interpretations "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 published". The standard provides a new definition of *lease* and introduces a criterion based on controls in order to distinguish between lease agreements and service agreements. In particular, in order to determine whether or not a contract represents a lease, IFRS 16 requires verifying whether or not the lessee has the right to control the use of a given asset for a certain period of time. The standard applies to the financial statements for the periods starting on 1 January 2019 or later and, in accounting terms, provides for a single recognition model for the lessee requiring, in general, the recognition under assets of the asset right of use and under liabilities for the lease liability which represents the obligation to pay the principal amount with lease instalments. On the other hand, the amendments introduced by the new accounting standard with reference to the lessor's financial statements are not particularly relevant. For a detailed description of the contents of said Standard, see the relevant section of the applied accounting standards.

The Group has adopted IFRS 16 for leases previously classified as operating leases in accordance with IAS 17 by retrospectively accounting with the cumulative effect of the initial application of the standard at the initial application date (1 January 2019). The Group recognised 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.

During the measurement of lease liabilities, the Group discounted the payments due for the lease using the marginal financing rate at 1 January 2019. The weighted average of the applied rate is 2.4%.

The adjustment to IFRS 16 as at 1 January 2019 involved the recognition of higher financial liabilities for leasing of € 15,044 thousand with a contra-item in the form of the recognition of assets for rights of use of € 15,107 thousand under Property, plant and equipment; the differential is represented by the amount of prepaid expenses recorded in the Statement of Financial Position as at 31 December 2018.

The Group made use of the following exemptions provided by the standard on leases:

- The Group applied a single discounting rate to a portfolio of similar leases with a similar residual term;

- The Group did 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 excluded initial direct costs from the measurement of the asset consisting of the right of use at the date of initial application.
- The Group used past experience and its knowledge to determine the term of specific lease agreements with tacit renewal clauses.

- 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 the Financial Statements relating to years beginning on 1 January 2019 or later. 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 the Financial Statements relating to years beginning on 1 January 2019 or later. 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.
- On 12 December 2017, IASB published the document “Annual Improvements to IFRS Standards 2015-2017 Cycle”. The amendments introduced, applicable to the financial statements for the periods beginning 1 January 2019 or later, and 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 statement of profit/(loss), 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. Endorsement by the EU took place on 14 March 2019 with Regulation no. 412.

- On 7 February 2018, 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 in the case of changes, curtailments or transactions taking place as of 1 January 2019 or on the date of their first application. Endorsement by the EU took place on 13 March 2019 with Regulation no. 402.

With the exception of what is mentioned above with regard to IFRS 16, adoption of the new standards applicable from 1 January 2019 did not have any significant impacts.

b) *Accounting standards and interpretations on standards effective for the financial years after 2019 and not adopted in advance by the Group*:

- 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 measurements, 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. Endorsement by the EU took place on 6 December 2019 with Regulation no. 2075.

- On 31 October 2018, 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 it is consistent with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments apply to financial statements relating to years beginning on 1 January 2020 or later. Early application is permitted. Endorsement by the EU took place on 10 December 2019 with Regulation no. 2014.

- On 26 September 2019, IASB published the document *“Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform”.* The objective of the document is to allow the entities that prepare the financial statements not to stop hedging activities applied to financial reference indexes for the calculation of the interest rates until the reform – still underway worldwide – is completed. This reform, in particular, has created uncertainties on the timeframe and the amount of future financial flows related to some financial instruments, with the consequent risk of having to interrupt the hedging relationships set out pursuant to IAS 39 or IFRS 9. According to IASB, an interruption of hedging relationships due to these uncertainties does not provide useful information to the users of the financial statements; therefore, the document in question has introduced some amendments specific to IAS 39, IFRS 9 and IFRS 7, namely some temporary derogations to the application of specific provisions in the area of hedge accounting recognition, provided for in IFRS 9 and IAS 39, to be mandatorily applied to all hedging operations that are directly impacted by the reform concerning the reference indexes for the determination of interest rates. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. Endorsement by the EU took place on 16 January 2020 with Regulation no. 34.

As at the date of approval of these Consolidated Financial Statements, the Group is conducting analyses in order to verify the existence of any impacts from the 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. In June 2019, IASB published an exposure draft which includes some amendments to IFRS 17 and the deferral of the entry into effect of the new accounting standard to 1 January 2022. As at this reporting date, the amendments to IFRS 17 have not yet been definitively approved by IASB.

- 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 EU endorsement is expected to be issued in 2020.

- On 23 January 2020, the IASB published some amendments to IFRS 1. The document "*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*" requires that a liability should be classified as current or non-current according to the rights existing as at the financial statements date. In addition, it sets out that the classification is not impacted by the expectation that the entity shall exercise its right to defer the settlement of the liability. It also clarifies that this provision refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments apply to Financial Statements relating to years beginning on 1 January 2022 or later. Early application is permitted. The endorsement process is still under way.

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.

8. 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 to

the extent to which they meet the requirement for a separate classification 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.
The assets related to the rights of use concerning lease agreements are recognised under the item Property, plant and equipment. As regards the initial recognition and subsequent measurement criteria applied to these assets, see the section *LEASED ASSETS*.

LEASED ASSETS

The Group assesses if the agreement is or contains a lease as at its effective date. The agreement is or contains, a lease if, against payment, gives the right to control the use of a specific asset, for a given period of time. At the date when the lessor makes the underlying asset available to the Group (effective date of the lease), the latter recognises the asset consisting of the right of use, and recognises the lease liability, except for short term leases (as in the case of lease agreements of a duration equal to or less than 12 months) and for the leases of assets of a modest value (namely, with a value less than 5,000 Euro when new). For the latter, the Group recognises the payments due for said leases as a cost, on a straight-line basis for the duration of the lease, or according to another criterion that is a better representative of the way the benefits are obtained.

Financial liabilities deriving from the lease are initially recognised at the current value of the future payments as at the effective date of the agreement, discounted at the implicit rate of the lease. If this rate is not promptly determinable, the rate used is the marginal loan rate of the Group, understood as the rate that the Group should pay for a loan with a similar duration and guarantees, necessary to obtain an asset of a value similar to the asset consisting of the right of use within a similar economic context.
At their maturity dates, the payments due for the lease, included in the measurement of lease liabilities, comprise the following payments for the right of use of the underlying asset throughout the duration of the lease, not yet made at the maturity date:

- fixed payments, net of any lease incentive to be received;

- variable payments due for the leases that depend on an index or a rate, valued initially by using an index or a rate as at their start date (e.g. instalments revalued according to ISTAT or associated to the EURIBOR);
- amounts that the Group is expected to pay as a guarantee on the residual value;
- penalties to be paid for the termination of a lease if the duration of the lease provides for the exercise by the Group of the option of lease termination.

After the start date, the Group assesses the lease liability:

- increasing the accounting value considering the interest on the lease liability;
- decreasing the accounting value considering the payments due for the executed leases;
- re-determining the accounting value considering any new assessment or change in the lease or the revision of the fixed payments due for the lease.

After the effective date, the Group re-determines the lease liability as an adjustment of the asset consisting of the right of use:

- in the case of a change in the duration of the lease, by discounting the revised lease payments using a revised discounting rate;
- in the case of a change in the assessment of an option for the purchase of the underlying asset, by discounting the revised lease payments using a revised discounting rate;
- in the case of a change in the payments following a change in the index or in the rate used to determine the payments, by discounting the revised lease payments using a revised discounting rate.

The initial cost of the asset consisting of the right of use includes: the amount of the initial measurement of the lease liability, the lease payments made at or before the effective date, net of the lease incentives received, the initial direct costs incurred by the Group, i.e. those incremental costs incurred for obtaining the lease that would have not been incurred if the lease had not been obtained and the estimate of the costs that the Group must bear for the dismissal and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying assets in the conditions set forth in lease, unless these costs are incurred for producing inventory.

The Group opted for the recognition of assets consisting of the right of use under the item Property, plant and equipment under the same categories where the corresponding assets would have been recognised if they were owned.

The asset consisting of the right of use is subsequently measured by applying the cost model, net of the accumulated amortisation and impairment of the accumulated value, adjusted in order to take into account any re-measurement of the lease liability. If the lease transfers the ownership of the underlying asset to the Group at the end of the lease or if the cost of the asset consisting of the right of use reflects the fact that the Group will exercise the purchase option, the Group amortises the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. Conversely, the Group depreciates the asset consisting of the right of use from the effective date to the end of the useful life of said asset or, if prior, to the end of the lease duration.

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, either 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. The useful life varies according to the business of the companies and is between 3 and 8 years.
- *Concessions, licences and trademarks:* Costs for the acquisition, internal production and user licenses of the trademarks fall under this category. 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 3 and 4 years.
- *Intangible assets from business combination transaction*s: 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 customers, 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, to date fully amortised, and an intangible asset for customer lists for an amount of € 14,304 thousand that, on the basis of the rate of turnover of customer, 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., merged into Innolva S.p.A. 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 customers, 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 customers 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, to date fully amortised, and an intangible asset for customer lists for an amount of € 3,324 thousand that, on the basis of the rate of turnover of customers, 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 customers, 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 customers, 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 customers, it is believed may exhaust its future utility in a period of 7 years from the acquisition date;
- ✓ of Promozioni Servizi, carried out in October 2018, which has involved the recognition of an intangible asset for customer lists for an amount of € 2,454 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 13 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 meet 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 made.

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 assets that meet 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 made. 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 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. 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 Group 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 customers 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 customers 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.

As regards the criteria for the initial recognition and subsequent measurement of the financial liabilities related to lease agreements, see the section *LEASED ASSETS*.

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 Art. 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 (*Employee benefits 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 the companies with more than 50 employees, starting from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, including the option given to the worker to choose 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.

The *Provision for Risks and charges* includes the Provisions for pensions referring to the supplemental Agents' Leaving Indemnity due, in the cases set forth by the Law, to agents. This liability is estimated based on the actuarial valuation by quantifying future payments, through the projection of the indemnities accrued as at the performance evaluation date of the agents until the assumed time of termination of the contractual relationship. Provisions are recognised, by their nature, under *Service costs*.

Provisions for litigation matters are recognised, by their nature, under *Personnel costs*.

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.

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 through impairment, 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.

- *Measurement of lease liabilities:* The measurement of lease liabilities is affected by the duration of the lease, understood as the non-cancellable leasing period to which these two periods must be added: a) periods covered by a leasing extension option if the lessee has the reasonable certainty to exercise this option; and b) periods covered by the option of terminating the lease, if the lessee has the reasonable certainty not to exercise the option. The assessment of the duration of the lease entails the use of estimates based on factors that may change over time, with a potentially significant impact on the assessments carried out by the Directors.

- *Valuation of the amortisation provision for expected impairment of commercial receivables:* 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. Estimates and assumptions are periodically reviewed, and the effects of each change are reflected in the income statement for that period.

- *Valuation of the Defined benefit plans:* Actuarial valuation requires the formulation of various assumptions that may differ from actual future developments. The results depend on the technical basis adopted such as, among others, the actualisation rate, the inflation rate, the wage increase rate and the expected turnover. All assumptions are reviewed on an annual basis.

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 business transactions or liquidity management 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 and the transactions are settled almost exclusively in Euro; therefore, it is not greatly exposed to the risk of fluctuation of the exchange rates of foreign currencies against the Euro. To be noted is an exposure to PEN (Peruvian Nuevo Sol) referring to the activities carried out by Camerfirma Perù S.A.C. in its territory. Therefore, considering the very limited exposure to foreign currencies, at the Group level, no exchange rate hedging has been set up.

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 actively manages it also by making use of interest rate derivatives, specifically Interest Rate Swaps (IRS), Interest Rate Caps (Caps) and Interest Rate Collar (Collar) taken out only for hedging purposes. Cash mainly consists of variable-rate bank deposits with no mandatory duration, and therefore its fair value is equivalent to the value recognised in the Financial Statements. The interest rate to which the Group is most exposed is the 6-month Euribor. The risk of interest rate appears adequately monitored, owing to the current forecast of growth in the 6-month Euribor index (forward rates curve) and the structure of the debt portfolio.

Following is a Cash Flow Hedge strategy on bank loans at 31 December 2019:

Bank loans at 31 December 2019 *Amounts in thousands of Euro*		**Cash Flow Hedge Derivatives** **Notional values by type at 31 December 2019**			
	Nominal amount	**IRS**	***Capped Swap***	***Collar***	**Total**
Floating rate loans	115,866	63,613	16,528	11,887	**92,028**
Fixed rate loans	76				
	115,942	**63,613**	**16,528**	**11,887**	**92,028**

Hedging rate of bank loans is 79.3%.

Following is a sensitivity analysis on interest rate risk which shows the effects (net of any related tax effects) on the income statement, on an annual basis, and on the net equity at 31 December 2019, from the following changes in the Euribor rate: +300 bps, +100 bps, -100 bps limited to bank loans at 31 December 2019.

Sensitivity analysis of interest rate risk	Profit (loss) on an annual basis			Shareholders' Equity at 31 December 2019		
In thousands of Euro	300 bps increase	100 bps increase	100 bps decrease	300 bps increase	100 bps increase	100 bps decrease
Floating rate bank loans	**-1,191**	**-365**	**255**	**0**	**0**	**0**
Interest rate swap	662	213	-190	3,376	1,181	-1,151
Capped Swap	66	0	0	233	15	-1
Collar	41	0	-42	328	52	-203
Financial flow sensitivity (net)	**-423**	**-152**	**24**	**3,938**	**1,248**	**-1,355**

Credit risk

Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2019, the liquidity of the Group was invested in bank deposits held at leading banks with high credit standing.

Trade credit risk derives essentially from receivables from customers. To mitigate credit risk related to trade counterparties, the Group has implemented internal procedures requiring a preliminary assessment of the solvency of the customer, before accepting a contract,
through a scoring 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). The Group uses an allocation matrix to calculate the expected losses, based on historical data. 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 is in Note 22. Trade and Other Receivables provides a breakdown of current trade receivables from customers at 31 December 2019, 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 control of operating cash flows and use of 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 and promptly obtained 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.

The table is in Note 31. *Financial liabilities, excluding derivative financial instruments*, the financial liabilities recognised in the Financial Statements at 31 December 2019 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:

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*	*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**	**437**	**0**	**15**	**2,045**	**0**	**0**	**2,497**
Other financial assets, excluding derivative financial instruments		437			712			**1,149**
Derivative financial instruments				15				**15**
Trade and other receivables					1,333			**1,333**
CURRENT ASSETS	**0**	**1,961**	**0**	**16**	**128,008**	**0**	**0**	**129,985**
Other financial assets, excluding derivative financial instruments		1,961			4,632			**6,593**
Derivative financial instruments				16				**16**
Trade and other receivables					89,775			**89,775**
Cash and cash equivalents					33,600			**33,600**
NON-CURRENT LIABILITIES	**0**	**0**	**0**	**262**	**107,039**	**0**	**0**	**107,301**
Financial liabilities, excluding derivative financial instruments					107,039			**107,039**
Derivative financial instruments				262				**262**
CURRENT LIABILITIES	**0**	**25,691**	**0**	**45**	**91,263**	**0**	**0**	**116,999**
Financial liabilities, excluding derivative financial instruments *		25.691*			36,310			**62,001**
Derivative financial instruments				45				**45**
Trade and other payables					54,953			**54,953**

* This item includes *Liabilities for the purchase of Minority interests* and *Liabilities for contingent consideration linked to the acquisitions* (more details are provided in Note 31). As indicated in Note 8. *Measurement criteria Liabilities for the purchase of Minority interests* are recognised at their fair value with changes recorded as a counter-entry of Net equity, *Liabilities for contingent consideration linked to acquisitions* are recognised at their fair value with changes recorded as counter-entries of the Income Statement.

12. FAIR VALUE HIERARCHY

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

Amounts in thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT ASSETS	**437**	**15**	**0**	**452**
Other financial assets, excluding derivative financial instruments	*437*	*0*	*0*	*437*
Capitalisation policy	437			437
Derivative financial instruments		15		15
CURRENT ASSETS	**1,961**	**16**	**0**	**1,977**
Other financial assets, excluding derivative financial instruments	*1,961*	*0*	*0*	*1,961*
Capitalisation policy	1,961			1,961
Derivative financial instruments		*16*		*16*
NON-CURRENT LIABILITIES	**0**	**262**	**0**	**262**
Derivative financial instruments		*262*		**262**
CURRENT LIABILITIES	**0**	**45**	**25,691**	**25,736**
Other financial liabilities, excluding derivative financial instruments	*0*	*0*	*25,691*	*25,691*
Liabilities for the purchase of Minority interests			17,950	17,950
Contingent consideration			7,741	7,741
Derivative financial instruments	*0*	*45*	*0*	*45*

13. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS FOR WHICH ACCOUNTING RECOGNITION HAS 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 were consolidated on a line-by-line basis as of 1 July 2018.
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.

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 July 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 fair value of acquired assets 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	**Comas Book values**	**Webber Book values**	**Total Book values**	**Fair value adjustments**	***Fair Value***
Property, plant and equipment	349	12	361		361
Intangible assets			0	2,889	2,889
Non-current financial assets	431	1	432		432
Current and deferred tax assets	7	2	9		9
Trade receivables, other receivables and contract assets	128	1	129		129
Cash and cash equivalents	1,637	339	1,976		1,976
Total assets acquired	**2,551**	**355**	**2,907**	**2,889**	**5,796**
Trade and other payables	409	76	485		485
Contract liabilities	214	32	247		247
Employee benefits	190	29	219		219
Current and deferred tax assets	188	3	191	806	997
Current financial liabilities	4	4	8		8
Total liabilities assumed	**1,006**	**143**	**1,149**	**806**	**1,955**
Net assets acquired	**1,545**	**212**	**1,757**	**2,083**	**3,840**

The recognition at fair value of the assets and liabilities of Comas and Webber acquired resulted in the recognition of an intangible asset, linked to the technological platform developed by the two companies, for an amount of € 2,889 thousand, before taxes, which may deplete its future useful life in a period of 8 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	9,232
Net assets acquired	3,840
Goodwill	**5,392**

As required by IFRS 3, the values reported above, determined definitively, were recognised retrospectively at 1 July 2018, 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 2018.

Acquisition of Promozioni Servizi S.r.l.

On 30 October 2018, Tinexta Group, through its subsidiary Innolva S.p.a., acquired 100% of Promozioni 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. Promozioni Servizi S.r.l. was consolidated line-by-line as of 1 November 2018.

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.
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 fair value of acquired assets 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 undertaken at the acquisition date.

Amounts in thousands of Euro	**Book values**	**Fair value *adjustments***	***Fair Value***
Property, plant and equipment	51		51
Intangible assets	59	3,577	3,636
Non-current financial assets	9		9
Current and deferred tax assets	3		3
Current financial assets	5		5
Trade receivables, other receivables and contract assets	412		412
Cash and cash equivalents	526		526
Total assets acquired	**1,065**	**3,577**	**4,642**
Trade and other payables	414		414
Contract liabilities	1		1
Employee benefits	52		52
Current and deferred tax assets	74	998	1,072
Total liabilities assumed	**542**	**998**	**1,540**
Net assets acquired	**523**	**2,579**	**3,102**

The recognition at fair value of the assets and liabilities of Promozioni Servizi acquired entailed:

- the recognition of an intangible asset for customer lists for an amount of € 2,454 thousand (before taxes), which, according to the customer turnover rate, it is believed, may deplete its future useful life in a period of 13 years from the acquisition date;
- the recognition of an intangible asset, linked to the technological infrastructure developed by the company, which allows standardised, efficient and profitable management of the process of support for its customers, for an amount of € 1,123 thousand, before taxes, which, it is believed, may deplete its future useful life in a period of 8 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	4,436
Net assets acquired	3,102
Goodwill	**1,333**

As required by IFRS 3, the values reported above, determined definitively, were recognised retrospectively at 1 November 2018, 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 2018.

Information on the Statement of Financial Position

The items of the Consolidated Statement of Financial Position at 31 December 2019 are commented hereunder. The comparative balances as at 31 December 2018 were restated (as indicated in Note 13. *Business Combinations*) in relation to the completion, during the year, of activities for the identification of the fair values of the assets and liabilities of Comas S.r.l. and Webber S.r.l., consolidated on a line-by-line basis from 1 July 2018, and the identification of the fair values of the assets and liabilities of Promozioni Servizi S.r.l., consolidated on a line-by-line basis from 1 November 2018.

In thousands of Euro	31/12/2018	Completion of Business Combination Comas and Webber	Completion of Business Combination Promozioni Servizi	31/12/2018 Restated
ASSETS				
Property, plant and equipment	8,232			8,232
Intangible assets and goodwill	270,536	625	943	272,104
Investment property	594			594
Equity-accounted investments	12,533			12,533
Other investments	24			24
Other financial assets, excluding derivative financial instruments	1,123			1,123
Derivative financial instruments	30			30
Deferred tax assets	6,677			6,677
Trade and other receivables	830			830
Contract cost assets	5,000			5,000
NON-CURRENT ASSETS	**305,579**	**625**	**943**	**307,148**
Inventories	1,344			1,344
Other financial assets, excluding derivative financial instruments	8,186			8,186
Current tax assets	4,519			4,519
Trade and other receivables	86,321			86,321
Contract assets	6,145			6,145
Contract cost assets	1,556			1,556
Cash and cash equivalents	35,136			35,136
Assets held for sale	199			199
CURRENT ASSETS	**143,407**	**0**	**0**	**143,407**
TOTAL ASSETS	**448,986**	**625**	**943**	**450,555**
SHAREHOLDERS' EQUITY AND LIABILITIES				
Share capital	46,890			46,890
Reserves	94,899	-130	-40	94,729
Shareholders' Equity attributable to the Group	*141,789*	*-130*	*-40*	*141,619*
Minority interests	*3,757*			*3,757*
TOTAL SHAREHOLDERS' EQUITY	**145,545**	**-130**	**-40**	**145,376**
LIABILITIES				
Provisions	1,945			1,945
Employee benefits	11,353			11,353
Financial liabilities, excluding derivative financial instruments	70,667			70,667
Derivative financial instruments	217			217
Deferred tax liabilities	16,508	756	983	18,246
Contract liabilities	8,395			8,395
NON-CURRENT LIABILITIES	**109,084**	**756**	**983**	**110,823**
Provisions	186			186
Employee benefits	1,488			1,488
Financial liabilities, excluding derivative financial instruments	97,380			97,380
Derivative financial instruments	3			3
Trade and other payables	53,318			53,318
Contract liabilities	40,587			40,587
Deferred income	690			690
Current tax liabilities	704			704
CURRENT LIABILITIES	**194,356**	**0**	**0**	**194,356**
TOTAL LIABILITIES	**303,441**	**756**	**983**	**305,179**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	**448,986**	**625**	**943**	**450,555**

14. PROPERTY, PLANT AND EQUIPMENT

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

Amounts in thousands of Euro	31/12/2018	FTA IFRS 16	Invest-ments	Disinvest-ments	Amortisation/ Depreciation	Reclas-sifications	Revaluations	Impair-Ments	31/12/2019
Land									
Cost	148								*148*
Net value	**148**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**148**
Leased land									
Cost	303								*303*
Net value	**303**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**303**
Buildings									
Cost	1,054								*1,054*
Accumulated Depreciation	-405				-31				*-436*
Net value	**650**	**0**	**0**	**0**	**-31**	**0**	**0**	**0**	**618**
Leased buildings									
Cost	2,953	13,664	1,340				91	-405	*17,643*
Accumulated Depreciation	-1,255				-2,749		0	33	*-3,972*
Net value	**1,698**	**13,664**	**1,340**	**0**	**-2,749**	**0**	**91**	**-372**	**13,671**
Electronic machines									
Cost	18,713		1,576	-62		338			*20,564*
Accumulated Depreciation	-15,810			56	-2,165				*-17,919*
Net value	**2,903**	**0**	**1,576**	**-6**	**-2,165**	**338**	**0**	**0**	**2,645**
Leased electronic machinery									
Cost	0		637						*637*
Accumulated Depreciation	0				-106				*-106*
Net value	**0**	**0**	**637**	**0**	**-106**	**0**	**0**	**0**	**531**
Leasehold improvements									
Cost	1,837		155			6			*1,997*
Accumulated Depreciation	-1,327				-205				*-1,532*
Net value	**510**	**0**	**155**	**0**	**-205**	**6**	**0**	**0**	**465**
Assets in progress and advances									
Cost	358		11			-368			*0*
Net value	**358**	**0**	**11**	0	**0**	**-368**	**0**	**0**	**0**
Other assets									
Cost	7,557		348	-154		25			*7,775*
Accumulated Depreciation	-5,973			142	-626				*-6,456*
Net value	**1,584**	**0**	**348**	**-12**	**-626**	**25**	**0**	**0**	**1,318**
Other leased assets									
Cost	91	1,442	763				32	-23	*2,306*
Accumulated Depreciation	-12				-786			6	*-792*
Net value	**79**	**1,442**	**763**	**0**	**-786**	**0**	**32**	**-17**	**1,514**
Property, plant and equipment	**8,232**	**15,107**	**4,830**	**-18**	**-6,669**	**0**	**122**	**-389**	**21,215**
of which leased	***2,080***	***15,107***	***2,740***	***0***	***-3,641***	***0***	***122***	***-389***	***16,019***

The adoption of IFRS 16 at 1 January 2019 involved the recognition of assets for rights of use on leases in the amount of € 15,107 thousand. The Group opted for the recognition of these assets in the item *Property, plant and equipment* in the same categories in which the corresponding underlying assets would have been shown if they had been owned. Assets for rights of use on properties are included under *Leased buildings*, while the assets for rights of use on vehicles are recognised in *Other leased assets*. *Revaluations* include the adjustments of the rights of use for increases in leases or extensions of leasing contracts; *Impairments* refer to early terminations of leasing contracts.

Investments in *Electronic machines* totalling € 1,576 thousand are attributable in the amount of roughly € 1,423 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.

15. INTANGIBLE ASSETS AND GOODWILL

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

Amounts in thousands of Euro	**31/12/2018**	**Invest ments**	**Dis-invest ments**	**Amortisation/ Depreciation**	**Reclas-sifications**	**Reva luations**	**Impair ments**	**31/12/2019**
Goodwill								
Original cost	198,180							198,180
Net value	**198,180**	**0**	**0**	**0**	**0**	**0**	**0**	**198,180**
Other intangible assets with indefinite useful life								
Original cost	405							405
Net value	**405**	**0**	**0**	**0**	**0**	**0**	**0**	**405**
Software								
Original cost	55,197	2,473	-8		1,886			59,549
Accumulated depreciation	-43,771		5	-4,582				-48,348
Net value	**11,426**	**2,473**	**-3**	**-4,582**	**1,886**	**0**	**0**	**11,200**
Concessions, licences, trademarks and similar rights								
Original cost	269	7						276
Accumulated depreciation	-157			-36				-192
Net value	**112**	**7**	**0**	**-36**	**0**	**0**	**0**	**84**
Other intangible assets from consolidation								
Original cost	73,830							73,830
Accumulated depreciation	-18,523			-5,914				-24,438
Net value	**55,306**	**0**	**0**	**-5,914**	**0**	**0**	**0**	**49,392**
Assets in progress and advances								
Original cost	1,263	4,453		0	-1,886		-77	3,752
Net value	**1,263**	**4,453**	**0**	**0**	**-1,886**	**0**	**-77**	**3,752**
Databases								
Original cost	9,261	4,527						13,788
Accumulated depreciation	-3,874			-3,006				-6,879
Net value	**5,388**	**4,527**	**0**	**-3,006**	**0**	**0**	**0**	**6,909**
Other								
Original cost	132	0	-84	0	0	0	0	48
Accumulated depreciation	-111	0	84	-9	0	0	0	-36
Net value	**22**	**0**	**0**	**-9**	**0**	**0**	**0**	**13**
Intangible assets with definite and indefinite useful life	**272,104**	**11,460**	**-3**	**-13,547**	**0**	**0**	**-77**	**269,935**

Goodwill

At 31 December 2019, this item amounted to € 198,180 thousand, unchanged from 31 December 2018, and can be broken down as follows among the CGUs/Operating segments:

Amounts in thousands of Euro		31/12/2019	31/12/2018	Change
CGU	***Operating segments***			
Goodwill Innolva	(Credit Information & Management)	89,967	89,967	0
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	**198,180**	**198,180**	**0**

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 identified CGU 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 2020 to 2022. 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 1.2% 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 7.35% post-tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 1.9%, equal to the gross average return of the Italian ten-year BTP;
- market risk premium of 5.2%;
- additional risk factor equal to 2.0%;
- sector levered beta of 0.92, determined considering a list of comparable listed companies;
- financial structure of the Company equal to 25.9%, considering the average of the D/E ratio recorded by comparable companies;

- cost of debt applicable to the Group, equal to 2.9%.

The impairment test at 31 December 2019 did not identify any impairment in the recognised goodwill.

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 19 March 2020.

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:

Amounts in thousands of Euro		**31/12/2019**
CGU	***Operating segments***	
Goodwill Innolva	(Credit Information & Management)	2,251
Goodwill Re Valuta	(Credit Information & Management)	43,184
Goodwill Warrant	(Innovation & Marketing Services)	290,522
Goodwill Co.Mark	(Innovation & Marketing Services)	12,357
Goodwill Visura	(Digital Trust)	59,597
	Total	**407,911**

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.

Amounts in thousands of Euro		**WACC +0.5%**	***g-rate* -0.5%**
CGU	***Operating segments***		
Goodwill Innolva	(Credit Information & Management)	-7,590	-6,496
Goodwill Re Valuta	(Credit Information & Management)	39,576	39,974
Goodwill Warrant	(Innovation & Marketing Services)	264,221	267,183
Goodwill Co.Mark	(Innovation & Marketing Services)	7,574	8,105
Goodwill Visura	(Digital Trust)	53,605	54,278
	Total	**357,386**	**363,044**

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)	7.46	1.08
Goodwill Re Valuta	(Credit Information & Management)	67.33	n.a.
Goodwill Warrant	(Innovation & Marketing Services)	36.82	-88.63
Goodwill Co.Mark	(Innovation & Marketing Services)	8.83	-0.52
Goodwill Visura	(Digital Trust)	25.43	-31.67

As regards the Covid-19 emergency situation described above, with the transposition of the directives of the Parent Company, all companies of the Group undertook a number of actions for the protection of their employees and to ensure a continuity of service to internal and external customers. Measures included the use of smart-work at all corporate levels, the closure of offices wherever possible, the cancellation of internal events and the remodulation of the external ones, in addition to other precautionary measures aimed at guaranteeing the health of the workers and preserving the corporate business.

In the area of Digital Trust, the pace of production did not decrease; in this first phase of the crisis, the demand for digital solutions remains steady and it is further increased by the market requesting instruments capable of improving the potential of working remotely. The first few months of the year have recorded revenues in line with the forecast.

The Credit Information and Management sectors recorded a decline in activities in the Finance and Corporate sectors. In both markets, based on a first estimate of the effects produced by the crisis, a decrease in volume is noted in both the real estate and the business information components. The medium-long term impacts are currently difficult to quantify.

The Innovation and Marketing Services sector was not significantly impacted by the crisis in the first two months. Beginning in March, with the intensifying of the restrictive measures to cope with the emergency, limiting the movements within the country and then slowing down any new activity and requests for advisory services by the companies, a deceleration is predicted which will be closely monitored in the next few months.

Other intangible assets with indefinite useful life

The item Other intangible assets with indefinite useful life consists of the value of the press review database called AZ Press attributable to Innolva S.p.A. (€ 376 thousand) 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 2019 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 € 2,473 thousand, are attributable to the Credit Information segment (€ 1,226 thousand) and Digital Trust (€ 729 thousand).

Databases

The Databases increased by € 4,527 thousand due to investments made during the period. 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:

Amounts in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Warrant *Customer list*	25,842	27,574	-1,732
Assicom *Customer list & backlog order*	9,331	10,368	-1,037
Ribes *Customer list*	4,701	5,062	-362
Infonet *Customer list*	3,938	4,296	-358
Promozioni Servizi *Customer list*	2,234	2,423	-189
Visura *Customer list*	2,164	3,606	-1,442
Co.Mark *Customer list*	658	1,316	-658
Camerfirma *Customer list*	274	326	-51
Datafin *Customer List*	251	336	-85
Other intangible assets from consolidation	**49,392**	**55,306**	**-5,914**

The decrease recognised during the year can be attributed to amortisation (equal to € 5,914 thousand).

Assets in progress and advances

Assets in progress rose by € 4,453 thousand, of which € 3,288 thousand in the Digital Trust segment for the implementation of different innovative solutions with different purposes and characteristics; both direct costs, referring to the cost of internal personnel, and external costs for the acquisition of technical consultation necessary for the development and implementation of the solutions, were capitalised. An additional € 1,112 thousand refers to software development regarding projects that were not yet finalised in the Credit information & Management segment.

16. INVESTMENT PROPERTY

Provided below are changes in investment property.

Amounts in thousands of Euro	**31/12/2018**	**Investments**	**Divestments**	**Amortisation/depreciation**	**Reclassifications**	**31/12/2019**
Buildings investment property						
Original cost	806				285	1,090
Accumulated depreciation	-211			-44	-86	-340
Net value	**594**	**0**	**0**	**-44**	**199**	**750**
Investment property	**594**	**0**	**0**	**-44**	**199**	**750**

It should be noted that during the period, under item *Assets held for sale,* a property located in San Martino Buon Albergo (VR), following a renewable six year rental, was reclassified.

Revenues for rents from *Investment Property* recognised during the year amounted to € 62 thousand and is included in *Other revenues and income.*

17. EQUITY INVESTMENTS

Equity-accounted investments

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

Amounts in thousands of Euro	**% ownership**	**31/12/2018**	**Increases/Decreases in the Income Statement**	**Acquisitions**	**Exchange rate delta**	**31/12/2019**	**% ownership**
LuxTrust S.A.	50%	12,260	-1,259	20		11,021	50%
Innovazione 2 Sagl	30%	140	103		8	252	30%
Creditreform GPA Ticino S.A.	30%	109	-10		1	100	30%
eTuitus S.r.l.	24%	23	23			46	24%
Camerfirma Colombia S.A.S.	0%	0	4	31	0	35	25%
Investments in associated companies		**12,533**	**-1,139**	**51**	**9**	**11,454**	

Investment in LuxTrust S.A.

At 21 December 2018, through InfoCert S.p.A., the Tinexta Group completed the acquisition of 50% of LuxTrust 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 LuxTrust 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. At the reporting date, pre-conditions for a price adjustment were not met. To be noted 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; at the reporting date, the pre-conditions for a price adjustment were not met. The investment for the period refers to additional transaction-related costs.

Following are the Financial Statements drawn up according to the IFRS standards of the company LuxTrust S.A.. The amounts included in the Financial Statements of the company are recognised with the inclusion of the adjustments of the fair value made at the acquisition time. To be noted is that the recognition at fair value of the acquired assets and liabilities resulted in the recognition of an intangible asset for customer lists for an amount of € 929 thousand (before taxes), which, according to the customer turnover rate, is deemed to deplete its future useful life in a period of 10 years from the acquisition date.

LuxTrust S.A.			
Amounts in thousands of Euro at 31.12.2019			
Non-current assets	12,687	Revenues	13,511
Current assets	11,542	Impairment and amortisations	3,146
of which cash and cash equivalents	*8,914*	Interest expenses	74
Non-current liabilities	2,046	Income tax expense	-877
of which financial	*2,046*	Profit (loss) for the year	-2,518
Current liabilities	5,511		
of which financial	*830*		

Investment in Camerfirma Colombia S.A.S.

On 28 June 2019, Camerfirma Colombia S.A.S. was incorporated by the subsidiary Camerfirma S.A. and private shareholders, with registered office in Bogotà (Colombia). The subscribed capital is COL$ 1,200,000,000, for a total of 6,000 shares issued. Camerfirma S.A. subscribed 25% of the share capital for a total value of COL$ 300,000,000. On 31 December 2019, Camerfirma S.A. paid COL$ 115.2 million, equal to approximately € 31 thousand.

Other investments

The item in question includes investments in other companies for € 22 thousand (€ 24 thousand at 31 December 2018) and refers to Minority interests in companies/consortia. The decrease during the period is attributable to the sale of the entire investment (5%) in Moxoff S.r.l. by Warrant Hub S.p.A. for € 150 thousand; this sale generated a capital gain of € 148 thousand, recognised under Financial income.

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

Amounts in thousands of Euro	31/12/2019	31/12/2018	Change
Other financial assets, excluding derivative financial instruments	**1,149**	**1,123**	**26**

This item includes two capitalisation insurance contracts whose fair value amounts to € 437 thousand at 31 December 2019. The remainder, in addition to the receivable of € 157 thousand, relative to the price deferment granted to the purchasers of 70% of Creditreform, mainly includes receivables for security deposits.

19. 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:

Deferred tax assets:	**31/12/2018**	**Allocations (Releases) Income statement**	**Allocations (Releases) Comprehensive income statement**	**Allocations (Releases) Shareholders' Equity**	**Reclassifications**	**31/12/2019**
Deductible goodwill	326	-95	0	0	0	231
Provisions for risks and charges	225	473	0	0	0	697
Impairment of fixed assets	30	-2	0	0	0	28
Impairment of receivables and inventory	716	280	0	0	4	1,000
Decreases in hedging financial instruments	56	0	22	0	0	78
Differences between statutory and tax amortisation rates	995	36	0	0	0	1,031
Interest expenses	245	4	0	0	0	249
AIM listing costs	28	-28	0	0	0	0
Employee benefits	382	75	154	0	0	612
Losses that can be carried forward for tax purposes	909	-16	0	0	0	893
Contract liabilities	2,257	-1,974	0	0	0	283
Other temporary differences	508	13	0	0	10	532
Total Deferred tax assets	**6,677**	**-1,233**	**177**	**0**	**14**	**5,635**

Deferred tax liabilities:	**31/12/2018**	**Allocations (Releases) Income statement**	**Allocations (Releases) Comprehensive income statement**	**Allocations (Releases) Shareholders' Equity**	**Reclassifications**	**31/12/2019**
Difference between the book values and the fair values of assets and liabilities acquired from business combinations	16,684	-1,816	0	0	0	14,868
Positive change in hedging financial instruments	0	0	2	0	0	2
Early and excess amortisation	187	-4	0	0	0	183
Other temporary differences	861	-392	0	0	41	510
Employee benefits	1	0	1	0	0	2
Deductible goodwill	215	-1	0	0	0	214
Contract liabilities	70	-47	0	0	-28	-4
Contract cost assets	228	-154	0	0	0	73
Total Deferred tax liabilities	**18,246**	**-2,414**	**3**	**0**	**14**	**15,848**
Net Balance	**-11,569**	**1,181**	**173**	**0**	**0**	**-10,214**

The decrease in *Deferred tax assets* is to be attributed primarily to the reversal, during the period, of the assets recognised at 1 January 2018, following the adoption of the IFRS 15 standard.

Deferred tax liabilities refer primarily to the fair value of assets emerging on the allocation of the excess cost paid in business combinations (€ 14,868 thousand), released during the period for € 1,816 thousand.

20. 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	31/12/2019	31/12/2018	Change
Contract obtainment cost assets	1,924	2,380	-456
Contract fulfilment cost assets	3,306	2,621	686
Non-current contract cost assets	**5,230**	**5,000**	**230**
Contract fulfilment cost assets	1,278	1,556	-278
Current contract cost assets	**1,278**	**1,556**	**-278**
Contract cost assets	**6,508**	**6,557**	**-48**

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 € 1,924 thousand at 31 December 2019 (versus € 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 2019 totalled € 6,135 thousand (€ 6,863 thousand in 2018) with no impairment losses on the capitalised costs 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.

N*on-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. The periodic release of Contract fulfilment cost assets relating to 2019, was equal to € 2,628 thousand (versus € 1,189 thousand in 2018), with no impairment losses on the capitalised costs recorded.

21. CONTRACT ASSETS

Contract assets of € 6,187 thousand at 31 December 2019 (€ 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 customers for project work and accrued trade assets.

22. TRADE AND OTHER RECEIVABLES

The item Trade and other receivables totalled € 91,109 thousand (€ 87,151 thousand at 31 December 2018) and can be detailed as follows:

in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Receivables from customers	93	212	-119
Deferred assets	1,188	565	623
Receivables from others	52	52	0
Trade receivables and other non-current receivables	**1,333**	**830**	**504**
Receivables from customers	81,855	78,022	3,833
Receivables from associated companies	247	2	245
Receivables from others	2,930	3,017	-86
VAT credit	215	75	141
Other tax receivables	483	833	-351
Deferred assets	4,045	4,372	-326
Trade and other current receivables	**89,775**	**86,321**	**3,454**
of which vs. Related Parties	***267***	***44***	***223***
Trade and other receivables	**91,109**	**87,151**	**3,958**

Receivables from customers are shown net of the related bad debts provision of € 6,105 thousand (€ 4,946 thousand at 31 December 2018).

The following table provides a breakdown of current trade receivables from customers at 31 December 2019, grouped by maturity brackets, gross and net of the related bad debts provision:

Amounts in thousands of Euro	**31/12/2019**	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	**87,960**	57,855	10,455	5,746	6,530	7,374
Bad debt provision	**6,105**	513	318	337	1,151	3,786
% Bad debt provision	**6.9%**	0.9%	3.0%	5.9%	17.6%	51.3%
Net value	**81,855**	57,342	10,137	5,409	5,379	3,588

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

Amounts in thousands of Euro	
Bad debts provision at 31 December 2018	**4,946**
Allocation 2019	2,560
Uses 2019	-1,401
Bad debts provision at 31 December 2019	**6,105**

The balance of *Receivables from others* at 31 December 2018 includes the receivable for contributions on research and development projects regarding EU funds still to be received by InfoCert for € 505 thousand (€

1,104 thousand at 31 December 2018); the remaining balance is due primarily to advances to suppliers and agents.

As regards *VAT receivable*, it should be noted that the companies of the Group (except for foreign companies, Warrant Service S.r.l., Promozioni Servizi S.r.l. and Innolva R.I. S.r.l.) are among the subjects toward which the split payment rule, under art. 17 of the President of the Republic Decree no. 633 of 26 October 1972, applies. As a result, VAT is not paid to those suppliers (who are not professionals subject to VAT) with instead required payments being made on a regular basis 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 refers primarily to the hardware and software services of the Digital Trust segment.

23. INVENTORIES

Inventories at 31 December 2019 amounted to € 1,145 thousand (€ 1,344 thousand at 31 December 2018) and can be broken down as follows:

in thousands of Euro	31/12/2019	31/12/2018	Change
Raw and ancillary materials and consumables	697	872	-175
Finished products and goods	447	472	-25
Inventories	**1,145**	**1,344**	**-200**

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 primarily attributable to the Digital Trust sector and relate to inventories of digital signature readers, smart cards and business keys.

24. OTHER CURRENT FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Other current financial assets amounted to € 6,593 thousand at 31 December 2019 (€ 8,186 thousand at 31 December 2018).

in thousands of Euro	31/12/2019	31/12/2018	Change
Guarantee deposits	4,000	4,000	0
Capitalisation insurance contracts	1,961	1,937	24
Other financial assets at fair value	0	1,595	-1,595
Other financial assets	632	655	-22
Other current financial assets	**6,593**	**8,186**	**-1,593**

During the period, the liquidation of financial assets at fair value was recognised for € 1,604 thousand in revenue.
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 LuxTrust S.A. (for further details, please refer to Note 17. *Investments*), pending definition of the balance to be paid.

25. CURRENT TAX ASSETS AND LIABILITIES

At 31 December 2019, the Group showed an overall net debt position for current taxes equal to € 2,156 thousand (net credit position of € 3,815 thousand at 31 December 2018) as detailed below:

in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Current tax assets	756	4,519	-3,764
of which vs. Related Parties	***322***	***458***	***-135***
Current tax liabilities	2,911	704	2,207
of which vs. Related Parties	***0***	***0***	***0***
Net current tax assets (liabilities)	**-2,156**	**3,815**	**-5,971**

The significant change in the balance of net current tax assets (€ -5,971 thousand compared to 2018), reflected in the flow of taxes paid during the year (€ 8,688 thousand in 2019, compared to € 19,345 thousand in 2018), was caused by trends in advances paid on the basis of the previous year's taxable amount.

To be noted is that starting in the year 2018 the Parent Company Tinexta S.p.A. opted, as the consolidating company, for national consolidated taxation pursuant to Art. 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.

Under *Assets and liabilities for current taxes* the credit toward the Controlling Shareholder Tecno Holding S.p.A. was recognised for receivables related to the tax income recognised by InfoCert S.p.A. for the fiscal facility under art. 1, paragraphs from 37 to 45, of the Law no. 190 of 23 December 2014 (so-called "Patent Box"), referring to the years 2015 and 2016 (for further details see Note *43. Taxes*) of which the tax consolidation (2015-2017) was with the Parent Company itself.

26. DERIVATIVE FINANCIAL INSTRUMENTS

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

Amounts in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Non-current financial assets for hedging derivatives	15	30	-15
Current financial assets for hedging derivatives	16	0	16
Non-current financial liabilities for hedging derivatives	262	217	45
Current financial liabilities for hedging derivatives	45	3	41
Liabilities for net hedging derivative financial instruments	**276**	**190**	**85**

The current *Derivative financial instruments* at 31 December 2019 refer to the contracts executed by the Group in order to hedge the risk of financial flow changes due to the fluctuations of the interest rates on a portion of the bank loans (for details, see Note *31*. *Financial liabilities, excluding derivative financial instruments*).

The table below provides details about the type of contract, notional value, loan hedged and fair value at 31 December 2019 of the current derivatives:

In thousands of Euro

Type	Loan hedged	Notional	Maturity date	Rate received	Rate paid	Fair value at 31/12/2019	Fair value at 31/12/2018
IRS	CA line A	4,225	31/12/2020	6-month Euribor	0.576%	-32	-71
IRS	CA line A	3,775	30/06/2023	6-month Euribor	0.600%	-71	-60
IRS	CA line A	1,675	31/12/2020	6-month Euribor	0.595%	-13	-28
IRS	CA line A	825	30/06/2023	6-month Euribor	0.640%	-22	-17
IRS	CA line C	15,000	31/12/2024	6-month Euribor	-0.220%	4	0
IRS	ISP Group	38,113	31/12/2025	6-month Euribor	-0.163%	10	0
Total Interest Rate Swap "hedging instruments"		**63,613**				**-122**	**-177**

In thousands of Euro

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Capped Swap	CA line B	8,750	30/06/2023	6-month Euribor	1.500%	-18	-21
Capped Swap	UBI	7,778	30/06/2023	6-month Euribor	1.500%	-15	-19
Total Capped Swap "hedging instruments"		**16,528**				**-33**	**-40**

In thousands of Euro

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Floor	CA line A	5,900	31/12/2020	6-month Euribor	0.001%	16	30
Floor	BNL	20,000	31/12/2025	6-month Euribor	-1.450%	-65	0
Total Floor Option "hedging instruments"		**25,900**				**-50**	**30**

In thousands of Euro

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Collar	ISP Group	11,887	31/12/2025	6-month Euribor	1.75%/-0.33%	-25	0
Collar	BNL	20,000	31/12/2025	6-month Euribor	1.00%/-0.30%	-46	0
Total Collar Options "Hedging instruments"		**31,887**				**-71**	**0**

In thousands of Euro

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Cap	Lease	0	01/04/2019	3-month Euribor	2.000%	0	-3
Total Cap Option "hedging instruments"		**0**				**0**	**-3**

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

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to € 33,600 thousand at 31 December 2019 (€ 35,136 thousand at 31 December 2018) and the breakdown is as follows:

Amounts in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Bank and postal deposits	33,533	35,058	-1,525
Cheques	14	19	-5
Cash and cash equivalents	53	59	-6
Cash and cash equivalents	**33,600**	**35,136**	**-1,536**

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.

28. SHAREHOLDERS' EQUITY

The approved, subscribed and paid-in Share Capital amounted to € 47,207,120 at 31 December 2019 and consists of 47,207,120 Ordinary Shares.

Consolidated Shareholders' Equity at 31 December 2019 amounted to € 149,426 thousand (€ 145,376 thousand at 31 December 2018) and can be analysed as follows:

Amounts in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Share capital	47,207	46,890	317
Legal reserve	3,112	2,031	1,081
Share premium reserve	55,439	54,678	761
Reserve from valuation of hedging derivatives	-241	-181	-60
Defined-benefits plan reserve	-846	-361	-485
Other reserves	12,714	6,210	6,504
Profit (loss) for the Group	28,182	32,351	-4,169
Total Consolidated Shareholders' Equity	**145,567**	**141,619**	**3,948**
Capital and reserves attributable to minority interests	3,263	3,170	92
Profit (loss) attributable to minority interests	597	586	10
Total Net Minority Interests	**3,859**	**3,757**	**103**
Total Shareholders' Equity	**149,426**	**145,376**	**4,050**

On 4 October 2019, the Share Capital of Tinexta S.p.A. increased by 317,000 Shares with no nominal value, in the amount of € 317 thousand, following the exercise of the right of conversion of the third and last tranche of the "*Warrant Tecnoinvestimenti 2016-2019*" held by the Shareholder Cedacri S.p.A. at the price of € 3.40 per Share for a total of € 1,078 thousand, of which € 761 thousand recognised under *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 Tecnoinvestimenti 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 26. *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 (for further details, see Note *30*. *Employee benefits*).

29. PROVISIONS

The Provisions, amounting to € 3,432 thousand at 31 December 2019 (€ 2,131 thousand at 31 December 2018) are detailed as follows:

Amounts in thousands of Euro	**31/12/2018**	**Provisions**	**Uses**	**Releases**	**Reclassifica-tions**	**31/12/2019**
Provision for pensions	950	195	-32	-9		1,103
Other non-current provisions	995	1,043	-91	-35	-3	1,909
Non-current provisions	**1,945**	**1,238**	**-123**	**-44**	**-3**	**3,013**
Provision for disputes with employees	186	410	-34	-145		417
Other current provisions	0				3	3
Current provisions	**186**	**410**	**-34**	**-145**	**3**	**420**
Provisions	**2,131**	**1,648**	**-157**	**-189**	**0**	**3,432**

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.*

Other non-current provisions include allocations for litigations with customers, agents and tax authorities, where the risk of losing is considered to be likely.

The item *Provision for disputes with employees* includes allocations for litigations with current employees or with employees whose work relationship was terminated as at 31 December 2019. Provisions for disputes with employees, net of releases, are recognised by nature in Personnel costs for an overall effect during the year of € 265 thousand.

Other information

In May 2019, the subsidiary Visura S.p.A. was subject to a personal data breach following which the Personal Data Protection Authority initiated an investigation of InfoCert S.p.A. requesting information and inspection operations to be carried out at the Company's office. It should not be excluded that these activities could lead to the opening of a sanctioning procedure by the Personal Data Protection Authority. At the reporting date, it is not possible to anticipate with certainty if a sanction will be imposed, and in that case, to provide an accurate estimate thereof.

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.

30. EMPLOYEE BENEFITS

Employee benefits, amounting to € 12,449 thousand at 31 December 2019 (€ 12,841 thousand at 31 December 2018) are detailed as follows:

Amounts in thousands of Euro	31/12/2019	31/12/2018	Change
Employee severance indemnity	11,813	11,159	654
Other non-current employee benefits	65	194	-128
Non-current employee benefits	**11,878**	**11,353**	**525**
Other current employee benefits	571	1,488	-917
Current employee benefits	**571**	**1,488**	**-917**
Employee benefits	**12,449**	**12,841**	**-392**

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:

Amounts in thousands of Euro	2019	2018	Change
Liabilities at the beginning of the year	**11,159**	**10,322**	**837**
Change in scope of consolidation (acquisitions)	0	289	-289
Current service cost	1,445	1,291	153
Financial charges	159	127	32
Benefits paid	-1,589	-824	-766
Actuarial (profits)/losses recognised in the year	639	-47	686
Liabilities at the end of the year	**11,813**	**11,159**	**654**

The details of the economic and demographic assumptions used for the purposes of the actuarial calculations are provided below:

Parameters	31/12/2019	31/12/2018
Discount rate	0.77%	1.57%
Inflation rate	1.20%	1.50%
TFR rate of increase	2.40%	2.625%
Real rate of increase in wages	0.5 - 1%	0.5 - 1%
Expected mortality rate	RG48 from General Accounting Office	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender	INPS tables broken down by age and gender
Resignations expected	10% - 2%	10% - 2%
Advances expected	1.0% - 2.5%	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 previously described 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 thousands of Euro	31/12/2019
Turnover rate +1%	11,692
Turnover rate -1%	11,956
Inflation rate +0.25%	12,025
Inflation rate -0.25%	11,612
Discount rate +0.25%	11,541
Discount rate -0.25%	12,101

The item *Other employee benefits* at 31 December 2019 includes the provision relating to a long-term incentive program for the management of InfoCert S.p.A., expected to be paid in 2019 (€ 571 thousand) and in 2020 (€ 65 thousand).

During the year, all the options related to the virtual Stock Options Plan assigned by the Board of Directors of the Company on 14 November 2016 to the key executives, aimed at disbursing the deferred amount corresponding to the growth in value of the Company's shares, were exercised. The disbursement amounted to € 4,638 thousand against the costs recognised in the period for € 3,577 thousand. There will be no other costs associated with this plan in the future.

31. 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	**31/12/2019**	**31/12/2018**	**Change**
Current portion of bank loans	23,752	12,033	11,719
Non-current portion of bank loans	90,552	45,706	44,846
Other current bank payables	2,952	8,099	-5,147
Liabilities for the purchase of Minority interests, current	17,950	42,815	-24,865
Liabilities for the purchase of Minority interests, non-current	0	16,255	-16,255
Liabilities for current contingent consideration	7,741	1,227	6,514
Liabilities for non-current contingent consideration	0	0	0
Current price deferment liabilities	2,830	2,706	123
Non-current price deferment liabilities	5,388	8,029	-2,641
Liabilities to Controlling Shareholder for current loans	0	25,252	-25,252
Liabilities for the purchase of current leased assets	3,898	146	3,752
Liabilities for the purchase of non-current leased assets	11,098	675	10,423
Current payables to other lenders	2,879	5,102	-2,224
Non-current payables to other lenders	1	2	-1
Current financial liabilities	**62,001**	**97,380**	**-35,379**
of which vs. Related Parties	**578**	**25,252**	***-24,674***
Non-current financial liabilities	**107,039**	**70,667**	**36,372**
of which vs. Related Parties	***1,458***	***0***	***1,458***
Total financial liabilities	**169,040**	**168,047**	**993**

The expiry of non-current financial liabilities is expected within 5 years from the date of the Financial Statements in the amount of € 12,077 thousand, of which € 9,795 thousand for bank loans, € 147 thousand for price deferments and € 2,135 thousand for leases. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2019, classified according to the contractual maturity:

Amounts in thousands of 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 31/12/2019**
Bank loans	23,752	23,999	24,669	19,913	12,176	9,795	**114,304**
Other current bank payables	2,952						**2,952**
Liabilities for the purchase of Minority interests	17,950						**17,950**
Liabilities for contingent consideration	7,741						**7,741**
Price deferment liabilities	2,830	2,614	1,231	1,249	147	147	**8,218**
Liabilities to Controlling Shareholder for loans	0						**0**
Lease liabilities	3,898	3,428	2,649	1,558	1,329	2,135	**14,996**
Liabilities to other lenders	2,879	1					**2,880**
Total financial liabilities	**62,001**	**30,041**	**28,549**	**22,720**	**13,652**	**12,077**	**169,040**

Bank loans

The following is a breakdown of the *Bank loans* at 31 December 2019 with evidence of the current and non-current portion of their book value which will include the effects of the valuation at amortised cost.

Bank loans *In thousands of Euro*	**Counterparty**	**Rate**	**Maturity date**	**Nominal amount**	**Book value**	**Current portion**	**Non-current portion**
CA line A loan	Crédit Agricole	6-month[1] Euribor + spread 1.30%[2]	30/06/2023	17,500	16,996	4,760	12,236
CA line B loan	Crédit Agricole	6-month[1] Euribor + spread 1.60%[2]	30/06/2023	13,125	13,055	3,718	9,338
UBI loan	UBI Banca	6-month[1] Euribor + spread 1.60%[2]	30/06/2023	7,778	7,724	2,198	5,527
BPS loan	Banca Popolare di Sondrio	6-month[1] Euribor + spread 1.25%[2]	31/12/2023	8,000	7,927	1,970	5,958
Credem loan	Credem	6-month Euribor + spread 1.20%	30/01/2024	4,101	4,083	983	3,100
CA line C loan	Crédit Agricole	6-month Euribor + spread 1.35%[2]	31/12/2024	15,000	14,854	2,950	11,904
ISP Group loan	Intesa Sanpaolo Group	6-month Euribor + spread 1.40%	31/12/2025	50,000	49,226	6,755	42,472
Other minor loans				439	437	419	18
				115,942	**114,304**	**23,752**	**90,552**

[1] Floor at 0 on 6-month Euribor

[2] Spread subject to change on the NFP/EBITDA parameter defined contractually

The **Crédit Agricole line A1, A2 and 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 was lead bank. The main terms of the contract are as follows: maturity on 30 June 2023, repayment of semi-annual equal instalments of principal and interest settled at the variable 6-month Euribor rate plus a margin of 130 bps; the applicable margin is updated every six months based on the ratio of NFP (i.e. Net Financial Position) 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 **Crédit Agricole line B loan** available on request for € 15 million and fully used for € 10 million to cover the investment in Warrant Hub S.p.A. in 2017, and for a further € 5 million on 29 October 2018 to support the acquisition of Promozioni Servizi S.r.l. The main terms of the contract are as follows: maturity on 30 June 2023, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 30 June 2019) and interest settled at the variable 6-month Euribor rate plus a margin of 160 bps; the applicable margin is updated every six months 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 **Crédit Agricole line C loan** available on request for € 15 million and fully used at 31 December 2019 million to meet the financial commitment deriving from the repayment of the loan with the Controlling Shareholder Tecno Holding S.p.A. The main terms of the contract are as follows: maturity on 31 December 2024, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 31 December 2019) and interest settled at the variable 6-month Euribor rate plus a margin of 135 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 Margin 150 bps; NFP/EBITDA ≤ of 2 and > 1.5 Margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps.

On the Crédit Agricole 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 2019, these parameters were respected.

The **Intesa Sanpaolo Group loan** available on request for a total of € 50 million and fully drawn down on 31 December 2019 in order to support the planned investments for the acquisition of the minority stakes in subsidiaries based on the Put options exercised (for details see the section *Liabilities for the purchase of Minority interests*), as well as to meet the financial commitment deriving from extinguishment of the loan with the Controlling Shareholder Tecno Holding S.p.A. The loan makes provision for the 6-month Euribor rate plus 140 bps. Starting from 31 December 2019 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. Principal will be repaid in increasing half-yearly instalments starting from 30 June 2020, maturing on 31 December 2025, and interest will be paid on a half-yearly basis starting from 31 December 2019.

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 the 6-month Euribor plus 160 bps and requires repayment of principal in equal 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 every six months 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 2019, 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 27 November 2018 at 6-month Euribor plus 140 bps and requires repayment of principal in equal 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 every six months 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 2019, these parameters were respected.

Credem Loan for an original amount of € 5 million to support the acquisition of Lux Trust S.A. The loan was disbursed on 29 January 2019 at the 6-month Euribor plus 120 bps and requires repayment of principal in increasing half-yearly instalments starting from 28 February 2019 and maturing on 30 January 2024, with interest paid on a monthly basis starting from 28 February 2019.

On **20 December 2019,** Tinexta S.p.A. took a loan in the amount of € 20 million from BNL Gruppo BNP Paribas to finance the planned acquisitions of the minority shares of some subsidiaries. The floating rate loan, maturing on 31 December 2025, was not yet used at 31 December 2019.

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 thousands of Euro	**31/12/2018**	**Disbursements**	**Principal payments**	**Interest paid**	**Accrued interest**	**31/12/2019**
Bank loans	**57,739**	68,992	-12,907	-1,367	1,848	**114,304**

Disbursements for the period refer to the **Crédit Agricole line C**, **Gruppo Intesa Sanpaolo** and **Credem loans** for a nominal € 70 million, net of the incurred transaction costs. Interests include € 505 million of charges accrued by applying the effective interest criterion.

Other current bank payables

Other current bank payables amounted to € 2,952 thousand at 31 December 2019 (€ 8,099 thousand at 31 December 2018) and are composed primarily of bank current account overdrafts. The substantial decrease compared to the previous year relates to the extinguishment of a short-term line of credit of € 5 million for advances on invoices covered by the **Credem loan**.

Liabilities for the purchase of Minority interests

The item *Liabilities for the purchase of minority shares* includes the liabilities for Put options granted by the Group to the non-controlling shareholders of Warrant Hub S.p.A. (9.75%), Re Valuta S.p.A. (11.875%) and Sixtema S.p.A. (20%). 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 2019, 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 (7.35%).

Amounts in thousands of Euro	**31/12/2019**	*31/12/2019*		**31/12/2018**	*31/12/2018*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Warrant Hub Put Options	**14,125**	*14,125*		**36,839**	*20,584*	*16,255*	**-22,715**
Re Valuta Put Options	**2,271**	*2,271*		**1,821**	*1,821*		**450**
Sixtema Put Options	**1,554**	*1,554*		**1,465**	*1,465*		**89**
Co.Mark Put Options	**0**			**4,979**	*4,979*		**-4,979**
Visura Put Options	**0**			**13,965**	*13,965*		**-13,965**
Total Liabilities for the purchase of Minority interests	**17,950**	*17,950*	*0*	**59,070**	*42,815*	*16,255*	**-41,120**

On 30 April 2019, the option rights were exercised by the minority shareholders for 20.25% of the share capital of Warrant Hub S.p.A.; therefore, Tinexta holds 90.25% of the share capital of Warrant Hub. The consideration for the purchase of the 9.75% stake was therefore € 14,881 thousand. For the purchase of an additional 10.5% of the capital, an amount of roughly € 8,013 thousand was paid on the same date (calculated on 50% of the shares acquired), and for the remaining portion, reclassified to Liabilities for contingent consideration, an amount will be paid in 2020 based on the 2019 results, by applying a multiple to the annual EBITDA of the consolidated financial statements of Warrant Hub, taking into account the net financial position and based on the growth rates recorded; the options on the remaining part of the capital (9.75%) may be exercised in 2020.

In 2019 the *Put* options were executed on the residual 10% of the share capital of Co.Mark S.p.A. in the amount of € 5,219 thousand and on the residual 40% of the share capital of Visura S.p.A. for € 15,372 thousand.

Liabilities for contingent consideration

Liabilities for contingent consideration linked to acquisitions were determined at the present value of the amount to be paid at the contractual expiries, if said amount is envisaged after 12 months before the recognition.

Amounts in thousands of Euro	**31/12/2019**	*31/12/2019*		**31/12/2018**	*31/12/2018*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Warrant Hub contingent consideration (Earn out)	**7,741**	*7,741*		**0**			**7,741**
Sixtema contingent consideration (Earn out)	**0**			**1,227**	*1,227*		**-1,227**
Total liabilities for contingent consideration (Earn out)	**7,741**	**7,741**	**0**	**1,227**	**1,227**	**0**	**6,514**

Changes in contingent consideration (Earn Out) are recognised in the Income Statement under *Financial charges.* Note should be taken, in the period, of the reclassification from *Liabilities for the purchase of Minority interests* of the contingent consideration calculated on 50% of the tranche of shares acquired of 10.5% of Warrant Hub S.p.A. The potential consideration will be paid in 2020 based on the 2019 results, by applying a multiple to the annual EBITDA of the consolidated Financial Statements of Warrant Hub, taking into account the net financial position and based on the growth rates recorded.

Also note the payment, during the period, to the selling shareholders of Sixtema of the contingent consideration totalling € 1,347 thousand.

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., Warrant Hub S.p.A., Comas S.r.l. and Webber S.r.l., Promozioni Servizi S.r.l. and Eurofidi for the sale of the business unit.

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	**31/12/2018**	**Principal payments**	**Interest paid**	**Accrued interest**	**31/12/2019**
Price deferment liabilities	**10,736**	-2,472	-210	164	**8,218**

Liabilities to Controlling Shareholder for loans

Note should be taken, in the period, of the extinguishment of the loan of € 25 million, in the times provided contractually, granted by the Controlling Shareholder Tecno Holding S.p.A. in two tranches in 2016. The extinguishment was financed through the use of the **Crédit Agricole line C and Intesa Sanpaolo Group** loans.

The changes in Liabilities to Controlling 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	**31/12/2018**	**Principal payments**	**Interest paid**	**Accrued interest**	**31/12/2019**
Liabilities to Controlling Shareholder for loans	**25,252**	-25,000	-497	245	**0**

Liabilities for the purchase of leased assets

Lease liabilities includes the present value of the payments due on the leases falling under the application of IFRS 16 adopted by the Group starting from 1 January 2019. The balance at 31 December 2018 was represented exclusively by the finance lease liabilities within the scope of application of IAS 17. The adoption at 1 January 2019 of the afore-mentioned IFRS 16 standard involved the recognition of greater financial leasing liabilities for € 15,044 thousand with, as a counter entry, the recognition under Property, plant and equipment of the assets for rights of use.

The changes in Lease 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	**31/12/2018**	**FTA IFRS 16**	**New leases**	**Principal payments**	**Interest paid**	**Accrued interest**	**Other changes *no cash-flow***	**31/12/2019**
Lease liabilities	**820**	15,044	2,734	-3,405	-314	377	-260	**14,996**

Other no cash-flow changes include adjustments to lease Liabilities for changes in *Lease liabilities* (e.g. ISTAT adjustments), extensions and early terminations.

Payables to other lenders

Payables to other lenders amounted to € 2,880 thousand (€ 5,104 thousand at 31 December 2018). The item includes € 565 thousand in liabilities of 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 (€ 2,838 thousand at 31 December 2018). The item includes € 1,792 thousand in prepaid amounts paid by customers to purchase stamps and fees not yet used at the date of 31 December 2019 (€ 1,735 thousand at 31 December 2018) and € 515 thousand in payables to customers for amounts recovered to be returned as part of credit recovery activities of the Credit Information & Management Business Unit (€ 506 thousand at 31 December 2018).

32. TRADE AND OTHER CURRENT PAYABLES

The item Trade and other current payables totalled € 54,953 thousand (€ 53,318 thousand at 31 December 2018) and can be detailed as follows:

Amounts in thousands of Euro	**31/12/2019**	**31/12/2018**	**Change**
Payables to suppliers	32,553	29,776	2,777
Payables to Controlling Shareholder	130	97	33
Payables to associated companies	45	144	-99
Payables to employees	10,048	10,455	-407
Due to social security institutions	5,981	5,607	374
VAT liability	3,398	4,137	-738
Payable for withholding taxes to be paid	2,423	2,733	-309
Due to others	375	370	5
Trade and other current payables	**54,953**	**53,318**	**1,635**
of which vs. Related Parties	***205***	***274***	***-69***

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.

33. CONTRACT LIABILITIES

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 customers 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.

This item amounted to a total of € 45,902 thousand (€ 48,982 thousand at 31 December 2018). *Contract liabilities* at 31 December 2018 generated an income for the year in the amount of € 40,999 thousand; following are changes occurring to the item.

Amounts in thousands of Euro	**31/12/2018**	**Decreases revenues 2019**	**Other decreases**	**Increases**	**Reclassifications**	**31/12/2019**
Non-current contract liabilities	8,395	0	0	2,180	-2,395	**8,180**
Current contract liabilities	40,587	-40,999	-600	36,339	2,395	**37,722**
Contract liabilities	**48,982**	**-40,999**	**-600**	**38,519**	**0**	**45,902**

34. DEFERRED INCOME

The item *Deferred income* totalled € 1,818 thousand (€ 690 thousand at 31 December 2018) and includes primarily prepayment and deferrals for government grants.

Information on the Comprehensive Income Statement

With respect to 2018, the consolidated economic data for 2019:

- include the balances, for the first four months, of Camerfirma S.A. and Camerfirma Perù S.A.S. (Digital Trust segment), consolidated as of 1 May 2018;
- include the balances for the first half of the year of Comas S.r.l. and Webber S.r.l. (Credit Information & Management segment), consolidated as of 1 July 2018;
- include the balances, for the first ten months, of Promozioni Servizi (Credit Information & Management segment), consolidated as of 1 November 2018;
- do not include the balances for the first five months of Creditreform Assicom Ticino SA, now Creditreform GPA 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.

It should be noted that, as already commented on in Note *13. Business Combinations* in relation to the completion of activities for the identification of the fair values of the assets and liabilities of Comas S.r.l., Webber S.r.l., and Promozioni Servizi S.r.l., at the acquisition date, the comparative balances of 2018 were re-determined as follows:

In thousands of Euro	**2018**	**Completion of Business Combination Comas and Webber**	**Completion of Business Combination - Promozioni Servizi**	**2018 Restated**
Revenues	**239,618**	**0**	**0**	**239,618**
Costs of raw materials	5,893			5,893
Service costs	80,900			80,900
Personnel costs	76,714			76,714
Contract costs	8,052			8,052
Other operating costs	2,100			2,100
Amortisation/depreciation	14,959	181	55	15,195
Provisions	303			303
Impairment	2,546			2,546
Total Costs	**191,468**	**181**	**55**	**191,703**
OPERATING PROFIT	**48,150**	**-181**	**-55**	**47,914**
Financial income	313			313
Financial charges	2,833			2,833
Net financial income (charges)	**-2,519**	**0**	**0**	**-2,519**
Share of profit of equity-accounted investments, net of tax	106			106
PROFIT BEFORE TAX	**45,737**	**-181**	**-55**	**45,501**
Income taxes	12,629	-50	-15	12,564
NET PROFIT FROM CONTINUING OPERATIONS	**33,107**	**-130**	**-40**	**32,938**
Profit (loss) from discontinued operations	0			0
NET PROFIT	**33,107**	**-130**	**-40**	**32,938**

Starting on 1 January 2019, the Group has adopted the IFRS 16 standard "*Leases*" which involved changes to the recognition of leases. The 2018 comparative data have not been restated, while the data for the period under review reflect the application of the aforementioned standard. In order to ensure effective comparability with previous economic results, the effects on the comparative analyses deriving from the application of IFRS 16 adopted from 1 January 2019 are explained.

35. REVENUES

In 2019, Revenues totalled € 258,723 thousand (€ 239,618 thousand in 2018). Revenues rose compared with the previous period by 8.0%, of which 5.5% due to organic growth and 2.5% to the change in the scope of consolidation.

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Revenues from sales and services	256,450	236,526	19,924
Other revenues and income	2,273	3,092	-819
Revenues	**258,723**	**239,618**	**19,105**
of which vs. Related Parties	***71***	***571***	***-500***
of which non-recurring	***0***	***916***	***-916***

The following table summarises details of Revenues by business segment:

Amounts in thousands of Euro	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		***Other sectors (Parent Company)***		***Total***	
	2019	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**	**2019**	**2018**
Segment revenues	107,266	94,896	72,566	74,611	79,824	70,707	1,357	780	261,013	240,994
Intra-segment revenues	611	251	280	320	43	26	1,357	780	2,291	1,377
Revenues from third parties	**106,655**	**94,645**	**72,286**	**74,291**	**79,781**	**70,681**	**0**	**0**	**258,723**	**239,618**

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.

Amounts in thousands of Euro	**2019**				**2018**			
	Digital Trust	*Credit Information & Management*	*Innovation & Marketing Services*	**Total**	*Digital Trust*	*Credit Information & Management*	*Innovation & Marketing Services*	**Total**
Italy	99,280	71,685	77,501	248,466	89,129	72,560	69,219	230,908
EU	5,887	122	1,184	7,193	3,177	252	1,310	4,740
Non-EU	591	188	11	791	421	428	30	878
Total by Geographical area	*105,758*	*71,996*	*78,696*	**256,450**	*92,727*	*73,241*	*70,558*	**236,526**
Digital Trust products	47,091			47,091	43,912			43,912
Digital Trust solution	32,464			32,464	22,662			22,662
Data distribution platforms, software and electronic services	26,203			26,203	26,153			26,153
Commercial information and credit recovery		44,644		44,644		44,544		44,544
Real estate information and real estate appraisal services		27,352		27,352		28,696		28,696
Marketing consulting			16,722	16,722			18,091	18,091
Innovation consulting			53,742	53,742			42,596	42,596
Other innovation services			8,232	8,232			9,871	9,871
Total by type of product/service	*105,758*	*71,996*	*78,696*	**256,450**	*92,727*	*73,241*	*70,558*	**236,526**

* For more detailed information on product/service categories, please refer to Note *8. Measurement criteria - Revenues.*

Other revenues and income

Amounts in thousands of Euro	2019	2018	Change
Government grants	1,589	1,466	123
Capital gains on the sale of assets	14	183	-169
Rental income on investment property	62	12	50
Other	608	1,432	-824
Other revenues and income	**2,273**	**3,092**	**-819**

In 2018, *Other revenues and income* totalled € 2,273 thousand (€ 3,092 thousand in 2018). To be noted is that *Non recurrent revenue* recognised under this item amounted to € 916 thousand in the previous year.

36. COSTS OF RAW MATERIALS

Costs of raw materials in 2019 amounted to € 8,087 thousand (€ 5,893 thousand in 2018) 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 37.2% compared to the same period of the prior year, of which 30.3% due to organic increase and 6.9% to the changes in the scope of consolidation.

Amounts in thousands of Euro	2019	2018	Change
Hardware, software	7,898	6,165	1,733
Production consumption	0	4	-4
Change in inventory of raw and ancillary materials, consumables and goods	189	-275	464
Costs of raw materials	**8,087**	**5,893**	**2,193**

37. SERVICE COSTS

In 2019, *Service costs* totalled € 84,194 thousand (€ 80,900 thousand in 2018). Service costs rose compared to the prior year by 4.1%, of which 5.9% due to organic increase, 2.3% to the change in the scope of consolidation and -4.1% to the adoption of IFRS 16 from 1 January 2019. The amount would have been € 87,527 thousand if the Group had not adopted IFRS 16, mainly due to the effect of the costs relating to lease payments on properties and vehicles that would have been recognised under *Costs for use of third-party assets.*

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Technical services	28,219	22,871	5,348
Purchase of access to databases	21,706	23,525	-1,818
Advertising, marketing and communication	4,266	3,366	901
Specialist professional services	4,078	3,200	878
Costs for use of third-party assets	3,601	8,058	-4,457
Travel, assignments, and lodging expenses	3,564	3,502	61
Costs for agent network	3,345	3,232	113
Maintenance costs	3,305	2,514	791
Consultancy	2,563	1,643	920
Help desk services	2,359	1,853	507
IT structure costs	1,981	1,209	773
Network and connectivity costs	1,760	1,566	195
Utilities and telephone costs	1,471	1,381	90
Banking costs	933	818	115
Insurance	624	591	33
Independent auditors' fees for audit and other services	516	405	111
Statutory auditors' fees	426	421	5
Other service costs	3,609	3,670	-61
Capitalised service costs	-4,132	-2,923	-1,209
Service costs	**84,194**	**80,900**	**3,293**
of which vs. Related Parties	***1,366***	***2,037***	***-671***
of which non-recurring	***1,383***	***660***	***723***

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 € 15,495 thousand for Digital Trust (€ 10,442 thousand in 2018), € 3,737 thousand for Credit Information & Management (€ 4,297 thousand in 2018) and € 8,986 thousand for Innovation & Marketing Services (€ 8,132 thousand in 2018).

Costs for use of third-party assets at 31 December 2019 include € 3,172 thousand in costs of instalments and software licences, € 416 thousand in instalments on property and vehicle leases for which the terms of the lease are less than 12 months or which is expected to expire within 12 months of the date of the initial application of IFRS 16 (1 January 2019) and € 13 thousand in instalments on low value assets.

Capitalised service costs refer for € 2,256 thousand to costs incurred for *fulfilling contract obligations* for the external costs incurred 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. Additional capitalised costs refer to software development activities, in particular in *Digital Trust*.

Non-recurring service costs incurred in 2019 amounted to € 1,383 thousand, recognised primarily under *Consultancy, o*f which € 1,130 thousand for charges tied to activities for the implementation of the new operating model of the Group.

38. PERSONNEL COSTS

In 2019, *Personnel costs* totalled € 83,322 thousand (€ 76,714 thousand in 2018). Personnel costs rose compared to the prior year by 8.6%, of which 6.3% due to organic growth, 2.6% to the change in the scope of consolidation and -0.3% to the adoption of IFRS 16 from 1 January 2019. The amount would have been € 83,528 thousand if the Group had not adopted IFRS 16, mainly due to the effect of the costs relating to lease payments on properties and vehicles that would have been recognised under *Other personnel costs*.

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Wages and salaries	54,360	51,502	2,858
Social security contributions	16,406	15,252	1,154
Employee severance indemnity	3,532	3,327	205
Retirement incentives	578	386	192
Provisions for disputes with personnel	265	10	255
Stock options Cost	3,577	368	3,209
Other personnel costs	3,060	3,278	-218
Capitalised personnel costs	-3,240	-1,992	-1,248
Directors' Cost	4,203	3,918	285
Ongoing partnerships	581	665	-83
Personnel costs	**83,322**	**76,714**	**6,608**
of which non-recurring	***239***	***513***	***-274***

The number of employees at 31 December 2019 is shown below along with the average number of employees in 2019 compared with the average number of employees in 2018.

Number of employees	***31/12/2019***	**Average 2019**	**Average 2018**
Senior Management	38	36	34
Middle Management	169	172	170
Employees	1,086	1,064	1,032
Total	**1,293**	**1,272**	**1,236**

Stock Option Costs included the cost for the year of € 3,577 thousand relating to the liability associated with the Virtual Stock Option Plan assigned by the Board of Directors of the Parent Company on 14 November 2016 to key executives, aimed at the payment of deferred amounts corresponding to the increase in the value of the Tinexta Shares. The cost for the period is affected by the significant increase in shares recorded in 2019 up to the exercise of the options, occurring in July and August. There will be no other costs associated with this plan in the future.

Capitalised personnel costs refer for € 1,356 thousand to *costs incurred for fulfilling contract obligations* for personnel costs sustained in *Digital Trust* in order to implement "ad hoc" customer platforms to provide a series of services within a time frame of over twelve months, and for 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. Additional capitalised costs refer to software development activities, in particular in *Digital Trust*.

Non-recurring personnel costs recorded in the year refer to the restructuring expenses incurred as part of the termination of employment contracts linked to the Eurofidi business unit.

39. CONTRACT COSTS

The item *Contract costs* 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 *20. Contract cost assets*).

Amounts in thousands of Euro	2019	2018	Change
Contract obtainment costs	6,135	6,863	-728
Contract fulfilment costs	2,628	1,189	1,439
Contract costs	**8,763**	**8,052**	**711**

40. OTHER OPERATING COSTS

In 2019, *Other operating costs* totalled € 3,070 thousand (€ 2,100 thousand in 2018), of which € 2 thousand with respect to Related parties. Other operating costs rose compared to the prior year by 46.2%, of which 38.6% due to organic increase and 7.5% to the change in the scope of consolidation. These costs refer to items of a residual nature, the most significant of which include: sundry taxes and duties (€ 570 thousand) and membership fees, donations and gifts (amounting to € 384 thousand). *Other non-recurring operating costs* recognised during the period are linked to the cyberattack suffered in May 2019.

41. AMORTISATION/DEPRECIATION, PROVISIONS AND IMPAIRMENT

Details of depreciation/amortisation, provisions and impairment line items are summarised below:

Amounts in thousands of Euro	2019	2018	Change
Depreciation of property, plant and equipment	6,669	3,440	3,229
of which leased	*3,641*	*97*	*3,544*
Amortisation of intangible assets	13,547	11,751	1,796
Depreciation of investment property	44	4	40
Amortisation/depreciation	**20,259**	**15,195**	**5,065**
Provisions	**969**	**303**	**666**
Impairment	**2,560**	**2,546**	**13**

Amortisation and depreciation in 2019 amounted to € 20,259 thousand (€ 15,195 thousand in 2018), of which € 6,669 thousand referring to Property, plant and equipment (€ 3,641 thousand on rights of use), € 13,547 thousand to *Intangible assets*, and € 44 thousand to *Investment property*. The adoption of IFRS 16 involved the recognition of higher depreciation on *Property, plant and equipment* of € 3,421 thousand. For further details regarding the breakdown of amortisation/depreciation, reference is made to Notes 14, 15 and 16.

Regarding the nature of *Provisions* for the period, reference is made to Note 28. *Provisions*.

The item *Impairment* in the period (€ 2,560 thousand) refers entirely to the expected losses on trade receivables (in this regard, please refer to Note 22. *Trade and other receivables)*.

42. NET FINANCIAL INCOME (CHARGES)

Net financial charges totalled € 4,149 thousand (€ 2,519 thousand in 2018). The amount would have been € 3,809 thousand if the Group had not adopted IFRS 16 from 1 January 2019.

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Financial income	304	313	-9
of which non-recurring	*148*	*138*	*10*
Financial charges	4,453	2,833	1,621
of which vs. Related Parties	*307*	*500*	*-193*
Net financial income (charges)	**-4,149**	**-2,519**	**-1,630**

Financial income

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Exchange gains	42	17	25
Income on financial assets at amortised cost	31	11	20
Positive adjustment to financial instruments at fair value	26	89	-63
Bank and postal interest	12	16	-4
Income on derivatives	3	13	-10
Positive adjustment to the fair value of contingent consideration	0	2	-2
Other financial income	190	166	24
Financial income	**304**	**313**	**-9**
of which non-recurring	***148***	***138***	***10***

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., now Creditreform GPA Ticino S.A.

Positive adjustment to the fair value of financial instruments is related to insurance capitalisation contracts, as per *Notes 18 and 24*, as well as to *Other financial assets at fair value* liquidated during the year, as per *Note 24*.

Non-recurring financial income 2019 includes the capital gain of € 148 thousand recognised as a result of disposal of the stake in Moxoff S.r.l. (for details, see Note *17. Equity investments*).

Financial charges

Amounts in thousands of Euro	**2019**	**2018**	**Change**
Negative adjustment to the fair value of contingent consideration	1,453	509	944
Interest expenses on bank loans	1,343	724	619
Amortised cost adjustment on bank loans	505	480	25
Interest expenses on leases	377	31	346
Interest expenses to Controlling Shareholder for loans	245	500	-255
Interest expenses on payment deferments	175	202	-27
Financial component of employee benefits	159	127	32
Charges on hedging derivatives	115	111	3
Exchange losses	66	46	21
Negative adjustment to financial instruments at fair value	0	81	-81
Other interest expenses	10	17	-6
Other financial charges	5	5	0
Financial charges	**4,453**	**2,833**	**1,621**
of which vs. Related Parties	***307***	***500***	***-193***

Negative adjustment to the fair value of contingent consideration is affected by the adjustment of the estimated price to be paid to the selling shareholders of Warrant Hub S.p.A. in 2020, as well as the price adjustment paid during the year to the selling shareholders of Sixtema S.p.A. For details, see Note *31*. *Financial liabilities*.

The increase in *Interest expenses on bank loans* reflected the increase in the bank debt compared with the previous year. The total financial charges for the year related to bank loans also included € 505 thousand for expenses accrued by applying the effective interest criterion, and € 115 thousand for *Charges on hedging derivatives* (the ineffective component amounted to € 16 thousand and related to the Time Value component on the options pursuant to Note *26*. *Derivative financial instruments*).

Interest expenses on leases include higher interest of € 340 thousand, recognised due to the adoption of IFRS 16 at 1 January 2019.

The decrease in *Interest expenses to Controlling Shareholder for loans* was affected by the extinguishment of the loan of € 25 million, in the times set out contractually, granted by the Controlling Shareholder Tecno Holding S.p.A. in two tranches in 2016.

43. INCOME TAXES

In 2019, the income tax expense totalled € 13,432 thousand, and can be detailed as follows:

Amounts in thousands of Euro	**2019**	**2018**	**Change**
IRES	11,837	10,006	1,831
IRAP	2,803	2,327	476
Current foreign taxes	67	71	-4
Deferred tax liabilities	-2,414	-2,030	-384
Deferred tax assets	1,233	3,365	-2,132
Income taxes related to previous years	-93	-778	685
Proceeds from tax consolidation	0	-397	397
Income taxes	**13,432**	**12,564**	**868**
of which non-recurring	***-706***	***-1,183***	***477***

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 *19*. *Deferred tax assets/liabilities.*

The item *Deferred tax assets* includes releases of assets allocated at 1 January 2018 following introduction of IFRS 15.

Non-recurring components include the tax effect on non-recurring components of Profit before tax (amounting to € -408 thousand between IRES and IRAP) as well as the income recognised for the "Patent Box" benefit of € 298 thousand. 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. Given the above, the Company has determined the effects of this agreement and to recognise in the Financial Statements, under taxes, the estimated benefit for the current period.

The tax rate on *Profit before tax* is 31.8%, up compared with the previous year (27.6%), due to the benefit of the afore-mentioned "Patent Box" whose impact in 2018, of 1,158 thousand Euro, was greater since it covered multiple periods (2015-2018), in terms of both the effect of negative items recognised in 2019 which are substantially non-deductible; among these are the *Results from investments, recognised based on the net equity method* (€-1,139 thousand) and *Negative adjustment to the fair value of contingent consideration* (€ -1,453 thousand) recognised under *Financial charges*.

Additional information

44. 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):

	2019	2018
Group Net Profit (*thousands of Euro*)	28,182	32,351
Weighted average number of outstanding Ordinary Shares	46,966,547	46,642,599
Basic earnings per share (*Euro*)	0.60	0.69

The diluted earnings in 2018, of € 0.69 per share, included the effects of the warrants "Tecnoinvestimenti 2016-2019" for a total of 317,000 shares, subscribed by the Shareholder Cedacri S.p.A.. The diluted earnings of 2019 equalled the basic EPS since all warrants have beenere exercised by the Shareholder.

	2019	2018
Group net profit (*thousand Euro*)	28,182	32,521
Diluted weighted average number of shares	46,966,547	46,793,733
Diluted earnings per share (*Euro*)	0.60	0.69

45. 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 2019 and the relative comparative figures at 31 December 2018:

	31/12/2019							
Amounts in thousands of Euro	**Non-current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Non-current financial liabilities**	**Non-current contract liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current contract liabilities**
Controlling Shareholder	8	322	20	399		69	130	
Associated companies			247		81		45	123
Other Related Parties				1,058		509	30	
Total Related Parties	***8***	***322***	***267***	***1,458***	***81***	***578***	***205***	***123***
Total financial statement item	**1,149**	**756**	**89,775**	**107,039**	**8,180**	**62,001**	**54,953**	**37,722**
% Incidence on Total	*0.7%*	*42.7%*	*0.3%*	*1.4%*	*1.0%*	*0.9%*	*0.4%*	*0.3%*
	31/12/2018							
Amounts in thousands of Euro	**Non-current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Non-current financial liabilities**	**Non-current contract liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current contract liabilities**
Controlling Shareholder	8	458	20			25,252	97	0
Associated companies			2				144	
Other Related Parties			21				33	
Total Related Parties	***8***	***458***	***44***	***0***	***0***	***25,252***	***274***	***0***
Total financial statement item	**1,123**	**4,519**	**86,321**	**70,667**	**8,395**	**97,380**	**53,318**	**40,587**
% Incidence on Total	*0.7%*	*10.1%*	*0.1%*	*0.0%*	*0.0%*	*25.9%*	*0.5%*	*0.0%*

The decrease in *Financial liabilities* due to the Controlling Shareholder reflects the repayment of the loan payable of € 25 million in the contractually agreed time frames.

A lease payable is booked to *Financial liabilities*, for property leases already in place at 1 January 2019, due from the Controlling Shareholder Tecno Holding S.p.A. (€ 468 thousand) and other Group related parties (€ 1,568 thousand).

The table below summarises all economic transactions and the incidence on the associated items of the income statement in 2019 and the relative comparative balances in 2018:

	2019			
Amounts in thousands of Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial charges**
Controlling Shareholder		388		259
Associated companies	71	940		
Other Related Parties		38	2	47
Total Related Parties	**71**	**1,366**	**2**	**307**
Total financial statement item	**258,723**	**84,194**	**3,070**	**4,453**
% Incidence on Total	*0.0%*	*1.6%*	*0.1%*	*6.9%*
	2018			
Amounts in thousands of Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial charges**
Controlling 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%*

Service costs to the *Controlling Shareholder* mainly relate mainly to the service contracts in place for the offices used by the Parent Company and Re Valuta S.p.A., as well as for personnel seconded by the Parent Company. The financial charges to the Controlling Shareholder refer to the interest accrued on the above-mentioned loan as well as to the interest expense on property lease agreements. The decrease in *Service costs due to other related parties* concerns the accounting treatment pursuant to IFRS 16 of the lease agreements on properties where the offices of Warrant Hub S.p.A. and Visura S.p.A. are located.

Service costs due to other related parties refer to the purchases carried out by the associated companies and Tuitus S.r.l. for € 647 thousand and Creditreform GPA Ticino SA for € 293 thousand.

Financial charges to the Controlling Shareholder refer to interest expense for € 245 thousand on the loan paid back during the year. Additional *Financial charges to related parties* refer to interest expense on lease agreements.

46. NET FINANCIAL INDEBTEDNESS

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Group's Net Financial Indebtedness at 31 December 2019 is provided below:

	31/12/2019	*of which vs. Related Parties*	31/12/2018	*of which vs. Related Parties*
A Cash	33,586		35,117	
B Cash equivalents	14		19	
C Securities held for trading	0		0	
D Liquid assets (A+B+C)	**33,600**		**35,136**	
E Current financial receivables	**6,609**		**8,186**	
F Current bank debt	-2,952		-8,113	
G Current portion of non-current debt	-23,752		-12,018	
H Other current financial debt	-35,342	*-578*	-77,252	*-25,252*
I Current financial debt (F+G+H)	**-62,046**		**-97,384**	
J Net current financial indebtedness (D+E+I)	**-21,837**		**-54,062**	
K Non-current bank debt	-90,552		-45,706	
L Bonds issued	0		0	
M Other non-current financial debt	-16,749	*-1,458*	-25,178	
N Non-current financial debt (K+L+M)	**-107,301**		**-70,884**	
O Net financial position (Indebtedness) (J+N)	**-129,138**		**-124,946**	

47. 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.	European Commission	34	CREDENTIAL project - European Union Programme Horizon 2020 Fund
InfoCert S.p.A.	European Commission	216	FICES Project - Contribution to Connecting Europe Facility (CEF)
InfoCert S.p.A.	European Commission	340	EIGOR Project - Contribution to Connecting Europe Facility (CEF)
InfoCert S.p.A.	European Commission	233	PRESENT Project
InfoCert S.p.A.	European Commission	116	SCALES Project - Contribution to Connecting Europe Facility (CEF)
Sixtema S.p.A.	*Inps*	*31*	Reconciliation between professional and personal life pursuant to art. 25 of Legislative Decree no. 80 of 15 June 2015 (Ministerial Decree of 12 September 2017).
Sixtema S.p.A.	*Marche Regions*	*51*	POR MARCHE FESR 2014-2020 Project - Action 1.1.1 (Tender 2015) – Project "System for on-going monitoring and audit of buildings aimed at the creation of energy plans shared through local information systems – ENERGIS: ENERGY Geographical Information System"
Warrant Hub S.p.A.	European Commission	796	European Union Programme Horizon 2020 Fund

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 with the policy on remunerations paid pursuant to art. 123-ter of the Consolidated Law of Finance for further details.

Amounts 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	902	177	170	0	63	**1,312**
Statutory Auditors	150	0	0	0	4	**154**
General Manager	275	0	0	0	0	**275**
Other Key Management Personnel	341	0	110	0	0	**452**

During the period, all the options related to the virtual Stock Options Plan assigned by the Board of Directors of the Company on 14 November 2016 to the key executives (including the General Manager), aimed at disbursing the deferred amount corresponding to the growth in value of the Company's shares. The disbursement totalled € 4,638 thousand. For details, see Report on Remuneration pursuant to Art. 123 of the Consolidated Law on Finance (TUF).

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 the Enactment Regulation of Legislative Decree no. 58 of 24 February 1998. The fees shown in the table, applicable to the year 2019, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, any supervisory contribution and VAT).

Amounts in thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Audit services	**332**		**332**
- Parent Company Tinexta S.p.A.	*59*		***59***
- Subsidiaries	*273*		***273***
Attestation services	**62**		**62**
- Parent Company Tinexta S.p.A.	*23*		***23***
- Subsidiaries	*39*		***39***
Total	**394**		**394**

48. KEY EVENTS SUBSEQUENT TO YEAR-END

On **9 January 2020,** InfoCert S.p.A. acquired 1% of the share capital of Camerfirma Colombia S.A.S. held by the subsidiary Camerfirma S.A.

On **27 January 2020**, Warrant Hub S.p.A. closed the acquisition of 60% of PrivacyLab S.r.l.

On **17 February 2020**, the merger by incorporation of the company Webber S.r.l. into Comas S.r.l., both subsidiaries of Innolva S.p.A., effective on 1 March 2020, was finalised. The accounting and tax effects are retroactive to 1 January 2020.

On **26 February 2020**, in agreement with the minority shareholders of Sixtema S.p.A., the maturity date for exercising the purchase option on the remaining 20%, was deferred to 30 April 2020.

In the first **few months of 2020** the problem of the new **COVID-19** virus exploded, and it started expanding from China to the rest of the world, first to the nearby countries and then to Europe, especially Italy. The increase in infected cases in Lombardy and other Italian regions required the adoption by the competent public authorities of urgent measures aimed at combating and containing the spread of the virus, which is starting to have an impact also on our economy.

To this end, it must be noted that regarding the adoption of such measures, the Council of Ministers resolved, on 31 January 2020, to declare a 6 month state of emergency (until 31 July 2020, notwithstanding any possible extensions). Subsequently, the Decree of the President of the Council of Ministers of 9 March 2020 ("Additional provisions implementing decree-law no. 6, of 23 February 2020, providing urgent measures for the containment and management of the COVID-19 epidemic emergency, applicable to the entire country") published in the Official Gazette no. 62 of 9 March 2020, has expanded all the urgent provisions for the containment and the fight against the spread of the Covid-19 virus, set forth in article 1 of the DPCM (Decree of the President of the Council of Ministers) of 8 March 2020 - including restrictions on the movements of people, except for "demonstrated work reasons" or "situations of necessity" or "movements for health reasons" – within the country.

Following the continuous increase in the contagion and the higher number of deaths caused by the COVID-19 infection, the President of the Council of Ministers, on 11 March 2020, issued a new decree imposing additional emergency measures for containing the spread of the virus (the "DPCM 11 March"). Also on 11 March 2020, the World Health Organisation (WHO) declared that the COVID-19 epidemic was actually a pandemic, thus expressing a "deep concern for the alarming levels in the spreading of the infection and the gravity of the situation". The new emergency measures taken by the Italian government increased the restrictions on the free circulation of people, already introduced in the Lombardy region and in an additional 14 provinces with the DPCM of 8 March 2020 and subsequently extended to the entire country with the DPCM of 9 March 2020.

On 17 March, the decree-law no. 18 of 2020, called "Cure for Italy" setting up a plan of economic measures in the amount of € 25 billion in support of companies and families, was approved. These measures provide for a suspension of the payments of taxes and contributions, the support of international activities of companies and, in order to limit labour costs and direct indemnities, an extensive use of social shock-absorbers.

As regards the emergency situation described above, with the transposition of the directives of the Parent Company, all companies of the Group undertook a number of actions for the protection of their employees and to ensure a continuity of service to internal and external customers. Measures included the use of smart-work at all corporate levels, the closure of offices wherever possible, the cancellation of internal events and the remodulation of the external ones, in addition to other precautionary measures aimed at guaranteeing the health of the workers and preserving the corporate business.

In the area of Digital Trust, the pace of production did not decrease; in this first phase of the crisis, the demand for digital solutions remains steady and it is further increased by the market requesting instruments capable of improving the potential of working remotely. The first few months of the year have recorded revenues in line with the forecast.

The Credit Information and Management sector recorded a decline in activities in the Finance and Corporate sectors. In both markets, based on a first estimate of the effects produced by the crisis, a decrease in volume is noted in both the real estate and the business information components. The medium-long term impacts are currently difficult to quantify.

The Innovation and Marketing Services sector was not significantly impacted by the crisis in the first two months. Beginning in March, with the intensifying of the restrictive measures to cope with the emergency, limiting the movements within the country and then slowing down any new activity and requests for advisory services by the companies, a deceleration is predicted which will be closely monitored in the next few months.

19 March 2020

Enrico Salza
Chairman
Tinexta S.p.A.

SEPARATE FINANCIAL STATEMENTS 2019
Statements and Notes

Separate Financial Statements of Tinexta S.p.A.

Balance Sheet and Financial Position

in Euro	Notes	31/12/2019	31/12/2018[5]
ASSETS			
Property, plant and equipment	10	925,755	112,396
Intangible assets	11	633,425	296,583
Equity investments recognised at cost	12	284,240,870	232,907,013
Other financial assets, excluding derivative financial instruments	16	20,365	11,305
Derivative financial instruments	21	14,752	21,437
Deferred tax assets	13	614,569	613,070
Trade and other receivables	14	162,223	12,707
NON-CURRENT ASSETS		**286,611,959**	**233,974,511**
Other financial assets, excluding derivative financial instruments	16	10,584,530	8,865,679
- of which vs. Related Parties	*30*	*10,397,779*	*8,683,902*
Derivative financial instruments	21	11,395	0
Current tax assets	15	3,265,169	5,741,358
- of which vs. Related Parties	*30*	*3,265,169*	*2,894,405*
Trade and other receivables	14	1,310,710	480,676
- of which vs. Related Parties	*30*	*635,960*	*219,920*
Contract assets	14	151,530	54,200
- of which vs. Related Parties	*30*	*151,530*	*54,200*
Cash and cash equivalents	17	19,398,324	14,779,776
CURRENT ASSETS		**34,721,657**	**29,921,690**
TOTAL ASSETS		**321,333,616**	**263,896,201**
EQUITY AND LIABILITIES			
Share capital		47,207,120	46,890,120
Reserves		105,141,265	91,116,323
TOTAL SHAREHOLDERS' EQUITY	**18**	**152,348,385**	**138,006,443**
LIABILITIES			
Employee benefits	19	438,336	301,741
Financial liabilities, excluding derivative financial instruments	20	88,851,823	47,086,615
- of which vs. Related Parties	*30*	*399,359*	*0*
Derivative financial instruments	21	240,049	171,704
Deferred tax liabilities	13	72,846	97,643
NON-CURRENT LIABILITIES		**89,603,054**	**47,657,703**
Employee benefits	19	0	1,060,135
Financial liabilities, excluding derivative financial instruments	20	73,059,652	69,777,295
- of which vs. Related Parties	*30*	*41,819,654*	*57,642,398*
Derivative financial instruments	21	31,809	0
Trade and other payables	22	3,980,012	2,547,269
- of which vs. Related Parties	*30*	*317,129*	*89,177*
Current tax liabilities	15	2,310,705	4,847,356
- of which vs. Related Parties	*30*	*419,886*	*4,847,356*
CURRENT LIABILITIES		**79,382,177**	**78,232,055**
TOTAL LIABILITIES		**168,985,231**	**125,889,758**
TOTAL EQUITY AND LIABILITIES		**321,333,616**	**263,896,201**

[5]Since 1 January 2019, the Company has adopted IFRS 16 "Leases", retrospectively with the cumulative effect of initially applying the Standard recognised at 1 January 2019. Comparative 2018 data have not been restated.

Statement of Profit or Loss and other comprehensive income

		for the year ended 31 December	
in Euro	**Notes**	**2019**	**2018**[6]
Revenues	**23**	**1,357,006**	**780,192**
- of which vs. Related Parties	*30*	*1,281,971*	*779,700*
Costs of raw materials		0	0
Service costs	24	5,250,159	3,557,840
- of which vs. Related Parties	*30*	*389,044*	*242,832*
- of which non-recurring	*24*	*1,129,634*	*292,265*
Personnel costs	25	8,537,160	4,592,971
Other operating costs	26	449,945	255,004
Amortisation and depreciation	27	434,159	134,205
Provisions		0	0
Impairment		0	0
Total Costs		**14,671,423**	**8,540,020**
OPERATING PROFIT		**-13,314,417**	**-7,759,827**
Financial income	28	36,263,791	29,346,600
- of which vs. Related Parties	*30*	*36,256,266*	*29,329,317*
Financial charges	28	2,150,095	1,986,131
- of which vs. Related Parties	*30*	*298,826*	*784,003*
Net financial income (charges)		**34,113,696**	**27,360,469**
PROFIT BEFORE TAX		**20,799,279**	**19,600,642**
Income taxes	29	-3,246,092	-2,020,998
- of which non-recurring	*29*	*-271,112*	*-70,143*
NET PROFIT		**24,045,371**	**21,621,640**
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	-26,672	-19,016
Tax effect		6,401	4,564
Total components that will never be reclassified to profit or loss		**-20,271**	**-14,452**
Components that are or may be later reclassified to profit or loss:			
Profits (losses) from measurement at fair value of derivative financial instruments	21	-92,119	-43,849
Tax effect		22,109	10,524
Total components that are or may be later reclassified to profit or loss		**-70,011**	**-33,325**
Total other components of comprehensive income, net of tax		**-90,281**	**-47,777**
Total comprehensive income for the year		**23,955,090**	**21,573,863**

[6]Since 1 January 2019, the Company has adopted IFRS 16 "Leases", retrospectively with the cumulative effect of initially applying the Standard recognised at 1 January 2019. Comparative 2018 data have not been restated.

Statement of Changes in Equity

For the year ended 31 December 2019							
Amounts in Euro	**Share capital**	**Legal reserve**	**Share premium reserve**	**Hedging derivatives reserve**	**Defined-benefits plan reserve**	**Other reserves**	**Total**
Balance at 1 January 2019	**46,890,120**	**2,031,223**	**54,678,003**	**-142,561**	**-54,174**	**34,603,832**	**138,006,443**
Comprehensive income for the year							
Profit for the year						24,045,371	24,045,371
Other components of the comprehensive Income Statement				-70,011	-20,271		-90,281
Total comprehensive income for the year	*0*	*0*	*0*	*-70,011*	*-20,271*	*24,045,371*	*23,955,090*
Transactions with Shareholders							
Allocation to legal reserve		1,081,082				-1,081,082	0
Dividends						-10,690,947	-10,690,947
Capital increase	317,000		760,800				1,077,800
Total transactions with Shareholders	*317,000*	*1,081,082*	*760,800*	*0*	*0*	*-11,772,029*	*-9,613,147*
Balance at 31 December 2019	**47,207,120**	**3,112,305**	**55,438,803**	**-212,571**	**-74,445**	**46,877,173**	**152,348,385**

For the year ended 31 December 2018							
Amounts in Euro	**Share capital**	**Legal reserve**	**Share premium reserve**	**Hedging derivatives reserve**	**Defined-benefits plan reserve**	**Other reserves**	**Total**
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**

Statement of Cash Flows

In Euro		*For the year ended 31 December*	
	Notes	**2019**	**2018**
Cash flows from operations			
Profit for the year		**24,045,371**	**21,621,640**
Adjustments for:			
- Depreciation of property, plant and equipment	27	213,082	54,158
- Amortisation of intangible assets	27	221,077	80,046
- Net financial charges (income)	28	-34,113,696	-27,360,469
- of which vs. Related Parties	*30*	*-35,957,440*	*-28,545,313*
- Income taxes	29	-3,246,092	-2,020,998
Changes in:			
- Trade and other receivables	14	-1,075,207	354,751
- of which vs. Related Parties	*30*	*-416,041*	*-73,931*
- Trade and other payables	22	1,432,743	471,493
- of which vs. Related Parties	*30*	*227,952*	*-11,246*
- Provisions and employee benefits	19	-970,503	482,385
- of which vs. Related Parties		*0*	*37,013*
Cash and cash equivalents generated/(absorbed) by operations		**-13,493,225**	**-6,316,993**
Income taxes (paid)/collected		3,186,219	2,285,650
Net cash and cash equivalents generated/(absorbed) by operations		**-10,307,006**	**-4,031,344**
Cash flows from investments			
Dividends collected	28	36,241,746	29,323,649
- of which vs. Related Parties	*30*	*36,241,746*	*29,323,649*
Interest collected		24,730	42,228
- of which vs. Related Parties		*5,667*	*0*
Investments in shareholdings	12	-43,592,561	-6,309,832
Investments in property, plant and equipment	10	-49,706	-78,716
Investments in other financial assets	16	-19,555	-179,170
Investments in intangible assets	11	-557,919	-259,325
Current accounts with subsidiaries	16	-1,705,024	-8,678,235
- of which vs. Related Parties	*30*	*-1,705,024*	*-8,678,235*
Net cash and cash equivalents generated/(absorbed) by investing activities		**-9,658,289**	**13,860,600**
Cash flows from financing			
Interest paid		-2,145,594	-1,728,681
- of which vs. Related Parties		*-622,587*	*-936,166*
Change in other current bank payables	20	-4,927	-12,149
Bank loans taken out	20	64,016,624	14,886,193
Bank loans repaid	20	-9,563,889	-3,476,667
Repayment of loans by Majority Shareholder and subsidiaries	20	-25,000,000	-29,500,000
- of which vs. Related Parties	*30*	*-25,000,000*	*-29,500,000*
Repayment of price deferment liabilities on acquisitions of equity investments	20	-2,383,140	-1,400,000
Repayment of contingent consideration liabilities	20	0	-2,786,326
Repayment of lease liabilities	20	-157,513	0
- of which vs. Related Parties		*-67,653*	*0*
Current accounts with subsidiaries	20	9,435,429	11,144,578
- of which vs. Related Parties	*30*	*9,435,429*	*11,144,578*
Capital increase	18	1,077,800	1,077,800
Dividends paid	18	-10,690,947	-6,520,237
Net cash and cash equivalents generated/(absorbed) by financing		**24,583,843**	**-18,315,489**
Net increase (decrease) in cash and cash equivalents		*4,618,548*	*-8,486,233*
Cash and cash equivalents at 1 January		14,779,776	23,266,008
Cash and cash equivalents at 31 December		**19,398,323**	**14,779,776**

Notes to the Separate Parent Company Financial Statements at 31 December 2019

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.

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 'Controlling Shareholder') is the Shareholder that holds the absolute majority of the shares of Tinexta S.p.A. The Controlling Shareholder does not exercise any management and 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 19 March 2020.

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. NEW STANDARDS OR AMENDMENTS FOR 2019 AND FUTURE REQUIREMENTS

b) From 1 January 2019, the Company adopted the following new accounting standards:

- "IFRS 16" - "*Leases*", the endorsement of which by the EU took place on 31 October 2017 with Regulation no. 1986. IFRS 16 replaces the IAS 17 standard *Leases*, as well as IFRIC 4 interpretations "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 published". The standard provides a new definition of *lease* and introduces a criterion based on controls in order to distinguish between lease agreements and service agreements. In particular, in order to determine whether or not a contract represents a lease, IFRS 16 requires verifying whether or not the lessee has the right to control the use of a given asset for a certain period of time. The standard applies to the financial statements for the periods starting on 1 January 2019 or later and, in accounting terms, provides for a single recognition model for the lessee requiring, in general, the recognition under assets of the asset right of use and under liabilities for the lease liability which represents the obligation to pay the principal amount with lease instalments. On the other hand, the amendments introduced by the new accounting standard with reference to the lessor's financial statements are not particularly relevant. For a detailed description of the contents of said Standard, see the relevant section of the applied accounting standards.

The Company has adopted IFRS 16 for leases previously classified as operating leases in accordance with IAS 17 by retrospectively accounting with the cumulative effect of the initial application of the standard at the initial application date (1 January 2019). The Company recognised 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.

During the measurement of lease liabilities, the Company discounted the payments due for the lease using the marginal financing rate at 1 January 2019. The weighted average of the applied rate is 2.6%.

The adjustment to IFRS 16 at 1 January 2019 involved the recognition of higher financial liabilities for leasing of € 740 thousand with a contra-item in the form of the recognition of assets for rights of use of € 741 thousand under *Property, plant and equipment*; the differential is represented by the amount of prepaid expenses recorded in the Statement of Financial Position at 31 December 2018.

The Company made use of the following exemptions provided by the standard on leases:

- The Company applied a single discounting rate to a portfolio of similar leases with a similar residual term;
- The Company did 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 excluded initial direct costs from the valuation of the asset consisting of the right of use at the date of initial application.

- The Company used past experience and its knowledge to determine the term of specific lease agreements with tacit renewal clauses.

- 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 the Financial Statements of the years beginning 1 January 2019 or later. 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 the Financial Statements relating to years beginning on 1 January 2019 or later. 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.

- On 12 December 2017, IASB published the document *"Annual Improvements to IFRS Standards 2015-2017 Cycle".* The amendments introduced, applicable to the financial statements for the periods beginning 1 January 2019 or later, and 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 statement of profit/(loss), 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. Endorsement by the EU took place on 14 March 2019 with Regulation no. 412.

- On 7 February 2018, 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 in the case of changes, curtailments or transactions taking place as of 1 January

2019 or on the date of their first application. Endorsement by the EU took place on 13 March 2019 with Regulation no. 402.

With the exception of what is mentioned above with regard to IFRS 16, adoption of the new standards applicable from 1 January 2019 did not have any significant impacts.

b) *Accounting standards and interpretations on standards effective for the financial years after 2019 and not adopted in advance by the Company:*

- 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 measurements, 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. Endorsement by the EU took place on 6 December 2019 with Regulation no. 2075.

- On 31 October 2018, 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 it is consistent with the new Conceptual Framework for Financial Reporting approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. Early application is permitted. Endorsement by the EU took place on 10 December 2019 with Regulation no. 2014.

- On 26 September 2019, IASB published the document *"Amendments to IFRS 9, IAS 39 and IFRS 7: Interest rate benchmark reform".* The objective of the document is to allow the entities that prepare the financial statements not to stop hedging activities applied to financial reference indexes for the calculation of the interest rates until the reform – still underway worldwide – is completed. This reform, in particular, has created uncertainties on the timeframe and the amount of future financial flows related to some financial instruments, with the consequent risk of having to interrupt the hedging relationships set out pursuant to IAS 39 or IFRS 9. According to IASB, an interruption of hedging relationships due to these uncertainties does not provide useful information to the users of the financial statements; therefore, the document in question has introduced some amendments specific to IAS 39, IFRS 9 and IFRS 7, namely some temporary derogations to the application of specific provisions in the area of hedge accounting recognition, provided for in IFRS 9 and IAS 39, to be mandatorily applied to all hedging operations that are directly impacted by the reform concerning the reference indexes for the determination of interest rates. The amendments apply to Financial Statements relating to years beginning on 1 January 2020 or later. Endorsement by the EU took place on 16 January 2020 with Regulation no. 34.

As at the date of approval of these Financial Statements, the Company is conducting analyses in order to verify the existence of any impacts from the 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. In June 2019, IASB published an exposure draft which includes some amendments to IFRS 17 and the deferral of the entry into effect of the new accounting standard to 1 January 2022. As at this reporting date, the amendments to IFRS 17 have not yet been definitively approved by IASB.

- 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 EU endorsement is expected to be issued in 2020.

- On 23 January 2020, the IASB published some amendments to IFRS 1. The document “*Classification of Liabilities as Current or Non-current (Amendments to IAS 1)*” requires that a liability should be classified as current or non-current according to the rights existing as at the financial statements date. In addition, it sets out that the classification is not impacted by the expectation that the entity shall exercise its right to defer the settlement of the liability. It also clarifies that this provision refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The amendments apply to Financial Statements relating to years beginning on 1 January 2022 or later. Early application is permitted. The endorsement process is still under way.

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.

5. MEASUREMENT CRITERIA

Described below are the accounting standards and the most significant measurement criteria used for the preparation of these 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 to the extent to which they meet the requirement for a separate classification 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
Other assets	2.5 - 6 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.
The assets related to the rights of use concerning lease agreements are recognised under the item Property, plant and equipment. As regards the initial recognition and subsequent measurement criteria applied to these assets, see the section *LEASED ASSETS*.

LEASED ASSETS

The Company assesses if the agreement is or contains a lease as at its effective date. The agreement is or contains, a lease if, against payment, gives the right to control the use of a specific asset, for a given period of time. At the date when the lessor makes the underlying asset available to the Company (effective date of the lease), the latter recognises the asset consisting of the right of use, and recognises the lease liability, except for short term leases (as in the case of lease agreements of a duration equal to or less than 12 months) and for the leases of assets of a modest value (namely, with a value less than 5,000 Euro when new). For the latter, the Company recognises the payments due for said leases as a cost, on a straight-line basis for the duration of the lease, or according to another criterion that is a better representative of the way the benefits are obtained.

Financial liabilities deriving from the lease are initially recognised at the current value of the future payments as at the effective date of the agreement, discounted at the implicit rate of the lease. If this rate is not promptly determinable, the rate used is the marginal loan rate of the Company, understood as the rate that the Company should pay for a loan with a similar duration and guarantees, necessary to obtain an asset of a value similar to the asset consisting of the right of use within a similar economic context.

At their maturity dates, the payments due for the lease, included in the measurement of lease liabilities, comprise the following payments for the right of use of the underlying asset throughout the duration of the lease, not yet made at the maturity date:

- fixed payments, net of any lease incentive to be received;
- variable payments due for the leases that depend on an index or a rate, valued initially by using an index or a rate as at their start date (e.g. instalments revalued according to ISTAT or associated to the EURIBOR);
- amounts that the Company is expected to pay as a guarantee on the residual value;
- penalties to be paid for the termination of a lease if the duration of the lease provides for the exercise by the Company of the option of lease termination.

After the start date, the Company assesses the lease liability:

- increasing the accounting value considering the interest on the lease liability;
- decreasing the accounting value considering the payments due for the executed leases;

- re-determining the accounting value considering any new assessment or change in the lease or the revision of the fixed payments due for the lease.

After the effective date, the Company re-determines the lease liability as an adjustment of the asset consisting of the right of use:

- in the case of a change in the duration of the lease, by discounting the revised lease payments using a revised discounting rate;
- in the case of a change in the assessment of an option for the purchase of the underlying asset, by discounting the revised lease payments using a revised discounting rate;
- in the case of a change in the payments following a change in the index or in the rate used to determine the payments, by discounting the revised lease payments using a revised discounting rate.

The initial cost of the asset consisting of the right of use includes: the amount of the initial measurement of the lease liability, the lease payments made at or before the effective date, net of the lease incentives received, the initial direct costs incurred by the Company, i.e. those incremental costs incurred for obtaining the lease that would have not been incurred if the lease had not been obtained and the estimate of the costs that the Company must bear for the dismissal and removal of the underlying asset and for the restoration of the site where it is located or for the restoration of the underlying assets in the conditions set forth in the lease, unless these costs are incurred for producing inventory.

The Company opted for the recognition of assets consisting of the right of use under the item Property, plant and equipment under the same categories where the corresponding assets would have been recognised if they were owned.

The asset consisting of the right of use is subsequently measured by applying the cost model, net of the accumulated amortisation and impairment of the accumulated value, adjusted in order to take into account any re-measurement of the lease liability. If the lease transfers the ownership of the underlying asset to the Group at the end of the lease or if the cost of the asset consisting of the right of use reflects the fact that the Group will exercise the purchase option, the Group amortises the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. Conversely, the Company depreciates the asset consisting of the right of use from the effective date to the end of the useful life of said asset or, if prior, to the end of the lease duration.

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 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 between 3 and 5 years.

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 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.

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, affiliates and joint ventures (in general with a percentage of ownership of less than 20%) are classified, at the time of acquisition, among “investments in equity”. 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 Company 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 meet 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 made.
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 assets that meet 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 made. 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 Group has decided to exercise the option of continuing to apply the hedge accounting provisions set forth in IAS 39. 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 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 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.

CONTRACT ASSETS AND LIABILITIES

Contract assets represent the Company'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 Company 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 customers for project work and accrued trade assets.

Contract liabilities represent the Company's obligation to transfer goods or services to customers, for which the Company has received consideration from the customer or for which consideration is due. If the customer pays the consideration, or if the Company 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 customers 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 Company has the contractual right to extinguish its obligations more than 12 months after the date of the annual or infra-annual periodic Financial Statements.

As regards the criteria for the initial recognition and subsequent measurement of the financial liabilities related to lease agreements, see the section *LEASED ASSETS*.

CONTINGENT CONSIDERATION

A contingent consideration agreed upon during the acquisition of a shareholding, gives rise in the Financial Statements to a financial liability for the current value of the amount to be paid at the agreed upon maturity. This financial liability will have as a counter-entry the cost of the shareholding. Any change in the financial liability related thereto after the recording date, is recognised as an increase or decrease of the cost of the shareholding itself.

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 Art. 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 the comprehensive income statement, through a special equity reserve (*Employee benefits reserve*).

For the companies with more than 50 employees, starting from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, including the option given to the worker to choose 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 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 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 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

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.

6. USE OF ESTIMATES

As part of the preparation of these 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 through impairment, 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.
- *Measurement of lease liabilities:* The measurement of lease liabilities is affected by the duration of the lease, understood as the non-cancellable leasing period to which these two periods must be added: a) periods covered by a leasing extension option if the lessee has the reasonable certainty to exercise this option; and b) periods covered by the option of terminating the lease, if the lessee has the reasonable certainty not to exercise the option. The assessment of the duration of the lease

entails the use of estimates based on factors that may change over time, with a subsequent potentially significant impact on the assessments carried out by the Directors.

- *Valuation of the Defined benefit plans:* Actuarial valuation requires the formulation of various assumptions that may differ from actual future developments. The results depend on the technical basis adopted such as, among others, the actualisation rate, the inflation rate, the wage increase rate and the expected turnover. All assumptions are reviewed on an annual basis.

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 business transactions or liquidity management activities.

The Company 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 carried out with countries members of the EU and the transactions are almost exclusively settled 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. The Company, 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 actively manages it also by making use of interest rate derivatives, specifically Interest Rate Swaps (IRS), Interest Rate Caps (Caps) and Interest Rate Collar (Collar) taken out only for hedging purposes. Cash mainly consists of variable-rate bank deposits with no mandatory duration, and therefore its fair value is equivalent to the value recognised in the Financial Statements. The interest rate to which the Company is mostly exposed is the 6-month Euribor. The risk of interest rate appears adequately monitored, owing to the current forecast of growth in the 6-month Euribor index (forward rates curve) and the structure of the debt portfolio.

Following is a Cash Flow Hedge strategy on bank loans at 31 December 2019:

Bank loans at 31 December 2019 *Amounts in thousands of Euro*		**Cash Flow Hedge Derivatives Notional values by type at 31 December 2019**			
	Nominal amount	***IRS***	***Capped Swap***	***Collar***	**Total**
Floating rate loans	106,036	61,113	16,528	11,887	**89,528**
Fixed rate loans	0				
	106,036	**61,113**	**16,528**	**11,887**	**89,528**

The hedging rate of bank loans is 84.4%.

Following is a sensitivity analysis on interest rate risk which shows the effects (net of any related tax effects) on the income statement, on an annual basis, and on the net equity at 31 December 2019, from the following changes in the Euribor rate: +300 bps, +100 bps, -100 bps limited to bank loans at 31 December 2019.

Sensitivity analysis of interest rate risk	**Profit (loss) on an annual basis**			**Shareholders' Equity at 31 December 2019**		
In thousands of Euro	300 bps increase	100 bps decrease	100 bps decrease	300 bps increase	100 bps increase	100 bps decrease
Floating rate bank loans	**-1,066**	**-327**	**233**	**0**	**0**	**0**
Interest rate swap	639	207	-190	3,302	1,160	-1,149
Capped Swap	66	0	0	233	15	-1
Collar	41	0	-42	328	52	-203
Financial flow sensitivity (net)	**-321**	**-120**	**1**	**3,863**	**1,227**	**-1,353**

Credit risk

Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2019, 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.

The table is in Note 20. *Financial liabilities, excluding derivative financial instruments*, the financial liabilities recognised in the Financial Statements at 31 December 2019 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*	*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**	**0**	**0**	**15**	**183**	**0**	**0**	**197**
Other financial assets, excluding derivative financial instruments	0	0	0	0	20	0	0	**20**
Derivative financial instruments	0	0	0	15	0	0	0	**15**
Trade and other receivables	0	0	0	0	162	0	0	**162**
CURRENT ASSETS	**0**	**0**	**0**	**11**	**31,294**	**0**	**0**	**31,305**
Other financial assets, excluding derivative financial instruments	0	0	0	0	10,585	0	0	**10,585**
Derivative financial instruments	0	0	0	11	0	0	0	**11**
Trade and other receivables	0	0	0	0	1,311	0	0	**1,311**
Cash and cash equivalents	0	0	0	0	19,398	0	0	**19,398**
NON-CURRENT LIABILITIES	**0**	**0**	**0**	**240**	**88,852**	**0**	**0**	**89,092**
Financial liabilities, excluding derivative financial instruments	0	0	0	0	88,852	0	0	**88,852**
Derivative financial instruments	0	0	0	240	0	0	0	**240**
CURRENT LIABILITIES	**0**	**7,741**	**0**	**32**	**69,298**	**0**	**0**	**77,071**
Financial liabilities, excluding derivative financial instruments *	0	7.741*	0	0	65,318	0		**73,060**
Derivative financial instruments	0	0	0	32	0	0	0	**32**
Trade and other payables	0	0	0	0	3,980	0		**3,980**

* This item includes *the Liabilities for contingent consideration linked to acquisitions* recognised at the fair value with the change recorded under the investment.

9. FAIR VALUE HIERARCHY

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

Amounts in thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT ASSETS	**0**	**15**	**0**	**15**
Derivative financial instruments		*15*		*15*
NON-CURRENT ASSETS	**0**	**11**	**0**	**11**
Derivative financial instruments		*11*		*11*
NON-CURRENT LIABILITIES	**0**	**240**	**0**	**240**
Derivative financial instruments		*240*		*240*
CURRENT LIABILITIES	**0**	**32**	**7,741**	**7,773**
Other financial liabilities, excluding derivative financial instruments			7,741	*7,741*
Liabilities for contingent consideration			7,741	
Derivative financial instruments		*32*		*32*

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 2018**	**FTA IFRS 16**	**Invest ments**	**Disinvest ments**	**Amortisati on/ Depreciatio n**	**Reclas sifications**	**Reva luations**	**Impair ments**	**31/12 2019**
Leased buildings									
Cost	0	662,941	201,090		0		4,233		868,265
Accumulated Depreciation	0	0	0		-110,912		0		-110,912
Net value	**0**	**662,941**	**201,090**		**-110,912**		**4,233**		**757,353**
Electronic machines									
Cost	57,357		37,711	-1,328					*93,740*
Accumulated Depreciation	-37,779			1,328	-25,577				*-62,029*
Net value	**19,577**		**37,711**	**0**	**-25,577**	**0**	**0**	**0**	**31,711**
Leasehold improvements									
Cost	14,408		0						*14,408*
Accumulated Depreciation	-800				-2,401				*-3,202*
Net value	**13,608**		**0**	**0**	**-2,401**	**0**	**0**	**0**	**11,206**
Other assets									
Cost	150,371		11,995	-666					*161,700*
Accumulated Depreciation	-71,160			666	-30,756				*-101,250*
Net value	**79,211**		**11,995**	**0**	**-30,756**	**0**	**0**	**0**	**60,449**
Other leased assets									
Cost	0	78,119	43,460		0			-19,117	102,462
Accumulated Depreciation	0	0	0		-43,436			6,008	-37,428
Net value	**0**	**78,119**	**43,460**	**0**	**-43,436**	**0**	**0**	**-13,109**	**65,035**
Property, plant and equipment	**112,396**	**741,060**	**294,256**	**0**	**-213,082**	**0**	**4,233**	**-13,109**	**925,755**
of which leased	***0***	***741,060***	***244,550***	***0***	***-154,347***	***0***	***4,233***	***-13,109***	***822,388***

The adoption of IFRS 16 at 1 January 2019 involved the recognition of assets for rights of use on leases in the amount of € 741 thousand. The Company opted for the recognition of these assets in the item Property, plant and equipment in the same categories in which the corresponding underlying assets would have been shown if they had been owned. Assets for rights of use on properties are included under *Leased buildings*, while the assets for rights of use on vehicles are recognised in *Other leased assets*. *Revaluations* include the adjustments of the rights of use for increases in leases or extensions of leasing contracts; *Impairments* refer to early terminations of leasing contracts.

11. INTANGIBLE ASSETS

The item comprises intangible assets with definite useful life as follows:

Amounts in Euro	31/12/2018	Investments	Divestments	Amortisation/depreciation	Reclassifications	31/12/2019
Software						
Cost	449,401	512,919	0		0	*962,321*
Accumulated Depreciation	-152,819		0	-221,077		*-373,896*
Net value	**296,583**	**512,919**	**0**	**-221,077**	**0**	**588,425**
Assets in progress and advances		**45,000**				**45,000**
Net value	**0**	**45,000**	**0**	**0**	**0**	**45,000**
Intangible assets with definite useful life	**296,583**	**557,919**	**0**	**-221,077**	**0**	**633,425**

The increase for the period under item *Software* and *Assets in progress* concerns primarily the investments on ERP for extraordinary maintenance and improvements.

12. EQUITY INVESTMENTS RECOGNISED AT COST

The increase of € 51,334 thousand, compared with 31 December 2018, was primarily due to the acquisition occurring in the period of the minority shares of Co.Mark S.p.A., Visura S.p.A. and Warrant Hub 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 2019.

Amounts in Euro	31/12/2018				Changes in the year					31/12/2019			
	% invest ment	Cost	Accumulated impairment	Net balance	Invest ments	Impair ments	Reva luations	Mergers	Other Changes	% invest ment	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.	100.00	111,119,735	0	*111,119,735*						100.00	111,119,735	0	*111,119,735*
Co.Mark S.p.A.	90.00	45,689,715	0	*45,689,715*	5,230,660					100.00	50,920,375	0	*50,920,375*
Visura S.p.A.	60.00	22,985,361	0	*22,985,361*	15,412,601					100.00	38,397,962	0	*38,397,962*
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.	70.00	33,749,237	0	*33,749,237*	22,949,300				7,741,296	90.25	64,439,833	0	*64,439,833*
Equity investments		**232,907,013**	**0**	**232,907,013**	**43,592,561**	**0**	**0**	**0**	**7,741,296**		**284,240,870**	**0**	**284,240,870**

Amounts in Euro	% ownership	Cost	Registered office	Share Capital at 31/12/2019	Shareholders' Equity at 31/12/2019	Profit for the year 2019
InfoCert S.p.A.	99.99	18,238,589	Rome	17,704,890	24,778,993	11,287,167
Innolva S.p.A.	100.00	111,119,735	Buja (UD)	3,000,000	22,307,875	3,985,279
Co.Mark S.p.A.	100.00	50,920,375	Milan	150,000	7,407,741	3,359,599
Visura S.p.A.	100.00	38,397,962	Rome	1,000,000	6,599,107	3,887,416
Re Valuta S.p.A.	83.13	1,124,375	Milan	200,000	2,281,768	2,048,685
Warrant Hub S.p.A.	90.25	64,439,833	Correggio (RE)	57,692	16,712,467	20,166,723

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 2019.

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 CGU in relation to the three-year period from 2020 to 2022. 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 1.2% 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 7.35% post-tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 1.9%, equal to the gross average return of the Italian ten-year BTP;
- market risk premium of 5.2%;
- additional risk factor equal to 2.0%;
- sector levered beta of 0.92, determined considering a list of comparable listed companies;
- financial structure of the Company equal to 25.9%, considering the average of the D/E ratio recorded by comparable companies;
- cost of debt applicable to the Group, equal to 2.9%.

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 19 March 2020.

The impairments test carried out did not show any durable impairment.

In relation to the emergency situation from Covid-19, please refer to Note 33. *Key events subsequent to the year* for a qualitative analysis of the impacts recorded by the subsidiaries in the first months of 2020.

Changes during the year recognised in the item are illustrated below.

Co.Mark S.p.A.

On 19 July 2019, Tinexta S.p.A. completed the acquisition of an additional 10% of the subsidiary Co.Mark S.p.A., thus holding all the shares, for a total of € 5,219 thousand, plus charges of € 12 thousand, following the exercise of the third and last 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 the annual EBITDA, on the basis of the growth rates recorded, taking into account the Net Financial Position contractually defined.

Visura S.p.A.

On 30 July 2019, Tinexta S.p.A. completed the acquisition of an additional 40% of the subsidiary Co.Mark S.p.A., thus holding all the shares, for a total of € 15,372 thousand, plus charges of € 41 thousand, following the exercise of the Put option by the minority shareholders, within the terms laid out in the contract. The contract for the acquisition of 60% envisaged that the remaining 40%, held by the founding Shareholders, would be subject to Put & Call option rights, at a price calculated through the application of a multiple on annual EBITDA, taking into account the Net Financial Position contractually defined.

Warrant Hub S.p.A.

On April 30, 2019 Tinexta S.p.A. completed the purchase of an additional 20.25% of the subsidiary Warrant Hub S.p.A., with a final holding of 90.25% of the shares. The consideration for the purchase of the 9.75% stake from Workyng S.r.l. was € 14,881 thousand. For the purchase of 10.5% of the capital from Roma S.r.l., an amount of € 8,013 thousand was paid on the same date (calculated on 50% of the shares acquired), and for the remaining portion, an amount will be paid in 2020 based on the 2019 results, by applying a multiple to the annual EBITDA of the consolidated Financial Statements of Warrant Hub, taking into account the net financial position and based on the growth rates recorded on the basis of a formula agreed in the relevant contracts. Accessory charges related to the transaction amounted to € 55 thousand.

The increase in the shareholding value recognised under *Other changes* is imputable to the contingent consideration, as mentioned above, to be paid to the shareholder Roma S.r.l. based on the 2019 results.

13. DEFERRED TAX ASSETS/LIABILITIES

Below is the breakdown and changes during the year of Deferred Tax Assets and Liabilities:

Amounts in Euro	31/12/2018	Allocations (Releases) Income statement	Provisions (Releases) Comprehensive Income Statement	Allocations (Releases) Shareholders' equity	31/12/2019
Deferred tax assets:					
Impairments of equity investments	20,202				20,202
Decreases in hedging financial instruments	45,019		24,951		69,970
Differences between statutory and tax amortisation rates	6,793	5,355			12,148
AIM listing costs	28,204	-28,204			0
Employee benefits	4,845	2,418	6,401		13,664
Losses that can be carried forward for tax purposes	457,573				457,573
Other temporary differences	50,435	-9,422			41,013
Deferred tax assets	**613,070**	**-29,853**	**31,352**	**0**	**614,569**
Deferred tax liabilities:					
Increases in hedging financial instruments	0		2,843		2,843
Revaluations of equity investments	22,930				22,930
Financial liabilities	74,713	-27,639			47,074
Deferred tax assets (liabilities)	**97,643**	**-27,639**	**2,843**	**0**	**72,846**
Net deferred tax assets (liabilities)	**515,427**	**-2,214**	**28,509**	**0**	**541,723**

Deferred tax assets have been recognised at 31 December 2019 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 € 1,473 thousand (€ 493 thousand at 31 December 2018) and can be detailed as follows:

Amounts in Euro	**31/12/2019**	**31/12/2018**	**Change**
Deferred assets	162,223	12,707	149,515
Trade receivables and other non-current receivables	**162,223**	**12,707**	**149,515**
Trade receivables from subsidiaries	529,235	198,378	330,857
Other receivables from subsidiaries	70,335	0	70,335
Other receivables	89,366	10,528	78,838
VAT credit	120,008	45,524	74,484
Deferred assets	501,766	226,246	275,520
Trade and other current receivables	**1,310,710**	**480,676**	**830,034**
of which vs. Related Parties	***635,960***	***219,920***	***416,041***
Trade and other receivables	**1,472,933**	**493,384**	**979,549**

The increase in *Trade receivables from subsidiaries* is due to greater chargebacks to subsidiaries. There is no bad debts provision as the book value is considered fully recoverable.

Other receivables from subsidiaries includes receivables from deferred remuneration to personnel transferred from subsidiaries.

As regards *VAT receivable*, it should be noted that the Company is among the subjects toward which the split payment rule, under art. 17 of the President of the Republic Decree no. 633 of 26 October 1972, applies. As a result, VAT is not paid to suppliers and periodic required payments are made to the tax authorities. The increase in *VAT receivable* is due to the exclusion of the afore-mentioned provisions applicable to professionals subject to VAT since July 2018.

Contract assets of € 151 thousand at 31 December 2019 (€ 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

The table shows the Company's exposure, in its capacity as consolidating company, to the tax authorities, as well as the amounts receivable from/payable to the consolidated companies.

Amounts in Euro	**31/12/2019**	**31/12/2018**	**Change**
Receivables from tax authorities for IRES	0	2,846,954	-2,846,954
Receivables from subsidiaries participating in Tinexta tax consolidation	3,265,169	2,894,405	370,764
Current tax assets	**3,265,169**	**5,741,358**	**-2,476,190**
of which vs. Related Parties	*3,265,169*	*2,894,405*	*370,764*
Payables to tax authorities for IRES	1,890,819	0	1,890,819
Payables to subsidiaries participating in the Tinexta tax consolidation	419,886	4,847,356	-4,427,470
Current tax liabilities	**2,310,705**	**4,847,356**	**-2,536,651**
of which vs. Related Parties	*419,886*	*4,847,356*	*-4,427,470*
Net current tax assets (liabilities)	**954,464**	**894,002**	**60,462**

Starting in the year 2018 the Company opted, as the consolidating company, for national consolidated taxation pursuant to Art. 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.

16. OTHER FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in Euro	31/12/2019	31/12/2018	Change
Other non-current financial assets, excluding derivative financial instruments	**20,365**	**11,305**	**9,061**
Negative balance current accounts with subsidiaries	10,397,779	8,683,902	1,713,877
Other current financial assets	186,751	181,778	4,973
Other current financial assets, excluding derivative financial instruments	**10,584,530**	**8,865,679**	**1,718,850**
of which vs. Related Parties	*10,397,779*	*8,683,902*	*1,713,877*

Other non-current financial assets include guarantee deposits.

The item *Positive balance current accounts with subsidiaries* refers to positive balance current accounts with subsidiaries as a result of the application of the centralised Group treasury management system (cash pooling) by the Company.

Other current financial assets include the pending cost of € 180 thousand for transaction costs linked to obtaining the BNL loan (described in Note *20. Financial liabilities*), not yet used at 31 December 2019.

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents can be broken down as follows:

Amounts in Euro	31/12/2019	31/12/2018	Change
Bank and postal deposits	19,397,655	14,777,584	4,620,071
Cash and cash equivalents	669	2,192	-1,523
Cash and cash equivalents	**19,398,324**	**14,779,776**	**4,618,548**

The balance is mainly represented by the cash and cash equivalents held in bank accounts at leading national banks.

A centralised treasury management system (cash pooling) has been set up at the Group level by the Company. The subsidiaries, both direct and indirect, 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. (subsidiary of InfoCert S.p.A.), Visura S.p.A., Warrant Hub S.p.A. As from July 2019, the company Comas S.r.l. (subsidiary of Innolva S.p.A.) is included in the cash pooling. The debit balance to subsidiaries, recognised under current financial liabilities, amounted to € 41,751 thousand (for details see Note *20. Financial liabilities, excluding derivative financial instruments*; the debit balance to subsidiaries, recognised under current financial liabilities, amounted to € 10,398 thousand (for details see Note *16. Other financial assets, excluding derivative financial instruments).*

Changes occurring during the period, as detailed in the Statement of Cash Flow, are attributable to the liquid assets used by operating activities for € 10,307 thousand, and to the liquid assets used by investment activities for € 9,658 thousand, especially for equity investments (see Note *12. Equity investments recognised at cost*), partially offset by the dividends of the subsidiaries collected during the period; the liquid assets generated by Financing activities for € 24,584 thousand, in particular for the bank loans obtained during the period (see Note *20 Financial liabilities, excluding derivative financial instruments*).

18. SHAREHOLDERS' EQUITY

The approved, subscribed and paid-in Share Capital amounted € 47,207,120 at 31 December 2019 and consists of 47,207,120 Ordinary Shares.

Shareholders' Equity at 31 December 2019 amounted to € 152,348 thousand (€ 138,006 thousand at 31 December 2018) and can be broken down as follows:

Amounts in Euro	**31/12/2019**	**31/12/2018**	**Change**
Share Capital	47,207,120	46,890,120	317,000
Legal reserve	3,112,305	2,031,223	1,081,082
Share premium reserve	55,438,803	54,678,003	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) retained from previous years	14,049,808	4,200,198	9,849,611
Reserve from valuation of hedging derivatives	-212,571	-142,561	-70,010
Defined-benefits plan reserve	-74,445	-54,174	-20,271
Profit (loss) for the year	24,045,371	21,621,640	2,423,731
Total Shareholders' Equity	**152,348,385**	**138,006,443**	**14,341,942**

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	**31/12/2019**	**Possibility of use**	**Available portion**	**Distributable portion**	**Summary of uses in the three previous years**	
					For loss coverage	**For other reasons**
Share Capital	47,207,120		0	0		
Legal reserve	3,112,305	B	0	0		
Share premium reserve	55,438,803	A, B, C	55,438,803	50,311,953		
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	A	0	0		
Profits (losses) previous years	14,049,808	A, B, C	14,049,808	14,049,808		
Reserve from valuation of hedging derivatives	-212,571		0	0		
Defined-benefits plan reserve	-74,445		0	0		
Profit (loss) for the year	24,045,371		24,045,371	22,843,102		
Total	**152,348,385**	**0**	**102,311,583**	**95,428,453**		

Caption
A: To increase Capital
B: To cover losses
C: For distribution to Shareholders

On 18 April 2019, the Shareholders' Meeting of Tinexta S.p.A. resolved the distribution of a Dividend for the year 2018 of € 0.228 per Share. The total amount of the distributed Dividends was € 10,691 thousand.

On 4 October 2019, the Share Capital of Tinexta S.p.A. increased by 317,000 shares with no nominal value, in the amount of € 317 thousand, following the exercise of the right of conversion of the third and last tranche of the "*Warrant Tecnoinvestimenti 2016-2019*" held by the Shareholder Cedacri S.p.A. at the price of € 3.40 per Share for a total of € 1,078 thousand, of which € 761 thousand recognised under *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 Tecnoinvestimenti 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 periods (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 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 (for further details, see Note *19. Employee benefits)*

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19. EMPLOYEE BENEFITS

Liabilities for *Employee benefits* amounted to € 438 thousand at 31 December 2019 (€ 1,362 thousand at 31 December 2018) and can be broken down as follows:

Amounts in Euro	**31/12/2019**	**31/12/2018**	**Change**
Employee severance indemnity	438,336	301,741	136,595
Total non-current employee benefits	**438,336**	**301,741**	**136,595**
Other current employee benefits	0	1,060,135	-1,060,135
Total current employee benefits	**0**	**1,060,135**	**-1,060,135**
Total employee benefits	**438,336**	**1,361,876**	**-923,540**

This item refers to the Employee severance indemnity (TFR). The TFR 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	**2019**	**2018**	**Change**
Liabilities at the beginning of the year	**301,741**	**196,811**	**104,930**
Current service cost	93,282	63,438	29,844
Financial charges	4,830	2,687	2,143
Benefits paid	-3,650	-2,662	-988
Transfers	15,461	22,451	-6,989
Actuarial (profits) losses recognised during the period	26,672	19,016	7,656
Liabilities at the end of the year	**438,336**	**301,741**	**136,595**

The details of the economic and demographic assumptions used for the purposes of the actuarial calculations are provided below.

Parameters	**31/12/2019**	**31/12/2018**
Discount rate	0.77%	1.57%
Inflation rate	1.20%	1.50%
TFR rate of increase	2.400%	2.625%
Real rate of increase in wages	1.00%	1.00%
Expected mortality rate	RG48 from General Accounting Office	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender	INPS tables broken down by age and gender
Resignations expected	4.50%	4.50%
Advances expected	2.50%	2.50%

Below is a sensitivity analysis of the main actuarial assumptions included in the calculation model considering as the base scenario the one previously described 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	**31/12/2019**
Turnover rate +1%	433,238
Turnover rate -1%	444,007
Inflation rate +0.25%	445,987
Inflation rate -0.25%	430,683
Discount rate +0.25%	428,644
Discount rate -0.25%	448,254

As regards *Other Employee benefits,* during the year, all the options related to the virtual Stock Options Plan assigned by the Board of Directors of the Company on 14 November 2016 to key executives, aimed at disbursing the deferred amount corresponding to the growth in value of the Company's shares, were exercised. The disbursement amounted to € 4,638 thousand against the costs recognised in the period for € 3,577 thousand. There will be no other costs associated with this plan in the future.

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	**31/12/2019**	**31/12/2018**	**Change**
Current liabilities for bank loans	20,890,937	9,587,500	11,303,437
Non-current liabilities for bank loans	83,687,452	40,163,627	43,523,825
Other current bank payables	10,743	15,669	-4,927
Current price deferment liabilities	2,498,235	2,531,729	-33,493
Non-current price deferment liabilities	4,515,274	6,922,988	-2,407,714
Current liabilities for contingent consideration	7,741,296	0	7,741,296
Current liabilities to Majority Shareholder for loans	0	25,252,055	-25,252,055
Current liabilities to subsidiaries for loans	0	83,836	-83,836
Current liabilities for leases	167,694	0	167,694
Non-current liabilities for leases	649,097	0	649,097
Negative balance current accounts with subsidiaries	41,750,747	32,306,507	9,444,239
Current financial liabilities	**73,059,652**	**69,777,295**	**3,282,356**
of which vs. Related Parties	***41,819,654***	***57,642,398***	***-15,822,744***
Non-current financial liabilities	**88,851,823**	**47,086,615**	**41,765,208**
of which vs. Related Parties	***399,359***	***0***	***399,359***
Total financial liabilities	**161,911,475**	**116,863,911**	**45,047,564**

The expiry of non-current financial liabilities is expected within 5 years from the date of the Financial Statements in the amount of € 9,928 thousand, of which € 9,795 thousand for bank loans and € 132 thousand for lease liabilities. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2019, classified according to the contractual maturity.

Amounts in Euro	2020	2021	2022	2023	2024	More than 5 years	Total
Bank loans	20,890,937	21,505,225	22,159,968	18,136,218	12,090,686	9,795,355	104,578,388
Other current bank payables	10,743						10,743
Price deferment liabilities	2,498,235	2,422,809	1,038,389	1,054,076	0	0	7,013,509
Liabilities for contingent consideration	7,741,296						7,741,296
Lease liabilities	167,694	162,677	156,809	114,690	82,738	132,182	816,791
Negative balance current accounts with subsidiaries	41,750,747						41,750,747
Total financial liabilities	**73,059,652**	**24,090,711**	**23,355,167**	**19,304,985**	**12,173,424**	**9,927,537**	**161,911,475**

Bank loans

The following is a breakdown of the *Bank loans* at 31 December 2019 with evidence of the current and non-current portion of their book value which will include the effects of the valuation at amortised cost.

Bank loans *Amounts in Euro*	Counterparty	Rate	Maturity date	Nominal amount	Book value	Current portion	Non-current portion
CA line A loan	Crédit Agricole	6-month[1] Euribor + spread 1.30%[2]	30/06/2023	12,133,333	11,790,893	3,300,754	8,490,138
CA line B loan	Crédit Agricole	6-month[1] Euribor + spread 1.60%[2]	30/06/2023	13,125,000	13,055,442	3,717,887	9,337,556
UBI loan	UBI Banca	6-month[1] Euribor + spread 1.60%[2]	30/06/2023	7,777,778	7,724,283	2,197,519	5,526,763
BPS loan	Banca Popolare di Sondrio	6-month[1] Euribor + spread 1.25%[2]	31/12/2023	8,000,000	7,927,457	1,969,946	5,957,511
CA line C loan	Crédit Agricole	6-month Euribor + spread 1.35%[2]	31/12/2024	15,000,000	14,854,221	2,950,254	11,903,967
ISP Group loan	Intesa Sanpaolo Group	6-month Euribor + spread 1.40%	31/12/2025	50,000,000	49,226,093	6,754,576	42,471,517
				106,036,111	**104,578,388**	**20,890,937**	**83,687,452**

[1] Floor at 0 on 6-month Euribor

[2] Spread subject to change on the NFP/EBITDA parameter defined contractually

The **Crédit Agricole line A** loan was taken out on 27 April 2017 in order to renegotiate the loan obtained on 16 December 2014 in the amount of € 24 million entered into with a pool of banks, of which Crédit Agricole was lead bank. The main terms of the contract are as follows: maturity on 30 June 2023, repayment of semi-annual equal instalments of principal and interest settled at the variable 6-month Euribor rate plus a margin of 130 bps; the applicable margin is updated every six months based on the ratio of NFP (i.e. Net Financial Position) 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 **Crédit Agricole line B loan** available on request for € 15 million and fully used for € 10 million to cover the investment in Warrant Hub S.p.A. in 2017, and for a further € 5 million in 2018 to support the acquisitions carried out by the subsidiary Innolva S.p.A. The main terms of the contract are as follows: maturity on 30 June 2023, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 30 June 2019) and interest settled at the variable 6-month Euribor rate plus a margin of 160 bps; the applicable margin is updated every six months 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 **Crédit Agricole line C loan** available on request for € 15 million and fully used at 31 December 2019 million to meet the financial commitment deriving from the repayment of the loan with the Controlling Shareholder Tecno Holding S.p.A. The main terms of the contract are as follows: maturity on 31 December

2024, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 31 December 2019) and interest settled at the variable 6-month Euribor rate plus a margin of 135 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 Margin 150 bps; NFP/EBITDA ≤ of 2 and > 1.5 Margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps.

On the Crédit Agricole 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 2019, 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 the 6-month Euribor plus 160 bps and requires repayment of principal in equal 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 every six months 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 2019, these parameters were respected.

BPS Loan for an original amount of € 10 million to support the acquisitions carried out by the subsidiary InfoCert S.p.A. The loan was disbursed on 27 November 2018 at 6-month Euribor plus 140 bps and requires repayment of principal in equal 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 every six months 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 2019, these parameters were respected.

Gruppo Intesa San Paolo loan available upon request for a total of € 50 million and fully used as at 31 December 2019 to support the investments related to the acquisition of minority shares of subsidiaries through the exercise of the Put options (for details see Note *12*. *Equity investments recognised at cost*) as well as to fulfil the financial commitments resulting from the extinguishment of the loan with the controlling shareholder Tecno Holding S.p.A.. The loan is based on a 6 month Euribor increased by 140 bps. Starting from 31 December 2019 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. Principal will be repaid in increasing half-yearly instalments starting from 30 June 2020, maturing on 31 December 2025, and interest will be paid on a half-yearly basis starting from 31 December 2019.

On **20 December 2019,** the Company took a loan in the amount of € 20 million from BNL Gruppo BNP Paribas to finance the planned acquisitions of the minority shares of some subsidiaries. The floating rate loan, maturing on 31 December 2025, was not yet used at 31 December 2019.

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 thousands of Euro	**31/12/2018**	**Disbursements**	**Principal payments**	**Interest paid**	**Accrued interest**	**31/12/2019**
Bank loans	**49,751,127**	64,016,624	-9,563,889	-1,232,070	1,606,597	**104,578,388**

Disbursements for the period refer to the **Crédit Agricole line C** and **Gruppo Intesa Sanpaolo** loans for a nominal € 65 million, net of the incurred transaction costs. Interests include € 398 million of charges accrued by applying the effective interest criterion.

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 2019.

Price deferment liabilities

Price deferment liabilities represent the payable at the reporting date referring to deferments obtained from the selling Shareholders of Co.Mark and Warrant Hub S.p.A.

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	31/12/2018	Principal payments	Interest paid	Accrued interest	31/12/2019
Price deferment liabilities	**9,454,717**	-2,383,140	-200,807	142,740	**7,013,509**

Liabilities for contingent consideration

Liabilities for contingent consideration were recognised during the period as a counter-entry to the cost of the investment in Warrant Hub S.p.A. and will be paid in 2020 based on the 2019 results, by applying a multiple on the annual EIBITDA of the consolidated financial statements of Warrant Hub, taking into account the net financial position and according to the recorded growth rates.

Liabilities to Controlling Shareholder for loans

Note should be taken, in the period, of the extinguishment of the loan of € 25 million, in the times provided contractually, granted by the Controlling Shareholder Tecno Holding S.p.A. in two tranches in 2016. The extinguishment was financed through the use of the **Crédit Agricole line C** and **Intesa Sanpaolo Group** loans.

The changes in Liabilities to Controlling 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	31/12/2018	Principal payments	Interest paid	Accrued interest	31/12/2019
Liabilities to Controlling Shareholder for loans	**25,252,055**	-25,000,000	-497,260	245,205	**0**

Liabilities for the purchase of leased assets

Lease liabilities includes the present value of the payments due on the leases falling under the application of IFRS 16 adopted by the Group starting from 1 January 2019. First time adoption of the afore-mentioned IFRS 16 standard involved the recognition of greater financial leasing liabilities for € 740 thousand with, as a counter entry, the recognition under Property, plant and equipment of the assets for rights of use.

The changes in *Lease 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	31/12/2018	FTA IFRS 16	New leases	Principal payments	Interest paid	Accrued interest	Other changes no cash-flow changes	31/12/2019
Lease liabilities	**0**	740,462	238,502	-157,513	-14,774	19,123	-9,008	**816,791**

Other no cash-flow changes include adjustments to lease Liabilities for changes in *Lease liabilities* (e.g. ISTAT adjustments), extensions and early terminations.

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	31/12/2019	31/12/2018	Change
Non-current financial assets for hedging derivatives	14,752	21,437	-6,685
Current financial assets for hedging derivatives	11,395	0	11,395
Non-current financial liabilities for hedging derivatives	240,049	171,704	68,345
Current financial liabilities for hedging derivatives	31,809	0	31,810
Liabilities for net hedging derivative financial instruments	**245,712**	**150,267**	**95,445**

The current *Derivative financial instruments* at 31 December 2019 refer to the contracts executed by the Company in order to hedge the risk of financial flow changes due to the fluctuations of the interest rates on a portion of the bank loans (for details, see Note *20. Financial liabilities, excluding derivative financial instruments*).

The table below provides details about the type of contract, notional value, loan hedged and fair value at 31 December 2019 of the current derivatives:

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Rate received	Rate paid	Fair value at 31/12/2019	Fair value at 31/12/2018
IRS	CA line A	4,225	31/12/2020	6-month Euribor	0.576%	-31,809	-71,256
IRS	CA line A	3,775	30/06/2023	6-month Euribor	0.600%	-70,560	-60,474
IRS	CA line C	15,000	31/12/2024	6-month Euribor	-0.220%	4,350	0
IRS	ISP Group	38,113	31/12/2025	6-month Euribor	-0.163%	10,401	0
Total Interest Rate Swap "hedging instruments"		**61,113**				**-87,618**	**-131,729**

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Capped Swap	CA line B	8,750	30/06/2023	6-month Euribor	1.500%	-17,560	-21,140
Capped Swap	UBI	7,778	30/06/2023	6-month Euribor	1.500%	-15,292	-18,836
Total Capped Swap "hedging instruments"		**16,528**				**-32,852**	**-39,976**

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Floor	CA line A	4,225	31/12/2020	6-month Euribor	0.001%	11,395	21,437
Floor	BNL	20,000	31/12/2025	6-month Euribor	-1.450%	-65,499	0
Total Floor Option "hedging instruments"		**24,225**				**-54,104**	**21,437**

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2019	Fair value at 31/12/2018
Collar	ISP Group	11,887	31/12/2025	6-month Euribor	1.75%/-0.33%	-24,747	0
Collar	BNL	20,000	31/12/2025	6-month Euribor	1.00%/-0.30%	-46,392	0
Total Collar Options "Hedging instruments"		**31,887**				**-71,139**	**0**

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 € 3,980 thousand (€ 2,547 thousand at 31 December 2018) and can be detailed as follows:

Amounts in Euro	31/12/2019	31/12/2018	Change
Trade receivables from suppliers	2,219,866	1,076,988	1,142,879
Payables to Controlling Shareholder	130,060	89,177	40,883
Payables to subsidiaries	187,070	0	187,070
Due to social security institutions	396,942	357,538	39,404
Payable for withholding taxes to be paid	219,055	227,479	-8,425
Payables to employees	822,609	778,302	44,308
Due to others	4,410	17,785	-13,375
Trade and other current payables	**3,980,012**	**2,547,269**	**1,432,743**
of which vs. Related Parties	***317,129***	***89,177***	***227,952***

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

Starting from 1 January 2019, the Company has adopted the IFRS 16 standard "*Leases*" which involved changes to the recognition of leases. The 2018 comparative data have not been restated, while the data for the period under review reflect the application of the aforementioned standard. In order to ensure effective comparability with previous economic results, the effects on the comparative analyses deriving from the application of IFRS 16 adopted from 1 January 2019 are explained.

23. REVENUES

Revenues for 2019 amounted to € 1,357 thousand (€ 780 thousand for 2018) and can be broken down as follows:

Amounts in Euro	2019	2018	Change
Revenues from sales and services	580,000	630,000	-50,000
Other revenues and income	777,006	150,192	626,814
Revenues	**1,357,006**	**780,192**	**576,814**
of which vs. Related Parties	***1,281,971***	***779,700***	***502,271***

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 decrease recorded during the period is due to the formalisation of contracts for personnel secondment, debited back to the item *Other revenue and income.*

Other revenue and income include primarily chargebacks to the subsidiaries related to the reversal of costs incurred by the Parent Company, in particular for software licenses and seconded personnel.

24. SERVICE COSTS

In 2019, *Service costs* totalled € 5,250 thousand (€ 3,558 thousand in 2018). Service costs rose, compared to the prior year, by 47.6%, of which -3.6% due to the adoption of IFRS 16 as from 1 January 2019. The amount would have been € 5,379 thousand if the Company had not adopted IFRS 16, due to the effect of the costs relating to lease payments on properties that would have been recognised under *Costs for use of third-party assets*.

Amounts in Euro	2019	2018	Change
Consultancy	1,718,665	1,045,069	673,596
Specialist professional services	1,223,200	933,875	289,325
Travel, assignments, and lodging expenses	360,056	314,935	45,121
Costs for use of third-party assets	663,110	281,199	381,911
Advertising, marketing and communication	208,401	190,383	18,019
Statutory auditors' fees	127,815	113,837	13,978
Independent auditors' fees for audit and other services	100,194	105,376	-5,182
Network and connectivity costs	69,270	0	69,270
Maintenance costs	53,776	62,638	-8,861
Insurance	47,113	40,625	6,487
Telephone costs	34,070	33,984	87
Banking costs	27,177	27,778	-600
IT structure costs	22,700	21,921	780
Other costs for services other than the previous ones	594,612	386,221	208,391
Service costs	**5,250,159**	**3,557,840**	**1,692,320**
of which vs. Related Parties	***389,044***	***242,832***	***146,212***
of which non-recurring	***1,129,634***	***292,265***	***837,369***

Costs for use of third-party assets at 31 December 2019 include € 653 thousand in costs of instalments and software licences, € 10 thousand in instalments on vehicle leases for which the terms of the lease are less than 12 months or which is expected to expire within 12 months of the date of the initial application of IFRS 16 (1 January 2019).

Non-recurring service costs for the period amounted to € 1,130 thousand, recognised primarily under *Consultancy,* for charges tied to activities for the implementation of the new operating model of the Group.

25. PERSONNEL COSTS

In 2019, *Personnel costs* totalled € 8,537 thousand (€ 4,593 thousand in 2018). Personnel expenses show an 85.9% increase, compared with the previous year, of which -0.9% due to the adoption of IFRS 16 as from 1 January 2019. The amount would have been € 8,581 thousand if the Company had not adopted IFRS 16, due to the effect of the costs relating to lease payments on vehicles that would have been recognised under *Other personnel costs*.

Amounts in Euro	**2019**	**2018**	**Change**
Wages and salaries	2,664,072	2,269,024	395,048
Social security contributions	797,463	764,693	32,771
Employee severance indemnity	150,391	118,976	31,415
Other personnel costs	217,042	239,885	-22,843
Stock Option costs	3,577,485	368,195	3,209,290
Directors' Cost	1,130,706	832,198	298,508
Personnel costs	**8,537,160**	**4,592,971**	**3,944,189**

The following table shows the average number of employees in 2019 and the number of employees at 31 December 2019 of Tinexta S.p.A. broken down by category, compared with 2018:

Number of employees	Average		Year-end	
	2019	2018	2019	2018
Senior Management	9	9	9	9
Middle Management	6	4	6	5
Employees	16	12	21	13
Total	**30**	**25**	**36**	**27**

Stock Option Costs included the cost for the year of € 3,577 thousand relating to the liability associated with the *Virtual Stock Option Plan* assigned by the Board of Directors of the Company on 14 November 2016 to key executives, aimed at the payment of deferred amounts corresponding to the increase in the value of the Tinexta shares. The cost for the period is affected by the significant increase in shares recorded in 2019 up to the exercise of the options, occurring in July and August. There will be no other costs associated with this plan in the future.

26. OTHER OPERATING COSTS

Other operating costs amounted in 2019 to € 450 thousand (€ 255 thousand in 2018).

Amounts in Euro	**2019**	**2018**	**Change**
Other costs	315,255	178,212	137,043
Donations, gifts and membership fees	125,320	70,487	54,833
Taxes and duties	9,370	6,305	3,065
Other operating costs	**449,945**	**255,004**	**194,941**

The increase in Other costs was due to the 10-year Tinexta event held in Venice in October.

27. AMORTISATION/DEPRECIATION, PROVISIONS AND IMPAIRMENT

Amounts in Euro	2019	2018	Change
Depreciation of property, plant and equipment	213,082	54,158	158,924
of which leased	*154,347*	*0*	*154,347*
Amortisation of intangible assets	221,077	80,046	141,031
Amortisation/depreciation, provisions and impairment	**434,159**	**134,205**	**299,954**

Amortisations/Depreciations in 2019 amounted to € 434 thousand (€ 134 thousand in 2018) of which € 213 thousand referring to *Property, plant and equipment* (€ 154 thousand for rights of use recognised due to the adoption of IFRS 16) and € 221 thousand for *Intangible assets*.

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 2019 amounted to € 36,264 thousand (€ 29,347 thousand for 2018) and can be broken down as follows:

Amounts in Euro	2019	2018	Change
Dividends from subsidiaries	36,241,746	29,323,649	6,918,097
Interest income on current accounts with subsidiaries	14,520	5,667	8,853
Bank and postal interest	4,578	4,718	-140
Income on derivatives	2,907	12,565	-9,658
Other interest income	40	0	40
Financial income	**36,263,791**	**29,346,600**	**6,917,191**
of which vs. Related Parties	***36,256,266***	***29,329,317***	***6,926,949***

Below is the breakdown of *Dividends from subsidiaries* recognised in 2019, the year in which the respective Shareholders' Meetings approved their distribution, compared with those recognised in the previous period:

Amounts in Euro	2019	2018	Change
InfoCert S.p.A.	11,381,616	8,599,443	2,782,173
Innolva S.p.A.	4,388,922	6,952,887	-2,563,965
Warrant Hub S.p.A.	11,644,793	6,759,865	4,884,928
Co.Mark S.p.A.	4,000,000	3,200,000	800,000
Re Valuta S.p.A.	1,527,306	2,107,438	-580,133
Visura S.p.A.	3,299,110	1,704,016	1,595,094
Dividends from subsidiaries	**36,241,746**	**29,323,649**	**6,918,097**

Financial charges

Financial charges for 2019 amounted to € 2,150 thousand (€ 1,986 thousand for 2018) and can be broken down as follows.

Amounts in Euro	2019	2018	Change
Interest expenses on bank loans	1,208,823	591,442	617,381
Amortised cost on bank loans	398,137	358,520	39,618
Interest expenses on loans from Majority Shareholder	245,205	500,000	-254,795
Interest expenses on payment deferments connected to acquisitions	145,555	167,505	-21,950
Charges on hedging derivatives	88,740	81,951	6,789
Interest expenses on current accounts with subsidiaries	39,681	30,870	8,811
Interest expenses on leases	19,123	0	19,123
Financial component of employee benefits	4,830	2,687	2,143
Interest expenses on loans from subsidiaries	0	253,133	-253,133
Other bank interest expenses	0	22	-22
Financial charges	**2,150,095**	**1,986,131**	**163,965**
of which vs. Related Parties	***298,826***	***784,003***	***-485,178***

The increase in *Interest expenses on bank loans* reflected the increase in the bank debt compared with the previous year. The total financial charges in the year related to bank loans also include € 398 thousand for expenses accrued by applying the effective interest criterion, and € 89 thousand for *Charges on hedging derivatives* (the ineffective component of *Charges on hedging derivatives* amounts to € 12 thousand and relates to the *Time Value* component on the options pursuant to Note *21. Derivative financial instruments).*

Interest expenses on leases include interest recognised due to the adoption of IFRS 16 as from 1 January 2019.

The decrease in *Interest expenses to Controlling Shareholder for loans* was affected by the extinguishment of the loan of € 25 million, within the times provided contractually, granted by the Controlling Shareholder Tecno Holding S.p.A. in two tranches in 2016.

29. INCOME TAXES

Income taxes for 2019 were negative for € 3,246 thousand (€ 2,021 thousand for 2017) and can be broken down as follows:

Amounts in Euro	2019	2018	Change
Deferred tax assets	29,853	19,496	10,357
Deferred tax liabilities	-27,639	-33,531	5,892
Income taxes for previous years	0	8,764	-8,764
Income from tax consolidation	-3,248,306	-2,015,727	-1,232,579
Income taxes	**-3,246,092**	**-2,020,998**	**-1,225,094**
of which non-recurring	***-271,112***	***-70,143***	***-200,969***

For a breakdown and changes, during the period, in prepaid taxes, reference is made to what is outlined in Note 13. *Deferred tax assets/liabilities.*

The Company closed the year 2019 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 2019 IRES tax loss of the Company used against the taxable income of the consolidating company Tinexta.

The non-recurring portion of taxes, equal to € -271 thousand, is attributable to the IRES tax effect (24.0%) of non-recurring costs related to the implementation of the new operating model of the Group, 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	**20,799**	
Theoretical current tax on income	**4,992**	**24.0%**
Decreases		
Dividends from subsidiaries (PEX Regime)	-8,698	
ACE benefit (Decree Law 201/2011)	-296	
Directors' fees	-49	
Amortisation non-accounting capital increase 2014	-28	
Other decreases	-9	
Total Decreases	**-9,080**	
Increases		
Dividends in kind (PEX Regime)	435	
Non-deductible interest expense (ROL - Gross operating profit)	241	
Directors' fees	41	
Adjustment of financial charges IFRS 9	28	
Statutory/fiscal amortisation	10	
Other increases	86	
Total Increases	**840**	
Income from tax consolidation	**-3,248**	**-15.6%**

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 2019 and the relative comparative figures at 31 December 2018:

	31/12/2019							
Amounts in Euro	**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**
Controlling Shareholder			19,723		399,359	68,907	130,060	
Subsidiaries	10,397,779	3,265,169	616,237	151,530		41,750,747	187,070	419,886
Other Related Parties								
Total Related Parties	**10,397,779**	**3,265,169**	**635,960**	**151,530**	**399,359**	**41,819,654**	**317,129**	**419,886**
Total financial statement item	**10,584,530**	**3,265,169**	**1,310,710**	**151,530**	**88,851,823**	**73,059,652**	**3,980,012**	**2,310,705**
% Incidence on Total	*98.2%*	*100.0%*	*48.5%*	*100.0%*	*0.4%*	*57.2%*	*8.0%*	*18.2%*

31/12/2018								
Amounts in Euro	**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**
Controlling 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	**8,683,902**	**2,894,405**	**219,920**	**54,200**	**0**	**57,642,398**	**89,177**	**4,847,356**
Total financial statement item	**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	*97.9%*	*50.4%*	*45.8%*	*100.0%*	*0.0%*	*82.6%*	*3.5%*	*100.0%*

Current financial assets include the receivable equal to € 10,398 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* include the payable of € 41,751 thousand relating to negative balance current accounts with the subsidiaries Co.Mark S.p.A., Comas S.r.l. (subsidiary of Innolva S.p.A.), InfoCert S.p.A., Re Valuta S.p.A., Sixtema S.p.A. (subsidiary of InfoCert S.p.A.), Visura S.p.A., 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. In fact, starting in the year 2018 the Company opted, as the consolidating company, for national consolidated taxation pursuant to Art. 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.

Financial liabilities due to the Controlling Shareholder at 31 December 2019 refer to the payables for leases related to current lease agreements for the offices in Rome. To be noted is that the repayment of the loan of € 25 million was made within the set out timeframe.

Below is the summary table of all economic transactions and the incidence on the related items of the 2019 income statement and the relative comparative figures of 2018:

2019				
Amounts in Euro	**Revenues**	**Service costs**	**Financial income**	**Financial charges**
Controlling Shareholder		159,489		259,144
Subsidiaries	1,281,971	229,555	36,256,266	39,681
Other Related Parties				
Total Related Parties	**1,281,971**	**389,044**	**36,256,266**	**298,826**
Total financial statement item	**1,357,006**	**5,250,159**	**36,263,791**	**2,150,095**
% Incidence on Total	*94.5%*	*7.4%*	*100.0%*	*13.9%*

2018				
Amounts in Euro	**Revenues**	**Service costs**	**Financial income**	**Financial charges**
Controlling 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**	**29,329,317**	**784,003**
Total financial statement item	**780,192**	**3,557,840**	**29,346,600**	**1,986,131**
% Incidence on Total	*99.9%*	*6.8%*	*99.9%*	*39.5%*

Revenues from subsidiaries are related to the services provided as part of the management holding activities for the strategic planning, management control, legal assistance and compliance, internal audit, and corporate administrative services functions. This item includes also the chargebacks to the subsidiaries related to the reversal of costs incurred by the Parent Company, in particular for software licenses and seconded personnel.

Service costs to the *Controlling Shareholder* consist of the costs for seconded personnel and costs related to service instalments for the offices in Milan.

Financial income to the subsidiaries refers to the dividends approved and distributed in the amount of € 36,242 thousand as well as interest income for the application of the centralised management system of the treasury of the Group (cash pooling) by the Company.

Financial charges to the Controlling Shareholder include the interest expense on the loan paid back during the year and the interest on the current lease contracts (€ 14 thousand). *Financial charges to related parties* refer to the interest expense of cash pooling.

31. NET FINANCIAL INDEBTEDNESS

As required by Consob communication no. DEM/6064293 of 28 July 2006, the Group's Net Financial Indebtedness at 31 December 2019, compared with 31 December 2018, is provided below:

Amounts in Euro	**31/12/2019**	**of which vs. Related Parties**	**31/12/2018**	**of which vs. Related Parties**
A Cash	19,398,324		14,779,776	
B Cash equivalents	0		0	
C Securities held for trading	0		0	
D Liquid assets (A+B+C)	**19,398,324**		**14,779,776**	
E Current financial receivables	**10,595,924**	10,397,779	**8,865,679**	8,683,902
F Current bank debt	-10,743		-29,280	
G Current portion of non-current debt	-20,890,937		-9,573,889	
H Other current financial debt	-52,189,781	-41,819,654	-60,174,126	-57,642,398
I Current financial debt (F+G+H)	**-73,091,461**		**-69,777,295**	
J Net current financial indebtedness (D+E+I)	**-43,097,212**		**-46,131,840**	
K Non-current bank debt	-83,687,452		-40,163,627	
L Bonds issued	0		0	
M Other non-current financial debt	-5,404,420	-399,359	-7,094,692	0
N Non-current financial debt (K+L+M)	**-89,091,872**		**-47,258,319**	
O Net financial position (indebtedness) (J+N)	**-132,189,084**		**-93,390,159**	

32. OTHER INFORMATION

Commitments undertaken by the Company

As regards the **Cariparma Line A loan** agreement dated 27 April 2017, as per 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 € 5,367 thousand at 31 December 2019.

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
Re Valuta S.p.A.	11.875%	2020
Warrant Hub S.p.A.	9.750%	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.

Amounts 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	618	177	170	0	50	**1,014**
Statutory Auditors	113	0	0	0	0	**113**
General Manager	275	0	0	0	0	**275**
Other Key Management Personnel	253	0	110	0	0	**364**

During the period, all the options related to the virtual Stock Options Plan assigned by the Board of Directors of the Company on 14 November 2016 to the key executives (including the General Manager), aimed at disbursing the deferred amount corresponding to the growth in value of the Company’s shares. The disbursement totalled € 4,638 thousand. For details, see the Report on the *Policy on Remuneration paid* pursuant to art. 123 of the Consolidated Law on Finance (TUF).

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 the Enactment Regulation of Legislative Decree no. 58 of 24 February 1998. The fees shown in the table, applicable to the year 2019, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, any supervisory contribution and VAT).

Amounts in thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Audit services	**59**		**59**
Attestation services	**23**		**23**
Total	**82**	**0**	**82**

33. KEY EVENTS SUBSEQUENT TO YEAR-END

In the first **few months of 2020** the problem of the new **COVID-19** virus exploded, and it started expanding from China to the rest of the world, first to the nearby countries and then to Europe, especially Italy. The increase in infected cases in Lombardy and other Italian regions required the adoption by the competent public authorities of urgent measures aimed at combating and containing the spread of the virus, which is starting to have an impact also on our economy.

To this end, it must be noted that regarding the adoption of such measures, the Council of Ministers resolved, on 31 January 2020, to declare a 6 month state of emergency (until 31 July 2020, notwithstanding any possible extensions). Subsequently, the Decree of the President of the Council of Ministers of 9 March 2020 ("Additional provisions implementing decree-law no. 6, of 23 February 2020, providing urgent measures for the containment and management of the COVID-19 epidemic emergency, applicable to the entire country") published in the Official Gazette no. 62 of 9 March 2020, has expanded all the urgent provisions for the containment and the fight against the spread of the Covid-19 virus, set forth in article 1 of the DPCM (Decree of the President of the Council of Ministers) of 8 March 2020 - including restrictions on the movements of people, except for "demonstrated work reasons" or "situations of necessity" or "movements for health reasons" – within the national territory.

Following the continuous increase in the contagion and the higher number of deaths caused by the COVID-19 infection, the President of the Council of Ministers, on 11 March 2020, issued a new decree imposing additional emergency measures for containing the spread of the virus (the "DPCM 11 March"). Also on 11 March 2020, the World Health Organisation (WHO) declared that the COVID-19 epidemic was actually a pandemic, thus expressing a "deep concern for the alarming levels in the spreading of the infection and the gravity of the situation". The new emergency measures taken by the Italian government increased the restrictions on the free circulation of people, already introduced in the Lombardy region and in an additional 14 provinces with the DPCM of 8 March 2020 and subsequently extended to the entire country with the DPCM of 9 March 2020.

On 17 March, the decree-law no. 18 of 2020, called "Cure for Italy" setting up a plan of economic measures in the amount of € 25 billion in support of companies and families, was approved. These measures provide for a suspension of the payments of taxes and contributions, the support of international activities of companies and, in order to limit labour costs and direct indemnities, an extensive use of social shock-absorbers.

As regards the emergency situation described above, with the transposition of the directives of the Parent Company, all the subsidiaries undertook a number of actions for the protection of their employees and to ensure a continuity of service to internal and external customers. Measures included the use of smart-work at all corporate levels, the closure of offices wherever possible, the cancellation of internal events and the remodulation of the external ones, in addition to other precautionary measures aimed at guaranteeing the health of the workers and preserving the corporate business.

In the area of Digital Trust, in which subsidiaries InfoCert S.p.A. and Visura S.p.A. operate, the pace of production did not decrease; in this first phase of the crisis, the demand for digital solutions remains steady and it is further increased by the market requesting instruments capable of improving the potential of working remotely. The first few months of the year have recorded revenues in line with the forecast.

The Credit Information and Management sector, in which subsidiaries Innolva S.p.A. and Re Valuta S.p.A. operate, recorded a decline in activities in the Finance and Corporate sectors. In both markets, based on a first estimate of the effects produced by the crisis, a decrease in volume is noted in both the real estate and the business information components. The medium-long term impacts are currently difficult to quantify.

The Innovation and Marketing Services sector, in which subsidiaries Warrant Hub S.p.A. and Co.Mark S.p.A. operate, was not significantly impacted by the crisis in the first two months. Beginning in March, with the intensifying of the restrictive measures to cope with the emergency, limiting the movements within the country and then slowing down any new activity and requests for advisory services by the companies, a deceleration is predicted which will be closely monitored in the next few months.

34. PROPOSED ALLOCATION OF THE 2019 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 € 24,045,370.75, as follows:

- 5% of the Profit for the year to the Legal reserve, in the amount of € 1,202,268.54;
- € 22,843,102.21 to profits carried forward.

Following the spread of the Covid-19 epidemic, it was decided to suspend the distribution of dividends as a precautionary measure and to allow the Company to implement the 2020-22 Three Year Plan.

19 March 2020

Enrico Salza
Chairman
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 2019.

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 2019 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.

Rome, 19 March 2020

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 2019.

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 2019 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 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.

Rome, 19 March 2020

Pier Andrea Chevallard
Chief Executive Officer

Nicola Di Liello
Manager responsible for the preparation of the corporate accounting documents

TINEXTA S.p.A.
Registered office in Rome, Piazza Sallustio n. 9
Share Capital resolved Euro 47,207,120.00
Share Capital subscribed and paid up Euro 47,207,120.00
Enrolled with the Companies' Register 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 TUF and Art. 2429, paragraph 2, of the Italian Civil Code

To the Shareholders' Meeting of Tinexta S.p.A.

Dear Shareholders,

During the financial year ended 31 December 2019, the Statutory Board of Auditors carried out the supervisory activities required by the applicable legislation, in the performance of its own duties, to the extent of its responsibilities, as regards compliance with the law and with the Articles of Association, compliance with the principles of correct management, adequacy of the organisational structure, internal audit and accounting systems, as well as the reliability of the latter in correctly representing management events and the methods of practical implementation of the governance rules.

REFERENCE LEGAL FRAMEWORK

The performance of the functions assigned to us as Board of Statutory Auditors has been carried out in compliance with the law, and in particular with the provisions set forth under Article 149 of the Consolidated Law on Finance (*Testo Unico della Finanza* - TUF). More generally, we acknowledge that we assumed as inspiring values of 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 the Italian Stock Exchange.

The Board of Statutory Auditors is vested with the role of Internal Control and Audit Committee pursuant to Article 19 of Italian Legislative Decree no. 39/2010, taking into account the additions and amendments made to it by Italian Legislative Decree no. 135 of 17 July 2016, implementing Directive 2014/56/EU. The Board of Statutory Auditors is also entrusted with a supervisory role with regard to the obligations relating to non-financial information pursuant to Italian Legislative Decree no. 254/2016. As the Internal Control Committee, we acknowledge that we have received and examined the additional report pursuant to Art. 11 of EU Regulation no. 537/2014 received from the Auditing Firm, transmitting it to the Board of Directors accompanied by our observations.

ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors planned its activities during 2019, on the basis of the reference regulatory framework, as well as carrying out the checks deemed most appropriate in relation to the activities and structural size of the Company.

The Board of Statutory Auditors' activities were as follows:
- periodic meetings with the Heads of the different corporate functions;
- attendance at meetings of the corporate bodies, in particular of the Board of Directors and the Shareholders’ Meeting;
- the periodic exchange of information with the Auditing Firm, in compliance with applicable law;
- exchange of information with the boards of statutory auditors of subsidiaries;
- attendance of the Chairman of the Board of Statutory Auditors in the meetings of the Remuneration Committee and of all members of the Board in the meetings of the Control and Risk Committee;
- acquisition of relevant information and assessment of the results of activities carried out by the Supervisory Board pursuant to Italian Legislative Decree no. 231/2001 with direct meetings and through Alberto Sodini, member of the Board of Statutory Auditors, in his capacity as a member of the same Supervisory Board.

In drafting this report, the Board of Statutory Auditors performed a self-assessment of its work, recognising the adequacy of its members to perform the assigned functions in terms of professionalism, competence, time availability and independence requirements, as well as mutually acknowledging the absence of economic and financial conditions that could constitute a risk for the independence requirement. The report on the self-assessment of the members of the Board of Statutory Auditors was sent to the Board of Directors, which took note of it at the meeting held on 19 March 2020.

The remuneration of the Board of Statutory Auditors was established by the Shareholders' Meeting at the time of the appointment and is deemed by the Board to be adequate for the commitment required to carry out the role.

Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

We attended all 10 meetings of the Board of Directors held during the course of 2019, 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, for their size or characteristics, carried out by the Company. In particular, the decision-making process of the Board of Directors has appeared properly inspired to the respect of the fundamental principle to act on an informed basis.

We attended one Ordinary Shareholders' Meeting held during the year. In this regard, the Board of Statutory Auditors verified the regularity of the abovementioned Board and Shareholders' meetings, together with the compliance of the resolutions taken by the Administrative Body and by the Shareholders' Meeting with the provisions of the Italian Civil Code and with the current 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 held a central role in the overall control system, carrying out the supervisory activities through 14 meetings.

Comments in relation to the most relevant economic, financial and patrimonial 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, financial and patrimonial transactions carried out by the Company and its subsidiaries, allowed us to ascertain their compliance with law, the Articles of Association and conformity with the corporate interest.

In this respect, we consider that such transactions have been exhaustively described in the Report on Operations. In particular, these include the following transactions:

- on **31 January 2019**, the sale of the Eurofidi business unit by Innolva S.p.A. to its subsidiary Promozioni Servizi S.r.l. was finalised, with the aim of concentrating, in a single entity, the offer to the market of consulting services for access to the Central Guarantee Fund;
- on **28 March 2019** Tinexta S.p.A. took out a financing for up to a maximum of € 50 million with the Intesa Sanpaolo Group to finance the acquisition of the minority shares of some of the subsidiaries and to meet the other financial commitments, including the extinguishment of the loan with the controlling shareholder Tecno Holding S.p.A. The financing, at floating rate and expiring on 31 December 2025, was structured by Banca IMI as Mandated Lead Arranger in the transaction. The loan was fully drawn down as at 31 December 2019;
- on **30 April 2019**, pursuant to the option contract signed on 30 November 2017 between Tinexta S.p.A. and the minority Shareholders of Warrant Hub S.p.A., Workyng S.r.l. and Roma S.r.l., the option rights were exercised on 20.25% of the share capital of Warrant Hub; as a result of this transaction Tinexta holds 90.25% of the share capital of Warrant Hub;
- during the first few days of **May 2019**, the subsidiary Visura S.p.A. suffered a cyberattack which required precautionary intervention on roughly 13% of the certified e-mail accounts sold by said entity and managed by InfoCert S.p.A, targeted at restoring operations and ensuring the security of the services provided. In-depth analyses were carried out and the necessary reports were sent to the competent authorities. Preliminary proceedings are in progress, initiated by the Italian Data Protection Authority against Visura S.p.A. and InfoCert S.p.A.;
- on **28 June 2019**, Tinexta S.p.A. repaid, within the terms set forth contractually, the entire loan of € 25 million extended by the controlling shareholder Tecno Holding

S.p.A., through use of the Crédit Agricole loan for € 15 million entered into on 4 December 2018 and, for the remaining portion, through use of the loan entered into with the Intesa Sanpaolo Group on 28 March 2019;

- on **28 June 2019**, Camerfirma Colombia S.A.S. was incorporated by the subsidiary Camerfirma S.A. and private shareholders, with its registered office in Bogotá (Colombia). The subscribed share capital is COL$ 1,200,000,000, for a total of 6,000 shares issued. Camerfirma S.A. subscribed 25% of the share capital for a total value of COL$ 300 million (1,500 shares);
- on **19 July 2019**, the option rights were exercised on the remaining 10% of the share capital of Co.Mark S.p.A. for an amount of € 5,219 thousand, as defined in the Option Contract entered into at the time of acquisition. With this transaction Tinexta owns 100% of Co.Mark S.p.A.;
- on **30 July 2019, Tinexta** exercised its option rights on the remaining 40% of Visura S.p.A.'s share capital: thanks to this transaction Tinexta holds 100% of the company's share capital;
- on **17 September 2019,** the purchase of 1% of the share capital of the Spanish subsidiary Co.Mark TES S.l. by Co.Mark S.p.A. for the amount of € 360, equal to the nominal value, was formalised;
- on **19 September 2019**, Tinexta S.p.A. received from Cedacri S.p.A. the request to exercise the final tranche of warrants held by the latter, 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, determined in accordance with the Regulation of "Tecnoinvestimenti Warrants 2016-2019". At the same time as the request, Cedacri S.p.A. made a payment of € 1,077,800. On 4 October 2019, following the execution of the Board of Directors' resolution subsequent to the request to exercise the last tranche of the Warrants held by Cedacri S.p.A., Tinexta S.p.A. issued 317,000 new shares, increasing the share capital to € 47,207,120 fully subscribed and paid-in, divided into 47,207,120 shares;
- on **20 December 2019**, Tinexta S.p.A. took out a financing for € 20 million with BNL Gruppo BNP Paribas to finance the planned acquisitions of minority interests in some of its subsidiaries. The loan is at a floating rate and matures on 31 December 2025 and has not yet been drawn down at 31 December 2019;
- on **20 December 2019** the company Warrant Hub S.p.A. formalised the acquisition of PrivacyLab S.r.l., a company operating in the sale of licenses, consulting, training and tools for the management of compliance with GDPR regulations.

For our part we acknowledge that the work of the Board of Directors effectively responds to the requirement to act informed when taking the relevant resolutions. In particular, the Administrative Body assessed the opportunities and the consequences of the transactions carried out on the basis of forecast estimates, due diligence, the financial impact of the transactions and a preliminary general assessment of the impact deriving from the application of the accounting principle IFRS 3. The transactions were disclosed to the market within the terms and with the required transparency.

Remarks regarding the compliance with the principles of correct management

We acquired information and supervised, to the extent of our responsibilities, on the compliance with the fundamental standard of correct and prudent management of the Company and with the more general principle of diligence, all the above thanks to our attendance at the Board of Directors' meetings, of the documentation and timely information directly received from the management bodies with regard to the transactions carried out by the Group.

The acquired information allowed us to verify the compliance with 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 adequate information from the Delegated Body on the management trend of the Company and its subsidiaries.

With reference to Italian Legislative Decree no. 231/2001, the Supervisory Body has carried out the control activities relating to the adequacy, the observance and the updating of the Organisational Model, without noting any critical issues.

Remarks on the adequacy of the organisational structure

The composition of the Administrative Body complies with the provisions of Article 148, paragraph 3, of the TUF, as referred to in Article 147-ter, paragraph 4, with reference to the presence within the Board of independent directors drawn from minority lists and the respect of gender quotas.

During the financial year in question, we acquired information and supervised, to the extent of our responsibilities, on the adequacy of the Company's organisational structure in relation to the size and nature of the Company activities, having in this regard no particular remarks to report.

The Company centralised the protection, direction, coordination and monitoring activities of the subsidiaries.

The organisational structure is sufficiently adequate for the Group's structure. In particular, the Company has the following main functions overseen by its appointed managers:

- Legal and Corporate Function;
- Human Resources and Organisation Function;
- Internal Audit Function;
- Management Control Function;
- Information Security, with the appointment of a manager who also acts as DPO under the Privacy Policy (GDPR);
- Compliance Function;
- ICT Function;
- Purchasing Function.

In 2019, a project aimed at analysing risks functional to the appointment of a risk manager was launched, who was subsequently appointed in January 2020.

In addition, note should be taken of the process of strengthening the existing procedural and organisational safeguards initiated by Tinexta during 2019 with the implementation of the so-called "*Progetto Integra*".

In particular, the aforementioned project, which will be launched in the first half of 2020, provides for centralisation in Tinexta S.p.A. and the management by the functions of the controlling shareholder of certain processes concerning the Group and its subsidiaries.

Furthermore, we acknowledge that, in accordance with the principles of the Corporate Governance Code of Listed Companies regarding the remuneration of executive directors and in line with the international best practices on the matter, the Company has a virtual stock option plan that aims to constitute a medium-long term remuneration system favouring the alignment of the interests of senior executives with strategic responsibilities of the Group and with those of investors. In our opinion, the plan is a suitable instrument for developing a remuneration system correlated to the growth of the market value of the shares.

Lastly, we monitored the attribution of powers conferred to the Delegated Body and the definition of decision-making powers.

In compliance with the Corporate Governance Code prepared by the Committee for the Corporate Governance of Listed Companies, the Company has initiated a self-assessment by the members of the Board of Directors, entrusting the internal Compliance Function with the task of analysing and evaluating the outcome. For our part, we have monitored the process to assess its effectiveness. No particular suggestions for improving the process have emerged.

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 Electronic Equity Market (Mercato Telematico Azionario - MTA), we note that, following the changes introduced in the reference regulatory framework, the internal procedures on Market Abuse 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, pursuant to Article 148, paragraph 3, of the TUF and Art. 3 of the Corporate Governance Code of Borsa Italiana, a subject dealt with by the Board of Directors at its meeting of 19 March 2020.

Remarks on the adequacy of the internal control system and in particular on the activity carried out by the persons in charge of Internal Control.

We oversaw the internal control system and its extension to the subsidiaries. We believe, also as a result of the increase in the number of staff dedicated to the internal control system, that the same is appropriate for the management characteristics of the Company and of the Group, meeting the requirements of efficiency and effectiveness in the management of risks and in compliance with the procedures and internal and external provisions.

The control system is based on first, second and third level controls: first level controls are inherent in the procedures or entrusted hierarchically with the same functions; second level controls are attributed to the Management Control and Compliance Function; third level controls, instead, are entrusted to the Internal Audit Function.

We verified the adequacy of the Internal Audit plan and interacted constantly with the head of the function.

As to the effectiveness of the internal control and risk management system – aimed at ensuring the protection of the corporate assets, the efficiency of the business processes, the reliability of the financial information and, more generally, the 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 informative systems and procedures that make it possible to reliably match the key economic and financial information with the outcomes of the informative systems used within each subsidiary.

The process ensures the accuracy and integrity of such information.

Remarks on the adequacy of the administrative and accounting system and its reliability to correctly represent 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, by acquiring information directly from the Heads of the various Functions and through regular meetings with the Auditing Firm.

In this regard the Model created to comply with Italian Law no. 262/2005 and the controls implemented by the Financial Reporting Manager assume fundamental importance, also through the internal control function within the financial administrative governance framework.

The Company is adopting an advanced and unique IT system (SAP system) for all Group companies, aimed at ensuring a significant improvement in the management and control of business performance. This will also be possible thanks to the aforementioned "*Progetto Integra*".

Comments and proposals in relation to the separate financial statements and their approval

With reference to the audit of the accounting records and the correct reporting of the management activities in 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, it is worth remembering that these duties are conferred to the Auditing Firm.

The opinion rendered by the Auditing Firm with reference to the separate and consolidated financial statements is “without modification"; therefore, it does not highlight any critical issues, situations of uncertainty or any limitations in the checks, nor does it call for informational requests.

From our side, we supervised the general approach given to the Financial Statements being examined. In particular, as already shown, having previously ascertained – through meetings with the Heads of the concerned Functions and with the Auditing Firm – 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 with the application of the 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 date of the financial statements, as well as previous International Accounting Standards (IAS);
- the production, the setting and the presentation formats of the Annual Financial Statements comply with the reference normative 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 the obtainment of adequate information in relation to the most significant transactions, from an economic, financial and patrimonial 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 evaluated into the financial statements;
- during the performance of the impairment test procedures, the Company adopted the internal model.

We ascertained that the Management 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 report described into said document 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 an indication of the main risks which the Company is subject to and provides express evidence of the elements which may affect the management development.

With respect to the financial statements as of 31 December 2019, we have no further comments or proposals to submit. The supervisory and control activity carried out by the Board of Statutory Auditors during the financial year, also in relation to the tasks attributed to the same as Committee for the Internal Control and Audit of the accounts, as described in this report, did not highlight further events to be reported to the Shareholders' Meeting.

With regard to the non-financial disclosure provided in the Report on Operations, as the Company falls within the scope of Italian Legislative Decree no. 254/2016, the Board of Statutory Auditors monitored the process of preparing the report and verified the correct application of the procedure adopted by the Company.

Non-financial disclosures were subject to limited assurance by the Auditing Firm, which did not reveal any evidence of inadequacy. The recourse to the Group Auditor also for this activity is justified in the knowledge it acquired of the business model, without compromising its independence.

Remarks regarding the consolidated financial statements

The Consolidated Financial Statements as at 31 December 2019, as already noted, were compiled through the application of 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 balance sheet date, as well as previous International Accounting Standards (IAS).

The consolidation area includes InfoCert S.p.A., Innolva S.p.A., RE Valuta S.p.A., Co.Mark S.p.A., Visura S.p.A., Warrant Hub S.p.A., Sixtema S.p.A., AC Camerfirma SA, Comas S.r.l., Webber S.r.l., Promozioni Servizi S.r.l., Innolva Relazioni Investigative S.r.l., Co.Mark TES S.L., Warrant Innovation Lab S.r.l., Warrant Service S.r.l., Bewarrant S.p.r.l., Camerfirma Perù S.A.C., Lux Trust S.A., Etuitus S.r.l., Camerfirma Colombia S.A.S., Creditreform GPA Ticino S.A., Innovazione 2 Sagl.

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 may acknowledge, that:

- the provisions concerning the establishment and the framework of the Consolidated Financial Statements and of the accompanying Report on Operations have been complied with;
- the documents taken on the basis of the full consolidation process are represented by the draft Financial Statements referring to 31 December 2019, as approved by the competent Administrative Bodies 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 company is excluded from the consolidation area;

– the scope, valuation criteria and consolidation principles adopted are adequately illustrated by the Directors in the Explanatory Notes.

The Board of Statutory Auditors took note of the "without modification" opinion expressed by the Auditing Firm with specific reference to the statutory audit of the consolidated accounts, and thus the absence of uncertainty or any limitations in the verifications or information recalls.

Information regarding the adherence of the Company to the Corporate Governance Code issued by the Committee for the Corporate Governance of Listed Companies

As already mentioned above, the Company has decided to adhere to the Corporate Governance Code, prepared by the Committee for the Corporate Governance of Listed Companies.

It should be noted that the Company has not set up the Appointments Committee, a choice justified by the following facts, which emerged also from the self-assessment carried out by the members of the Board of Directors: the majority of directors on the Board are independent, the Chairman is extraneous with respect to the management of the business and he has made contributions to ensure the transparency of how Board workings are conducted.

Remarks on the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF

The Board of Statutory Auditors oversaw the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF, and the correct flow of information between them, and believes that the Company is able to comply with the disclosure requirements envisaged by the law. The information flow to the central Auditor, articulated on the various levels of the corporate control chain, active throughout the year and functional to the control activities of annual and interim accounts, was considered effective. The Board of Statutory Auditors assessed and monitored the adequacy of the instructions given to the subsidiaries. These provisions have enabled the latter to promptly provide the Company with the information necessary to comply with the disclosure requirements envisaged by the regulations.

The Board of Statutory Auditors met and maintained a liaison with the Supervisory Bodies of the subsidiaries in order to share issues of common relevance for the various Group companies: as a result of these meetings, no critical issues worthy of mention emerged.

Finally, we activated a process to monitor the progress achieved for the implementation by the subsidiaries of the internal procedural framework.

Related Party transactions. Indication of the possible existence of atypical and/or unusual transactions, including intragroup or related party transactions

The Company has adopted a Procedure for Transactions with Related Parties. The Control and Risk Committee is also entrusted with the role of Related Parties Committee, called to carry out a preliminary exam and to provide an opinion concerning the various typologies of related party transactions, except for those transactions which, pursuant to the same procedure, are excluded.

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 the Board of Directors meetings, we acquired appropriate information on intragroup and related party transactions that are adequately described in the Report on Operations and in the Explanatory Notes, in compliance with the indications to be provided in this context on the basis of the 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 operations excluded from the application of the procedure and the scrutiny of the related Committee.

We also acknowledge the compliance of these transactions with law and the Articles of Association, their compliance with the company's interest, and the absence of situations that would entail further considerations and comments.

During the Boards' meetings, the Administrative Body has drafted and provided periodic disclosure on the transactions with related parties in accordance with the provisions of Art. 2391-bis of the Italian Civil Code.

The Company has not carried out any infra-group, related party, or third party transactions which are atypical and/or unusual during the financial year.

Indication of the potential submission of complaints pursuant to Article 2408 of the Italian Civil Code, of petitions, of the potential initiatives taken and their relevant outcomes.

We acknowledge that during the 2019 financial year no complaints pursuant to Article 2408 of the Italian Civil Code and petitions have been submitted to the Board of Statutory Auditors.

Remarks on the possible significant issues arising during the meetings with the Auditors pursuant to Article 150, paragraph 3, of the TUF

The Board of Statutory Auditors met and held 8 meetings with the Auditing Firm in 2019. The results are presented 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 activity carried out, as well as any omissions, reprehensible facts or irregularities detected performing such activity

We certify that our supervisory activity, carried out during the 2019 financial year, has been performed under normal circumstances, and that it has not revealed any significant events that would require a specific mention in this report. Pursuant to Article 153, paragraph 2, of the TUF in matters pertaining to the Board of Statutory Auditors, the Board does not deem it necessary to make any further proposals or observations.

Indications on the content of the Auditing Firm's Report and judgment of the Financial Statements

The audit report for the year ended 31 December 2019 presents: the paragraph containing the key aspects of the audit (key audit matters); the paragraph on the responsibilities of the Auditing Firm in order to provide more information on the activities performed in the context of the audit, including communication to the subjects responsible for governance activities; the paragraph containing specific statements required by Regulation (EU) no. 537/14; the paragraph containing, in addition to the opinion on the consistency of the Report on Operations with the financial statements, also the opinion on its compliance with the law, as well as the statement of any significant errors found.

The report issued by the Auditing Firm contains an unqualified opinion that does not require disclosure.

Indication of possible conferral of further assignments on the Auditing Firm and related costs

On the basis of the information acquired, the Auditing Firm were appointed for the financial years up to 31 December 2024 to carry out a limited review of the Group's consolidated non-financial statement prepared in accordance with Italian Legislative Decree no. 254/2016.

The Board of Statutory Auditors, as ICAC, has examined KPMG S.p.A.'s proposal and has positively assessed the appropriateness and consistency of the procedures indicated in it, also considering the greater effectiveness and efficiency of the work carried out for this purpose by the same person appointed to audit the accounts.

Furthermore, the ICAC, having evaluated the economic offer, verified the maintenance of the requirements in terms of independence in accordance with Art. 5.4 of Regulation no. 537/2016 and expressed a favourable opinion in favour of the assignment to certify the Declaration of Non-Financial Data.

Indication of the possible appointment granted to parties which have relationships with the Auditing Firm

During the financial year, no assignments have been conferred upon entities belonging to the KPMG SpA network. There have also been no assignments to the shareholders, directors, members of the control bodies or employees of the Auditing Firm itself and to companies controlled or connected to it.

The Auditing Firm issued the declaration on their independence in relation to 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 law during the financial year

During the 2019 financial year, the Board of Statutory Auditors expressed its opinion in all those cases in which it was requested by the Board of Directors, also in compliance with regulatory provisions requiring prior consultation with the Board of Statutory Auditors.

The Board notes that it has issued, in 2019, the following opinions:
- favourable opinion on the salary increase for two executives;
- favourable opinion in relation to the proposals of the Remuneration Committee regarding the Group's remuneration policies and the policy for the identification of executives with strategic responsibilities of the Group.

ROLE OF THE COMMITTEE FOR INTERNAL CONTROL AND AUDITING ACTIVITY

Pursuant to Art. 19 of Italian Legislative Decree no. 39/2010, the Board of Statutory Auditors acts as the ICAC and in this capacity has carried out the activities required by law.

As a preliminary point, the Board declares that it has carried out the necessary self-assessment in this regard by recognising in itself, also in its capacity as members of the ICAC, the possession of the competence requisites 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 Auditor's independence, as provided for in Art. 10-bis of Italian Legislative Decree no. 39/2010 and Art. 6 of the European Regulation no. 537 of 16 April 2014, to carry out the task in terms of independence and objectivity, definition of appropriate measures to mitigate the risks of independence, availability of competent professional staff, authorisation of the person responsible for the assignment to perform the legal audit.
- In relation to the above, the Auditing Firm was only appointed to carry out a limited review of the Group's consolidated non-financial statement.
- The ICAC monitored the work of the Auditing Firm and, in this regard, acknowledges that it has assessed ex-ante the planning of the activity by the Auditing Firm, and that it is consistent with the size and characteristics of the Company, as well as the risk assessment of errors or frauds conducted by the Auditor itself, which appeared consistent with the information available to the ICAC.
- With regard to the assessment of the effectiveness of the internal control and risk management systems of the Company related to financial reporting, the ICAC

took account of the controls adopted, pursuant to Italian Law 262/2005, by the Financial Reporting Manager and of the improvements the same suggested also 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 have adopted a Group ERP (SAP system) represents the consolidation of the administrative and financial governance system.

– The ICAC has taken note of the methods adopted by the Auditing Firm for the performance of the assignment, which consist of, with risk-adjusted graduation, process evaluations, direct detailed procedures and analysis procedures, comparative to the previous year.

– With reference to the work of the Auditor, the ICAC has verified the absence of objections by the Auditor in relation to the evaluation 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 in the accounting system.

– In its capacity as ICAC, the Board acknowledges that it has not observed, like the Auditor, the presence of significant events 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 for allowing the ICAC to carry out its functions.

With regard to the key aspects of the audit (so-called 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 aspects were considered, the related auditing procedures 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:

– the individual financial statements: recoverability of the value of investments;

– the consolidated financial statements: recoverability of goodwill and allocation of the price paid for the acquisition of the subsidiary companies.

The ICAC shares the identified KAMs and acknowledges that the auditing procedures adopted by the Auditor are adequate relative to the risk.

With regard to the other significant aspects, the ICAC acknowledges having discussed them with the Auditing Firm, examining the reasons and the related audit procedures implemented in response to these risks. These concern management override of controls.

In this regard, it acknowledges that the control procedures adopted by the Auditor appear to be adequate.

CONCLUSIONS

As a result of the supervisory activity carried out during the 2019 financial year and taking into account the findings of the activity performed by the entity in charge of the auditing of the accounts, 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 its concrete functioning, as well as the efficiency and effectiveness of the internal controls, internal audit and risk management system;
b) we do not see, for the reasons for which we are responsible, any reasons preventing the approval of the financial statements for the year ended 31 December 2019, as drafted by the Board of Directors, and the proposal made by the same Administrative Body regarding the allocation of the profit earned.

Rome, 3 April 2020

The Board of Statutory Auditors

The Chairman	Luca Laurini
Standing Auditor	Monica Mannino
Standing Auditor	Alberto Sodini