

INTERIM REPORT ON OPERATIONS

AT 31/03/2020

This English version of Tinexta's Interim Report on Operations at 31/03/2020 is made available to provide non-Italian speakers a translation of the original document. Please note that in the event of any inconsistency or discrepancy between the English version and the Italian version, the original Italian version shall prevail.



TINEXTA

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COMPANY DATA and COMPOSITION OF CORPORATE GOVERNANCE BODIES

Parent Company's Registered Office

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

Statutory Information about the Parent Company

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

Corporate governance bodies currently in office

Board of Directors

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

Control 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 €)	1st quarter 2020	1st quarter 2019 ¹	Change	Change %
Revenues	54,911	59,735	-4,823	-8.1%
EBITDA before Virtual Stock Options ²	10,916	15,067	-4,151	-27.6%
EBITDA	10,916	14,450	-3,534	-24.5%
Operating Profit	4,681	9,168	-4,487	-48.9%
Net Profit	2,918	5,855	-2,937	-50.2%
Adjusted Net Profit	3,892	7,494	-3,602	-48.1%
Free Cash Flow	20,113	17,927	2,186	12.2%

Summary equity-financial data (In thousands of €)	31/03/2020	31/12/2019	Change	% Change
Share Capital	47,207	47,207	0	0.0%
Shareholders' Equity	152,101	149,426	2,675	1.8%
Net Financial Indebtedness	111,366	129,138	-17,772	-13.8%

¹The comparative data of the first quarter of 2019 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.

²EBITDA 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 and concluded in 2019.

INTERIM REPORT ON OPERATIONS

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, Netherlands, Belgium and France.

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.

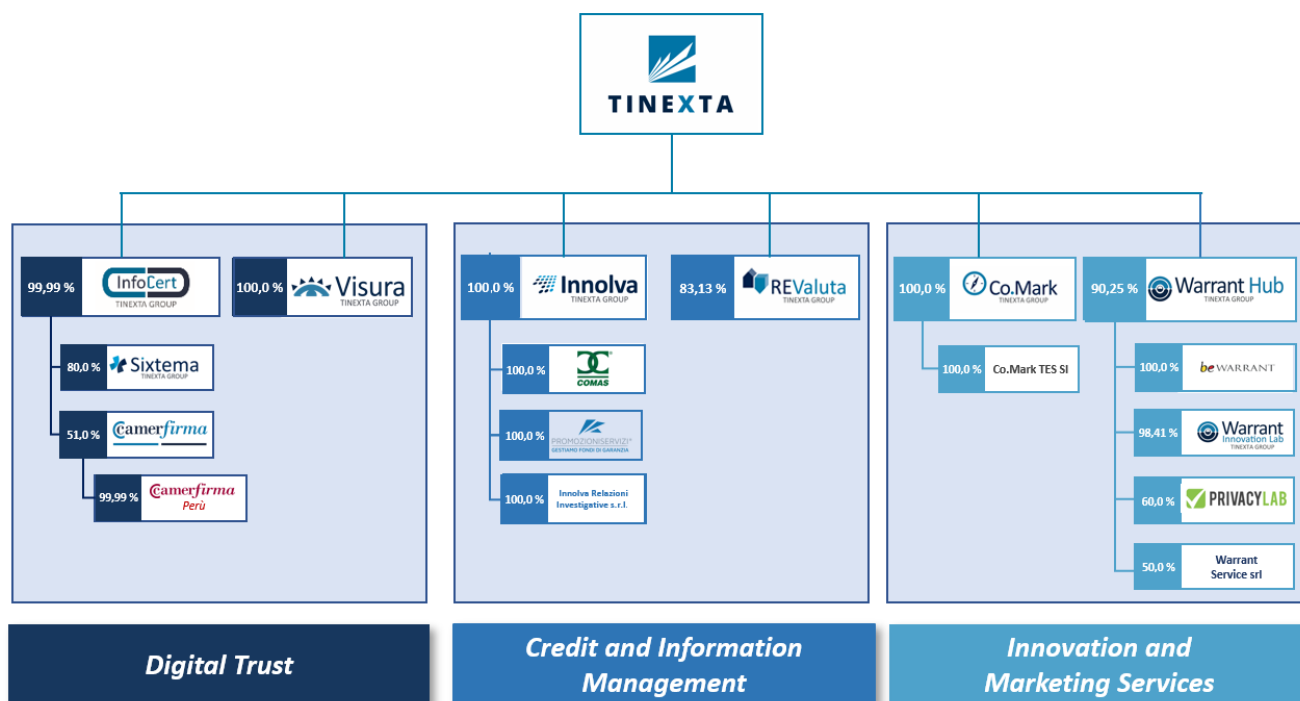
Innolva provides a complete range of IT services to support decision-making processes for the granting, assessment and recovery of credit, along with credit management and business information services, through a business model characterised by the integration of services, with the aim of supporting 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. Privacy Lab, acquired in January of the current year, operates in the sale of licenses, consulting, training and tools for managing GDPR compliance.

The chart that follows outlines the structure of the Tinexta Group, including controlling interests held, at 31 March 2020.



KEY EVENTS OF THE PERIOD

An overview of the key events that occurred in the first quarter until 31 March 2020 is provided below:

- 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. Camerfirma Colombia S.A.S. is therefore 24% owned by Camerfirma S.A. and 1% by InfoCert S.p.A.
- On **27 January 2020**, Warrant Hub S.p.A. closed the acquisition of 60% of PrivacyLab S.r.l., 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 roughly € 1 million and an EBITDA of around € 250 thousand.³ An advance payment on the acquisition price equal to 60% of the share capital of Privacy Lab was made on closing, amounting to € 612 thousand. As regards this transaction, it was established that with the approval of the financial statements at 31 December 2019, an earn-out may be recognised, calculated on the basis of EBITDA and the net financial position (contractually defined) at 31 December 2019, which will be paid at 30 June 2020 (50%), with the remaining 50% paid on 31 December 2020. The definition of the earn-out is in the process of being determined and currently estimated at € 376 thousand. Warrant Hub, through a system of Put&Call options, has the option of acquiring the remaining 30% of the Company in 2022 after the approval of the financial statements ended 31 December 2021, whose amount is currently estimated at € 1,157 thousand. The company is therefore consolidated at 90%

³Data prepared according to ITA GAAP standards.

from 1 January 2020. It should be noted that Warrant Hub has a Call option on the remaining 10% to be exercised at the same expiry in 2022.

3. 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 from 1 March 2020 for legal purposes, was finalised. The accounting and tax effects are retroactive to 1 January 2020.
4. 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 **COVID-19** virus exploded, and it started spreading from China to the rest of the world, first to nearby countries and then to Europe, especially Italy. The increase in infections in Lombardy and other Italian regions required the competent public authorities to adopt urgent measures aimed at combatting and containing the spread of the virus, which is also starting to have an impact 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 months 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 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.” These emergency measures taken by the Italian government increased the restrictions on the free movement 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 “Heal 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, support for the international activities of companies and, in order to reduce labour costs and direct indemnities, 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 working 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.

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.

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 First Quarter 2020 with Revenues of € 54,911 thousand. EBITDA amounted to € 10,916 thousand, equal to 19.9% of Revenues. Operating profit and Net profit amounted to € 4,681 thousand and € 2,918 thousand, respectively, equal to 8.5% and 5.3% of Revenues.

Abbreviated Consolidated Income Statement (€ '000s)	1st quarter 2020	%	1st quarter 2019	%	Change	% Change
Revenues	54,911	100.0%	59,735	100.0%	-4,823	-8.1%
EBITDA before Virtual Stock Options	10,916	19.9%	15,067	25.2%	-4,151	-27.6%
EBITDA	10,916	19.9%	14,450	24.2%	-3,534	-24.5%
Operating Profit	4,681	8.5%	9,168	15.3%	-4,487	-48.9%
Net Profit	2,918	5.3%	5,855	9.8%	-2,937	-50.2%

Revenues fell by € 4,823 thousand or -8.1% compared to First Quarter of 2019, EBITDA by € 3,534 thousand or -24.5%, Operating profit by € 4,487 thousand or -48.9%, and Net profit by € 2,937 thousand or -50.2%.

The results for the First Quarter of 2020 are compared with a particularly positive First Quarter 2019 in the Innovation & Marketing Services segment, in which the completion of a high number of innovation consulting projects involving significant profit margins had been postponed, which were at an advanced state of completion as at 31 December 2018. This had an impact of roughly € 2.1 million on the comparative revenue figures. The results for First Quarter 2020 were also affected by the ongoing pandemic emergency and, therefore, the connected restrictions on activities that have impacted the whole of March. The first two

months of the year had been in line with the forecasts for revenues and higher than expected in terms of EBITDA. As a result of the reduction in revenues, management has implemented a cost-cutting policy that will have a stronger effect from the second quarter.

Please note that first quarter results include the balances from 1 January 2020 of the company PrivacyLab S.r.l., consolidated from that date. The effects of the contribution of PrivacyLab S.r.l. are reported below as a change in the scope of consolidation.

The following table provides details of First Quarter 2020 Income Statement items compared with First Quarter 2019.

Consolidated Income Statement (€ '000s)	1st quarter 2020	%	1st quarter 2019	%	Change	% Change
Revenues	54,911	100.0%	59,735	100.0%	-4,823	-8.1%
Total Operating Costs*	43,995	80.1%	44,667	74.8%	-672	-1.5%
Costs of raw materials	1,875	3.4%	1,694	2.8%	181	10.7%
Service costs	19,555	35.6%	19,606	32.8%	-51	-0.3%
Personnel costs*	20,234	36.8%	20,648	34.6%	-414	-2.0%
Contract costs	1,887	3.4%	2,146	3.6%	-259	-12.1%
Other operating costs	444	0.8%	573	1.0%	-129	-22.5%
EBITDA before Virtual Stock Options	10,916	19.9%	15,067	25.2%	-4,151	-27.6%
Virtual Stock Option costs *	0	0.0%	617	1.0%	-617	-100.0%
EBITDA	10,916	19.9%	14,450	24.2%	-3,534	-24.5%
Depreciation, amortisation, provisions and impairment	6,235	11.4%	5,282	8.8%	953	18.0%
Operating Profit	4,681	8.5%	9,168	15.3%	-4,487	-48.9%
Financial income	204	0.4%	176	0.3%	28	16.0%
Financial charges	687	1.3%	659	1.1%	28	4.2%
Net Financial Charges	483	0.9%	483	0.8%	0	-0.1%
Profit of equity-accounted investments	14	0.0%	29	0.0%	-15	-51.0%
Profit before tax	4,212	7.7%	8,713	14.6%	-4,501	-51.7%
Income taxes	1,294	2.4%	2,859	4.8%	-1,565	-54.7%
Net Profit	2,918	5.3%	5,855	9.8%	-2,937	-50.2%

* 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 fell from € 59,735 thousand in first quarter 2019 to € 54,911 thousand in first quarter 2020, marking a decrease of € 4,823 thousand or -8.1%. The increase in Revenues attributable to the change in the scope of consolidation, owing to the consolidation of PrivacyLab S.r.l. was 0.3%; therefore, -8.4% is due to the organic decrease. The organic decrease was impacted by a particularly positive First Quarter 2019 in the Innovation & Marketing Services segment, in which the completion of a high number of innovation consulting projects involving significant profit margins had been postponed, which were at an advanced state of completion as at 31 December 2018. This had an impact of roughly € 2.1 million on the comparative revenue figures. The above is augmented by the aforementioned impact of the pandemic.

Operating costs fell from € 44,667 thousand in the first three months of 2019 to € 43,995 thousand in the first three months of 2020, a decrease of -1.5%, equal to € 672 thousand. The increase in operating costs attributable to the change in scope of consolidation was 0.3%, while the remaining -1.8% is due to organic growth.

The greater decrease in revenues compared to operating costs involved a decline in the **EBITDA margin**, which fell from 24.2% in First Quarter 2019 to 19.9% in First Quarter 2020.

It should be noted that First Quarter 2020 benefitted from the elimination of the **Cost relating to Virtual Stock Options**, exercised in full in 2019.

The item **Depreciation, amortisation, provisions and impairment**, for € 6,235 thousand (€ 5,282 thousand in the first three months of 2019) includes € 1,474 thousand in amortisation of other intangible assets arising upon allocation of the price paid in business combinations (€ 1,479 thousand in the first three months of 2019), mainly relating to Innolva, Visura, Co.Mark and Warrant Hub. The increase in the item was impacted by the rise in amortisation of intangible assets (up € 350 thousand), in particular on Databases and Software, as well as higher provisions for impairment of trade receivables (up € 319 thousand) and Provisions for risks (up € 238 thousand).

In First Quarter 2020, **Net financial charges** totalled € 483 thousand, unchanged with respect to the same period in the previous year.

Profit from equity-accounted investments stood at € 14 thousand (€ 29 thousand in First Quarter 2019).

Estimated **Income taxes**, calculated based on the tax rates envisaged for the year by the current tax laws, amount to € 1,294 thousand (€ 2,859 in First Quarter 2019). The tax rate is 30.7%, a slight decrease compared to the same period of the previous year (32.8%).

Adjusted Group Results

Below are the adjusted economic results calculated before the non-recurring components, the cost relating to the Virtual Stock Option Plan, the 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.

Abbreviated Adjusted Consolidated Income Statement (€ '000s)	1st quarter 2020	%	1st quarter 2019	%	Change	% Change
Adjusted Revenues	54,911	100.0%	59,735	100.0%	-4,823	-8.1%
Adjusted EBITDA	10,999	20.0%	15,512	26.0%	-4,513	-29.1%
Adjusted Operating profit	6,238	11.4%	11,709	19.6%	-5,470	-46.7%
Adjusted Net Profit	3,892	7.1%	7,494	12.5%	-3,602	-48.1%

The adjusted results show a decrease in Revenues of -8.1% compared to the previous year, -29.1% in EBITDA, -46.7% in Operating profit and -48.1% in Net profit.

The adjustments components are described here below.

Non-recurring items

Non-recurring operating Costs of € 83 thousand were recorded during the quarter, of which € 64 thousand were incurred for transaction-related charges for the acquisition of control of PrivacyLab S.r.l.

Non-recurring taxes include non-recurring income of € 5 thousand, relating entirely to the tax effect on non-recurring components of the pre-tax result.

In First Quarter 2019, Non-recurring operating costs € 445 thousand were recorded, non-recurring financial income came to € 148 thousand and income in Non-recurring taxes amounted to € 201 thousand.

Virtual Stock Options

The Virtual Stock Option plan, completed in 2019, resulted in costs in the comparison period of € 617 thousand.

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 € 1,474 thousand (€ 1,479 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 income in First Quarter 2020 for € 161 thousand (€ 15 thousand in financial charges in the same period of the previous year).

The method of construction of the adjusted economic indicators is reported below.

Calculation of adjusted economic results (€ '000s)	EBITDA		Operating Profit		Net Profit	
	1st quarter 2020	1st quarter 2019	1st quarter 2020	1st quarter 2019	1st quarter 2020	1st quarter 2019
Reported economic results	10,916	14,450	4,681	9,168	2,918	5,855
Virtual Stock Options Cost		617		617		617
EBITDA before Virtual Stock Options	10,916	15,067				
Non-recurring service costs	83	321	83	321	83	321
Non-recurring personnel costs		124		124		124
Amortisation of Other intangible assets from Business Combinations			1,474	1,479	1,474	1,479
Non-recurring financial income						-148
Adjustment of contingent considerations connected to acquisitions					-161	15
Non-recurring taxes and tax effect on adjustments					-423	-769
Adjusted economic results	10,999	15,512	6,238	11,709	3,892	7,494

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 same period of the previous year:

Abbreviated Income Statement by business segment (€ '000s)	1st Quarter 2020	% EBITDA 1st Quarter 2020	1st Quarter 2019	% EBITDA 1st Quarter 2019	Change	% Change		
						Total	Organic	Perimeter
Revenues								
Digital Trust	25,932		25,192		740	2.9%	2.9%	0.0%
Credit Information & Management	16,987		19,364		-2,377	-12.3%	-12.3%	0.0%
Innovation & Marketing Services	11,992		15,178		-3,186	-21.0%	-22.3%	1.4%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Total Revenues	54,911		59,735		-4,823	-8.1%	-8.4%	0.3%
EBITDA								
Digital Trust	5,919	22.8%	5,918	23.5%	1	0.0%	0.0%	0.0%
Credit Information & Management	3,584	21.1%	5,165	26.7%	-1,581	-30.6%	-30.6%	0.0%
Innovation & Marketing Services	3,332	27.8%	5,927	39.0%	-2,595	-43.8%	-45.1%	1.3%
Other Segments (Parent Company)	-1,919	n.a.	-2,560	n.a.	641	25.0%	25.0%	0.0%
Total EBITDA	10,916	19.9%	14,450	24.2%	-3,534	-24.5%	-25.0%	0.5%
Total EBITDA before Virtual Stock Options	10,916	19.9%	15,067	25.2%	-4,151	-27.6%	-28.1%	0.5%

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

Abbreviated Adjusted Income Statement by business segment (€ '000s)	1st quarter 2020	% EBITDA 1st quarter 2020	1st quarter 2019	% EBITDA 1st quarter 2019	Change	% Change		
						Total	Organic	Perimeter
Revenues								
Digital Trust	25,932		25,192		740	2.9%	2.9%	0.0%
Credit Information & Management	16,987		19,364		-2,377	-12.3%	-12.3%	0.0%
Innovation & Marketing Services	11,992		15,178		-3,186	-21.0%	-22.3%	1.4%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Adjusted Total revenues	54,911		59,735		-4,823	-8.1%	-8.4%	0.3%
EBITDA								
Digital Trust	5,919	22.8%	5,984	23.8%	-65	-1.1%	-1.1%	0.0%
Credit Information & Management	3,584	21.1%	5,289	27.3%	-1,705	-32.2%	-32.2%	0.0%
Innovation & Marketing Services	3,396	28.3%	5,927	39.0%	-2,531	-42.7%	-44.0%	1.3%
Other Segments (Parent Company)	-1,899	n.a.	-1,687	n.a.	-212	-12.6%	-12.6%	0.0%
Adjusted Total EBITDA	10,999	20.0%	15,512	26.0%	-4,513	-29.1%	-29.6%	0.5%

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

Digital Trust

Revenues from the Digital Trust segment amounted to € 25,932 thousand. The increase compared to First Quarter 2019 is 2.9%, in absolute terms € 740 thousand. In this first phase of the crisis due to the pandemic, the demand for digital solutions has been sustained and received a further boost indeed from the market's demand for tools to improve remote working capabilities.

Segment EBITDA was € 5,919 thousand and is in line with the same period of the previous year. In percentage terms, the EBITDA margin (incidence of EBITDA on Revenues) was 22.8%, a decrease compared to First Quarter 2019 (23.8%).

Credit Information & Management

Revenues in the Credit Information & Management segment amounted to € 16,987 thousand. Compared to First Quarter 2019, they decreased by 12.3%, in absolute terms € -2,377 thousand. As a result of the pandemic, the division reported a decline in activity in both the Finance and Corporate sectors. Volumes in both markets declined, as both the real estate and the Business information components were affected.

EBITDA decreased by 32.2% compared to the same period of the previous year to € 3,584 thousand. In percentage terms, the EBITDA margin (incidence of EBITDA on Revenues) stood at 21.1%, down from First Quarter 2019 (27.3%).

Innovation & Marketing Services

Revenues from the Innovation & Marketing Services segment amounted to € 11,992 thousand. Compared to First Quarter 2019, they decreased by 21.0%, in absolute terms € -3,186 thousand. This change is determined by an increase in the scope of consolidation (+1.4%), due to the consolidation of PrivacyLab S.r.l. from 1 January 2020, and an organic reduction (-22.3%).

EBITDA for the segment was € 3,396 thousand. The decrease compared to EBITDA in First Quarter 2019 is 42.7%. The growth due to the change in the scope of consolidation came to 1.3%, while the organic contraction stood at 44.0%. In percentage terms, the EBITDA margin (incidence of EBITDA on Revenues) stood at 28.3%, down from the same period of the previous year (39.0%).

The intensification of restrictive measures to deal with the emergency has led to a slowdown in ongoing consulting activities. As stated above, First Quarter 2019 also included particularly positive revenues due to a recognition of innovation consultancy revenues deriving from Fourth Quarter 2018 (for a net effect of about € 2.1 million of Revenues with high margins). The comparison with the First Quarter of 2018 (Revenues of € 11,423 thousand and EBITDA of € 2,882 thousand) denoted a growth in revenues of 5.0% in First Quarter 2020 and 17.8% in EBITDA.

GROUP BALANCE SHEET AND FINANCIAL POSITION

The Group's Balance Sheet position at 31 March 2020 compared with 31 December 2019, is reported as follows:

€ '000s	31/03/2020	% of Net invested capital/Total sources	31/12/2019	% of Net invested capital/Total sources	Change	% Change
Intangible assets and goodwill	270,520	102.7%	269,935	96.9%	585	0.2%
Property, plant and equipment	19,666	7.5%	21,215	7.6%	-1,548	-7.3%
Investment property	743	0.3%	750	0.3%	-7	-0.9%
Other net non-current assets and liabilities	-18,631	-7.1%	-19,405	-7.0%	774	-4.0%
Net non-current assets	272,299	103.4%	272,494	97.8%	-196	-0.1%
Inventories	1,211	0.5%	1,145	0.4%	66	5.8%
Contract cost assets	6,662	2.5%	6,508	2.3%	154	2.4%
Trade and other receivables* and Contract assets	78,995	30.0%	96,056	34.5%	-17,061	-17.8%
Current tax assets (liabilities)	-4,105	-1.6%	-2,156	-0.8%	-1,949	90.4%
Trade and other payables	-45,960	-17.4%	-54,953	-19.7%	8,993	-16.4%
Contract liabilities and deferred income	-44,604	-16.9%	-39,540	-14.2%	-5,064	12.8%
Current employee benefits	-571	-0.2%	-571	-0.2%	0	0.0%
Current provisions for risks and charges	-459	-0.2%	-420	-0.2%	-40	9.4%
Net Working Capital	-8,831	-3.4%	6,069	2.2%	-14,901	-245.5%
Total loans - Net invested capital	263,467	100.0%	278,564	100.0%	-15,097	-5.4%
Shareholders' Equity	152,101	57.7%	149,426	53.6%	2,675	1.8%
Net Financial Indebtedness	111,366	42.3%	129,138	46.4%	-17,772	-13.8%
Total sources	263,467	100.0%	278,564	100.0%	-15,096	-5.4%

* 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:

€ '000s	31/03/2020	31/12/2019	Change	% Change
Equity-accounted investments	11,470	11,454	16	0.1%
Other investments	22	22	0	0.0%
Other financial assets, excluding derivative financial instruments	1,232	1,149	83	7.3%
Derivative financial instruments	0	15	-15	-100.0%
Deferred tax assets	5,706	5,635	71	1.3%
Other receivables	1,115	1,241	-126	-10.1%
Non-current assets	19,544	19,515	30	0.2%
Provisions	-3,254	-3,013	-241	8.0%
Deferred tax liabilities	-15,359	-15,848	489	-3.1%
Employee benefits	-11,978	-11,878	-100	0.8%
Contract liabilities and deferred income	-7,584	-8,180	596	-7.3%
Non-current liabilities	-38,175	-38,920	744	-1.9%
Other net non-current assets and liabilities	-18,631	-19,405	774	-4.0%

Shareholders' Equity increased by € 2,675 thousand. The change is the result of the following factors:

- the positive result from the Comprehensive Income Statement for the period of € 2,732 thousand;
- the negative adjustment for the put options on Minority interests (€ 76 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;
- minority interests of € 20 thousand acquired in the consolidation of PrivacyLab S.r.l.

Net working capital became negative, passing from € 6,069 thousand at 31 December 2019 to € -8,831 thousand at 31 March 2020. The deviation was impacted, in the first place, by the reduction in Trade and other receivables and Contract assets partly for € -17,061 thousand, partially offset by the reduction in Trade and other payables/Contract liabilities and deferred income totalling € 3,929 thousand. Note should also be taken of the increase in current tax liabilities of € 1,949 thousand, mainly for the allocation of taxes for the period.

Net non-current assets amounted to € 272,299 thousand at 31 March 2020, marking a decrease of € 196 thousand (-0.1%) compared to 31 December 2019 (€ 272,494 thousand). To be noted is the goodwill recognised provisionally on the acquisition of PrivacyLab S.r.l. for € 1,776 thousand.

Group Net Financial Position

Below is the table with details of the Group's Net Financial Indebtedness as of 31 March 2020 compared to 31 December 2019.

€ '000s				
	31/03/2020	31/12/2019	Change	%
A Cash	48,767	33,586	15,180	45.2%
B Cash equivalents	22	14	9	62.4%
D Liquid Assets (A+B)	48,789	33,600	15,189	45.2%
E Current Financial Receivables	6,699	6,609	90	1.4%
F Current Bank Debt	-992	-2,952	1,960	-66.4%
G Current Portion of non-current debt	-23,992	-23,752	-240	1.0%
H Other current financial debt	-37,041	-35,342	-1,699	4.8%
I Current financial debt (F+G+H)	-62,025	-62,046	21	0.0%
J Net current financial position (Indebtedness) (D+E+I)	-6,537	-21,837	15,299	-70.1%
K Non-current bank debt	-90,410	-90,552	142	-0.2%
L Other non-current financial debt	-14,418	-16,749	2,331	-13.9%
M non-current financial debt (K+L)	-104,828	-107,301	2,473	-2.3%
N Net Financial Position (Indebtedness) (J+M) (*)	-111,366	-129,138	17,772	-13.8%
O Other non-current financial assets	1,232	1,163	69	5.9%
P Total net financial position (Indebtedness) (N+O)	-110,134	-127,974	17,841	-13.9%

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

Net Financial Indebtedness amounted to € 111,366 thousand, marking a decrease of € 17,772 thousand compared to 31 December 2019. The amount of Net Financial Indebtedness at 31 March 2020 includes: € 18,995 thousand in liabilities linked to the purchase of Minority interests for put options (€ 17,950 thousand at 31 December 2019) liabilities for contingent consideration linked to the acquisitions for € 7,956 thousand (€ 7,741 thousand at 31 December 2019) and liabilities for price deferrals granted by sellers for € 7,182 thousand (€ 8,218 thousand at 31 December 2019).

The main factors impacting the change in Net Financial Indebtedness are summarised below.

	<i>In thousands of €</i>
Net Financial Indebtedness at 31/12/2019	129,138
<i>Free Cash Flow</i>	-20,113
Business Combination – PrivacyLab	1,560
Net Financial (Income) Charges	483
Change in cash flow hedging derivatives recognised in Other comprehensive income	231
Adjustment for put options	76
New/Adjusted leasing contracts	-185
Other residual	176
Net Financial Indebtedness at 31/03/2020	111,366

- The Free Cash Flow generated during the period amounted to € 20,113 thousand, of which € 22,398 thousand in Net cash and cash equivalents generated by operations, excluding € 2,285 thousand absorbed by investments in Property, plant and equipment and Intangible assets. The Free Cash Flow figure increased by 12.2% compared to First Quarter 2019 (€ 17,927 thousand), in particular in the Innovation & Marketing Services segment.
- The first consolidation of PrivacyLab as of 1 January 2020 resulted in an increase of net financial debt of € 1,560 thousand.
- Adjustment for put options for € 76 thousand, due to the revision in estimated payments based on future expected results of the relevant companies.
- New/adjusted leases resulted in a total decrease in net financial debt of € 185 thousand. The new leasing contracts resulted in the recognition of financial liabilities of € 514 thousand, the adjustments resulted in the reversal of financial liabilities of € 699 thousand, mainly as a result of early terminations.

SIGNIFICANT EVENTS FOLLOWING THE CLOSING OF FIRST QUARTER 2020

On **28 April 2020**, the Tinexta S.p.A. Shareholders' Meeting approved the Board's proposal not to distribute Dividends and to reinvest the Group's 2019 profit: € 1,202 thousand equal to 5% (of Net Profit) was allocated to the Legal Reserve, the remainder, € 22,843 thousand, was carried forward. The Shareholders' Meeting also approved the 2020-2022 Stock Option Plan in favour of executive directors and executives with strategic responsibilities and other management figures of Tinexta Group and other Companies of the Tinexta Group and renewed the authorization of the Company to purchase and dispose Treasury Shares under Articles 2357 and subsequent modifications. of the Civil Code and Article 132 of the TUF.

On **30 April 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 June 2020.

April was the month in which the effects of the ongoing pandemic were felt, which first hit China and then the rest of the world, with particularly adverse impacts in Italy, currently one of the countries with the highest number of positive cases. Never in the history of our country have we faced a health, social and economic crisis of such proportions. Social and economic relations have been seriously impacted, unforeseeable up until just a few weeks ago. The usual individual and collective behaviour, technological relations between productive factors and outputs, international trade relations have been altered and, in some cases, have completely halted. The economic prospects, at this phase of the health emergency, have been seriously compromised and it is unclear when they will re-stabilise. The country is responding to these difficulties with a great sense of responsibility and social commitment.

Decree Law no. 23 of 8 April expanded the group of entities which can benefit from the guarantees of the Central Guarantee Fund, at the same time raising the maximum percentage of coverage. In this context, the Group companies, in particular in the Credit Information & Management and Innovation & Marketing Services segments, have taken steps to seize this business opportunity and support the banks in the management of applications.

On **4 May 2020**, Italy opened the so-called "Phase 2" which allows the easing of the restrictions imposed to stop the spread of Covid-19. The companies of the Tinexta Group, despite having always operated in Smart Working mode, are moving, where possible, to restore normal operations at their offices, by protecting, first and foremost, employee safety.

On **7 May 2020**, Tinexta S.p.A. received notice of the exercise of the Put option on 11.875% of the capital of RE Valuta S.p.A. by the minority shareholder Coesa S.r.l. Activities are under way to define the exercise price according to the contractual terms.

On **14 May 2020**, Tinexta S.p.A. received notice of the Put option exercise on 9.75% of Warrant Hub S.p.A.'s capital from the minority shareholder. Activities are under way to define the operating price according to the contractual terms.

BUSINESS OUTLOOK

Although the Group considers it premature to share a new Guidance with the market, it does not see, at the consolidated level, significant discontinuities compared to the previous year. In fact, on the one hand, the Group sees positive feedback from the investments made in 2019, in particular resulting from the implementation of a CRM system in all major subsidiaries, and intends to support enterprises and professionals with respect to the different scenarios that characterise the changed economic context. On the other hand, since March, it has promptly undertaken the implementation of strong and decisive measures to reduce costs and contain the negative impacts that, inevitably, have materialised and will materialise in the short term. Based on the initial analysis of the business performance, the Group expects a gradual recovery of business over the remainder of the year.

INTERIM REPORT PREPARATION CRITERIA

The Group's Interim Report on Operations at 31 March 2020 was prepared in accordance with Art. 154-ter, paragraph 5 of the Consolidated Finance Act, introduced by Italian Legislative Decree 195/2007, in implementation of Directive 2004/109/EC. The Interim Report on Operations was approved by the Board of Directors of Tinexta on 15 May 2020, and its disclosure was authorized by the same body on said date.

The Group's Interim Report on Operations at 15 May 2020 was not audited.

The Interim Report on Operations is prepared on the basis of the recognition and measurement criteria set forth in the International Financial Reporting Standards (IFRS) adopted by the European Union. The accounting standards adopted for the preparation of this Interim Report on Operations are the same as those adopted for the drafting of the Group's annual Consolidated Financial Statements for the year ended 31 December 2019.

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 March 2020 is shown in the following table.

Company	Registered office	at 31 March 2020					
		Share Capital		% ownership	via	% contribution to the Group	Consolidation method
		Amount (in thousand Euro)	Currency				
Tinexta S.p.A. (Capogruppo)	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
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
PrivacyLab S.r.l.	Reggio Emilia	10	Euro	60.00%	Warrant Hub S.p.A.	90.00%	Line-by-line
Camerfirma Perú S.A.C	Peru	84	PEN	99.99%	AC Camerfirma S.A.	50.99%	Line-by-line
Lux Trust S.A.	Luxembourg	12,416	Euro	50.00%	InfoCert S.p.A.	50.00%	Equity
Etuitus S.r.l.	Salerno	50	Euro	24.00%	InfoCert S.p.A.	24.00%	Equity
Camerfirma Colombia S.A.S.	Colombia	1,200,000	COP	25.00%	1% InfoCert S.p.A. 24% AC Camerfirma S.A.	13.24%	Equity
Creditreform GPA Ticino S.A.	Switzerland	100	CHF	30.00%	Innolva S.p.A.	30.00%	Equity
Innovazione 2 Sagl	Switzerland	20	CHF	30.00%	Warrant Hub S.p.A.	30.00%	Equity
Digital Hub S.r.l.	Reggio Emilia	10	Euro	30.00%	PrivacyLab S.r.l.	27.00%	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.



FINANCIAL STATEMENTS

As at 31 March 2020

Consolidated Statement of Financial Position, Consolidated Statement of Profit or Loss and Other Comprehensive Income, Consolidated Statement of Changes in Equity and Consolidated Statement of Cash Flows

Consolidated Financial Statements

Consolidated Statement of Financial Position

<i>In thousands of Euro</i>	31/03/2020 ¹	31/12/2019
ASSETS		
Property, plant and equipment	19,666	21,215
Intangible assets and goodwill	270,520	269,935
Investment property	743	750
Equity-accounted investments	11,470	11,454
Other investments	22	22
Other financial assets, excluding derivative financial instruments	1,232	1,149
- of which vs. Related Parties	8	8
Derivative financial instruments	0	15
Deferred tax assets	5,706	5,635
Trade and other receivables	1,289	1,333
Contract cost assets	5,184	5,230
NON-CURRENT ASSETS	315,832	316,737
Inventories	1,211	1,145
Other financial assets, excluding derivative financial instruments	6,683	6,593
- of which vs. Related Parties	12	0
Derivative financial instruments	16	16
Current tax assets	483	756
- of which vs. Related Parties	155	322
Trade and other receivables	72,300	89,775
- of which vs. Related Parties	330	267
Contract assets	6,521	6,187
Contract cost assets	1,478	1,278
Cash and cash equivalents	48,789	33,600
CURRENT ASSETS	137,480	139,351
TOTAL ASSETS	453,312	456,087
EQUITY AND LIABILITIES		
Share capital	47,207	47,207
Reserves	101,004	98,360
<i>Shareholders' Equity attributable to the Group</i>	<i>148,211</i>	<i>145,567</i>
<i>Minority interests</i>	<i>3,891</i>	<i>3,859</i>
TOTAL SHAREHOLDERS' EQUITY	152,101	149,426
LIABILITIES		
Provisions	3,254	3,013
Employee benefits	11,978	11,878
Financial liabilities, excluding derivative financial instruments	104,303	107,039
- of which vs. Related Parties	1,308	1,458
Derivative financial instruments	525	262
Deferred tax liabilities	15,359	15,848
Contract liabilities	7,584	8,180
- of which vs. Related Parties	53	81
NON-CURRENT LIABILITIES	143,004	146,221
Provisions	459	420
Employee benefits	571	571
Financial liabilities, excluding derivative financial instruments	61,980	62,001
- of which vs. Related Parties	581	578
Derivative financial instruments	45	45
Trade and other payables	45,960	54,953
- of which vs. Related Parties	155	205
Contract liabilities	43,216	37,722
- of which vs. Related Parties	118	123
Deferred income	1,388	1,818
Current tax liabilities	4,588	2,911
CURRENT LIABILITIES	158,207	160,441
TOTAL LIABILITIES	301,211	306,661
TOTAL EQUITY AND LIABILITIES	453,312	456,087

¹ Goodwill arising from the acquisition of PrivacyLab S.r.l. has been provisionally recognized, as the fair value measurement of the net assets acquired is still in progress.

Consolidated Statement of Profit or Loss and Other comprehensive income

<i>In thousands of Euro</i>	<i>three-month period closed at 31 March</i>	
	2020	2019 ²
Revenues	54,911	59,735
- of which vs. Related Parties	34	0
Costs of raw materials	1,875	1,694
Service costs	19,555	19,606
- of which vs. Related Parties	328	262
- of which non-recurring	83	321
Personnel costs	20,234	21,265
- of which non-recurring	0	124
Contract costs	1,887	2,146
Other operating costs	444	573
Amortisation and depreciation	5,124	4,728
Provisions	238	0
Impairment	873	554
Total Costs	50,230	50,567
OPERATING PROFIT	4,681	9,168
Financial income	204	176
- of which non-recurring	0	148
Financial charges	687	659
- of which vs. Related Parties	11	153
Net financial income (charges)	-483	-483
Share of profit of equity-accounted investments, net of tax	14	29
PROFIT BEFORE TAX	4,212	8,713
Income taxes	1,294	2,859
- of which non-recurring	-5	-201
NET PROFIT FROM CONTINUING OPERATIONS	2,918	5,855
Profit (loss) from discontinued operations	0	0
NET PROFIT	2,918	5,855
Other components of the comprehensive Income Statement		
Components that will never be reclassified to profit or loss		
Total components that will never be reclassified to profit or loss	0	0
Components that are or may be later reclassified to profit or loss:		
Exchange rate differences from the translation of foreign Financial Statements	-3	8
Profits (losses) from measurement at fair value of derivative financial instruments	-231	-2
Equity-accounted investments - share of OCI	-8	1
Tax effect	55	1
Total components that are or may be later reclassified to profit (loss)	-187	8
Total other components of comprehensive income, net of tax	-187	8
Total comprehensive income for the period	2,732	5,863
Net Profit attributable to:		
Group	2,898	5,719
Minority interests	20	136
Total comprehensive income for the period attributable to:		
Group	2,720	5,723
Minority interests	11	140
Earnings per Share		
Basic earnings per Share (Euro)	0.06	0.12
Diluted earnings per Share (Euro)	0.06	0.12

² The comparative data of first quarter 2019 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.


Consolidated Statement of Changes in Equity

<i>three-month period closed at 31 March 2020</i>									
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 2020	47,207	3,112	55,439	-241	-846	40,896	145,567	3,859	149,426
<i>Comprehensive income for the period</i>									
Profit for the period						2,898	2,898	20	2,918
Other components of the comprehensive Income Statement				-175		-3	-178	-9	-187
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-175</i>	<i>0</i>	<i>2,896</i>	<i>2,720</i>	<i>11</i>	<i>2,732</i>
<i>Transactions with Shareholders</i>									
Adjustment of put option on Minority interests						-76	-76		-76
Acquisitions						0	0	20	20
<i>Total transactions with Shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-76</i>	<i>-76</i>	<i>20</i>	<i>-56</i>
Balance at 31 March 2020	47,207	3,112	55,439	-416	-846	43,715	148,211	3,891	152,101

<i>three-month period closed at 31 March 2019</i>									
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
<i>Comprehensive income for the period</i>									
Profit for the period						5,719	5,719	136	5,855
Other components of the comprehensive Income Statement				-2		5	4	4	8
<i>Total comprehensive income for the period</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-2</i>	<i>0</i>	<i>5,725</i>	<i>5,723</i>	<i>140</i>	<i>5,863</i>
<i>Transactions with Shareholders</i>									
Dividends						-5,209	-5,209	-456	-5,665
Adjustment of put option on Minority interests						-3,776	-3,776		-3,776
Other changes						1	1		1
<i>Total transactions with Shareholders</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>0</i>	<i>-8,986</i>	<i>-8,984</i>	<i>-456</i>	<i>-9,440</i>
Balance at 31 March 2019	46,890	2,031	54,678	-182	-361	35,300	138,357	3,440	141,797

Consolidated Statement of Cash Flows

<i>In thousands of Euro</i>	<i>three-month period closed at 31 March</i>	
	2020	2019
<i>Cash flows from operations</i>		
Net Profit	2,918	5,979
Adjustments for:		
- Depreciation of property, plant and equipment	1,679	1,635
- Amortisation of intangible assets	3,439	2,916
- Depreciation of investment property	7	4
- Impairment (Revaluations)	873	554
- Provisions	238	0
- Contract costs	1,887	2,146
- Net financial charges (income)	483	483
- <i>of which vs. Related Parties</i>	<i>11</i>	<i>153</i>
- Share of profit of equity-accounted investments	-14	-29
- Income taxes	1,294	2,907
Changes in:		
- Inventories	-66	215
- Contract cost assets	-2,041	-2,841
- Trade receivables and other receivables and Contract assets	16,925	5,715
- <i>of which vs. Related Parties</i>	<i>-63</i>	<i>10</i>
- Trade and other payables	-9,252	-715
- <i>of which vs. Related Parties</i>	<i>-50</i>	<i>-155</i>
- Provisions and employee benefits	136	109
- Contract liabilities and deferred income, including public contributions	3,732	1,896
- <i>of which vs. Related Parties</i>	<i>-33</i>	<i>0</i>
Cash and cash equivalents generated by operations	22,237	20,975
Income taxes collected/(paid)	161	-38
Net cash and cash equivalents generated by operations	22,398	20,937
<i>Cash flows from investments</i>		
Interest collected	4	4
Collections from sale or repayment of financial assets	0	110
Investments in property, plant and equipment	-247	-567
Investments in other financial assets	-230	-750
Investments in intangible assets	-2,038	-2,442
Increases in the scope of consolidation, net of liquidity acquired	-170	0
Net cash and cash equivalents generated/(absorbed) by investing activities	-2,681	-3,645
<i>Cash flows from financing</i>		
Interest paid	-146	-219
- <i>of which vs. Related Parties</i>	<i>-11</i>	<i>-9</i>
MLT bank loans taken out	0	4,975
Repayment of MLT bank loans	-408	-526
Repayment of price deferral liabilities on acquisitions of equity investments	-1,008	-2,383
Repayment of contingent consideration liabilities	0	0
Change in other current bank payables	-1,965	-6,077
Change in other financial payables	-126	-2,201
Repayment of lease liabilities	-874	-653
- <i>of which vs. Related Parties</i>	<i>-147</i>	<i>-205</i>
Dividends paid	0	-5,355
Net cash and cash equivalents generated/(absorbed) by financing	-4,528	-12,439
Net increase (decrease) in cash and cash equivalents	15,189	4,852
Cash and cash equivalents at 1 January	33,600	35,136
Cash and cash equivalents at 31 March	48,789	39,988



Declaration of the manager responsible for the preparation of the corporate accounting documents pursuant to the provisions of Art. 154-bis, paragraph 2 of Legislative Decree 58/1998 (Consolidated Finance Act)

The manager responsible for the preparation of the corporate accounting documents hereby declares, pursuant to Art. 154-bis, paragraph 2, of the Consolidated Finance Act, that the accounting information in this Interim Report on Operations at 31 March 2020 corresponds to the documentary results, books and accounting records.

Rome, 15 May 2020

Nicola Di Liello

Manager responsible for the preparation
of the corporate accounting documents