

INTERIM REPORT ON OPERATIONS AT 30/09/2020

This English version of Tinexta's Interim Report on Operations at 30/09/2020 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
Institutional 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	Chairperson
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 headquarters

Piazza Sallustio 9 - 00187 Rome

Operating headquarters

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 (€ '000s)	30/09/2020	30/09/2019	Change	Change %
Revenues	188,901	181,169	7,732	4.3%
EBITDA <i>before Stock Options</i>	56,054	49,743	6,311	12.7%
EBITDA	55,572	46,166	9,407	20.4%
Operating Profit	37,096	29,645	7,450	25.1%
Net Profit	26,334	19,107	7,227	37.8%
Adjusted net profit	28,473	26,122	2,351	9.0%
Free cash flow	52,556	36,634	15,921	43.5%

Summary economic data (€ '000s)	3rd quarter 2020	3rd quarter 2019	Change	Change %
Revenues	65,083	54,577	10,506	19.2%
EBITDA <i>before Stock Options</i>	21,603	14,081	7,523	53.4%
EBITDA	21,160	13,797	7,363	53.4%
Operating Profit	15,443	8,296	7,147	86.1%
Net Profit	10,342	5,090	5,252	103.2%
Adjusted net profit	11,778	7,002	4,776	68.2%
Free cash flow	23,637	12,884	10,753	83.5%

Summary equity-financial data (€ '000s)	30/09/2020	31/12/2019	Change	Change %
Share capital	47,207	47,207	0	0.0%
Shareholders' Equity	162,989	149,426	13,563	9.1%
Net financial indebtedness	93,409	129,138	-35,728	-27.7%

Summary equity-financial data (€ '000s)	30/09/2020	30/09/2019	Change	Change %
Share capital	47,207	46,890	317	0.7%
Shareholders' Equity	162,989	143,059	19,930	13.9%
Net financial indebtedness	93,409	129,517	-36,108	-27.9%

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 the market IT solutions for the digital identity and dematerialisation of processes in line with applicable regulations (including eIDAS European regulations issued in 2016, EU Regulation 910/2014) and compliance standards of customers and industry. 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 and 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 in ASP and/or SaaS mode. In addition, as a *service provider*, it provides an integrated technology 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 Perú S.A.C. and Camerfirma Colombia S.A.S.), 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 was 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 IT products and services to professional associations such as telematic certificates, Quadra (electronic filing of documents and management of civil proceedings), electronic filing of practices and financial statements, and CAF Facile (the filing of 730 tax returns and ISEE). It manages around 450

thousand customer records including professionals, professional firms, public administrations, professional associations and companies.

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.

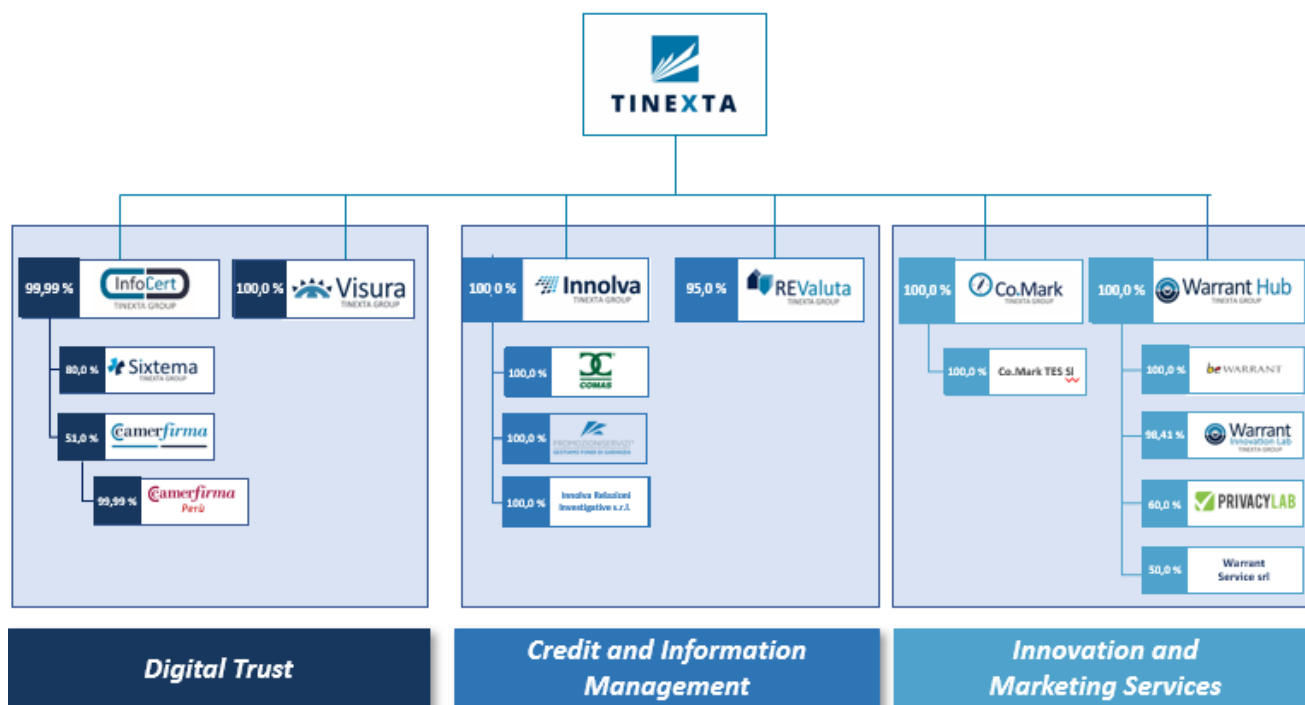
In relation to *Credit Information & Management*, the Group operates through Innolva S.p.A. (created from the merger of the companies Assicom S.p.A. and Ribes S.p.A. in 2017) and its subsidiaries Comas S.r.l. (acquired in July 2018), Promozioni Servizi (acquired in October 2018), and Innolva Relazioni Investigative (incorporated in October 2018), through which a complete range of information services is provided to support decision-making processes for the granting, assessment and recovery of credit, along with credit management and *business information* services. The aim is to support banks and SMEs at every stage of the credit management and recovery cycle. Since 2018, Innolva has controlled Comas (which in 2020 merged Webber S.r.l. by incorporation) established in 1976 and predominantly active in the resale, through the internet, of business information such as filings with Chambers of Commerce, cadastral property registries, the Driver and Vehicle Licensing Agency 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 customers.

3. The *Innovation & Marketing Services* BU operates in the market through Co.Mark S.p.A. (acquired in 2016), 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 Specialists*®), Co.Mark provides value-added services aimed at supporting small and medium-sized companies or networks of companies in their internationalisation, in the search for customers and in creating business opportunities in Italy as well as abroad. In July 2015, Co.Mark TES was established in Barcelona with the objective of developing the innovative export model 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 research, development or innovation projects, promoting access to the European non-repayable co-financing on the programmes dedicated to this, such as *Horizon 2020 (Futuro Horizon Europe)*, *Life*, *SME Instrument* 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.

Structure of the Tinexta Group, including controlling interests held, as at 30 September 2020:



KEY EVENTS OF THE PERIOD

Key events that occurred in the first nine months of 2020:

- On **9 January 2020**, InfoCert S.p.A. acquired 1% of the shares in 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. signed the closing related to the acquisition of 60% of PrivacyLab S.r.l., operating in the sale of licences, consultancy, training and tools for the management of compliance with GDPR regulations. 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 € 1.1 million and an EBITDA of around € 360 thousand¹. An advance payment on the acquisition price equal to 60% of the share capital of Privacy Lab was made on the closing date, amounting to € 612 thousand. As regards this transaction, it was established that with the approval of the financial statements as at 31 December 2019, an earn-out may be recognised, calculated on the basis of EBITDA and the net financial position (contractually defined) as at 31 December 2019, to be paid for 50% by 30 June 2020 and for the remaining 50% by 31 December 2020. This price integration was defined as € 690 thousand, 50% (€ 345 thousand) was paid on 30 June 2020. Warrant Hub S.p.A., through a *Put & Call* options system, has the possibility to acquire the remaining 30% of the company in 2022 after the approval of the financial statements ended 31 December 2021. Warrant Hub also holds a *Call* option on the residual 10% with the same 2022 expiry date.

¹ Data prepared according to ITA GAAP standards.

3. On **17 February 2020**, the merger by incorporation of Webber S.r.l. into Comas S.r.l. was completed, both subsidiaries of Innolva S.p.A., with legal effect from 1 March 2020. The accounting and tax effects are retroactive to 1 January 2020.
4. 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 of Tinexta and other Companies of the Tinexta Group and renewed the authorization of the Company to buy and sell Treasury Shares under Articles 2357 and seq. of the Italian Civil Code and Article 132 of the TUF (Italian Consolidated Law on Finance).
5. On **15 May 2020**, Tinexta S.p.A. announced the start of the treasury share purchase programme in implementation of the authorisation approved by the Shareholders' Meeting of 28 April 2020. Details can be found in the paragraph **Treasury share purchase programme**.
6. On **28 May 2020**, Tinexta S.p.A. signed a loan agreement with UBI Banca to reschedule a previous loan with a nominal residual value of € 7.8 million, envisaging the disbursement of € 10 million at a lower interest rate and maturing on 28 May 2023, in line with the due date of the previous loan. In accordance with IFRS 9, this rescheduling led to the recognition of financial income amounting to € 122 thousand.
7. On **15 June 2020**, the option rights on 11.875% of the share capital of RE Valuta S.p.A. were exercised for an amount of EUR 2,393 thousand. Following this transaction, Tinexta holds 95% of the company.
8. On **18 June 2020**, Tinexta S.p.A. and Innolva S.p.A. signed a loan agreement with a pool of banks, in which Crédit Agricole Italia S.p.A. is the *mandated lead arranger*, to reschedule previous loans with a nominal residual value of € 30.6 million, envisaging the disbursement of € 31 million at a lower interest rate and extending the due date from 30 June 2023 to 30 June 2025. In accordance with IFRS 9, this rescheduling led to the recognition of financial income amounting to € 588 thousand. The agreement envisaged an additional credit facility for € 10 million, which can be used in one or more tranches by 31 December 2020.
9. On **23 June 2020**, the Board of Directors of Tinexta S.p.A. resolved to allocate options in execution of the long-term incentive scheme known as the "2020-2022 Stock Option Plan", as approved by the Shareholders' Meeting on 28 April 2020. Details can be found in the paragraph **2020-2022 Stock Option Plan**.
10. On the same date of **23 June 2020**, the Board of Directors of Tinexta S.p.A. approved the *Revised Budget* and objectives for 2020, prepared in light of the Covid-19 crisis, which envisage revenues exceeding € 250 million and EBITDA of € 72 million, with a slight improvement in the EBITDA *margin* compared to 2019. Details can be found in the paragraph **Business outlook**.
11. On **29 June 2020**, the *Put&Call* option contracts on 20% of Sixtema S.p.A. were renegotiated with the minority shareholders. The options can be exercised in 2023 after approval of the 2022 Financial Statements, at a variable price linked to changes in the revenues of Sixtema S.p.A. in the period 2020-2022 with respect to a specific group of customers, compared to the revenues achieved in the same category in 2019.
12. On **31 July 2020**, Tinexta S.p.A. signed a loan agreement with the Intesa Sanpaolo Group to reschedule a previous loan with a nominal residual value of € 46.6 million, envisaging the disbursement of € 50 million at a lower interest rate and extending the due date from 31 December 2025 to 30 June 2026. According to IFRS 9, this renegotiation entailed the recognition of a financial income of € 365 thousand. The contract envisaged an additional credit line of € 30 million usable in one or more solutions by 21 December 2020.

13. On **3 August 2020**, pursuant to the purchase contract signed on 30 November 2017, Tinexta S.p.A. exercised option rights on the remaining 9.75% of Warrant Hub S.p.A. share capital, achieving full control of the company. The consideration was set at € 14,839 thousand. The transaction was financed by using € 12 thousand of the loan obtained from BNL - BNP Paribas Group on 20 December 2019 and from own funds for the remainder.
14. On **22 September 2020**, the subsidiary InfoCert S.p.A. signed a strategic agreement with Authada GmbH, a *Digital Identity Provider* with state-of-the-art technology, based in Darmstadt in Germany. Authada is active in the finance, telecommunications and betting markets - with well-known customers such as Vodafone, Comdirect (Commerzbank Group) and Sparkassenfinanzgruppe - and is currently expanding in the insurance, e-commerce and e-health sectors. Authada was financed by FinLab AG, a listed venture capital company, and Main Incubator GmbH, early stage investor as well as research and development company of Commerzbank Group. The signed agreement defines the terms of a strategic collaboration between InfoCert and Authada, including the distribution - for the German market - of the main Enterprise digital solutions of InfoCert and their integration with the advanced Authada eID solution. The strategic agreement envisages a € 3 million capital increase for Authada underwritten by InfoCert in exchange for a 16.7% interest held in shares with preemptive rights. *Put&Call* options are envisaged that can be exercised following the approval of the 2021 and 2022 financial statements, allowing InfoCert to obtain control of 100% of Authada, if certain performance conditions are met.

IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE INTERIM REPORT ON OPERATIONS AS AT 30 SEPTEMBER 2020

In the first few months of 2020, the COVID-19 virus has made the news: from China the virus has started to spread 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 led to the competent public authorities' adoption of urgent measures aimed at combating and containing the spread of the virus.

In regard to the adoption of such measures, it should be noted that, on 31 January 2020, the Council of Ministers approved a 6-month state of emergency (that is, supposed to last until 31 July 2020, later extended to 31 January 2021). Subsequently, the Decree of the President of the Council of Ministers issued on 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 Official Gazette no. 62, of 9 March 2020, extended the urgent provisions for containing and combating 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" – to all of Italy.

Following the continuous increase in infections and deaths caused by COVID-19, on 11 March 2020 the President of the Council of Ministers 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 "deep concern for the alarming levels of spread and severity". These emergency measures taken by the Italian government increased 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, Decree Law no. 18 of 2020 (known as "Heal Italy" Decree) that set out a plan of economic measures worth € 25 billion as support for companies and families, was approved. These measures provided for a suspension of payments of taxes and contributions, support for the international activities of companies and extensive use of social shock-absorbers to reduce labour costs and direct benefits.

Decree Law no. 23 of 8 April expanded the range of entities who 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 worked to seize this business opportunity and support credit institutions in their case management.

On 4 May 2020, Italy has seen the start of the "Phase 2" during which the restrictions imposed to contain the spread of COVID-19 have been eased.

On 11 June 2020, DPCM no. 147 containing Government measures for "Phase 3" of the coronavirus emergency was published in the Official Gazette. On Monday 15 June, new rules on travel and the re-opening of production and business activities were issued: originally in force until 14 July, they were later extended to 31 July by the DPCM of 14 July 2020.

In this context of uncertainty, the Tinexta S.p.A. Shareholders' Meeting of 28 April 2020 approved the Board of Directors' proposal not to distribute dividends and to reinvest the 2019 profit in Group operations.

During the *lockdown*, the Group maintained its operations also through the use of *smart working* and put in place incisive measures to reduce costs and manage emergency, such as incentives for using vacation and leave and permits and the use of social shock absorbers (FIS) in the business segments most affected by the restrictions.

For the re-opening, the Group adopted all measures necessary to combat the virus and to protect the health of its employees and collaborators: room and workplace sanitising, purchase of personal protective equipment, dissemination of hygiene and social distancing rules, extension of *smart working*.

As at 30 September, the results show the Tinexta Group's recovery, which in the first three months had been marginally affected by the ongoing pandemic. All the indicators were positive and confirm the stable growth of Group business activities.

Goodwill is periodically tested to determine the existence of any impairment. As a result of its intensity and unpredictability, the COVID-19 pandemic qualifies as a potential external impairment indicator. In the condensed interim consolidated financial statements as at 30 June, the Group thus decided to also take into consideration the reduced surplus recoverable value over the book value recorded at 31 December 2019 when measuring the recoverable value of the Co.Mark (*Innovation & Marketing Services*) and Innolva (*Credit Information & Management*) CGUs. In calculating the recoverable value of the CGUs concerned, an analysis was conducted of the financial projections based on current knowledge of the reference context influenced by elements such as the market response to external stimuli (public funding) now pending finalisation, the effectiveness of communications tools to be used in the next few months, additional *cost-saving* measures not yet endorsed by decree. In short, the assumptions underlying the 2020-22 plan were reviewed as regards business dynamics and the strategic guidance scenarios for the companies, and the financial values were reviewed downstream of changes in the macroeconomic scenario brought about by the pandemic. The impairment test at 30 June 2020 did not identify any impairment in the recognised goodwill. Further details can be found in the Notes to the Condensed Interim Consolidated Financial Statements.

No uncertainties or significant risks related to COVID-19 emerged from the analyses conducted within the Tinexta Group sufficient to give rise to doubts regarding going concern.

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 these indicators, on 3 December 2015 CONSOB issued Communication no. 0092543/15, which makes the guidelines issued on 5 October 2015 by the *European Securities and Markets Authority* (ESMA/2015/1415) applicable to their presentation in regulated information issued or in the statements published after 3 July 2016. These guidelines aim to promote the usefulness and transparency of alternative performance indicators included in regulated information or in the statements falling within the scope of Directive 2003/71/EC, in order to improve their comparability, reliability and understandability, when these 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: it is calculated as “Net profit” before “Tax”, “Net financial income (expenses)”, “Quota of profit from equity investments accounted for using the equity method”, “Depreciation and amortisation”, “Provisions” and “Write-downs”, i.e. as “Revenue” net of “Costs for raw materials”, “Costs for services”, “Personnel costs”, “Contract costs” and “Other operating costs”.

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

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

Operating profit (loss): although there is no definition of operating income in IFRS, it is shown in the income statement and of the other components of the statement of comprehensive income and it is calculated by subtracting “Depreciation and amortisation”, “Provisions” and “Write-downs” from EBITDA.

Adjusted operating profit: it is calculated as “Operating profit” before the non-recurring components, before the cost (recognised under “Personnel costs”) relating to the 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: it is calculated as “Net profit” before the non-recurring components, before the cost relating to the 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, except for non-recurring factors that cannot be closely related to the *core business*.

Adjusted earnings per share: the ratio between *adjusted net profit* and the weighted average number of ordinary shares outstanding during the year.

Net financial position (indebtedness): it is calculated in accordance with Consob Communication no. 6064293 of 28 July 2006 and in compliance with ESMA Recommendation 2013/319, as the sum of “Cash and cash equivalents”, “Other current financial assets” and “Current derivative financial instruments”, less “Current financial liabilities”, “Derivative liabilities” and “Non-current financial liabilities”.

Total net financial position (indebtedness): it is calculated by adding to the *net financial position (indebtedness)* the amount of the “Non-current derivative financial instruments” and “Other non-current financial assets”.

Free Cash Flow: it represents the cash flow available for the Group and is the difference between the cash flow from operating activities and the cash flow from investments in fixed capital. 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 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: it is calculated as the algebraic sum of *Net non-current assets* and *Net working capital*.

SUMMARY OF THE RESULTS FOR THE FIRST NINE MONTHS OF 2020

The Group closed the first nine months of 2020 with Revenues of € 188,901 thousand. EBITDA amounted to € 55,572 thousand, equal to 29.4% of Revenues. Operating profit and Net profit amounted to € 37,096 thousand and € 26,334 thousand, respectively, equal to 19.6% and 13.9% of Revenues.

Abbreviated Consolidated Income Statement (€ '000s)	30/09/2020	%	30/09/2019	%	Change	Change %
Revenues	188,901	100.0%	181,169	100.0%	7,732	4.3%
EBITDA before Stock Options	56,054	29.7%	49,743	27.5%	6,311	12.7%
EBITDA	55,572	29.4%	46,166	25.5%	9,407	20.4%
Operating Profit	37,096	19.6%	29,645	16.4%	7,450	25.1%
Net Profit	26,334	13.9%	19,107	10.5%	7,227	37.8%

Revenues increased by € 7,732 thousand compared to the same period of 2019 (4.3%), EBITDA increased by € 9,407 thousand (20.4%), operating profit was up by € 7,450 thousand (25.1%), and net profit by € 7,227 thousand (37.8%).

The results of the first nine months include PrivacyLab S.r.l., consolidated from 1 January 2020. The effects of the contribution of PrivacyLab S.r.l. are reported below as a change in the scope of consolidation.

Breakdown of income statement items for the first nine months of 2020, compared with the same period of the previous year.

Consolidated Income Statement (€ '000s)	30/09/2020	%	30/09/2019	%	Change	Change %
Revenues	188,901	100.0%	181,169	100.0%	7,732	4.3%
Total Operating Costs*	132,846	70.3%	131,426	72.5%	1,421	1.1%
Costs of raw materials	6,602	3.5%	5,133	2.8%	1,470	28.6%
Service costs	59,075	31.3%	59,474	32.8%	-400	-0.7%
Personnel costs*	60,473	32.0%	58,794	32.5%	1,679	2.9%
Contract costs	5,361	2.8%	5,936	3.3%	-575	-9.7%
Other operating costs	1,336	0.7%	2,089	1.2%	-753	-36.1%
EBITDA before Stock Options	56,054	29.7%	49,743	27.5%	6,311	12.7%
Stock Option costs	482	0.3%	3,577	2.0%	-3,095	-86.5%
EBITDA	55,572	29.4%	46,166	25.5%	9,407	20.4%
Depreciation, amortisation, provisions and impairment	18,477	9.8%	16,520	9.1%	1,956	11.8%
Operating Profit	37,096	19.6%	29,645	16.4%	7,450	25.1%
Financial income	1,340	0.7%	280	0.2%	1,060	378.2%
Financial charges	2,101	1.1%	2,209	1.2%	-108	-4.9%
Net Financial Charges	761	0.4%	1,929	1.1%	-1,168	-60.5%
Profit of equity-accounted investments	88	0.0%	1	0.0%	87	6939.1%
Profit before tax	36,423	19.3%	27,718	15.3%	8,705	31.4%
Income taxes	10,089	5.3%	8,611	4.8%	1,478	17.2%
Net Profit	26,334	13.9%	19,107	10.5%	7,227	37.8%

* *Personnel costs* are recognised net of the Stock Option costs, shown below, in order to better understand the composition of EBITDA before the Stock Options.

Revenues went from € 181,169 thousand as at 30 September 2019 to € 188,901 thousand as at 30 September 2020, up by € 7,732 thousand (4.3%). The increase in Revenues attributable to the change in the scope of consolidation, owing to the consolidation of PrivacyLab S.r.l., was 0.5%; organic growth was 3.8%.

Operating costs before *Stock Options* went from € 131,426 thousand in the first nine months of 2020 to € 132,846 thousand in the first nine months of 2020, an increase of € 1,421 thousand (1.1%). The increase in operating costs attributable to the change in perimeter was 0.3%, while the remaining 0.8% is due to organic growth.

As at 30 September 2020, costs for € 482 thousand had been allocated to the 2020-2022 Stock Option Plan. Details can be found in the paragraph **2020-2022 Stock Option Plan**.

The item **Depreciation, amortisation and provisions**, for € 18,477 thousand (€ 16,520 thousand in the first nine months of 2019) includes € 4,423 thousand in amortisation of other intangible assets arising upon allocation of the price paid in *business combinations* (€ 4,436 thousand in the first nine 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 € 1,164 thousand), in particular on Databases and Software, as well as higher provisions for *Impairment of trade receivables* (up € 467 thousand) and *Provisions for risks* (up € 283 thousand).

Net financial charges for the first nine months of 2020 totalled € 761 thousand, lower than the same period in the previous year (€ 1,929 thousand). The rescheduling of three loans in the period led to the recognition of non-recurring *Financial income* of € 1,075 thousand.

Profit from equity-accounted investments stood at € 88 thousand.

Estimated **income taxes**, calculated based on the tax rates envisaged for the year in the current tax regulations, amount to € 10,089 thousand (€ 8,611 as at 30 September 2019). The *tax rate* was 27.7% (31.1% in the same period of the previous year), mainly due to recognition in the period of a non-recurring contingency of € 723 thousand from removal of the 2019 balance of IRAP envisaged in Italian Law Decree 34/2020 (the “Relaunch Decree”), in addition to the recognition of *Patent Box* income for 2019 of € 367 thousand (€ 283 thousand in the same period of the previous year).

Adjusted Group Results

Adjusted income statement results calculated gross of non-recurring components, of the cost relating to stock option plans, of the amortisation of other intangible assets emerging at the time of allocation of the price paid in the *business combinations* and of the adjustment of liabilities for contingent consideration linked to acquisitions, net of the related tax effects. According to the Executives of the company, these indicators reflect the Group’s economic performance, net of non-recurring factors that are not directly attributable to the activities and operations of its core business, thus allowing a more homogeneous analysis of the Group’s performance in the periods under comparison.

Adjusted Income Statement (€ '000s)	30/09/2020	%	30/09/2019	%	Change	Change %
<i>Adjusted revenues</i>	188,827	100.0%	181,169	100.0%	7,658	4.2%
<i>Adjusted EBITDA</i>	56,939	30.2%	51,550	28.5%	5,390	10.5%
<i>Adjusted operating result</i>	42,886	22.7%	39,465	21.8%	3,421	8.7%
<i>Adjusted net profit</i>	28,473	15.1%	26,122	14.4%	2,351	9.0%

The *adjusted* results show an increase in revenues of 4.2%, 10.5% in EBITDA, 8.7% in operating profit and 9.0% in net profit compared to the previous year.

Non-recurring components

During the first nine months of 2020, *Non-recurring revenues*, relating to insurance indemnities on non-recurring costs recognised in previous years, were equal to € 74 thousand, and *Non-recurring operating costs* to € 959 thousand, of which € 940 thousand linked to acquisitions of target companies.

Non-recurring financial income included € 1,075 thousand resulting from the rescheduling of three loans concluded in the period.

Non-recurring income taxes includes non-recurring income of € 1,042 thousand, of which € 48 thousand for the tax effect on non-recurring components of profit before tax, € 723 thousand for the contingency resulting from removal of the 2019 IRAP balance as per the “Relaunch Decree” and € 367 thousand for the 2019 “Patent Box” benefit.

In first nine months of 2019, *Non-recurring operating costs* were equal to € 1,806 thousand, *Non-recurring financial income* to € 148 thousand and income under *Non-recurring income taxes* to € 657 thousand.

Stock Option costs

The costs recognised in the period, totalling € 482 thousand, refer to the 2020-2022 Stock Option Plan as described in full in the paragraph **2020-2022 Stock Option Plan**. In the same period of the previous year, the costs were € 3,577 thousand and referred to the Virtual Stock Option Plan concluded in 2019.

Amortisation of Other intangible assets from Business Combinations

The amortisation of *Other intangible assets* recognised at the time of the allocation of the price paid in *Business Combinations* was equal to € 4,423 thousand (€ 4,436 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 the first nine months of 2020 for € 161 thousand (€ 119 thousand in *Financial charges* in the same period of the previous year).

Method of calculation of the *adjusted* economic indicators:

Calculation of adjusted economic results (€ '000s)	EBITDA		Operating Profit		Net Profit	
	30/09/20	30/09/19	30/09/20	30/09/19	30/09/20	30/09/19
Economic results reported	55,572	46,166	37,096	29,645	26,334	19,107
Stock Option provisions	482	3,577	482	3,577	482	3,577
EBITDA before Stock Options	56,054	49,743				
Non-recurring revenues	-74	0	-74	0	-74	0
Non-recurring service costs	959	1,227	959	1,227	959	1,227
Non-recurring personnel costs	0	239	0	239	0	239
Other non-recurring operating costs	0	340	0	340	0	340
Amortisation of Other intangible assets from <i>business combinations</i>			4,423	4,436	4,423	4,436
Non-recurring financial income					-1,075	-148
Adjustment of contingent consideration					-161	119
Tax effect on adjustments					-1,325	-2,494
Non-recurring taxes					-1,090	-283
Adjusted income statement results	56,939	51,550	42,886	39,465	28,473	26,122

Results by business segment

The results of the business segments are measured through analysis of the performance of Revenues and EBITDA.

Summary Income Statement by business segment (€ '000s)	30/09/2020	EBITDA % 30/09/2020	30/09/2019	EBITDA % 30/09/2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	82,637		76,812		5,825	7.6%	7.6%	0.0%
Credit Information & Management	55,564		52,716		2,848	5.4%	5.4%	0.0%
Innovation & Marketing Services	50,700		51,640		-941	-1.8%	-3.5%	1.7%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Total Revenues	188,901		181,169		7,732	4.3%	3.8%	0.5%
EBITDA								
Digital Trust	21,899	26.5%	20,405	26.6%	1,494	7.3%	7.3%	0.0%
Credit Information & Management	17,516	31.5%	12,434	23.6%	5,082	40.9%	40.9%	0.0%
Innovation & Marketing Services	22,918	45.2%	23,199	44.9%	-281	-1.2%	-3.5%	2.3%
Other Segments (Parent Company)	-6,761	n.a.	-9,872	n.a.	3,111	31.5%	31.5%	0.0%
Total EBITDA	55,572	29.4%	46,166	25.5%	9,407	20.4%	19.2%	1.1%

The table below shows the *adjusted* economic results by business segment:

Adjusted condensed Income Statement by business segment (€ '000s)	30/09/2020	EBITDA % 30/09/2020	30/09/2019	EBITDA % 30/09/2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	82,563		76,812		5,751	7.5%	7.5%	0.0%
Credit Information & Management	55,564		52,716		2,848	5.4%	5.4%	0.0%
Innovation & Marketing Services	50,700		51,640		-941	-1.8%	-3.5%	1.7%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Total adjusted revenues	188,827		181,169		7,658	4.2%	3.7%	0.5%
EBITDA								
Digital Trust	21,992	26.6%	21,068	27.4%	924	4.4%	4.4%	0.0%
Credit Information & Management	17,585	31.6%	12,673	24.0%	4,913	38.8%	38.8%	0.0%
Innovation & Marketing Services	23,592	46.5%	23,199	44.9%	393	1.7%	-0.6%	2.3%
Other Segments (Parent Company)	-6,230	n.a.	-5,389	n.a.	-841	-15.6%	-15.6%	0.0%
Total adjusted EBITDA	56,939	30.2%	51,550	28.5%	5,390	10.5%	9.4%	1.0%

Digital Trust

Revenues from the *Digital Trust* segment amounted to € 82,563 thousand. The increase compared to the first nine months of 2019 was equal to € 5,751 thousand in absolute terms (7.5%). The first nine months of 2020 have seen increasing demand from the digital and dematerialisation services market, such as certified e-mail (Legalmail), digital signature and SPID (Public Digital Identity System). By meeting this demand, the Group has been able to increase *Off the Shelf (Telematic Trust Solutions)* revenues, sold mainly through its websites and digital platforms. There was also an increase in revenues linked to *Enterprise Solutions* on existing contracts, despite a slight delay in the start-up of new contracts. The Group has enabled its customers to increase their *digital onboarding* capacity, as well as to guarantee their organisational structures remote work continuity with high safety and functionality standards.

EBITDA for the segment was € 21,992 thousand. The increase compared to the first nine months of 2019 was € 924 thousand in absolute terms (4.4%). In percentage terms, the *EBITDA margin* was 26.6%, slightly lower than the first nine months of 2019 (27.4%).

Credit Information & Management

Revenues in the *Credit Information & Management* segment amounted to € 55,564 thousand. Compared to the first nine months of 2019, there was a 5.4% increase, € 2,848 thousand in absolute terms. As regards the banking market, as a result of the various DPCMs issued, in particular, Italian Law Decree no. 23 of 8 April 2020 ("*Business Liquidity*") which expanded the range of parties that may benefit from the guarantees of the Central Fund, at the same time increasing the maximum coverage percentage, there was a significant increase in cases managed. A temporary contraction linked to the "Fase 1" of the healthcare emergency underway was recorded in the demand for real estate information and real estate estimation services, mainly due to the difficulty of circulation in Italy.

EBITDA was equal to € 17,585 thousand, a 38.8% increase compared to the same period of the previous year. In percentage terms, the *EBITDA margin* was 31.6%, with a significant increase compared to the first nine months of 2019 (24.0%). This increase was substantially determined by the aforementioned mix of revenues characterised by a different operating margin.

Innovation & Marketing Services

Revenues from the *Innovation & Marketing Services* segment amounted to € 50,700 thousand. Compared to the first nine months of 2019, there was a 1.8% decrease, of € 941 thousand in absolute terms. This change is determined by an increase in the scope of consolidation (+1.7%), due to the consolidation of PrivacyLab S.r.l. from 1 January 2020, and an organic reduction (-3.5%).

The restrictive measures put in place by the Italian Government led to greater difficulties in the provision of advisory services to which the operating structures of the sector react quickly developing innovative services and products in response to customer needs.

EBITDA for the segment was equal to € 23,592 thousand. There was a 1.7% increase over the EBITDA for the first nine months of 2019. The growth due to the change in the scope of consolidation came to 2.3%, while the organic contraction stood at 0.6%. In percentage terms, the *EBITDA margin* equalled 46.5%, up from the same period of the previous year (44.9%).

SUMMARY OF RESULTS FOR THE THIRD QUARTER OF 2020

Abbreviated Consolidated Income Statement (€ '000s)	3rd quarter 2020	%	3rd quarter 2019	%	Change	Change %
Revenues	65,083	100.0%	54,577	100.0%	10,506	19.2%
EBITDA before Stock Options	21,603	33.2%	14,081	25.8%	7,523	53.4%
EBITDA	21,160	32.5%	13,797	25.3%	7,363	53.4%
Operating Profit	15,443	23.7%	8,296	15.2%	7,147	86.1%
Net Profit	10,342	15.9%	5,090	9.3%	5,252	103.2%

Revenues rose by € 10.506 thousand (19.2%) compared to the third quarter 2019, EBITDA by € 7.363 thousand (53.4%), operating profit by € 7.147 thousand (86.1%), and net profit by € 5.252 thousand (103.2%).

The third quarter results show the Tinexta Group's recovery, which in the first three months had been marginally affected by the ongoing pandemic. All the indicators were positive and confirm the stable growth of Group business activities. All sectors demonstrated their ability to react with good results both in terms of revenues and margins.

Breakdown of Income Statement items for the third quarter 2020 compared to the third quarter 2019:

Consolidated Income Statement (€ '000s)	3rd quarter 2020	%	3rd quarter 2019	%	Change	Change %
Revenues	65,083	100.0%	54,577	100.0%	10,506	19.2%
Total Operating Costs*	43,480	66.8%	40,497	74.2%	2,983	7.4%
Costs of raw materials	2,088	3.2%	1,718	3.1%	370	21.5%
Service costs	19,170	29.5%	18,743	34.3%	427	2.3%
Personnel costs*	20,272	31.1%	17,495	32.1%	2,778	15.9%
Contract costs	1,529	2.3%	1,746	3.2%	-216	-12.4%
Other operating costs	421	0.6%	796	1.5%	-375	-47.1%
EBITDA before Stock Options	21,603	33.2%	14,081	25.8%	7,523	53.4%
Provisions for stock options	444	0.7%	284	0.5%	160	56.2%
EBITDA	21,160	32.5%	13,797	25.3%	7,363	53.4%
Depreciation, amortisation, provisions and impairment	5,717	8.8%	5,501	10.1%	216	3.9%
Operating Profit	15,443	23.7%	8,296	15.2%	7,147	86.1%
Financial income	389	0.6%	55	0.1%	335	612.5%
Financial charges	731	1.1%	715	1.3%	16	2.2%
Net Financial Charges	342	0.5%	660	1.2%	-319	-48.2%
Profit of equity-accounted investments	-3	0.0%	-13	0.0%	11	-79.0%
Profit before tax	15,098	23.2%	7,622	14.0%	7,476	98.1%
Income taxes	4,756	7.3%	2,531	4.6%	2,224	87.9%
Net Profit	10,342	15.9%	5,090	9.3%	5,252	103.2%

* Personnel costs are recognised net of the Stock Option costs, shown below, in order to better understand the composition of EBITDA before the Stock Options.

Adjusted Group Results

Adjusted income statement results calculated gross of non-recurring components, of the cost relating to stock option plans, of the amortisation of other intangible assets emerging at the time of allocation of the price paid in the *business combinations* and of the adjustment of liabilities for contingent consideration linked to acquisitions, net of the related tax effects. These indicators reflect better the Group's economic performance,

net of non-recurring factors that are not directly attributable to the activities and operations of its core business, thus allowing a more homogeneous analysis of the Group's performance in the periods under comparison.

Adjusted Income Statement (€ '000s)	3rd quarter 2020	%	3rd quarter 2019	%	Change	Change %
Adjusted revenues	65,083	100.0%	54,577	100.0%	10,506	19.2%
Adjusted EBITDA	22,036	33.9%	14,893	27.3%	7,144	48.0%
Adjusted operating profit	17,793	27.3%	10,871	19.9%	6,923	63.7%
Adjusted net profit	11,778	18.1%	7,002	12.8%	4,776	68.2%

The *adjusted* results show an increase of 19.2% in revenues, of 48.0% in EBITDA, of 63.7% in operating profit and of 68.2% in net profit compared to the previous year.

Method of calculation of the *adjusted* economic indicators:

Calculation of <i>adjusted</i> economic results (€ '000s)	EBITDA		Operating Profit		Net Profit	
	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019	3rd quarter 2020	3rd quarter 2019
Economic results reported	21,160	13,797	15,443	8,296	10,342	5,090
Stock Option provisions	444	284	444	284	444	284
EBITDA before Stock Options	21,603	14,081				
Non-recurring revenues	0	0	0	0	0	0
Non-recurring service costs	433	472	433	472	433	472
Non-recurring personnel costs	0	0	0	0	0	0
Other non-recurring operating costs	0	340	0	340	0	340
Amortisation of Other intangible assets from <i>business combinations</i>			1,474	1,479	1,474	1,479
Non-recurring financial income					-365	0
Adjustment of contingent consideration					0	0
Tax effect on adjustments					-551	-615
Non-recurring taxes					0	-48
Adjusted income statement results	22,036	14,893	17,793	10,871	11,778	7,002

Results by business segment

The results of the business segments are measured through analysis of the performance of Revenues and EBITDA.

Condensed Income Statement by business segment (€ '000s)	3rd quarter 2020	EBITDA % 3rd Quarter 2020	3rd quarter 2019	EBITDA % 3rd Quarter 2020	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	27,541		25,067		2,474	9.9%	9.9%	0.0%
Credit Information & Management	20,528		14,805		5,723	38.7%	38.7%	0.0%
Innovation & Marketing Services	17,015		14,706		2,309	15.7%	12.9%	2.8%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Total Revenues	65,083		54,577		10,506	19.2%	18.5%	0.7%
EBITDA								
Digital Trust	7,901	28.7%	7,098	28.3%	803	11.3%	11.3%	0.0%
Credit Information & Management	7,361	35.9%	3,143	21.2%	4,218	134.2%	134.2%	0.0%
Innovation & Marketing Services	8,192	48.1%	5,821	39.6%	2,371	40.7%	35.5%	5.3%
Other Segments (Parent Company)	-2,293	n.a.	-2,265	n.a.	-28	-1.3%	-1.3%	0.0%
Total EBITDA	21,160	32.5%	13,797	25.3%	7,363	53.4%	51.1%	2.2%

The table below shows the *adjusted* economic results by business segment:

Adjusted condensed Income Statement by business segment (€ '000s)	3rd quarter 2020	EBITDA % 3rd quarter 2020	3rd quarter 2019	EBITDA % 3rd quarter 2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	27,541		25,067		2,474	9.9%	9.9%	0.0%
Credit Information & Management	20,528		14,805		5,723	38.7%	38.7%	0.0%
Innovation & Marketing Services	17,015		14,706		2,309	15.7%	12.9%	2.8%
Other Segments (Parent Company)	0		0		0	n.a.	n.a.	n.a.
Total adjusted revenues	65,083		54,577		10,506	19.2%	18.5%	0.7%
EBITDA								
Digital Trust	8,030	29.2%	7,710	30.8%	320	4.2%	4.2%	0.0%
Credit Information & Management	7,430	36.2%	3,143	21.2%	4,287	136.4%	136.4%	0.0%
Innovation & Marketing Services	8,640	50.8%	5,821	39.6%	2,820	48.4%	43.2%	5.3%
Other Segments (Parent Company)	-2,064	n.a.	-1,781	n.a.	-283	-15.9%	-15.9%	0.0%
Total adjusted EBITDA	22,036	33.9%	14,893	27.3%	7,144	48.0%	45.9%	2.1%

FINANCIAL POSITION OF THE GROUP

The Group's financial position as at 30 September 2020 compared with 31 December 2019 and 30 September 2019.

Comparison as at 31 December 2019

€ '000s	30/09/2020	% of Net invested capital/Total sources	31/12/2019	% of Net invested capital/Total sources	Change	Change %
Intangible assets and goodwill	268,595	104.8%	269,935	96.9%	-1,340	-0.5%
Property, plant and equipment	18,452	7.2%	21,215	7.6%	-2,762	-13.0%
Investment property	730	0.3%	750	0.3%	-20	-2.6%
Other net non-current assets and liabilities	-19,640	-7.7%	-19,405	-7.0%	-235	1.2%
Net non-current assets	268,137	104.6%	272,494	97.8%	-4,357	-1.6%
Inventories	1,162	0.5%	1,145	0.4%	17	1.5%
Contract cost assets	6,236	2.4%	6,508	2.3%	-272	-4.2%
Trade and other receivables* and Contract assets	80,405	31.4%	96,056	34.5%	-15,651	-16.3%
Current tax assets (liabilities)	-6,588	-2.6%	-2,156	-0.8%	-4,432	205.6%
Trade and other payables	-50,476	-19.7%	-54,953	-19.7%	4,477	-8.1%
Contract liabilities and deferred income	-42,084	-16.4%	-39,540	-14.2%	-2,545	6.4%
Current employee benefits	0	0.0%	-571	-0.2%	571	-100.0%
Current provisions for risks and charges	-393	-0.2%	-420	-0.2%	27	-6.4%
Net working capital	-11,739	-4.6%	6,069	2.2%	-17,809	-293.4%
Total loans - Net invested capital	256,398	100.0%	278,564	100.0%	-22,165	-8.0%
Shareholders' Equity	162,989	63.6%	149,426	53.6%	13,563	9.1%
Net financial indebtedness	93,409	36.4%	129,138	46.4%	-35,728	-27.7%
Total sources	256,398	100.0%	278,564	100.0%	-22,165	-8.0%

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

Breakdown of other net non-current assets:

Other net non-current assets and liabilities € '000s	30/09/2020	31/12/2019	Change	Change %
Equity-accounted investments	11,576	11,454	123	1.1%
Other investments	22	22	0	0.0%
Other financial assets, excluding derivative financial instruments	1,199	1,149	51	4.4%
Derivative financial instruments	0	15	-15	-100.0%
Deferred tax assets	5,236	5,635	-399	-7.1%
Other receivables	999	1,241	-242	-19.5%
Non-current assets	19,032	19,515	-482	-2.5%
Provisions	-3,355	-3,013	-342	11.4%
Deferred tax liabilities	-14,437	-15,848	1,412	-8.9%
Employee benefits	-12,449	-11,878	-571	4.8%
Contract liabilities and deferred income	-8,431	-8,180	-251	3.1%
Non-current liabilities	-38,672	-38,920	248	-0.6%
Other net non-current assets and liabilities	-19,640	-19,405	-235	1.2%

Net invested capital decreased by € 22.2 million, of which € 4.4 million referred to net non-current assets and € 17.8 million to net working capital.

Net non-current assets as at 30 September 2020 amounted to € 268,137 thousand, with a decrease of € 4,357 thousand (1.6%) compared to 31 December 2019 (€ 272,494 thousand). Fixed assets (intangible assets and goodwill, property, plant and equipment and investment property) recorded a decrease of € 4,122 thousand. Affecting this change were: amortisation and depreciation for € 15,986 thousand, investments in the period for

€ 8,851 thousand, goodwill provisionally recognised on the acquisition of PrivacyLab S.r.l. for € 2,021 thousand and changes in leases for € 711 thousand.

Net working capital became negative, falling from € 6,069 thousand at 31 December 2019 to € -11,739 thousand at 30 September 2020. The decrease was affected by *lower trade and other contract receivables and assets* for € 15,651 thousand, the increase in *contract liabilities and deferred income* for € 2,545 thousand and *current tax liabilities* for € 4,432 thousand, partially offset by the reduction in *trade payables and other payables* for € 4,477 thousand.

Shareholders' Equity increased by € 13,563 thousand due to the combined effect of:

- the positive result from comprehensive income for the period of € 25,730 thousand;
- treasury shares acquired in the period (857,014 equal to 1.815% of the share capital) for a total purchase value of € 10,001 thousand (details can be found in the paragraph **Treasury share purchase programme**);
- dividends approved and distributed by Group companies to minority interests for € 2,195 thousand;
- the negative adjustment of *put* options on minority interests (€ 444 thousand) due to the revised estimate of payments envisaged on the basis of results forecast by the companies concerned and the effect of renegotiation of options with minority shareholders of Sixtema S.p.A., as well as the revaluation due to the passage of time.
- Increase in the Stock Option reserve by € 482 thousand.

As a result of the decrease in *Net non-current assets* (€ 4,357 thousand) and *Net working capital* (€ 17,809 thousand) and the increase in *Shareholders' equity* (€ 13,563 thousand) there was a € 35,728 thousand reduction in *Net financial indebtedness*.

Comparison as at 30 September 2019

€ '000s	30/09/2020	% of Net invested capital/Total sources	30/09/2019	% of Net invested capital/Total sources	Change	Change %
Intangible assets and goodwill	268,595	104.8%	268,954	98.7%	-360	-0.1%
Property, plant and equipment	18,452	7.2%	22,141	8.1%	-3,689	-16.7%
Investment property	730	0.3%	581	0.2%	149	25.7%
Other net non-current assets and liabilities	-19,640	-7.7%	-17,171	-6.3%	-2,469	14.4%
Net non-current assets	268,137	104.6%	274,506	100.7%	-6,368	-2.3%
Inventories	1,162	0.5%	1,186	0.4%	-24	-2.0%
Contract cost assets	6,236	2.4%	6,421	2.4%	-185	-2.9%
Trade and other receivables* and Contract assets	80,405	31.4%	76,729	28.1%	3,676	4.8%
Current tax assets (liabilities)	-6,588	-2.6%	-3,556	-1.3%	-3,032	85.3%
Assets held for sale	0	0.0%	199	0.1%	-199	-100.0%
Trade and other payables	-50,476	-19.7%	-45,091	-16.5%	-5,385	11.9%
Contract liabilities and deferred income	-42,084	-16.4%	-37,166	-13.6%	-4,919	13.2%
Current employee benefits	0	0.0%	-394	-0.1%	394	-100.0%
Current provisions for risks and charges	-393	-0.2%	-258	-0.1%	-135	52.3%
Net working capital	-11,739	-4.6%	-1,930	-0.7%	-9,809	508.3%
Total loans - Net invested capital	256,398	100.0%	272,576	100.0%	-16,178	-5.9%
Shareholders' Equity	162,989	63.6%	143,059	52.5%	19,930	13.9%
Net financial indebtedness	93,409	36.4%	129,517	47.5%	-36,108	-27.9%
Total sources	256,398	100.0%	272,576	100.0%	-16,178	-5.9%

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

Net invested capital decreased by € 16.2 million, of which € 6.4 million referred to *Net non-current assets* and € 9.8 million to *Net working capital*.

Net non-current assets amounted to € 268,137 thousand as at 30 September 2020, with a decrease of € 6,368 thousand (2.3%) compared to 30 September 2019 (€ 274,506 thousand). Fixed assets (*intangible assets and goodwill, property, plant and equipment and investment property*) recorded a decrease of € 3,900 thousand. Affecting this change were: amortisation and depreciation for € 21,465 thousand, investments in the period for € 14,318 thousand, goodwill provisionally recognised on the acquisition of PrivacyLab S.r.l. for € 2,021 thousand and changes in leases (mainly early terminations) for € 825 thousand.

A comparison of *net working capital* with that at the same date in the previous year shows an increase in *trade and other payables* for € 5,385 thousand and in *Contract liabilities and deferred income* for € 4,919 thousand, as well as an increase in *Trade and other receivables and Contract assets* for € 3,676 thousand (+4.8%), reflected in an increase in revenues compared to the same period of the previous year (4.3%). *Current tax liabilities* increased compared to the same date of the previous year by € 3,032 thousand.

Shareholders' Equity increased by € 19,930 thousand due to the combined effect of:

- the positive result from comprehensive income for the last 12 months of € 35,158 thousand;
- treasury shares acquired in the period (857,014, equal to 1.815% of the share capital) for a total purchase value of € 10,001 thousand (details can be found in the paragraph **Treasury share purchase programme**);
- dividends approved and distributed by Group companies to minority interests for € 2,195 thousand;
- the negative adjustment of *put* options on minority interests (€ 3,505 thousand) due to the revised estimate of payments envisaged on the basis of results forecast by the companies concerned and the effect of renegotiation of options with minority shareholders of Sixtema S.p.A., as well as the revaluation due to the passage of time.
- Increase in the Stock Option reserve by € 482 thousand.

As a result of the decrease in *Net non-current assets* (€ 6,368 thousand) and *Net working capital* (€ 9,809 thousand) and the increase in *Shareholders' equity* (€ 19,930 thousand) there was a € 36,108 thousand reduction in *Net financial indebtedness*.

Group net financial indebtedness

Table providing a breakdown of the *Group's net financial indebtedness* as at 30 September 2020 compared with the position at 31 December 2019 and 30 September 2019:

€ '000s	30/09/20	31/12/19	Change	%	30/09/19	Change	%
A Cash	56,540	33,586	22,953	68.3%	36,231	20,308	56.1%
B Cash equivalents	17	14	3	20.9%	12	4	36.2%
D Liquid Assets (A+B)	56,556	33,600	22,956	68.3%	36,244	20,313	56.0%
E Current financial receivables	7,124	6,609	514	7.8%	6,382	742	11.6%
F Current bank debt	-403	-2,952	2,549	-86.3%	-1,217	814	-66.9%
G Current portion of non-current debt	-14,758	-23,752	8,994	-37.9%	-19,418	4,660	-24.0%
H Other current financial debt	-10,063	-35,342	25,279	-71.5%	-31,277	21,214	-67.8%
I Current Financial Debt (F+G+H)	-25,224	-62,046	36,822	-59.3%	-51,912	26,687	-51.4%
J Net current financial position (indebtedness) (D+E+I)	38,456	-21,837	60,292	-276.1%	-9,286	47,742	-514.1%
K Non-current bank debt	-117,140	-90,552	-26,588	29.4%	-102,243	-14,896	14.6%
L Other non-current financial debt	-14,725	-16,749	2,024	-12.1%	-17,987	3,262	-18.1%
M Non-current financial debt (K+L)	-131,865	-107,301	-24,564	22.9%	-120,231	-11,634	9.7%
N Net financial position (Indebtedness) (J+M) (*)	-93,409	-129,138	35,728	-27.7%	-129,517	36,108	-27.9%
O Other non-current financial assets	1,199	1,163	36	3.1%	1,187	12	1.0%
P Total net financial position (Indebtedness) (N+O)	-92,210	-127,974	35,764	-27.9%	-128,329	36,119	-28.1%

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

Net financial indebtedness amounted to € 93,409 thousand, marking a decrease of € 35,728 thousand compared to 31 December 2019. In the first nine months, the Parent Company purchased 857,014 treasury shares for a total value of € 10,001 thousand. Net of this acquisition, therefore, the net financial indebtedness as at 30 September 2020 would have been € 83,408 thousand, down by € 45,729 thousand on the figure as at 31 December 2019.

Net financial indebtedness as at 30 September 2020 included: € 2,135 thousand in liabilities linked to the purchase of minority interests for *put* options (€ 17,950 thousand as at 31 December 2019), liabilities for contingent considerations linked to the acquisitions for € 345 thousand (€ 7,741 thousand as at 31 December 2019) and liabilities for price deferments granted by sellers for € 5,520 thousand (€ 8,218 thousand as at 31 December 2019).

The main factors impacting the change in net financial indebtedness compared to 31 December 2019:

Breakdown of changes in Net financial indebtedness		(€ 000's)
Net Financial Indebtedness at 31/12/2019		129,138
<i>Free cash flow</i>		-52,556
Dividends approved and distributed		2,195
Net financial (income) charges		761
Adjustment for derivatives in other comprehensive income		717
Acquisition of PrivacyLab S.r.l.		1,821
Purchase of treasury shares		10,001
Adjustment for <i>put</i> options		444
Adjustment for leases		711
Other residual		177
Net financial indebtedness at 30/09/2020		93,409

- The *Free Cash Flow* generated during the period amounted to € 52,556 thousand, equal to € 61,406 thousand in *Net cash and cash equivalents generated by operations* less € 8,851 thousand absorbed by investments in *Property, plant and equipment* and *Intangible assets*. The *Free Cash Flow* figure increased by 43.5% compared to the first nine months of 2019 (€ 36,634 thousand).
- *Dividends approved and distributed* by Group companies to minority interests amounted to € 2,195 thousand. The Tinexta S.p.A. Shareholders' Meeting approved the Board of Directors' proposal not to distribute dividends and to reinvest the 2019 profit in Group operations.
- The initial consolidation of PrivacyLab as of 1 January 2020 resulted in an increase in *net financial indebtedness* of € 1,821 thousand.
- In the first nine months, the Parent Company Tinexta S.p.A. purchased 857,014 treasury shares (equal to 1.815% of the share capital) for a total purchase value of € 10,001 thousand (details can be found in the paragraph **Treasury share purchase programme**).
- *The adjustment of put* options on minority interests (€ 444 thousand) due to the revised estimate of payments envisaged on the basis of results forecast by the companies concerned and the effect of renegotiation of options with minority shareholders of Sixtema S.p.A., as well as the revaluation due to the passage of time.
- *The Adjustment for leases* led to an overall increase in net financial indebtedness of € 711 thousand. New leases resulted in the recognition of financial liabilities of € 1,379 thousand, the adjustments resulted in the reversal of financial liabilities of € 669 thousand, mainly as a result of early terminations.

KEY EVENTS SUBSEQUENT TO 30 SEPTEMBER 2020

On 7 **October 2020**, the Extraordinary Shareholders' Meetings of Innolva S.p.A. and Promozioni Servizi S.r.l. were held, which resolved on the planned merger by incorporation of the latter into Innolva S.p.A. The merger will be completed by the end of the current year with accounting and tax effects backdating to 1 January 2020.

On the same date, 7 **October 2020**, in compliance with the agreements signed on 22 September 2020 (the details are provided in the section **Significant events during the period**), InfoCert S.p.A. paid the amount of EUR 3 million as consideration for the share capital increase subscribed by the German company Authada GmbH.

On 12 **October 2020**, Tinexta S.p.A. announced the creation of a new national cyber security hub, which will assist private and public customers in *digital transformation* processes with the best technologies and protocols for digital security and identity. Tinexta S.p.A. has signed binding agreements for the acquisition of the majority of the share capital of three Italian entities: 70% of the share capital of the company containing the business unit of Progetti e soluzioni – IT and R&D of Corvallis, 60% of the share capital of Yoroi S.r.l. (which will include the companies Cybaze Italia and @Mediaservice.net) and 51% of Swascan S.r.l., for an estimated consideration of € 47.8 million (including an Earn-out equal to € 0.6 million based on 2020 performance). The financial debt taken out is estimated at € 10 million. On the basis of pro-forma data referring to 2019, the new Cybersecurity BU generated revenues of approximately € 61 million and EBITDA of approximately € 7 million.

The *closing* of the acquisitions is expected at the beginning of 2021, with the exception of the acquisition of the majority interest in Swascan, completed on 20 October. Minority interests in the capital of the three companies may be acquired by Tinexta in 2024, based on *Put&Call* option rights.

The three companies will be the operating core of the new Tinexta Cybersecurity business unit ("BU"), which will have the skills, highly specialised resources and advanced technologies to take advantage of growing opportunities in the expanding digital market. Marco Comastri, already head of the *Sales & Marketing* and Strategic Development function of Tinexta, has been put in charge of the new BU: he has extensive experience in the IT sector and will benefit from the close collaboration of the management of the acquired companies.

On 20 **October 2020**, Tinexta S.p.A. completed the acquisition of 51% of the share capital of Swascan S.r.l., which is part of the project to create a new national hub of digital identity and digital security services. Swascan S.r.l., with registered office in Milan, is an innovative Italian Cybersecurity company, owner of the Swascan *Cloud Security Testing* platform and of a recognised *Cyber Competence Centre*. The combination of the "SaaS ready to use" platform and vertical and highly specialised skills make it a point of reference for small and medium enterprises for IT security and legislative compliance requirements. The price for the 51% share is estimated at € 4.2 million, of which € 2.1 million paid at *closing*. The remaining portion of the price will be paid after the approval of Swascan's 2020 financial statements. Line-by-line consolidation in Tinexta will take place after 1 October 2020. The remaining 49% of the share capital will be subject to *Put & Call* options that may be exercised upon the approval of the 2023 financial statements, at a price set on the basis of the EBITDA and NFP agreed.

On 28 **October 2020**, Tinexta S.p.A. acquired, with an investment of € 2.0 million, 30% of the share capital of FBS Next S.p.A., an operating company with the function of organising and implementing transactions in the non-performing loans sector (NPL/UTP), performing *servicer* activities and managing portfolios of non-performing loans, performing scouting activities *and* carrying out activities connected with the previous ones. The company will operate in synergy with the companies of the Recurrency S.p.A. and Innolva S.p.A. Group.

On 9 **November 2020** the official communication was received from LuxTrust Development S.A., following the *DeadLock Matter Acknowledgment* that occurred on 28 October 2020, of the exercise of the Call Option. The Call Option concerns 6,207,777 class B shares held by InfoCert S.p.A. in LuxTrust which represent the entire number of shares held by InfoCert S.p.A. in LuxTrust, in accordance with the Shareholders' Agreement of 21 December 2018. The repurchase price of the class B shares held by InfoCert S.p.A. is equal to the original subscription price of €12,000,000 consisting of €6,207,777 of the par value of the class B shares and € 5,792,223

of share premium. The entire amount is equal to the price paid by InfoCert S.p.A. for 50% of the investment in LuxTrust S.A. The transfer of the shares is subject to clearance from the CSSF (*Commission de Surveillance du Secteur Financier*).

At the end of the two-year period following the investment, the shareholders InfoCert and LuxTrust Development S.A. have verified a divergence of strategic objectives. In fact, the shareholder LuxTrust Development believes that it is a priority in the coming years to focus LuxTrust's attention on its core markets to ensure a strong development of the digital economy. Therefore, by mutual agreement, it was decided to proceed to dissolve the Joint Venture and transform it into a strong commercial alliance. In this context, InfoCert will collaborate with LuxTrust and will pursue its strategy in Europe with the aim of creating a panEuropean leader in Trust Services.

On **11 November 2020**, Warrant Hub S.p.A. perfected the acquisition of Euroquality SAS ("Euroquality"), based in Paris, and its associated company Europroject OOD ("Europroject"), based in Sofia (Bulgaria), which are consulting firms specializing in supporting their clients in accessing European Union funds for innovation. The acquisition is part of the Warrant Group's geographical expansion process, that is focused on countries such as France, that have an entrepreneurial fabric and legislative framework similar to those of the Italian market. Based on 2019 Pro Forma data, it is estimated that the two companies in 2019 produced combined revenues of about €1.9 million with an EBITDA of about €0.4 million. Warrant Hub purchased 100% of Euroquality for a consideration of €2 million, with the possibility of a price adjustment based on the 2020 and 2021 results. Warrant Hub also purchased 100% of the share capital of Europroject for a turnover of €0.4 million. The fees paid do not include the Net Financial Position, the calculation of which, contractually defined, will take place within 60 days of closing and will result in a further price adjustment.

BUSINESS OUTLOOK

In a macroeconomic and corporate context significantly characterised and impacted by the COVID-19 pandemic, the Group's positive performances showed resilience of the business areas and management's capacity to react successfully, whether accelerating the *time-to-market* of the innovative product and service mix to meet the needs of customers in the current context, or taking prompt action on costs and improving operating cash flow generation compared to the first nine months of 2019.

In consideration of the results of the first nine months, as well as the performance of the first weeks of the current quarter, it is reasonable to assume, for the year as a whole:

- Revenues of around € 260 million;
- EBITDA close to € 80 million.

This estimate does not include the effects that could be generated by measures that could imply *lockdown* or similar restrictions on activities.

Any impact on the remaining years of the Plan will be communicated to the market in the usual presentation scheduled for the second half of February 2021.

TREASURY SHARE PURCHASE PROGRAMME

The Shareholders' Meeting of 28 April 2020 renewed the authorisation for the Company to purchase and sell treasury shares with no nominal value, pursuant to art. 2357 et seq. of the Italian Civil Code and art. 132 of the Consolidated Finance Act, up to a maximum number which, taking into account the ordinary Company shares held at the time by the Company and its subsidiaries, does not exceed 10% (4,720,712 ordinary shares) of the

Company's share capital, subject to cancellation of the resolution adopted by the Shareholders' Meeting on 7 November 2018 and expiring 7 May 2020.

The authorisation allows the Company to purchase and sell ordinary Tinexta shares, in compliance with current EU and Italian regulations and permitted market practices recognised by Consob, for the following purposes:

- to purchase treasury shares to service the "2020-2022 Stock Option Plan", as well as any other share-based incentive schemes;
- to purchase treasury shares to service, if necessary, any extraordinary equity or financing transactions that imply the allocation or disposal of treasury shares;
- to provide the Company with an instrument used by listed companies to seize investment opportunities for all purposes permitted under current regulations;
- to set up a "stockpile", useful in any future extraordinary financial transactions.

The Shareholders' Meeting also resolved to authorise the Board of Directors, pursuant to art. 2357-ter of the Italian Civil Code, to sell all or part, in one or more tranches, of the ordinary shares purchased under the terms of the aforementioned resolution. The purchase can be completed in one or more tranches within 18 months of the date of the Shareholders' Meeting resolution. The authorisation to sell ordinary treasury shares, however, has no time limits.

In implementation of the authorisation granted by the Shareholders' Meeting of 28 April 2020, the Board of Directors meeting of 15 May 2020 resolved to launch the treasury share purchase programme, with the main aim of executing the "2020-2022 Stock Option Plan" approved by the ordinary Shareholders' Meeting of 28 April 2020, as well as other share-based incentive schemes, without prejudice to the Board's right to use bought-back shares for the other purposes approved by that Shareholders' Meeting.

The Company's goal in order to implement the "2020-2022 Stock Option Plan" is therefore to purchase a maximum 1,700,000 treasury shares.

The Company granted mandate to Banca IMI (now Intesa Sanpaolo) as fully independent intermediary in carrying out the aforementioned buyback in compliance with restrictions imposed by applicable regulations and with the limits in the resolutions indicated above.

As at 30 September, the Company holds 857,014 treasury shares, equal to 1.815% of the share capital, for a total purchase value of € 10,001 thousand.

2020-2022 STOCK OPTION PLAN

On 23 June 2020, after obtaining opinion from the Remuneration Committee, the Board of Directors resolved to allocate options in execution of the long-term incentive scheme known as the "2020-2022 Stock Option Plan" (hereinafter also "Plan"), as approved by the Shareholders' Meeting on 28 April 2020. The Plan envisages the allocation of a maximum 1,700,000 options. In particular, among the executive directors, executives with strategic responsibilities and/or other employees and managerial roles in the Company and/or subsidiaries, the Board of Directors has identified 29 beneficiaries to whom a total of 1,670,000 options have been allocated. The options offer the right to purchase and, if appropriate, subscribe Company shares in the ratio of 1 share for every 1 option exercised. The Plan provides for a single option allocation cycle and envisages a *vesting* period of 36 months from the date of assignment of the options assigned to the beneficiaries. Exercise of the options is subordinated to achieving EBITDA in the financial statements as at 31 December 2022 of $\geq 80\%$ of the approved budget value. If EBITDA proves to be between $\geq 80\%$ and $\geq 100\%$, the option vesting will be proportionate. The Options accrued may be exercised at the end of a 36 month *Vesting Period* as from the Assignment Date. The exercise price is established as € 10.97367, based on the arithmetic mean of official prices recorded by the Company's shares on the MTA market in the half year prior to the option allocation date.

Further details of the Plan can be found in the Information Document already disclosed to the public pursuant to art. 114-bis, Italian Legislative Decree no. 58 of 24 February 1998 (the “Consolidated Finance Act”) and art. 84-bis, paragraph 1 of the Issuers’ Regulation, in the Corporate Governance/Shareholders’ Meeting/2020 section of the Company’s web site (www.tinexta.com/assemblea-azionisti-2020), which will be updated in compliance with the provisions of art. 84-bis, paragraph 5 of the Issuers’ Regulation.

At the grant date, 23 June 2020, the *fair value* for each option was equal to € 3.46.

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.

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.

INTERIM REPORT PREPARATION CRITERIA

The Group’s Interim Report on Operations as at 30 September 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 12 November 2020, and its disclosure was authorised by the same body on said date.

The Group’s Interim Report on Operations as at 30 September 2020 was not audited.

The interim report on operations was prepared on the basis of the recognition and measurement criteria envisaged by 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 over the company;
- exposure to the risk or rights arising from the variable returns linked to its involvement;

- ability to influence the company, so as to have an impact on the results (positive or negative) for the investor (correlation between power and own 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 as at 30 September 2020 is shown in the following table.

Company	Registered office	at 30 September 2020					
		Share capital		% ownership	via	% contribution to the Group	Consolidation method
		Amount	Currency				
Tinexta S.p.A. (Parent Company)	Rome	47,207	€	n.a.	n.a.	n.a.	n.a.
InfoCert S.p.A.	Rome	17,705	€	99.99%	n.a.	99.99%	Line-by-line
Innolva S.p.A.	Buja (UD)	3,000	€	100.00%	n.a.	100.00%	Line-by-line
Re Valuta S.p.A.	Milan	200	€	95.00%	n.a.	95.00%	Line-by-line
Co.Mark S.p.A.	Bergamo	150	€	100.00%	n.a.	100.00%	Line-by-line
Visura S.p.A.	Rome	1,000	€	100.00%	n.a.	100.00%	Line-by-line
Warrant Hub S.p.A.	Correggio (RE)	58	€	100.00%	n.a.	100.00%	Line-by-line
Sixtema S.p.A.	Rome	6,180	€	80.00%	InfoCert S.p.A.	99.99%	Line-by-line
AC Camerfirma S.A.	Spain	3,420	€	51.00%	InfoCert S.p.A.	50.99%	Line-by-line
Comas S.r.l.	Arezzo	100	€	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Promozioni Servizi S.r.l.	Vicenza	10	€	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Innolva Relazioni Investigative S.r.l.	Brescia	10	€	100.00%	Innolva S.p.A.	100.00%	Line-by-line
Co.Mark TES S.L.	Spain	36	€	100.00%	CoMark S.p.A.	100.00%	Line-by-line
Warrant Innovation Lab S.r.l.	Correggio (RE)	25	€	98.41%	Warrant Hub S.p.A.	98.41%	Line-by-line
Warrant Service S.r.l.	Correggio (RE)	40	€	50.00%	Warrant Hub S.p.A.	50.00%	Line-by-line
Bewarrant S.p.r.l.	Belgium	12	€	100.00%	Warrant Hub S.p.A.	100.00%	Line-by-line
PrivacyLab S.r.l.	Reggio Emilia	10	€	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.	50.98%	Line-by-line
Lux Trust S.A.	Luxembourg	12,416	€	50.00%	InfoCert S.p.A.	50.00%	Shareholders' Equity
Etuitus S.r.l.	Salerno	50	€	24.00%	InfoCert S.p.A.	24.00%	Shareholders' 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%	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
Digital Hub S.r.l.	Reggio Emilia	10	€	30.00%	PrivacyLab S.r.l.	27.00%	Shareholders' Equity

The percentage of ownership indicated in the table refers to the portions actually owned by the Group at the reporting date. The contribution percentage refers to the contribution to the Shareholders' equity of the Group made by the individual companies following the recognition of additional equity investments in the consolidated companies as a result of the recognition of the *put* options granted to the minority shareholders on the shares held by them.

FINANCIAL STATEMENTS
30 September 2020

Consolidated Financial Statements

Consolidated Statement of Financial Position

€ '000s	30/09/2020	31/12/2019
ASSETS		
Property, plant and equipment	18,452	21,215
Intangible assets and goodwill	268,595	269,935
Investment property	730	750
Equity-accounted investments	11,576	11,454
Other investments	22	22
Other financial assets, excluding derivative financial instruments	1,199	1,149
- of which vs related parties	0	8
Derivative financial instruments	0	15
Deferred tax assets	5,236	5,635
Trade and other receivables	1,028	1,333
Contract cost assets	5,271	5,230
NON-CURRENT ASSETS	312,110	316,737
Inventories	1,162	1,145
Other financial assets, excluding derivative financial instruments	7,118	6,593
- of which vs related parties	12	0
Derivative financial instruments	6	16
Current tax assets	254	756
- of which vs related parties	6	322
Trade and other receivables	72,360	89,775
- of which vs related parties	161	267
Contract assets	8,015	6,187
Contract cost assets	965	1,278
Cash and cash equivalents	56,556	33,600
CURRENT ASSETS	146,436	139,351
TOTAL ASSETS	458,546	456,087
EQUITY AND LIABILITIES		
Share capital	47,207	47,207
Treasury shares	-10,001	0
Reserves	122,147	98,360
Shareholders' Equity attributable to the Group	159,354	145,567
Minority interests	3,635	3,859
TOTAL SHAREHOLDERS' EQUITY	162,989	149,426
LIABILITIES		
Provisions	3,355	3,013
Employee benefits	12,449	11,878
Financial liabilities, excluding derivative financial instruments	130,826	107,039
- of which vs related parties	1,034	1,458
Derivative financial instruments	1,039	262
Deferred tax liabilities	14,437	15,848
Contract liabilities	8,431	8,180
of which vs related parties	42	81
NON-CURRENT LIABILITIES	170,537	146,221
Provisions	393	420
Employee benefits	0	571
Financial liabilities, excluding derivative financial instruments	25,207	62,001
- of which vs related parties	570	578
Derivative financial instruments	17	45
Trade and other payables	50,476	54,953
- of which vs related parties	207	205
Contract liabilities	40,786	37,722
- of which vs related parties	143	123
Deferred income	1,298	1,818
Current tax liabilities	6,842	2,911
CURRENT LIABILITIES	125,020	160,441
TOTAL LIABILITIES	295,557	306,661
TOTAL EQUITY AND LIABILITIES	458,546	456,087

Consolidated Statement of Profit or Loss and Other Comprehensive Income

€ '000s	Nine-month period closed at 30 September	
	2020	2019
Revenues	188,901	181,169
<i>of which vs related parties</i>	120	31
<i>- of which non-recurring</i>	74	0
Costs of raw materials	6,602	5,133
Service costs	59,075	59,474
<i>- of which vs related parties</i>	841	820
<i>- of which non-recurring</i>	959	1,227
Personnel costs	60,955	62,371
<i>- of which non-recurring</i>	0	239
Contract costs	5,361	5,936
Other operating costs	1,336	2,089
<i>- of which vs related parties</i>	1	0
<i>- of which non-recurring</i>	0	340
Amortisation and depreciation	15,986	14,779
Provisions	426	144
Impairment	2,064	1,597
Total Costs	151,805	151,524
OPERATING PROFIT	37,096	29,645
Financial income	1,340	280
<i>- of which non-recurring</i>	1,075	148
Financial charges	2,101	2,209
<i>- of which vs related parties</i>	32	299
Net financial income (charges)	-761	-1,929
Share of profit of equity-accounted investments, net of tax	88	1
PROFIT BEFORE TAX	36,423	27,718
Income taxes	10,089	8,611
<i>- of which non-recurring</i>	-1,042	-657
NET PROFIT FROM CONTINUING OPERATIONS	26,334	19,107
Profit (loss) from discontinued operations	0	0
NET PROFIT	26,334	19,107
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	-42	11
Profits (losses) from measurement at fair value of derivative financial instruments	-717	-399
Equity-accounted investments - share of Other comprehensive income	-16	6
Tax effect	172	96
Total components that are or may be later reclassified to profit (loss)	-604	-285
Total other components of comprehensive income, net of tax	-604	-285
Total comprehensive income for the period	25,730	18,822
Net Profit attributable to:		
Group	26,045	18,745
Minority interests	289	361
Total comprehensive income for the period attributable to:		
Group	25,470	18,455
Minority interests	260	367
Earnings per Share		
Basic earnings per Share (Euro)	0.56	0.40
Diluted earnings per Share (Euro)	0.55	0.40

Consolidated Statement of Changes in Shareholders' Equity

Nine-month period closed at 30 September 2020											
€ '000s	Share capital	Treasury shares	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined benefits reserve	Stock Option reserve	Other reserves	Shareholders' Equity attributable to the Group	Minority interests	Consolidated Shareholders' Equity
Balance at 1 January 2020	47,207	0	3,112	55,439	-241	-846	0	40,896	145,567	3,859	149,426
<i>Comprehensive income for the period</i>											
Profit for the period								26,045	26,045	289	26,334
Other components of the comprehensive income statement					-545			-30	-575	-29	-604
<i>Total comprehensive income for the period</i>	0	0	0	0	-545	0	0	26,015	25,470	260	25,730
<i>Transactions with Shareholders</i>											
Dividends								-1,682	-1,682	-513	-2,195
Allocation to legal reserve			1,202					-1,202	0		0
Purchase of treasury shares		-10,001						0	-10,001		-10,001
<i>Adjustment of put option on Minority interests</i>								-444	-444	0	-444
Acquisitions								0	0	28	28
Stock options							481	0	481	1	482
Acquisitions of minority interests in subsidiaries								-38	-38	0	-38
<i>Total transactions with Shareholders</i>	0	-10,001	1,202	0	0	0	481	-3,366	-11,683	-484	-12,168
Balance at 30 September 2020	47,207	-10,001	4,315	55,439	-786	-846	481	63,545	159,354	3,635	162,989

Nine-month period closed at 30 September 2019											
€ '000s	Share capital	Treasury shares	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined benefits reserve	Stock Option reserve	Other reserves	Shareholders' Equity attributable to the Group	Minority interests	Consolidated Shareholders' Equity
Balance at 1 January 2019	46,890	0	2,031	54,678	-181	-361	0	38,561	141,619	3,757	145,376
<i>Comprehensive income for the period</i>											
Profit for the period								18,745	18,745	361	19,107
Other components of the comprehensive income statement					-303			12	-290	6	-285
<i>Total comprehensive income for the period</i>	0	0	0	0	-303	0	0	18,758	18,455	367	18,822
<i>Transactions with Shareholders</i>											
Dividends								-15,900	-15,900	-496	-16,396
Allocation to legal reserve			1,081					-1,081	0		0
<i>Adjustment of put option on Minority interests</i>								-5,712	-5,712		-5,712
Acquisitions of minority interests in subsidiaries								-107	-107	-2	-109
Share capital increase contribution								1,078	1,078		1,078
<i>Total transactions with Shareholders</i>	0		1,081	0	0	0	0	-21,722	-20,641	-498	-21,139
Balance at 30 September 2019	46,890	0	3,112	54,678	-483	-361	0	35,597	139,433	3,626	143,059

Consolidated Statement of Cash Flows

	<i>Nine-month period closed at 30 September</i>	
	2020	2019
<i>Cash flows from operations</i>		
Net Profit	26,334	19,107
Adjustments for:		
- Depreciation of property, plant and equipment	5,006	4,969
- Amortisation of intangible assets	10,960	9,797
- Depreciation of investment property	20	13
- Impairment (Revaluations)	2,064	1,597
- Provisions	426	144
- Stock option provisions	482	0
- Contract costs	5,361	5,936
- Net financial charges (income)	761	1,929
- <i>of which vs. related parties</i>	32	299
- Share of profit of equity-accounted investments	-88	-1
- Income taxes	10,089	8,611
Changes in:		
- Inventories	-17	159
- Contract cost assets	-5,089	-5,801
- Trade and other receivables and Contract assets	14,249	14,441
- <i>of which vs. related parties</i>	106	-111
- Trade and other payables	-4,735	-8,226
- <i>of which vs. related parties</i>	2	-126
- Provisions and employee benefits	-119	-1,150
Contract liabilities and deferred income, including public contributions	2,207	-4,120
- <i>of which vs. related parties</i>	-18	0
Cash and cash equivalents generated by operations	67,912	47,404
Income taxes collected/(paid)	-6,505	-2,710
Net cash and cash equivalents generated by operations	61,406	44,694
<i>Cash flows from investments</i>		
Interest collected	23	24
Collections from sale or repayment of financial assets	228	1,789
Investments in shareholdings consolidated using the equity method	-44	-27
Investments in property, plant and equipment	-1,461	-1,413
Investments in other financial assets	-778	0
Investments in intangible assets	-7,390	-6,647
Increases in the scope of consolidation, net of liquidity acquired	-452	0
Net cash and cash equivalents generated/(absorbed) by investing activities	-9,872	-6,274
<i>Cash flows from financing</i>		
Purchase of Minority interests in subsidiaries	-17,271	-43,594
Repayment of loans extended by Controlling Shareholder	0	-25,000
- <i>of which vs. related parties</i>	0	-25,000
Interest paid	-1,225	-1,259
- <i>of which vs. related parties</i>	-32	-290
MLT bank loans taken out	24,827	68,992
Repayment of MLT bank loans	-7,026	-6,014
Repayment of price deferment liabilities on acquisitions of equity investments	-2,638	-2,472
Repayment of contingent consideration liabilities	-7,581	-1,347
Change in other current bank payables	-2,553	-6,707
Change in other financial payables	-35	-2,109
Repayment of lease liabilities	-2,881	-2,485
- <i>of which vs. related parties</i>	-435	-526
Purchase of treasury shares	-10,001	0
Share capital increase contribution	0	1,078
Dividends paid	-2,195	-16,396
Net cash and cash equivalents generated/(absorbed) by financing	-28,578	-37,312
Net increase (decrease) in cash and cash equivalents	22,956	1,107
Cash and cash equivalents at 1 January	33,600	35,136
Cash and cash equivalents at 30 September	56,556	36,244

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 30 September 2020 corresponds to the documentary results, books and accounting records.

Rome, 12 November 2020

Nicola Di Liello

Manager responsible for the preparation
of the corporate accounting documents