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2020 RESULTS AND 2021-2023
OUTLOOK

Testo del comunicato

Vedi allegato.

PRESS RELEASE

CERVED GROUP: THE BOARD OF DIRECTORS APPROVES THE DRAFT ANNUAL AND CONSOLIDATED FINANCIAL STATEMENTS AS OF DECEMBER 31, 2020

THE IMPACT OF THE COVID-19 PANDEMIC CONFIRMS THE RESILIENCY OF THE GROUP'S BUSINESS MODEL

- **Revenues: 487.8 million euros, -6.3% compared to 520.6 million euros in 2019;**
- **Adjusted¹ Consolidated EBITDA: 203.6 million euros, -14,0% compared to 236.6 million euros in 2019, representing a percentage of revenues of 41.7%;**
- **Adjusted¹ net profit: 92.7 million euros, -13.6% compared to 107.2 million euros in 2019;**
- **Operating Cash Flow: 138.6 million euros, -12.4% compared to 158.1 million euros in 2019;**
- **Consolidated Net Financial Debt: 587.7 million euros as at December 31, 2020, equal to 2.9 x Adjusted EBITDA.**

APPROVAL OF THE THREE-YEAR BUSINESS PLAN AND 2021-2023 STRATEGIC OUTLOOK

1) The adjusted EBITDA excludes the impact of the Performance Share Plan with reference to the 2019-2021 plan and the 2022- 2024 plan; Adjusted Net Income excludes non-recurring income and expenses, amortized loan expenses, amortisation of the Purchase Price Allocations resulting from company consolidation and non-current tax items.

San Donato Milanese, Italy, 25 March 2021 - The Board of Directors of Cerved Group S.p.A. (MTA: CERV, the "Company" or "Cerved Group"), a major Italian firm engaged in credit risk analysis and *credit management*, today examined and approved the draft annual and consolidated financial statements as of December 31, 2020.

Andrea Mignanelli, Chief Executive Officer of the Group, commented:

"We closed 2020 with results affected by the economic consequences of the pandemic, but nevertheless outperformed the guidance presented to the market last Autumn. In light of the new business plan the Company looks toward the future with confidence.

We expanded our Risk Management services for Financial Institutions, partly thanks to the new line of services for the Central Guarantee Fund. We also increased revenues in Growth Services, at double-digit rates, boosted by the acquisition of MBS Consulting, which broadened our range of high value-added services.

The lockdown negatively impacted our Corporate Risk Management services, as many clients suffered periods of inactivity, and Credit Management, which was affected by long periods of court closures.

Tomorrow we will present our strategy and financial targets up to 2023 during our third Investor Day. We have approved an ambitious yet very solid business plan, consistent with our strengths, with technology trends and the needs of our customers. The cornerstone of the strategy is the focus on Data Intelligence: we will develop our business to accompany the digital and sustainable transition of banks, companies and

institutions by relying on a greater penetration of our services for small and medium-sized enterprises and by selecting our M&A activities in order to grow in domestic and foreign markets."

Analysis of Consolidated Revenues

In the 2020 financial year the Group's **consolidated revenues** decreased by 6.3% and now stand at 487.8 million euros compared to 520.6 million euros the previous year (-9.5% on an organic basis).

Divisional revenues decreased by 6.6%, from 520.6 million euros to 486.3 million euros, net of the capital gain of 1.5 million euros made on a property sold in Turin, which was deemed no longer functional for current operating requirements.

The **Risk Management** business unit recorded significant growth in the Financial Institutions segment thanks to the good performance posted by our Business Information services and the new support services to banks in the disbursement of loans guaranteed by the Central Fund. With reference to the Business segment, the Covid-19 Impact Assessment services partly offset the lower consumption of businesses that suffered during the lockdown period.

The **Growth Services** business unit grew both in terms of external lines with the consolidation of the companies acquired in 2019 in the field of advisory services, and in terms of internal lines with the Atoka intelligence sales services.

The decline in revenues of the **Credit Management** business unit is mainly due to the slowdown in court activities, particularly marked during the second quarter *lockdown*, and to lower volumes linked to *servicing* contracts in 2020.

Consolidated Revenues <i>in millions of Euro</i>	Year 2019	Year 2020	% Growth
Consolidated Revenues	520.6	487.8 ¹	(6.3%)
Divisional Revenues <i>in millions of Euro</i>	Year 2019	Year 2020	% Growth
Risk Management - Financial Institutions	126.2	131.7	4.3%
Risk Management - Corporate	158.0	142.6	(9.7%)
Risk Management	284.2	274.3	(3.5%)
Growth Services	51.5	59.7	15.9%
Credit Management	184.9	152.3	(17.6%)
Divisional Revenues	520.6	486.3	(6.6%)

1) Includes a capital gain of 1.5 million euros related to the sale of a property in Turin

Analysis of Quarterly Revenues

During the fourth quarter of 2020, the drop in **consolidated revenues** amounted to -14.7% compared with the fourth quarter of 2019 (-15.0% on an organic basis). The **Risk Management** business unit fell by 2.2%, the **Growth Services** business unit by 19.9%, and the **Credit Management** business unit incurred a decrease of -29.6%.

Consolidated Revenues <i>in millions of Euro</i>	Fourth Quarter 2019	Fourth Quarter 2020	% Growth
Consolidated Revenues	159.5	136.0	(14.7%)
Divisional Revenues <i>in millions of Euro</i>	Fourth Quarter 2019	Fourth Quarter 2020	% Growth
Risk Management - Financial Institutions	33.4	35.4	5.9%
Risk Management - Firms	45.2	41.5	(8.3%)
Risk Management	78.6	76.8	(2.2%)
Growth Services	22.4	17.9	(19.9%)
Credit Management	58.6	41.2	(29.6%)
Divisional Revenues	159.5	136.0	(14.7%)

Analysis of Consolidated *Adjusted* EBITDA and Consolidated Operating Results

The consolidated *Adjusted* EBITDA of 203.6 million euros in 2020 represents a decrease of 14.0% compared to the previous year (-15.9% on an organic basis). The Group's consolidated *Adjusted* EBITDA margin was 41.7%, compared to 45.4% for the previous year.

The **Risk Management** business unit recorded an *Adjusted* EBITDA margin of 50.7%, down compared to 53.5% in 2019. The **Growth Services** business unit recorded an *Adjusted* EBITDA margin of 27.0%, higher than the 25.1% in 2019. The **Credit Management** business unit recorded a margin of 30.7%, down compared to the *Adjusted* EBITDA margin of 38.7% in 2019.

Consolidated <i>Adjusted EBITDA in millions of Euro</i>	Year 2019	Year 2020	% Growth
Consolidated <i>Adjusted</i> EBITDA	236.6	203.6 ¹	(14.0%)
Divisional <i>Adjusted</i> EBITDA <i>in millions of Euro</i>	Year 2019	Year 2020	% Growth
Risk Management	152.0	139.1	(8.4%)
Growth Services	12.9	16.1	25.0%
Credit Management	71.7	46.8	(34.7%)
Divisional <i>Adjusted</i> EBITDA	236.6	202.1	(14.6%)
<i>Divisional <i>Adjusted</i> EBITDA margin</i>	45.4%	41.6%	
Risk Management	53.5%	50.7%	
Growth Services	25.0%	27.0%	
Credit Management	38.8%	30.7%	

1) Includes a capital gain of 1.5 million euros related to the sale of a property in Turin

Analysis of Quarterly *Adjusted* EBITDA

In the fourth quarter of 2020 the Group's Consolidated *Adjusted* EBITDA stood at 59.6 million euros, down by 21.3% compared to the fourth quarter of 2019 (+21.5% on an organic basis).

Consolidated Adjusted EBITDA <i>in millions of Euro</i>	Fourth Quarter 2019	Fourth Quarter 2020	% Growth
Consolidated Adjusted EBITDA	75.8	59.6	(21.3%)
Divisional Adjusted EBITDA <i>in millions of Euro</i>	Fourth Quarter 2019	Fourth Quarter 2020	% Growth
Risk Management	42.1	39.4	(6.5%)
Growth Services	7.7	5.9	(24.1%)
Credit Management	26.0	14.3	(45.0%)
Divisional Adjusted EBITDA	75.8	59.6	(21.3%)
<i>Divisional Adjusted EBITDA margin</i>			
Risk Management	53.6%	51.3%	
Growth Services	34.6%	32.7%	
Credit Management	44.3%	34.7%	

Operating costs were substantially stable, rising from 284.0 million euros in 2019 to 284.2 million euros in 2020, as described below:

- The costs for the consumption of raw materials and other costs decreased by 0.6 million euros, from 1.3 million euros in 2019 to 0.7 million euros in 2020 (of which 46 thousand euros due to the acquisitions made in the previous year). This performance is strictly related to the reduction in the cost of sales related to the *Remarketing* activity carried out by the subsidiary Cerved Credit Management Group S.r.l., which has been divested;
- The costs for services decreased by 4.6 million euros, from 128.3 million euros in 2019 to 123.8 million euros in 2020 (-3.6%), mainly due to the reduction in costs related to the lower level of operations caused by the spread of the Covid-19 pandemic; the change, however, is offset by the increase resulting from the acquisitions made during the previous year which amount to 1,7 million euros;
- Personnel costs increased by 3.2 million euros, from 140.9 million in 2019 to 144.1 million in 2020, mainly due to the carry-over of labour costs of acquisitions made during the previous year;
- other operating costs decreased by 0.8 million euros, from 8.2 million euros in 2019 to 7.4 million euros in 2020.
- Provisions for risks and bad debts increased by 2.9 million euros, from 5.4 million in 2019 to 8.3 million euros in 2020 (of which 162 thousand euros due to the acquisitions that took place the previous year), as established by a specific assessment of receivable losses, which have been impacted by the uncertainty caused by the Covid-19 emergency, and due to the adjustment of the risk provisions for potential liabilities related to a number existing disputes.

With regard to the **Performance Share Plan**, a cost of 7,3 million euros was recorded, down compared to the period under assessment, despite the fact that the forecast data, and therefore the percentages by which the PBTAs objectives were achieved, were revised downwards as a result of the COVID-19 health emergency. This has resulted in changes to the "Performance Share Plan 2019-2021" and to the "Performance Share Plan 2022-2024".

Depreciation and amortization decreased by 4.9 million euros, from 85.0 million euros in 2019 to 80.1 million euros in 2020. This decrease is primarily due to the loss of the amortisation related to the asset attached to the Juliet S.p.A. *servicing* contract with Monte Paschi di Siena, which was fully written down last year following the early withdrawal by the bank.

The **costs for the non-operational components** which include restructuring costs for extraordinary transactions, write-downs of fixed assets and non-recurring items, decreased by 3.7 million euros, from 27.9 million euros in 2019 to 24.2 million euros in 2020, due mainly to the following factors:

- the cost for (i) the goodwill write-down of the Growth CGU amounting to 11.9 million euros and of the Click CGU for 2.9 million euros carried out in March 2020 and (ii) a further write-down that emerged when updating the impairment test at December 31, 2020, amounting to 2.0 million euros and 6.0 million euros, respectively;

- costs related to services amounting to 2.9 million euros, consisting of incidental costs incurred in connection with extraordinary transactions executed during the period;
- the cost for incentives provided to some employees in connection with the integration of Group companies were 2.3 million euros;
- other non-recurring management costs of 132 thousand euros;
- (i) an income relative to the compensation due by Credito Valtellinese of 6.0 million euros, due to the transfer of a portion of the Credito Valtellinese loans portfolio managed by the company Cerved Credit Management S.p.A. (ii) net of a cost for the write-down of the related Servicing Agreement allocated during the Purchase Price Allocation for 2.1 million euros.

Financial income increased by 2.1 million euros, from 0.9 million euros in 2019 to 3.0 million euros in 2020, of these 1.4 million euros were mainly due to the release of the *Earn Out* estimated on the basis of the revenues expected in 2020 at the time of the acquisition of Cerved Property Services Single Member SA.

Recurring **financial charges** decreased by 6.1 million euros, from 29.9 million euros in 2019 to 23.7 million euros in 2020. At December 31, 2019, the value of the financial statements item had been affected by the charge, amounting to 9.4 million euros, tied to the adjustment of the value of the options underwritten with minority shareholders. Lastly, the residual component of the reduction in financial charges is linked to the new derivative contracts signed between the end of the first half and the beginning of the second half of 2020.

Recurring financial charges are mainly made up of:

- the interest expenses generated by the *Forward Start* loan, up to its early repayment on May 12, 2020, and the new *Term Loan* for 10.3 million euros;
- the adjustment to market value of the short and long-term payables linked to put/call options underwritten with the minority shareholders of MBS Consulting S.p.A. for 5.1 million euros;
- the adjustment to current value of the payable for the *earn outs* contractually agreed in conjunction with the acquisition of the companies Euro Legal Services S.r.l. and Cerved Property Services S.A. for 0.9 million;
- the *earn outs* contractually agreed upon when the Hawk Group companies were acquired.

Non-recurring financial charges of 16.5 million euros are made up of:

- 7.3 million euros, for the recognition in the income statement of the residual charges linked to the *Forward Start* loan, following its early repayment in May 2020, as described in "Significant events of the period";
- 6.4 million euros, for financial charges incurred in conjunction with the early termination of hedge derivative contracts (IRS) linked to the *Forward Start* loan, which led to the recognition in the income statement of the entire hedge *cash flow* reserve following the early repayment of the underlying loan;
- 6.1 million euros, to the recognition in the income statement of the negative *fair value* at the date of signing of the new IRS derivative contracts hedging the *Term Loan*, underwritten between June 30, 2020 and July 1, 2020;
- 3.3 million euros, for income linked to the acceptance of the amendment of the economic conditions of the loan contract, underwritten in May 2020 and subsequently amended on June 30, 2020, to include an amendment of the loan variable interest rate *floor* from 0 to -2%.

Taxes for the year decreased by 6.5 million euros, from 32.3 million euros at December 31, 2019 to 25.9 million euros at December 31, 2020, mainly due to the reduction in pre-tax profit profits.

Non-recurring taxes, amounting to 0.5 million euros include:

- the IRAP tax benefit of 1.1 million euros deriving from the failed payment of the 2019 IRAP balance and the 1st IRAP 2020 advance payment in compliance with the provisions of the so-called "Relaunch Decree" (Art. 24 of Italian Decree Law No. 34 of May 19, 2020, subsequently converted into Law No. 77 of July 17, 2020);
- the tax impact linked to the compensation received from Credito Valtellinese of 1.1 million euros for higher current taxes, already net of 0.6 million euros release of deferred taxes relative to the portion of intangible fixed assets of the "*Servicing Contract*" subject to the impairment;
- the release of deferred taxes of 0.5 million euros related to the effects of the write-down following the *impairment* test.

Analysis of the Consolidated Net Result

As of December 31, 2020 the Consolidated Net Result after minority interests was Euro 25.7 million.

The Adjusted Net Result after minority interests – which excludes non-recurring income and expenses, loan amortisation costs, amortization of the Purchase Price Allocation, fair value adjustment of put & call options, and the fiscal impact of previous items – stands at Euro 92.7 million, resulting in a decrease of 13.6% compared to Euro 107.2 million in 2019.

Consolidated Operating Results <i>in millions of Euro</i>	Year 2019	Year 2020	% Growth
Revenues	520.6	487.8	-6.3%
Operating Income & Expenses	284.0	284.2	0.1%
<i>Adjusted</i> EBITDA	236.6	203.6	-14.0%
Operating profit	114.3	92.0	-19.5%
Net Result after minority interests	54.6	25.7	-53.0%
<i>Net Adjusted</i> Result after minority interests	107.2	92.7	-13.6%

Analysis of Consolidated Net Financial Position and Net Commercial Working Capital

As of December 31, 2020 the Net Financial Position of the Group was 587.7 million euros, compared to 549.5 million euros as of December 31, 2019. The ratio of debt to Adjusted EBITDA increased from 2.3x as at December 31, 2019 to 2.9x as at December 31, 2020. The worsening of the net financial debt is mainly attributable to the acquisition of the minority interest in Juliet Holding S.p.A., which took place in January 2020, and of some minority interests in other companies linked to the accrual of the put rights of minority shareholders that have led to an overall disbursement of 89.3 million euros, and to an increase in working capital due to temporary difficulties of some customers to pay within the due dates.

Consolidated Net Financial Position <i>in millions of Euro</i>	At December 31, 2019	At December 31, 2020
Net Financial Position	549.5	587.7
LTM <i>Adjusted</i> EBITDA Multiple ¹⁾	2.3x	2.9x

¹⁾ Adjusted to include the EBITDA of the M&A transactions over the 12 months before the selected period

The Net Commercial Working Capital increased from 99.8 million euros as of December 31, 2019 to 129.4 million euros as of December 31, 2020. More in detail:

- trade receivables went from 234.2 million euros at December 31, 2019 to 254.2 million euros at December 31, 2020, an increase of 20.0 million euros due to the effect of collection dynamics and a widening of the perimeter following the acquisitions during 2020 (for 10.3 million euros); however, a worsening of the overdue accounts was observed at December 31, 2020, due to the impact of Covid-19 which led to an increase in the provision for bad debts;
- trade payables fell from 55.6 million euros at December 31, 2019 to 46.9 million euros at December 31, 2020, resulting in a decrease of 8.7 million euros mainly related to payment dynamics during the period as well as the reduction of commercial costs;
- deferred revenues, net of commercial costs, which refer to services invoiced but not yet provided to customers, decreased by 0.9 million euros, due to the growth dynamics in the consumption of prepaid services invoiced in the previous year.

Consolidated Net Commercial Working Capital in millions of Euro	Year 2019	Year 2020	% Growth
Trade Receivables	234.2	254.2	8.6%
Inventories	0.0	0.0	n.m.
Trade Payables	-55.6	-46.9	-15.6%
Deferred Revenues	-78.8	-77.9	-1.2%
Consolidated Net Commercial Working Capital	99.8	129.4	29.7%

Analysis of Consolidated Operating Cash Flow

In 2020 the *Operating Cash Flow* decreased by 12.4%, from 158.1 million euros to 138.6 million euros.

Consolidated Operating Cash Flow in millions of Euro	Year 2019	Year 2020	% Growth
Adjusted EBITDA	236.6	203.6	-14.0%
Capex Investments	-35.7	-37.2	4.0%
Change in Working Capital	-33.2	-23.1	-30.5%
Change in other Assets/Liabilities	-9.6	-4.8	-50.1%
Consolidated Operating Cash Flow	158.1	138.6	-12.4%

Financial statements of the parent company Cerved Information Solutions S.p.A.

The Board of Directors also approved the financial statements of the company Cerved Group S.p.A., the parent holding company of the Cerved Group.

In 2020 the Company reported revenues of 301.8 million euros. The main costs relate to Personnel Expenses for 74.7 million euros and Cost of Services for 94.8 million euros. The overall result for the year was a drop in net profits amounting to 0.3 million euros. The balance sheet of Cerved Group S.p.A. reported Shareholder's Equity of 525.0 million euros and a Net Financial Position of 638.5 million euros.

Significant events occurring after December 31, 2020

After the closure of the financial year 2020, please note that:

- On January 20, 2021, the Board of Directors of Cerved Group SpA resolved, with the favourable opinion of the Remuneration and Nominations Committee, to align with the New Corporate Governance Code for Listed Companies promoted by Borsa Italiana.
- In January 2021, the indirect subsidiary Cerved Credit Management S.p.A. triggered the arbitration procedure provided for in Article 17.2 of the Servicing Agreement (pursuant to Article 15.1 of the Arbitration Rules of the National and International Arbitration Chamber of Milan), against Credito Valtellinese S.p.A. in order to recover the credit related to the compensation accrued for an indemnity, amounting to 6.3 million euros and not yet paid at the date of this report.
- On March 7, 2021, Cerved Group S.p.A. announced that, as part of the evaluations relating to the valuation of the Credit Management division, negotiations are underway - without any exclusivity

- obligation - with private equity funds for the sale of the subsidiary Cerved Credit Management Group S.r.l.
- On March 8, 2021, Castor S.r.l. with sole shareholder (the "Bidder"), announced that it had reached the decision on the same date to launch a voluntary tender offer (the "Offer") on all of the ordinary shares (the "Cerved Shares" or the "Shares") of Cerved Group S.p.A. ("Cerved" or the "Issuer"), including treasury shares directly or indirectly held, at any one time, by the Issuer, pursuant to and for the purposes of Article 102, paragraph 1, of Legislative Decree No. 58 of February 24, 1998, as subsequently amended (the "TUF" - Consolidated Finance Law), as well as Article 37 of the regulation adopted by CONSOB with resolution No. 11971 of May 14, 1999, as subsequently amended (the "Issuers' Regulation"). The activities related to the evaluation and analysis of the Offer and its terms by the Company's Board of Directors, which will be the subject of the press release that the Company is required to publish pursuant to Article 103 of the TUF have commenced and are currently underway. In order to support the Board of Directors in carrying out these activities, the Company has appointed UBS AG - London Branch and Mediobanca - Banca di Credito Finanziario S.p.A. as financial advisors and Studio Legale BonelliErede and Studio Legale Carbonetti as legal advisors.
 - On 25 March 2021, the Bidder communicated that on the same date it has taken the decision to launch the Offer through a newly established joint stock company named Castor Bidco S.p.A. ("Bidco"). In this context, the Bidder has also communicated that (i) an equity commitment letter has been entered into by Bidco and the Bidder, pursuant to which the latter has undertaken to make equity injections and/or shareholders' loans to Bidco to cover the maximum disbursement under the Offer; and (ii) the Bidder and/or Bidco reserve the right to raise part of the funds necessary to pay the maximum disbursement under the Offer through a bank financing whose terms and conditions will – should this be the case – be disclosed to the public.
 - Likewise on 25 March 2021, the Bidder communicated that the Italian Antitrust Authority (AGCM - Autorità Garante della Concorrenza e del Mercato) resolved not to initiate an in-depth review on such transaction, as it does not give rise to the creation or strengthening of a dominant position, such as to eliminate or substantially and permanently reduce competition.

Information on the COVID-19 phenomenon

Starting from January 2020, first in China and from February 2020 also in Italy, the spread of COVID-19 has affected health and economic systems worldwide, having been declared as a pandemic by the WHO in March 2020. The evolution of this phenomenon is having a significant impact on the overall prospects for future growth, influencing the general macroeconomic framework and the financial markets, with a significant impact on the Italian economy in light of the decisions taken by the government to contain the spread of the epidemic.

In this complex context, the Cerved Group has dealt with the crisis situation promptly, establishing an internal Covid Monitoring Committee, and implementing a series of actions intended, first of all, to protect the health of our employees, and then to ensure the company's business continuity.

The Group has from the start committed energy, activities and means designed to help employees and collaborators in the management of the COVID-19 emergency to promote their wellbeing, health, engagement and development.

All this was implemented through concrete initiatives to help people to remain in contact with the organisation and to protect their health and safety, such as:

- immediate activation of smart working;
- implementation of a strict operating procedure to assess the possible gradual inclusion of employees in the various operating offices in the utmost safety and in accordance with the government regulations issued over the course of time;
- activation of insurance cover against the effects of the COVID-19 disease;
- activation of various activities to support smart working

With regard to the Italian companies belonging to the Group with CCNL Commercio (National Collective Bargaining Agreement for Trade), the Fondo Integrativo Salariale (Wage Integration Fund - F.I.S.) incentive

was used in view of the reduction of the activities caused by the COVID-19 emergency, for a total of 20,688 hours of F.I.S., equal to 0.55% of the total hours.

Business Outlook and expectations for the Group's economic and financial performance

In the weak phases of the economic cycle our services become even more important in limiting financial contagions and, already in the past, our business model has proven to be resilient. In this context, we have also made our wealth of data, technologies and tools available to customers and institutions to assess the impact of COVID-19 on businesses: thanks to our analysis, we have estimated the effects of the emergency on different segments and the effects on default rates.

As this stage, having made the assessments possible on the basis of the available information framework, and in light of the results achieved as at December 31, 2020, with respect to the 2020 forecast stress test, prepared at March 31, 2020 and then updated at June 30, 2020, it is confirmed that there are no risks relating to business continuity.

With respect to the outlook for the Group, please refer to the forthcoming paragraph "Approval of the Three-year Business Plan and 2021-2023 Strategic Outlook".

Annual financial statements, Proposal for allocation of the result for the year and decisions on dividends

The Board of Directors has resolved to propose to the ordinary shareholders' meeting the approval of the financial statements of the Company as of December 31, 2020 and to cover the net loss of 296,070 euros through the use of profit reserves carried over.

In view of the launch of the Offer and given that, as of today, the necessary evaluations and in-depth analyses are underway and no position has yet been taken on the terms and conditions of the Offer, the Board of Directors of the Company, during today's meeting, deemed it in the best interest of the shareholders, the market and the other stakeholders not to submit to the Shareholders' Meeting the distribution of part of the available reserves, despite the soundness of the Company's equity and financial situation and without prejudice to the shareholders' rights pursuant to Article 126-bis of the CFA.

Indeed, in light of certain assumptions and conditions of effectiveness laid down by the Bidder, which specifically refer to the absence of distribution of reserves and extraordinary dividends, the Board of Directors took the view that a different determination in this respect could have immediately resulted in an interference in the execution of the Offer or in the termination of the effectiveness of the Offer and, in any event, in a possible decrease in the price of the Offer.

Without prejudice to the above, it should be noted that, at the time of approval of the draft financial statements as at December 31, 2019, the Board of Directors - due to the uncertainties related to the evolution of the health emergency caused by the COVID-19 pandemic - had decided, on a prudential basis, not to propose the payment of dividends, even in the presence of a positive net result and substantial reserves. It should also be noted that the payout values envisaged in the "Strategic Outlook 2021-2023" express the intention to return to remunerating Cerved's shareholders.

The Board of Directors reserves the right to evaluate the opportunity to propose the distribution of part of the available reserves over the next few months, taking into account the scenario following the outcome of the Offer.

Summoning of the ordinary shareholders' meeting of Cerved Group

The Board of Directors of Cerved Group has today resolved to summon the ordinary shareholders' meeting in single call on April 27, 2021 at 11.00 a.m., entrusting the Chairman of the Board of Directors and the Chief Executive Officer, severally, to carry out all the activities required to convene the meeting in

compliance with the company's Articles of Association and applicable legislation and regulation.

The procedure and the attendance rules to the shareholders' meeting, set out in the notice of call which will be published in accordance with the terms required by law, will be compliant with the provisions of the Law Decree No. 18 dated March 17, 2020 (so-called "Decreto Cura Italia") converted with amendments by Italian Law No. 27 dated April 24, 2020 (as subsequently amended) and/or any subsequent urgent decrees and/or provisions of law that might introduce further exceptional rules connected with the COVID-19 emergency.

Approval of the remuneration report

The Board of Directors has approved the Remuneration Report prepared under the terms of Art. 123-ter of Legislative Decree 58/1998 (the "TUF"). In this regard, the Shareholders' Meeting will be called upon to resolve in favour or against:

- the first section of the report on remuneration policies and fees paid (the "**Remuneration Report**") dedicated to illustrating the Company policy on remuneration of the Board of Directors, Key Managers (managers with key responsibilities) and - without prejudice to the provisions of Art. 2402 of the Italian Civil Code - the Board of Statutory Auditors, as well as the procedures used to adopt and implement said policy. Note that this resolution, pursuant to Art. 123-ter, paragraph 3-ter of the TUF, is binding;
- the second section of the Remuneration Report, which - with reference to the members of the Board of Directors and Board of Statutory Auditors, and the Key Managers - (a) provides an adequate representation of the items included in the remuneration, (b) outlines the remuneration paid during the year in question for whatever reasons and in any form by the company and by its subsidiaries or associates and (c) illustrates how the Company has taken into account the vote carried last year on the second section of the report. Note that this resolution, pursuant to Art. 123-ter, paragraph 6 of the TUF, is not binding.

For further details, please refer to the report of the Board of Directors that will be made available to the public in accordance with the formalities and deadlines envisaged by current law and regulatory provisions.

Authorisation to acquire and dispose of own shares

The Board of Directors of the Company has resolved to propose to the ordinary shareholders' meeting to agree to the authorization to purchase and dispose of its own shares, having previously revoked the authorization passed by the ordinary shareholders' meeting on May 20, 2020.

The proposal aims at authorizing the Board of Directors to purchase ordinary shares of the Company, in compliance with applicable law, in one or more *tranches*, up to a maximum of no. 19,527,497 ordinary shares, equivalent to 10% of the Company's shares, for a period of 18 months as of the date the resolution is approved.

The Company intends to proceed with the purchase of shares in such a way as to ensure equal treatment of shareholders, in compliance with applicable laws and regulations. In particular, among the alternative kinds of purchase set forth in article 144-bis of Consob Regulation no. 11971/1999, the Company may purchase shares:

- by means of a cash public tender offer or a public tender offer to exchange;
- on regulated markets in accordance with trading methods laid down in the market rules which do not permit the direct matching of buy orders with predetermined sell orders; and
- in accordance with market practices permitted and adopted as and when required by Consob.

It is highlighted that as of today (i.) the Company owns 2,993,169 treasury shares which amount to 1.533% of the share capital and that (ii.) its controlled subsidiaries do not hold any shares in the Company.

The assumptions underlying this proposal and the main objectives that the Board of Directors intends to achieve are the following:

- allow the conversion of debt instruments into shares;
- to be used to back management incentive plans; and
- to supply liquidity to the markets.

The purchase price of the shares will be determined, each time, based on the method selected to execute the transaction and in accordance with legislative and regulatory requirements at a price per share that may not be lower or higher by more than 10% compared to the closing stock market price of the Company's stock for the trading session preceding each buy transaction.

As for the dispositions regarding the treasury shares, the proposal made to the shareholders' meeting is to authorize the Company's Board of Directors to sell the shares at a price not lower than 10% (ten per cent) of the average of the official share price recorded on the market during the five days preceding the transfer. This price limit may be waived in the case of the transfer of shares in execution of incentive programmes and in any case of plans pursuant to Article 114-*bis* of the TUF and when fulfilling obligations resulting from debt instruments convertible into equity instruments. The Company shall also comply with the formalities, limitations and requirements envisaged by the market practices permitted by Consob, if and to the extent that they are applicable with reference to one or more of the above purposes and limited to the quantities of treasury shares purchased for each of these purposes.

For further details, please refer to the Report of the Board of Directors that will be made available to the public in accordance with terms and conditions provided by applicable law

Consolidated Non Financial Disclosure

In observance of the Legislative Decree 254/2016 on the publication of non-financial information and in full compliance with the principles of company transparency and openness, the Board of Directors approved the report on non-financial information.

Granting of the official accounts audit appointment for the period 2023-2031 and determination of the fee

With the approval of the financial statements of Cerved Group as at December 31, 2022, the appointment for the official audit of the accounts granted on March 25, 2014 to PricewaterhouseCoopers S.p.A. by the Shareholders' Meeting held on March 25, 2014 for the financial years 2014-2022 and effective as of the date of the submission of the application for admission to trading for the Company on the Screen-based Market (i.e. June 24, 2014) will expire.

It is therefore necessary to appoint a new official accounts audit assignment for the years 2023-2031, in accordance with the provisions as per:

- Italian Legislative Decree No. 39 dated January 27, 2010 as amended and supplemented (the "Decree"); and
- European Regulation No. 537/2014 (the "Regulation"), relating to entities of public interest and audit activities on entities of public interest.

In particular, it should be noted that, pursuant to the above-mentioned legislation, (i) the outgoing auditor cannot be re-appointed unless at least four years have elapsed since the termination of the current appointment; and (ii) the new audit appointment must be entrusted via a specific selection procedure.

However, in order to (i) ensure a period of rotation between the outgoing auditor and the future auditor and to allow for adequate planning by the latter of the official audit activities, and (ii) place the incoming auditor in a position to comply with the so-called "cooling-in" period envisaged by the Regulation with respect to the services indicated in Article 5, letter e) of the same, the Board of Directors, also following the by now consolidated practice among leading Italian listed companies, deems it appropriate to submit to the Shareholders' Meeting the proposal for the conferral of the new official audit appointment in advance of the expiry of the current appointment.

Self-Evaluation of the Board of Statutory Auditors

The Board of Directors communicates that, pursuant to Regulation Q.1.1 of the Code of Conduct of the Board of Statutory Auditors of listed companies (“Norme di comportamento del collegio sindacale di società quotate predisposto dal Consiglio Nazionale Dottori Commercialisti e degli Esperti Contabili”) dated 28 April 2018, the Board of Statutory Auditors has conducted a self-evaluation process covering 2020. For further details on the outcome of such self-evaluation process, please refer to paragraph 14 of the corporate governance report which will be available to the public as per applicable laws and regulation.

Approval of the Three-year Business Plan and 2021-2023 Strategic Outlook

The Board of Directors also examined and approved the Business Plan for the next three years. At the same meeting, the Board of Directors examined and approved the 2021-2023 Strategic Outlook.

The 2021-2023 Strategic Outlook, which will be presented by management to investors and financial analysts on March 26, 2021 at 2.00 p.m. during the Investor Day, outlines the main dynamics of the Group's various divisions, the strategy to be pursued over the medium to long term, growth expectations on a divisional and consolidated basis, financial leverage and dividend policy.

Cerved's strategy aims to support banks, businesses and institutions in the both the, digital and sustainable transition that will have to put Italy back on a growth path, with an evolution of the company consistent with our strengths, technology trends, and the needs of our customers and stakeholders. The objective is to strengthen the *core* and grow in new services (e.g., non-credit risks, market & sales intelligence, etc.) by leveraging the DAT (data, analytics and technologies) assets developed by the Group.

The targets for consolidated revenue growth, expressed as compound annual growth rate 2020-2023, envisage organic growth between +5.0% and +7.0%.

The targets for consolidated EBITDA growth, expressed as compound annual growth rate 2020-2023, envisage organic growth between +5.0% and +7.0%, in addition to growth from acquisitions of +2.0% to +3.5%, for a total consolidated growth rate of between +7.0% and +10.5%.

The Group aims to achieve a conversion rate of Adjusted EBITDA into Operating Cash Flow between 75% and 80% by the end of 2023.

The medium to long-term objective for net financial debt is 3.0x year-end Adjusted EBITDA, barring extraordinary transactions and non-recurring impacts.

As for the dividend policy, the following two components should be taken into consideration; (i.) a dividend, based on a distribution of around 40% to 50% of the Group's Adjusted Net Profit; and (ii.) a possible additional variable dividend and/or share buybacks, in the event of additional financial resources compared to the leverage target of 3.0x Adjusted EBITDA, provided resources are not utilized for acquisitions.

Investor Day Presentation

The Investor Day presentation may also be followed via webcast. The instructions for access to the presentation via webcast are available on the Company's website: <http://company.cerved.com> in the Investor Relations area.

The Investor Day presentation illustrated during the event will be made available on the authorised storage mechanism eMarketSTORAGE (www.emarketstorage.com) and on the Company's website during the event

According to paragraph 2 of Article 154-*bis* of the TUF, the Executive appointed to draft corporate accounts, Ms. Francesca Perulli, stated that the accounting information herein contained tallies with the company's documentary evidence, ledgers and accounts.

Cerved helps companies, banks, institutions and individuals to protect themselves from risk and grow in a sustainable way. Thanks to a unique wealth of data and analytics, it provides clients with digital and AI services and platforms to manage risk and support data-driven growth, also involving customised consultancy solutions. Through Cerved Credit Management it helps the financial and real system to dispose of and recover impaired loans. Cerved Rating Agency, one of Europe's leading rating agencies, operates within the group.

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RECLASSIFIED INCOME STATEMENT

<i>(in millions of Euro)</i>	Year 2019	Year 2020	% Growth
Revenues	520.6	487.8	-6.3%
Cost of raw material and other materials	-1.3	-0.7	-47.7%
Cost of services	-128.3	-123.8	-3.6%
Personnel costs	-140.9	-144.1	2.3%
Personnel costs	-8.2	-7.4	-9.3%
Impairment of receivables and other provisions	-5.4	-8.3	53.9%
Total operating costs	-284.0	-284.2	0.1%
Adjusted EBITDA	236.6	203.6	-14.0%
<i>Performance Share Plan</i>	-9.5	-7.3	-22.6%
EBITDA	227.1	196.3	-13.6%
Depreciation and amortization of tangible and intangible assets	-41.6	-39.2	-6.0%
PPA Amortization	-43.3	-40.9	-5.5%
Operating profit before non recurring items	142.2	116.2	-18.3%
Non-operative components	-27.9	-24.2	-13.4%
Operating profit	114.3	92.0	-19.5%
Loan interest	-13.8	-12.5	-9.6%
Recurring financial costs/income	-15.2	-8.3	-45.4%
Non-recurring financial costs/income	0.0	-16.5	n.m.
Income tax expenses	-27.1	-25.4	-6.3%
of which non recurring income tax expenses	5.2	0.5	-90.7%
Net result before minority interests	58.2	29.4	-49.4%

RECLASSIFIED BALANCE SHEET

<i>(in € millions)</i>	Year 2019	Year 2020	% Growth
Intangible assets	401.1	361.8	-9.8%
Goodwill	764.6	746.8	-2.3%
Tangible assets	62.0	58.6	-5.5%
Financial assets	12.5	11.7	-6.3%
Non-current assets	1,240.1	1,178.9	-4.9%
Inventories	0.0	0.0	
Trade receivables	234.2	254.2	8.6%
Trade payables	-55.6	-46.9	-15.6%
Deferred revenues	-78.8	-77.9	-1.2%
Net working capital	99.8	129.4	29.7%
Other receivables	7.0	7.4	5.8%
Other liabilities	-143.8	-105.4	-26.6%
Net corporate income tax items	-25.5	-11.6	-54.8%
Employee benefits	-15.8	-18.0	13.1%
Risk and expense provisions	-5.2	-4.8	-9.2%
Deferred tax liabilities	-88.3	-75.8	-14.2%
Net Invested Capital	1,068.1	1,100.3	3.0%
Net financial debt	549.5	587.7	7.0%
Net equity	518.7	512.6	-1.2%
Total financing sources	1,068.1	1,100.3	3.0%

RECLASSIFIED INCOME STATEMENT

<i>(in € millions)</i>	Year 2019	Year 2020	% Growth
Adjusted EBITDA	236.6	203.6	-14.0%
Net Capex	-35.7	-37.2	4.0%
Adjusted EBITDA- Capex	200.9	166.4	-17.1%
Net Working Capital variation	-33.2	-23.1	-30.5%
Changes in other assets / liabilities	-9.6	-4.8	-50.1%
Operating Cash Flow	158.1	138.6	-12.4%
Interests paid	-14.0	-14.4	3.2%
Taxes paid	-31.8	-57.7	81.7%
Non recurring items	38.4	-1.1	n.m.
Cash Flow (before net asset and financial liability variations)	150.7	65.3	-56.7%
Net dividends	-58.0	0.0	n.m.
Acquisitions / deferred payments / earnout	-38.7	-89.2	130.5%
Buyback	-0.7	0.0	n.m.
La Scala Loan	-0.2	0.0	n.m.
Amendmend fees & refinancing	0.0	-14.4	n.m.
Net Cash Flow for the Period	53.1	-38.3	-172.1%

CONSOLIDATED NET FINANCIAL POSITION

<i>€/000</i>	At December 31, 2019	At December 31, 2020
A. Cash	25	30
B. Cash equivalent	86.186	56.487
C. Trading securities	-	
D. Liquidity (A)+(B)+(C)	86.211	56.516
E. Current Financial Receivables		
F. Current Bank debt	(201)	(203)
G. Current portion of non-current debt	(6.515)	(6.680)
H. Other current financial liabilities	(9.525)	(27.235)
I. Current Financial Debt (F)+(G)+(H)	(16.241)	(34.118)
J. Net Current Financial Indebtedness (D) + (E) + (I)	69.970	22.398
K. Non-current Bank loans	(569.539)	(559.669)
L. Bonds Issued		
M. Other non current loans	(49.884)	(50.414)
N. Non-current Financial Indebtedness (K) + (L) + (M)	(619.422)	(610.083)
O. Net Financial Indebtedness (J)+(N)	(549.452)	(587.684)

INCOME STATEMENT - CERVED GROUP S.P.A.

€/000	At December 31, 2019	At December 31, 2020
Revenues	309.434	301.836
Raw materials and other material costs	(807)	(390)
Cost of services	(87.903)	(94.842)
Cost of personnel	(78.934)	(74.729)
Other operating costs	(3.984)	(4.130)
Bad debt and other provisions	(2.793)	(4.756)
Tangible and intangible asset amortisation	(59.625)	(69.039)
Operating profit	75.387	53.950
Net Financial Income/(costs) and other net costs	(18.424)	(40.855)
Results before tax	56.963	13.095
Income taxes	(15.433)	(13.391)
Profit or loss account	41.530	(296)

For further details on the Group's economic, financial and asset data please refer to the Cerved Group Financial Annual Report at 31 December 2020

BALANCE SHEET – CERVED GROUP S.P.A.

	At December 31, 2019	At December 31, 2020
<i>€/000</i>		
Net invested capital		
Net working capital	(15.118)	(9.406)
Non-current assets	1.253.569	1.249.310
Non-current liabilities	(81.974)	(76.395)
Total net Invested capital	1.156.477	1.163.509
Sources of finance		
Shareholders' equity	515.587	525.021
Net financial debt	640.890	638.488
Total sources of finance	1.156.477	1.163.509

For further details on the Group's economic, financial and asset data please refer to the Cerved Group Financial Annual Report at 31 December 2019

CASH FLOW AND NET FINANCIAL POSITION - CERVED GROUP S.P.A.

€/000	At December 31, 2019	At December 31, 2020
A. Cash	4	4
B. Cash equivalent	65.489	46.394
C. Trading securities	-	
D. Liquidity (A)+(B)+(C)	65.493	46.399
E. Current Financial Receivables	9.213	34.699
F. Current Bank debt	(189)	(203)
G. Current portion of non-current debt	1.417	1.350
H. Other current financial liabilities	(133.666)	(124.002)
I. Current Financial Debt (F)+(G)+(H)	(132.438)	(122.855)
J. Net Current Financial Indebtedness (D) + (E) + (I)	(57.732)	(41.757)
K. Non-current Bank loans	(543.119)	(555.669)
L. Bonds Issued	-	
M. Other non current loans	(40.039)	(41.062)
N. Non-current Financial Indebtedness (K) + (L) + (M)	(583.158)	(596.731)
O. Net Financial Indebtedness (J)+(N)	(640.890)	(638.488)

For further details on the Group's economic, financial and asset data please refer to the Cerved Group Financial Annual Report at 31 December 2020

Fine Comunicato n.1597-14

Numero di Pagine: 22