ANNUAL FINANCIAL REPORT AT 31/12/2020

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

TINEXTA

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COMPANY DATA and COMPOSITION OF CORPORATE GOVERNANCE BODIES

Parent Company's Registered Office
TINEXTA S.p.A.
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 income statement ***(€ '000s)***	**2020**	**2019**	**Change**	**Change %**
Revenues	269,084	258,723	10,361	4.0%
EBITDA before Stock Options	78,821	74,864	3,957	5.3%
EBITDA	77,912	71,287	6,625	9.3%
Operating Profit	52,880	47,500	5,380	11.3%
Net Profit	37,914	28,779	9,135	31.7%
Adjusted net profit	40,595	38,292	2,303	6.0%
Free cash flow	66,708	41,686	25,022	60.0%
Earnings per Share (in Euro)	0.80	0.60	0.20	32.9%
Adjusted earnings per Share (in Euro)	0.87	0.82	0.05	6.1%
Dividend (in €)[1]	12,046	0	12,046	n.a.
Dividend per Share (in Euro)	0.26	0	0.26	n.a.

Summary income statement ***(€ '000s)***	**4th quarter 2020**	**4th quarter 2019**	**Change**	**Change %**
Revenues	80,183	77,554	2,630	3.4%
EBITDA before Stock Options	22,767	25,121	-2,354	-9.4%
EBITDA	22,340	25,121	-2,781	-11.1%
Operating Profit	15,784	17,854	-2,070	-11.6%
Net Profit	11,580	9,672	1,908	19.7%
Adjusted net profit	12,122	12,170	-48	-0.4%
Free cash flow	14,152	5,052	9,100	180.1%

Summary Financial Data ***(€ '000s)***	**31/12/2020**	**31/12/2019**	**Change**	**Change %**
Share capital	47,207	47,207	0	0.0%
Shareholders' Equity	173,881	149,426	24,455	16.4%
Net financial indebtedness	91,882	129,138	-37,256	-28.8%

[1] The Dividend is calculated by multiplying the dividend per share of €0.26 proposed by the Board of Directors on 12 March 2021 by the number of shares in circulation, equal to 46,329,106 at the date of the aforementioned meeting of the Board of Directors.

LETTER TO SHAREHOLDERS

Dear Shareholders,

a year ago at this time we were living through the turmoil of being in the middle of a pandemic, with uncertain prospects, not knowing what the future held.

Today - while still fighting against Covid 19 - we can see the way forward more clearly. We are certainly not out of this storm, but we can hope to see the end and, if we are still forced to deal with a scenario of restrictions and lockdowns, we are certain that science will help.

The availability of the vaccine and its distribution have improved the scenario in which we operate considerably: it is not just an immunisation tool, but an essential prerequisite for building an economic recovery based on the guiding principles that underpin the idea of EU Next Generation (People, Planet, Prosperity, Digital), and cited by President Mario Draghi as the cornerstones of a future recovery.

Our Group reacted to the emergency by implementing various actions, first of all safeguarding the health and safety of its employees, encouraging remote working, paying particular attention to work environments and methods, and supporting personnel with welfare actions tailored to address difficulties of the period.

It protected the operations of its Business Units, continuing to invest in medium-long term growth. And where there have been furloughs, the Group decided it was duty-bound to top up the remuneration of its employees to help mitigate the hardship caused by the pandemic.

In this general atmosphere of uncertainty that developed in spring last year, 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.

At the same time, the management decided to strengthen assistance to its interlocutors, quickly focusing on the offer of innovative solutions and advanced services needed to face a new operating context strongly oriented towards digitalisation.

Our Group has expanded its offer of value-added services, developed innovative systems and products in the digital world, and consolidated its ability to develop business solutions especially for small and medium-sized enterprises.

This general approach was dictated by the desire to protect and support companies, accompanying their development, more than ever at a time of general fragility, characterised by a strong demand for change in methods and culture that we believe is only at the beginning.

With this fundamental premise, Tinexta is on the side of the business system in its desire to promote growth and modernisation, and more than ever now, when enterprises are being asked to adapt to new customer needs and to evolve their own business models. In other words, when to evolve is strategic.

In fact, we believe that protecting that system is on the one hand a contribution to restarting the country's economy and at the same time key to the achievement of the objectives that our various stakeholders set us, in particular those regarding the viability of businesses, their capacity to be resilient, sustainable and adapted to a digital "new deal".

This is a vision that underpins the Group's strategy and has allowed us to successfully conclude a complex year: the improved results, in terms of both revenues and operating margins, lay the foundations for a significant step forward next year too.

As part of this strategy, major development operations were also completed: in 2020, Tinexta entered the Cyber Security market, creating a new national hub, able to assist private and public customers in digital transformation processes with the best technologies and the most advanced protocols for security and digital identity, starting a course for the future.

Another investment in the future, to improve and speed up the operational potential of all businesses, from small to large, also in light of the expansion of the demand for IT security and data protection that is essential with the new remote work systems, corporate management and digital operations. And, again, a way to strengthen the viability of the country's production fabric through our skills.

We believe that - supported by our commitment - that we can look to the future with real confidence in the possibility of taking further steps forward for sustainable growth. With the conviction that we can offer the business system a support that can support and enhance the strategies of the National Plan that will have to implement the ambitious, but essential EU Next Generation objectives.

Enrico Salza

Chairman

Tinexta S.p.A.

DIRECTORS' REPORT ON OPERATIONS

INTRODUCTION

This Directors' Report on Operations relates to the Separate and Consolidated Financial Statements of Tinexta at 31 December 2020, prepared in accordance with the *International Financial Reporting Standards* (IFRS) and *International Accounting Standards* (IAS) issued by the *International Accounting Standards Board* (IASB) and approved by the European Union. The Report should be read together with the corresponding Tables and related Notes, which together make up the Separate and Consolidated Financial Statements for the year ended 31 December 2020.

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

GROUP ACTIVITIES

The Tinexta Group operates in Italy and, to a lesser extent abroad, in a broad range of services: *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.

   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. and RE Valuta S.p.A. Innolva S.p.A. (created from the merger of Assicom S.p.A. and Ribes S.p.A. in 2017, and which in 2020 merged by incorporation with Promozioni Servizi S.r.l.) and its subsidiaries Comas S.r.l. and Innolva Relazioni Investigative S.r.l. offer a complete range of information servicesto 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.

   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), and 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. On 21 January 2021, Co.Mark S.p.A. finalised an agreement to enter the share capital of Queryo Advance S.r.l. (Queryo), a *Digital Agency* founded in 2014, which mainly offers services for the design and management of *Digital ADV*campaigns, SEM (*Search Engine Marketing*) - SEA (*Search Engine Advertising*) and SEO (*Search Engine Optimization*), *Social Media Marketing*, *Remarketing* and *advanced Web Analytics*, with a distinctly *Data Driven* and *performance-oriented*vision.

   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 this year, operates in the sale of licenses, consulting, training and tools for managing GDPR compliance. On 11 November 2020, Warrant Hub S.p.A. finalised the acquisition of Euroquality SAS, based in Paris, and its affiliate

Europroject OOD ("Europroject"), based in Sofia (Bulgaria), consulting companies specialised in supporting their own customers in accessing European funds for innovation.

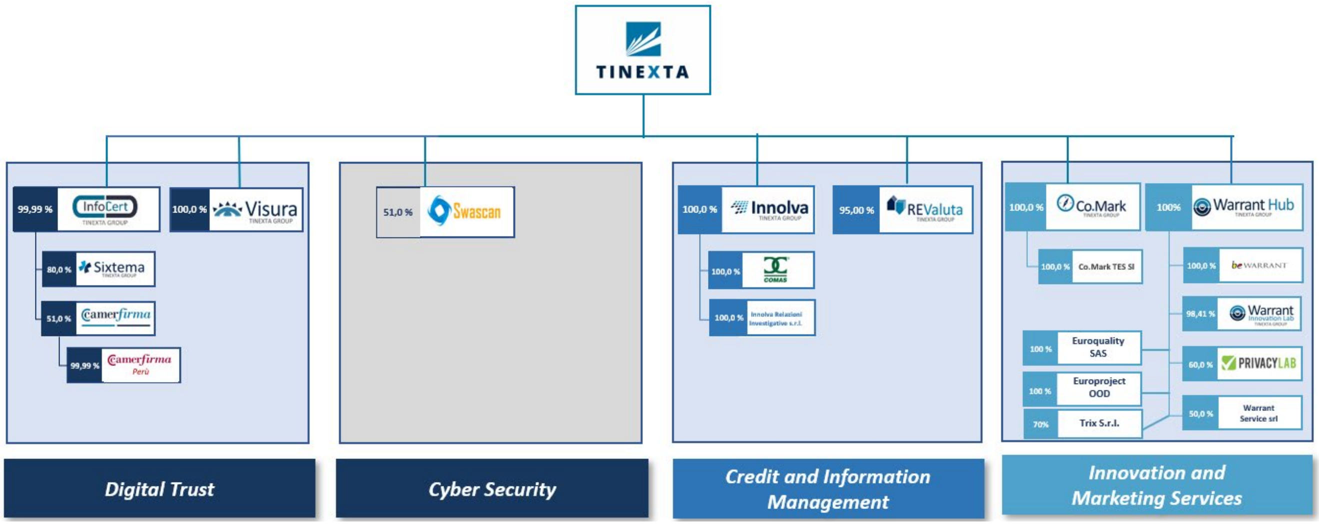
4. On 12 October 2020 Tinexta announced the creation of the *Cybersecurity BU* to assist private and public customers in *digital transformation* processes with the best technologies and protocols for digital security and identity. Tinexta signed binding agreements for the acquisition of the majority of the share capital of three major Italian companies: the company containing the Projects and Solutions - IT and R&D business unit of Corvallis (acquisition completed on 22 January 2021), Yoroi S.r.l. (acquisition completed on 26 January 2021) and Swascan S.r.l. (acquisition completed on 20 October 2020).

   The IT and R&D divisions of Corvallis (now merged into Corvallis S.r.l. together with the 100% stake in Payotik S.r.l.) have a long experience on the market as a provider of high value solutions. The skills developed by Corvallis are essential to create solutions for large projects of financial companies and other sectors. This activity is based on a broad customer base, developed on solid relationships, on processes aligned with international *best practices.* It also boasts a training model based on an "Academy", also thanks to the collaboration with the University of Padua and the University of Milan-Bicocca.

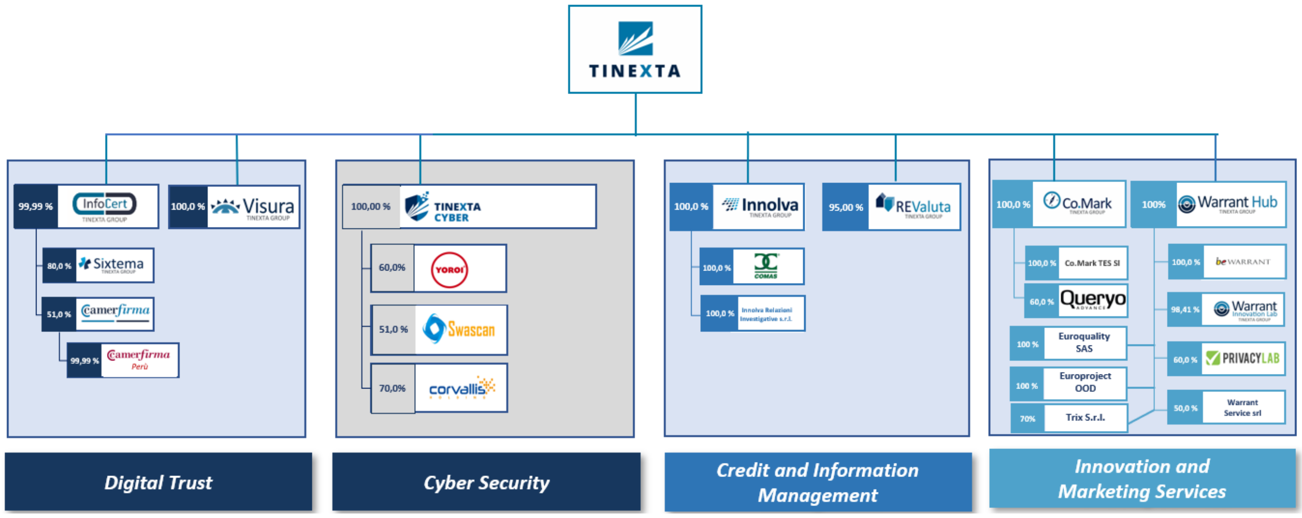
   Yoroi S.r.l. (which had incorporated Cybaze and @Mediaservice, before joining Tinexta) provides cutting-edge solutions to companies and organisations that must contain and manage all levels of IT risk, to prevent or reduce the damages potentially deriving from a cyber attack. The group has a diversified commercial offer that covers the entire IT security value chain for large companies, with highly specialised technologies and well-known brands such as Cybaze, Emaze, Yoroi and Mediaservice.net. Lastly, the Yoroi group carries out intense R&D activities, collaborating with the University of Bologna, University La Sapienza in Rome, and the University of Sannio.

   Swascan S.r.l. is an innovative Italian Cybersecurity startup, owner of the Swascan *Cloud Security Testing* platform and a recognised *Cyber Competence Centre*. The combination of the "SaaS ready to use" platform and the company's vertical and highly specialised skills make it a point of reference for SMEs for IT security and legislative compliance requirements.

Structure of the Tinexta Group, including controlling interests held, as at 31 December 2020:



Structure of Tinexta Group, including only controlling interests, at the date of this meeting of the Board of Directors:



ECONOMIC CONTEXT

The Tinexta Group's business activities are currently concentrated mostly in Italy, with a growing share of the business in Europe.

2020 was characterised by the virus called COVID-19 which began to spread from China to the rest of the world, first to nearby countries and then also to Europe and eventually to the rest of the world.

Starting from the end of February 2020, the spread of the COVID-19 pandemic and the consequent containment measures taken by governments had a profound impact on the economy, altering the choices and possibilities of production, investment and consumption, and the functioning of the employment market. The health containment measures particularly affected the service sector: retail sales of non-food goods fell sharply, in the presence of a decisive increase in e-commerce and strong growth in digital services, a sector in which the Group companies excel, in particular in the *Digital Trust* segment.

As a result of the pandemic crisis, national governments and the main central banks promptly implemented significant measures to support the income of households and businesses, with the aim of mitigating the drop in production levels heavily affected by the *lockdown*.

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.

Despite the activation of a series of public interventions in support, as described above, the global economies have been heavily affected by the pandemic crisis. In 2020, China was the only major economy to record GDP growth (+2.3%, IMF estimates) In the United States, despite economic growth in the fourth quarter, there was an overall contraction of 3.4% in 2020.

The preliminary estimate of the GDP of the Eurozone in the fourth quarter indicates an economic downturn, which follows the rebound of the summer months. Overall, in 2020, the economic activity of the Eurozone decreased by 7.2%.

In Italy, too, GDP fell in the fourth quarter of 2020, based on the preliminary estimate of the International Monetary Fund. For 2020, Italian GDP fell 9.2%.

The ongoing pandemic emergency is also upending the economic forecasts for the following years, at national and international level; the hope is that the vaccination campaign that started a few months ago may be the solution to this situation.

The International Monetary Fund recently revised upwards its forecasts of world GDP for 2020 and 2021: after a fall of 3.5%, the economy is expected to grow by 5.5% in 2021 and 4.2% in 2022.

Selected Economies Real GDP Growth

(Percent change)

		Estimate	Projections	
	2019	2020	2021	2022
Argentina	–2,1	–10,4	4,5	2,7
Australia	1,9	–2,9	3,5	2,9
Brazil	1,4	–4,5	3,6	2,6
Canada	1,9	–5,5	3,6	4,1
China	6,0	2,3	8,1	5,6
Egypt 2/	5,6	3,6	2,8	5,5
France	1,5	–9,0	5,5	4,1
Germany	0,6	–5,4	3,5	3,1
India 2/	4,2	–8,0	11,5	6,8
Indonesia	5,0	–1,9	4,8	6,0
Iran 2/	–6,5	–1,5	3,0	2,0
Italy	0,3	–9,2	3,0	3,6
Japan	0,3	–5,1	3,1	2,4
Kazakhstan	4,5	–2,7	3,3	3,6
Korea	2,0	–1,1	3,1	2,9
Malaysia	4,3	–5,8	7,0	6,0
Mexico	–0,1	–8,5	4,3	2,5
Netherlands	1,7	–4,1	3,0	2,9
Nigeria	2,2	–3,2	1,5	2,5
Pakistan 2/	1,9	–0,4	1,5	4,0
Philippines	6,0	–9,6	6,6	6,5
Poland	4,5	–3,4	2,7	5,1
Russia	1,3	–3,6	3,0	3,9
Saudi Arabia	0,3	–3,9	2,6	4,0
South Africa	0,2	–7,5	2,8	1,4
Spain	2,0	–11,1	5,9	4,7
Thailand	2,4	–6,6	2,7	4,6
Turkey	0,9	1,2	6,0	3,5
United Kingdom	1,4	–10,0	4,5	5,0
United States	2,2	–3,4	5,1	2,5

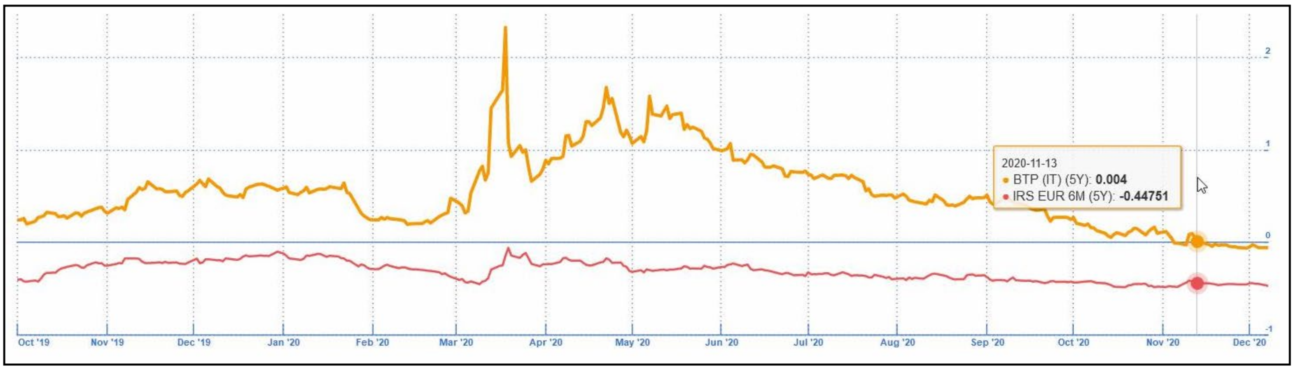
Source: International Monetary Fund, World Economic Outlook, January 2021 *Update*.
Note: The selected economies account for approximately 83 percent of world output.
1/ Difference based on rounded figures for the current and October 2020 WEO forecasts.
2/ Data and forecasts are presented on a fiscal year basis.

The impacts of the health emergency on prices see the deflationary effects linked to the containment of demand prevail in 2020. Held down by the reductions in energy prices, inflation in Italy was close to zero, however this reduced the negative differential with the Eurozone. At the end of the year, inflation in Italy was still very low, in a context still characterised by weak demand and significant unused capacity in the employment and goods and services markets.

In response to the emergency, all the main central banks have introduced very accommodating monetary policy measures. The measures introduced by the Governing Council of the ECB, starting from March 2020, were aimed at supporting lending to households and businesses, guaranteeing accommodating liquidity conditions for the banking system and countering the fragmentation of the markets that compromises the effective transmission of monetary policy in all sectors and countries of the Eurozone. The effect of the ECB's accommodating monetary policy has led to a containment of interest rates, both short and medium-long term, and a narrowing of *spreads*: this market context was particularly favourable for the group, which in 2020 undertook a series of debt restructuring transactions at particularly advantageous conditions.

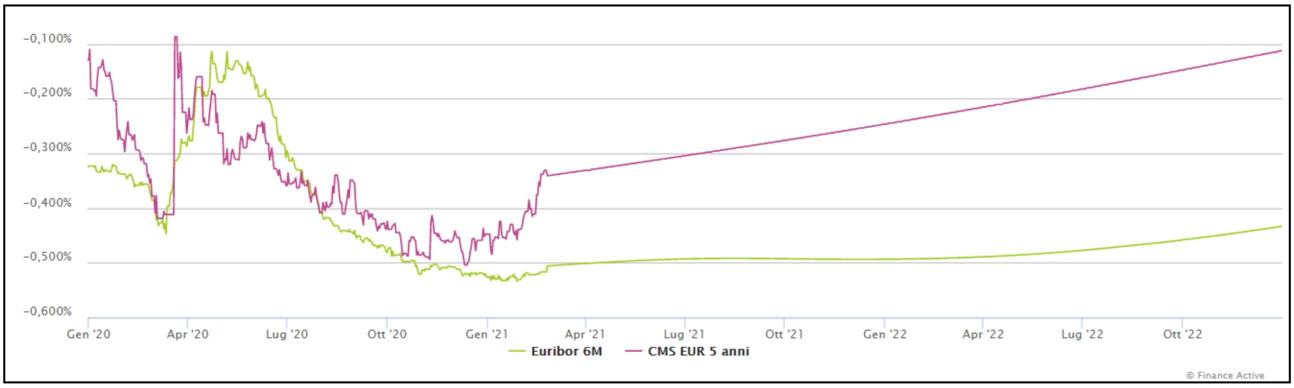
GRAPH: 2020 6-MONTH EURIBOR AND 5-YEAR EUR IRS FIGURES

GRAPH: 2020 5-YEAR BTP YIELD AND 5-YEAR EUR IRS FIGURES



On 24 February 2021, the market expected interest rates, both short and medium-long term, to remain at levels equal to or slightly higher than the current ones in the coming years, until the outlook for inflation and economic growth converge firmly on pre-Covid levels.

GRAPH: 2020 6-MONTH EURIBOR AND 5-YEAR EUR IRS FIGURES - 2021-2021 FORECASTS



KEY EVENTS OF THE PERIOD

Below is a summary of the most significant events that occurred during the year to 31 December 2020:

1. On **9 January 2020**, InfoCert S.p.A. acquired 1% of the shares in Camerfirma Colombia S.A.S. held by subsidiary Camerfirma S.A. Camerfirma Colombia S.A.S. is therefore 24% owned by Camerfirma S.A. and 1% by InfoCert S.p.A.
2. On **27 January 2020**, Warrant Hub S.p.A. signed the closing for 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 is part of the process to diversify the offer under the Industry 4.0 Plan, leveraging the know-how related to advisory expertise on innovation, already present in subsidiary Warrant Innovation Lab S.r.l. and under the strategy of growth focused on the capacity to adopt solutions that are easily scalable. 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 after the approval of the financial statements as at 31 December 2019, an earn-out would be recognised, calculated on the basis of EBITDA and the net financial position (contractually defined) as at 31 December 2019, 50% of which to be paid by 30 June 2020 and the remaining 50% by 31 December 2020. This price supplement was defined as €690 thousand and paid in full as at 31 December 2020. Warrant Hub S.p.A., through a system of *Put & Call* options, has the possibility of acquiring the remaining 30% of the company in 2022 after the approval of the financial statements for the year at 31 December 2021. Warrant Hub also holds a *Call* option on the residual 10% to be exercised on the same date in 2022.
3. On **17 February 2020**, the merger by incorporation of Webber S.r.l. into Comas S.r.l., both subsidiaries of Innolva S.p.A., was completed, 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 to not 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 remaining €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 €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, used in full 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 **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.
11. 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 financial income of €365 thousand. The contract envisaged an additional credit line of €30 million usable in one or more tranches by 29 January 2021.
12. 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.
13. 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.
14. The Extraordinary Shareholders' Meetings of Innolva S.p.A. and Promozioni Servizi S.r.l. took place on 7 **October 2020**. They resolved on the planned merger by incorporation of the latter into Innolva S.p.A. The merger was completed by notarial deed dated **17 December 2020**, with legal effect from 31 December 2020, with accounting and tax effects backdating to 1 January 2020.
15. On **12 October 2020,** Tinexta announced the creation of a new national *Cybersecurity*hub, which will assist private and public customers in *digital transformation* processes by offering the best technologies and the most advanced protocols for security and digital identity; Tinexta signed binding agreements for the acquisition of the majority of the share capital of three major Italian companies: 70% of the share capital of the company containing the Projects and Solutions - IT and R&D business unit of Corvallis (which includes the entire equity of Payotik S.r.l.), 60% of the share capital of Yoroi S.r.l. (which will include Cybaze Italy S.p.A. and @Mediaservice.net S.r.l. at closing) and 51% of Swascan S.r.l. 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, with the exception of that of Swascan, completed on 20 October 2020, took place at the beginning of 2021. Additional equity investments 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.

16. On **28 October 2020, Tinexta** S.p.A., with an investment of €2.0 million, acquired 30% of the share capital of FBS Next S.p.A., a company in the non-performing loans sector (NPL/UTP), which performs *servicer* activities, manages portfolios of non-performing loans, undertaking *promoter* and other activities connected with its business. The company will operate in synergy with Group companies Re Valuta S.p.A. and Innolva S.p.A.
17. On **9 November 2020**, LuxTrust Development S.A. received communication following the *DeadLock Matter Acknowledgment* on 28 October 2020, of the exercise of the *Call Option* on 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. was equal to the original subscription price of €12.0 million. The entire amount was equal to the price paid by InfoCert S.p.A. for 50% of the stake in LuxTrust S.A. The shares were transferred on **2 December 2020**. The sale of the equity investment led to the recognition of a capital gain of €2,151 thousand recorded under *Financial Income*. Two years after the investment was made, shareholders InfoCert and LuxTrust Development S.A. ascertained that their strategic objectives had diverged. In fact, shareholder LuxTrust Development believes that in the coming years it will be a priority to focus the attention of LuxTrust on its core markets to ensure a strong development of the digital economy. Therefore, by mutual agreement, it was decided 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 the pan-European leader in Trust Services.
18. On **11 November 2020,**WarrantHub S.p.A. finalised its acquisition of Euroquality SAS ("Euroquality"), based in Paris, and its affiliate Europroject OOD ("Europroject"), based in Sofia (Bulgaria), a consulting company specialized in supporting their customers in accessing European funds for innovation. The acquisition is part of the process of geographical expansion of the Warrant Group, giving priority to countries such as France, which has an entrepreneurial fabric and a legislative framework similar to those of the Italian market. Warrant Hub acquired 100% of Euroquality for a consideration of €1.6 million, with the possibility of price adjustment based on the 2020 and 2021 results. Warrant Hub also acquired 100% of the share capital of Europroject for a value of €0.4 million. The considerations paid do not include the contractually defined Net financial position of €1.0 million, paid in January 2021.
19. On **16 December 2020,** the collaboration with the Politecnico di Bergamo, in the person of Prof. Davide Russo and Dr. Giancarlo Facoetti, led to the establishment of a new company called Trix S.r.l. in December. Warrant Hub holds a majority stake (70%). This company will have the task of developing a platform capable of supporting R&D and innovation activities. The challenge is to devise evolutionary tools, designed to simplify complex tasks and reach a broad audience of professionals through the creation of a cloud platform for indexing patent and scientific databases and other sources.

IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE ANNUAL FINANCIAL REPORT AT 31 DECEMBER 2020

In relation to the context of uncertainty caused by the COVID-19 pandemic, 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*.

At the same time, the management decided to strengthen assistance to its interlocutors, quickly focusing on the offer of innovative solutions and advanced services needed to face a new operating context strongly oriented towards digitalisation. Our Group has expanded its offer of value-added services, developed innovative systems and products in the digital world, and consolidated its ability to develop business solutions especially for small and medium-sized enterprises.

As part of this strategy, major development operations were also completed: in 2020, Tinexta entered the Cyber Security market, creating a new national hub, able to assist private and public customers in *digital transformation* processes with the best technologies and the most advanced protocols for security and digital identity, starting a course for the future.

The results at 31 December show the Tinexta Group's recovery, which in the first months had been marginally affected by the ongoing pandemic. All the indicators were positive and confirm the stable growth of Group business activities.

The results at 31 December 2020 include income of €0.8 million deriving from the IRAP benefit prescribed in Decree Law no. 34/2020, the "Relaunch decree". The amount was included in the non-recurring components referred to in the paragraph entitled *Definition of performance indicators*, below.

In this context, as announced on 2 December 2020, the Tinexta Group has chosen to support its employees who in recent months had experienced a reduction in pay following the adoption, by companies, of the Wage Integration Fund (FIS). Top-ups were paid to 300 employees, for a total of approximately 49,000 hours of FIS used. The corresponding amounts were paid with salaries for the month of December.

Goodwill is periodically tested to determine if any impairments exist. In calculating the recoverable value of the CGUs, the financial projections were analysed 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. See note 15 for further details. Intangible assets and goodwill in the Consolidated Financial Statements.

From the analyses carried out within the Tinexta Group, there is no significant uncertainty regarding events or circumstances, including those related to the COVID-19 pandemic, which may give rise to significant doubts on the ability of the Parent Company and the Group to continue to operate as a functioning enterprise.

DEFINITION OF "NON-GAAP" ALTERNATIVE 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: this is the algebraic sum of:

- "Property, plant and equipment";
- "Intangible assets and goodwill";
- "Investment property";
- "Equity-accounted investments";
- "Other investments";
- "Non-current financial assets".

Net working capital: this is the algebraic sum of:
+ "Inventories";
+ "Trade and other current receivables";
+ "Contract assets";
+ "Contract cost assets";
+ "Current and deferred tax assets";
- Current and non-current "Trade and other payables";
- "Contract liabilities and deferred income";
- "Current and deferred tax liabilities";

Total net working capital and Provisions : the algebraic sum of:
+ "Net working capital" as determined above;
- Current and non-current "Provisions";
- Current and non-current "Employee benefits".

Net invested capital: is the algebraic sum of Net non-current assets, Total net working capital and provisions" and "Assets (Liabilities) held for sale".

SUMMARY OF 2020 RESULTS

The Group closed 2020 with Revenues of €269,084 thousand. EBITDA amounted to €77,912 thousand, equal to 29.0% of Revenues. Operating profit and Net profit totalled €52,880 thousand and €37,914 thousand, respectively, equal to 19.7% and 14.1% of Revenues.

Condensed Consolidated Income Statement ***(€ ‘000s)***	**2020**	**%**	**2019**	**%**	**Change**	**Change %**
Revenues	269,084	*100.0%*	258,723	*100.0%*	10,361	*4.0%*
EBITDA before Stock Options	78,821	*29.3%*	74,864	*28.9%*	3,957	*5.3%*
EBITDA	77,912	*29.0%*	71,287	*27.6%*	6,625	*9.3%*
Operating Profit	52,880	*19.7%*	47,500	*18.4%*	5,380	*11.3%*
Net Profit	37,914	*14.1%*	28,779	*11.1%*	9,135	*31.7%*

Revenues increased by €10,316 thousand compared to 2019 (4.0%), EBITDA increased by €6,625 thousand (9.3%), Operating profit was also up by €5,380 thousand (11.3%), and net profit by €9,135 thousand (31.7%).

The results for the year include PrivacyLab S.r.l., consolidated as from 1 January 2020, and Swascan S.r.l., consolidated as from 1 October 2020. The effects of the contribution of the acquisitions are reported below as a change in the scope of consolidation.

Income statement for 2020 compared with the previous year:

Consolidated Income Statement (€ '000s)	2020	%	2019	%	Change	Change %
Revenues	**269,084**	**100.0%**	**258,723**	**100.0%**	**10,361**	**4.0%**
Total Operating Costs*	**190,263**	**70.7%**	**183,858**	**71.1%**	**6,404**	**3.5%**
Costs of raw materials	8,869	3.3%	8,087	3.1%	783	9.7%
Service costs	88,138	32.8%	84,194	32.5%	3,944	4.7%
Personnel costs*	83,851	31.2%	79,745	30.8%	4,107	5.1%
Contract costs	7,436	2.8%	8,763	3.4%	-1,327	-15.1%
Other operating costs	1,968	0.7%	3,070	1.2%	-1,102	-35.9%
EBITDA before Stock Options	**78,821**	**29.3%**	**74,864**	**28.9%**	**3,957**	**5.3%**
Stock Option costs	909	0.3%	3,577	1.4%	-2,668	-74.6%
EBITDA	**77,912**	**29.0%**	**71,287**	**27.6%**	**6,625**	**9.3%**
Depreciation, amortisation, provisions and impairment	25,032	9.3%	23,787	9.2%	1,245	5.2%
Operating Profit	**52,880**	**19.7%**	**47,500**	**18.4%**	**5,380**	**11.3%**
Financial income	3,559	1.3%	304	0.1%	3,255	1070,7%
Financial charges	2,959	1.1%	4,453	1.7%	-1,495	-33.6%
Net financial charges (income)	**-600**	**-0.2%**	**4,149**	**1.6%**	**-4,750**	**-114.5%**
Profit of equity-accounted investments	-969	-0.4%	-1,139	-0.4%	170	-14.9%
Profit before tax	**52,511**	**19.5%**	**42,211**	**16.3%**	**10,300**	**24.4%**
Income taxes	14,597	5.4%	13,432	5.2%	1,165	8.7%
Net Profit	**37,914**	**14.1%**	**28,779**	**11.1%**	**9,135**	**31.7%**
of which minority interests	***635***	***0.2%***	***597***	***0.2%***	***38***	***6.4%***

* *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 rose €10,361 thousand from €258,723 thousand in 2019 to € 269,084 thousand in 2020, an increase of 4.0%. The increase in Revenues attributable to the change in the scope of consolidation, due to the contribution of the acquisitions made during the year (PrivacyLab S.r.l. and Swascan S.r.l.) was 0.7%; organic growth was 3.3%.

Operating costs before *Stock Options* increased from €183,858 thousand in 2019 to €190,263 thousand in 2020, an increase of €6,404 thousand (3.5%). The increase in operating costs attributable to the change in perimeter was 0.7%, while the remaining 2.8% is due to organic growth.

As at 31 December 2020, costs for €909 thousand had been allocated to the 2020-2022 Stock Option Plan. Details can be found in the paragraph **2020-2022 Stock Option Plan**. The costs allocated the previous year, €3,577 thousand, referred to the Virtual Stock Option Plan concluded in 2019.

Depreciation, amortisation and provisions, for a total of €25,032 thousand (€23,787 thousand in 2019) includes €5,974 thousand in amortisation of other intangible assets arising upon allocation of the price paid in *Business Combinations* (€5,914 thousand in 2019), mainly relating to Innolva, Visura, Co.Mark and Warrant Hub. The increase in this item is substantially attributable to amortisation of *Intangible assets* (+ €1,987 thousand), in particular Databases and Software, partially offset by less *Impairment of trade receivables* (- €419 thousand) and *Provisions for risks* (- €341 thousand).

In 2020, **Net financial income** totalled €600 thousand, compared to Net financial charges of €4.149 thousand in 2019. This item included non-recurring financial income of €3,225 thousand, of which €2,151 thousand for the capital gain realised from the sale of LuxTrust S.A. and €1,075 thousand for the renegotiation of three loans in the period.

Results from investments, recognised using the net equity method, were negative for €969 thousand (negative for €1,139 thousand in 2019) and include the Group's part of the reported loss of LuxTrust S.A., amounting to €1,172 thousand to the date of sale.

Taxes amounted to €14,597 thousand (€13,432 thousand in 2019). The *tax rate* is 27.8% (31.8% in 2019) due to a non-recurring tax income of €779 thousand deriving from the IRAP benefit prescribed in Decree Law no. 34/2020, the "Relaunch decree", as well as recognition of income on the *Patent Box* for €630 thousand (€298 thousand in 2019).

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)***	**2020**	**%**	**2019**	**%**	**Change**	**Change %**
Adjusted revenues	269,010	*100.0%*	258,723	*100.0%*	10,287	*4.0%*
Adjusted EBITDA	81,219	*30.2%*	76,826	*29.7%*	4,393	*5.7%*
Adjusted operating result	62,160	*23.1%*	58,953	*22.8%*	3,207	*5.4%*
Adjusted net profit	40,595	*15.1%*	38,292	*14.8%*	2,303	*6.0%*

Compared to the previous year, the *adjusted* results show an increase of 4.0% in revenues, 5.7% in EBITDA, 5.4% in operating profit and 6.0% in net profit.

Non-recurring components

During 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 €2,472 thousand, of which €2,453 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, as well as extraordinary income of €2,151 thousand for the sale of the stake in LuxTrust S.A.

Non-recurring income taxes includes non-recurring income of €1,319 thousand, of which €91 thousand for the tax effect on non-recurring components of profit before tax, €779 thousand for the IRAP benefits as per the "Relaunch Decree" and €630 thousand for the *"Patent Box"* benefit.

In 2019, *Non-recurring operating costs* were equal to €1,962 thousand, *Non-recurring financial income* to €148 thousand and income under *Non-recurring income taxes* to €706 thousand.

Stock Option costs

The costs recognised in the period, totalling €909 thousand, refer to the 2020-2022 Stock Option Plan as described in full in the paragraph **on the 2020-2022 Stock Option Plan**. In 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* that emerged at the time of the allocation of the price paid in *Business Combinations* came to €5,974 thousand (€5,914 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 2020 for €161 thousand (€1,453 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	
	2020	2019	2020	2019	2020	2019
Economic results *reported*	**77,912**	**71,287**	**52,880**	**47,500**	**37,914**	**28,779**
provisions for stock option	909	3,577	909	3,577	909	3,577
EBITDA before Stock Options	**78,821**	**74,864**				
Non-recurring revenues	-74	0	-74	0	-74	0
Non-recurring service costs	2,472	1,383	2,472	1,383	2,472	1,383
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 *business combinations*			5,974	5,914	5,974	5,914
Non-recurring financial income					-3,225	-148
Adjustment of contingent consideration					-161	1,453
Tax effect on adjustments					-1,804	-2,948
Non-recurring taxes					-1,410	-298
***Adjusted* income statement results**	**81,219**	**76,826**	**62,160**	**58,953**	**40,595**	**38,292**

Results by business segment

Condensed Income Statement by business segment	2020	EBITDA % 2020	2019	EBITDA% 2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	115,917		107,266		8,652	8.1%	8.1%	0.0%
Credit Information & Management	77,251		72,566		4,685	6.5%	6.5%	0.0%
Innovation & Marketing Services	76,511		79,824		-3,313	-4.2%	-5.6%	1.5%
Cyber Security	743		0		743	n.a.	0.0%	n.a.
Other Segments (Parent Company)	2,186		1,357		829	61.1%	61.1%	0.0%
Intra-segment	-3,524		-2,291		-1,234	53.9%	53.7%	0.1%
Total Revenues	**269,084**		**258,723**		**10,361**	**4.0%**	**3.3%**	**0.7%**
EBITDA								
Digital Trust	30,432	26.3%	28,976	27.0%	1,456	5.0%	5.0%	0.0%
Credit Information & Management	23,545	30.5%	17,243	23.8%	6,301	36.5%	36.5%	0.0%
Innovation & Marketing Services	34,760	45.4%	37,948	47.5%	-3,188	-8.4%	-9.6%	1.2%
Cyber Security	140	18.8%	0	n.a.	140	n.a.	0.0%	n.a.
Other Segments (Parent Company)	-10,965	n.a.	-12,880	n.a.	1,915	14.9%	14.9%	0.0%
Total EBITDA	**77,912**	**29.0%**	**71,287**	**27.6%**	**6,625**	**9.3%**	**8.5%**	**0.8%**

Adjusted results by business segment

Adjusted *condensed* Income Statement by business segment	2020	EBITDA % 2020	2019	EBITDA % 2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	115,843		107,266		8,578	8.0%	8.0%	0.0%
Credit Information & Management	77,251		72,566		4,685	6.5%	6.5%	0.0%
Innovation & Marketing Services	76,511		79,824		-3,313	-4.2%	-5.6%	1.5%
Cyber Security	743		0		743	n.a.	0.0%	n.a.
Other Segments (Parent Company)	2,186		1,357		829	61.1%	61.1%	0.0%
Intra-segment	-3,524		-2,291		-1,234	53.9%	53.7%	0.1%
Total *adjusted* revenues	**269,010**		**258,723**		**10,287**	**4.0%**	**3.2%**	**0.7%**
EBITDA								
Digital Trust	31,045	26.8%	29,570	27.6%	1,476	5.0%	5.0%	0.0%
Credit Information & Management	23,678	30.7%	17,482	24.1%	6,196	35.4%	35.4%	0.0%
Innovation & Marketing Services	36,067	47.1%	37,948	47.5%	-1,880	-5.0%	-6.1%	1.2%
Cyber Security	140	18.8%	0	n.a.	140	n.a.	0.0%	n.a.
Other Segments (Parent Company)	-9,711	n.a.	-8,173	n.a.	-1,538	-18.8%	-18.8%	0.0%
Total *adjusted* EBITDA	**81,219**	**30.2%**	**76,826**	**29.7%**	**4,393**	**5.7%**	**5.0%**	**0.8%**

Digital Trust

Revenues from the *Digital Trust* segment amounted to €115,843 thousand. The increase over 2019 was 8.0%, or €8,578 thousand in absolute terms. 2020 saw 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 €31,045 thousand. The increase over 2019 amounted to 5.0%, or €1,476 thousand in absolute terms. In percentage terms, the *EBITDA margin* was 26.8%, slightly lower than 2019 (27.6%).

Credit Information & Management

In the *Credit Information & Management* segment, Revenues amounted to €77,251 thousand, with an increase of 6.5% compared to 2019, in absolute value of €4,685 thousand. 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 Phase 1 of the healthcare emergency underway was recorded in the demand for property information and property estimation services, mainly due to the difficulty of physically moving around in Italy.

EBITDA increased 35.4% from the same period of the previous year, amounting to €23,678 thousand. In percentage terms, the EBITDA *margin* was 30.7%, with a significant increase compared to 2019 (24.1%). This increase was substantially determined by the aforementioned mix of revenues characterised by a different operating margin.

Innovation & Marketing Services

Revenues of the *Innovation & Marketing Services* segment amounted to €76,511 thousand, with a decrease of 4.2% compared to 2019, in absolute value €3,313 thousand. This change is made up of an increase in the scope of consolidation (+1.5%), due to the consolidation of PrivacyLab S.r.l. from 1 January 2020, and an organic reduction (-5.6%). 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 €36,067 thousand. The decrease compared to EBITDA in 2019 was 5.0%. The growth due to the change in the scope of consolidation was 1.2%, while the organic contraction accounted for 6.1%. In percentage terms, the EBITDA *margin* was 47.1%, substantially in line with the previous year (47.5%).

The segment was affected by the impact of the pandemic in the area of export advisory services, while it maintained revenues and significant margins in the area of innovation consultancy, despite the fact that 2019 benefited from a revenue component (and profitability) due to the postponement of innovation consultancy cases from the fourth quarter of 2018.

SUMMARY OF RESULTS FOR THE FOURTH QUARTER OF 2020

Condensed Consolidated Income Statement (€ '000s)	4th quarter 2020	%	4th quarter 2019	%	Change	Change %
Revenues	80,183	*100.0%*	77,554	*100.0%*	2,630	*3.4%*
EBITDA *before Stock Options*	22,767	*28.4%*	25,121	*32.4%*	-2,354	*-9.4%*
EBITDA	22,340	*27.9%*	25,121	*32.4%*	-2,781	*-11.1%*
Operating Profit	15,784	*19.7%*	17,854	*23.0%*	-2,070	*-11.6%*
Net Profit	11,580	*14.4%*	9,672	*12.5%*	1,908	*19.7%*

Revenues rose by €2,630 thousand , or 3.4% compared to the forth quarter 2020, EBITDA fell by €2,781 thousand (-11.1%), operating profit fell by €2,070 thousand (-11.6%), and net profit increased by €1,908 thousand (19.7%).

Revenues in the fourth quarter confirm the acceleration of the Tinexta Group. Margins were affected by the non-recurring costs incurred in the last quarter for M&A activities, as well as to a residual extent by the Group's decision to top-up the reduced remuneration of its employees following the adoption of the provision of the Wage Integration Fund.

Income statement for the fourth quarter of 2020 compared with the fourth quarter of 2019:

Consolidated Income Statement (€ '000s)	4th quarter 2020	%	4th quarter 2019	%	Change	Change %
Revenues	**80,183**	**100.0%**	**77,554**	**100.0%**	**2,630**	**3.4%**
Total Operating Costs*	**57,416**	**71.6%**	**52,432**	**67.6%**	**4,984**	**9.5%**
Costs of raw materials	2,267	2.8%	2,954	3.8%	-687	-23.3%
Service costs	29,063	36.2%	24,719	31.9%	4,343	17.6%
Personnel costs*	23,379	29.2%	20,951	27.0%	2,428	11.6%
Contract costs	2,075	2.6%	2,827	3.6%	-752	-26.6%
Other operating costs	632	0.8%	981	1.3%	-349	-35.5%
EBITDA before Stock Options	**22,767**	**28.4%**	**25,121**	**32.4%**	**-2,354**	**-9.4%**
Provisions for stock options	427	0.5%	0	0.0%	427	n.a.
EBITDA	**22,340**	**27.9%**	**25,121**	**32.4%**	**-2,781**	**-11.1%**
Depreciation, amortisation, provisions and impairment	6,556	8.2%	7,267	9.4%	-711	-9.8%
Operating Profit	**15,784**	**19.7%**	**17,854**	**23.0%**	**-2,070**	**-11.6%**
Financial income	2,219	2.8%	24	0.0%	2,195	9224.5%
Financial charges	858	1.1%	2,244	2.9%	-1,386	-61.8%
Net Financial Charges	**-1,361**	**-1.7%**	**2,220**	**2.9%**	**-3,582**	**-161.3%**
Profit of equity-accounted investments	-1,058	-1.3%	-1,141	-1.5%	83	-7.3%
Profit before tax	**16,088**	**20.1%**	**14,493**	**18.7%**	**1,594**	**11.0%**
Income taxes	4,507	5.6%	4,821	6.2%	-314	-6.5%
Net Profit	**11,580**	**14.4%**	**9,672**	**12.5%**	**1,908**	**19.7%**
of which minority interests	***346***	***0.4%***	***235***	***0.3%***	***111***	***47.1%***

* *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. 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)*	4th quarter 2020	%	4th quarter 2019	%	Change	Change %
Adjusted revenues	80,183	*100.0%*	77,554	*100.0%*	2,630	*3.4%*
Adjusted EBITDA	24,280	*30.3%*	25,277	*32.6%*	-997	*-3.9%*
Adjusted operating profit	19,275	*24.0%*	19,488	*25.1%*	-214	*-1.1%*
Adjusted net profit	12,122	*15.1%*	12,170	*15.7%*	-48	*-0.4%*

The *adjusted* results show an increase in revenues of 3.4% compared to the previous year, and fall of 3.9% in EBITDA, 1.1% in operating profit and 0.4% in net profit.

Method of calculation of the *adjusted* economic indicators:

Calculation of adjusted economic results *(€ '000s)*	EBITDA 4th quarter 2020	EBITDA 4th quarter 2019	Operating Profit 4th quarter 2020	Operating Profit 4th quarter 2019	Net Profit 4th quarter 2020	Net Profit 4th quarter 2019
Economic results *reported*	**22,340**	**25,121**	**15,784**	**17,854**	**11,580**	**9,672**
provisions for stock option	427	0	427	0	427	0
EBITDA before Stock Options	**22,767**	**25,121**				
Non-recurring revenues	0	0	0	0	0	0
Non-recurring service costs	1,513	155	1,513	155	1,513	155
Non-recurring personnel costs	0	0	0	0	0	0
Other non-recurring operating costs	0	0	0	0	0	0
Amortisation of Other intangible assets from Business Combinations			1,551	1,479	1,551	1,479
Non-recurring financial income					-2,151	0
Adjustment of contingent consideration					0	1,333
Tax effect on adjustments					-479	-454
Non-recurring taxes					-319	-15
***Adjusted* income statement results**	**24,280**	**25,277**	**19,275**	**19,488**	**12,122**	**12,170**

Results by business segment

Condensed Income Statement by business segment	4th quarter 2020	EBITDA % 4th quarter 2020	4th quarter 2019	EBITDA % 4th quarter 2019	Change	Change % Total	Change % Organic	Change % Perimeter
Revenues								
Digital Trust	32,793		30,104		2,689	8.9%	8.9%	0.0%
Credit Information & Management	21,403		19,655		1,748	8.9%	8.9%	0.0%
Innovation & Marketing Services	25,753		28,157		-2,404	-8.5%	-10.0%	1.4%
Cyber Security	743		0		743	n.a.	0.0%	n.a.
Other Segments (Parent Company)	587		474		113	23.9%	23.9%	0.0%
Intra-segment	-1,096		-837		-259	30.9%	30.6%	0.4%
Total Revenues	**80,183**		**77,554**		**2,630**	**3.4%**	**1.9%**	**1.5%**
EBITDA								
Digital Trust	8,533	26.0%	8,571	28.5%	-38	-0.4%	-0.4%	0.0%
Credit Information & Management	6,029	28.2%	4,810	24.5%	1,219	25.3%	25.3%	0.0%
Innovation & Marketing Services	11,842	46.0%	14,749	52.4%	-2,907	-19.7%	-21.8%	2.1%
Cyber Security	140	18.8%	0	n.a.	140	n.a.	0.0%	n.a.
Other Segments (Parent Company)	-4,204	n.a.	-3,008	n.a.	-1,196	-39.7%	-39.7%	0.0%
Total EBITDA	**22,340**	**27.9%**	**25,121**	**32.4%**	**-2,781**	**-11.1%**	**-12.8%**	**1.8%**

Adjusted results by business segment

Adjusted *condensed* Income Statement by business segment	4th quarter 2020	EBITDA % 4th quarter 2020	4th quarter 2019	EBITDA % 4th quarter 2019	Change	Change %		
						Total	Organic	Perimeter
Revenues								
Digital Trust	32,793		30,104		2,689	8.9%	8.9%	0.0%
Credit Information & Management	21,403		19,655		1,748	8.9%	8.9%	0.0%
Innovation & Marketing Services	25,753		28,157		-2,404	-8.5%	-10.0%	1.4%
Cyber Security	743		0		743	n.a.	0.0%	n.a.
Other Segments (Parent Company)	587		474		113	23.9%	23.9%	0.0%
Intra-segment	-1,096		-837		-259	30.9%	30.9%	0.0%
Total *adjusted*revenues	**80,183**		**77,554**		**2,630**	**3.4%**	**1.9%**	**1.5%**
EBITDA								
Digital Trust	9,053	27.6%	8,502	28.2%	551	6.5%	6.5%	0.0%
Credit Information & Management	6,092	28.5%	4,810	24.5%	1,283	26.7%	26.7%	0.0%
Innovation & Marketing Services	12,475	48.4%	14,749	52.4%	-2,274	-15.4%	-17.5%	2.1%
Cyber Security	140	18.8%	0	n.a.	140	n.a.	0.0%	n.a.
Other Segments (Parent Company)	-3,481	n.a.	-2,784	n.a.	-697	-25.0%	-25.0%	0.0%
Total *adjusted*EBITDA	**24,280**	**30.3%**	**25,277**	**32.6%**	**-997**	**-3.9%**	**-5.7%**	**1.8%**

FINANCIAL POSITION OF THE GROUP

The Group's financial position at 31 December 2020 compared with 31 December 2019:

€ '000s	31/12/2020	% of Net invested capital/Total sources	31/12/2019	% of Net invested capital/Total sources	Change	Change %
Intangible assets	70,070	26.4%	71,755	25.8%	-1,685	-2.3%
Goodwill	215,036	80.9%	198,180	71.1%	16,856	8.5%
Tangible fixed assets	5,977	2.2%	5,945	2.1%	32%	0.5%
Leased tangible fixed assets	13,736	5.2%	16,019	5.8%	-2,283	-14.3%
Financial assets	7,148	2.7%	12,639	4.5%	-5,491	-43.4%
Net non-current assets	**311,967**	**117.4%**	**304,538**	**109.3%**	**7,428**	**2.4%**
Inventories	1,154	0.4%	1,145	0.4%	10	0.9%
Trade receivables	75,829	28.5%	82,195	29.5%	-6,366	-7.7%
Contract assets	9,231	3.5%	6,187	2.2%	3,044	49.2%
Contract cost assets	6,481	2.4%	6,508	2.3%	-27	-0.4%
Trade payables	-34,580	-13.0%	-32,728	-11.7%	-1,852	5.7%
Contract liabilities and deferred income	-59,229	-22.3%	-47,720	-17.1%	-11,509	24.1%
of which current	*-48,264*	-18.2%	*-39,540*	-14.2%	-8,725	22.1%
of which non-current	*-10,965*	-4.1%	*-8,180*	-2.9%	-2,785	34.0%
Payables to employees	-12,011	-4.5%	-10,048	-3.6%	-1,963	19.5%
Other receivables	10,797	4.1%	8,914	3.2%	1,884	21.1%
Other payables	-13,658	-5.1%	-12,177	-4.4%	-1,481	12.2%
Current tax assets (liabilities)	-4,835	-1.8%	-2,156	-0.8%	-2,680	124.3%
Deferred tax assets and liabilities	-8,238	-3.1%	-10,213	-3.7%	1,976	-19.3%
Net working capital	**-29,058**	**-10.9%**	**-10,093**	**-3.6%**	**-18,965**	**187.9%**
Employee benefits	-12,923	-4.9%	-12,449	-4.5%	-473	3.8%
Provisions for risks and charges	-4,223	-1.6%	-3,432	-1.2%	-791	23.0%
Total NWC and Provisions	**-46,204**	**-17.4%**	**-25,975**	**-9.3%**	**-20,229**	**77.9%**
Assets (Liabilities) held for sale	0	0.0%	0	0.0%	0	n.a.
TOTAL LOANS - NET INVESTED CAPITAL	**265,763**	**100.0%**	**278,564**	**100.0%**	**-12,801**	**-4.6%**
Shareholders' Equity attributable to the Group	169,834	63.9%	145,567	52.3%	24,267	16.7%
Minority interests	4,047	1.5%	3,859	1.4%	188	4.9%
Shareholders' Equity	**173,881**	**65.4%**	**149,426**	**53.6%**	**24,455**	**16.4%**
Net financial indebtedness	**91,882**	**34.6%**	**129,138**	**46.4%**	**-37,256**	**-28.8%**
TOTAL SOURCES	**265,763**	**100.0%**	**278,564**	**100.0%**	**-12,801**	**-4.6%**

Net invested capital decreased by €12.8 million due to the decrease in *net working capital* of €19.0 million and in *Provisions* of €1.3 million, partially offset by the €7.4 million increase in *net non-current assets*.

Net non-current assets amounted to €311,967 thousand at 31 December 2020, with an increase of €7,428 thousand (+2.4%) compared to 31 December 2019 (€304,538 thousand). The change was affected by the goodwill deriving from the acquisitions of:

- Swascan S.r.l. (€12,927 thousand),
- PrivacyLab S.r.l. (€1,373 thousand) and
- Euroquality S.A.S. and Europroject OOD (€2,556 thousand).

The change in *Financial assets* was affected by the sale of LuxTrust (recorded for €11,021 thousand as at 31 December 2019) and the acquisitions of the stakes in Authada GmbH (recorded at 31 December 2020 for €3,139 thousand) and in FBS Next S.p.A. (recorded for €2,006 thousand at 31 December 2020).

Net working capital fell from €-10,093 thousand at 31 December 2019 to €-29,058 thousand at 31 December 2020. The decrease included lower *trade receivables and other contract assets* for €3,322 thousand, the increase in *contract liabilities and deferred income* for €11,509 thousand which will be reflected in higher revenues in future years, *trade payables* for €1,852 thousand, *payables to employees* for €1,963 thousand and *current tax liabilities* for €2,680 thousand.

Shareholders' Equity increased by €24,455 thousand due to the combined effect of:

- the positive result from comprehensive income for the period of €37,005 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 (€1,326 thousand) due to the revised estimate of payments scheduled 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 €909 thousand increase in the Stock Option Reserve.

The cash generated by *Net Working Capital and Provisions* (€20,229 thousand) and the increase in *Shareholders' Equity* (€24,455 thousand) partially offset by the increase in *Net non-current assets* (€7,428 thousand), enabled a €37,256 thousand reduction in *Net financial indebtedness*.

Group net financial indebtedness

Comparison of the Group's net financial indebtedness at 31 December 2020 with the same position at 31 December 2019:

€ '000s	31/12/2020	31/12/2019	Change	%
A Cash	92,809	33,586	59,223	176.3%
B Other cash equivalents	4	14	-10	-72.6%
D Cash and cash equivalents (A+B)	**92,813**	**33,600**	**59,213**	**176.2%**
E Current financial receivables	7,320	6,609	710	10.7%
F Current bank debt	-907	-2,952	2,045	-69.3%
G Current portion of non-current debt	-25,214	-23,752	-1,462	6.2%
H Other current financial debt	-14,244	-35,342	21,098	-59.7%
I Current Financial Debt (F+G+H)	**-40,365**	**-62,046**	**21,682**	**-34.9%**
J Net current financial position (indebtedness) (D+E+I)	**59,768**	**-21,837**	**81,605**	**-373.7%**
K Non-current bank debt	-126,274	-90,552	-35,722	39.4%
L Other non-current financial debt	-25,376	-16,749	-8,627	51.5%
M Non-current financial debt (K+L)	**-151,650**	**-107,301**	**-44,349**	**41.3%**
N Net financial position (Indebtedness) (J+M) (*)	**-91,882**	**-129,138**	**37,256**	**-28.8%**
O Other non-current financial assets	1,246	1,163	82	7.1%
P Total net financial position (Indebtedness) (N+O)	**-90,636**	**-127,974**	**37,338**	**-29.2%**

(*) *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 totalled €91,882 thousand, a decrease of €37,256 thousand compared to 31 December 2019. In 2020, 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 at 31 December 2020 would have been €81,881 thousand, a decrease of €47,257 since 31 December 2019.

Composition of *Net financial indebtedness*:

Composition of net financial indebtedness	**31/12/2020**		**31/12/2019**	
Amounts in thousands of Euro	**Total**	**%**	**Total**	**%**
Net financial indebtedness	**-91,882**		**-129,138**	
Gross financial indebtedness	-192,014	100.0%	-169,347	100.0%
Bank debt	-152,395	79.4%	-117,256	69.2%
Debt for *Business Combinations*	-22,226	11.6%	-33,909	20.0%
Liabilities related to the purchase of minority stakes (Put)	*-12,554*	*6.5%*	*-17,950*	*10.6%*
Contingent considerations connected to acquisitions (Earn-outs)	*-4,135*	*2.2%*	*-7,741*	*4.6%*
Price extensions granted by sellers (Vendor loans)	*-5,537*	*2.9%*	*-8,218*	*4.9%*
Lease payables	-12,870	6.7%	-14,996	8.9%
Other financial payables	-4,524	2.4%	-3,186	1.9%
Cash and cash equivalents and current financial assets	100,132	100.0%	40,209	100.0%
Cash and cash equivalents	92,813	92.7%	33,600	83.6%
Current financial assets	7,320	7.3%	6,609	16.4%

Change in net financial indebtedness compared to 31 December 2019:

	€ '000s
Net Financial Indebtedness as at 31/12/2019	**129,138**
Free cash flow	-66,708
Net financial (income) charges	1,465
Dividends approved and distributed	2,195
New leases and adjustments to existing contracts	1,274
Acquisitions	24,158
Disposals	-12,000
Adjustment of *put* options	1,326
Purchase of treasury shares	10,001
OCI Derivatives	819
Other residual	215
Net Financial Indebtedness at 31/12/2020	**91,882**

- The *free cash flow* generated during the period amounted to €66,708 thousand, of which €81,577 thousand in net cash *and cash equivalents generated by operations* , excluding €14,869 thousand absorbed by investments in *property, plant and equipment* and *intangible assets*. Free cash flow increased by 60.0% compared to 2019 (€41,686 thousand).
- *Net financial charges* are stated net of the capital gain realized on the sale of the investment in LuxTrust S.A. (€ 2,151 thousand) and the financial component on employee benefits (€86 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 *Adjustment for leases* led to an overall increase in net financial indebtedness of €1,274 thousand. New leases resulted in the recognition of financial liabilities of €1977 thousand, the adjustments resulted in the reversal of financial liabilities of €703 thousand, mainly as a result of early terminations.
- Details of the *Acquisitions* with related impact on the *net financial indebtedness* at the date of the respective *closing*:

Details of NFI impacts for Acquisitions *in thousands of €*	
Swascan	13,766
Euroquality_Europroject	3,353
PrivacyLab	1,821
Authada	3,216
FBS Next	2,003
Total	**24,158**

- *The adjustment of put* options (€1,326 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;
- Parent Company Tinexta S.p.A. purchased 857,014 treasury shares during the year (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**).

RESULTS OF THE PARENT COMPANY

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

ECONOMIC RESULTS OF THE PARENT COMPANY

Income Statement (€ '000s)	2020	2019	Change	Change %
Revenues	**2,186**	**1,357**	**829**	**61.1%**
Total Operating costs	**11,913**	**10,660**	**1,253**	**11.8%**
Service costs	5,330	5,250	80	1.5%
Personnel costs*	6,303	4,960	1,343	27.1%
Other operating costs	279	450	-171	-37.9%
EBITDA before Virtual Stock Option	**-9,726**	**-9,303**	**-424**	**-4.6%**
- Provisions for stock options *	233	3,577	-3,345	-93.5%
EBITDA	**-9,959**	**-12,880**	**2,921**	**22.7%**
Depreciation, amortisation, provisions and impairment	613	434	179	41.2%
Operating Profit	**-10,572**	**-13,314**	**2,742**	**20.6%**
Financial income	37,547	36,264	1,283	3.5%
Financial charges	2,369	2,150	219	10.2%
Net financial income	**35,178**	**34,114**	**1,064**	**3.1%**
Profit before tax	**24,606**	**20,799**	**3,806**	**18.3%**
Income taxes	-2,574	-3,246	673	-20.7%
Net Profit	**27,179**	**24,045**	**3,134**	**13.0%**

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

BALANCE SHEET AND FINANCIAL POSITION OF THE PARENT COMPANY

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

€ '000s	31/12/2020	% of Net invested capital/Total sources	31/12/2019	% of Net invested capital/Total sources	Change	Change %
Intangible assets	570	0.2%	633	0.2%	-64	-10.1%
Tangible fixed assets	110	0.0%	103	0.0%	7	6.4%
Leased tangible fixed assets	843	0.3%	822	0.3%	20	2.5%
Financial assets	308,328	99.8%	284,276	99.9%	24,052	8.5%
Net non-current assets	**309,850**	**100.3%**	**285,835**	**100.5%**	**24,015**	**8.4%**
Trade receivables	671	0.2%	529	0.2%	142	26.9%
Contract assets	309	0.1%	152	0.1%	157	103.7%
Trade payables	-2,665	-0.9%	-2,537	-0.9%	-128	5.0%
Payables to employees	-977	-0.3%	-823	-0.3%	-154	18.8%
Other receivables	2,181	0.7%	944	0.3%	1,237	131.1%
Other payables	-828	-0.3%	-620	-0.2%	-207	33.4%
Current tax assets (liabilities)	265	0.1%	954	0.3%	-690	-72.3%
Deferred tax assets and liabilities	769	0.2%	542	0.2%	228	42.0%
Net working capital	**-275**	**-0.1%**	**-859**	**-0.3%**	**585**	**-68.0%**
Employee benefits	-591	-0.2%	-438	-0.2%	-153	34.9%
Provisions for risks and charges	0	0.0%	0	0.0%	0	n.a.
Total NWC and Provisions	**-866**	**-0.3%**	**-1,298**	**-0.5%**	**432**	**-33.3%**
Assets (Liabilities) held for sale	0	0.0%	0	0.0%	0	n.a.
TOTAL LOANS - NET INVESTED CAPITAL	**308,984**	**100.0%**	**284,537**	**100.0%**	**24,447**	**8.6%**
Shareholders' Equity	**169,787**	**54.9%**	**152,348**	**53.5%**	**17,438**	**11.4%**
Net financial indebtedness	**139,197**	**45.1%**	**132,189**	**46.5%**	**7,008**	**5.3%**
TOTAL SOURCES	**308,984**	**100.0%**	**284,537**	**100.0%**	**24,447**	**8.6%**

Net invested capital grew by €24.4 million due to the €24.0 million increase in *net non-current assets* in *net working capital* and *provisions* of €0.4 million.

Net non-current assets at 31 December 2020 totalled €309,850 thousand, with an increase of €24,015 thousand (+8.4%) compared to 31 December 2019 (€285,835 thousand). The change is the result of the following factors:

- acquisitions of non-controlling interests, due to the exercise of the related *Put* options, of 11.875% of RE Valuta S.p.A. for €2,400 thousand and of 9.75% of Warrant Hub S.p.A. for €14,871 thousand,
- the acquisition of 51% of Swascan S.r.l. for €4,261 thousand and
- the 30% investment in FBS Next S.p.A. for €2,003 thousand.

Shareholders' Equity increased by €17,438 thousand due to the combined effect of:

- the positive comprehensive income for the period of €26,530 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**);
- the €909 thousand increase in the Stock Option Reserve.

The increases in *Net non-current assets* (€24,015 thousand) and in *Net working capital* and *Provisions* (€432 thousand), partially offset by the increase of €17,438 thousand in Shareholders' equity, resulted in an increase of €7,008 thousand in *Net financial indebtedness*.

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

€ '000s

	31/12/2020	31/12/2019	Change	%
A Cash	61,170	19,398	41,772	215.3%
B Other cash equivalents	0	0	0	0.0%
D Cash and cash equivalents (A+B)	**61,170**	**19,398**	**41,772**	**215.3%**
E Current financial receivables	15,120	10,596	4,524	42.7%
F Current bank debt	-63	-11	-53	491.0%
G Current portion of non-current debt	-23,340	-20,891	-2,449	11.7%
H Other current financial debt	-68,120	-52,190	-15,931	30.5%
I Current Financial Debt (F+G+H)	**-91,523**	**-73,091**	**-18,432**	**25.2%**
J Net current Financial position (Indebtedness) (D+E+I)	**-15,234**	**-43,097**	**27,864**	**-64.7%**
K Non-current bank debt	-120,156	-83,687	-36,469	43.6%
L Other non-current financial debt	-3,807	-5,404	1,597	-29.6%
M Non-current financial debt (K+L)	**-123,964**	**-89,092**	**-34,872**	**39.1%**
N Net financial position (Indebtedness) (J+M) (*)	**-139,197**	**-132,189**	**-7,008**	**5.3%**
O Other non-current financial assets	37	35	2	4.7%
P Total net financial position (Indebtedness) (N+O)	**-139,161**	**-132,154**	**-7,007**	**5.3%**

(*) 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 totalled €139,197 thousand, an increase of €7,008 thousand compared to 2019.

Change in net financial indebtedness compared to 31 December 2019:

	€ '000s
Net Financial Indebtedness as at 31/12/2019	**132,189**
Investments in shareholdings	23,374
Free Cash Flow including the dividends collected	-28,786
Purchase of treasury shares	10,001
Financial charges	1,407
Adjustment for leases	214
OCI Derivatives	797
Other changes	1
Net Financial Indebtedness at 31/12/2020	**139,197**

- The exercise by minority shareholders of their *Put* Options on RE Valuta S.p.A. and Warrant Hub S.p.A., the acquisition of control of Swascan S.r.l. and the investment in FBS Next S.p.A. had an impact of €23,374 thousand on *net financial indebtedness*.

- The *Free Cash Flow* generated in the period, including the dividends collected from the subsidiaries, was €28,786 thousand. This figure was a 13.7% increase from the 2019 figure (€25,327 thousand).

- *Net financial charges* for €1,407 thousand, net of dividends collected and the financial component for benefits to the employees for €3 thousand.

- During the year, 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 on the **Treasury share purchase programme**).

- *Adjustment for leases* led to an overall increase in *net financial indebtedness* of €214 thousand. New leases resulted in the recognition of financial liabilities of €223 thousand, the adjustments resulted in the reversal of €9 thousand of financial liabilities, mainly as a result of early terminations.

KEY EVENTS SUBSEQUENT TO YEAR-END

On **7 January 2021,** Tinexta S.p.A. established a joint-stock company called Tinexta Cyber S.p.A. with sole shareholder, with registered office in Rome. The share capital amounts to €1,000,000 divided into no. 1,000,000 ordinary shares with no nominal value and was fully paid up. In January and February, Tinexta S.p.A. made capital contribution payments totalling €50 million.

On **21 January 2021**, Co.Mark S.p.A. finalised an agreement to enter the share capital of Queryo Advance S.r.l. (Queryo), valuing a 60% stake in the company, on a *cash free/debt free* basis, at approximately €8.75 million. The transaction also envisages a variable price component of up to €1.2 million, which will be disbursed by way of *earn-out* in consideration of the 2021 performance. Queryo is a *Digital Agency* founded in 2014, which mainly offers services for the design and management of *Digital ADV* campaigns, SEM (*Search Engine Marketing*) - SEA (*Search Engine Advertising*) and SEO (*Search Engine Optimization*), *Social Media Marketing*, *Remarketing and advanced Web Analytics*, with a distinctly *Data Driven* and *performance-oriented* vision. Co.Mark enters the share capital of Queryo with the aim of extending its offer and supporting the company's development plan over the next few years, which expects to close 2020 with revenues of approximately €4.8 million and an EBITDA of around €2.5 million[2]. For the remaining 40%, a *Put & Call* mechanism is envisaged, based on multiples that vary according to the results actually achieved.

[2] Data prepared according to ITA GAAP standards.

On **22 January 2021**, following the *signing* on 12 October 2020, Tinexta S.p.A., through the newly established Tinexta Cyber S.p.A., finalised the acquisition of 70% of the capital of Corvallis S.r.l. consisting of the Projects and Solutions business unit and the research and development activities of Corvallis S.p.A., and the 100% equity investment in Payotik S.r.l. The acquisition is part of the project for Tinexta to create a new Italian hub of digital security services, supporting the other businesses of the Group, in particular the digital identity business.
The price for the 70% share is €25.0 million plus an earnout that will be disbursed after the approval of the company’s 2020 financial statements if the conditions are met. The agreements envisage that the *Put & Call* option rights relating to the minority shares of the share capital may be exercised in 2024. *As part of Tinexta's new Cyber Security* business unit (“BU”), the skills developed by Corvallis and the size of the division are essential to create advanced solutions and tackle the most complex projects. High skills, highly specialised resources and advanced technologies will make it possible to seize the growing opportunities in the rapidly expanding digital market.

On **26 January 2021**, following the *signing* announced on 12 October 2020, Tinexta S.p.A., through the newly established Tinexta Cyber S.p.A., finalised the acquisition of 60% of the capital of Yoroi, one of the most advanced players in the cybersecurity sector with its Cybaze, Emaze and @Mediaservice.net brands. The acquisition is part of the project for Tinexta to create a new Italian hub of digital security services, supporting the other businesses of the Group, in particular the digital identity business. The price for the 60% share is €19.1 million, plus an *earnout* that will be disbursed after the approval of the company’s 2020 financial statements if the conditions are met. The agreements envisage that the *Put & Call* option rights relating to the minority shares of the share capital may be exercised in 2024. As part of the new Cybersecurity business unit (“BU”) of Tinexta, in addition to the further development of Yoroi's skills in the field of Research & Development, the dedicated team will be responsible for providing cutting-edge responses to companies and organisations that have the need to contain and manage all cyber risks, in order to prevent or reduce the damage potentially deriving from a cyber attack. Yoroi will be consolidated from 1 January 2021.

On **18 February 2021,** Tinexta S.p.a. sold the shareholding representing 51% of the share capital of Swascan S.r.l. at a “spot” price of €2,200 thousand to Tinexta Cyber S.p.A.

BUSINESS OUTLOOK

On 23 February 2021, the Board of Directors approved the strategic guidelines and objectives of the three-year Plan for the period 2021-2023. The Group intends to:

- continue with the gradual enhancement of innovative products and services in all BUs;
- continue to pursue the improvement of operating efficiency, which, together with the strengthening of services with higher added value, will allow the group to increase its *EBITDA Margin;*
- maintaining a strong focus on the generation of operating cash for the purpose of deleveraging, enabling further investments to expand the scope of consolidation.

The *M&A* strategy will continue to have two strands of growth: internationalisation, and enhancement of the offer with new services/products.

The Plan envisages consolidated revenues of €370 million in 2021, and consolidated EBITDA of approximately €96 million, including in the scope and in the comparison data the acquisitions for the new Cybersecurity hub and those for the Innovation & Marketing Services BU.

In 2021-2023, the average annual growth (CAGR) in revenues and EBITDA is expected to be approximately 18%, with an estimated EBITDA Margin of approximately 29% at the end of the period. The projections underlie the continued ability of the various business areas to maintain a “high single digit” average overall growth rate (CAGR) and an overall average increase in EBITDA (CAGR) of around 10%.

The new Cybersecurity BU is expected to contribute for the year 2021 with revenues of approximately €76 million and a growth in revenues of approximately 17% (CAGR) in the three-year period 2021-2023, with an EBITDA Margin gradually improving from approximately 13 to 19%.

It is estimated that the NFP/EBITDA ratio, expected to be around 2x at the end of 2021, will decrease progressively to less than 1x at the end of the Plan period, including an annual distribution of dividends, thereby confirming solid generation of operating cash by the Group.

The targets set out do not contain the opportunities for growth through external strands that the Group, in line with the strategy it has set out, intends to continue to pursue, supported by the solid equity and financial situation and by the significant generation of operating cash that is expected.

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 Board has set a maximum of €25 million for the potential maximum expenditure to buy back the shares to service the Plan.

The Company appointed Banca IMI (now Intesa Sanpaolo) to act as fully independent intermediary in carrying out the aforementioned buyback in compliance with the constraints imposed by the applicable regulations and within the limits set in the aforementioned resolutions.

At 31 December, the Company held 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 the options are allocated to beneficiaries. Exercise of the options is subordinated to achieving EBITDA in the financial statements as at 31 December 2022 of ≥ 80% of the approved budget value. If EBITDA proves to be between ≥ 80% and ≥ 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 Allocation 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.

Following the disposals made during the year, at 31 December 2020 1,640,000 options had been assigned.

HUMAN RESOURCES

At 31 December 2020, the Group had 1,403 employees compared to 1,293 at 31 December 2019.

The Group has an average annual workforce (*FTE: Full Time Equivalents*) of 1,317, broken down by category as set out below:

Number of employees	***Annual average***		***31 December***	
	2020	**2019**	**2020**	**2019**
Senior Management	44	36	45	38
Middle Management	179	172	202	169
Employees	1,094	1,064	1,156	1,086
Total	**1,317**	**1,272**	**1,403**	**1,293**

The national labour contracts applied are:

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

MAIN RISKS AND UNCERTAINTIES

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

INFORMATION ON THE ENVIRONMENT

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

INFORMATION ON CORPORATE GOVERNANCE

The Company has modified its corporate governance system to meet the requirements established by Italian Legislative Decree no. 58/1998 ("Consolidated Finance Act") and the Code of Corporate Governance for Listed Companies, promoted by Borsa Italiana (the "Corporate Governance Code").
Pursuant to art. 123-bis of the Consolidated Finance Act, the Company is required to prepare the annual report on Corporate Governance and Ownership Structures containing a general description of the corporate governance system adopted by the Group and which includes, among other things, information on the ownership structure and on the main governance practices implemented and the characteristics of the internal control and risk management system, also with reference to the financial reporting process.
The Report on Corporate Governance and Ownership Structures, approved by the Board of Directors on 12 March 2021, is available at the registered office of the Company and on the Company website (www.tinexta.com/relazione-sul-governo-societario).

TRANSACTIONS WITH RELATED PARTIES

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

RESEARCH & DEVELOPMENT

In 2020, InfoCert S.p.A. carried out research and development activities for technological innovation and focused its efforts on developing further its core products (Certified Mail, Digital Signature, Digital Preservation and Document Management) and on the Enterprise design activities, to respond quickly and with flexibility to the countless needs generated from private and public markets. In consideration of the continuation of the investment programmes and projects, the company intends to avail itself of the incentives envisaged in Law no. 160, art. 1, paragraphs 198 et seq. (Tax credit for research and development activities, in ecological transition 4.0 and other innovative activities). The benefit due for the current year has been estimated at €266,000.

During the 2020 financial year, Sixtema S.p.A. continued to carry out innovative activities aimed at research, innovation and improvement of products and processes. In continuity with the previous year, it focused its efforts on two areas of activity:

- study and research for the experimentation of innovative products trying to evolve the contents of its offering and to respond quickly and flexibly to the countless needs deriving from the markets served;
- technological innovation with the objective of digital innovation 4.0, including the improvement of business processes in order to achieve a higher level of efficiency of the resources used and a good degree of reliability and integration between applications.

For the development of these projects Sixtema S.p.A. incurred eligible costs totalling €1,368 thousand, on which it intends to access the incentives provided through the Tax Credit for research, development, technological innovation, design and aesthetic conception activities pursuant to the Article 1, paragraphs 198-209, of Law no. 160 of 27 December 2019. The benefit due for 2020 amounts to €158 thousand.

STOCK PERFORMANCE

The Tinexta share price (Ticker: TNXT) closed 2020 at a price of €21.00 per share, compared to €11.60 per share at 31 December 2019, with an increase of €9.40 (+81.0%). At 31 December 2020, the market capitalisation was €991 million.

The minimum closing price in 2020 was €7.28, recorded on 18 March, while the maximum closing price in the reference period was €21.75, recorded on 23 December. During 2020, trading of Tinexta shares on the market managed by Borsa Italiana S.p.A. reached an average daily value of €2,274,927 (+111.3% compared with the average value for 2019) and an average daily volume of 151,682 shares (+58.3% compared with the average daily volume in 2019). In 2020, the Company did not distribute any dividends (€0.228 per share in 2019).

Market Cap

Price @ 30 December 2020 (€)	**21.00**
No. of shares (mn n.)	47.2
Mkt Cap (€ Mn)	**991.3**

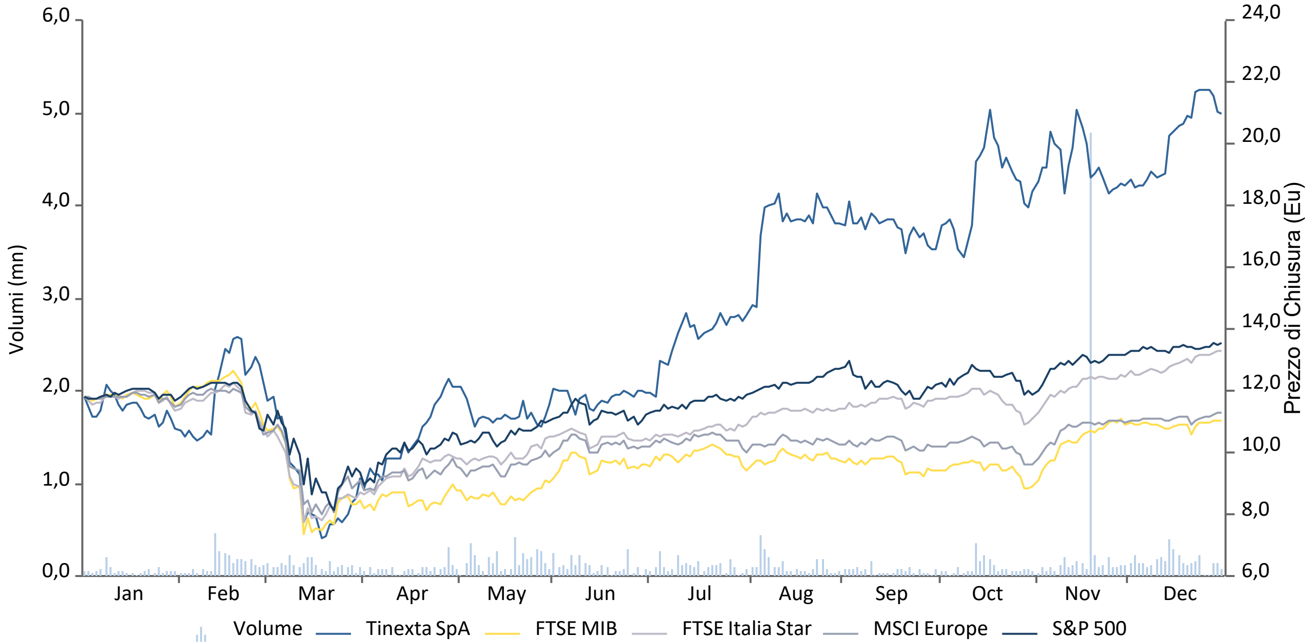
	Closing price			
	1 Month	**3 Months**	**6 months**	**12 Months**
from (included)	*1-Dec-20*	*1-Oct-20*	*1-Jul-20*	*2-Jan-20*
to (included)	*30-Dec-20*	*30-Dec-20*	*30-Dec-20*	*30-Dec-20*
Simple average (€)	**20.04**	**19.28**	**17.67**	**14.38**
Max (Eu)	21.75	21.75	21.75	21.75
Min (Eu)	18.62	16.38	11.86	7.28

	Average daily volumes			
	1 Month	**3 Months**	**6 months**	**12 Months**
from (included)	*1-Dec-20*	*1-Oct-20*	*1-Jul-20*	*2-Jan-20*
to (included)	*30-Dec-20*	*30-Dec-20*	*30-Dec-20*	*30-Dec-20*
No. shares (n. #)	196,714	221,022	166,808	151,940
Countervalue (Eu)	3,938,809	4,260,462	3,018,904	2,279,958
VWAP (Eu)	**20.02**	**19.28**	**18.10**	**15.01**

In 2020, the FTSE MIB Index fell 5.4%, and the FTSE STAR, the index for the STAR segment (Segment of Equities with High Requirements), managed by Borsa Italiana, which includes medium-sized joint-stock companies, rose by 14.1%. In Europe, the MSCI Europe index fell 4.3% in 2020, while in the United States the S&P500 index rose 16.3%.

Comparison of the trend of Tinexta with the main reference indexes

(2 January 2020 - 30 December 2020)



Note: FTSE MIB and FTSE Star indexes recalculated based on the Tinexta prices at 2 January 2020
Source: FactSet

Despite the market context being strongly influenced by the spread of the Covid-19 pandemic, in 2020 the Tinexta share recorded a performance clearly higher than that of the reference indices, with particularly positive results when the 2020-2022 three-year plan was presented. the upward revision of the 2020 guidance and the announcement of the acquisitions made in the second half of the year.

Investor Relations activities were affected by the spread of the Covid-19 pandemic in 2020. Despite the restrictions imposed on the movement of persons and the provisions on physical distancing, the Company managed to meet active investors in the main European financial markets of Milan, London, Paris and Amsterdam thanks to participation in "virtual" conferences organised by Borsa Italiana and by various financial intermediaries. The Company has held regular *conference calls* following the year results and has facilitated interactions with management ("Team Tinexta Day") in order to provide in-depth information on the structure and growth strategies of the Group. The Company is supported in its *Investor Relations* by a *Specialist* (Intermonte) and two *Corporate Brokers* (Banca IMI and Mediobanca).

In the first few months of 2021, the share price increased further, bringing the price per share to a high of €23.20 on 15 February (+10.5% compared to the end of 2020).

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

The reconciliation between Shareholders' Equity and Profit for the year, highlighted in the Parent Company's statements, and the Group Shareholders' Equity and Group Profit for the year, presented in the Consolidated Financial Statements, shows that at 31 December 2020, the Consolidated Shareholders' Equity was €47 thousand higher than that of Tinexta S.p.A., and the Consolidated Net profit of €37,210 thousand was €10,100 thousand higher than that of Tinexta S.p.A.

Amounts in thousands of Euro	2020 net profit	Shareholders' Equity 31/12/2020	2019 net profit	Shareholders' Equity 31/12/2019
Tinexta S.p.A.	**27,179**	**169,787**	**24,045**	**152,348**
Shareholders' Equity of consolidated companies and allocation of their results	51,870	99,585	45,982	84,788
Book value of consolidated equity investments		-306,288		-284,241
Recognition of liabilities for put options		-10,448		-16,396
Allocation of goodwill		195,391		182,464
Allocation of intangible assets	-3,738	26,878	-3,738	30,616
Recognition in the Income statement of the adjustment of contingent consideration	161	0	-1,333	0
Recognition in the income statement of ancillary expenses for acquisition of shareholdings	-1,002	-901	0	0
Derecognition of intra-group dividends	-36,588	0	-36,242	0
Use of non-deductible interest expense in tax consolidation	-84	157	4	241
Equity Method valuation of associated companies	4	4	0	0
Other consolidation adjustments	111	-284	60	-395
Shareholders' Equity and profit for the year attributable to minorities	-635	-4,047	-597	-3,859
Tinexta Group_Consolidated Financial Statements	**37,279**	**169,834**	**28,182**	**145,567**

PROPOSED ALLOCATION OF THE 2020 PROFIT OF TINEXTA S.P.A.

In inviting you to approve the Financial Statements and the Report as presented, we invite you to approve the allocation of the profit for the year, amounting to €27,179,150.72, as follows:

- 5% of the profit for the year to legal reserve, in the amount of €1,358,957.54;
- €12,045,567.56 for dividend distribution, equal to €0.26 per share;
- €13,774,625.62 to profits carried forward.

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

METHODOLOGICAL NOTE

This Consolidated Non-Financial Statement (hereinafter also "NFD" or "Statement") of the Tinexta Group (hereinafter also the "Group" and "Tinexta") for the year ended 31 December 2020 was prepared in compliance with Italian Legislative Decree 254/2016 - issued in implementation of European Parliament and Council Directive 2014/95/EU of 22 October 2014.

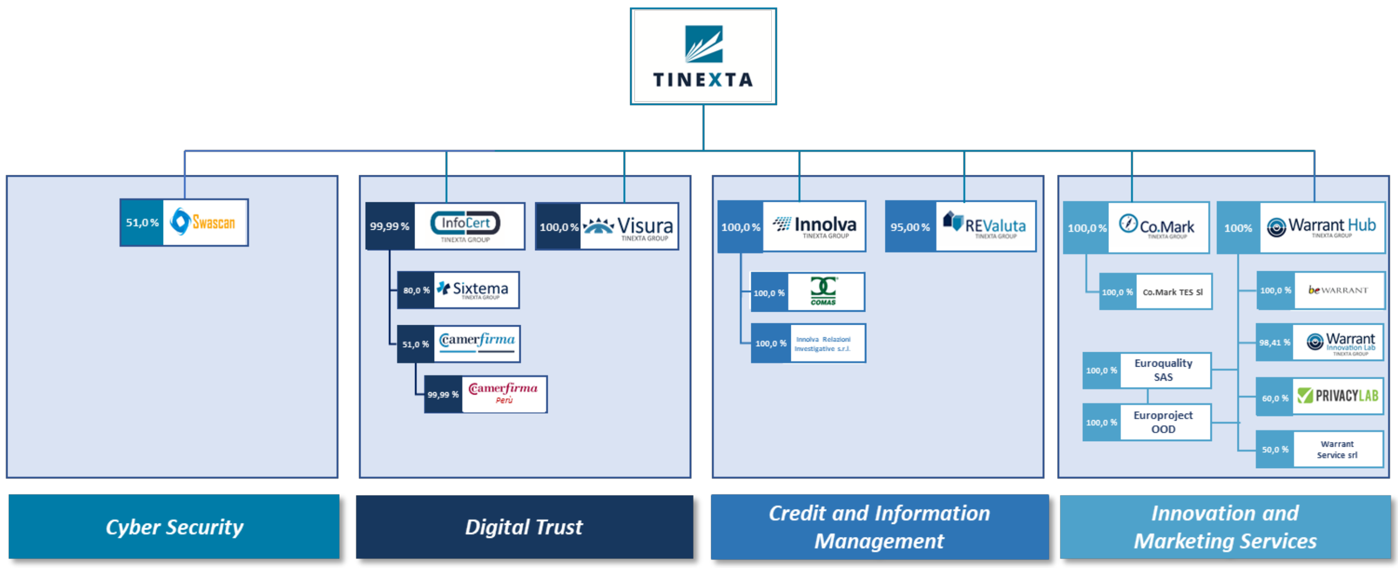
Therefore, it constitutes the report of the relevant impacts of Tinexta Group's business activities related to aspects referred to in the aforementioned Legislative Decree.

In all significant aspects, the NFD was drafted in compliance with the requirements of arts. 3 and 4 of Legislative Decree 254/2016 and the "*GRI Standards*" defined in 2016 by the GRI - *Global Reporting Initiative* , in accordance with the "*Core*" option. The NFD of the previous year, published on 4 April 2020, was also drawn up in accordance with this option.

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

Scope of the Consolidated Non-Financial Declaration

The chart that follows outlines the structure of Tinexta Group, including controlling interests held, at 31 December 2020, to which the associates ETuitus S.r.l., Camerfima Colombia S.A.S., Creditreform GPA Ticino S.A., Innovazione 2 Sagl, Digital Hub S.r.l. and Authada GmbH were added.



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

- Tinexta S.p.A.
- InfoCert S.p.A.
- Sixtema S.p.A.
- Visura S.p.A.
- Innolva S.p.A.
- Innolva Relazioni Investigative S.r.l.

- Comas S.r.l.
- Re Valuta S.p.A.
- Co.Mark S.p.A.
- Warrant Hub S.p.A.
- Bewarrant S.p.r.l.
- Warrant Innovation Lab S.c.a.r.l.
- Warrant Service S.r.l.
- PrivacyLab S.r.l.

According to the provisions of arts. 3 and 4 of Legislative Decree 254/2016, the scope of this NFD includes the companies consolidated on a line-by-line basis, *"to the extent necessary to ensure an understanding of the group's activity, its performance, results, and the impact it generates".* The principle of materiality, expressly referred to in Legislative Decree 254/2016, was used to identify the issues to be reported in this NFD.

With the objective of gradual consolidation of the subsidiaries, the following companies were added to the scope of consolidation with respect to the NFD of the previous year: Innolva Relazioni Investigative S.r.l., Comas S.r.l., Bewarrant S.p.r.l. and PrivacyLab S.r.l., in addition to Promozioni Servizi S.r.l. merged into Innolva S.p.A. at 31 December 2020.

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

The quantitative information at 31 December 2020 refers to the previously indicated reporting scope; these figures are then compared, when available, with the data of 2018 and 2019 published in the NFD of the previous period, the scope of which does not significantly differ from the current one.

Note that, in consideration of the specific *business* sector, the Group's activities do not entail significant water consumption or the emission of pollutants into the atmosphere that are not included in greenhouse gas emissions. Therefore, while ensuring an adequate understanding of the business (for more information, see the paragraphs "ESG aspects" and "Responsible management of the environment), these issues (referred to in art. 3, paragraph 2 of Legislative Decree 254/16) are not subject to reporting in this document, as permitted by article 3, paragraph 6 of the aforementioned decree.

Materiality analysis

In 2020, Tinexta updated the materiality matrix for the purpose of drafting this NFD.

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

The method adopted in 2020, in continuity with that of the NFD of the previous year, includes *Stakeholder engagement* through the involvement of employees, suppliers and customers, in addition to examining the feedback received from investors.

The process followed was divided into three different phases, as detailed below.

The first phase consisted of a documentary analysis preparatory to the materiality analysis, launched in the second half of September and concerning various internal aspects (including strategic and operational objectives with a focus on sustainability issues linked to the *business*) and external sustainability issues (*media search)*, *benchmarking* of the main *comparables*, and *Investor Relations*) with the aim of ensuring that the information to be reported is reasonably complete.

Following this analysis, which revealed 25 sustainability issues potentially important for the Tinexta Group, there was an opportunity to develop a new Materiality Analysis in line with the best practices identified by the benchmarking, which determined that most Italian companies that publish an NFD update their Materiality Analysis annually.

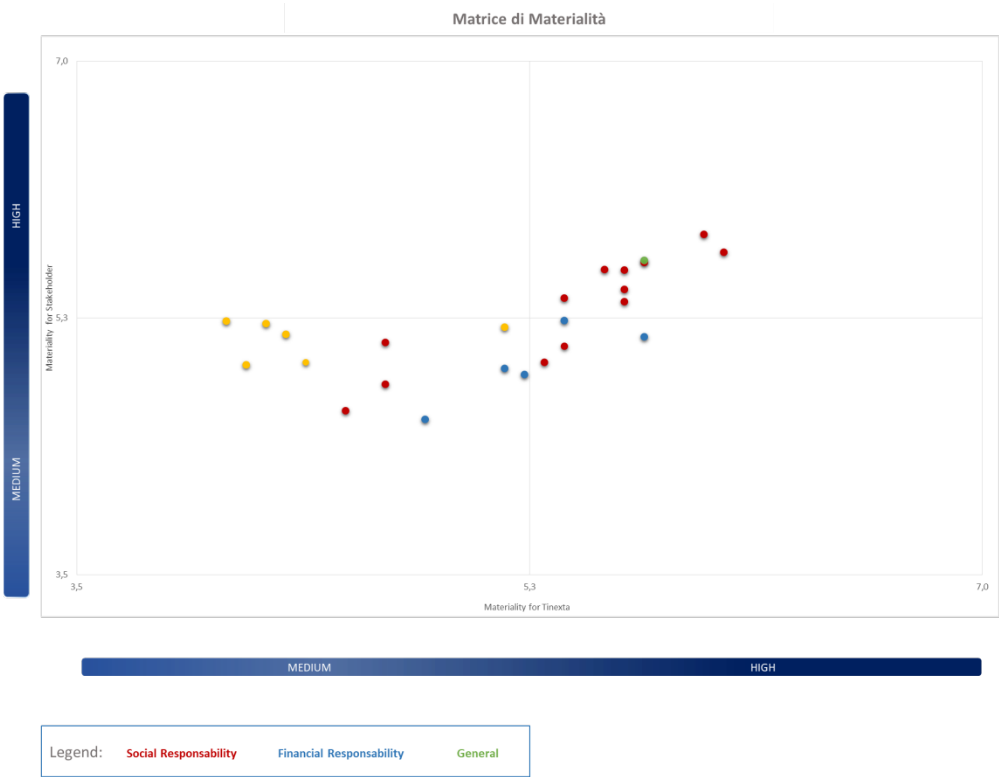
The second phase consisted in the preparation/updating and administration of a questionnaire on the sustainability issues that emerged in the previous phase, through an *online tool,* to a significant sample of *stakeholders*. The purpose of the questionnaire was to identify which of the issues that emerged in the previous phase were most significant for Tinexta's *business* and/or its *stakeholders*, so they could be reported in this document.

The questionnaire was completed by the *management* of the Parent Company and main subsidiaries as well as by *both internal and external stakeholders*, represented by a sample of employees of the companies within the NFD perimeter as well as by some customers and suppliers.

The third phase was analysis of the data received after the questionnaires had been completed, and development of the Analysis and its Materiality matrix, which plots the average values on each issue important to the Group on the x axis and the average values on each issue important to the *stakeholders* on the y axis.

A total of 13 material topics emerged from the 2020 Materiality Analysis, of which 3 new compared to the 2019 analysis, i.e. *Personnel selection and retention*, Ethical supply chain and Effective workforce management in terms of diversity and equal opportunities.

In contrast to the previous year, the issue of market presence did not emerge; therefore GRI 202-2 indicator is not reported in the DNS, and nor are non-material indicators GRI 203-1, GRI 307-1 and GRI 308-1.



It follows that the Materiality Matrix was focussed on the issues that are important to Tinexta and its stakeholders.

Reconciliation Table

The following is a reconciliation table to facilitate identification in the NFD of the aspects envisaged in Legislative Decree 254/2016 cross-referencing them with the issues that emerged from the Materiality Matrix, the corresponding issues envisaged by GRI, and the related GRI indicators reported.

Aspects envisaged in Legislative Decree 254/2016	Material topics identified by the Materiality Matrix	Topic-Specific GRI Standards	GRI KPI	2020 NFD chapters
Organisation and management model	Sustainability in the *business* strategy: system of rules, procedures	General Standard Disclosure - *Stakeholder* engagement	-	Corporate governance
Social	Quality of services and customer satisfaction	GRI 417 - Marketing and labelling	417-2	Responsible management of the service
	Data protection and privacy safeguarding	GRI 418 - Customer privacy	418-1	Responsible management of the service
	Economic performance	GRI 201 - Economic performance	201-1	Economic and financial responsibility
Personnel	Skills development and personnel training	GRI 404 – Training and education	404-1	Training and development
	Occupational health and safety	GRI 403 - Occupational Health and Safety	403-9	Responsible management of human resources and human rights
	Personnel selection and *retention*	GRI 401 - Employment	401-1	Responsible management of human resources and human rights
	Effective management of the workforce in terms of diversity and equal opportunities	GRI 405: Diversity and equal opportunity	405-1	Responsible management of human resources and human rights
Combating active and passive corruption	Anti-corruption policies and programmes	GRI 205 - Anti-corruption	205-3	Combating active and passive corruption
	Quality of relations with institutions	GRI 415 - Public policy	415-1	Combating active and passive corruption
	Socioeconomic compliance	GRI 419 - Socio-economic compliance	419-1	Combating active and passive corruption
Respect for human rights	Commitment to non-discrimination among individuals	GRI 406 - Non-discrimination	406-1	Responsible management of human resources and human rights
Supply chains	Ethical supply chain (Compliance with the Code of Ethics along the supply chain)	General Standard Disclosure - Supply chain	-	Responsible management of the supply chain

Controls and procedures for managing risks generated or incurred

The principal methods adopted by the Tinexta Group to manage the risks related to the issues envisaged by Legislative Decree 254/16, as emerged from the Materiality Analysis are summarised below.

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

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

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

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
Corporate governance	Risk of underestimating economic, environmental and social impacts	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisation, management and control model pursuant to Legislative Decree 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Organisation, management and control model pursuant to Legislative Decree 262/2005; • Control mapping • Group *risk management* • Any quality certifications obtained; • Register of suppliers • Management Control, periodic management reporting, KPIs, personnel appraisal procedure, catalogue of personnel training courses; • *Stakeholder engagement*.
Responsible management of the service	Risk of violation of IT security Risk of data loss and/or damage to data centres Reputation risk	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisation, management and control model pursuant to Legislative Decree 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Guidelines for managing safety and privacy in the preparation of products and services by the Parent Company; • Audit GDPR - Checklist containing a checklist of the controls, in accordance with the GDPR, to use for internal verification and for qualifying the suppliers;

<table>
<tr><th>NFD chapter</th><th>Risks generated or incurred</th><th>Management methods, procedures and controls adopted</th></tr>
<tr><td></td><td></td><td>Integrated Cyber Security Assessment;
Group guidelines for the safe use of workstations in smart working mode;
“Privacy Lab” privacy compliance management system
GDPR Report;
Data Protection Policy;
DPO & IT Security Audit Director at the Group level;
Any quality certifications obtained;
Internal Audit oversight;
Training and developing awareness for personnel;
Information flows to Supervisory Board.</td></tr>
<tr><td>Combating active and passive corruption</td><td>Risks relative to crimes linked to corruption

Corporate crimes

Risks relative to non-compliance or violation of reference regulations</td><td>Guidelines for drawing up the organisation, management and control model of the Tinexta Group;
Organisational model pursuant to Leg. Dec. 231/2001;
Code of Ethics and Conduct of the Tinexta Group;
Compliance system through whistle-blowing channel;
Procedure for transactions with related parties;
Internal Audit oversight;
Training programmes;
Information flows to Supervisory Board.</td></tr>
<tr><td>Responsible management of human resources and human rights</td><td>Increased turnover and loss of competent and key personnel

Level of work-related stress

Generational turnover in technical and professional skills</td><td>Guidelines for drawing up the organisation, management and control model of the Tinexta Group;
Organisational model pursuant to Leg. Dec. 231/2001;
Code of Ethics and Conduct of the Tinexta Group;
Specific business provisions for personnel management;
Risk Assessment Document (RAD);
Internal Audit oversight;
Training programmes;
Information flows to Supervisory Board.</td></tr>
<tr><td>Responsible management of the supply chain</td><td>Risk of non-compliance with the Code of Ethics along the supply chain</td><td>Guidelines for drawing up the organisation, management and control model of the Tinexta Group;
Organisational model pursuant to Leg. Dec. 231/2001;
Code of Ethics and Conduct of the Tinexta Group;</td></tr>
</table>

NFD chapter	Risks generated or incurred	Management methods, procedures and controls adopted
		• Group Procurement Function for oversight of the supply chain; • Process for evaluation by the Parent Company of the monitoring of suppliers' performance and fulfilment of contractual obligations; • Register of suppliers and qualification process; • Availability of specialised reporting for product categories, both in qualification phase and in supplier service assessment; • *Internal Audit* oversight; • Training programmes; • Information flows to Supervisory Board.
Responsible management of the supply chain	Risk of non-compliance with the Code of Ethics along the supply chain	• Guidelines for drawing up the organisation, management and control model of the Tinexta Group; • Organisational model pursuant to Leg. Dec. 231/2001; • Code of Ethics and Conduct of the Tinexta Group; • Group Procurement Function for oversight of the supply chain; • Process for evaluation by the Parent Company of the monitoring of suppliers' performance and fulfilment of contractual obligations; • Register of suppliers and qualification process; • Availability of specialised reporting for product categories, both in qualification phase and in supplier service assessment; • *Internal Audit* oversight; • Training programmes; • Information flows to Supervisory Board.

Reporting process

The contents of this Consolidated Non-Financial Declaration have been validated and approved to ensure that it was developed in compliance with the "Reporting Procedure for the Non-Financial Declaration", adopted by the Group. The procedure in force is the third that the Group has issued on the NFD; it came into force on 16 November 2020 and revised and updated the previous one issued in 2019. In particular, the procedure governs the responsibilities of the various parties in the process, namely: the NFD Reporting Process Manager, Operational Coordinator, and local Representatives at the individual companies.

Within each subsidiary the local Representative is identified as the person locally responsible for the process of collecting and sending non-financial information; he/she must share the forms completed and signed by the managers of the Work Unit with the Chief Executive Officer/General Manager of the company for their approval and signature.

The definitive contents is approved by the Board of Directors of the Parent Company, Tinexta S.p.A., and subject to review by the designated external auditor, in accordance with the methodologies specified in standard ISAE 3000 (Limited Assurance).

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

BUSINESS MODEL

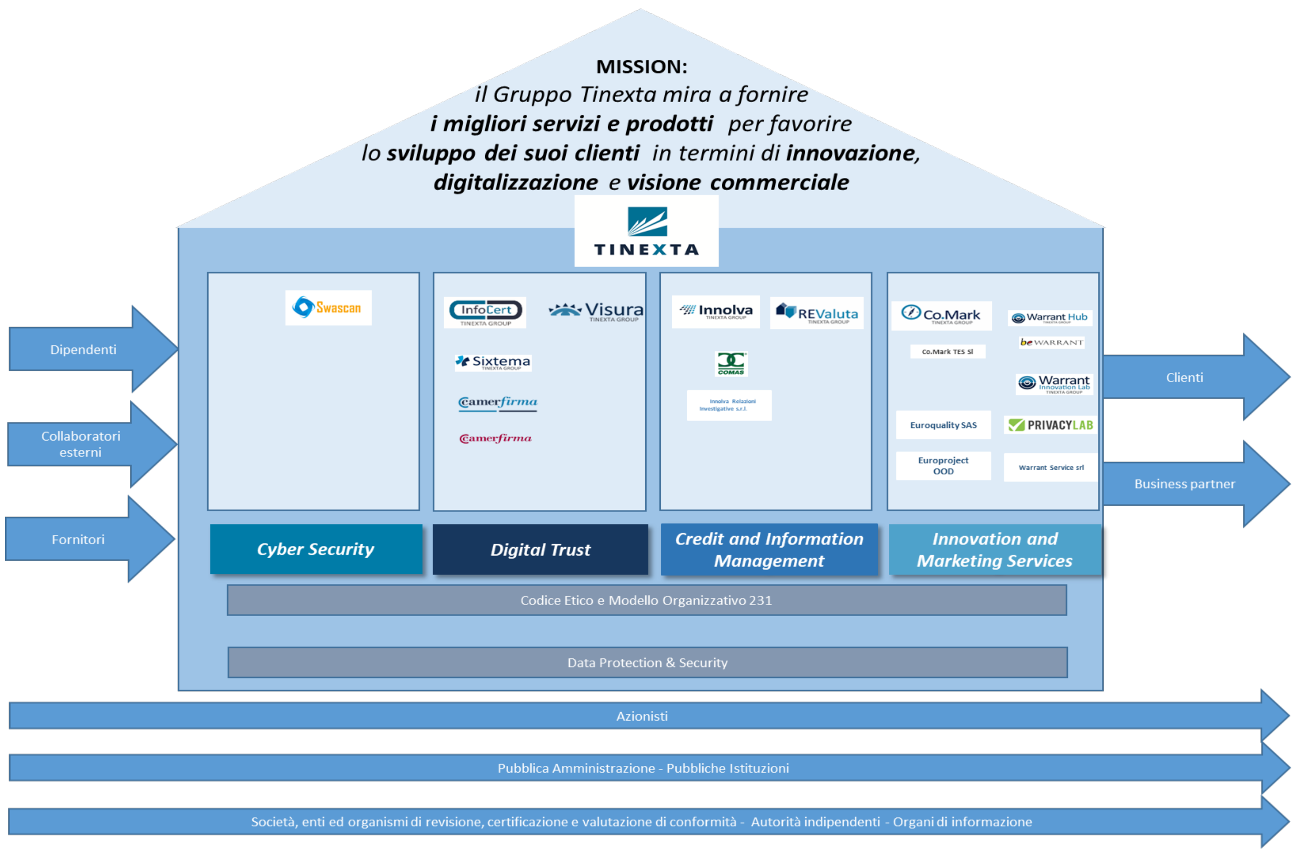
Tinexta, the heir of the Tecnoinvestimenti Group, is a dynamic industrial Group that is growing rapidly.

The Shares of the Parent Company Tinexta S.p.A. are all registered, indivisible and freely transferable; they are currently listed on the Electronic Equity Market (MTA) organised and managed by Borsa Italiana S.p.A., STAR segment, from 30 August 2016. 55.75% of the shares are held by Tecno Holding, an investee company of the main Chambers of Commerce and Unioncamere.

The Group has offices primarily in Italy, with many offices throughout the country, as well as in Spain, Belgium, and Peru, through subsidiary companies. The Parent Company has offices in Rome, Milan, Turin and Padua.

The Tinexta Group operates in Italy, and to a lesser extent abroad, in a broad range of service sectors: *Digital Trust, Credit Information & Management* ,and *Innovation & Marketing Services*.

Through its subsidiaries, Tinexta is one of the leading operators in Italy in the three areas of *business* (business units -*BU*):



Digital Trust, Credit Information & Management, Innovation & Marketing Services.

DIGITAL TRUST

- La BU *Digital Trust* propone al mercato soluzioni informatiche per l'**identità digitale** e la **dematerializzazione dei processi:**
  - *Off the Shelf* (*Telematic Trust Solutions*) quali la posta elettronica certificata (Legalmail), la conservazione elettronica, la firma digitale e la fatturazione elettronica.
  - *Enterprise Solutions* quali *Trusted Onboarding Platform (TOP)* e *GoSign*, rientranti nel mercato di Digital Transaction Management.
- Le attività sono prestate attraverso **InfoCert S.p.A.**, le sue controllate e collegate e **Visura S.p.A.**.

CREDIT & INFORMATION MANAGEMENT

- La BU *Credit Information & Management* eroga servizi standard e a valore aggiunto principalmente finalizzati a supportare i **processi di erogazione, valutazione e recupero del credito,** sia nel settore bancario sia nel settore industriale.
- Si tratta di servizi quali informazioni camerali e immobiliari, report aggregati, rating sintetici, modelli decisionali, valutazione e recupero del credito, perizie e valutazioni immobiliari.
- Le attività sono prestate attraverso **Innolva S.p.A.**, le sue controllate e **RE Valuta S.p.A.**.

INNOVATION & MARKETING SERVICES

- La BU *Innovation & Marketing Services* offre una **piattaforma di consulenze alle PMI.**
- Le attività sono prestate attraverso le seguenti società:
  - **Co.Mark S.p.A.** e la sua controllata **Co.Mark TES S.L.** (Spagna), attraverso un team di TES® (*Temporary Export Specialist®*), erogano servizi di internazionalizzazione, ricerca di clienti e creazione di opportunità commerciali.
  - **Warrant Hub S.p.A.** e le sue controllate offrono principalmente servizi di consulenza alle imprese che investono in produttività, innovazione, ricerca e sviluppo, con un focus su finanziamenti agevolati ed integrati.

In the fourth quarter of 2020, the Group launched the new ***Cyber Security business unit***, created to seize the growing opportunities in the rapidly expanding digital market. As described below, this involves 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.

The new *business unit* will be endowed with the critical mass necessary to manage complex projects for financial operators and large companies, along with solutions for small and medium-sized enterprises. In this way, Tinexta is significantly extending its offer of digital services and technologies, creating a leading operator of national and international standing able, together with the *Digital Trust business unit*, to offer unique solutions in the European landscape.

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

- **expanding** their *business* through the secure use of the web and digital tools for growth, in full compliance with the European standards;
- **managing and protecting** their *business* in an informed and updated way;
- **facilitating** access to credit, financing and production expansion;
- **broadening** the commercial areas of operation of the company, promoting exports.

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

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

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

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

At 31 December 2020 the number of Group employees was 1,403 (within the scope to which this Declaration applies, the number of employees was 1,292), consolidated revenues amounted to €269.1 million and total share capital was €991.3 million.

Tinexta S.p.A., the Parent Company, directs the management and coordination of the subsidiaries, assisting the corporate units in their principal staff functions, namely Administration and Finance, Management Control and Planning, Procurement, ICT, Mergers and Acquisitions, Corporate and Legal Affairs, Sales Marketing and Strategic Innovation, Human Resources and Organisation, Compliance, Data Protection, External Relations and Communication, and Internal Audit.

A brief overview of the other Group companies that fall within the reporting scope of the NFD is provided below.

Digital Trust	InfoCert	InfoCert S.p.A. ("InfoCert") is one of the principal European ***Certification Authorities***, active in more than twenty countries. With offices in Rome, Milan and Padua, it provides digitalisation, *e*-Delivery, digital signature and digital preservation of documents and is an AgID-accredited digital identity manager in the SPID system. It is the European leader in offering *Digital Trust* services that are fully compliant with European requirements and standards. Its offer is directed to both public and private companies operating in the sectors of banking, insurance, pharmaceutical, manufacturing, *energy, utilities, commercial distribution,* environment, quality, safety, healthcare, and public administration, as well as to trade associations, professional bodies, and professionals. It has invested considerably in research & development, and in quality, evidenced by the high number of patents it holds and its ISO 9001, 27001 and 20000 quality certifications. It owns 80% of Sixtema S.p.A., and, with a view to global expansion, in 2018 it acquired 51% of the share capital of Camerfirma S.A., one of the principal Certification Authorities present in Spain, and entered into a commercial *partnership* with LuxTrust.
	Sixtema	Sixtema S.p.A. ("Sixtema") provides IT and management services to companies, entities, associations and institutions, with a particular focus on the world of CNAs - (Confederations of Craftsmen and SMEs). It is 80% owned by InfoCert S.p.A., while the remaining 20% is held by some entities related to CNAs. Its employees are located at its branches in Modena, Florence, Ancona, Pisa, and Milan. The company, in its capacity as service provider, delivers an integrated technology infrastructure service (including *software, connectivity, and application software management services*) to more than 5,000 users. The company uses a *data* centre through which it provides its software services in ASP and/or SaaS mode. The service offers: • **Software solutions**: integration and management platforms for professionals (fulfilment of all tax, employment law and other general legal requirements) for the management of all credit consortia issues, and for micro-enterprises; • **Infrastructural solutions**: software services are provided, through the *data centre*, in SaaS mode and as Service Provider; moreover, the offer includes integrated software services, connectivity based on private and public network services, *application software management, system management, network management* and *desktop management*; • **Advisory Services**: primarily services for the interpretation of regulator, fiscal, tax and corporate, employment and contract law; consultancy and training for internationalisation; • **Trusted Services**: resale, in cooperation with InfoCert, of services for e-mailing, digital signature, e-invoicing and digital document storage as well as innovative process digitalisation and dematerialisation services.
	Visura	Visura S.p.A. ("Visura") is an online search company that **offers web services based on *online* access to the main central and local government databases**. The information is made available in real time through a specific e-commerce portal.

		The range of services provided by Visura is broad and meets the expectations of its different categories of user: company searches, filing of financial statements/Starweb with the Corporate Registry, cadastral property searches, title registry searches, and vehicle registry searches, floor plans, investigative information, electronic access to Remote Civil Proceedings for Expert Witnesses, "Universo Imprese". The latter provides "monitoring" of companies or natural persons in order to be promptly notified in the event of changes in Business Register data, property data, negative events (protests, prejudicial title registrations and court proceedings). In addition to the resale service of databases, Visura is also active in the area of the sale of *Digital Trust* solutions within the market of single professionals, Professional Bodies and private companies, in the capacity as an accredited distributor of Certified E-mails, e-Signatures, e-Invoicing and Storage in compliance with applicable regulations. The operating structure is composed of three specific *business* lines: the Visura B.L., Visura, with offices in Rome, for companies and various professionals throughout the country; Lextel B.U., with offices in Rome, mainly dedicated to the world of lawyers and ISI B.L., with offices in Parma, specifically focussed on the world of professional bodies or associations and the supply of management software solutions dedicated to them.
Credit Information & Management	REValuta TINEXTA GROUP	RE Valuta S.p.A. ("RE Valuta") operates in **the property valuation sector**, mainly for credit institutions (97% of turnover). This market is composed of two segments, retail (residential, offices, shops) and *corporate* (valuations for NPLs, credit restructuring plans, and IAS/IFRS application, property revaluation and property *due diligence*. Market operators can be divided into 4 *clusters*: large diversified operators that work mainly in the area of *Credit Information*; international *real estate* operators integrated along the value chain and therefore also operating in the valuation segment; national integrated *real estate* operators; and operators specialised in the real estate valuation segment. The company's operating and registered office is in Milan.
	Innolva TINEXTA GROUP	Innolva S.p.A. ("Innolva") has for 30 years been a player of reference in credit management and recovery, as well as in the supply of official and property data, in both the *corporate* and the financial sectors. It collects, processes and interprets data from different sources in order to allow the organisations to make educated decisions based on updated and complete information. The range of services provided by Innolva acquires a particular added value through the development of customised solutions for data integration in the management platforms of the customers, which guarantee maximisation of the results and the best synergies for achieving the highest operational efficiency. At the end of 2020, Innolva incorporated the subsidiary Promozione Servizi S.r.l., which offers advice to banks and financial intermediaries and is a market leader in the acquisition, management and activation of the guarantee issued by the Guarantee Fund for SMEs. The main offices are in Buja (registered office), which houses the Debt Collection units, in Milan (headquarters) for the Commercial Information and Real Estate Services units, and in Vicenza for the operations of the incorporated company Promozioni Servizi.

	COMAS	Comas S.r.l. ("Comas"), established in 1976, is predominantly active in the resale, through its own websites, of business information such as filings with Chambers of Commerce, cadastral property registries, title registers, and vehicle registries, local registry certificates, court certificates, reports on natural and legal persons and other information services. The company also carries out judicial and extra-judicial debt collection activities both in Italy and abroad; it operates in the B2B e-commerce sector. The customer base consists largely of companies, banks, financial institutions and self-employed individuals. The company's business activity is conducted mainly through the following websites: infocomas.it, visureinrete.it, catastoinrete.it, recuperocrediti.it, visuracameralegratis.it, visurecatastaligratis.it, visuraprasubito.it. Comas carries out its operations at its registered office in Arezzo and in 2020 merged Webber S.r.l. by incorporation.
	Innolva Relazioni Investigative S.r.l..	Innolva Relazioni Investigative S.r.l. ("Innolva RI"), established in 2019, is the company dedicated to high expertise search and tracing activities in debtor tracing investigations. The company is based in Brescia.

Innovation & Marketing Services	Co.Mark TINEXTA GROUP	Co.Mark S.p.A. ("Co.Mark") is a consultancy company that provides services for SMEs, mainly consisting of a customised consultancy service aimed at developing trade in foreign markets. The registered and operating office is in Bergamo; the Temporary Export Specialists carry out their activities at the customer's site and therefore throughout the national territory. More than 90% of customers are medium, small and micro-enterprises, operating in various business sectors.
	Warrant Hub TINEXTA GROUP	Warrant Hub S.p.A. ("Warrant Hub") works alongside companies throughout Italy, assisting them in obtaining the incentives available for business development at a national, local and EU level. The headquarters of Warrant Hub is in Correggio, in the province of Reggio Emilia. Branch offices are also in Correggio (RE) which houses *business units* involved in energy efficiency and business finance, Casalecchio di Reno (BO) which houses the *business unit* responsible for European funding, and Piossasco (TO) which houses an office for reporting on automated financial aid cases and Naples. The target market is SMEs, which represent around 80% of turnover, with around 80% distributed throughout the central-northern regions. The main services offered by the company to its customers are consultancy in the field of national and regional automatic financial aid, European funding, business finance, energy efficiency and training for companies.
	be WARRANT	Bewarrant S.p.r.l. ("BEwarrant") supports European research, development or innovation projects, promoting access to the European non-repayable co-financing on the programmes dedicated to this, such as *Horizon Europe, Life, SME Instrument* and *Fast Track to Innovation*. The company is based in Belgium.
	Warrant Innovation Lab TINEXTA GROUP	Warrant Innovation Lab S.r.l. ("Warrant Innovation Lab") manages Technology Transfer, *Patent Box*, GDPR and *Digital Transformation* services. The headquarters of Warrant Innovation Lab is in Correggio in the province of Reggio Emilia.
	Warrant Service S.r.l.	Warrant Service S.r.l. ("Warrant Service") is a commercial company (exclusive agent) that procures assignment mandates for Warrant Hub. The company's office is situated in Reggio Emilia.
	PRIVACYLAB	PrivacyLab S.r.l. ("Privacy Lab)", acquired in January 2020, operates in the sale of licenses, consulting, training and *tools* for managing GDPR *compliance* . The solution proposed by Privacy Lab makes it possible to verify the status of company *compliance* with regard to privacy, through the assessment, possible generation and management of all the necessary documentation and all the obligations including organisational checks and any training. The company's office is situated in Parma.

Significant changes

In 2020, there were no significant changes in the Group's size, organisational and ownership structure, and in its supply chain compared to the previous year.

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

In particular, note:

- On 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 is part of the process to diversify the offer under the Industry 4.0 Plan, leveraging the know-how related to advisory expertise on innovation, already present in subsidiary Warrant Innovation Lab S.r.l. and under the strategy of growth focused on the capacity to adopt solutions that are easily scalable.
- On **17 February 2020**, the merger by incorporation of Webber S.r.l. into Comas S.r.l., both subsidiaries of Innolva S.p.A., was completed, with legal effect from 1 March 2020.
- On 28 April 2020 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 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.
- On 15 June 2020, the option rights on 11.875% of the share capital of **RE Valuta** S.p.A. were exercised. Following this transaction, Tinexta holds 95% of the company.
- 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.
- 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.
- 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 pre-emptive 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.

- 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 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 Projects and Solutions – 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.

  The *closing* of the acquisitions, with the exception of that of **Swascan**, completed on 20 October 2020, took place at the beginning of 2021. The three companies will be the operating core of the new Tinexta *Cybersecurity business unit*, which will have the skills, highly specialised resources and advanced technologies to take advantage of growing opportunities in the expanding digital market.
- On 28 October 2020, Tinexta S.p.A. subscribed a 30% stake in the capital of **FBS Next** S.p.A., a company operating in the impaired loans sector (NPL/UTP), which carries out servicer and portfolio management of impaired loans and promoters, and activities ancillary to the above. The company will operate in synergy with Group companies Re Valuta S.p.A. and Innolva S.p.A.

- On 11 November 2020, Warrant Hub S.p.A. finalised the acquisition of **Euroquality** SAS, based in Paris, and affiliate **Europroject** OOD, based in Sofia (Bulgaria), consulting companies specialised in supporting its customers in accessing European funds for innovation. The acquisition is part of the process of geographical expansion of the Warrant Group, giving priority to countries such as France, which has an entrepreneurial fabric and a legislative framework similar to those of the Italian market.

Significant events after 31 December 2020 include the following:

- On 21 January 2021, Co.Mark S.p.A. finalised an agreement to enter the share capital of **Queryo Advance** S.r.l., a Digital Agency founded in 2014, which mainly offers services for the design and management of Digital ADV campaigns, SEM (Search Engine Marketing) - SEA (Search Engine Advertising) and SEO (Search Engine Optimization), Social Media Marketing, Remarketing and advanced Web Analytics, with a distinctly Data Driven and performance-oriented vision. Co.Mark enters the share capital of Queryo with the aim of extending its offer and supporting the company's development plan over the next few years.

- On 22 January 2021, following the signing of 12 October 2020, Tinexta S.p.A. completed the acquisition of 70% of the capital of **Corvallis** S.r.l., consisting of the Projects and Solutions business unit and the research and development activities of Corvallis S.p.A. The acquisition is part of the project aimed at the creation by Tinexta of a new Italian hub of digital security services, which supports the other businesses of the Group, in particular that of digital identity. As part of Tinexta's new *Cyber Security business unit*, the skills developed by Corvallis and the size of the division are essential to create advanced solutions and tackle the most complex projects. High skills, highly specialised resources and advanced technologies will make it possible to seize the growing opportunities in the rapidly expanding digital market.

- On 26 January 2021, following the signing of 12 October 2020, Tinexta S.p.A. finalised the acquisition of 60% of the capital of **Yoroi**, one of the most advanced players in the cybersecurity sector with its Cybaze, Emaze and @Mediaservice.net brands. As part of Tinexta's new *Cybersecurity business unit*, in addition to the further development of Yoroi's skills in the field of Research & Development, the dedicated team will be responsible for providing cutting-edge solutions to companies and organisations that need to contain and manage all cyber risks, in order to prevent or reduce the damage potentially deriving from a cyber attack.

- On 18 **February 2021,** Tinexta S.p.A. sold its shareholding representing 51% of the share capital of Swascan S.r.l. to Tinexta Cyber S.p.A.

Key impacts, risks and challenges/opportunities

In 2020, in a complex macroeconomic context, the Group continued its path of growth and improvement in profitability by further reducing net financial indebtedness, completing a series of acquisitions with significant potential for revenue growth and increase in profitability between the end of 2020 e the first few months of 2021.

The Group's 2020 performance reflects some distinctive elements, including the resilience of all business areas, in which the Group has invested, in a complex macroeconomic context; the ability to identify business opportunities and quickly obtain solutions for customers; the continuous growth of Revenues and EBITDA accompanied by an acceleration in the generation of operating cash; the maintenance of leadership positions in the "Digital Trust" and "Innovation Consulting" areas, as well as growth in the "Credit Information" area.

The Group's priorities for 2020 were to consolidate the new organisational model and to continue the strategy of mergers and acquisitions ("M&A") in terms of both internationalisation and new products and services, in particular through the new *Cyber Security business unit.*. These choices represent the basis for future growth.

This strategy was positively received by the *stakeholders* and particularly by the financial market, which saw the value of the share again grow by over 80% in 2020.

Strategic guidelines

The Group aims for a significant and sustainable expansion of *business* and profitability in the near future.

The 2021 - 2023 Plan shows a sustained rate of growth in revenues, further growth in profitability and a significant *deleveraging* capacity. In this context, the Group has the possibility of further pursuing the process of growth for external lines.

In particular, the 2021 - 2023 Plan guidelines envisage continuing with the gradual expansion of the proposal of innovative products and services in all business areas and continuing to improve operating efficiency.

The Tinexta Group intends to allocate a significant portion of the cash generated over the lifetime of the Plan to new acquisitions, maintaining a conservative financial leverage policy and supporting medium / long-term development.

The primary objectives are:

- Growth abroad with the aim of expanding the international revenue component in the long term

- Extension of the range of products and services in highly innovative areas

- Completion of the offer of products and services on reference markets in Italy.

Therefore, the main challenge for the Group is to ensure solid growth, also through the development of the new *Cyber Security business unit.*

The principal risks and opportunities identified are as follows:

- <u>Opportunities:</u> international expansion, *Projects and Solutions, cross-selling* of services offered, maximisation of synergies among the Group companies, and additional growth through external lines.
- <u>Risks:</u> Italian and European regulatory changes, increased competition in the *Digital Trust* and *Innovation & Marketing Services* business units, the pandemic, a negative economic cycle with a reduction of SME investments, potential difficulties in implementing the rationalisation and integration process and the level of maturity and competitiveness of the *Credit Information* sector.

The pandemic, in addition to representing a risk, may offer opportunities for *Tinexta's business units* in terms of acceleration towards digitalisation as well as greater access for SMEs to bank and/or subsidised loans, also thanks to the expected resources of the *Recovery Plan*.

ESG aspects

The *business* of the Tinexta Group companies is strongly oriented towards growth and support of production activities.

The services offered on the market by the Tinexta Group, although diversified, have a common denominator: they are crucial to favour the sustainable growth of the economic system, with major environmental, social and *governance* repercussions (aspects defined at international level with the acronym ESG).

The Tinexta Group collaborates with entities and institutions to contribute to the progress of the country in the areas of innovation, internationalisation and IT security. Its contribution to the digitalisation of the country is significant, through the offer to citizens of tools for communication with the institutions that they can trust.

Tinexta is at the forefront to further allow customers to incorporate digital technology, a fundamental element for sustainable development. In this sense, investments in the *Cyber Security* sector accentuate Tinexta's specialisation in the digital economy to the benefit of both public and private companies.

Among the main ESG effects of the Tinexta model are increased productivity, removal of physical barriers, transparent and reliable transactions also to promote the fight against corruption, and reduced carbon footprint, use of paper and paper archive space, as well as eliminating the waiting times typical of non-digital services. Another ESG characteristic of Tinexta is that it keeps Group companies in their places of origin, thus promoting local development, and an organic relationship with the surrounding area, and less environmental impact.

For example, digitisation makes it possible to avoid queues, to sign paper contracts without using physical channels, with a significant overall benefit in terms of environmental impact, time saved and less waste of natural and economic resources.

The expected development represents both a challenge and an opportunity for the future, also taking account of the ever-changing situation created by the pandemic.

To deal with the impacts deriving from the Covid-19 emergency, Tinexta has implemented the specific actions described below, with the aim of protecting the health and safety of its employees and providing qualified and innovative support to customers.

Growth by external lines also represents both a risk and an opportunity in terms of sustainability. In fact, this represents an interesting opportunity for all Group employees, as development and *job-rotation* opportunities will be expanded within a dynamic and multi-national context. Globalisation certainly also presents risks, above all linked to the ability to integrate different businesses and cultures. To this end, the Parent Company started the Integra project, as described below.

ESG IMPACTS: *examples taken from the business of some companies*		
Digital Trust	InfoCert TINEXTA GROUP	InfoCert manages 11.3 million active digital signature certificates, also on behalf of other organisations, 2.5 million Legalmail certified email accounts, and more than 50,000 electronic invoicing service customers; it stores over 1 billion documents digitally. The total net benefits of the certified email service totalled approximately €2.2 billion on average, in the period between 2008 and 2019 and averaged approximately €1.8 billion from 2020 to 2022, as indicated in the 2020 White Paper entitled "**Cost-benefit analysis of Certified Electronic Mail**" for Italy as a whole, based on simulations on historical data.
	Sixtema TINEXTA GROUP	Sixtema has recently developed **certification of the value of the supply chain**, a specific solution to protect quality and Italian manufacturing and production, particularly in the agri-food and textile sectors.
	Visura TINEXTA GROUP	The most significant ESG impacts of Visura's business are related to **digital signatures**, **with approximately 35-40 thousand issued each year**, as well as to the technological evolutions that have developed, including those to facilitate physical recognition at the time of issue.
Credit Information & Management	REValuta TINEXTA GROUP	Among the most recent services of RE Valuta, those related to the "**Eco Bonus**" government measure assume environmental relevance.
	Innolva TINEXTA GROUP	In 2020, Innolva, with Promozione Servizi, managed around **80 thousand loan applications through the Guarantee Fund** for amounts up to €30 thousand without guarantees, providing vital breathing space for the economic operators that benefited from the loans. The added value is to make the loan process easier, also thanks to digital technology, always paying the utmost attention to transparency and the fight against corruption.
Innovation & Marketing Services	Co.Mark TINEXTA GROUP	Co.Mark pays particular attention to **work-life balance** , which is promoted by the decision to allocate **consultants who are near to customers**. Physical proximity is a feature of the service, benefiting the customers and the resources involved, while also lowering the environmental impact generated by trips and transfers. These choices also promote low staff turnover.
	Warrant Hub TINEXTA GROUP	The Warrant Group has sponsored **3 post-doctoral studentships at the Polytechnic of Turin on the topic of sustainability** with the aim of creating skills to support companies in the environmental sector in particular.
	PRIVACYLAB	The most important ESG impact generated by PrivacyLab is the provision of knowledge tools for data processing in company operations. In 2020, the company issued around **5,000 certificates of participation in the Privacy** courses it organised.

Sustainable Development Goals (SDGs)

Tinexta's mission is focused on the primary role of contributing to the growth and support of production activities. This is a goal that Tinexta wants to achieve in a sustainable way by focusing on innovation, digitalisation and commercial vision.

The achievement of inclusive and sustainable industrial development meets the objectives set by the United Nations in the 2030 Agenda, composed of 17*Sustainable Development Goals* (SDGs). This development "allows a rapid and sustained increase in the standard of living of people and provides technological solutions for an industrialisation that respects the environment".

Below are Tinexta's reference SDGs and the related KPIs reported in the NFD, based on the materiality analysis carried out in 2020 and the related connection with the GRI Standards indicators, taking into account the indications contained in the document *"Linking the SDGs and the GRI Standards"* issued by the GRI in 2020.

GRI 403	GRI 404-1	GRI 401-1 GRI 404-1 GRI 405-1 GRI 406-1	GRI 201-1 GRI 401-1 GRI 403 GRI 404-1 GRI 405-1 GRI 406-1	GRI 201-1	GRI 102-8 GRI 401-1 GRI 404-1	GRI 205-3 GRI 403 GRI 415-1 GRI 418-1 GRI 419-1

CORPORATE GOVERNANCE

Governance and sustainability represent an essential element for Tinexta and its stakeholders, as emerges from the materiality analysis. For this purpose, the following aspects are particularly important:

- engagement and transparent relations with the *stakeholders;*
- system of rules and procedures.

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

Management policies and actions taken

Tinexta has adopted and implemented the *business* model described in the previous sections of this Report on Operations and in the Report on Corporate Governance and Ownership Structures, which should be referred to for greater detail.

Corporate governance system

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

It comprises the following bodies:

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

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

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

Organisation and management models

The Tinexta Group is engaged in an intense standardisation of procedures and policies among the Group companies, with the aim of ensuring uniformity in conduct and in control activities. To this end, The Tinexta Group has implemented the following corporate management systems and internal organisational models:

- Guidelines for drawing up the organisation, management and control model of the Tinexta Group (hereinafter “Guidelines”) adopted by the Parent Company to define the principles and the policies on which the organisational models are based. These Guidelines envisage a Standard Model that represents a set of principles and is a reference point for developing the models of the Italian subsidiaries, to ensure consistency in the directives and criteria adopted within the Group. This Standard Model is amended/supplemented by the companies to take account of their size and, and the situations in which they operate. In this way, the Guidelines give impetus to the implementation of internal organisational models also for small subsidiaries. In 2020, the Guidelines were revised in order to take account of internal organisational developments as well as of regulatory changes regarding predicate offences;
- The Tinexta Group Code of Ethics and Conduct (hereinafter “Group Code of Ethics”) published on the website www.tinexta.com/codice-etico and adopted in 2019. As with the Guidelines, the Group Code of Ethics was drawn up in response to the need to ensure consistency in the management principles adopted within the Group, included foreign companies;
- organisation, management and control models pursuant to Legislative Decree 231/2001, already adopted by all the companies within the scope of this document, except for Privacy Hub, which will adopt them in 2021;
- organisation model pursuant to Law 262/2005;
- mapping of controls;
- *Group risk management* with a focus on operational risks;
- register of suppliers, also with the aim of contributing effectively to the fight against corruption, thanks to a predefined investigation system to choose the subjects able to offer guarantees of fairness in a stable manner;
- ISO 9001, ISO 27001, ISO 20000, ISO14001 and ETSI EN 319 401 certifications adopted by some Group companies, demonstrating the desire to always offer customers the highest levels of service, including in terms of safety, quality and environmental protection.

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

All Group Companies, in pursuing the promotion and dissemination of the culture of risk prevention and the commitment to respect ethical values, have adopted organisational models pursuant to Legislative Decree 231/2001, as described above, with the aim of setting up a risk prevention and management system in line with the provisions of the same decree and suitable to prevent and reduce the risk that offences will be committed, ensuring that the *corporate governance* and the internal control system in general are strengthened.

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

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

- General Section, containing specific information on the qualifying contents of Legislative Decree 231/2001 and subsequent additions, objectives, recipients and structure of the Model, application of its principles to the subsidiaries, requirements, reporting from the Supervisory Body, information flows to the same, disciplinary and sanctioning system regarding violations of the provisions of the Model, as well as communication and personnel training;

- Special Section, containing the areas of activities in relation to the different types of offences as set forth in Legislative Decree no. 231/2001 and Law no. 146/2006, that are considered might potentially occur within Tinexta S.p.A. In particular, the Special Section contains: (i) a description of the Sensitive Activities, namely those activities that are present in the business situation in which there may be a risk of the offences set forth in Legislative Decree 231/2001 as amended; (ii) general control standards, applied to the activities on which the tools and methodologies used to structure specific control standards are based that must always be present in all the Sensitive Activities considered by the Model; (iii) specific control standards, applicable to selected sensitive activities, developed based on the general control standards described above, as safeguarding measures identified in order to mitigate the specific risk of committing an offence or category of offences.

In 2020, the project for the implementation of a centralised internal control system for human resources was launched for all areas of competence, i.e. training, personnel administration, *compensation & benefits* and personnel selection, as part of the Integra project described below.

Risk Management

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

In order to ensure the correct supervision of the management and coordination processes and of the processes for the support of the subsidiaries' business, the Parent Company continued a review of the organisational structure in 2020 started in 2019, to progressively centralise staff functions at holding company level, with the aim of increasing the levels of efficiency and efficacy of these activities at Group level. This project has involved the redesign of all centralised support processes and the subsequent definition of the related operating procedures, which has already been completed for human resources and is in the finalisation phase for the other staff functions involved.

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

- definition and approval of the budget and the strategic plan, with the connected monitoring of the degree of achievement of the established targets, by the Board of Directors;
- adoption and implementation of an integrated *risk management* process that enables *management* to define the actions necessary to maintain the exposure to risk within the levels deemed to be acceptable by the Management Bodies, based on the results obtained from specific identification and assessment of the main risks – of a strategic, operating, financial and *compliance* nature – as well as from the control systems already implemented for the mitigation of said risks. This process, carried out on a cyclical basis, also provides for the monitoring of the main risks and for the reporting to Senior Management (CEO and Board of Directors) and to the *Internal Audit* function, in order to deliver useful information for guidance, assessment and control on the achievement of the set out objectives;
- implementation *of the audit* activities carried out by the Group's Internal Audit function, so as to guarantee the maintenance and updating of adequate control protocols intended to mitigate risks linked to financial reporting, in compliance with Law 262/2005. The reports issued by Internal *Audit are brought to* the attention *of the Board of Directors of the relevant individual companies.*

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

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

Lastly, the companies that have certifications are regularly subject to specific audits by third parties.

In order to ensure the utmost transparency in communications and in information to third parties and to the market, specific procedures are posted on the web site www.tinexta.com, in particular:

- the Procedure for the public disclosure of Privileged Information,
- Procedure for the management of the registers of individuals with access to privileged information and significant information,
- the Procedure for compliance with the obligations on internal dealing
- and the Procedure for transactions with Related Parties.

Group's Code of Ethics

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

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

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

The Group's Code of Ethics:

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

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

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

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

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

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

The Group's Code of Ethics applies to the entire Group, in all countries and at any level of the organisation and, with no exception, to: (i) directors, statutory auditors, accountants; (ii) managers, employees, collaborators, consultants; (iii) any customers, suppliers, *business partners* and anyone else who, directly or indirectly, on a stable or temporary basis, establishes, for any reason, collaboration relationships or works in the interest of the Group; (iv) shareholders.

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

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

The Group has set up an internal reporting system for actions and behaviours that may constitute a violation of regulations, internal or external, as well as the principles of control and rules of behaviour as envisaged in the Organisational model pursuant to Legislative Decree 231/2001 and Law 179/2017. The Group's Code of Ethics requires that each violation must be reported to the Supervisory Body and to the Internal Control Bodies, and may lead to the consequences set forth in the disciplinary and sanctioning system.

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

Integra project

The growth of the Group through the acquisition of successful companies offers the opportunity to exploit mutual commercial synergies and to integrate new *business* services. By acting jointly, the Group can exploit economies of scale, creating efficiencies to be reinvested in the organisation and in the development of new skills.

Based on these premises, Tinexta launched the Integra project in 2018. The objective is to create the foundations for further future growth in Italy and abroad, focusing companies on the *business* and on higher value activities, capturing opportunities for synergistic development and increasing the level of service of the support functions.

After an initial phase of definition of the operating model *to-be*, the detailed design and implementation of the model were undertaken. In 2020, all the Human Resources function procedures were defined, with the aim of disciplining the operating processes relating to training, personnel administration, *compensation & benefits* and personnel selection. In addition, the common services provided by both the Human Resources function and by the Purchasing function were also implemented.

Given its strategic and operational importance, the *governance* of the Integra project is based on a Group Committee chaired by the Chief Executive Officer of the Parent Company as well as on the direct involvement of the functions responsible for implementing the envisaged changes, i.e. Administration, Finance and Control, Purchasing, Legal, IT, Human Resources and Sales & Marketing.

The guiding principles of the Integra project envisage:

- the development of skills through the creation of a Group platform to attract and develop talent and the strengthening of skills (*marketing*, HR, digital skills…) to support growth, innovation and *cross-selling;*
- the consolidation of support functions, exploiting economies of scale in order to bring services of common interest to a larger number of users and optimising spending on transactional services;
- organisational consistency through the standardisation of common processes and activities (e.g. *HR policies*) and the definition of a coherent organisational structure within companies to simplify common processes and facilitate the dissemination of best practice;
- growth through marketing coordination for the development of a Group offer (integrated services platform), sales coordination to consolidate and expand the customer base, and strengthening post-acquisition integration.

Stakeholder engagement.

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

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

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

As described earlier, a specific *stakeholder engagement* activity was undertaken at Group level in 2020 as well. This consisted of the administration of a questionnaire developed for the materiality analysis to a sample of employees, investors, customers and suppliers. The results of the questionnaire were also reviewed by the CEO of the Parent Company.

In Tinexta, *stakeholder* engagement is focused primarily on the shareholders, through *Investor Relation* activities, with meetings and responses to questionnaires, also involving ESG investors.

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

The Integra project also represents a significant *stakeholder engagement* activity, which has already involved the completion of over 60 interviews in all Group companies, the involvement of over 700 employees in the *surveys* of the activities carried out, the analysis of over 700 customers, and the market organisational best practice.

Results obtained

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

RESPONSIBLE MANAGEMENT OF THE SERVICE

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

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

Responsible management of the service is therefore important for the Group, which places particular attention on the following topics:

- quality of services and customer satisfaction
- data protection and privacy safeguarding.

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

- risk of violation of IT security
- risk of data loss and/or damage to data centres
- reputational risk.

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

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

The market's focus on these risks has grown considerably in recent years. In this regard, it should be noted that according to the Global Risk Report 2020 published by the World Economic Forum, technology risks, in particular those relating to cyber attacks and data loss, represent the top global risks after environmental risks, in terms of probability of occurrence.

Management policies and actions taken

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

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

In compliance with the Group's Code of Ethics:

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

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

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

EU Regulation 2016/679 (GDPR)

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

In 2020, the Group applied the procedural and technical corpus of the compliance system for the management of personal data extensively. The focus was twofold, both in the dissemination of knowledge of methods and procedures according to the specific organisational roles and in their actual implementation in the *business*. In particular, note:

- Implementation of the Guidelines for the management of security and privacy in the preparation of products and services, issued in 2019 by the Parent Company, through the training of 127 Group people in 8 training sessions. In particular, *project managers*, system architects, product/service/portfolio managers, and marketing and sales managers were trained. The objective of the training is to anticipate the privacy compliance requirements from the conception of the products/services and the consequent (*privacy by design*) processing.
- Administration of the "GDPR Audit - Checklist" to all companies, namely the checklists of the controls in the GDPR area, by virtue of the centralisation in the parent company of the management of suppliers of certain product categories. The checklist includes audits in the main areas of compliance, from the more technical to the legal and organisational ones.
- Integrated *Cyber Security Assessment* on the main subsidiaries (Infocert, Visura, Innolva, RE Valuta and Warrant) and consequent plans to correct any gaps. The *assessments* were carried out by an external consultancy of high standing and concerned not only privacy aspects on data protection but also adjacent and related issues, such as the ability to correctly classify information, *system* and *network security* and *cyber threat intelligence*.
- *On-line* training in *Cyber Security* for personnel, launched on an experimental basis on the Parent Company, which will be extended to all subsidiaries in 2021. The training course consists of 12 modules on *browsers* and browsing, *privacy*, *phishing*, *malware*, *cloud computing* and *e-commerce*.
- Definition of guidelines at Group level for the secure use of workstations in *smart working* mode as a consequence of the pandemic emergency. Each Group company subsequently defined its own specific rules depending on the type and method of implementation of the processes as well as on the workstations;
- Adoption for all Group companies of the "PrivacyLab", *privacy* compliance management system, from the Group company of that name. This solution permits optimal integration between Group companies both as regards joint processing of data (joint ownership) and for the sharing of best practice in terms of technical and organisational measures to guarantee the security of processing
- GDPR Report for Tinexta and for the subsidiaries InfoCert, Innolva, Co.Mark, Warrant, Visura, Sixtema, RE Valuta, Co.Mark and Comas.

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

It should be noted that following the launch of the dedicated *Cyber Security business unit*, already described above, a process of internalisation of the Group's security measures was launched, aimed at guaranteeing an increasingly higher level of adequacy and uniformity, ensuring better quality standards.

During 2020, particular attention was paid to the management of the international *Privacy Shield issue*, which arose following the ruling by the Court of Justice of the European Union (CJEU) of 16 July 2020 (referred to as the "Scherms II Judgment") regarding the regime for data transfer between the European Union and the United States. The ruling invalidated the *Privacy Shield* adequacy decision, adopted in 2016 by the European Commission following the revocation of the *Safe Harbor* agreement. In the same judgment, the CJEU also considered the decision 2010/87 on the standard contractual clauses for the transfer of personal data to processors established in third countries to be valid. In particular, Tinexta carried out a *risk assessment* on its suppliers, providing specific additional security measures to mitigate any risks.

Tinexta actively collaborates with the Italian Data Protection Authority and with the European Data Protection Board (EDPB) in managing the *Privacy Shield* issue at international level.

Detailed focus on the Tinexta Group

InfoCert, one of the subsidiaries, is the leader in the Italian market for digitisation and dematerialisation services, as well as one of the main European certification authorities for the services of certified electronic mail, digital signature, and digital document preservation (AgID-Accredited Registrar). InfoCert also acts as a *European certification authority* and is an *identity provider* accredited by the Italian government.

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

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

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

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

During 2020, Infocert launched a project on privacy, focused on the integration of procedures with service *provisioning* and *delivery* processes. A work instruction has also been defined to make it easier and more systematic to control suppliers that process personal data.

Lastly, Infocert reviewed, with the support of external companies of high standing, all the Privacy information, to reflect the sharing of some data processing within the Group.

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

During 2020, Tinexta S.p.A. obtained ISO 9001:2015 certification for its own Quality Management System and Innolva confirmed its UNI CEI ISO/IEC 27001:2014 certification for the Information Security Management System.

The subsidiary PrivacyLab actively collaborates with entities and institutions to spread awareness of privacy, including FederPrivacy and Associazione diritti Privacy.

Covid-19: services developed for customers

Following the Covid-19 pandemic emergency, the Group has developed specific solutions to meet the needs of customers, including:

- Health Checker is InfoCert's mobile solution to support companies and the management of the safe return of personnel from lockdown.
- Quadra soluzione Processo Telematico is the Visura solution to continue the legal activities without entering the offices.
- Sixtema Un Digital Kit is Sixtema's solution to assist customers in emergencies.
- BusinessRestart and Giudizio Analista Plus are solutions from Innolva to identify high potential leads and obtain targeted assessments on Covid-19 impacts.
- RESite is the RE Valuta solution for remote site inspections.
- GDPR Ripartenza and consultancy on incentives to companies for emergencies are among the Warrant Hub solutions for companies.

Results obtained

From the point of view of data protection, 2020 was certainly a complex year, which in any case brought positive results both in terms of *company accountability* and in combating the risks associated with the processing of personal data.

The pandemic has given a strong impetus to the spread of digital services and at the same time has increased the threat of cyber attacks. In this sense, taking InfoCert as an example, with several hundred thousand new customers in 2020, there were 9 cases of non-compliance (*data breaches*) related to PEC services (6 cases), Digital signature (1 case) and Storage in accordance with law (1 case). These events involved a very limited number of interested parties.

COMBATING ACTIVE AND PASSIVE CORRUPTION

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

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

- anti-corruption policies and programmes
- quality of relations with institutions.
- socioeconomic compliance.

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

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

Management policies and actions taken

Tinexta is committed to combat corruption in all forms. Under no circumstance, as described in the Group's Code of Ethics, can the pursuit of interests or advantages for the individual companies, at Group level, justify unethical, dishonest or unlawful conduct; therefore, the fight against corruption, both active and passive, is considered essential.

The main tools adopted by Tinexta to combat corruption are the organisational models pursuant to Legislative Decree 231/2001, which also govern crimes related to active and passive corruption, the Group's Code of Ethics, the *compliance* system through the *whistleblowing* channel, the procedure for transactions with Related parties, *internal audit* activities, and training and developing awareness for personnel to reinforce the culture of ethical business relationships.

Furthermore, the Boards of Directors of the companies are informed of any cases of corruption through mandatory information flows from the Supervisory Boards and *Internal Audit*.

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

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

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

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

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

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

The organisation model, pursuant to Legislative Decree 231/2001 adopted by the Parent Company, aligned with the Guidelines issued for drawing up the organisational, management and control model of the Tinexta Group, in addition to addressing the issue of compliance with the applicable laws, provides for, in its special section, inter alia, two separate sensitive activities, one dedicated to the relationship with the public administration and the supervisory authorities and the other one to corporate affairs. Within the scope of sensitive activities, all applicable offence cases and specific control standards are described. The same provisions are included in the models adopted by the other Group companies, which describe principles and policies designed to mitigate the risk of active and passive corruption, in relation to both public and private parties, as well as the management of situations involving conflicts of interest, including transactions with Related parties.

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

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

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

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

The main actions undertaken in 2020 include:

- revision of the aforementioned Guidelines, in order to take into account internal organisational changes as well as regulatory changes relating to predicate offences:
- training to combat possible corruption risks, in the "virtual" classroom and in e-learning settings, for employees of companies that have adopted the 231/2001 Model. In particular, specific training on Cyber Security was provided to entire company populations:
- implementation, as part of the Integra project, of a series of common human resource management services provided by the Parent Company, with effects also in terms of the fight against corruption.

During the period, no political contributions in kind or of a financial nature were made by the Group. There were no confirmed incidents of corruption nor were legal actions initiated against the Group or its employees for reasons related to corruption.

During the year, no significant fines or non-monetary sanctions were recorded for non-compliance with laws and/or regulations on social and economic matters.

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

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

RESPONSIBLE MANAGEMENT OF HUMAN RESOURCES AND HUMAN RIGHTS

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

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

- personnel selection and retention
- development of skills and personnel training
- occupational health and safety
- effective management of the workforce in terms of diversity and equal opportunities.

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

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

Management policies and actions taken

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

As part of managing employment relationships, the policies and procedures adopted by Tinexta recall the provisions in the various National Collective Labour Contracts, to which the individual companies refer and that apply to 100% of the corporate workforce.

The main tools adopted by Tinexta in this area are:

- organisational models pursuant to Legislative Decree 231/2001 adopted by Group companies, which regulate, in specific chapters, crimes committed in violation of accident prevention regulations, workplace protection and safety, offences involving the employment of citizens from other countries who do not possess the necessary permits, and illicit intermediation and exploitation of labour;
- Code of Ethics of the Group that defines the ethical and conduct principles applicable to the relationships with employees;
- specific corporate provisions for personnel management.

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

As defined in the Code of Ethics, Tinexta acknowledges the central role of human resources and the importance of establishing and consolidating relationships based on mutual trust.

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

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

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

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

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

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

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

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

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

Among the primary measures for responsible management of human resources and human rights implemented in 2020, note:

- management of the Covid-19 pandemic emergency;
- centralisation of personnel management policies at Group level and the definition of new policies and processes as well as a new organisation, as part of the Integra project described above. The following common services provided by the Parent Company were implemented: training, personnel administration, *compensation & benefits* and personnel selection. The project for the implementation of a centralised internal control system for human resources for all the aforementioned areas of competence was launched;
- business training, also in relation to the 231 matters, foreign language courses, technical and professional training and initiatives on prevention, awareness raising, and protection of employees' health;
- welfare tools have been improved and enriched, also in consideration of the Covid-19 emergency. In the second half of the year, a project was launched to identify and implement a Group Welfare Platform, a project that will be finalised in 2021 based on the needs of the individual companies.

Covid-19 emergency

The emergency resulting from Covid-19 highlighted the ability of the Tinexta Group to quickly convert to *smart working*, a practice that was already present in the Group before the *lockdown*. On 10 March 2020, all employees were allowed to work in *smart working*. In this way, the Group was able to ensure continuity of services, making modest recourse to temporary redundancy (CIG), taking care in any case - through wage top-ups and other tools - to keep the employees free of the economic impact of this dramatic event.

In 2020, Tinexta managed the emergency in a uniform manner with regard to human resources, through the definition of specific common policies valid for the companies, in order to ensure adequate safety conditions for employees in line with the legislative and behavioural regulations issued, including those issued by the Presidency of the Council of Ministers, the Ministry of Health, the Regions and the Istituto Superiore di Sanità.

In particular, the following measures have been adopted since the beginning of the emergency:

VIRTUAL MEETINGS: weekly virtual meetings were organised at individual company level of the head of the company and the top tier managers and of the company manager and employees. At Group level, in the 1st phase, virtual meetings were organised on alternate days (crisis committee) between the company managers and the CEO of Tinexta to take stock of both the *business* and the business climate, and to define the 2nd phase. In addition, weekly virtual meetings were held with personnel managers to uniformly coordinate actions for the management of people also in relation to the second phase.

SMART-WORKING: all Group companies have gradually activated this working method until it has been extended to all personnel.

HOLIDAY PLAN: all Group companies have activated a plan for the disposal of previous holidays/PAR.

FIS: some Group companies have requested the activation of FIS, the government salary top-up scheme (Fondo di Integrazione Salariale).

ACCESS TO OFFICES: access to the workplace has been progressively limited with the possibility of accessing the premises, subject to the authorisation of the Manager and after informing the Chief Executive Officer, for the collection of documents only on certain days/times.

TRANSFERS / MEETINGS / TRAINING: remote connection solutions were activated in all companies to hold meetings and training activities in order to avoid travelling.

HYGIENE AND HEALTH PROTECTION: the ministerial instructions on measures to be taken at work for sanitation and the use of safety equipment were respected.

During Phase 2 of the emergency, additional measures were adopted, including the following.

COMPANY REGULATIONS: a document has been prepared for each company that contains the rules of conduct and organisational measures to be followed for the prevention and protection of workers in the workplace.

ESTABLISHMENT OF THE COVID−19 COMMITTEE: in order to monitor compliance with the provisions of the aforementioned regulation, a special Covid Committee was established.

MONITORING OF SANITARY CONDITIONS AT CUSTOMER PREMISES: self-certification was adopted on a dedicated questionnaire for Group companies for which access to customers' premises was deemed necessary and relevant.

PURCHASE OF SAFETY EQUIPMENT: masks, gloves, sanitising gel, sanitising spray, plexiglass desk partitions.

OFFICE ATTENDANCE: reduced to 50% alternately in May with staggered entries and progressively increased in line with regulatory provisions.

LUNCH BREAK: the right to have a meal at one's workstation was introduced to avoid gatherings in the food & drink areas near the offices.

CLEANING: the cleaning of premises was planned only in the evening part of the day so as to avoid the presence in the company premises of third party workers and employees at the same time. Periodic sanitation and maintenance of special waste disposal containers (gloves and masks) was structured.

TOILET SERVICES: methods have been defined to reduce the risks in the use of bathrooms.

COMMON SPACES: instructions have been issued to avoid gatherings in the coffee rooms by allowing one person to enter at a time and to limit the visits of consultants/customers to the office as much as possible, planning the booking of meeting rooms for meetings and using the necessary safety equipment.

TRANSFERS: it was prescribed to avoid moving and travelling between the various companies' work sites except for reasons of extreme urgency approved by the Company Manager.

Training and development

In 2020, there was an increase in on-line training, also favoured by the construction of a Group catalogue of training events, including language courses available to all employees.

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

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

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

The measures adopted for the management of the Covid-19 emergency also include the following training initiatives:

- ImprovEXTA - COVID-19 training highlights, a document made available to all Group employees and designed to share training content and interesting opportunities to better experience the #iorestoacasa period.
- Webinars open to the entire Group on issues to support the emergency situation: antifragility, brain mechanisms, continuous learning.
- Coaching activities: three programmes differentiated by role, Executives, *People Managers*, collaborators.
- Involvement of psychologists to help employees deal with stress management.

Welfare tools

Welfare is also one of the aspects considered for the management of the Covid-19 emergency.

The Group has chosen to support its employees who in recent months have suffered a reduction in their remuneration following the adoption, by companies, using the Fondo di Integrazione Salariale (FIS). Specifically, the Company decided in 2020 to pay the gross difference between the amount received by the employees through the FIS scheme during the Covid-19 emergency period and the full remuneration that would have been received, calculated on the basis of the FIS hours used in the period in question. The Company wanted to send a clear sign of appreciation and support to its employees, in a period of prolonged difficulties. The ability of the Group's employees to react to this situation, their readiness to deal with a much more complex environment without losing sight of the shared business objectives, are the Group's real strength and main resource. These payments were made to 300 employees, for a total of approximately 49,000 hours of FIS used. The corresponding amounts were paid with salaries for the month of December.

Other initiatives linked to the emergency include one with Pharmanow which provides for *online* purchases and home delivery with a 10% discount on pharmaceutical and healthcare products, the activation of a specific insurance coverage for Covid-19 infection for all employees of all the Group companies, and the possibility for all employees to have serological tests and flu shot on a voluntary basis.

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

Furthermore, note that some Group companies participate in social initiatives, such as, for example, the “Fiocco in azienda” project managed by Manageritalia. This project provides numerous services, sometimes enhanced by individual companies, aimed at future mothers. The aim of the project is to address the issue of parenting so that companies become leading promoters of a cultural change that recognises the social role of demographic development.

Health and safety

The Group’s organisational system for health and safety is structured in compliance with Italian law: each company has an “RSPP” (Responsabile del Servizio di Prevenzione e Protezione - Head of Prevention and Protection Service), as well as an “RLS” (Rappresentante dei Lavoratori per la Sicurezza - Workers’ Safety Representative) and the relative physician responsible for health monitoring. The policy of the Group for workplace health and safety is inspired by the principles of protecting the safety and dignity of the individual. Therefore, its purpose is to ensure the protection of the physical safety of workers and guarantee sanitary conditions in the workplace, in the performance of all activities at the various sites.

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

Overall, employees can be classified for the purposes of risk assessment as personnel with managerial or coordination duties and personnel with clerical/commercial/telework duties. Most Group’s employees work on video terminals, therefore they are not subject to impacting risks; all equipment used is compliant with applicable regulations, in accordance with Law Decree 81/08.

The procedures used to assess the risks for the health and safety of workers are identified and described in detail by the individual companies both in the company Risk Assessment Document and in the procedures issued. In particular, each company has adopted processes to identify the presence of any risks at work, to assess risks in a systematic and non-systematic way, to apply the hierarchy of controls in order to eliminate the hazards, to guarantee the quality of these processes, including the skills of the people who oversee them, to constantly improve the Occupational Health and Safety management system and to minimise risks. These processes are identified through risk analysis and described in the company Risk Assessment Document and in the procedures issued to prevent accidents, occupational diseases, accidents and the occurrence of the resulting emergencies. The actual situation is described for each risk factor; the degree of risk (low/medium/high) is determined by the proportion between the probability that the risk will occur and the damage caused.

The effective functioning of the safety management system is based on an adequate organisational structure with defined responsibilities, trained personnel, clear and complete communications and documents, control of operational activities and availability of procedures / plans for emergencies. Employees and non-employees are sent the information document containing the main rules and rules of conduct relating to safety to be followed when carrying out work activities.

To this end, the Personnel Department is responsible for keeping the personnel and others up-to-date with reference to the Health and Safety situation.

With reference to the Covid-19 emergency, rules have been disseminated to all employees and non-employees, and this is constantly updated.

Among the employees, people were appointed and trained to undertake roles such as persons in charge of emergency, first aid, firefighting, workers' representatives to whom employees can contact to make any request and to report anomalies and any hazards. In legal terms, there can be no challenge or retaliation to these instructions, and the presence of the Company's trade union representatives is intended to provide greater protection for workers.

The companies have adopted specific information channels with the aim of ensuring the confidentiality of personnel, to protect any worker who has made a report from any retaliation. Any reporting of breaches and/or hazardous situations must be made through the "Comunica Whistleblowing" platform.

Since the work activity is low-risk, no work situations that could cause injury or occupational diseases are envisaged. In 2020, there were no cases of work-related illness.

The RAD describes all the processes aimed at identifying, correcting the hazards and combating professional accidents, training and informing personnel about the risks specific to the task performed, subjecting the same to health surveillance, planning the maintenance of the fire-fighting and first aid equipment.

In 2020, together with the global pandemic, a Covid Committee was established in order to ensure the efficiency and application of the security systems envisaged for the emergency period; the committee meets if necessary to update the existing security provisions to any changes made at national government level.

The companies, in collaboration with the Parent Company, are responsible for ensuring general and specific training and related updates according to the different deadlines as well as monitoring the activity of the competent doctor, allowing easy access to all workers.

In terms of *business*, there are no significant negative impacts on health and safety at work directly related to the Group's operating activities, products and services.
During 2020, the Group took out insurance for Covid-19 infection for all employees of all Group companies. Other medical and healthcare services may also be provided by individual companies, including supplementary healthcare and accident insurance.

Results obtained[3]

With reference to the companies in the scope of the NFD, an increase of 127 employees was recorded as at 31 December 2020, of whom 90 employed by the companies added to the scope of the NFD from the current year.

The average number of hours of training provided, down by 30%, refer mainly to content provided *online,* due to the pandemic emergency, and represent an appreciable indicator of the Group's ability to convert in response to the new requirements imposed by the situation.

As regards gender diversity, the percentage of women increased from 52% to 53%. In terms of professional qualifications, 1% of the women are senior managers, 7% are middle managers. As for the men, 5% are senior managers and 20% are middle managers.

In terms of employment, there were 53 new hires net of leavers.

In 2020 and in the two previous years, no incidents linked to personnel discrimination and no mortal or permanent accidents were reported in any of the Group's companies under the NFD.

[3] For the analytical data of the results obtained, please refer to the tables in the appendix.

Human rights

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

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

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

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

In 2020, no incidents related to discrimination were recorded in any of the Group's companies, including foreign ones, within the scope of the NFD.

In terms of virtuous behaviours linked to non-discrimination and diversity, in 2020 InfoCert encouraged the inclusion in its *core business* of some people affected by autism and Asperger's syndrome, thanks to a collaboration with Specialisterne Italy.

RESPONSIBLE MANAGEMENT OF THE SUPPLY CHAIN

The ethical supply chain is a significant issue for Tinexta, and developed through compliance with the Code of Ethics along the supply chain.

Tinexta identifies and assesses the risks associated with this issue, including the risk of non-compliance with the Code of Ethics along the supply chain.

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

Management policies, actions taken, and results obtained

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

To strengthen oversight of the supply chain, the Parent Company's Purchasing Department implemented a supplier qualification process by setting up a specific "Supplier Register". The aim is to:

- Establish a single procedure for all Group companies to assess the suitability of suppliers to undertake supply relationships. In this regard, it should be noted that there are both generic requirements (e.g. organisation, absence of crimes, etc.) and specific requirements for individual product categories.
- Standardise conditions of supply as far as possible, including, among other things, the commitment to comply with the Group's Code of Ethics as well as aspects regarding employee health and safety, the payment of social security contributions, and the Tinexta Group's right to conduct inspections.

- Monitor the quality characteristics of its suppliers such as, for example, possession of certifications, implementation of environmental policies, etc.

The supplier register was launched in mid-October 2020. At the end of the same year, around 40% of suppliers had already completed the registration process. This process will be completed in the first months of 2021.

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

It should be noted that criteria related to environmental issues (e.g. ISO 14001 certification) or worker safety (e.g. OHSAS certification) are also included in the Supplier Register. At present, these criteria are not obligatory for the purpose of inclusion in the Register; the percentage of suppliers selected using social and environmental criteria is zero.

With respect to the above, there were no significant changes in the Group's supply chain during the year under review. At the end of 2020, a new *business unit* was established within the Group for *Cyber Security* services. The entry of the new companies in 2021 will result in a series of revisions of the supply chain linked to the services they offer such as, for example, *software* development, *cyber security activities (penetration test, vulnerability assessment,* etc.), *help desk* users, etc.

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

In this regard, note that the Group has a significant number of collaborators (contractors), a total of 642 at 31 December 2020 (563 at 31 December 2019), represented in particular by:

- external appraisers who carry out real estate appraisal activities within the scope of the services that RE Valuta provides to its customers;
- Innolva sales agents included in the sales network of the *Corporate* Channel to promote the conclusion of contracts relating to products and services marketed;
- Co.Mark external agents responsible for the acquisition of new customers within their reference geographic area.
- professional work contracts regarding external consultants of Warrant Hub and Be Warrant for skills in specific areas, including energy efficiency, subsidised finance and financial management as well as external collaborators of Sixtema, Comas, Co.Mark and RE Valuta.

RESPONSIBLE MANAGEMENT OF THE ENVIRONMENT

Because of the sector in which the Group operates, no specific risk areas were identified, and therefore with reference to the materiality analysis carried out, it can be stated that environmental matters pose no significant risks for the Group.

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

The Group, even before Covid-19 emergency, has approved a specific policy on travel and trips, effective for all Group companies, in order to limit as far as possible the use of motor vehicles and, consequently, the number of trips within Italy. Preference is in fact given to video conferencing and, if this is not possible, travel takes place by train; therefore, the use of automobiles is limited to cases where there is no other possible solution.

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

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

Management policies and actions taken

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

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

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

Among the Group companies, Warrant Hub, through the *Energy* unit, provides consulting services on the market aimed at limiting energy consumption and environmental impacts.

The *Energy* unit operates on the B2B market (business) through the provision of services such as energy audit, implementation and maintenance of ISO 50001 Energy Management Systems, outsourced *energy management*, management of incentives to support of energy efficiency projects and implementation of renewable energy sources.

Since 2020, the *Energy* unit has been operating on the B2C (private consumers) market, managing incentives to support the energy requalification of properties for residential use.

Internally, an energy diagnostic activity is regularly carried out at the affected companies of the Group, aimed at ensuring that they fulfil the obligations for Large Companies set forth in Legislative Decree no. 102 of 4 July 2014, also as a preliminary to any improvements in terms of energy and environmental impact.

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

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

- promoting each initiative that may help to prevent abnormal situations that may compromise the environment, planning any actions that are necessary for the containment of any impact;
- ensuring an adequate planning, rendering and maintenance of services and systems, also in the event of activities entrusted to third parties, assessing in advance any corporate risks in terms of protection of the environment;
- informing, training and educating personnel on compliance with corporate provisions and with the procedures adopted at a corporate level applicable to the environment;
- guaranteeing compliance with the laws on the environment and prevention of pollution.

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

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

With regard to environmental protection, Privacy Lab has developed software with which it estimates the impact of the company's activity in terms of CO_2 emissions and subsequently offsets the emissions produced by the planting of trees in *partnership* with a non-profit organisation.

Lastly, the attention of the Tinexta Group to the environment through the adoption, independently by the individual companies, of virtuous behaviours aimed at protecting the environment is worthy of note, including *plastic-free, paper-free* and separate waste collection projects, low Co2 emission vehicle fleet, monitoring of *toner* consumption.

ECONOMIC AND FINANCIAL RESPONSIBILITY

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

- financial performance
- direct and indirect economic impact: distribution of added value
- presence on the market.

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

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

ECONOMIC VALUE GENERATED AND DISTRIBUTED in	2020	2019	2018*
Economic value generated by the Group	**272,547**	**258,870**	**239,828**
Revenues from sales and services	266,197	256,338	236,454
Other income	2,789	2,259	2,909
Financial income	3,492	262	296
Income/charges from the sale of tangible and intangible	70	11	168
Economic value distributed by the Group	**(210,308)**	**(208,066)**	**(203,812)**
Operating costs	-105,290	-102,859	-96,020
Remuneration of collaborators	-67,110	-66,652	-61,452
Remuneration of lenders	-2,915	-4,387	-2,787
Remuneration of investors**	0	-2,195	-16,396
Remuneration of public administration	-34,519	-31,590	-26,840
External donations	-475	-384	-317
Economic value withheld by the Group	**(62,239)**	**(50,804)**	**(36,016)**
Bad debts provision	-2,140	-2,560	-2,294
Impairment	0	0	-253
Exchange rate differences	23	-24	-29
Adjustments to financial assets	-969	-1,139	106
Amortisation and depreciation	-22,264	-20,259	-15,195
Provisions	-953	-1,420	-476
Deferred tax liabilities	1,978	1,182	-1,334
Reserves	-37,914	-26,584	-16,542

** The 2018 data of the Consolidated Financial Statements were adjusted based on PPA Comas, Webber and Promozioni Servizi. This adjustment involved a reclassification of certain items (Amortisation and Depreciation, Deferred and Provisions) under the "Value withheld by the Group".*
***The exact value of remuneration to shareholders in 2020 will be discussed by the Board of Directors during approval of the Consolidated Financial Statements; for the moment the entire profit for 2020 has been prudentially allocated to the reserves.*

Other socio-economic initiatives

Through various companies, the Group participates in associations, entities and projects, including: AIF, AIRI, ANCIC, ANDAF, ANORC, APRE, APSP, ASPEN INSTITUTE ITALIA, ASSINTEL, Assocertificatori, Associated European Trust Centers, Assoimmobiliare, Banks 2020 (an ABI special project), Bitkom, ELITE of Borsa Italiana, CDO, Centro Economia Digitale, Cloud Signature Consortium VZW, Club Triveneto, CLUSIT, Cluster of the Emilia Romagna Region (Agrifood, Build, Innovate, Mech), Intelligent Factory Cluster, CNA, Confindustria, Confcommercio, Consorzio ABI LAB, EEMA, ETSI, FEDERPOL, Fondartigianato, GIDP, Italia Start Up, MIP - Politecnico Di Milano, Open Peppol, PREVIGEN, RIPE, Souvrin Foundation, UNINFO, UNIREC.

In 2020, the Group participated in various round tables with the Trade Associations. In the sphere of cultural initiatives, Warrant Hub, Tinexta and Sixtema participated in the "Meetings with *online* businesses - UNIMORE".

The Group participated as a sponsor, with the InfoCert brand, in the following events in Italy: IDC Future of Customers & Consumers - Digital, Forum PA, Trusted 2020, Italy Insurance Forum, Digital Health Summit, Executive Round Table, Marca, Maker Faire 2020; in other European countries: Digital Think Thank, MoneyLIVE Spring - Retail Banking Europe, 18th EBF a Digital Transformation in Retail Banking 2020, Insurance Innovators, Finovate Europe, Future Banking Romania, Motor Finance 2020, 4th Annual Retail Banking Technologies Summit, 7th Annual Product, Development Excellence in Banking Summit and Living Bits and Things; *worldwide:* IOTHINGS. Retail Banker International Webinar. In addition, the FIMA Europe events, Digital 360 Awards Celebration, Polimi Observatory Webinar, Partner Day by InfoCert and Enterprise IT by InfoCert should be noted.

Tinexta supplements sustainability, voluntary work and corporate social responsibility with concrete actions by implementing local support initiatives through the various companies:

InfoCert made contributions to the Spallanzani Hospital, the Luigi Sacco Hospital, the Municipality of Codogno and Vò, and the Fondazione degli occhi.

Innolva made a donation to the non-profit organisation “Sport Senza Frontiere”, which pursues a programme of prevention and social inclusion through sports, free of charge for minors in conditions of social and economic hardship.

In the form of the purchase of Christmas packages, RE Valuta contributed to a project of the Ronald Mcdonald Foundation aimed at creating a residence within the Niguarda hospital in Milan for parents of patients.

In the course of the *lockdown,* Visura wanted to express its solidarity with the social context of national difficulty by providing an initiative to support associations active in the field of health, social, economic and food emergencies. In this sense, it has developed a charity campaign with the Banco Alimentare Onlus foundation, engaged in projects operating food banks and recovering surplus food to be redistributed throughout the country to the various local voluntary associations. The campaign involved the placement of a package of Digital Trust solutions at a price that included a donation to the organisation.

Promozione Servizi, Tinexta has implemented the following initiatives:

- a personalised Christmas ball for each Christmas basket supporting the association Donna Chiama Donna, which focuses on activities combatting violence against women through shelter, listening and guidance
- a special edition of a Moleskine notebook supporting the WifiAfrica Education project, which aims to inspire a new generation of African creative thinkers by increasing the production of entries on Wikipedia, access to knowledge and awareness of the immense cultural heritage of Africa, starting from linguistic richness
- collaborations with LILT - the Italian cancer charity, to support Recreational-Teaching Activities in the Paediatric Department of the Istituto dei Tumori in Milan, with the ANED Committee for improving the lives of patients with kidney disease, with Legnano Hospital to equip the intensive care and high dependency units and provide them with equipment to deal with the Covid-19 emergency.

Other donations were made to Unicef, AIRC, Telethon, Lega del Filo D'Oro, the Italian Red Cross and the “Noi per loro odv” association.

Warrant Hub has:

- contributed to the publication of the book “Reggio200/2020 – Economia Politica Cultura Personaggi”
- sponsored the Nobilita Festival - the Festival of Work Culture in Bologna

- participated in the "Mirandola Start up Ready" initiative on work, aimed at high school students.

Annex

Results obtained

Human resources

At 31 December 2020 the Group had 1,403 employees (1,293 at 31 December 2019), using the scope of consolidation of the Consolidated Financial Statements.

Unless otherwise specified, the data reported below is on the employees of companies within the perimeter of the NFD, totalling 1,292 people at 31 December 2020 (1,165 at 31 December 2019). The increase of 127 employees was due to the 90 people employed at 31 December 2020 by the companies added from the current year into the scope of the NFD and to 37 new hires, net of leavers, into companies already included within the scope. New hires, net of terminations, totalled 53 in 2020, of whom 37 at companies already included in the scope of consolidation and 16 at companies added from the current year.

The cases of accidents are attributable to office work activities, apart from one case of an accident to an employee while commuting. With reference to the hours worked (needed to calculate the injury rate), the value for employees was estimated by calculating the monthly hours contractually prescribed, while for non-employees, since these are mainly performance services (agents, experts, professionals) the figure was not determined.

The data is taken from the information systems of the individual companies, which use various applications, Zucchetti in particular. The Group has a significant number of freelance contracts (642 at 31 December 2020).

No. of [4] employees broken down by gender, contract type, employment type, and region

	31.12.2020			31.12.2019			31.12.2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Permanent	591	668	**1,259**	543	588	**1,131**	536	623	**1159**
Temporary	15	18	**33**	19	15	**34**	15	35	**50**
Total	**606**	**686**	**1,292**	**562**	**603**	**1,165**	**551**	**658**	**1,209**

	31.12.2020			31.12.2019			31.12.2018		
	Men	Women	Total	Men	Women	Total	Men	Women	Total
Part-time	11	160	**171**	11	180	**191**	18	188	**206**
Full-time	595	526	**1,121**	551	423	**974**	533	470	**1,003**
Total	**606**	**686**	**1,292**	**562**	**603**	**1,165**	**551**	**658**	**1,209**

	31.12.2020			31.12.2019			31.12.2018		
Region	Permanent	Temporary	Total	Permanent	Temporary	Total	Permanent	Temporary	Total
Lombardy	396	14	**410**	356	18	**374**	382	23	**405**
Emilia Romagna.	307	9	**316**	283	9	**292**	274	10	**284**
Lazio	229	3	**232**	215	1	**216**	203	6	**209**
Friuli	126	1	**127**	133	1	**134**	140	7	**147**

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

Veneto	146	2	**148**	107	2	**109**	106	1	**107**
Tuscany	37	2	**39**	20	-	**20**	22	-	**22**
Marche	13	0	**13**	11	3	**14**	12	3	**15**
Piedmont	4	1	**5**	5	-	**5**	20	-	**20**
Abruzzo	1	1	**2**	1	-	**1**	-	-	**-**
Total	**1,259**	**33**	**1,292**	**1,131**	**34**	**1,165**	**1,159**	**50**	**1,209**

Equal opportunities and non-discrimination

Percentage of employees [5] broken down by gender and age range by each type of professional category

Gender	UM	31.12.2020	31.12.2019	31.12.2018
Senior Management	**%**	**3**	**3**	**3**
Women	%	1	1	-
Men	%	5	5	5
Middle Management	**%**	**13**	**14**	**13**
Women	%	7	7	7
Men	%	20	20	21
Employees	**%**	**84**	**83**	**84**
Women	%	92	92	93
Men	%	75	75	74

Age range	UM	31.12.2020	31.12.2019	31.12.2018
Senior Managemen t	**%**	**3**	**3**	**3**
<30	%	1	-	-
31-50	%	2	2	2
>50	%	8	8	7
Middle Managemen t	**%**	**13**	**14**	**13**
<30	%	1	-	1
31-50	%	11	11	12
>50	%	28	29	28

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

Employees	%	84	83	84
<30	%	98	100	99
31-50	%	87	87	86
>50	%	64	63	64

Protected categories and vulnerable minorities

Protected categories (Law 68/99) and vulnerable minorities	UM	31.12.2020	31.12.2019	31.12.2018
Art. 1	%	4	5	4
Art. 18	%	0	1	0
Other	%	1	0	0

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

Age range	UM	*Presence in the governance body*		
		31.12.2020	31.12.2019	31.12.2018
<30	%	-	-	-
Women	%	-	-	-
Men	%	-	-	-
31-50	%	**27**	**27**	**36**
Women	%	60	60	60
Men	%	-	-	17
>50	%	**73**	**73**	**64**
Women	%	40	40	40
Men	%	100	100	80

Employment [6]

Age range	UM	31.12.2020	31.12.2019	31.12.2018
<30				
total no. of new hires	no.	55	74	85
	%	34	52	43
total no. of leavers	no.	13	36	24
	%	8	26	12
31-50				
total new hires	no.	90	91	94
	%	10	12	12
total no. of leavers	no.	64	135	84
	%	7	17	11%
>50				

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

total no. of new hires	no.	13	13	9
	%	5	5	4
total no. of leavers	no.	28	36	19
	%	11	15	9

Gender	UM	31.12.2020	31.12.2019	31.12.2018
Women				
total no. of new hires	no.	82	90	108
	%	12	15	16
total no. of leavers	no.	57	129	78
	%	8	21	12
Men				
total no. of new hires	no.	76	88	80
	%	13	16	15
total no. of leavers	no.	48	78	49
	%	8	14	9
Region	**UM**	**31.12.2020**	**31.12.2019**	**31.12.2018**
Lombardy				
total no. of new hires	no.	50	58	65
	%	12	16	16
total no. of leavers	no.	39	93	53
	%	10	25	13
Lazio				
total no. of new hires	no.	27	23	26
	%	12	11	12
total no. of leavers	no.	11	16	10
	%	5	6	5
Emilia Romagna				
total no. of new hires	no.	43	53	54
	%	14	18	19
total no. of leavers	no.	22	45	26
	%	7	15	9
Friuli				
total no. of new hires	no.	3	7	6
	%	2	5	4
total no. of leavers	no.	9	16	19
	%	7	12	13
Veneto				
total no. of new hires	no.	32	34	34
	%	22	31	32
total no. of leavers	no.	19	17	17
	%	13	16	16
Tuscany				
total no. of new hires	no.	1	1	0
	%	3	5	-
total no. of leavers	no.	3	3	0
	%	8	15	-

Piedmont				
total no. of new hires	no.	1	0	0
	%	20	-	-
total no. of leavers	no.	1	14	0
	%	20	280	-
Marche				
total no. of new hires	no.	1	2	3
	%	8	14	20
total no. of leavers	no.	1	3	2
	%	8	21	13

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

Training	UM	2020	2019	2018
Senior Management	h.	20	22	18
Middle Management	h.	18	29	22
Employees	h.	13	19	14
Total	**h.**	**14**	**20**	**16**
Total Women	h.	11	15	13
Total Men	h.	17	25	19

Accidents on the job

employees	UM	31.12.2020	31.12.2019	31.12.2018
Fatal accidents	no.	0	0	0
Permanent injuries	no.	0	0	0
Temporary injuries	no.	2	10	4
Hours worked	no./00	2,626	2,367	2,456
Rate of fatal accidents at work	no. *	0	0	0
Permanent injury rate at work	no.*	0	0	0
Temporary injury rate at work	no.*	0.8	4.2	1.6

* no. of injuries/hours worked x 1,000,000. The rate indicates the number of accidents per 500 workers

Non-employees	UM	31.12.2020	31.12.2019	31.12.2018
Fatal accidents	no.	0	0	0
Permanent injuries	no.	0	0	0
Temporary injuries	no.	0	3	1

Responsible management of the service

	UM	2020	2019	2018
Cases of non-compliance with the law that resulted in sanction/fine	no.	0	0	0
Cases of non-compliance with the law that resulted in only a warning	no.	8	12	43
Cases of non-compliance with non-mandatory standards (e.g. self-regulation codes)	no.	0	0	0

Proven complaints regarding breaches of customer privacy	UM	2020	2019	2018
Received by third parties and confirmed by the organisation	no.	9	119	0
Received from regulatory bodies	no.	0	2	0
Total number of leaks, thefts or losses of customers' data	no.	12	12	6

Summary table of the Consolidated Non-Financial Declaration

Connection between Legislative Decree 254/2016 and GRI Standards

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

ISSUES IN LEG. DEC. 254/2016 Matters	Social (material)	Personnel (material)	Fight against corruption (material)	Respect for human rights (material)
Brief description of the business model for managing and organising the company's activities	GRI 102: General Disclosures • organisational profile • strategy	GRI 102: General Disclosures • organisational profile • strategy	GRI 102: General Disclosures • organisational profile • strategy	GRI 102: General Disclosures • organisational profile • strategy
Description of the policies applied by the company, including due diligence procedures applied	Management approach for • GRI 417 • GRI 418 • GRI 419	Management approach for • GRI 403 • GRI 405 • GRI 406	Management approach for • GRI 205	Management approach for GRI 406

Results achieved through policies applied	Management approach for • GRI 417 • GRI 418 • GRI 419	Management approach for • GRI 403 • GRI 405 • GRI 406	Management approach for • GRI 205	Management approach for GRI 406
Main risks associated with these aspects linked to the company's activities, including in reference, where appropriate and proportionate, to its relationships, commercial products and services, including, where relevant, supply chains and sub-contracting, which may have negative impacts in these areas, as well as the relative management methods adopted by the company	GRI 102-15 Management approach for • GRI 417 • GRI 418 • GRI 419	GRI 102-15 Management approach for • GRI 403 • GRI 405 • GRI 406	GRI 102-15 Management approach for • GRI 205	GRI 102-15 Management approach for GRI 406
Key indicators for non-financial performance pertinent to the specific business activities	GRI 417 GRI 418 GRI 419	GRI 403 GRI 405 GRI 406 GRI 414 102-12 102-43 102-22 102-24	GRI 205 GRI 415	GRI 406

GRI Content Index

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
GRI 102: General Disclosures 2016 - Organisational Profile	102-1	Name of the organisation	Methodological note p. 39-40	
	102-2	Activities, brands, products and services	Business model p. 47-52	
	102-3	Location of head office	Business model p. 47	
	102-4	Place of activities	Business model p. 47	
	102-5	Ownership and legal form	Business model p. 47	
	102-6	Markets served	Business model p. 47-52	
	102-7	Scale of the organisation	Business model p. 49	
	102-8	Information on employees and other workers	Responsible management of human resources and human rights - Results obtained p. 87-88 Responsible management of the supply chain p. 82 Annex – Results obtained p. 87	
	102-9	Supply chain	Responsible management of the supply chain p. 81-82	

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
	102-10	Significant changes to the organisation and its supply chain	Business model - Significant changes p. 54-56 Responsible management of the supply chain p. 81-82	
	102-11	Precautionary principle	Corporate governance - Organisation and management models p. 61-63 Responsible management of the supply chain p. 81-82	
	102-12	External initiatives	Responsible management of human resources and human rights - Welfare tools p. 78-79 - Economic and financial responsibility p. 85-86	
	102-13	Membership of associations	Economic and financial responsibility p. 85	
GRI 102: General Disclosures 2016 - Strategy	102-14	Statement from senior decision-maker	Please refer to the Annual Financial Report - Letter to Shareholders p. 3	
GRI 102: General Disclosures 2016 - Ethics and integrity	102-15	Key impacts, risks and opportunities	Business model - main risks and opportunities p. 56-60	
	102-16	Values, principles, standards, and norms of behaviour	Corporate Governance - Group's Code of Ethics p. 65-65	
	102-17	Mechanisms for obtaining opinions on ethical issues	Corporate Governance - Group's Code of Ethics p.65	
GRI 102: General Disclosures 2016 - *Governance*	102-18	*Governance* structure	Corporate governance - Corporate *governance* system p. 61	
	102-21	Consulting stakeholders on economic, environmental and social topics	Methodological note - Materiality analysis p. 40-43	
	102-22	Composition of the highest governance body and its committees	Please refer to the Report on Corporate Governance and Ownership Structures	
	102-24	Appointment and selection of the highest governance body	Please refer to the Report on Corporate Governance and Ownership Structures	
GRI 102: General Disclosures 2016 - *Stakeholder* engagement	102-40	List of stakeholder groups	Methodological note - Materiality analysis p. 41	
	102-41	Collective bargaining agreements	Responsible management of human resources and human rights - Management policies and actions taken p. 75	

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
	102-42	Identification and selection of stakeholders	Corporate governance - *Stakeholder Engagement*	
	102-43	- Stakeholder engagement approach	Corporate governance - *Stakeholder Engagement p. 66-67* Methodological note - Materiality analysis p. 41	
	102-44	Key issues and issues raised	Methodological note - Materiality analysis p. 43	
GRI 102: General Disclosures 2016 - Reporting process	102-45	Parties included in the consolidated financial statements	Scope of the Consolidated Non-Financial Declaration p. 39-40	
	102-46	Defining report content and topic boundaries	Methodological note - Materiality analysis p. 40-43	
	102-47	List of material topics	Methodological note - Materiality analysis p. 42 Reconciliation Table p. 43	
	102-48	Review of information	Scope of the Consolidated Non-Financial Declaration p. 40	
	102-49	Changes in reporting	Methodological note - Materiality analysis p. 41	
	102-50	Reporting period	Methodological note p. 39	
	102-51	Date of most recent report	Methodological note p. 39	
	102-52	Reporting cycle	Annual	
	102-53	Contact point for questions regarding the report	info@tinexta.com	
	102-54	Statement on reporting in accordance with GRI standards	Methodological note p. 39	
	102-55	GRI content index	GRI Content Index p. 93-98	
	102-56	External assurance	Independent Auditors' Report on the Consolidated Non-Financial Declaration	
GRI 201: Economic performance 2016	103	Management approach	Methodological note p. 43-46 Economic and financial responsibility p. 84	
	201-1	Economic value directly generated and distributed	Economic and financial responsibility p. 85	
GRI 205: Anti-Corruption 2016	103	Management approach	Methodological note p. 43-46 Combating active and passive corruption - Management policies and actions taken p. 72-74	

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
	205-3	Incidents of corruption ascertained actions taken	Combating active and passive corruption - Results obtained p. 74	
GRI 401: Employment 2016	103	Management approach	Methodological note p. 43-46 Responsible management of human resources and human rights p. 74-76	
	401-1	New hires and turnover	Responsible management of human resources and human rights p. 43-46 Appendix - Employment p. 89-91	
GRI 403: Occupational Health and Safety 2016	403-1	Occupational health and safety management system	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-2	Hazard identification, risk assessment and accident investigation	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-3	Occupational medicine services	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-4	Participation and consultation of workers and communication on health and safety at work	Responsible management of human resources and human rights - Health and safety	
	403-5	Training of workers on health and safety at work	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-6	Promotion of worker health	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-7	Prevention and mitigation of occupational health and safety impacts within commercial relations	Responsible management of human resources and human rights - Health and safety p. 79-80	
	403-9	Accidents on the job	Responsible management of human resources and human rights - Health and safety p. 91	
GRI 404: Training and Education 2016	103	Management approach	Methodological note Responsible management of human resources and human rights - Training	
	404-1	Average hours of annual	Responsible management of	

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
		training per employee	human resources and human rights - Training Annex - Average hours of annual training per employee	
GRI 405: Diversity and equal opportunity 2016	103	Management approach	Methodological note p. 43-46 Responsible management of human resources and human rights - Management policies and actions taken p. 74-76	
	405-1	Diversity of governance bodies and employees	Corporate governance p. 61 Annex - Equal opportunities and non-discrimination p. 88-89 Annex - Composition of the Board of Directors of Tinexta S.p.A. p. 89	
GRI 406: Non-Discrimination 2016	103	Management approach	Methodological note p. 43-46 Responsible management of human resources and human rights - Management policies and actions taken p. 74-76	
	406-1	Incidents of discrimination and corrective actions taken	Responsible management of human resources and human rights - Human rights p. 81	
GRI 414: Supplier Social Assessment 2016	103	Management approach	Methodological note p. 74-76 Responsible management of the supply chain p. 81-82	
	414-1	New suppliers that were assessed using social criteria	Responsible management of the supply chain p. 82	
GRI 415: Public Policy 2016	103	Management approach	Methodological note p. 46-46 Economic and financial responsibility p. 84-85	
	415-1	Political contributions	Combating active and passive corruption - Results obtained p. 74	
GRI 417: Marketing and labelling 2016	103	Management approach	Methodological note p. 43-46 Responsible management of the service p. 67-71	
	417-2	Incidents of non-compliance regarding information and labelling of products and services	Responsible management of the service - Results obtained p. 71-72 Annex - Responsible management of the service p. 92	
GRI 418 - Customer privacy	103	Management approach	Methodological note p. 43-46 Responsible management of the service p. 67-71	

Standard GRI title	GRI Indicator number	GRI indicator title	Page number/Notes	Omissions
2016	418-1	Proven complaints regarding breaches of customer privacy and loss of customer data	Responsible management of the service - Results obtained p. 71-72 Significant changes p. 92 Annex - Responsible management of the service	
GRI 419: Socioeconomic compliance 2016	103	Management approach	Methodological note p. 43-46 Combating active and passive corruption p.72-74	
	419-1	Non-compliance with laws and regulations on social and economic matters	Combating active and passive corruption p. 74	

12 March 2021

Enrico Salza
Chairman
Tinexta S.p.A.

CONSOLIDATED FINANCIAL STATEMENTS 2020

Statements and Notes

Consolidated Financial Statements

Consolidated Statement of Financial Position

€ '000s	Notes	31/12/2020	31/12/2019
ASSETS			
Property, plant and equipment	14	18,990	21,215
Intangible assets and goodwill	15	285,106	269,935
Investment property	16	724	750
Equity-accounted investments	17	5,880	11,454
Other investments	17	22	22
Other financial assets, excluding derivative financial instruments	18	1,246	1,149
- of which vs related parties	*45*	*0*	*8*
Derivative financial instruments	26	0	15
Deferred tax assets	19	6,041	5,635
Trade and other receivables	22	2,517	1,333
Contract cost assets	20	5,275	5,230
NON-CURRENT ASSETS		**325,799**	**316,737**
Inventories	23	1,154	1,145
Other financial assets, excluding derivative financial instruments	24	7,320	6,593
Derivative financial instruments	26	0	16
Current tax assets	25	311	756
- of which vs related parties	*45*	*6*	*322*
Trade and other receivables	22	84,110	89,775
- of which vs related parties	*45*	*48*	*267*
Contract assets	21	9,231	6,187
Contract cost assets	20	1,206	1,278
Cash and cash equivalents	27	92,813	33,600
CURRENT ASSETS		**196,146**	**139,351**
TOTAL ASSETS		**521,945**	**456,087**
EQUITY AND LIABILITIES			
Share capital		47,207	47,207
Treasury shares		-10,001	0
Share premium reserve		55,439	55,439
Other reserves		77,189	42,921
Shareholders' Equity attributable to the Group		*169,834*	*145,567*
Minority interests		*4,047*	*3,859*
TOTAL SHAREHOLDERS' EQUITY	**28%**	**173,881**	**149,426**
LIABILITIES			
Provisions	29	3,471	3,013
Employee benefits	30	12,792	11,878
Financial liabilities, excluding derivative financial instruments	31	150,508	107,039
- of which vs related parties	*45*	*2,269*	*1,458*
Derivative financial instruments	26	1,142	262
Deferred tax liabilities	19	14,279	15,848
Contract liabilities	33	10,961	8,180
- of which vs related parties	*45*	*0*	*81*
Deferred income	34	4	0
NON-CURRENT LIABILITIES		**193,156**	**146,221**
Provisions	29	752	420
Employee benefits	30	131	571
Financial liabilities, excluding derivative financial instruments	31	40,365	62,001
- of which vs related parties	*45*	*1,248*	*578*
Derivative financial instruments	26	0	45
Trade and other payables	32	60,249	54,953
- of which vs related parties	*45*	*280*	*205*
Contract liabilities	33	46,411	37,722
- of which vs related parties	*45*	*0*	*123*
Deferred income	34	1,854	1,818
Current tax liabilities	25	5,147	2,911
CURRENT LIABILITIES		**154,908**	**160,441**
TOTAL LIABILITIES		**348,064**	**306,661**
TOTAL EQUITY AND LIABILITIES		**521,945**	**456,087**

Consolidated Statement of Profit or Loss and Other Comprehensive Income

		Twelve-month period closed at 31 December	
€ '000s	**Notes**	**2020**	**2019**
Revenues	**35**	**269,084**	**258,723**
- of which vs related parties	*45*	*6*	*71*
- of which non-recurring	*35*	*74*	*0*
Costs of raw materials	36	8,869	8,087
Service costs	37	88,138	84,194
- of which vs related parties	*45*	*1,696*	*1,366*
- of which non-recurring	*37*	*2,472*	*1,383*
Personnel costs	38	84,760	83,322
- of which non-recurring	*38*	*0*	*239*
Contract costs	39	7,436	8,763
Other operating costs	40	1,968	3,070
- of which vs related parties	*45*	*2*	*2*
- of which non-recurring	*40*	*0*	*340*
Amortisation and depreciation	41	22,264	20,259
Provisions	41	628	969
Impairment	41	2,140	2,560
Total Costs		**216,204**	**211,223**
OPERATING PROFIT		**52,880**	**47,500**
Financial income	42	3,559	304
- of which non-recurring	*42*	*3,225*	*148*
Financial charges	42	2,959	4,453
- of which vs related parties	*45*	*65*	*307*
Net financial income (charges)		**600**	**-4,149**
Share of profit of equity-accounted investments, net of tax	17	-969	-1,139
PROFIT BEFORE TAX		**52,511**	**42,211**
Income taxes	43	14,597	13,432
- of which non-recurring	*43*	*-1,319*	*-706*
NET PROFIT FROM CONTINUING OPERATIONS		**37,914**	**28,779**
Profit (loss) from discontinued operations		0	0
NET PROFIT		**37,914**	**28,779**
Other components of the comprehensive income statement			
Components that will never be reclassified to profit or loss			
Actuarial gains (losses) of employee benefit provisions	30	-285	-639
Equity-accounted investments - share of Other comprehensive income	17		
Tax effect		68	153
Total components that will never be reclassified to profit or loss		**-217**	**-486**
Components that are or may be subsequently reclassified to profit or loss:			
Exchange rate differences from the translation of foreign Financial Statements		-59	8
Profits (losses) from measurement at fair value of derivative financial instruments	26	-819	-81
Equity-accounted investments - share of Other comprehensive income	17	-11	9
Tax effect		197	20
Total components that may be subsequently reclassified to net profit		**-692**	**-43**
Total other components of comprehensive income, net of tax		**-909**	**-528**
Total comprehensive income for the period		**37,005**	**28,250**
Net profit attributable to:			
Group		37,279	28,182
Minority interests		635	597
Total comprehensive income for the period attributable to:			
Group		36,406	27,649
Minority interests		599	601
Earnings per share			
Basic earnings per Share (€)	44	0.80	0.60
Diluted earnings per Share (€)	44	0.79	0.60

Consolidated Statement of Changes in Equity

Twelve-month period closed at 31 December 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
Comprehensive income for the period											
Profit for the period								37,279	37,279	635	37,914
Other components of the comprehensive income statement					-623	-215		-36	-873	-35	-909
Total comprehensive income for the period	*0*	*0*	*0*	*0*	*-623*	*-215*	*0*	*37,244*	*36,406*	*599*	*37,005*
Transactions with Shareholders											
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
Put adjustment on non-controlling interests								-1,326	-1,326	0	-1,326
Acquisitions								0	0	100	100
Stock options							908	0	908	1	909
Acquisitions of minority interests in subsidiaries								-38	-38	0	-38
Total transactions with Shareholders	*0*	*-10,001*	*1,202*	*0*	*0*	*0*	*908*	*-4,248*	*-12,138*	*-412*	*-12,550*
Balance at 31 December 2020	47,207	-10,001	4,315	55,439	-864	-1,061	908	73,892	169,834	4,047	173,881

Twelve-month period closed at 31 December 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
Comprehensive income for the period											
Profit for the period								28,182	28,182	597	28,779
Other components of the comprehensive income statement					-60	-485		13	-532	4	-528
Total comprehensive income for the period	*0*	*0*	*0*	*0*	*-60*	*-485*	*0*	*28,195*	*27,649*	*601*	*28,250*
Transactions with Shareholders											
Dividends								-15,900	-15,900	-496	-16,396
Allocation to legal reserve			1,081					-1,081	0		0
Capital increase	317			761				0	1,078		1,078
Put adjustment on non-controlling interests								-8,773	-8,773		-8,773
Acquisitions of minority interests in subsidiaries								-107	-107	-2	-109
Total transactions with Shareholders	*317*		*1,081*	*761*	*0*	*0*	*0*	*-25,861*	*-23,702*	*-498*	*-24,200*
Balance at 31 December 2019	47,207	0	3,112	55,439	-241	-846	0	40,896	145,567	3,860	149,426

Consolidated Statement of Cash Flow

In thousands of Euro Twelve-month period closed at 31 December	Notes	2020	2019
Cash flows from operations			
Net Profit		**37,914**	**28,779**
Adjustments for:			
- Amortisation and depreciation	41	22,264	20,259
- Impairment (Revaluations)	41	2,140	2,560
- Provisions	41	628	969
- Provisions for stock options	38	909	0
- Net financial charges (income)	42	-600	4,149
- of which vs. related parties	*45*	*65*	*307*
- Share of profit (loss) of equity-accounted investments	17	969	1,139
- Income taxes	43	14,597	13,432
Changes in:			
- Inventories	23	-10	200
- Contract cost assets	20	27	48
- Trade and other receivables and Contract assets	21.22	1,773	-6,460
- of which vs. related parties	*45*	*219*	*-223*
- Trade and other payables	32	3,797	1,636
- of which vs. related parties	*45*	*75*	*-69*
- Provisions and employee benefits	29.30	220	-857
Contract liabilities and deferred income, including public contributions	33.34	10,890	-1,953
- of which vs. related parties		*-203*	*203*
Cash and cash equivalents generated by operations		**95,519**	**63,901**
Income taxes paid		-13,943	-8,688
Net cash and cash equivalents generated by operations		**81,577**	**55,214**
Cash flows from investments			
Interest collected		31	38
Collections from sale or repayment of financial assets		12,246	1,962
Investments in equity-accounted investments	17	-5,255	-51
Investments in property, plant and equipment	14	-2,699	-2,070
Investments in other financial assets		-1,073	-240
Investments in intangible assets	15	-12,169	-11,457
Increases in the scope of consolidation, net of liquidity acquired	13	-3,336	0
Net cash and cash equivalents generated/(absorbed) by investing activities		**-12,256**	**-11,819**
Cash flows from financing			
Purchase of Minority interests in subsidiaries	31	-17,271	-43,593
- of which vs. related parties		*-14,839*	*0*
Repayment of loans extended by Controlling Shareholder		0	-25,000
- of which vs. related parties		*0*	*-25,000*
Interest paid		-1,972	-2,510
- of which vs. related parties		*-41*	*-290*
MLT bank loans taken out	31	49,642	68,992
Repayment of MLT bank loans	31	-12,269	-12,907
Repayment of price deferment liabilities on acquisitions of equity investments	31	-2,638	-2,472
Repayment of contingent consideration liabilities	31	-7,581	-1,347
Change in other current bank payables	31	-2,470	-5,147
Change in other financial payables	31	493	-2,224
Repayment of lease liabilities	31	-3,850	-3,405
- of which vs. related parties		*-576*	*-526*
Purchase of treasury shares	28	-10,001	0
Capital increase		0	1,078
Capital increases - subsidiaries		3	0
Dividends paid		-2,195	-16,396
Net cash and cash equivalents generated/(absorbed) by financing activities		**-10,108**	**-44,931**
Net increase (decrease) in cash and cash equivalents		59,213	-1,536
Cash and cash equivalents as at 1 January		33,600	35,136
Cash and cash equivalents at 31 December		**92,813**	**33,600**

Notes to the Consolidated Financial Statements at 31 December 2020

1. ENTITY THAT PREPARES THE FINANCIAL STATEMENTS

Tinexta S.p.A. (the "Parent Company") has its offices in Italy. These Consolidated Financial Statements at 31 December 2020 include the Financial Statements of the Parent Company and its subsidiaries (jointly, the "Group"). The Group is mainly active in the Digital Trust, Credit Information & Management, Innovation & Marketing Services and Cyber Security sectors. These Consolidated Financial Statements at 31 December 2020 were approved and authorised for publication by the Board of Directors of Tinexta S.p.A. at its meeting on 12 March 2021.

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

2. PREPARATION CRITERIA AND COMPLIANCE WITH IFRS

These Consolidated *Financial Statements prepared in accordance with art. 154-ter of Legislative Decree no. 58/98 - CFA - and subsequent amendments and additions, have been prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee* (SIC), approved by the European Commission and in force at the reporting date, as well as the previous *International Accounting Standards* (IAS).

The Consolidated Financial Statements were drafted on a going concern basis, as the Directors have verified that there are no financial, managerial or other indicators that suggest critical issues concerning the Group capacity to fulfil its commitments in the foreseeable future and, in particular, over the next 12 months. The description of the procedures through which the Group manages financial risks is provided in the note below on Financial risk management.

3. PRESENTATION CRITERIA

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

It is specified that:

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

In accordance with Consob Resolution no. 15519 of 28 July 2006, the Statement of Profit/(Loss) separately identifies, if any, income and charges arising from non-recurring transactions; similarly, shown separately in the Financial Statements are the Balances of transactions with Related Parties which are further described in Note 45. *Transactions with Related Parties*.

The Consolidated Financial Statements are presented in Euro, i.e. the functional currency of the Parent Company and of its subsidiaries (except for Camerfirma Perù S.A.C., whose functional currency is the Peruvian Nuevo Sol - PEN and Europroject OOD whose functional currency is the Bulgarian Lev - BGN) and all values are expressed in thousands of Euro unless otherwise indicated.

4. SCOPE OF CONSOLIDATION AND CONSOLIDATION CRITERIA

The Consolidated Financial Statements include the Financial Statements of the Parent Company Tinexta S.p.A. and the companies on which the Company has the right to exercise control, directly or indirectly, as defined by IFRS 10 "Consolidated Financial Statements".
For the purposes of the assessment of the existence of control, the three necessary elements are all present:
• power 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 at 31 December 2020 is shown in the following table.

Company	Registered office	at 31 December 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
Swascan S.r.l.	Milan	178	€	51.00%	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
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
Trix S.r.l.	Correggio (RE)	10	€	70.00%	Warrant Hub S.p.A.	100.00%	Line-by-line
Euroquality SAS	France	16	€	100.00%	Warrant Hub S.p.A.	100.00%	Line-by-line
Europroject OOD	Bulgaria	10	BGN	100.00%	90.00% Warrant Hub S.p.A. 10.00% Euroquality SAS	100.00%	Line-by-line
Camerfirma Perú S.A.C.	Peru	84	PEN	99.99%	AC Camerfirma S.A.	50.98%	Line-by-line
FBS Next S.p.A.	Ravenna	2,000	€	30.00%	Tinexta S.p.A.	30.00%	Shareholders' Equity
Etuitus S.r.l.	Salerno	50	€	24.00%	InfoCert S.p.A.	24.00%	Shareholders' Equity
Authada GmbH	Germany	74	€	16.67%	InfoCert S.p.A.	16.67%	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.
The financial statements of the subsidiaries are consolidated starting from the date on which the control was acquired.

All the financial statements used for the preparation of the Consolidated Financial Statements were drafted at 31 December 2019 and adjusted, where necessary, to make them consistent with the accounting standards applied by the Parent Company.

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

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

ASSOCIATED COMPANIES

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

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

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

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

6. SEGMENT REPORTING

Information regarding the business segments has been prepared in accordance with IFRS 8 "Operating Segments", which provides information consistently with the manner adopted by management to make operating decisions. Therefore, the identification of the operating segments and the information presented are defined on the basis of the internal reports used by the management to allocate resources to the different units and to analyse their performance.
An operating segment is defined by IFRS 8 as the component of an entity (i) that carries out business activities generating revenues and costs (including revenues and costs for transactions with other components of the same entity); (ii) the operating results of which are reviewed regularly at the highest decisional level of the entity to make decisions on the resources to be allocated to the sector and the measurement of the performance; (iii) for which separate financial statement information is available.

The operating units identified by management, which encompass all the services and products provided to the customers, are:

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

With respect to 2019, the consolidated economic data for 2020 include:

- the balances of Privacy Lab S.r.l. (*Innovation & Marketing Services* segment) consolidated as from 1 January 2020;
- the balances of Swascan S.r.l. (*Cyber Security* segment) consolidated as from 1 October 2020.

The results of the operating segments are measured and revised periodically by management by analysing trends in EBITDA, defined as "Net Profit" before "Income taxes", "Net financial income (charges)", "Portion of profits from equity-accounted investments", "Amortisation/depreciation", "Provisions" and "Impairment", i.e., as "Revenues" net of "Costs of raw materials", "Service costs", "Personnel costs", "Contract costs" and "Other operating costs".

Breakdown of the Revenues and EBITDA for the individual operating units.

Amounts in thousands of Euro ***Twelve-month period closed at 31 December***	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		***Cybersecurity***		**Other sectors (Holding costs)**		***Total***	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Segment revenues	115,917	107,266	77,251	72,566	76,511	79,824	743	0	2,186	1,357	272,608	261,013
Intra-segment revenues	720	611	380	280	245	43	0	0	2,180	1,357	3,524	2,291
Revenues from third parties	**115,197**	**106,655**	**76,871**	**72,286**	**76,266**	**79,781**	**743**	**0**	**7**	**0**	**269,084**	**258,723**
EBITDA	**30,432**	**28,976**	**23,545**	**17,243**	**34,760**	**37,948**	**140**	**0**	**-10,965**	**-12,880**	**77,912**	**71,287**
Amortisation/depreciation, provisions and impairment											25,032	23,787
Operating Profit											**52,880**	**47,500**
Net financial income (charges)											600	-4,149
Result of quity-accounted investments											-969	-1,139
Profit before tax											**52,511**	**42,211**
Income taxes											14,597	13,432
Net Profit											**37,914**	**28,779**

Breakdown of the assets and liabilities by business units:

Amounts in thousands of Euro	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		***Cybersecurity***		**Other sectors (Parent Company)**		***Total***	
	31/12/2020	**31/12/2019**	**31/12/20**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**	**31/12/2020**	**31/12/2019**
Amounts in thousands of Euro												
Assets	153,351	144,544	161,014	158,350	170,852	161,819	14,675	0	22,053	-8,626	**521,945**	**456,087**
Liabilities	109,009	103,429	57,524	70,832	114,359	110,818	11,378	0	55,794	21,582	**348,064**	**306,661**

7. NEW STANDARDS OR AMENDMENTS FOR 2020 AND FUTURE REQUIREMENTS

a) From 1 January 2020, the Group adopted the following new accounting standards:

- Amendments to the *Conceptual Framework for Financial Reporting*, endorsed by the EU on 6 December 2019 with Regulation no. 2075. The main amendments compared to the 2010 version include a new chapter on measurements, better definitions and guidance, with particular regard to the definition of liability, and clarifications of key concepts, such as stewardship, prudence and measurement uncertainty. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendments to IAS 1 and IAS 8*: *Definition of Material*, endorsed by the EU on 10 December 2019 with Regulation no. 2014. The document has the objective of refining and standardising the definition of "material" present in certain IFRSs, so that it is consistent with the *new Conceptual Framework for Financial Reporting* approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendments to IFRS 9, IAS 39 and IFRS 7*: *Interest rate benchmark reform*, endorsed by the EU on 16 January 2020 with Regulation no. 34. The objective of the document is to allow entities that prepare financial statements not to suspend hedging transactions until the interest rate benchmark reform – still underway worldwide – is completed. This reform, in particular, has created uncertainties on the timeframe and the amount of future financial flows related to some financial instruments, with the consequent risk of having to interrupt the hedging relationships set out pursuant to IAS 39 or IFRS 9. According to the IASB, an interruption of hedging relationships due to these uncertainties does not provide useful information to the users of the financial statements; therefore, the document in question has introduced some amendments specific to IAS 39, IFRS 9 and IFRS 7, namely some temporary derogations to the application of specific provisions in the area of hedge accounting recognition, provided for in IFRS 9 and IAS 39, to be mandatorily applied to all hedging operations that are directly impacted by the reform concerning the reference indexes for the determination of interest rates. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendment to IFRS 3 Business Combinations*, endorsed by the EU on 21 April 2020 with Regulation no. 551. This document introduced a much more restrictive definition of business than that contained in the previous version of IFRS 3, as well as a logical procedure to follow to check if a transaction can be considered a "*business combination*" or simply acquisition of an asset. The amendment must be applied to acquisitions that occur on or after 1 January 2020.
- *Amendments to IFRS 16 Covid-19 Related Rent Concessions*: on 28 May 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document prescribes that landlords may account for reductions in rent related to the Covid-19 pandemic without having to assess, through the analysis of contracts, whether the reduction meets the IFRS 16 definition of *lease modification* Therefore, landlords that apply this option will be able to account for the effects of the reductions in rents directly in the income statement at the effective date of the reduction. The change, applicable to financial statements starting on 1 June 2020, with the possibility of early application on 1 January 2020.

The adoption of the new standards applicable from 1 January 2020 had no significant impact.

b) Accounting standards, amendments and interpretations not yet endorsed by the European Union:

At the date of approval of these Consolidated Financial Statements, the IASB had issued certain accounting standards, interpretations and amendments not yet approved by the European Union and some still in the consultation phase, including:

- On 18 May 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts aims to boost transparency on sources of profit and on the quality of earnings and to guarantee high comparability of results, by introducing a single standard for the recognition of revenues that reflects the services provided. Furthermore, on 25 June 2020, the IASB published *Amendments* to IFRS 17 *and the* deferral of the entry into effect of the new accounting standard to 1 January 2023.

- The IASB published some changes to IAS 1 on 23 January 2020. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" requires that a liability should be classified as current or non-current according to the rights existing as at the date of the financial statements. In addition, it sets out that the classification is not impacted by the entity's expectation of exercising its rights to defer settlement of the liability. It also clarifies that this provision refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The changes should have come into force from 1 January 2022, however, the IASB, with a second document published on 15 June 2020, postponed their entry into force to 1 January 2023. Early application is permitted.
- On 14 May 2020, the IASB published the *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020* with the aim of making specific amendments to these standards. The amendments apply to Financial Statements relating to years beginning on 1 January 2022 or later.
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, IAS 37 Interest Rate Benchmark Reform - Phase 2. On 27 August 2020, the IASB published some amendments regarding the following accounting standards:
  - IFRS 4 Insurance Contacts
  - IFRS 7 Financial Instruments Disclosures
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IAS 39 Financial Instruments: Recognition and Measurement.

  All amendments will come into effect on 1 January 2021.

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

8. MEASUREMENT CRITERIA

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

PROPERTY, PLANT AND EQUIPMENT

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

effective date on which the asset is ready for use. The useful life estimated by the Group, for the different classes of assets, is the following:

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

The estimates of the useful life and of the residual value are reviewed at least once a year.
Depreciation ends when the asset is transferred or reclassified as held for sale.
If the asset subject to depreciation includes distinctly identifiable and significant components, with different estimated useful life, the depreciation is calculated separately for each of the different components, in application of the component approach standard.
Gains and losses realised on the sale of assets or groups of assets are calculated by comparing the sale price with the corresponding net carrying amount.
The assets related to the rights of use concerning lease agreements are recognised under the item Property, plant and equipment. As regards the initial recognition and subsequent measurement criteria applied to these assets, see the section *LEASED ASSETS*.

LEASED ASSETS

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

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

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

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

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

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

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

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

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

The Group opted for the recognition of assets consisting of the right of use under the item Property, plant and equipment under the same categories where the corresponding assets would have been recognised if they were owned.
The asset consisting of the right of use is subsequently measured by applying the cost model, net of the accumulated amortisation and impairment of the accumulated value, adjusted in order to take into account any re-measurement of the lease liability. If the lease transfers the ownership of the underlying asset to the Group at the end of the *lease* or if the cost of the asset consisting of the right of use reflects the fact that the Group will exercise the purchase option, the Group amortises the asset consisting of the right of use from the effective date until the end of the useful life of the underlying asset. Conversely, the Group depreciates the asset consisting of the right of use from the effective date to the end of the useful life of said asset or, if prior, to the end of the lease duration.

INTANGIBLE ASSETS

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

- *Goodwill: goodwill recognised among intangible assets is related to business combination transactions and represents the difference between the cost incurred for the acquisition of a company or a business unit and the sum of the fair value assigned, at the time of acquisition, to the individual assets and liabilities that make up the capital of that company or business unit.* Having indefinite useful life, goodwill is not subject to *systematic amortisation but undergoes an impairment test at least once a year. For the* *purposes of* the execution of the impairment test, the goodwill acquired in a business combination is allocated to the individual Cash Generating Unit (CGU) or to groups of CGUs that are expected to benefit of the synergies of the aggregation *, in compliance with the minimum level at which this goodwill is monitored within the Group. Goodwill related to associated companies, joint ventures* or non-consolidated subsidiaries is included in the value of the equity investments.

- *Software: Software is recognised at its acquisition and/or development cost net of accumulated amortisation and impairment, if any.* The amortisation is carried out from the year in which the software, either acquired or internally developed, is available for use and is calculated taking as reference the shorter period between that of expected use and that of ownership. The useful life varies according to the business of the companies and is between 3 and 8 years.
- *Concessions, licences and trademarks: Costs for the acquisition, internal production and user licenses of the trademarks fall under this category.* The costs, inclusive of the direct and indirect expenses incurred to obtain the rights, may be capitalised as assets after obtaining their ownership and are systematically amortised taking as reference the shorter period between that of expected use and that of ownership of the rights. Useful life is 5 years.
- *Databases:* the costs to acquire financial information are recognised in intangible assets only to the extent to which the Group is able to reliably measure for these costs the future benefits deriving from the acquisition of the information assets. The useful life is between 3 and 4 years.
- *Intangible assets from business combination transactions: These concern the allocation during PPA (purchase price allocation) of the excess cost paid for the acquisition of control:*
  - ✓ of Ribes, now merged into Innolva S.p.A., at the beginning of 2013, which has involved the recognition of an intangible asset for *backlog orders* for an amount of € 434 thousand, fully recognised as a deduction from Shareholders' Equity at the time of the transition since, for the duration of the contracts which it refers to, exhausts its future utility in a single year, and an intangible asset for *customer lists* for an amount of €7,232 thousand that, on the basis of the rate of turnover of customers, is believed it may exhaust its future utility in a period of 20 years from the acquisition date;
  - ✓ of Assicom, now merged into Innolva S.p.A., carried out at the end of 2014, which has involved the recognition of an intangible asset for *backlog orders* for an amount of €1,302 thousand to be amortised in 4 years from 2015, to date fully amortised, and an intangible asset for *customer lists* for an amount of €14,304 thousand that, on the basis of the rate of turnover of customer, it is believed may exhaust its future utility in a period of 14 years from the acquisition date;
  - ✓ of the former subsidiary Infonet S.r.l., today merged into Innolva S.p.A., carried out at the end of 2014, which has involved the recognition of an intangible asset for *backlog orders* for an amount of €272 thousand fully recognised in the income statement in 2015 and an intangible asset for *customer lists* for an amount of €5,728 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 16 years from the acquisition date;
  - ✓ of the former subsidiary Datafin S.r.l., now merged into Innolva S.p.A., carried out at the end of 2015, which has involved the recognition of an intangible asset for *customer lists* for an amount of €741 thousand that, on the basis of the rate of turnover of customers of the former subsidiary, it is believed may exhaust its future utility in a period of 10 years from the acquisition date;
  - ✓ of Co.Mark, carried out in March 2016, which has involved the recognition of an intangible asset for *backlog orders* for an amount of €1,977 thousand to be recognised in the income statement in 2 years from 2016, to date fully amortised, and an intangible asset for *customer lists* for an amount of €3,324 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 5 years from the acquisition date;
  - ✓ of Visura, carried out in June 2016, which has involved the recognition of an intangible asset for *customer lists* for an amount of €7,212 thousand that, on the basis of the rate of turnover of

customers, it is believed may exhaust its future utility in a period of 5 years from the acquisition date;

- ✓ of Warrant Hub and its subsidiaries, carried out in November 2017, which has involved the recognition of an intangible asset for *customer lists* for an amount of €29,451 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 17 years from the acquisition date;
- ✓ of Camerfirma and its subsidiaries, carried out in May 2018, which has involved the recognition of an intangible asset for *customer lists* for an amount of €360 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 7 years from the acquisition date;
- ✓ of Promozioni Servizi, merged with Innolva S.p.A. in October 2018, which has involved the recognition of an intangible asset for customer lists for an amount of €2,454 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 13 years from the acquisition date.
- ✓ of Privacy Lab now, which occurred in January 2020, which has involved the recognition of an intangible asset for customer lists for an amount of €687 thousand that, on the basis of the rate of turnover of customers, it is believed may exhaust its future utility in a period of 9 years from the acquisition date.

INVESTMENT PROPERTY

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

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (ASSET IMPAIRMENT)

Goodwill and intangible assets with indefinite useful life

Assets with indefinite useful life are not subject to amortisation, but undergo, at least once a year, an assessment of the recoverability of the value recognised in the Financial Statements (*impairment test*). As previously indicated, goodwill undergoes an *impairment test*, annually or more frequently, if there are indications that it may have suffered a decrease in value.

The *impairment test* is carried out on each of the cash-generating units ("CGU") to which goodwill was allocated and monitored by management.

Any decrease in value of goodwill is recognised if the recoverable amount of the CGU to which goodwill is allocated is less than the corresponding value recognised in the Financial Statements.

The recoverable amount is understood as the greater between the fair value of the CGU, net of sale charges, and the corresponding value in use, the latter being the current value of the expected future cash flows for the assets that make up the CGU. In calculating the value in use, the expected future cash flows are discounted using a discount rate inclusive of taxes, which reflects the current market assessments of the cost of cash, in proportion to the period of the investment and the specific risk of the asset. If the decrease in value identified through impairment testing is greater than the value of the goodwill allocated to the CGU, the residual excess is allocated to the assets included in the CGU in proportion to their carrying value. This allocation has as minimum the highest of:

(i) fair value of the asset, net of sale costs;
(ii) value in use, as above defined;
(iii) zero.

The original value of goodwill cannot be restored if the reasons for its impairment no longer apply.

Intangible and tangible assets with definite useful life

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

RECEIVABLES AND FINANCIAL ASSETS

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

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

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

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

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

Impairment

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

DERIVATIVES

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

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

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

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

CONTRACT COST ASSETS

The following are recognised under "Contract cost assets":

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

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

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

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

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

INVENTORIES

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

CONTRACT ASSETS AND LIABILITIES

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

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

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

CASH AND CASH EQUIVALENTS

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

SHAREHOLDERS' EQUITY

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

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

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

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

Transaction costs relating to the issue of capital instruments
The transaction costs relating to the issue of capital instruments are recognised as a decrease (net of any related tax benefit) of the Share premium reserve, generated by the same transaction, to the extent that

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

PAYABLES AND OTHER FINANCIAL LIABILITIES

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

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

PUT OPTIONS ON MINORITY INTERESTS

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

CONTINGENT CONSIDERATION

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

INCOME TAXES

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

in force at the time in which the temporary differences will be reversed; this forecast is made on the basis of the tax laws in force or substantially in force at the time reference for the year. Deferred tax assets, including those deriving from tax losses, are recognised only if it is believed that taxable income sufficient for their recovery will be generated in the following years.

Starting in 2018, the Parent Company Tinexta S.p.A. as the consolidating company, opted or national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Parent Company and the consolidated companies are defined in the corresponding tax consolidation regulations. Accordingly, the Group has reported in these Consolidated Financial Statements the balance sheet items related to current IRES (i.e. Corporate Income Tax) taxes for companies participating in the Tinexta tax consolidation. The recognition of current taxes for IRAP purposes remains unchanged.

EMPLOYEE BENEFITS

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

The benefits after the termination of the employment are divided into two categories:

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

For the companies with more than 50 employees, starting from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, including the option given to the worker to choose the destination of his/her TFR. Specifically, the new TFR flows can be directed by the workers to pension schemes of their choice or else kept in the company. In both cases, from this date the newly accrued portions represent defined contribution plans not subject to actuarial measurement.

With reference to the classification of the costs related to the TFR contributions, service costs are recognised under "Personnel costs" and interest charges under "Financial charges", while actuarial profits/losses are recognised among the other components of the comprehensive income statement.

SHARE-BASED PAYMENTS

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

PROVISIONS FOR RISKS AND CHARGES

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

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

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

REVENUES

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Cybersecurity Consulting: refers to the Cybersecurity consulting service. The service has a fixed component. Revenue is recognised at point in time.

COSTS

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

FINANCIAL INCOME AND CHARGES

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

EARNINGS PER SHARE

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

Earnings per share - diluted
The diluted EPS is calculated by dividing the Net profit attributable to the Group by the weighted average of outstanding Ordinary Shares, excluding Treasury Shares. For the purposes of the calculation of the diluted EPS, the weighted average of the Shares outstanding is modified assuming that all the rights with a potential diluting effect are exercised, while the Net profit attributable to the Group is adjusted for the effect, net of taxes, of the exercise of said rights.

9. USE OF ESTIMATES

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

- *Intangible assets with indefinite* life: goodwill is assessed on an annual basis, to identify whether there is an impairment that should be recognised in the Income Statement. Specifically, the assessment in question requires the calculation of the recoverable amount of the CGU (Cash Generating Unit) to which goodwill is allocated. The recoverable amount is calculated by estimating the value in use or the fair value net of *disposal costs; if the recoverable amount is less than the carrying amount of the CGU, goodwill is written down. The calculation of the recoverable amount of the CGU requires estimates based on factors that may change over time, with a potentially significant impact on the assessments carried out by Directors. With particular reference to the determination of the value in use with the method of discounting expected future cash flows, it should be noted that this method is characterised by a high degree of complexity and by the use of estimates, which are uncertain and subjective by nature, approximately:*
    - the cash flows expected from the CGUs, determined taking into account the general economic performance of the sector to which they belong, the cash flows recorded in the last few years and the forecast growth rates.
    - the financial parameters used to determine the discount rate.

- *Allocation of the price paid for the acquisition* of control over an entity (purchase price allocation): in terms of business combinations, in exchange for the consideration transferred for the acquisition of control over a company, the identifiable assets acquired and the liabilities assumed are recognised in the Consolidated Financial Statements at current values (fair value) at the acquisition date, through a purchase price allocation process*. During the measurement period, the determination of such current values entails the assumption of an estimate by the directors relating to the information available on all facts and circumstances existing at the date of acquisition which may have effects on the value of the assets acquired and the liabilities assumed.*

- *Impairment of fixed assets*: property, plant and equipment and intangible assets with finite useful life are assessed to establish whether there was a decrease in value, to be recognised through impairment, if there are indications that it will be difficult to recover their net accounting value through use. To establish the presence of said indications, Directors must make subjective assessments on the basis of information available within the Company and the market, as well as historical experience. Moreover, if it is determined that a potential impairment loss may be generated, this loss is calculated using appropriate measurement techniques. The correct identification of the factors indicating the occurrence of a potential decrease in value, as well as the estimates for the calculation of these depend on factors that may vary over time, affecting the assessments and estimates carried out by the Directors.

- *Measurement at fair value: in measuring the fair value of an asset or liability, the Company makes use of observable market data as far as possible. Fair values* are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques.

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

- *Valuation of the amortisation provision for expected impairment of commercial receivables: the Group uses an allocation matrix based on historical experience to estimate expected losses on receivables.* Depending on the type of customer, the Group may use groupings if the historical experience for credit losses is significantly different than the loss models by different customer segments. Estimates and assumptions are periodically reviewed, and the effects of each change are reflected in the income statement for that period.

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

10. MANAGEMENT OF FINANCIAL RISK

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

- interest rate risks, from the financial exposure of the Group;
- exchange rate risks, from operations in currencies different from the functional currency;
- liquidity risks, related to the availability of financial resources and access to credit markets;
- credit risks, resulting from normal business transactions or liquidity management activities.

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

Exchange rate risk

The exposure to the risk of changes in exchange rates derives from the execution of activities in currencies different from the Euro. The Group carries out most of its activity in Italy, and in any case most of the sales or purchases of services with foreign countries are carried out with EU countries and the transactions are settled almost exclusively in Euro; therefore, it is not greatly exposed to the risk of fluctuation of the exchange rates of foreign currencies against the Euro. To be noted is an exposure in PEN (Peruvian Nuevo Sol) referring to the activities carried out by Camerfirma Perù S.A.C. in its national territory, and in BGN (Bulgarian Lev) referring to the activity undertaken by Europroject OOD in its territory. Therefore, considering the very limited exposure to foreign currencies, at the Group level, no exchange rate hedging has been set up.

Interest rate risk

The Group uses external financial resources in the form of debt and deposits the liquidity in bank deposits. Changes in market interest rates influence the cost and return of the different types of borrowing and depositing and therefore have an impact on the level of the financial charges and income.
Being exposed to interest rate fluctuations with regard to the extent of the financial charges incurred to borrow funds, the Group periodically reviews its exposure to the risk of changes in interest rates and actively manages it also by making use of interest rate derivatives, specifically Interest Rate Swaps (IRS), Interest Rate Floors (Floors), Interest Rate Caps (Caps) and Interest Rate Collars (Collars) purely for hedging purposes. Cash and cash equivalents are mainly represented by deposits on floating rate bank accounts with no term restriction, and therefore their fair value is equivalent to the value recognised in the financial statements; it should be noted that in this particular market context, with negative monetary rates, the counterparty banks

have not yet transferred the negative rates to the accounts of the Group, which currently receives a positive or zero rate on its cash. The interest rate benchmark to which the Group is most exposed on indebtedness is the 6-month Euribor. Therefore, the risk of interest rate appears adequately monitored, owing to the current forecast of short-term stability and moderate growth in the medium to long term for the 6-month EURIBOR index (forward rates curve) and the structure of the debt portfolio.

Cash Flow Hedge strategy on bank loans at 31 December 2020:

Bank loans at 31 December 2020 *Amounts in thousands of Euro*	**Nominal amount**	**Cash flow hedge derivatives Notional values by type as at 31 December 2020**			
		IRS	**Capped Swap**	**Collar**	**Total**
Floating rate loans	154,773	77,122	28,774	30,230	**136,126**
Fixed rate loans	0				
	154,773	**77,122**	**28,774**	**30,230**	**136,126**

The hedging rate of bank loans is 88.0% (79.3% at 31 December 2019).
Sensitivity analysis on interest rate risk which shows the effects (net of any related tax effects) on the income statement, on an annual basis, and on the net equity at 31 December 2020, from the following changes in the Euribor rate: +300 bps, +100 bps, -100 bps limited to bank loans at 31 December 2020.

Sensitivity analysis of interest rate risk	**Profit (loss) on an annual basis**			**Shareholders' Equity as at 31 December 2020**		
In thousands of Euro	300 bps increase	100 bps increase	100 bps decrease	300 bps increase	100 bps increase	100 bps decrease
Floating rate bank loans	**-3,159**	**-1,012**	**628**	**0**	**0**	**0**
Interest rate swap	**1,537**	**495**	**-367**	**4,741**	**1,401**	**-1,568**
Capped Swap	**331**	**0**	**0**	**930**	**120**	**-17**
Collar	**328**	**45**	**-210**	**1,205**	**275**	**-665**
Financial flow sensitivity (net)	**-963**	**-471**	**50**	**6,876**	**1,795**	**-2,250**

Credit risk

Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2020, the liquidity of the Group was deposited in bank accounts held at prime credit institutions.

Trade credit risk derives essentially from receivables from customers. To mitigate credit risk from trade counterparties, the Group has implemented internal procedures requiring a preliminary assessment of the solvency of the client before accepting a contract, through a scoring analysis. Another procedure was adopted for the recovery and management of trade receivables, which provides for
written reminders to be sent in the case of late payments and gradually more targeted actions (letters, phone telephone reminders, legal action). The Group uses an allocation matrix to calculate the expected losses, based on historical data. Depending on the type of customer, the Group may use groupings if the historical experience for credit losses is significantly different than the loss models by different customer segments.

The table is in Note 22. *Trade and Other Receivables provides a breakdown of current trade receivables from customers at 31 December 2020, grouped by maturity, gross and net of the related bad debts provision.*

Liquidity risk

Liquidity risk may take the form of an inability to promptly raise, at market conditions, the financial resources needed for the Group to operate. The two main factors that influence the liquidity of the Group are:
- (i) the financial resources generated or absorbed by operating and investing activities;
- (ii) the maturity of financial debt.

Liquidity risk is managed through careful control of operating cash flows and use of a cash pooling system between the Group companies. The liquidity requirements of the Group are monitored by the Group treasury

function, with the objective of ensuring that financial resources can be effectively and promptly obtained and an adequate investment/return of liquidity.
The management believes that the cash and the credit lines currently available, in addition to those that will be generated by operating and financing activities, will allow the Group to meet its requirements, deriving from investing activities, management of working capital and repayment of loans at their contractual maturity.

The table is in Note 31. *Financial liabilities, excluding derivative financial instruments, the financial liabilities recognised in the Financial Statements at 31 December 2020 are summarised and classified according to contractual maturity.*

11. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Reconciliation between financial asset and liability classes as identified in the Statement of Financial Position of the Company and the types of financial assets and liabilities identified on the basis of IFRS 7 requirements:

Amounts in thousands of Euro	*Assets measured at fair value and recognised in the Income Statement*	*Assets/Liabilities designated at fair value and recognised in the Income Statement*	*Liabilities held for trading measured at fair value and recognised in the Income Statement*	*Fair Value Hedging instruments*	*Assets/Liabilities measured at amortised cost*	*Assets measured at fair value through OCI*	*Investments in instruments representing OCI capital*	***Total***
NON-CURRENT ASSETS	**0**	**445**	**0**	**0**	**3,318**	**0**	**0**	**3,763**
Other financial assets, excluding derivative financial instruments		445			801			**1,246**
Trade and other receivables					2,517			**2,517**
CURRENT ASSETS	**0**	**2,014**	**0**	**0**	**182,228**	**0**	**0**	**184,242**
Other financial assets, excluding derivative financial instruments		2,014			5,306			**7,320**
Trade and other receivables					84,110			**84,110**
Cash and cash equivalents					92,813			**92,813**
NON-CURRENT LIABILITIES	**0**	**12,871**	**0**	**1,142**	**137,636**	**0**	**0**	**151,650**
Financial liabilities, excluding derivative financial instruments		12,871*			137,636			**150,508**
Derivative financial instruments				1,142				**1,142**
CURRENT LIABILITIES	**0**	**3,818**	**0**	**0**	**96,796**	**0**	**0**	**100,614**
Financial liabilities, excluding derivative financial instruments		3,818*			36,547			**40,365**
Trade and other payables					60,249			**60,249**

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

12. FAIR VALUE HIERARCHY

Fair value hierarchy for assets and liabilities of the Group:

Amounts in thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT ASSETS	**445**	**0**	**0**	**445**
Other financial assets, excluding derivative financial instruments	*445*			*445*
Capitalisation policy	445			445
CURRENT ASSETS	**2,014**	**0**	**0**	**2,014**
Other financial assets, excluding derivative financial instruments	*2,014*			*2,014*
Capitalisation policy	2,014			2,014
NON-CURRENT LIABILITIES	**0**	**1,142**	**12,871**	**14,013**
Derivative financial instruments		*1,142*		**1,142**
Other financial liabilities, excluding derivative financial instruments			*12,871*	*12,871*
Liabilities for the purchase of minority interests			12,554	12,554
Contingent consideration			317	317
CURRENT LIABILITIES	**0**	**0**	**3,818**	**3,818**
Other financial liabilities, excluding derivative financial instruments			*3,818*	*3,818*
Contingent consideration			3,818	3,818

13. BUSINESS COMBINATIONS

BUSINESS COMBINATIONS FOR WHICH ACCOUNTING RECOGNITION HAS BEEN COMPLETED

Acquisition of PrivacyLab S.r.l.

On 27 January 2020, through the subsidiary Warrant Hub S.p.A., the Tinexta Group acquired 60% of PrivacyLab S.r.l. (hereinafter also PrivacyLab), operating in the sale of licences, advisory services, training and tools for managing compliance with GDPR provisions.

The acquisition falls under the diversification process of the offer under the Industry 4.0 Plan, leveraging on the know-how related to advisory expertise on innovation, already present in the subsidiary Warrant Innovation Lab S.r.l. and in the strategy of growth focused on the capacity to adopt solutions that are easily scalable.

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 and fully paid as at 31 December 2020. The accessory charges to the acquisition amount to €83 thousand.

Through a system of put&call options, Warrant Hub has the option of acquiring the remaining 30% of the company in 2022 after approval of the financial statements at 31 December 2021, for an amount currently estimated at €1,282 thousand.

The company has therefore been consolidated on a line-by-line basis from 1 January 2020, with recognition of minority interests on the remaining 10%, and contributed €1,209 thousand to Tinexta Group revenues for 2020 and €228 thousand to consolidated net profit.

Warrant Hub holds a *call* option on the remaining 10%, to be exercised in 2022 after approval of the financial statements at 31 December 2021.

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

Amounts in thousands of Euro	
Cash and cash equivalents for 60%	612
Price supplement on 60%	690
Current value of the exercise price of the *Put & Call* options on 30%	974
Total consideration transferred	**2,276**

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

Amounts in thousands of Euro	**Book values**	**Fair value adjustments**	**Fair Value**
Property, plant and equipment	71		71
Intangible assets	209	998	1,207
Equity-accounted investments	1		1
Non-current financial assets	5		5
Current financial assets	12		12
Trade and other receivables	421		421
Cash and cash equivalents	505		505
Total assets acquired	**1,224**	**998**	**2,222**
Employee benefits	7		7
Non-current financial liabilities	30		30
Current financial liabilities	32		32
Trade and other payables	259		259
Contract liabilities	589		589
Current and deferred tax liabilities	24	278	302
Total liabilities assumed	**940**	**278**	**1,219**
Net assets acquired	**283**	**720**	**1,003**

The recognition at fair value of the acquired assets and liabilities of Privacy Lab entailed:

- the recognition of an intangible asset for customer lists for an amount of €687 thousand (before taxes), which, according to the customer turnover rate, it is believed, may deplete its future useful life in a period of 9 years from the acquisition date;
- the recognition of a higher value of intangible assets for an amount of €311 thousand, gross of taxes, relating to the proprietary software platform for the management of privacy issues, which is believed may be exhausted in the future in a period of 4 years from the date of acquisition;

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

Amounts in thousands of Euro	
Total consideration transferred	2,276
Net assets acquired	1,003
Net assets acquired of minority shareholders	-100
Goodwill	**1,373**

Net cash flow at the acquisition date, including the tranches of the earn-out paid in 2020, deriving from the consolidation of PrivacyLab:

Amounts in thousands of Euro	
Consideration paid on closing	-612
Contingent consideration paid	-690
Cash and cash equivalents acquired	505
Net cash flow deriving from consolidation	**-797**

BUSINESS COMBINATIONS FOR WHICH ACCOUNTING RECOGNITION HAS NOT BEEN COMPLETED

Acquisition of Swascan S.r.l.

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.

An advance payment on the acquisition price equal to 51% of the share capital of Swascan was made on the closing date, amounting to €2,100 thousand. As regards this transaction, it was established that with the approval of the financial statements at 31 December 2020, an earn-out would be recognised, calculated on the basis of 2020 EBITDA (contractually defined) at 31 December 2020. This earn-out is currently estimated at €2,061 thousand, and takes account of the price adjustment deriving from the net financial position at closing. The accessory charges to the acquisition amount to €101 thousand.

Through a system of put&call options, Tinexta S.p.A. has the option of acquiring the remaining 49% of the company in 2024 after approval of the financial statements at 31 December 2023, for an amount currently estimated at €12,824 thousand.

The company has therefore been consolidated on a line-by-line basis from 1 October 2020, and contributed €743 thousand to Tinexta Group revenues for 2020 and €50 thousand to consolidated net profit.

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

Amounts in thousands of Euro	
Cash and cash equivalents for 51%	2,100
Contingent consideration on 51%	2,061
Current value of exercise price of *Put & Call* options on 49%	9,534
Total consideration transferred	**13,695**

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

Amounts in thousands of Euro	**Book values**
Property, plant and equipment	129
Intangible assets	472
Current and deferred tax assets	11
Trade and other receivables	1,207
Cash and cash equivalents	123
Total assets acquired	**1,944**
Employee benefits	38
Non-current financial liabilities	154
Current financial liabilities	40
Trade and other payables	853
Contract liabilities	21
Current and deferred tax liabilities	70
Total liabilities assumed	**1,175**
Net assets acquired	**768**

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

Amounts in thousands of Euro		
Total consideration transferred		13,695
Net assets acquired		768
	Goodwill	**12,927**

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

Amounts in thousands of Euro	
Consideration paid on closing	-2,100
Cash and cash equivalents acquired	123
Net cash flow deriving from consolidation	**-1,977**

Acquisition of Euroquality SAS and Europroject OOD

On 11 November 2020, Warrant Hub S.p.A. finalised the acquisition of Euroquality SAS (Euroquality), based in Paris, and the affiliate Europroject OOD (Europroject), based in Sofia (Bulgaria), consulting companies specialized in supporting its customers in accessing European funds for innovation. The acquisition is part of the process of geographical expansion of the Warrant Group, giving priority to countries such as France, which has an entrepreneurial fabric and a legislative framework similar to those of the Italian market.

The two companies are consolidated on a line-by-line basis starting from 31 December 2020, without therefore contributing to the economic results of the Tinexta Consolidated Financial Statements as at 31 December 2020. In 2020, the two companies generated total revenues of around €2.3 million and profit of around €0.3 million.

The consideration for the acquisition of both companies was set at €1,988 thousand paid at closing, plus price adjustments based on the Net financial position (defined in the contract) at the closing date, defined as €998 thousand and paid in January 2021, and on the basis of the 2020 and 2021 results currently estimated at €1,100 thousand. In relation to the contingent consideration on the 2020 results, Warrant Hub paid the sum of €350 thousand to an independent third party, in compliance with contractual agreements, to guarantee part of the contingent consideration on the 2020 results; this amount is recorded under *Other current financial assets*. The accessory charges to the acquisition amount to €417 thousand.

A portion of the purchase price paid, amounting to €500 thousand, was paid to an independent third party, in compliance with contractual agreements, to guarantee the contractual guaranteed commitments undertaken by the sellers.

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

Amounts in thousands of Euro		
Cash and cash equivalents		1,988
Contingent consideration		2,074
	Total consideration transferred	**4,062**

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

Amounts in thousands of Euro	**Book values EQ**	**Book values EP**	**IC adjustments**	**Sum**
Property, plant and equipment	303	3		306
Non-current financial assets	32	0	-2	31
Trade and other receivables	762	85	-30	817
Cash and cash equivalents	1,291	134		1,425
Current and deferred tax assets	10	0		10
Total assets acquired	**2,399**	**222**	**-31**	**2,590**
Non-current financial liabilities	203	0		203
Current financial liabilities	513	0		513
Trade and other payables	313	75	-30	358
Contract liabilities	9	0		9
Current and deferred tax liabilities	0	1		1
Total liabilities assumed	**1,038**	**75**	**-30**	**1,084**
Net assets acquired	**1,361**	**147**	**-2**	**1,506**

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

Amounts in thousands of Euro		
Total consideration transferred		4,062
Net assets acquired		1,506
	Goodwill	**2,556**

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

Amounts in thousands of Euro	
Consideration paid on closing	-1,988
Cash and cash equivalents acquired	1,425
Net cash flow deriving from consolidation	**-563**

Information on the Statement of Financial Position

The tables of changes in equity items show the effects on the consolidated data of changes in the scope of consolidation (the values of assets and liabilities acquired from PrivacyLab S.r.l. and the provisional estimated values of the Swascan S.r.l., Euroquaity SAS and Europroject OOD assets and liabilities acquired, as illustrated in Note *13. Business Combinations*.

14. PROPERTY, PLANT AND EQUIPMENT

Changes in investments in property, plant and equipment:

Amounts in thousands of Euro	31/12 2019	Invest ments	Disinvest ments	Amortisati ons/ depreciati on	Change in scope	Revaluatio ns	Impairme nt	Excha nge rate Delta	31/12 2020
Land									
Cost	148								*148*
Net value	**148**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**148**
Leased land									
Cost	303								*303*
Net value	**303**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**303**
Buildings									
Cost	1,054								*1,054*
Accumulated Depreciation	-436			-31					*-468*
Net value	**618**	**0**	**0**	**-31**	**0**	**0**	**0**	**0**	**587**
Leased buildings									
Cost	17,643	799	-58		452	33	-717		*18,152*
Accumulated Depreciation	-3,972		58	-2,866			10		*-6,769*
Net value	**13,671**	**799**	**0**	**-2,866**	**452**	**33**	**-707**	**0**	**11,383**
Electronic machines									
Cost	20,564	1,599	-962		58			-4	*21,254*
Accumulated Depreciation	-17,918		956	-1,942	-27			2	*-18,929*
Net value	**2,645**	**1,599**	**-6**	**-1,942**	**31**	**0**	**0**	**-2**	**2,325**
Leased electronic machinery									
Cost	637								*637*
Accumulated Depreciation	-106			-212					*-319*
Net value	**531**	**0**	**0**	**-212**	**0**	**0**	**0**	**0**	**319**
Leasehold improvements									
Cost	1,998	252							*2,250*
Accumulated Depreciation	-1,532			-204					*-1,736*
Net value	**465**	**252**	**0**	**-204**	**0**	**0**	**0**	**0**	**514**
Assets in progress and advances									
Cost	0	290							*290*
Net value	**0**	**290**	0	**0**	**0**	**0**	**0**	**0**	**290**
Other assets									
Cost	7,775	566	-187		49				*8,203*
Accumulated Depreciation	-6,457		185	-508	-33				*-6,813*
Net value	**1,319**	**566**	**-3**	**-508**	**16**	**0**	**0**	**0**	**1,390**
Other leased assets									
Cost	2,306	1,180	-177		8	37	-117	0	*3,237*
Accumulated Depreciation	-792		177	-940	0	0	49	0	*-1,506*
Net value	**1,514**	**1,180**	**0**	**-940**	**8**	**37**	**-68**	**0**	**1,731**
Property, plant and equipment	**21,215**	**4,688**	**-8**	**-6,704**	**507**	**70**	**-775**	**-2**	**18,990**
of which leased	***16,019***	***1,980***	***0***	***-4,018***	***460***	***70***	***-775***	***0***	***13,736***

Investments during the year amounted to €4,688 thousand (of which €1,980 thousand for new lease contracts) against depreciation of €6,704 thousand (of which €4,018 thousand on lease contracts).

The Group has opted to recognise right of use assets from leases under *Property, plant and equipment*, in the same categories in which the underlying assets would have been recognised if owned. Right of use assets on properties are recognised under *leased buildings*, whilst right of use assets on vehicles are recorded under *other leased assets*. *Revaluations* include adjustments to rights of use due to increases in lease payments or to lease extensions; *Impairment* refers solely to early terminations of leases.

Investments in Electronic machines totalling €1,599 thousand are attributable in the amount of approximately €1,329 thousand to the Digital Trust business unit and refer mainly to acquisitions of hardware and electronic devices required for the functioning of company data centres.

15. INTANGIBLE ASSETS AND GOODWILL

This item includes intangible assets with indefinite (goodwill) or definite (intangible assets) useful life as follows:

Amounts in thousands of Euro	31/12 2019	Investments	Divestments	Amortisation	Reclassifications	Change in scope	Allocations	Exchange rate Delta	31/12 2020
Goodwill									
Original cost	198,180						16,856		215,036
Net value	**198,180**	**0**	**0**	**0**	**0**	**0**	**16,856**	**0**	**215,036**
Other intangible assets with indefinite useful life									
Original cost	405								405
Bad debts provision	0								0
Net value	**405**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**405**
Software									
Original cost	59,549	1,898	-173		3,816	1,221			66,310
Accumulated depreciation	-48,348		173	-5,408		-242			-53,825
Net value	**11,200**	**1,898**	**0**	**-5,408**	**3,816**	**978**	**0**	**0**	**12,486**
Concessions, licences, trademarks and similar rights									
Original cost	276	2				18			296
Accumulated depreciation	-192			-11		-3			-207
Net value	**84**	**2**	**0**	**-11**	**0**	**14**	**0**	**0**	**90**
Other intangible assets from consolidation									
Original cost	73,830					687			74,517
Accumulated depreciation	-24,438			-5,974					-30,412
Net value	**49,392**	**0**	**0**	**-5,974**	**0**	**687**	**0**	**0**	**44,105**
Assets in progress and advances									
Original cost	3,752	5,657	-35		-3,816				5,559
Net value	**3,752**	**5,657**	**-35**	**0**	**-3,816**	**0**	**0**	**0**	**5,559**
Databases									
Original cost	13,788	4,649							18,437
Accumulated depreciation	-6,879			-4,133					-11,012
Net value	**6,909**	**4,649**	**0**	**-4,133**	**0**	**0**	**0**	**0**	**7,425**
Other									
Original cost	48		-2						46
Accumulated depreciation	-36			-9					-45
Net value	**13**	**0**	**-2**	**-9**	**0**	**0**	**0**	**0**	**1**
Intangible assets with definite and indefinite useful life	**269,935**	**12,206**	**-37**	**-15,534**	**0**	**1,680**	**16,856**	**0**	**285,106**

Investments in the year amounted to €12,206 thousand against depreciation of €15,534 thousand.

Goodwill

At 31 December 2020 the item amounts to €215,036 thousand and can be broken down as follows among the CGUs/Operating segments:

Amounts in thousands of Euro **CGU *Operating segments***	**31/12/2020**	**31/12/2019**	**Change**
Goodwill Innolva (*Credit Information & Management*)	89,967	89,967	0
Goodwill RE Valuta (*Credit Information & Management*)	4,578	4,578	0
Goodwill Warrant (*Innovation & Marketing Services*)	35,682	31,753	3,929
Goodwill Co.Mark (*Innovation & Marketing Services*)	46,663	46,663	0
Goodwill Visura (*Digital Trust*)	25,191	25,191	0
Goodwill Ecomind (*Digital Trust*)	27	27	0
Goodwill Swascan *(Cybersecurity)*	12,927	0	12,927
Goodwill	**215,036**	**198,180**	**16,856**

The goodwill allocated to the *Cybersecurity* CGU emerges from the acquisition of Swascan S.r.l. The allocation of this goodwill is determined in a provisional manner, as the measurement at fair value of the net assets acquired is still under way (see Note 13. *Business Combinations* for details).

The increase in goodwill allocated to the Warrant CGU is the result of the following acquisitions concluded during the year by Warrant Hub S.p.A.: acquisition of Privacy Lab S.r.l. which entailed the recognition of a final goodwill of €1,373 thousand; acquisition of Euroquality S.A. and Europroject OOD of €2,556 thousand on a provisional basis, as the fair value measurement of the net assets acquired is still in progress (please refer to Note *13. Business Combinations* for details).

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

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

The related recoverable amount was determined on the basis of an estimate of the value in use, as the fair value of the individual CGUs could not be determined in a reliable manner. Since Swascan S.r.l. was acquired near the end of the year, the goodwill allocated on a provisional basis to the CGU was not tested for impairment. Indeed, it is deemed that the assessment conducted upon acquisition has remained unchanged.

The value in use has been determined by using the discounted cash flow method, in the unlevered version, applied to forecasts prepared by the Directors of each CGU in relation to the three-year period from 2021 to 2023. The cash flows used for the determination of the value in use are related to the operational management of each CGU and do not include financial charges and extraordinary items; they include the investments envisaged in the plans and changes in cash attributable to working capital, without taking into consideration the effects of future restructuring not yet approved by the directors or future investments to improve future profitability. The forecast growth in the plans used as the basis for impairment tests is in line with the corresponding growth forecast in the respective sectors. An explicit period of three years was used, beyond which the above flows were projected according to the perpetual return method (terminal value) using a growth rate (g-rate) equal to 1.2% for the market within which the individual CGUs operate. The macroeconomic assumptions at the base of the plans, when available, were determined based on external sources of information, while the estimates in terms of growth and profitability used by the directors, are derived from historical trends and expectations related to the markets in which Group companies operate.

The cash flows were discounted using a WACC equal to 6.51% after tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 1.1%, equal to the gross average return of Italian ten-year BTPs;
- *market risk premium of 5.1%;*
- additional risk factor equal to 2.0%;
- sector levered beta of 0.94, determined considering a list of comparable listed companies;
- financial structure of the Company set to 31.5%, considering the average of the D/E ratio recorded by comparable companies;
- cost of debt applicable to the Group, equal to 2.6%.

The impairment test at 31 December 2020 did not identify any impairment in the recognised goodwill.

The plans underlying the impairment tests mentioned above were approved by the Boards of Directors of the individual companies, or sub-groups, to which goodwill has been allocated. The impairment tests were approved by the Board of Directors of Tinexta on 12 March 2021.

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

Amounts in thousands of Euro	
CGU Operating segments	**31/12/2020**
Goodwill Innolva (Credit Information & Management)	84,867
Goodwill RE Valuta (Credit Information & Management)	62,285
Goodwill Warrant (Innovation & Marketing Services)	462,852
Goodwill Co.Mark (Innovation & Marketing Services)	9,528
Goodwill Visura (Digital Trust)	82,611
Total	**702,143**

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

Amounts in thousands of Euro		
CGU Operating segments	**WACC +0.5%**	***g-rate* -0.5%**
Goodwill Innolva (Credit Information & Management)	66,819	68,558
Goodwill RE Valuta (Credit Information & Management)	56,482	57,039
Goodwill Warrant (Innovation & Marketing Services)	417,699	422,093
Goodwill Co.Mark (Innovation & Marketing Services)	4,413	4,905
Goodwill Visura (Digital Trust)	74,043	74,891
Total	**619,456**	**627,486**

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

%		
CGU Operating segments	**WACC**	***g-rate***
Goodwill Innolva (Credit Information & Management)	10.12	-3.11
Goodwill RE Valuta (Credit Information & Management)	n.a.	n.a.
Goodwill Warrant (Innovation & Marketing Services)	46.41	n.a.
Goodwill Co.Mark (Innovation & Marketing Services)	7.52	0.06
Goodwill Visura (Digital Trust)	31.61	-60.62

Other intangible assets with indefinite useful life

The item *Other intangible assets with indefinite useful life* consists of the value of the press review database called AZ Press attributable to Innolva S.p.A. (€376 thousand). Considering the specific nature of this database, it is not possible to define criteria to link the value of individual data with the historical value and determine a useful life. Each verification of the value of the database as a whole, as well as that of the ability to express useful life, can therefore only be by means of periodic analysis of the recoverability of the investment. The impairment test at 31 December 2020 did not reveal any impairment loss of the database itself.

Intangible assets with definite useful life

Software

The item Software includes both the expenses for maintenance and development of the platform related to the software application for the management of Credit Information & Management databases and the costs for the purchase of software licences used for the supply of Digital Trust services.
Investments for the year, totalling €1,898 thousand, plus €3,816 thousand for the production start-up of investments made in previous years, are attributable to the Digital Trust (€3,054 thousand) and Credit Information & Management (€2,207 thousand) segments.

Databases

The *Databases* increased by €4,649 thousand due to investments made during the period. Investment in the Credit Information & Management business unit, specifically in the company Innolva S.p.A., envisaged the establishment of the initial structure and constant updating of the positions in the proprietary archives through steady annual investments. The underlying reasons for the investment are: the possibility of developing an offering aligned with market demand, which calls for the launch of innovative products and proposition of associated additional services; independence in the procurement phases from the main competitors and the possibility of guaranteeing the highest quality standards with respect to the depth of the data underlying the analyses and the accuracy guaranteed by their continuous updating.

Other intangible assets from consolidation

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

Amounts in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Warrant Hub customer list	24,109	25,842	-1,732
Innolva customer list	16,396	18,221	-1,824
Promozioni Servizi customer list	2,045	2,234	-189
Visura customer list	721	2,164	-1,442
Privacy Lab customer list	611	0	611
Camerfirma customer list	223	274	-51
Co.Mark customer list	0	658	-658
Other intangible assets from consolidation	**44,105**	**49,392**	**-5,287**

The decrease recorded during the year is attributable to amortisation of €5,974 thousand, net of the Customer list identified in the Privacy Lab aggregation as equal to €687 thousand at the acquisition date.

Assets in progress and advances

Assets in progress rose by €5,657 thousand, of which €4,191 thousand in the Digital Trust segment for the implementation of various innovative solutions with different purposes and characteristics; both direct costs, referring to internal personnel costs, and external costs for the acquisition of technical consultation necessary for the development and implementation of the solutions, were capitalised. An additional €1,271 thousand refers to software development regarding projects not yet finalised in the Credit information & Management segment.

16. INVESTMENT PROPERTY

Changes in investment property:

Amounts in thousands of Euro	31/12/2019	Investments	Divestments	Amortisation and depreciation	Reclassifications	31/12/2020
Buildings investment property						
Original cost	1,090					1,090
Accumulated depreciation	-340			-26		-366
Net value	**750**	**0**	**0**	**-26**	**0**	**724**
Investment property	**750**	**0**	**0**	**-26**	**0**	**724**

Revenues for rents from *Investment Property* recognised during the year amounted to €52 thousand and is included in *Other revenues and income*.

17. EQUITY INVESTMENTS

Equity-accounted investments

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

Amounts in thousands of Euro	% ownership	31/12/2019	Increases/Decreases in the Income Statement	Acquisitions	Disposals	Changes in scope of consolidation	Exchange rate delta	31/12/2020	% ownership
Lux Trust S.A.	50%	11,021	-1,172		-9,849			0	0%
Authada GmbH	0%	0	-77	3,216				3,139	17%
FBS Next S.p.A.	0%	0	4	2,003				2,006	30%
Innovazione 2 Sagl	30%	252	232				-1	483	30%
Creditreform GPA Ticino S.A.	30%	100	1				0	101	30%
eTuitus S.r.l.	24%	46	14					59	24%
Camerfirma Colombia S.A.S.	25%	35	28	36			-10	89	25%
Digital Hub S.r.l.	0%	0	2			1		3	30%
Investments in associated companies		**11,454**	**-969**	**5,255**	**-9,849**	**1**	**-11**	**5,880**	

LuxTrust S.A. disinvestment

On 9 November 2020, LuxTrust Development S.A. received communication following the DeadLock Matter Acknowledgment on 28 October 2020, of the exercise of the Call Option on 6,207,777 class B shares held by InfoCert S.p.A. in LuxTrust S.A., which represented the entire number of shares held by InfoCert S.p.A. in LuxTrust S.A., in accordance with the Shareholders' Agreement of 21 December 2018. The price to buy back the Class B shares held by InfoCert S.p.A. was equal to the Subscription price of €12 million, made up of the €6,207,777 nominal 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 equity investment in LuxTrust S.A. The shares were transferred on 2 December 2020.

The sale of the equity investment led to the recognition of a capital gain of €2,151 thousand recorded under *Financial Income*.

At the end of the two-year period following the investment, shareholders InfoCert and LuxTrust Development S.A. determined that their strategic objectives had diverged. In fact, shareholder LuxTrust Development believes that in the coming years it will be a priority to focus the attention of LuxTrust on its core markets to ensure a strong development of the digital economy. Therefore, by mutual agreement, it was decided 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 the pan-European leader in Trust Services.

Authada GmbH investment

On 22 September 2020, subsidiary InfoCert S.p.A. signed a strategic agreement with Authada GmbH (Authada), 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 envisaged a €3 million capital increase for Authada underwritten by InfoCert in exchange for a 16.7% interest held in shares with pre-emption rights. InfoCert capitalised on the investment €216 thousand of accessory charges connected with the acquisition. *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.

Data from the financial statements of Authada GmbH at 31 December 2020. The economic data refer to the fourth quarter of 2020, consolidated in the Tinexta Group.

Authada GmbH			
Amounts in millions of Euro as at 31.12.2020			
Non-current assets	0.1	Revenues	0.1
Current assets	2.6	Impairment and amortisations	0.0
of which cash and cash equivalents	*2.4*	Interest expenses	0.0
Current liabilities	0.1	Income tax expense	0.0
of which financial	*0*	Profit (loss) for the year	0.5

FBS Next S.p.A. investment

On 28 October 2020, with an investment of €1,960 thousand (plus €42 thousand of acquisition-related accessory costs), Tinexta S.p.A. acquired 30% of the share capital of FBS Next S.p.A., an operating company that organises and implements transactions in the non-performing loans sector (NPL/UTP), performing servicer activities and managing portfolios of non-performing loans, acting as promoter and undertaking other related activities. The company will operate in synergy with the companies of the Re Valuta S.p.A. and Innolva S.p.A. Group.

Data from the financial statements of FBS Next S.p.A. The income statement data refers to the months of November and December 2020, consolidated in the Tinexta Group:

FBS Next S.p.A.			
Amounts in millions of Euro as at 31.12.2020			
Non-current assets	0.1	Revenues	0.2
Current assets	3.8	Impairment and amortisations	0.0
of which cash and cash equivalents	*2.8*	Interest expenses	0.0
Non-current liabilities	0.0	Income tax expense	0.0
Current liabilities	0.1	Profit (loss) for the year	0.0
of which financial	*0.0*		

Other investments

The item in question includes investments in other companies for €22 thousand (unchanged since 31 December 2019) and refers to minority interests in companies/consortia.

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

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Other financial assets, excluding derivative financial instruments	**1,246**	**1,149**	**97**

This item includes two capitalisation insurance contracts whose fair value amounts to €445 thousand at 31 December 2020. The remainder, in addition to the receivable of €63 thousand attributable to the price deferment granted to the purchasers of 70% of Creditreform, mainly includes receivables for security deposits.

19. DEFERRED TAX ASSETS/LIABILITIES

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

Deferred tax assets:	31/12/2019	Allocations (Releases) Income statement	Allocations (Releases) Comprehensive income statement	Allocations (Releases) Shareholders' Equity	Change in Scope - Acquisitions	31/12/2020
Deductible goodwill	231	-153	0	0	0	78
Provisions for risks and charges	697	185	0	0	0	882
Impairment of fixed assets	28	0	0	0	0	28
Impairment of receivables and inventory	1,000	253	0	0	6	1,259
Decreases in hedging financial instruments	78	0	193	0	0	271
Differences between statutory and tax amortisation rates	1,031	-23	0	0	3	1,011
Interest expenses	249	-84	0	0	0	165
AIM listing costs	0	0	0	0	0	0
Employee benefits	612	-3	68	0	2	679
Losses that can be carried forward for tax purposes	893	43	0	0	0	936
Contract liabilities	283	-210	0	0	0	73
Other temporary differences	532	125	0	0	0	657
Total Deferred tax assets	**5,635**	**134**	**261**	**0**	**11**	**6,041**

Deferred tax liabilities:	31/12/2019	Allocations (Releases) Income statement	Allocations (Releases) Comprehensive income statement	Allocations (Releases) Shareholders' Equity	Change in Scope - Acquisitions	31/12/2020
Difference between the book values and the fair values of assets and liabilities acquired from business combinations	14,868	-1,768	0	0	278	13,379
Positive change in hedging financial instruments	2	0	-4	0	0	-2
Early and excess amortisation	183	61	0	0	0	244
Other temporary differences	510	-66	0	0	0	444
Employee benefits	2	0	0	0	0	2
Deductible goodwill	214	-13	0	0	0	201
Contract liabilities	-4	-4	0	0	0	-8
Contract cost assets	73	-53	0	0	0	20
Total Deferred tax liabilities	**15,848**	**-1,844**	**-4**	**0**	**278**	**14,279**
Net Balance	**-10,214**	**1,977**	**265**	**0**	**-267**	**-8,238**

Deferred tax liabilities refer primarily to the fair value of assets emerging on the allocation of the excess cost paid in business combinations (€13,369 thousand), released during the period for €1,768 thousand.

20. CONTRACT COST ASSETS

The following are recognised under contract cost assets, pursuant to IFRS 15 “Revenue from Contracts with Customers”:

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

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Contract obtainment cost assets	1,655	1,924	-268
Contract fulfilment cost assets	3,620	3,306	313
Non-current contract cost assets	**5,275**	**5,230**	**45**
Contract fulfilment cost assets	1,206	1,278	-72
Current contract cost assets	**1,206**	**1,278**	**-72**
Contract cost assets	**6,481**	**6,508**	**-27**

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

Contract acquisition cost assets, equal to €1,655 thousand at 31 December 2020 (versus €1,924 thousand at 31 December 2019) include commissions paid to agents to obtain contracts predominantly in the Credit Information & Management and Innovation & Marketing Services sectors. These costs are systematically depreciated over the average life of the contracts to which they refer. The periodic release of the amount relating to 2020 totalled €4,821 thousand (€6,135 thousand in 2019) with no impairment losses on the capitalised costs recorded.

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

Non-current contract fulfilment cost assets include costs sustained in *Digital Trust* to implement “ad hoc” customer platforms to provide a series of services within a time frame of over twelve months. Current *contract fulfilment cost assets include costs sustained to provide consulting services, primarily with regard to innovation consulting, in Innovation & Marketing Services, with respect to which the* relative income has not yet been recognised. The periodic release of contract fulfilment cost assets relating to 2020, was equal to €2,615 thousand (versus €2,628 thousand in 2019), with no impairment losses on the capitalised costs recorded.

21. CONTRACT ASSETS

Contract assets of €9.231 thousand at 31 December 2020 (€6,187 thousand at 31 December 2019) predominantly comprise the Group’s right to receive consideration for work completed but not yet invoiced at the end of the period. These assets are reclassified under *trade receivables* when the right becomes unconditional. The item thus includes invoices to be issued, the gross amount due from customers for project work and accrued trade assets.

22. TRADE AND OTHER RECEIVABLES

Trade and other receivables totalled €86,627 thousand (€91,109 thousand at 31 December 2019) and can be detailed as follows:

in thousands of Euro	31/12/2020	31/12/2019	Change
Trade receivables from customers	141	93	48
Prepaid expense	2,324	1,188	1,135
Receivables from others	52	52	0
Trade receivables and other non-current receivables	**2,517**	**1,333**	**1,184**
Trade receivables from customers	75,537	81,855	-6,318
Trade receivables from controlling shareholder	0	0	0
Trade receivables from associated companies	151	247	-97
Current trade receivables	**75,688**	**82,102**	**-6,414**
Receivables from others	1,807	2,930	-1,123
VAT credit	530	215	315
Other tax receivables	573	483	91
Prepaid expense	5,511	4,045	1,466
Other current receivables	**8,422**	**7,673**	**748**
Trade and other current receivables	**84,110**	**89,775**	**-5,666**
of which vs. related parties	***48***	***267***	***-219***
Trade and other receivables	**86,627**	**91,109**	**-4,482**

Receivables from customers are shown net of the related bad debts provision of €7,117 thousand (€6,105 thousand at 31 December 2019).

The following table provides a breakdown of Current trade receivables from customers at 31 December 2020, grouped by maturity brackets, gross and net of the related bad debts provision, compared with the situation at 31 December 2019:

Amounts in thousands of Euro	31/12/2020	due	past due within 90 days	past due between 91 and 180 days	past due between 181 days and 1 year	past due beyond 1 year
Trade receivables from current customers	**82,654**	59,676	7,695	3,888	3,940	7,455
Bad debts provision	**7,117**	574	313	315	941	4,974
% Bad debts provision	**8.6%**	1.0%	4.1%	8.1%	23.9%	66.7%
Net value	**75,537**	59,102	7,383	3,573	2,999	2,481

Amounts in thousands of Euro	31/12/2019	due	past due within 90 days	past due between 91 and 180 days	past due between 181 days and 1 year	past due beyond 1 year
Trade receivables from current customers	**87,960**	57,855	10,455	5,746	6,530	7,374
Bad debts provision	**6,105**	513	318	337	1,151	3,786
% Bad debts provision	**6.9%**	0.9%	3.0%	5.9%	17.6%	51.3%
Net value	**81,855**	57,342	10,137	5,409	5,379	3,588

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

Amounts in thousands of Euro	
Bad debts provision at 31 December 2019	**6,105**
Provisions 2020	2,140
Uses 2020	-1,160
Change in scope of consolidation (acquisitions)	31
Bad debts provision at 31 December 2020	**7,117**

The balance of Receivables from others at 31 December 2020 includes the receivable for contributions on research and development projects regarding EU funds still to be received by InfoCert for €200 thousand (€505 thousand at 31 December 2019); the remaining balance is due primarily to advances to suppliers and agents.

With regard to the *VAT credit*, it should be noted that the Group companies (with the exception of foreign companies, Warrant Service S.r.l., Promozioni Servizi S.r.l. and Innolva R.I. S.r.l.) are among the subjects toward which the split payment rule under art. 17 of Presidential Decree no. 633 of 26 October 1972, applies. As a result, VAT is not paid to those suppliers (who are not professionals subject to withholding tax) with instead required payments being made on a regular basis to the tax authorities.

Prepaid expense represents charges deferred to beyond the quantification/recording date; it does not depend on the payment date of the corresponding charges, pertains to two or more fiscal years and is proportionally allocated based on time. This item refers primarily to the hardware and software maintenance services of the Digital Trust segment.

23. INVENTORIES

Inventories at 31 December 2020 amounted to €1,154 thousand (€1,145 thousand at 31 December 2019) and can be broken down as follows:

in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Raw and ancillary materials and consumables	733	697	36
Finished products and goods	421	447	-26
Inventories	**1,154**	**1,145**	**10**

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

24. OTHER CURRENT FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Other current financial assets amounted to €7,320 thousand at 31 December 2020 (€6,593 thousand at 31 December 2019).

in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Guarantee deposits	4,350	4,000	350
Capitalisation insurance contracts	2,014	1,961	53
Other financial assets	956	632	323
Other current financial assets	**7,320**	**6,593**	**726**

The item Guarantee deposits includes the payment by InfoCert of €4 million to an independent third party in accordance with contractual arrangements to guarantee the contingent consideration to be paid to the sellers of LuxTrust S.A. Following the sale of the aforementioned equity investment, the amount was released, and therefore collected, in January 2021. The increase of €350 thousand relates to the payment made by Warrant Hub to an independent third party, in compliance with contractual agreements, to guarantee the contingent consideration to be disbursed to the sellers of Euroquality SAS.
Other financial assets include the prepaid expense of €424 thousand for transaction costs linked to obtaining the ISP and ICREEA loans (described in Note 20. *Financial liabilities), not yet used at 31 December 2020.*

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25. CURRENT TAX ASSETS AND LIABILITIES

At 31 December 2020, the Group showed an overall net debt position for current taxes equal to €4,835 thousand (€2,156 thousand at 31 December 2019) as detailed below:

in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Current tax assets	311	756	-444
of which vs. related parties	***6***	***322***	***-317***
Current tax liabilities	5,147	2,911	2,236
of which vs. related parties	***0***	***0***	***0***
Net current tax assets (liabilities)	**-4,835**	**-2,156**	**-2,680**

Starting from 2018, the Parent Company Tinexta S.p.A., as consolidating entity, opted for national consolidated taxation pursuant to art. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Tax Act - TUIR) for the three-year period 2018-2020, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Parent Company and the consolidated companies are defined in the corresponding tax consolidation regulations.

26. DERIVATIVE FINANCIAL INSTRUMENTS

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

Amounts in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Non-current financial assets for hedging derivatives	0	15	-15
Current financial assets for hedging derivatives	0	16	-16
Non-current financial liabilities for hedging derivatives	1,142	262	880
Current financial liabilities for hedging derivatives	0	45	-45
Liabilities for net hedging derivative financial instruments	**1,142**	**276**	**866**

The current Derivative financial instruments at 31 December 2020 refer to the contracts executed by the Group in order to hedge the risk of financial flow changes due to the fluctuations of the interest rates on a portion of the bank loans (for details, see Note 31. *Financial liabilities, excluding derivative financial instruments*).

Table illustrating the contract type, notional value, loan hedged and fair value of current derivatives at 31 December 2020:

€ '000s

Type	**Loan hedged**	**Notional**	**Maturity date**	**Rate received**	**Rate paid**	**Fair value at 31/12/2020**	**Fair value at 31/12/2019**
IRS	CA line A	0	31/12/2020	6-month Euribor	0.576%	0	-32
IRS	CA line A	5,714	30/06/2023	6-month EURIBOR[1]	0.600%	-52	-71
IRS	CA line A	0	31/12/2020	6-month Euribor	0.595%	0	-13
IRS	CA line A	1,786	30/06/2023	6-month EURIBOR [1]	0.640%	-17	-22
IRS	CA line C	12,000	31/12/2024	6-month Euribor	-0.220%	-78	4
IRS	CA line A	11,536	30/06/2025	6-month Euribor	-0.146%	-189	0
IRS	CA line A	3,284	30/06/2025	6-month Euribor	-0.155%	-44	0
IRS	CA line B	10,000	30/06/2025	6-month Euribor	-0.276%	-56	0
IRS	ISP Group	32,802	31/12/2025	6-month EURIBOR[2]	-0.163%	-311	10
Total Interest Rate Swap "hedging instruments"		**77,122**				**-747**	**-122**

1 the index has a lower limit (Floor) of zero

2 the index has a lower limit (Floor) of -1.40%

€ '000s

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Capped Swap	CA line A	6,250	30/06/2023	6-month Euribor	1.500%	-9	-18
Capped Swap	BPS	5,556	30/06/2023	6-month Euribor	1.500%	-8	-15
Capped Swap	UBI	10,000	29/05/2023	6-month Euribor	0.500%	-19	0
Capped Swap	ISP Group	6,968	30/06/2026	6-month Euribor	0.600%	-57	0
Total Capped Swap hedging instruments[1]		**28,774**				**-93**	**-33**

[1] derivatives provide for a periodic half-yearly premium

€ '000s

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Floor	CA line A	0	31/12/2020	6-month Euribor	0.001%	0	16
Floor	BNL	20,000	31/12/2025	6-month Euribor	-1.450%	-62	-65
Total Floor Option hedging instruments		**20,000**				**-62**	**-50**

[1]the derivatives have a 6-monthly periodic premium

€ '000s

Type	Loan hedged	Notional	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Collar	ISP Group	10,230	31/12/2025	6-month Euribor	1.75%/-0.33%	-64	-25
Collar	BNL	20,000	31/12/2025	6-month Euribor	1.00%/-0.30%	-176	-46
Total Collar Option Hedging instruments		**30,230**				**-240**	**-71**

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

27. CASH AND CASH EQUIVALENTS

Cash and cash equivalents amounted to €92,813 thousand at 31 December 2020 (€33,600 thousand at 31 December 2019) and the breakdown is as follows:

Amounts in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Bank and postal deposits	92,741	33,533	59,208
Cheques	4	14	-10
Cash and cash equivalents	68	53	15
Cash and cash equivalents	**92,813**	**33,600**	**59,213**

The balance is mainly represented by the cash and cash equivalents held in bank accounts at leading national banks and reflects the provision for completion of acquisitions in the month of January 2021. The Statement of Cash Flows provides a detailed analysis of the changes shown.

28. SHAREHOLDERS' EQUITY

The approved, subscribed and paid-in share capital amounted €47,207,120 at 31 December 2020 and consists of 47,207,120 Ordinary Shares.

At 31 December 2020, Tinexta S.p.A. held 857,014 treasury shares, equal to 1.815% of the share capital, for a total value of €10,001 thousand.

Consolidated Shareholders' Equity at 31 December 2020 amounted to €173,881 thousand (€149,426 thousand at 31 December 2019) and can be analysed as follows:

Amounts in thousands of Euro	**31/12/2020**	**31/12/2019**	**Change**
Share capital	47,207	47,207	0
Treasury shares held	-10,001	0	-10,001
Legal reserve	4,315	3,112	1,202
Share premium reserve	55,439	55,439	0
Stock Option reserve	908	0	908
Reserve from valuation of hedging derivatives	-864	-241	-623
Defined benefit plans reserve	-1,061	-846	-215
Other reserves	36,612	12,714	23,898
Profit (loss) for the Group	37,279	28,182	9,097
Total Group Shareholders' Equity	**169,834**	**145,567**	**24,267**
Capital and reserves attributable to minority interests	3,412	3,263	149
Profit (loss) attributable to minority interests	635	596	38
Total Minority interests	**4,047**	**3,859**	**188**
Total Shareholders' equity	**173,881**	**149,426**	**24,455**

Treasury shares held includes the cost incurred for purchase of the treasury shares and related transaction costs.

The *Stock Option reserve* refers to the allocation recognised under *personnel costs* (to which reference should be made for details) on the 2020-2022 Stock Option Plan.

The Reserve from valuation of hedging derivatives refers to the fair value measurement of hedging derivatives (referred to in Note 26. *Derivative financial instruments*).

The Defined-benefit plan reserve refers to the actuarial component of the Employee severance indemnity according to the requirements of IAS 19 (for further details, see Note *30. Employee benefits*).

Other reserves include retained earnings from previous years. The significant increase in this item reflects the non-distribution of dividends by the Parent Company Tinexta S.p.A. on the 2019 profit (equal to €24,045 thousand).

29. PROVISIONS

The Provisions, amounting to €4,223 thousand at 31 December 2020 (€3,432 thousand at 31 December 2019) are detailed as follows:

Amounts in thousands of Euro	**31/12/2019**	**Provisions**	**Uses**	**Releases**	**Reclassifications**	**31/12/2020**
Provision for pensions	1,103	129	-15	-36		1,181
Other non-current provisions	1,909	698	-87	-231		2,290
Non-current provisions	**3,013**	**827**	**-102**	**-267**	**0**	**3,471**
Provision for disputes with employees	417	232	-213			436
Other current provisions	3	313				316
Current provisions	**420**	**545**	**-213**	**0**	**0**	**752**
Provisions	**3,432**	**1,373**	**-315**	**-267**	**0**	**4,223**

The *provision for pensions* relates to the provision of the supplementary indemnity due to agents, in the cases provided by law, based on the actuarial valuation of the liability quantifying future payments, through the projection of indemnities accrued on the valuation date by agents until the estimated time of interruption of the contract. Provisions net of releases are recognised by nature under *service costs*.

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

The item Provision for disputes with employees includes allocations for litigations with current employees or with employees whose work relationship was terminated as at 31 December 2020 Provisions for disputes with employees, net of releases, are recognised by nature in Personnel costs for an overall effect during the year of €232 thousand.

Other information

In May 2019, the subsidiary Visura S.p.A. was subject to a personal data breach following which the Italian Data Protection Authority (the "Garante") started an investigation of InfoCert S.p.A. requesting information and inspections at the Company's offices. At the present time, this investigation has not yet been completed. Therefore it cannot be excluded that the Italian Data Protection Authority will open a sanctioning procedure. At the reporting date, it is not possible to anticipate with certainty if sanctions will be imposed, nor what they might amount to if this should occur.

30. EMPLOYEE BENEFITS

Employee benefits, amounting to €12,923 thousand at 31 December 2020 (€12,449 thousand at 31 December 2019) are detailed as follows:

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Employee severance indemnity	12,792	11,813	979
Other non-current employee benefits	0	65	-65
Non-current employee benefits	**12,792**	**11,878**	**914**
Other current employee benefits	131	571	-440
Current employee benefits	**131**	**571**	**-440**
Employee benefits	**12,923**	**12,449**	**473**

The Employee severance indemnity (TFR) includes the effects of the actuarial calculations made pursuant to IAS 19.

The following are the changes in liabilities for TFR:

Amounts in thousands of Euro	2020	2019	Change
Liabilities at the beginning of the year	**11,813**	**11,159**	**654**
Change in scope of consolidation (acquisitions)	45	0	45
Current service cost	1,596	1,445	151
Financial charges	86	159	-73
Benefits paid	-1,033	-1,589	556
Actuarial (profits)/losses recognised in the year	285	639	-353
Liabilities at the end of the year	**12,792**	**11,813**	**979**

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

Parameters	31/12/2020	31/12/2019
Discount rate	0.34%	0.77%
Inflation rate	0.80%	1.20%
TFR rate of increase	2.100%	2.40%
Real rate of increase in wages	1.00%	0.5 - 1%
Expected mortality rate	RG48 from General Accounting Office	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender	INPS tables broken down by age and gender
Resignations expected	10% - 2.5%	10% - 2%
Advances expected	1.5% - 2.5%	1.0% - 2.5%

The table below sets out an analysis of the sensitivity of the main actuarial assumptions included in the calculation model considering as the scenario previously described as base, and increasing and decreasing the average annual discount rate, the average inflation rate and the turnover rate by a quarter, a quarter and one percentage point, respectively.

Amounts in thousands of Euro	31/12/2020
Turnover rate +1%	12,645
Turnover rate -1%	12,970
Inflation rate +0.25%	13,029
Inflation rate +0.25%	12,571
Discount rate +0.25%	12,493
Discount rate -0.25%	13,114

The item Other employee benefits at 31 December 2020 includes the provision relating to a long-term incentive programme for the management of InfoCert S.p.A., of which €131 thousand is due to be paid in 2021.

31. FINANCIAL LIABILITIES, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

This item includes financial liabilities assumed by the Group for a variety of reasons, with the exception of those deriving from the underwriting of derivative financial instruments, and is broken down as follows:

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Current portion of bank loans	25,214	23,752	1,462
Non-current portion of bank loans	126,274	90,552	35,722
Other current bank payables	907	2,952	-2,045
Liabilities for the purchase of minority interests, current	0	17,950	-17,950
Liabilities for the purchase of minority interests, non-current	12,554	0	12,554
Liabilities for current contingent consideration	3,818	7,741	-3,924
Liabilities for non-current contingent consideration	317	0	317
Current price deferment liabilities	2,763	2,830	-67
Non-current price deferment liabilities	2,774	5,388	-2,614
Liabilities for the purchase of current leased assets	4,282	3,898	384
Liabilities for the purchase of non-current leased assets	8,588	11,098	-2,510
Current payables to other lenders	3,382	2,879	503
Non-current payables to other lenders	0	1	-1
Current financial liabilities	**40,365**	**62,001**	**-21,637**
of which vs. related parties	***1,248***	***578***	***670***
Non-current financial liabilities	**150,508**	**107,039**	**43,469**
of which vs. related parties	***2,269***	***1,458***	***812***
Total	**190,872**	**169,040**	**21,832**

A total of €6,863 thousand of the non-current financial liabilities are scheduled to become due more than 5 years after the date of the Financial Statements of which €6,072 thousand is for bank loans and €791 thousand for lease liabilities. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2020, classified according to the contractual due dates.

Amounts in Euro	within one year	between 1 and 2 years	between 2 and 3 years	between 3 and 4 years	between 4 and 5 years	more than 5 years	Book value at 31/12/2020
Bank loans	25,214	28,802	29,279	30,744	31,377	6,072	**151,488**
Other current bank payables	907						**907**
Liabilities for the purchase of minority interests	0	1,166	937	10,448	3		**12,554**
Liabilities for contingent consideration	3,818	317					**4,135**
Price deferment liabilities	2,763	1,231	1,249	147	147		**5,537**
Lease liabilities	4,282	3,232	1,943	1,485	1,137	791	**12,870**
Liabilities to other lenders	3,382	0					**3,382**
Total financial liabilities	**40,365**	**34,749**	**33,408**	**42,825**	**32,664**	**6,863**	**190,872**

Bank loans

Breakdown of the *Bank loans* at 31 December 2020 showing the current and non-current portions of their book value, including the effects of measurement at amortised cost.

Bank loans *In thousands of Euro*	Counterparty	Rate	Maturity date	Nominal amount	Book value	Current portion	Non-current portion
UBI loan	UBI Banca	6-month Euribor[1] + 1.20% spread	28/05/2023	10,000	9,879	2,434	7,445
BPS loan	Banca Popolare di Sondrio	6-month Euribor[1] + 1.25% spread[2]	31/12/2023	6,000	5,958	1,978	3,980
Credem loan	Credem	6-month Euribor + 1.20% spread	30/01/2024	3,110	3,101	996	2,105
CA line C loan	Crédit Agricole	6-month Euribor + 1.35% spread[2]	31/12/2024	12,000	11,912	2,964	8,948
CA line A loan	Crédit Agricole	6-month Euribor + 1.10% spread[2]	30/06/2025	28,570	27,402	4,866	22,536
CA line B loan	Crédit Agricole	6-month Euribor + 1.10% spread[2]	30/06/2025	10,000	9,924	2,197	7,727
ISP Group loan	Intesa Sanpaolo Group	6-month EURIBOR + 0.9% spread[2]	30/06/2026	50,000	48,533	7,166	41,367
BNL loan	BNL	6-month EURIBOR + 1.45% spread[2]	31/12/2025	20,000	19,792	944	18,848
MB loan	Mediobanca	6-month EURIBOR + 1.65% spread[2]	11/11/2025	15,000	14,896	1,631	13,264
Other minor loans				92	92	39	54
				154,773	**151,488**	**25,214**	**126,274**

[1] Floor at 0 on 6-month Euribor
[2] Spread subject to change on the NFP/EBITDA parameter defined contractually

The **UBI loan** signed on 28 May 2020 to renegotiate the loan obtained on 30 November 2017, originally for €10 million with the same counterparty. The new line for a total of €10 million (replacing the previous line for €7,778 thousand, therefore collecting €2,222 thousand in principle at the renegotiation date) matures on 28 May 2023, envisages principal repayments in deferred semi-annual instalments from 28 November 2021 and interest at the floating 6-month Euribor rate, with zero floor, plus a 120 bps margin. The interest is payable semi-annually from 28 November 2020. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €122 thousand. From 31 December 2020 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and *NFP/*Shareholders' Equity below 2.0. At 31 December 2020 these parameters were found to have been respected.

BPS loan of an original amount of €10 million to support the acquisition of Lux Trust S.A. The loan was disbursed on 27 November 2018 at 6-month EURIBOR with a zero floor, plus 140 bps, and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and terminating on 31 December 2023, with interest paid on a half-yearly basis starting from 30 June 2019. The applicable margin is updated annually based on the ratio of NFP to EBITDA determined contractually, as follows: *NFP / EBITDA* ≥ 3 margin 165 bps; *NFP / EBITDA* <3 and ≥ 2 margin 140 bps; *NFP / EBITDA* <2 margin 125 bps. From 31 December 2018 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity below 2.0. At 31 December 2020 these parameters were found to have been respected. Based on the parameters indicated above, the actual margin paid was 125 bps.

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

A €15 million **Crédit Agricole line C loan** was drawn down on 28 June 2019 to meet the financial commitment deriving from the repayment of the loan with the Controlling Shareholder Tecno Holding S.p.A. The main terms of the contract are as follows: ends on 31 December 2024, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 31 December 2019) and interest settled at the floating 6-month EURIBOR rate plus a margin of 135 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 margin 150 bps; NFP/EBITDA ≤ 2 and > 1.5 margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps.

The Crédit Agricole line A loan was signed on 18 June 2020 with a pool of banks, with Crédit Agricole Italia S.p.A. as the mandated lead arranger, to renegotiate the previous Crédit Agricole line A and Crédit Agricole line B loans (which had in turn been renegotiated in 2017 with the same counterparties) due on 30 June 2023. The new **line A** for a total of €31 million (replacing the previous line for €30,625 thousand, therefore collecting €375 thousand net of commissions at the renegotiation date) matures on 30 June 2025, envisages principal repayments in deferred semi-annual instalments from 31 December 2020 and interest at the floating 6-month EURIBOR rate plus a 110 bps margin. The margin applied is updated annually on the basis of the contractually defined NFP/EBITDA ratio as follows: NFP/EBITDA > 1.75 margin110 bps; NFP/EBITDA ≤ 1.75 margin 105 bps. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €588 thousand.

The loan agreement signed on 18 June 2020 envisages an additional credit facility (**Crédit Agricole line B**) for €10 million, which had been used in full at 31 December 2020. The main terms of the new line are: due on 30 June 2025, repayment of principal in deferred semi-annual instalments and interest settled at the floating 6-month EURIBOR rate plus a margin of 110 bps; the applicable margin is updated every six months based on the ratio of NFP (i.e. Net Financial Position) to EBITDA, defined contractually, as follows: NFP/EBITDA >1.75 margin 110 bps; NFP/EBITDA ≤ 1.75 margin 105 bps.

On the Crédit Agricole loans, the Company is committed, for each reference half-year, to respecting the following limits: maximum NFP/EBITDA ratio threshold of 3.5 and NFP/Shareholders' Equity ratio of 2.0. At 31 December 2020 these parameters were found to have been respected.

The **BNL loan** for a total of €20 million, usable on demand by 20 December 2020, for which Tinexta S.p.A. signed the agreement on 20 December 2019. The loan was used in its entirety to finance payment of the price supplement and the acquisition of the minority stakes in Warrant Hub. The rate applied is the 6-month Euribor plus 145 bps and requires repayment of principal in increasing semi-annual instalments starting from 30 June 2021 and maturing on 31 December 2025, with interest paid semi-annually starting from 31

December 2020. From 31 December 2018 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity below 2.0. At 31 December 2020 these parameters were found to have been respected.

Intesa Sanpaolo loan was stipulated on 31 July 2020 with Intesa Sanpaolo in order to renegotiate the previous loan of €50 million, also with Intesa Sanpaolo, maturing on 31 December 2025. The new A1 line for a total of €50 million (replacing the previous line for €47,540 thousand, including commissions, therefore collecting €2460 thousand, net of commissions, at the renegotiation date) terminates on 30 June 2026, envisages principal repayments in deferred semi-annual instalments from 30 June 2021 and interest at the floating 6-month EURIBOR rate plus a 90-bps margin. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €365 thousand. The Group undertook to respect the following financial limits on the consolidated data *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity less than 2.0. At 31 December 2020 these parameters were found to have been respected. The loan agreement that was signed envisages an additional credit facility (**line A2**) for €30 million, usable in one or more tranches by 29 January 2021 (unused at 31 December 2020). The main terms of the new line are: termination on 30 June 2026, repayment of principal in deferred semi-annual instalments and interest settled at the floating 6-month EURIBOR rate plus a margin of 115 bps.

The **Mediobanca loan** was signed on 11 November 2020 and disbursed for €15 million on 30 December 2020. The main terms of the contract are as follows: termination on 11 November 2025, repayment of semi-annual equal instalments of principal with a first pre-amortisation period (until 11 May 2021) and interest settled at the floating 6-month EURIBOR rate, with a zero floor, plus a margin of 165 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 3 margin 190 bps; NFP/EBITDA ≤ 3 and > 2 margin 165 bps; NFP/EBITDA ≤ 2.0 margin 145 bps. The Group undertook to respect the following financial limits on the consolidated data *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity less than 2.0. At 31 December 2020 these parameters were found to have been respected.

On 15 December 2020, a loan agreement for €10 million was stipulated with a pool of banks consisting of ICCREA Banca and BCC Milano (**ICCREA loan**). The line may be used in one or more tranches from 18 January 2021 and ends on 31 March 2021 (unused at 31 December 2020). The main terms of the contract are as follows: maturity on 15 December 2026, repayment of semi-annual equal instalments of principal with a first pre-amortisation period (until 31 December 2021) and interest settled at the variable 6-month EURIBOR rate with a zero floor, plus a margin of 100 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 margin 150 bps; NFP/EBITDA ≤ 2 and > 1.5 margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps. The Group undertook to respect the following financial limits on the consolidated data NFP/EBITDA less than 3.5 and NFP/Shareholders' Equity less than 2.0.

Changes in *bank loans*:

Amounts in Euro	31/12/2019	Disbursements	Principal payments	Interest paid	Accrued interest	Change in scope of consolidation - Acquisitions	*Other no cash flow changes*	31/12/2020
Bank loans	**114,304**	49,642	-12,269	-1,338	2,145	78	-1,075	**151,488**

The disbursements for the period refer to the BNL, Mediobanca and Crédit Agricole lines A and B and UBI and ISP loans, for a total nominal amount of €50,057 thousand net of transaction costs incurred for the disbursement.

The income deriving from the renegotiations of the Crédit Agricole line A, UBI and ISP loans concluded in the period are posted under *Other no cash flow changes*

Interests include €791 thousand of charges accrued by applying the effective interest criterion.

Other current bank payables

Other current bank payables amounted to €907 thousand at 31 December 2020 (€2,952 thousand at 31 December 2019) and are composed primarily of bank current account overdrafts and short-term loans.

Liabilities for the purchase of minority interests

The item Liabilities for the purchase of minority shares includes the liabilities for Put options granted by the Group to the minority Shareholders of Swascan S.r.l. (49%), Privacy Lab S.r.l. (30%), Sixtema S.p.A. (20%) and Trix S.r.l. (30%). The value of these liabilities was determined as the current value of the amount to be paid at the contractual maturities against the reversal of the interests of these minority shareholders. As at 31 December 2020 the discount rate used was equal to the WACC used for the purposes of the impairment test of the goodwill resulting from purchase of the equity investments in question (6.51%).

Amounts in thousands of Euro	**31/12/2020**	*31/12/2020*		**31/12/2019**	*31/12/2019*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Swascan PUT options	**10,448**		*10,448*	**0**			**10,448**
PrivacyLab Put Options	**1,166**		*1,166*	**0**	*0*		**1,166**
Sixtema Put Options	**937**		*937*	**1,554**	*1,554*		**-617**
Trix PUT options	**3**		*3*	**0**			**3**
Warrant Hub Put Options	**0**			**14,125**	*14,125*		**-14,125**
RE Valuta Put Options	**0**	*0*		**2,271**	*2,271*		**-2,271**
Total Liabilities for the purchase of Minority interests	**12,554**	*0*	*12,554*	**17,950**	*17,950*	*0*	**-5,396**

During the year, the option rights were exercised by the minority shareholders:

- for 11.875% of the RE Valuta S.p.A. share capital. In accordance with the originally envisaged contractual terms, Tinexta therefore holds 95% of RE Valuta S.p.A. share capital. The purchase price for the aforementioned interest was €2,393 thousand plus accessory charges.
- for 9.75% of Warrant Hub S.p.A. share capital in accordance with the originally envisaged contractual terms, Tinexta therefore holds 100% of Warrant Hub S.p.A. share capital. The purchase price for the aforementioned interest was €14,839 thousand plus accessory charges.

During the year, the Put & Call option contracts on 20% of Sixtema S.p.A. were also 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.

Liabilities for contingent consideration

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

Amounts in thousands of Euro	**31/12/2020**	*31/12/2020*		**31/12/2019**	*31/12/2019*		**Change**
		Current	*Non-current*		*Current*	*Non-current*	
Contingent consideration Swascan	**2,061**	*2,061*		**0**	*0*		**2,061**
Euroquality - Europroject contingent consideration	**2,074**	*1,757*	*317*	**0**	*0*		**2,074**
Warrant Hub contingent consideration	**0**	*0*		**7,741**	*7,741*		**-7,741**
Total liabilities for contingent consideration	**4,135**	**3,818**	**317**	**7,741**	**7,741**	**0**	**-3,607**

Changes in contingent consideration are recognised in the Income Statement under financial income (charges).

During the year the selling shareholders of Warrant Hub were paid the contingent consideration amounting to €7,581 thousand.

Price deferment liabilities

Price deferment liabilities represent the payable at the reporting date referring to deferments obtained from the selling Shareholders of Co.Mark S.p.A., Warrant Hub S.p.A., Comas S.r.l. and Webber S.r.l., Promozioni Servizi S.r.l. and Eurofidi for the sale of the business unit.

Changes in *Liabilities for price extensions*:

Amounts in Euro	31/12/2019	Principal payments	Interest paid	Accrued interest	31/12/2020
Price deferment liabilities	**8,218**	-2,638	-157	114	**5,537**

Liabilities for the purchase of leased assets

Lease liabilities includes the present value of payments due on the leases falling under the application of IFRS 16.

Changes of *lease liabilities*:

Amounts in Euro	31/12/2019	New leases	Principal payments	Interest paid	Accrued interest	Change in scope of consolidation - Acquisitions	*Other no cash flow changes*	31/12/2020
Lease liabilities	**14,996**	1,977	-3,850	-297	288	460	-703	**12,870**

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

Payables to other lenders

Liabilities to other lenders amounted to €3,382 thousand (€2,880 thousand at 31 December 2019). The item includes

- €2,155 thousand prepaid by customers for the purchase of stamps and rights and not yet used as at 31 December 2020 (€1,792 thousand as at 31 December 2019);
- €797 thousand of payables to customers for amounts recovered to be retroceded as part of the credit collection activities of the *Credit Information & Management* segment (€515 thousand as at 31 December 2019);
- €425 thousand in liabilities of Warrant Hub in relation to the cash collected for projects and initiatives approved by the European Commission and to be paid to the partner companies in such projects and initiatives (€565 thousand at 31 December 2019).

32. TRADE AND OTHER CURRENT PAYABLES

The item *Trade and other current payables* totalled €60,249 thousand (€54,953 thousand at 31 December 2019) and is detailed as follows:

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Trade payables due to suppliers	34,313	32,553	1,760
Trade payables to Controlling Shareholder	169	130	39
Trade payables to associated companies	98	45	53
Trade payables	**34,580**	**32,728**	**1,852**
Due to social security institutions	6,717	5,981	737
VAT payable	3,826	3,398	428
Payable for withholding taxes to be paid	2,683	2,423	259
Payables to employees	12,011	10,048	1,963
Due to others	432	375	57
Other current payables	**25,669**	**22,225**	**3,444**
Trade and other current payables	**60,249**	**54,953**	**5,296**
of which vs. related parties	***280***	***205***	***75***

Trade payables due to suppliers are summarised below by past due brackets:

Amounts in thousands of Euro	31/12/2020	Accruals and invoices to be received	Invoices received					
				due	past due within 90 days	past due between 91 and 180 days	past due between 181 days and 1 year	past due beyond 1 year
Trade payables due to suppliers	**34,313**	**17,289**	**17,024**	13,700	2,429	224	373	299

Amounts in thousands of Euro	31/12/2019	Accruals and invoices to be received	Invoices received					
				due	past due within 90 days	past due between 91 and 180 days	past due between 181 days and 1 year	past due beyond 1 year
Trade payables due to suppliers	**32,553**	**16,379**	**16,174**	12,152	2,787	420	452	363

The item *Payables to employees* includes payables for wages to be paid, pay in lieu of vacation, expense reports to be reimbursed and bonuses to be paid.

33. CONTRACT LIABILITIES

Contract liabilities represent the Group's obligation to transfer to the customer goods or services for which the Group has received consideration from the customer or for which consideration is due. This item includes deferred trade income, advances and thus prepaid trade amounts, the gross amount due to customers for project work and the value of options (material rights) which allow the customer to acquire additional goods or services free of charge or with a discount.

This item amounted to a total of €57,372 thousand (€45,902 thousand at 31 December 2019). Contract liabilities at 31 December 2019 generated an income for the year in the amount of €40,475 thousand; the overall changes in this item are illustrated below.

Amounts in thousands of Euro	31/12 2019	Decreases revenues 2020	Increases	Reclassifications	Change in Scope - Acquisitions	31/12 2020
Non-current contract liabilities	8,180	0	5,921	-3,140	0	**10,961**
Current contract liabilities	37,722	-40,477	45,260	3,140	766	**46,411**
Contract liabilities	**45,902**	**-40,477**	**51,181**	**0**	**766**	**57,372**

34. DEFERRED INCOME

The item Deferred income totalled €1,857 thousand (€1,818 thousand at 31 December 2019) and includes primarily prepayment and deferrals for government grants; €4 thousand are included in non-current liabilities.

Information on the Comprehensive Income Statement

With respect to 2019, the consolidated economic data for 2020:

- include the balances of Privacy Lab S.r.l. (*Innovation & Marketing Services* segment) consolidated as from 1 January 2020;
- include the balances of the fourth quarter of 2020 of Swascan S.r.l. (*Cybersecurity* segment) consolidated as from 1 October 2020;

The cumulative effect of these updates on changes with respect to the previous year is specified in the notes below as a change in the scope of consolidation.

35. REVENUES

In 2020, Revenues totalled €269,084 thousand (€258,723 thousand in 2019). Revenues rose compared with the previous period by 4.0%, of which 3.3% is attributable to organic growth and 0.7% to the change in the scope of consolidation.

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Revenues from sales and services	266,219	256,450	9,769
Other revenues and income	2,865	2,273	592
Revenues	**269,084**	**258,723**	**10,361**
of which vs. related parties	***6***	***71***	***-65***
of which non-recurring	***74***	***0***	***74***

Breakdown of revenues by business segment:

Amounts in thousands of Euro ***Twelve-month period closed at 31 December***	***Digital Trust***		***Credit Information & Management***		***Innovation & Marketing Services***		***Cybersecurity***		**Other sectors (Holding costs)**		***Total***	
	2020	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**	**2020**	**2019**
Segment revenues	115,917	107,266	77,251	72,566	76,511	79,824	743	0	2,186	1,357	272,608	261,013
Intra-segment revenues	720	611	380	280	245	43	0	0	2,180	1,357	3,524	2,291
Revenues from third parties	**115,197**	**106,655**	**76,871**	**72,286**	**76,266**	**79,781**	**743**	**0**	**7**	**0**	**269,084**	**258,723**

Revenues from sales and services

This item includes Revenues from contracts with customers. Summary table providing the breakdown of revenues from sales and services recognised during the year by business segment, geographic area and type of product or service:

Amounts in thousands of Euro	2020					2019			
	Digital Trust	*Credit Information & Management*	*Innovation & Marketing Services*	*Cybersecurity*	**Total**	*Digital Trust*	*Credit Information & Management*	*Innovation & Marketing Services*	**Total**
Italy	106,649	76,426	73,818	710	**257,603**	99,280	71,685	77,501	**248,466**
EU	6,659	76	1,029	4	**7,768**	5,887	122	1,184	**7,193**
Non-EU	652	149	46		**847**	591	188	11	**791**
Total by Geographical area	*113,959*	*76,652*	*74,894*	*714*	**266,219**	*105,758*	*71,996*	*78,696*	**256,450**
Digital Trust products	52,259				**52,259**	47,091			**47,091**
Digital Trust solutions	35,906				**35,906**	32,464			**32,464**
Data distribution platforms, software and electronic services	25,793				**25,793**	26,203			**26,203**
Commercial information and credit recovery		53,906			**53,906**		44,644		**44,644**
Real estate information and Real estate appraisal services		22,746			**22,746**		27,352		**27,352**
Marketing consulting			11,672		**11,672**			16,722	**16,722**
Innovation consulting			45,932		**45,932**			53,742	**53,742**
Other innovation services			17,289		**17,289**			8,232	**8,232**
*Cybersecurity*consulting				714	**714**				**n.a.**
Total by type of product/service	*113,959*	*76,652*	*74,894*	*714*	**266,219**	*105,758*	*71,996*	*78,696*	**256,450**

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

Other revenues and income

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Government grants	2,074	1,589	485
Capital gains on the sale of assets	77	14	62
Rental income on investment property	52	62	-10
Other	663	608	55
Other revenues and income	**2,865**	**2,273**	**592**
of which non-recurring	***74***	***0***	***74***

Other revenues and income totalled €2,865 thousand (€2,273 thousand in 2019). Over the course of 2020, *non-recurring revenues* were recorded for €74 thousand, relating to insurance indemnities on non-recurring costs recognised in previous years.

36. COSTS OF RAW MATERIALS

Costs of raw materials in 2020 amounted to €8,869 thousand (€8,087 thousand in 2019) and refer almost entirely to the Digital Trust Business Unit, in large part to InfoCert, and mainly include the amounts relating to the purchase of IT products intended for resale to customers. Costs of raw materials grew 9.7% compared to the same period of the prior year, of which 9.6% attributable to organic increase and 0.1% to the changes in the scope of consolidation.

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Hardware, software	8,879	7,898	981
Change in inventories of raw and ancillary materials, consumables and goods	-10	189	-199
Costs of raw materials	**8,869**	**8,087**	**783**

37. SERVICE COSTS

In 2020, Service costs totalled €88,138 thousand (€84,194 thousand in 2019). Revenues rose compared with the previous period by 4.7%, of which 4.0% attributable to organic growth and 0.7% to the change in the scope of consolidation.

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Technical services	36,971	36,530	440
Purchase of access to databases	11,669	13,423	-1,754
Specialist professional services	6,432	4,078	2,354
Costs for use of third-party assets	5,387	3,601	1,786
Advertising, marketing and communication	4,520	4,266	254
Help desk services	4,239	2,359	1,880
IT structure costs	3,229	1,981	1,247
Costs for agent network	3,049	3,345	-296
Maintenance costs	2,886	3,305	-419
Consultancy	2,148	2,563	-415
Network and connectivity costs	1,575	1,760	-186
Travel, assignments, and lodging expenses	1,462	3,564	-2,101
Utilities and telephone costs	1,222	1,471	-249
Banking costs	1,040	933	108
Insurance	689	624	65
Independent auditors' fees for audit and other services	530	516	14
Statutory auditors' fees	410	426	-15
Other service costs	5,319	3,582	1,737
Capitalised service costs	-4,640	-4,132	-508
Service costs	**88,138**	**84,194**	**3,944**
of which vs. related parties	***1,696***	***1,366***	***330***
of which non-recurring	***2,472***	***1,383***	***1,089***

Technical services represent professional and technical services relating to the Group's ordinary operations, which can be potentially insourced and are activated only for technical and organisational reasons or business practice. These include €18,711 thousand for Digital Trust (€15,522 thousand in 2019), €10,141 thousand for Credit Information & Management (€12,021 thousand in 2019), €7,935 thousand for Innovation & Marketing Services (€8,986 thousand in 2019) and €184 thousand for Cybersecurity.

The increase in the costs for Specialist professional services include non-recurring costs recognised during the period equal to €2,453 thousand for charges linked to acquisitions of target companies.

The *costs for use of third-party assets* at 31 December 2020 include €4,968 thousand in software lease instalments and licences (€3,172 thousand in 2019), €385 thousand in property and vehicle lease instalments for which the lease term is less than 12 months (€416 thousand in 2019), and €34 thousand in instalments on low value assets (€13 thousand in 2019).

The increase in costs for *help desk services* and *IT structure costs* reflects the significant increase in assistance activities, resulting from the increase in demand, on *Digital Trust* online products, especially SPID.

Capitalised service costs refer for €1,456 thousand (€2,256 thousand in 2019) to costs incurred for fulfilling contract obligations for the external costs incurred in Digital Trust to implement "ad hoc" customer platforms to provide a series of services within a time frame of over twelve months, and for external costs sustained for the provision of consulting services, primarily relating to innovation consulting in Innovation & Marketing Services, for which the related revenue has not yet been recognised. The additional capitalised costs totalled €3,183 thousand (€1,876 thousand in 2019) and refer to software development activities, in particular in Digital Trust.

38. PERSONNEL COSTS

In 2020, Personnel costs totalled €84,760 thousand (€83,322 thousand in 2019). Revenues rose compared with the previous period by 1.7%, of which 0.8% attributable to organic growth and 0.9% to the change in the scope of consolidation.

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Wages and salaries	57,921	54,360	3,561
Social security contributions	17,418	16,406	1,012
Employee severance indemnity	3,697	3,532	164
Retirement incentives	273	578	-305
Provisions for disputes with personnel	232	265	-32
Provisions for stock options	909	3,577	-2,668
Other personnel costs	2,925	3,060	-135
Capitalised personnel costs	-3,824	-3,240	-584
Directors' fees	4,705	4,203	502
Ongoing partnerships	506	581	-76
Personnel costs	**84,760**	**83,322**	**1,438**
of which non-recurring	***0***	***239***	***-239***

The increase in costs for wages and salaries, social security charges and post-employment benefits is consistent with the increase in the average number of employees employed in the Group compared to the previous year. The number of employees at 31 December 2020 is shown below along with the average number of employees in 2020 compared with the average number of employees in 2019.

Number of employees	***31/12/2020***	**Average 2020**	**Average 2019**
Senior Management	45	44	36
Middle Management	202	179	172
Employees	1,156	1,094	1,064
Total	**1,403**	**1,317**	**1,272**

The 2020 costs of Provisions for Stock Options refer to the 2020-2022 Stock Option Plan. In the same period of the previous year, the costs instead referred to the Virtual Stock Option Plan concluded in 2019.

Capitalised personnel costs refer for €1,491 thousand (€1,356 thousand in 2019) to costs incurred for fulfilling contract obligations for personnel costs sustained in Digital Trust in order to implement “ad hoc” customer platforms to provide a series of services within a time frame of over twelve months, and for costs sustained for the provision of consulting services, primarily relating to innovation consulting in Innovation & Marketing Services, for which the relative revenue has not yet been recognised. The additional capitalised costs of €2,333 thousand (€1,884 thousand in 2019) refer to software development activities, in particular in Digital Trust.

Information on the 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. 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 the options are allocated to beneficiaries. Exercise of the options is subordinated to achieving EBITDA in the financial statements at 31 December 2022 of ≥ 80% of the approved budget value. If EBITDA proves to be between ≥ 80% and ≥ 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 Allocation 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.

Following the resignations made during the year, at 31 December 2020 1,640,000 options had been assigned.

In application of IFRS 2, the option rights underlying the Plan were measured at fair value at the time of assignment.

At the grant date, 23 June 2020, the fair value for each option right was equal to €3.463892. The fair value of the options assigned was calculated by an independent expert, reflecting the “no arbitrage” and “risk neutral framework” characteristics common to the basic pricing models for options, by means of the calculation parameters indicated below:

- risk-free rate curve obtained from market IRS rates at the measurement date;
- expected dividends: 2%;
- share price volatility: 40%
- annual probability of beneficiary exits: 3%.

The accrued cost recognised at 31 December 2020 for the aforementioned plan, under *personnel costs*, was €909 thousand.

39. CONTRACT COSTS

The item Contract costs includes the periodic release of the year's share of the incremental cost assets capitalised for obtaining or fulfilling the contract (better described in Note *20. Contract cost assets*).

Amounts in thousands of Euro	2020	2019	Change
Contract obtainment costs	4,821	6,135	-1,314
Contract fulfilment costs	2,615	2,628	-13
Contract costs	**7,436**	**8,763**	**-1,327**

40. OTHER OPERATING COSTS

In 2020, Other operating costs totalled €1,968 thousand (€3,070 thousand in 2019), of which €2 thousand with respect to Related parties. Other operating costs decreased 35.9% on those of the previous year, of which 36.9% attributable to organic change and 1.0% to the change in the scope of consolidation. These costs refer to items of a residual nature, the most significant of which include: sundry taxes and duties of €525 thousand (€570 thousand in 2019) and membership fees, donations and gifts totalling €475 thousand (€384 thousand in 2019). *Other non-recurring operating costs* of the previous year recorded €340 thousand as a result of the IT attack suffered in 2019. The decrease in *Other* costs reflected the 10-year Tinexta event held in 2019.

41. AMORTISATION AND DEPRECIATION, PROVISIONS AND IMPAIRMENT

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

Amounts in thousands of Euro	2020	2019	Change
Depreciation of property, plant and equipment	6,704	6,669	35
of which leased	*4,018*	*3,641*	*377*
Amortisation of intangible assets	15,534	13,547	1,987
Depreciation of investment property	26	44	-17
Amortisation and depreciation	**22,264**	**20,259**	**2,005**
Provisions	**628**	**969**	**-341**
Impairment	**2,140**	**2,560**	**-419**

Amortisation and depreciation in 2020 amounted to €22,264 thousand (€20,259 thousand in 2019), of which €6,704 thousand referring to Property, plant and equipment (€4,018 thousand to rights of use), €15,534 thousand to Intangible assets, and €26 thousand to Investment property.

Regarding the nature of Provisions for the period, see Note 29. *Provisions*.

Impairment in the period (€2,140 thousand) refers entirely to the expected losses on trade receivables (in this regard, please refer to Note 22. *Trade and other receivables)*.

42. NET FINANCIAL INCOME (CHARGES)

Net financial income totalled €600 thousand (Net financial charges of €4,149 thousand in 2019).

Amounts in thousands of Euro	2020	2019	Change
Financial income	3,559	304	3,255
of which non-recurring	*3,225*	*148*	*3,078*
Financial charges	2,959	4,453	-1,495
of which vs. related parties	*65*	*307*	*-241*
Net financial income (charges)	**600**	**-4,149**	**4,750**

Financial income

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Positive adjustment to the fair value of contingent consideration	161	0	161
Exchange gains	67	42	25
Positive adjustment to financial instruments at fair value	61	26	36
Income on financial assets at amortised cost	31	31	0
Bank and postal interest	13	12	1
Income on derivatives	0	3	-3
Other financial income	3,225	190	3,035
Financial income	**3,559**	**304**	**3,255**
of which non-recurring	***3,225***	***148***	***3,078***

The *positive adjustment to the fair value of contingent consideration* reflects the adjustment to the price paid to selling shareholders of Warrant Hub S.p.A. in 2020. Details are provided in note 31. *Financial liabilities*.

The positive adjustment to financial instruments at fair value is related to insurance capitalisation contracts, as per Notes 18 and 24.

Financial income on *Financial assets at amortised cost* includes implicit interest income accrued on the price deferment granted to the purchasers of Creditreform Assicom Ticino S.A., now Creditreform GPA Ticino S.A.

Other financial income included €1,075 thousand for the rescheduling of three loans in the period (for details see Note 31. *Financial liabilities*) and €2,151 thousand relating to the capital gain realised on the sale of the equity investment LuxTrust S.A. (for details please refer to Note *17. Equity investments*). Both capital gains are included in *Non-recurring financial income.*

Financial charges

Amounts in thousands of Euro	**2020**	**2019**	**Change**
Interest expenses on bank loans	1,356	1,343	13
Amortised cost adjustment on bank loans	791	505	286
Interest expenses on leases	288	377	-89
Charges on hedging derivatives	204	115	90
Interest expenses on payment deferments	119	175	-56
Financial component of employee benefits	86	159	-73
Exchange losses	44	66	-22
Other interest expenses	4	10	-6
Interest expenses to Controlling Shareholder for loans	0	245	-245
Negative adjustment to the fair value of contingent consideration	0	1,453	-1,453
Other financial charges	67	5	63
Financial charges	**2,959**	**4,453**	**-1,495**
of which vs. related parties	***65***	***307***	***-241***

The increase in *Interest expenses on bank loans* reflected the increase in the bank debt compared with the previous year. The total financial charges for the period attributable to bank loans also included €791 thousand for charges accrued by applying the effective interest criterion, and €204 thousand for charges on hedging derivatives (the ineffective component amounted to €47 thousand).

43. INCOME TAXES

In 2020, income tax expense totalled €14,597 thousand, and can be detailed as follows:

Amounts in thousands of Euro	2020	2019	Change
IRES	14,454	11,837	2,617
IRAP	3,277	2,803	474
Current foreign taxes	35	67	-31
Deferred tax liabilities	-1,844	-2,414	570
Deferred tax assets	-134	1,233	-1,367
Income taxes related to previous years	-1,192	-93	-1,098
Income taxes	**14,597**	**13,432**	**1,165**
of which non-recurring	***-1,319***	***-706***	***-613***

The item Deferred tax liabilities refers predominantly to the releases of deferred tax liabilities relating to the amortisation of intangible assets recorded at the time of the accounting of business combinations at fair value, as better detailed in Note 19*. Deferred tax assets/liabilities.*

Reconciliation between the theoretical current tax and the balance of the item *Income Taxes*:

Amounts in millions of Euro		
Profit before tax	**52.5**	
Income taxes (% Tax Rate)	**-14.6**	**-27.8%**
	IRES	**IRAP**
Profit before tax	**52.5**	**52.5**
PEX tax on dividends eliminated in the Consolidation	1.9	
Business combination costs capitalised in separate financial statements	1.5	1.5
Adjustment of contingent consideration	-0.2	
Profit from equity-accounted investments	1.0	1.3
Financial charges (income)	-2.2	-0.6
ACE benefit (Decree Law 201/2011)	-1.5	
Operating Profit Tinexta S.p.A.		10.6
Operating result of foreign companies		-0.1
Personnel costs net of deductions		9.1
Write-downs and losses on receivables	0.3	2.4
Contingent liabilities	0.5	0.4
Car/telephony/hospitality costs	1.1	1.1
Tax credit contributions	-0.5	-0.5
Super-depreciation/amortisation	-0.7	0.0
IRES deduction on IRAP	-0.3	0.0
Other residual changes	0.3	0.3
Taxable amount	**53.8**	**77.9**
Tax rate	24%	3.9%
Current and deferred tax	**12.9**	**3.1**
		16.0
IRAP benefit, Law Decree 34/2020, known as the "Relaunch decree"		-0.8
Patent Box benefit		-0.6
Income taxes		**14.6**

Additional information

44. EARNINGS PER SHARE

Basic earnings per Share are calculated by dividing Net Profit for the period attributable to the Group by the weighted average number of Ordinary Shares outstanding during the period (net of any Treasury Shares):

	2020	2019
Group Net Profit (*thousands of €*)	37,279	28,182
Weighted average number of outstanding Ordinary Shares	46,734,735	46,966,547
Earnings per Share (in Euro)	0.80	0.60

The diluted earnings per share for 2020 is obtained by dividing Group net profit for the year by the weighted average number of outstanding shares during the year, adjusted for the dilutive effects of weighted average of shares based on the period in which they are outstanding. In the outstanding shares calculation, purchases and sales of treasury shares were considered cancellations and issues of shares, respectively. The categories of potential ordinary shares derive from the possible conversion of stock options assigned to Group directors and employees. The average fair value of shares in the period was used to calculate the average number of potential shares outstanding.

	2020	2019
Group Net Profit (*thousands of €*)	37,279	28,182
Diluted weighted average number of shares	47,068,031	46,966,547
Diluted earnings per share (Euro)	0.79	0.60

45. TRANSACTIONS WITH RELATED PARTIES

All transactions with Related Parties are part of normal business operations and are regulated at normal market conditions.

Below is a table that summarises all the equity balances and their incidence on the related items in the Statement of Financial Position at 31 December 2020 and the corresponding comparative figures at 31 December 2019:

31/12/2020								
Amounts in thousands of Euro	Non-current financial assets	Current tax assets	Trade and other current receivables	Non-current financial liabilities	Non-current contract liabilities	Current financial liabilities	Trade and other current payables	Current contract liabilities
Controlling Shareholder		6	20	333		71	169	
Associated companies			2				83	
Other Related Parties			27	1,936		1,177	28	
Total Related Parties	***0***	***6***	***48***	***2,269***	***0***	***1,248***	***280***	***0***
Total financial statement item	**1,246**	**311**	**84,110**	**150,508**	**10,961**	**40,365**	**60,249**	**46,411**
% Incidence on Total	*0.0%*	*1.8%*	*0.1%*	*1.5%*	*0.0%*	*3.1%*	*0.5%*	*0.0%*

31/12/2019								
Amounts in thousands of Euro	Non-current financial assets	Current tax assets	Trade and other current receivables	Non-current financial liabilities	Non-current contract liabilities	Current financial liabilities	Trade and other current payables	Current contract liabilities
Controlling Shareholder	8	322	20	399		69	130	
Associated companies			247		81		45	123
Other Related Parties				1,058		509	30	
Total Related Parties	***8***	***322***	***267***	***1,458***	***81***	***578***	***205***	***123***
Total financial statement item	**1,149**	**756**	**89,775**	**107,039**	**8,180**	**62,001**	**54,953**	**37,722**
% Incidence on Total	*0.7%*	*42.7%*	*0.3%*	*1.4%*	*1.0%*	*0.9%*	*0.4%*	*0.3%*

The *financial liabilities* include the payable due to the Controlling Shareholder Tecno Holding S.p.A. fpr property leases in existence on 31 December 2019 (€404 thousand) and to other related parties of the Group (€1,059 thousand). In addition, at 31 December 2020 liabilities include the payable for price extensions (€2,054 thousand) granted in previous years by shareholders selling their stakes, now considered other related parties, as strategic managers of the Group.

The table below summarises all economic transactions and their incidence on the associated items of the income statement in 2020 and the corresponding comparative figures for 2019:

2020				
Amounts in thousands of Euro	**Revenues**	**Service costs**	**Other operating costs**	**Financial charges**
Controlling Shareholder		373		12
Associated companies	6	1,287		
Other Related Parties		36	2	53
Total Related Parties	**6**	**1,696**	**2**	**65**
Total financial statement item	**269,084**	**88,138**	**1,968**	**2,959**
% Incidence on Total	*0.0%*	*1.9%*	*0.1%*	*2.2%*

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

Service costs to the Controlling Shareholder relate mainly to the service contracts in place for the offices used by the Parent Company and RE Valuta S.p.A., as well as for personnel seconded by the Parent Company. The *financial charges to the Controlling Shareholder* refer to the interest accrued on property lease agreements. In the previous year, most of the financial charges referred to interest accrued on the loan repaid in 2019.

Service costs due to other associated companies refer to the purchases carried out by the associated companies eTuitus S.r.l. for €758 thousand (€647 thousand in 2019), Creditreform GPA Ticino SA for €468 thousand (€293 thousand in 2019) and Innovazione 2 Sagi for €61 thousand.

Additional Financial charges to related parties refer to interest expense on lease agreements and the price extension mentioned above.

46. NET FINANCIAL INDEBTEDNESS

Group net financial indebtedness as at 31 December 2020 as required by Consob communication no. DEM/6064293 of 28 July 2006:

	31/12/2020	***of which vs. related parties***	**31/12/2019**	***of which vs. related parties***
A Cash	92,809		33,586	
B Other cash equivalents	4		14	
C Securities held for trading	0		0	
D Cash and cash equivalents (A+B+C)	**92,813**		**33,600**	
E Current financial receivables	**7,320**		**6,609**	
F Current bank debt	-907		-2,952	
G Current portion of non-current debt	-25,214		-23,752	
H Other current financial debt	-14,244	*-1,248*	-35,342	*-578*
I Current Financial Debt (F+G+H)	**-40,365**		**-62,046**	
J Net current financial indebtedness (D+E+I)	**59,768**		**-21,837**	
K Non-current bank debt	-126,274		-90,552	
L Bonds issued	0		0	
M Other non-current financial debt	-25,376	*-2,269*	-16,749	*-1,458*
N Non-current financial debt (K+L+M)	**-151,650**		**-107,301**	
O Net financial position (Indebtedness) (J+N)	**-91,882**		**-129,138**	

47. OTHER INFORMATION

Commitments made by the Group

In relation to the entry of InfoCert into the capital of Authada GmbH (Authada), *Put&Call* options are envisaged that can be exercised following the approval of the 2021 and 2022 financial statements, allowing InfoCert to acquire 100% of Authada, if certain performance conditions are met. In detail, after the approval of the Authada 2021 financial statements, and provided specific performance conditions have been achieved, InfoCert can exercise its *call* option, on approximately 64% of the share capital; on the same date, the shareholders have a *Put* option, again on 64% of the capital, which is not conditioned by the achievement of the conditions prescribed for the *Call*option. Upon approval of the Authada 2022 financial statements, *Put & Call* options are envisaged on the capital held by the remaining shareholders. In the event that InfoCert exercises its *Call* option at an *Enterprise Value* lower than a predetermined threshold, the remaining shareholders will have the right to find, within a specific time interval, an alternative offer from a third party, provided it applies to 100% of the shares of the company; in the presence of such an offer, InfoCert will have the pre-emptive right and may exercise its *Call* option at the same price offered by the third party in terms of Enterprise Value. If the remaining shareholders are not able to find said third party, the same remaining shareholders may acquire 100% of the company with an *Enterprise Value* equal to the aforementioned threshold.

Public funding

Italian Law 124/2017 requires companies to provide information on funding received from national or supranational bodies. The funding received by the Group during the year is detailed below:

Beneficiary	Funder	Disbursement *in thousands of Euro*	Reason for economic benefit received
InfoCert S.p.A.	European Commission	359	EEISI Project - Contribution to Connecting Europe Facility (CEF)
InfoCert S.p.A.	European Commission	56	GRIDS Project - Contribution to Connecting Europe Facility (CEF)
InfoCert S.p.A.	European Commission	268	KRAKEN project
Warrant Hub S.p.A.	European Commission	950	Research grants

The Group also received “de minimis” aid from Italian public bodies. For detailed information, please refer to the Registro Nazionale degli Aiuti di Stato (National Registry of State Aid).

Remuneration to Directors, Statutory auditors, General Managers and Key Management Personnel of the Parent Company

With reference to disclosures on the remuneration paid to Directors, Statutory auditors, General Managers and other Key Management Personnel of the Parent Company, reference is made to the table below with the policy on remunerations paid pursuant to art. 123-ter of the Consolidated Law of Finance for further details.

Amounts in thousands of Euro	Fixed remuneration	Remuneration for participation in Committees	Variable remuneration non-equity (Bonus and other incentives)	Non-monetary benefits	Other remuneration	Total
Directors	851	196	170	0	58	**1,275**
Statutory Auditors	147	15	0	0	1	**163**
General Manager	275	0	0	0	0	**275**
Other Key Management Personnel	1,446	7	606	0	0	**2,059**

On 23 June 2020, after having obtained the opinion of 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 options allocated on 31 December 2020 totalled 200,000 to the Chief Executive Officer and 560,000 to other Key Managers. For details, see Report on Remuneration pursuant to art. 123-ter of the Consolidated Law on Finance (TUF).

Independent Auditors’ fees

Below are details of the remuneration of the Independent Auditors and of other companies belonging to the network pursuant to art. 149-duodecies of the Implementing Regulation of Legislative Decree 24 February 98 no. 58. The fees shown in the table, applicable to the year 2020, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, supervisory contribution, if any, or VAT).

Amounts in thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Auditing Services	**369**		**369**
- Parent Company Tinexta S.p.A.	*78*		***78***
- Subsidiaries	*291*		***291***
Certification Services	**68**		**68**
- Parent Company Tinexta S.p.A.	*23*		***23***
- Subsidiaries	*45*		***45***
Other services	**5**		**5**
- Parent Company Tinexta S.p.A.	*5*		***5***
Total	**442**		**442**

IMPLICATIONS OF THE COVID-19 PANDEMIC ON THE CONSOLIDATED FINANCIAL STATEMENTS AT 31 DECEMBER 2020

In relation to the context of uncertainty caused by the COVID-19 pandemic, 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*.

At the same time, the management decided to strengthen assistance to its interlocutors, quickly focusing on the offer of innovative solutions and advanced services needed to face a new operating context strongly oriented towards digitalisation. Our Group has expanded its offer of value-added services, developed innovative systems and products in the digital world, and consolidated its ability to develop business solutions especially for small and medium-sized enterprises.

As part of this strategy, major development operations were also completed: in 2020, Tinexta entered the Cyber Security market, creating a new national hub, able to assist private and public customers in *digital transformation* processes with the best technologies and the most advanced protocols for security and digital identity, starting a course for the future.

The results at 31 December show the Tinexta Group's recovery, which in the first months had been marginally affected by the ongoing pandemic. All the indicators were positive and confirm the stable growth of Group business activities.

The results at 31 December 2020 include income of €0.8 million deriving from the IRAP benefit prescribed in Decree Law no. 34/2020, the "Relaunch decree". The amount was included in the non-recurring components referred to in the paragraph entitled *Definition of performance indicators*, below.

In this context, as announced on 2 December 2020, the Tinexta Group has chosen to support its employees who in recent months had experienced a reduction in pay following the adoption, by companies, of the Wage Integration Fund (FIS). Top-ups were paid to 300 employees, for a total of approximately 49,000 hours of FIS used. The corresponding amounts were paid with salaries for the month of December.

Goodwill is periodically tested to determine if any impairments exist. In calculating the recoverable value of the CGUs, the financial projections were analysed 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. See note 15. Intangible assets and goodwill for further details.

From the analyses carried out within the Tinexta Group, there is no significant uncertainty regarding events or circumstances, including those related to the COVID-19 pandemic, which may give rise to significant doubts on the ability of the Parent Company and the Group to continue to operate as a functioning enterprise.

48. KEY EVENTS SUBSEQUENT TO YEAR-END

On **7 January 2021,** Tinexta S.p.A. established a joint-stock company called Tinexta Cyber S.p.A. with sole shareholder, with registered office in Rome. The share capital amounts to €1,000,000 divided into no. 1,000,000 ordinary shares with no nominal value and was fully paid up. In January and February, Tinexta S.p.A. made capital contribution payments totalling €50 million.

On 21 January 2021, Co.Mark S.p.A. finalised an agreement to enter the share capital of Queryo Advance S.r.l. (Queryo), valuing a 60% stake in the company, on a *cash free/debt free* basis, at approximately €8.75 million. The transaction also envisages a variable price component of up to €1.2 million, which will be disbursed by way of *earn-out* in consideration of the 2021 performance. Queryo is a *Digital Agency* founded in 2014, which mainly offers services for the design and management of *Digital ADV* campaigns, SEM (*Search Engine Marketing*) - SEA (*Search Engine Advertising*) and SEO (*Search Engine Optimization*), *Social Media Marketing*, *Remarketing and advanced Web Analytics*, with a distinctly *Data Driven* and *performance-oriented* vision. Co.Mark enters the share capital of Queryo with the aim of extending its offer and supporting the company's development plan over the next few years, which expects to close 2020 with revenues of approximately €4.8 million and an EBITDA of around €2.5 million.[1] For the remaining 40%, a *Put & Call* mechanism is envisaged, based on multiples that vary according to the results actually achieved.

On **22 January 2021**, following the *signing* on 12 October 2020, Tinexta S.p.A., through the newly established Tinexta Cyber S.p.A., finalised the acquisition of 70% of the capital of Corvallis S.r.l. consisting of the Projects and Solutions business unit and the research and development activities of Corvallis S.p.A., and the 100% equity investment in Payotik S.r.l. The acquisition is part of the project for Tinexta to create a new Italian hub of digital security services, supporting the other businesses of the Group, in particular the digital identity business.
The price for the 70% share is €25.0 million plus an earnout that will be disbursed after the approval of the company's 2020 financial statements if the conditions are met. The agreements prescribe that the *Put & Call* option rights relating to the minority shares of the share capital may be exercised in 2024. *As part of Tinexta's new Cyber Security* business unit ("BU"), the skills developed by Corvallis and the size of the division are essential to create advanced solutions and tackle the most complex projects. High skills, highly specialised resources and advanced technologies will make it possible to seize the growing opportunities in the rapidly expanding digital market.

On **26 January 2021**, following the *signing* announced on 12 October 2020, Tinexta S.p.A., through the newly established Tinexta Cyber S.p.A., finalised the acquisition of 60% of the capital of Yoroi, one of the most advanced players in the cybersecurity sector with its Cybaze, Emaze and @Mediaservice.net brands. The acquisition is part of the project for Tinexta to create a new Italian hub of digital security services, supporting the other businesses of the Group, in particular the digital identity business. The price for the 60% share is €19.1 million, plus an earnout that will be disbursed after the approval of the company's 2020 financial statements if the conditions are met. The agreements prescribe that the *Put & Call* option rights relating to the minority shares of the share capital may be exercised in 2024. As part of the new Cybersecurity business unit ("BU") of Tinexta, in addition to the further development of Yoroi's skills in the field of Research & Development, the dedicated team will be responsible for providing cutting-edge responses to companies and organisations that have the need to contain and manage all cyber risks, in order to prevent or reduce the damage potentially deriving from a cyber attack.

On **18 February 2021,** Tinexta S.p.a. sold the shareholding representing 51% of the share capital of Swascan S.r.l. at a "spot" price of €2,200 thousand to Tinexta Cyber S.p.A.

12 March 2021

Enrico Salza
Chairman
Tinexta S.p.A.

[1] Data prepared according to ITA GAAP standards.

SEPARATE FINANCIAL STATEMENTS 2020
Statements and Notes

Separate Financial Statements of Tinexta S.p.A.

Statement of Financial Position

In Euro	Notes	31/12/2020	31/12/2019
ASSETS			
Property, plant and equipment	10	952,617	925,755
Intangible assets	11	569,742	633,425
Equity investments recognised at cost	12	308,290,884	284,240,870
Financial assets, excluding derivative financial instruments	16	36,764	20,365
Derivative financial instruments	21	0	14,752
Deferred tax assets	13	817,716	614,569
Trade and other receivables	14	87,470	162,223
NON-CURRENT ASSETS		**310,755,194**	**286,611,959**
Financial assets, excluding derivative financial instruments	16	15,119,781	10,584,530
- of which vs related parties	*30*	*14,672,727*	*10,397,779*
Derivative financial instruments	21	0	11,395
Current tax assets	15	3,502,594	3,265,169
- of which vs related parties	*30*	*3,502,594*	*3,265,169*
Trade and other receivables	14	2,764,725	1,310,710
- of which vs related parties	*30*	*710,009*	*635,960*
Contract assets	14	308,680	151,530
- of which vs related parties	*30*	*308,680*	*151,530*
Cash and cash equivalents	17	61,170,071	19,398,324
CURRENT ASSETS		**82,865,851**	**34,721,657**
TOTAL ASSETS		**393,621,045**	**321,333,616**
EQUITY AND LIABILITIES			
Share capital		47,207,120	47,207,120
Treasury shares reserve		-10,000,693	0
Share premium reserve		55,438,803	55,438,803
Other reserves		77,141,361	49,702,462
TOTAL SHAREHOLDERS' EQUITY	**18**	**169,786,591**	**152,348,385**
LIABILITIES			
Employee benefits	19	591,344	438,336
Financial liabilities, excluding derivative financial instruments	20	122,883,387	88,851,823
- of which vs related parties	*30*	*1,693,214*	*399,359*
Derivative financial instruments	21	1,080,470	240,049
Deferred tax liabilities	13	48,416	72,846
NON-CURRENT LIABILITIES		**124,603,617**	**89,603,054**
Financial liabilities, excluding derivative financial instruments	20	91,523,468	73,059,652
- of which vs related parties	*30*	*64,131,814*	*41,819,654*
Derivative financial instruments	21	0	31,809
Trade and other payables	22	4,469,529	3,980,012
- of which vs related parties	*30*	*417,959*	*317,129*
Current tax liabilities	15	3,237,840	2,310,705
- of which vs related parties	*30*	*87,279*	*419,886*
CURRENT LIABILITIES		**99,230,836**	**79,382,177**
TOTAL LIABILITIES		**223,834,454**	**168,985,231**
TOTAL EQUITY AND LIABILITIES		**393,621,045**	**321,333,616**

Statement of Profit or Loss and other comprehensive income

		for the year ended 31 December	
In Euro	**Notes**	**2020**	**2019**
Revenues	**23**	**2,186,257**	**1,357,006**
- of which vs related parties	*30*	*2,179,652*	*1,281,971*
Service costs	24	5,330,221	5,250,159
- of which vs related parties	*30*	*505,655*	*389,044*
- of which non-recurring	*24*	*19,159*	*1,129,634*
Personnel costs	25	6,535,826	8,537,160
Other operating costs	26	279,432	449,945
Amortisation and depreciation	27	612,953	434,159
Provisions	27	0	0
Impairment	27	0	0
Total Costs		**12,758,432**	**14,671,423**
OPERATING PROFIT		**-10,572,175**	**-13,314,417**
Financial income	28	37,546,957	36,263,791
- of which vs related parties	*30*	*36,604,085*	*36,256,266*
- of which non-recurring	*28*	*933,018*	*0*
Financial charges	28	2,369,137	2,150,095
- of which vs related parties	*30*	*87,979*	*298,826*
Net financial income (charges)		**35,177,820**	**34,113,696**
PROFIT BEFORE TAX		**24,605,645**	**20,799,279**
Income taxes	29	-2,573,506	-3,246,092
- of which non-recurring	*29*	*219,326*	*-271,112*
NET PROFIT		**27,179,151**	**24,045,371**
Other components of the comprehensive income statement			
Components that will never be reclassified to profit or loss			
Actuarial gains (losses) of employee benefit provisions	19	-56,929	-26,672
Tax effect		13,663	6,401
Total components that will never be reclassified to profit or loss		**-43,266**	**-20,271**
Components that are or may be reclassified subsequently to profit or loss			
Profits (losses) from measurement at fair value of derivative financial instruments	21	-797,404	-92,119
Tax effect		191,377	22,109
Total components that are or may be reclassified subsequently to profit or loss		**-606,027**	**-70,011**
Total other components of comprehensive income, net of tax		**-649,293**	**-90,281**
Total comprehensive income for the year		**26,529,858**	**23,955,090**

Statement of Changes in Equity

									For the year ended 31 December 2020
Amounts in Euro	Share capital	Treasury shares	Legal reserve	Share premium reserve	Hedging derivatives reserve	Defined benefit reserve	Stock Option reserve	Other reserves	Total
Balance at 1 January 2020	47,207,120	0	3,112,305	55,438,803	-212,571	-74,445	0	46,877,173	152,348,385
Comprehensive income for the year									
Profit for the year								27,179,151	27,179,151
Other components of the comprehensive income statement					-606,027	-43,266			-649,293
Total comprehensive income for the year	*0*	*0*	*0*	*0*	*-606,027*	*-43,266*	*0*	*27,179,151*	*26,529,858*
Transactions with Shareholders									
Allocation to legal reserve			1,202,269					-1,202,269	0
Stock options							909,042		909,042
Purchase of treasury shares		-10,000,693							-10,000,693
Total transactions with Shareholders	*0*	*-10,000,693*	*1,202,269*	*0*	*0*	*0*	*909,042*	*-1,202,269*	*-9,091,651*
Balance at 31 December 2020	47,207,120	-10,000,693	4,314,574	55,438,803	-818,598	-117,711	909,042	72,854,055	169,786,591

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

Statement of Cash Flows

	Notes	*for the year ended 31 December* 2020	2019
Cash flows from operations			
Profit for the year		27,179,151	24,045,371
Adjustments for:			
- Amortisation and depreciation	27	612,953	434,159
- Net financial charges (income)	28	-35,177,820	-34,113,696
- of which vs related parties	*30*	*-36,516,106*	*-35,957,440*
- provisions for stock option	25	232,803	0
- Income taxes	29	-2,573,506	-3,246,092
Changes in:			
- Trade and other receivables	14	-1,536,411	-1,075,207
- of which vs related parties	*30*	*-74,049*	*-416,041*
- Trade and other payables	22	489,517	1,432,743
- of which vs related parties	*30*	*100,829*	*227,952*
- Provisions and employee benefits	19	92,760	-970,503
Cash and cash equivalents generated/(absorbed) by operations		**-10,680,553**	**-13,493,225**
Income taxes collected/(paid)		3,240,678	3,186,219
Net cash and cash equivalents generated/(absorbed) by operations		**-7,439,875**	**-10,307,006**
Cash flows from investments			
Dividends collected	28	36,587,757	36,241,746
- of which vs related parties	*30*	*36,587,757*	*36,241,746*
Interest collected		29,826	24,730
- of which vs related parties		*14,520*	*5,667*
Investments in shareholdings	12	-21,474,003	-43,592,561
- of which vs related parties		*-14,839,139*	*0*
Investments in property, plant and equipment	10	-68,517	-49,706
Investments in other financial assets	16	-281,424	-19,555
Investments in intangible assets	11%	-293,831	-557,919
Current accounts with subsidiaries	16	-4,273,140	-1,705,024
- of which vs related parties	*30*	*-4,273,140*	*-1,705,024*
Net cash and cash equivalents generated/(absorbed) by investing activities		**10,226,667**	**-9,658,289**
Cash flows from financing			
Interest paid		-1,568,666	-2,145,594
- of which vs related parties		*-52,348*	*-622,587*
Change in other current bank payables		-6,303	-4,927
Bank loans taken out	20	49,552,675	64,016,624
Bank loans repaid	20	-10,424,197	-9,563,889
Repayment of loans by Controlling Shareholder and subsidiaries		0	-25,000,000
- of which vs related parties		*0*	*-25,000,000*
Repayment of price deferment liabilities on acquisitions of equity investments	20	-2,407,714	-2,383,140
Repayment of contingent consideration liabilities	20	-7,580,530	0
Repayment of lease liabilities	20	-184,404	-157,513
- of which vs related parties		*-65,844*	*-67,653*
Current accounts with subsidiaries	20	21,604,789	9,435,429
- of which vs related parties		*21,604,789*	*9,435,429*
Capital increase	18	0	1,077,800
Purchase of treasury shares	18	-10,000,693	0
Dividends paid	18	0	-10,690,947
Net cash and cash equivalents generated/(absorbed) by financing activities		**38,984,956**	**24,583,843**
Net increase (decrease) in cash and cash equivalents		*41,771,748*	*4,618,548*
Cash and cash equivalents as at 1 January		19,398,324	14,779,776
Cash and cash equivalents at 31 December		**61,170,071**	**19,398,324**

Notes to the Separate Financial Statements at 31 December 2020

1. ENTITY THAT PREPARES THE FINANCIAL STATEMENTS

Tinexta S.p.A. (the Company) is based in Rome (Italy) – Piazza Sallustio 9 and has been listed on the STAR segment of Borsa Italiana since August 2016.

Tinexta operates, through its subsidiaries, primarily in Italy, with diversified and customisable services through four business units: Digital Trust, Credit Information & Management, Innovation & Marketing Services and Cybersecurity.

At the date of preparation of these Financial Statements, Tecno Holding S.p.A. (the 'Controlling Shareholder') is the shareholder that holds the absolute majority of the shares of Tinexta S.p.A. The Controlling Shareholder does not exercise any management and coordination activities for the Company.

It is noted that as the Company has significant controlling interests in other companies, it also prepares the Group Consolidated Financial Statements, published together with the Separate Financial Statements.

These Financial Statements were approved and authorised for publication by the Board of Directors of the Company at its meeting on 12 March 2021.

2. PREPARATION CRITERIA AND COMPLIANCE WITH IFRS

These Separate Financial Statements have been prepared in accordance with the International Financial Reporting Standards (IFRS), the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) and the Standing Interpretations Committee (SIC), approved by the European Commission and in force at the reporting date, as well as the previous International Accounting Standards (IAS).

These Financial Statements have been prepared under the going concern assumption. The general policy adopted in preparing these Financial Statements is the historical cost, with the exception of items that, under IFRS, are obligatorily measured at fair value, as indicated in the measurement criteria of individual items.

3. PRESENTATION CRITERIA

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

It is specified that:

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

In accordance with Consob Resolution no. 15519 of 28 July 2006, the Statement of Profit/(Loss) separately identifies, if any, income and charges arising from non-recurring transactions; similarly, shown separately in the Financial Statements are the Balances of transactions with Related Parties which are further described in Note 30. *Transactions with Related Parties*.

The Separate Financial Statements have been prepared in Euro, which is the functional currency of the Company. The Financial Statements are expressed in Euro, as well as the related notes, unless otherwise specified.

4. NEW STANDARDS OR AMENDMENTS FOR 2020 AND FUTURE REQUIREMENTS

c) From 1 January 2020, the Company adopted the following new accounting standards:

- Amendments to the *Conceptual Framework for Financial Reporting*, endorsed by the EU on 6 December 2019 with Regulation no. 2075. The main amendments compared to the 2010 version include a new chapter on measurements, better definitions and guidance, with particular regard to the definition of liability, and clarifications of key concepts, such as stewardship, prudence and measurement uncertainty. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendments to IAS 1 and IAS 8*: *Definition of Material*, endorsed by the EU on 10 December 2019 with Regulation no. 2014. The document has the objective of refining and standardising the definition of "material" present in certain IFRSs, so that it is consistent with the *new Conceptual Framework for Financial Reporting* approved in March 2018 and endorsed by the EU on 6 December 2019. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendments to IFRS 9, IAS 39 and IFRS 7*: *Interest rate benchmark reform*, endorsed by the EU on 16 January 2020 with Regulation no. 34. The objective of the document is to allow entities that prepare financial statements not to suspend hedging transactions until the interest rate benchmark reform – still underway worldwide – is completed. This reform, in particular, has created uncertainties on the timeframe and the amount of future financial flows related to some financial instruments, with the consequent risk of having to interrupt the hedging relationships set out pursuant to IAS 39 or IFRS 9. According to the IASB, an interruption of hedging relationships due to these uncertainties does not provide useful information to the users of the financial statements; therefore, the document in question has introduced some amendments specific to IAS 39, IFRS 9 and IFRS 7, namely some temporary derogations to the application of specific provisions in the area of hedge accounting recognition, provided for in IFRS 9 and IAS 39, to be mandatorily applied to all hedging operations that are directly impacted by the reform concerning the reference indexes for the determination of interest rates. The amendments apply to Financial Statements for years beginning 1 January 2020 or later.
- *Amendment to IFRS 3 Business Combinations*, endorsed by the EU on 21 April 2020 with Regulation no. 551. This document introduced a much more restrictive definition of business than that contained in the previous version of IFRS 3, as well as a logical procedure to follow to check if a transaction can be considered a "*business combination*" or simply acquisition of an asset. The amendment must be applied to acquisitions that occur on or after 1 January 2020.
- *Amendments to IFRS 16 Leases Covid-19 Related Rent Concessions*: on 28 May 2020, the IASB published an amendment called "Covid-19 Related Rent Concessions (Amendment to IFRS 16)". The document prescribes that landlords may account for reductions in rent related to the Covid-19 pandemic without having to assess, through the analysis of contracts, whether the reduction meets the IFRS 16 definition of *lease modification*. Therefore, landlords that apply this option will be able to account for the effects of the reductions in rents directly in the income statement at the effective date of the reduction. The change, applicable to financial statements starting on 1 June 2020, with the possibility of early application on 1 January 2020.

The adoption of the new standards applicable from 1 January 2020 had no significant impact.

d) Accounting standards, amendments and interpretations not yet endorsed by the European Union:

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

- On 18 May 2017, the IASB published the new standard IFRS 17 Insurance Contracts, which replaces the current IFRS 4. The new standard on insurance contracts aims to boost transparency on sources of profit and on the quality of earnings and to guarantee high comparability of results, by introducing a single standard for the recognition of revenues that reflects the services provided. Furthermore, on 25 June 2020, the IASB published *Amendments* to IFRS 17 *and the* deferral of the entry into effect of the new accounting standard to 1 January 2023.
- On 23 January 2020, the IASB published some amendments to IAS 1. The document "Presentation of Financial Statements: Classification of Liabilities as Current or Non-current" requires that a liability should be classified as current or non-current according to the rights existing as at the financial statements date. In addition, it sets out that the classification is not impacted by the entity's expectation of exercising its rights to defer settlement of the liability. It also clarifies that this provision refers to the transfer to the counterparty of cash, equity instruments, other assets or services. The changes should have come into force from 1 January 2022, however, the IASB, with a second document published on 15 June 2020, postponed their entry into force to 1 January 2023. Early application is permitted.
- On 14 May 2020, the IASB published the *Amendments to IFRS 3 Business Combinations; IAS 16 Property, Plant and Equipment; IAS 37 Provisions, Contingent Liabilities and Contingent Assets as well as Annual Improvements 2018-2020* with the aim of making specific amendments to these standards. The amendments apply to Financial Statements relating to years beginning on 1 January 2022 or later.
- Amendments to IFRS 4, IFRS 7, IFRS 9, IFRS 16, and IAS 39, IAS 37 Interest Rate Benchmark Reform - Phase 2. On 27 August 2020, the IASB published some amendments regarding the following accounting standards:
  - IFRS 4 Insurance Contracts
  - IFRS 7 Financial Instruments Disclosures
  - IFRS 9 Financial Instruments
  - IFRS 16 Leases
  - IAS 39 Financial Instruments: Recognition and Measurement.

  All amendments will come into effect on 1 January 2021.

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

5. MEASUREMENT CRITERIA

Described below are the accounting standards and the most significant measurement criteria used for the preparation of these Financial Statements:

PROPERTY, PLANT AND EQUIPMENT

Tangible assets are valued at the cost of purchase or production and net of accumulated depreciation and impairment, if any. The cost includes all the charges directly incurred to prepare the assets to be used, as well as any dismantling and removal charge that shall be incurred to bring the work site back to its original conditions.
The charges incurred for ordinary and/or regular maintenance and repair are directly recognised in the income statement in the year in which they are incurred. The capitalisation of the costs for the expansion, modernisation or improvement of the structural items owned or in use by third parties is carried out only to

the extent to which they meet the requirement for a separate classification as assets or part of an asset. Any public contributions to tangible assets are recorded as deferred revenues and recognised as income in the income statement on a systematic and rational basis over the useful life of the related asset.
The value of an asset is adjusted for systematic depreciation, calculated on the basis of its estimated useful life. When the asset is recognised for the first time, the depreciation is calculated keeping into account the effective date on which the asset is ready for use. The useful life estimated by the Company, for the different classes of assets, is the following:

	Estimated useful life
Electronic machines	2.5
Other assets	2.5 - 6 years
Leasehold improvements	6 years

The estimates of the useful life and of the residual value are reviewed at least once a year.
Depreciation ends when the asset is transferred or reclassified as held for sale.
If the asset subject to depreciation includes distinctly identifiable and significant components, with different estimated useful life, the depreciation is calculated separately for each of the different components, in application of the component approach standard.
Gains and losses realised on the sale of assets or groups of assets are calculated by comparing the sale price with the corresponding net carrying amount.
The assets related to the rights of use concerning lease agreements are recognised under the item Property, plant and equipment. As regards the initial recognition and subsequent measurement criteria applied to these assets, see the section *LEASED ASSETS*.

LEASED ASSETS

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

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

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

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

- penalties to be paid for the termination of a lease if the duration of the lease provides for the exercise by the Company of the option of lease termination.

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

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

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

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

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

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

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

INTANGIBLE ASSETS

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

- *Software: Software is recognised at its acquisition and/or development cost net of accumulated amortisation and impairment, if any.* The amortisation is carried out from the year in which the software, acquired or internally developed, is available for use and is calculated taking as reference the shorter period between that of expected use and that of ownership. Estimated useful life is between 3 and 5 years.

IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS (ASSET IMPAIRMENT)

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

INVESTMENTS IN SHAREHOLDINGS

Shareholdings in subsidiaries, associates and joint ventures are classified as “investments in shareholdings” and measured at cost in accordance with IAS 27. In the presence of objective evidence of impairment, the recoverability is tested by comparing the book value of the asset with the recoverable value represented by the higher of the fair value (net of disposal costs) and the value in use.
Shareholdings in companies other than subsidiaries, affiliates and joint ventures (in general with a percentage of ownership of less than 20%) are classified, at the time of acquisition, among “investments in shareholdings”. These instruments are initially recognised at cost at the transaction date, as representative of the fair value, including transaction costs directly attributable to the related transaction. Subsequent to initial recognition, these investments are measured at fair value, if determinable, with recognition of the effects in the comprehensive income statement and, therefore, in a specific equity reserve. Upon realisation or recognition of an impairment loss, when there is objective evidence that such instruments have suffered a material and prolonged impairment, gains and losses accumulated in said reserve are reclassified in the income statement. If upon the outcome of the update of the related fair value, any impairment is recovered, in whole or in part, the related effects will also be recognised in the comprehensive income statement recognising in an offsetting item the specific reserve already established.

The contingent consideration related to the acquisition of shareholdings is recognised at the acquisition date, as an increase of the shareholding to which it refers, at the present value of the estimated liability.

Subsequent changes, due to both changes in the estimate, and to the capitalisation of the present value, are recognised as an increase or decrease of the shareholding.

The cost of equity investments is increased in the presence of share-based payment agreements concerning equity instruments of the controlling shareholder assigned to employees of the subsidiaries. The controlling shareholder has an obligation to settle the transaction with the employees of the subsidiary by providing the representative instruments of the controlling shareholder. Therefore, the controlling shareholder must measure its obligation according to the requirements applicable to share-based payment transactions settled with equity instruments.

RECEIVABLES AND FINANCIAL ASSETS

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

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

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

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

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

DERIVATIVES

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

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

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

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

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

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

FAIR VALUE MEASUREMENT

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

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

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

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

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

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

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

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

CONTRACT ASSETS AND LIABILITIES

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

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

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

CASH AND CASH EQUIVALENTS

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

SHAREHOLDERS' EQUITY

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

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

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

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

Transaction costs relating to the issue of capital instruments
The transaction costs relating to the issue of capital instruments are recognised as a decrease (net of any related tax benefit) of the Share premium reserve, generated by the same transaction, to the extent that they are marginal costs directly attributable to the capital transaction that would have otherwise been avoided. The costs of a capital transaction that is abandoned are recognised in the income statement.
Listing costs not relating to the issue of new shares are recognised in the income statement.

If the listing involves the sale of existing shares and the issue of new shares, the costs directly attributable to the issue of new shares are recognised as a decrease in the Share premium reserve, the costs directly attributable to the listing of existing shares are recognised in the income statement. Costs related to both transactions are recognised as a decrease of the Share premium reserve, in relation to the ratio between issued shares and existing shares, and the remainder is recognised in the income statement.

PAYABLES AND OTHER FINANCIAL LIABILITIES

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

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

CONTINGENT CONSIDERATION

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

INCOME TAXES

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

In fact, starting in the year 2018 the Company, as the consolidating company, opted for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Income Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A.,

Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Company and the consolidated companies are defined in the corresponding tax consolidation regulations.
As a result, in current tax assets/liabilities in these Financial Statements the Company has listed both the amounts due to the tax authorities for IRES relating to the Tinexta tax consolidation as well as balance sheet items with the companies participating in the tax consolidation for the receivable/payable transferred as part of the above-mentioned tax consolidation.

EMPLOYEE BENEFITS

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

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

For the companies with more than 50 employees, starting from 1 January 2007, the so-called Budget Act of 2007 and the corresponding implementation decrees have made significant changes to the TFR rules, including the option given to the worker to choose the destination of his/her TFR. Specifically, the new TFR flows can be directed by the workers to pension schemes of their choice or else kept in the company. In both cases, from this date the newly accrued portions represent defined contribution plans not subject to actuarial measurement.

With reference to the classification of the costs related to the TFR contributions, service costs are recognised under "Personnel costs" and interest charges under "Financial charges", while actuarial profits/losses are recognised among the other components of the comprehensive income statement.

SHARE-BASED PAYMENTS

In the event of transactions with share-based payments settled with equity instruments of the Company, the fair value on the allocation date of the options on shares granted to employees is recognised under personnel costs, with a corresponding increase in Shareholders' Equity throughout the period during which employees obtain the unconditional right to incentives. The amount recognised as cost will be adjusted to reflect the

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

PROVISIONS FOR RISKS AND CHARGES

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

REVENUES

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

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

Within each contract, the reference element for the recognition of revenues is the individual performance obligation. For each individually identified performance obligation, the Group recognises revenues when (or as) it fulfils the obligation by transferring the promised good/service (or asset) to the customer. The asset is transferred when (or as) the customer acquires control over it.

For performance obligations fulfilled over time, revenues are recognised over time, measuring the progress made towards fulfilling the obligation in full at the end of each year. To measure its progress, the Company uses the input-based method (cost-to-cost method). Revenues are recognised on the basis of the inputs used to fulfil the obligation until that date, with respect to the total inputs assumed will be used to fulfil the entire obligation. When the inputs are distributed uniformly over time, the Company recognises the corresponding revenues on a straight-line basis. In specific circumstances, when it is not possible to reasonably assess the result of the performance obligation, revenues are recognised only up to the amount of costs incurred.

COSTS

The costs related to the purchase of assets are recognised when the risks and benefits of the assets traded are transferred; the service costs received are recognised proportionally when the service is provided.

FINANCIAL INCOME AND CHARGES

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

6. USE OF ESTIMATES

As part of the preparation of these Financial Statements, in application of the reference accounting standards, the Directors had to make assessments, estimates and assumptions that influence the amounts of the assets, liabilities, costs, and revenues recognised in the Financial Statements, as well as the information provided. Therefore, the final results of the items for which said estimates were used could differ from those reported in these Financial Statements, given the uncertainty that characterises the assumptions and the hypotheses on which the estimates are based.

The accounting standards and the financial statement items that involve a greater subjectivity by the Directors in the estimation process are the following:

- *Equity investments recognised at cost: equity investments recognised at cost, the carrying amount of which is higher than the relative Shareholders' Equity, are assessed on an annual basis to identify whether there is an impairment that should be recognised in the income statement.* Specifically, the assessment in question requires the calculation of the recoverable amount of the investment by estimating the value in use or the fair value net of disposal costs; if the recoverable amount is less than the carrying amount, the investment is written down. The calculation of the recoverable amount of the equity investments requires estimates based on factors that may change over time, with a potentially significant impact on the assessments carried out by Directors. With particular reference to the determination of the value in use with the method of discounting expected future cash flows, it should be noted that this method is characterised by a high degree of complexity and by the use of estimates, which are uncertain and subjective by nature, approximately:
    - the expected cash flows of these investees, determined taking into account the general economic performance, the sector to which they belong, the cash flows recorded in the last few years and the forecast growth rates;
    - the financial parameters used to determine the discount rate.

- *Impairment of fixed assets*: property, plant and equipment and intangible assets with finite useful life are assessed to establish whether there was a decrease in value, to be recognised through impairment, if there are indications that it will be difficult to recover their net accounting value through use. To establish the presence of said indications, Directors must make subjective assessments on the basis of information available within the Company and the market, as well as historical experience. Moreover, if it is determined that a potential impairment loss may be generated, this loss is calculated using appropriate measurement techniques. The correct identification of the factors indicating the occurrence of a potential decrease in value, as well as the estimates for the calculation of these depend on factors that may vary over time, affecting the assessments and estimates carried out by the Directors.

- *Measurement at fair value: in measuring the fair value of an asset or liability, the Company makes use of observable market data as far as possible.* Fair values are allocated to different hierarchical levels on the basis of the input data used in the valuation techniques.
- *The measurement of lease liabilities: the measurement of lease liabilities is affected by the duration of the lease, understood as the non-cancellable leasing period to which these two periods must be added: a) periods covered by a leasing extension option if the lessee has the reasonable certainty to exercise this option; and b) periods covered by the option of terminating the lease, if the lessee has the reasonable certainty not to exercise the option.* The assessment of the duration of the lease entails the use of estimates based on factors that may change over time, with a subsequent potentially significant impact on the assessments carried out by the Directors.
- *Valuation of the defined benefit plans: actuarial valuation requires the formulation of various assumptions that may differ from actual future developments.* The results depend on the technical basis adopted such as, among others, the actualisation rate, the inflation rate, the wage increase rate and the expected turnover. All assumptions are reviewed on an annual basis.

7. MANAGEMENT OF FINANCIAL RISK

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

- interest rate risks, from the financial exposure of the Company;
- exchange rate risks, from operations in currencies different from the functional currency;
- liquidity risks, related to the availability of financial resources and access to credit markets;
- credit risks, resulting from normal business transactions or liquidity management activities.

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

Exchange rate risk

The exposure to the risk of changes in exchange rates derives from the execution of activities in currencies different from the Euro. The Company conducts its business exclusively in Italy, the entire turnover and almost all purchases are carried out with countries members of the EU and the transactions are almost exclusively settled in Euro; therefore, it is not significantly exposed to the risk of fluctuations in foreign currency exchange rates against the Euro.

Interest rate risk

The Group uses external financial resources in the form of debt and deposits the liquidity in bank deposits. Changes in market interest rates influence the cost and return of the different types of borrowing and depositing and therefore have an impact on the level of the financial charges and income.
Being exposed to interest rate fluctuations with regard to the extent of the financial charges incurred to borrow funds, the Company periodically reviews its exposure to the risk of changes in interest rates and actively manages it also by making use of interest rate derivatives, specifically Interest Rate Swaps (IRS), Interest Rate Floors (Floors), Interest Rate Caps (Caps) and Interest Rate Collars (Collars) purely for hedging purposes. Cash and cash equivalents are mainly represented by deposits on floating rate bank accounts with

no term restriction, and therefore their fair value is equivalent to the value recognised in the financial statements; it should be noted that in this particular market context, with negative monetary rates, the counterparty banks have not yet transferred the negative rates to the accounts of the Group, which currently receives a positive or zero rate on its cash. The interest rate benchmark to which the Group is most exposed on indebtedness is the 6-month Euribor. Therefore, the risk of interest rate appears adequately monitored, owing to the current forecast of short-term stability and moderate growth in the medium to long term for the 6-month EURIBOR index (forward rates curve) and the structure of the debt portfolio.

The Cash Flow Hedge strategy on bank loans at 31 December 2020:

Bank loans at 31 December 2020 *Amounts in thousands of Euro*		**Derivatives *Cash flow hedge* Notional values by type as at 31 December 2020**			
	Nominal amount	***IRS***	***Capped Swap***	***Collar***	**Total**
Floating rate loans	146,500	72,052	28,774	30,230	**131,056**
Fixed rate loans	0				
	146,500	**72,052**	**28,774**	**30,230**	**131,056**

The hedging rate of bank loans is 89.5%.

Sensitivity analysis on interest rate risk which shows the effects (net of any related tax effects) on the income statement, on an annual basis, and on the net equity at 31 December 2020, from the following changes in the Euribor rate: +300 bps, +100 bps, -100 bps limited to bank loans at 31 December 2020.

Sensitivity analysis of interest rate risk	**Profit (loss) on an annual basis**			**Shareholders' Equity as at 31 December 2020**		
In thousands of Euro	300 bps increase	100 bps decrease	100 bps decrease	300 bps increase	100 bps increase	100 bps decrease
Floating rate bank loans	**-3,457**	**-1,105**	**685**	**0**	**0**	**0**
Interest rate swap	**1,658**	**537**	**-396**	**5,101**	**1,494**	**-1,693**
Capped Swap	**383**	**0**	**0**	**1,077**	**139**	**-20**
Collar	**380**	**53**	**-244**	**1,395**	**318**	**-770**
Financial flow sensitivity (net)	**-1,036**	**-515**	**45**	**7,573**	**1,950**	**-2,483**

Credit risk

Financial credit risk results from the inability of a counterparty to fulfil its obligations. At 31 December 2020, the liquidity of the Company was deposited in bank accounts held at prime credit institutions.
The trade receivable risk mainly arises from receivables from subsidiaries deriving from the charge-back of infra-group services; therefore, the Company is not significantly exposed to the trade receivable risk.

Liquidity risk

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

(i) the financial resources generated or absorbed by operating and investing activities;

(ii) the financial resources generated or absorbed by the direct and indirect subsidiaries, given the Group's centralised treasury management system (cash pooling);

(ii) the maturity of financial debt.

The liquidity requirements of the Company and the Group are monitored by the treasury function, with the objective of ensuring that financial resources can be effectively found and an adequate investment/return of liquidity.
The management believes that the cash and the credit lines currently available, in addition to those that will be generated by operating and financing activities, will allow the Company to meet its requirements, deriving

from investing activities, management of working capital and repayment of loans at their contractual maturity.

In Note 20. *Financial liabilities, excluding derivative financial instruments, the financial liabilities recognised in the Financial Statements at 31 December 2020 are summarised and classified according to contractual maturity.*

8. CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

Reconciliation between financial asset and liability classes as identified in the Statement of Financial Position of the Company and the types of financial assets and liabilities identified on the basis of IFRS 7 requirements:

Amounts in thousands of Euro	*Assets measured at fair value and recognised in the Income Statement*	*Assets/Liabilities designated at fair value and recognised in the Income Statement*	*Liabilities held for trading measured at fair value and recognised in the Income Statement*	*Fair Value Hedging instruments*	*Assets/Liabilities measured at amortised cost*	*Assets measured at fair value through OCI*	*Investments in instruments representing OCI capital*	***Total***
NON-CURRENT ASSETS	**0**	**0**	**0**	**0**	**124**	**0**	**0**	**124**
Other financial assets, excluding derivative financial instruments					37			**37**
Trade and other receivables					87			**87**
CURRENT ASSETS	**0**	**0**	**0**	**0**	**79,055**	**0**	**0**	**79,055**
Other financial assets, excluding derivative financial instruments					15,120			**15,120**
Trade and other receivables					2,765			**2,765**
Cash and cash equivalents					61,170			**61,170**
NON-CURRENT LIABILITIES	**0**	**0**	**0**	**1,080**	**122,883**	**0**	**0**	**123,964**
Financial liabilities, excluding derivative financial instruments					122,883			**122,883**
Derivative financial instruments				1,080				**1,080**
CURRENT LIABILITIES	**0**	**2,061**	**0**	**0**	**93,932**	**0**	**0**	**95,993**
Financial liabilities, excluding derivative financial instruments		2,061			89,463			**91,523**
Trade and other payables					4,470			**4,470**

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

9. FAIR VALUE HIERARCHY

Fair value hierarchy for assets and liabilities of the Company:

Amounts in thousands of Euro	*Fair Value*			
	Level 1	*Level 2*	*Level 3*	***Total***
NON-CURRENT LIABILITIES	**0**	**1,080**	**0**	**1,080**
Derivative financial instruments		*1,080*		*1,080*
CURRENT LIABILITIES	**0**	**0**	**2,061**	**2,061**
Other financial liabilities, excluding derivative financial instruments			2,061	*2,061*
Liabilities for contingent consideration			2,061	

Information on the Statement of Financial Position

10. PROPERTY, PLANT AND EQUIPMENT

Details of property, plant and equipment.

Amounts in Euro	31/12/2019	Invest ments	Disinvest ments	Amortisations/ depreciation	Reclassifications	Reva luations	Impair ments	31/12/2020
Leased buildings								
Cost	868,265	139,072		0		1,722	-387	1,008,671
Accumulated Depreciation	-110,912			-156,365		0		-267,276
Net value	**757,353**	**139,072**		**-156,365**		**1,722**	**-387**	**741,395**
Electronic machines								
Cost	93,740	33,745	-1,397					*126,088*
Accumulated Depreciation	-62,029		47	-30,202				*-92,185*
Net value	**31,711**	**33,745**	**-1,350**	**-30,202**	**0**	**0**	**0**	**33,904**
Leasehold improvements								
Cost	14,408	4,630						*19,038*
Accumulated Depreciation	-3,202			-2,530				*-5,732*
Net value	**11,206**	**4,630**	**0**	**-2,530**	**0**	**0**	**0**	**13,306**
Other assets								
Cost	161,700	34,231	-9,129					*186,802*
Accumulated Depreciation	-101,250		6,390	-29,196				*-124,056*
Net value	**60,449**	**34,231**	**-2,739**	**-29,196**	**0**	**0**	**0**	**62,746**
Other leased assets								
Cost	102,462	83,657		0			-34,046	152,073
Accumulated Depreciation	-37,428			-37,146			23,766	-50,808
Net value	**65,035**	**83,657**	**0**	**-37,146**	**0**	**0**	**-10,280**	**101,265**
Property, plant and equipment	**925,755**	**295,335**	**-4,089**	**-255,439**	**0**	**1,722**	**-10,667**	**952,617**
of which leased	***822,388***	***222,729***	***0***	***-193,511***	***0***	***1,722***	***-10,667***	***842,660***

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

11. INTANGIBLE ASSETS

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

Amounts in Euro	31/12/2019	Investments	Divestments	Amortisation and depreciation	Reclassifications	31/12/2020
Software						
Cost	962,321	245,831	0		0	*1,208,152*
Accumulated Depreciation	-373,896		0	-357,514		*-731,409*
Net value	**588,425**	**245,831**	**0**	**-357,514**	**0**	**476,742**
Assets in progress and advances	**45,000**	**48,000**				**93,000**
Net value	**45,000**	**48,000**	**0**	**0**	**0**	**93,000**
Intangible assets with definite useful life	**633,425**	**293,831**	**0**	**-357,514**	**0**	**569,742**

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

12. EQUITY INVESTMENTS RECOGNISED AT COST

The increase of €24,050 thousand, compared with 31 December 2019, was primarily due to the acquisition occurring in the period of the minority shares of Warrant Hub S.p.A. and RE Valuta S.p.A., the acquisition of 51% of Swascan S.r.l. and the acquisition of 30% of FBS Next S.p.A.

Balance of the item Equity investments posted at cost divided between Equity investments in subsidiaries and Equity investments in associates:

Amounts in Euro	31/12/2020	31/12/2019	Change
Shareholdings in subsidiaries	306,288,281	284,240,870	22,047,411
Investments in associated companies	2,002,603	0	2,002,603
Equity investments recognised at cost	**308,290,884**	**284,240,870**	**24,050,014**

Shareholdings in subsidiaries

The following tables provide:

- the opening and closing balances of the investments held by the Company, and the related changes in the year;
- details of the investments, including, among other information, the ownership percentages and the related carrying value at 31 December 2020.

Amounts in Euro	31/12/2019				Changes in the year			31/12/2020			
	% ownership	Cost	Accumulated impairment	Net balance	Investments	Stock Option increases	Other Changes	% ownership	Cost	Accumulated impairment	Net balance
InfoCert S.p.A.	99.99	18,238,589	0	*18,238,589*		260,518		99.99	18,499,107	0	*18,499,107*
Innolva S.p.A.	100.00	111,119,735	0	*111,119,735*		105,316		100.00	111,225,051	0	*111,225,051*
Co.Mark S.p.A.	100.00	50,920,375	0	*50,920,375*		83,144		100.00	51,003,519	0	*51,003,519*
Visura S.p.A.	100.00	38,397,962	0	*38,397,962*		27,715		100.00	38,425,677	0	*38,425,677*
RE Valuta S.p.A.	83.13	1,124,375	0	*1,124,375*	2,399,800	27,715		95.00	3,551,890	0	*3,551,890*
Warrant Hub S.p.A.	90.25	64,439,833	0	*64,439,833*	14,870,779	171,831	-160,766	100.00	79,321,677	0	*79,321,677*
Swascan S.r.l.	-				4,261,359			51.00	4,261,359	0	*4,261,359*
Shareholdings in subsidiaries		**284,240,870**	**0**	**284,240,870**	**21,531,938**	**676,239**	**-160,766**		**306,288,281**	**0**	**306,288,281**

Amounts in Euro	% ownership	Cost	Registered office	Share Capital at 31/12/2020	Shareholders' Equity at 31/12/2020	Profit for the year 2020
InfoCert S.p.A.	99.99	18,499,107	Rome	17,704,890	25,808,584	11,468,302
Innolva S.p.A.	100.00	111,225,051	Buja (UD)	3,000,000	27,733,705	9,125,542
Co.Mark S.p.A.	100.00	51,003,519	Milan	150,000	6,243,766	1,658,560
Visura S.p.A.	100.00	38,425,677	Rome	1,000,000	7,443,012	4,703,607
RE Valuta S.p.A.	95.00	3,551,890	Milan	200,000	2,831,782	1,592,403
Warrant Hub S.p.A.	100.00	79,321,677	Correggio (RE)	57,692	20,974,016	20,231,678
Swascan S.r.l.	51.00	4,261,359	Milan	178,430	825,062	262,983

With reference to the equity investments for which the cost value is higher than the relative Shareholders' Equity, excepting Swascan S.r.l., the acquisition of which was completed just before the end of the year, please note that impairment tests were conducted in relation to the carrying amounts at 31 December 2020.

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

The value in use has been determined by using the discounted cash flow method, in the unlevered version, applied to forecasts prepared by the Directors of each CGU in relation to the three-year period from 2021 to 2023. The cash flows used for the determination of the value in use are related to the operational management of each CGU and do not include financial charges and extraordinary items; they include the investments envisaged in the plans and changes in cash attributable to working capital, without taking into consideration the effects of future restructuring not yet approved by the directors or future investments to improve future profitability. The forecast growth in the plans used as the basis for impairment tests is in line with the corresponding growth forecast in the respective sectors. An explicit period of three years was used, beyond which the above flows were projected according to the perpetual return method (terminal value) using a growth rate (g-rate) equal to 1.2% for the market within which the individual CGUs operate. The macroeconomic assumptions at the base of the plans, when available, were determined based on external sources of information, while the estimates in terms of growth and profitability used by the directors, are derived from historical trends and expectations related to the markets in which Group companies operate. The cash flows were discounted using a WACC equal to 6.51% after tax, estimated with a Capital Asset Pricing Model approach, as represented below:

- risk-free rate of 1.1%, equal to the gross average return of Italian ten-year BTPs;
- *market risk premium of 5.1%;*
- additional risk factor equal to 2.0%;
- sector levered beta of 0.94, determined considering a list of comparable listed companies;
- financial structure of the Company set to 31.5%, considering the average of the D/E ratio recorded by comparable companies;
- cost of debt applicable to the Group, equal to 2.6%.

The plans underlying the impairment tests mentioned above were approved by the Boards of Directors of the individual investees. The impairment tests were approved by the Board of Directors of Tinexta on 12 March 2021.

The impairments test carried out did not show any long-standing impairment.

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

RE Valuta S.p.A.

On 15 June 2020, Tinexta S.p.A. completed the acquisition of an additional 11.875% of the subsidiary RE Valuta S.p.A., thus acquiring ownership of 95% of the shares, for a total of €2,393 thousand, plus accessory charges of €7 thousand, following the exercise of the Put option by the minority shareholders, within the contractually prescribed period of time.

Warrant Hub S.p.A.

During the year the Company paid the contingent consideration connected to the acquisition of 10.5% of the share capital, concluded in 2019, totalling €7,581 thousand. The differential compared to the estimated debt at 31 December 2019 (€7,741 thousand) of approximately €161 thousand was recognised as a decrease in the equity investment.

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, plus accessory charges of €31 thousand.

Swascan S.r.l.

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 paid at closing for the 51% share was €2,100 thousand, plus accessory charges of €101 thousand. A contingent consideration is envisaged on the same portion to be paid after the approval of the 2020 financial statements of Swascan, estimated at 31 December 2020 at €2,061 thousand. There are contractually agreed *Put & Call* options on the remaining 49% of the share capital, which can be exercised upon the approval of the 2023 financial statements, at a price set on the basis of the EBITDA and NFP.

provisions for stock option

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. As at 31 December 2020, 1,640,000 options had been assigned, of which 1,220,000 options were assigned to beneficiaries of subsidiaries.

Investments in associated companies

The whole amount refers to the 30% stake in FBS Next S.p.A.. On 28 October 2020, with an investment of €1,960 thousand (plus €42 thousand of acquisition-related accessory costs), Tinexta S.p.A. acquired 30% of the share capital of FBS Next S.p.A., an operating company that organises and implements transactions in the non-performing loans sector (NPL/UTP), performing servicer activities and managing portfolios of non-performing loans, acting as promoter and undertaking other related activities. The company will operate in synergy with the companies of the Re Valuta S.p.A. and Innolva S.p.A. Group.

Amounts in Euro	**% ownership**	**Cost**	**Registered office**	**Share Capital at 31/12/2020**	**Shareholders' Equity at 31/12/2020**	**Loss for the year 2020**
FBS Next S.p.A.	30.00	2,002,603	Ravenna	2,000,000	3,891,529	108,471

13. DEFERRED TAX ASSETS/LIABILITIES

Detail of Deferred Tax Assets and Liabilities and changes during the year:

Amounts in Euro	31/12/2019	Allocations (Releases) Income statement	Allocations (Releases) Comprehensive Income Statement	Allocations (Releases) Shareholders' equity	31/12/2020
Deferred tax assets:					
Impairments of equity investments	20,202				20,202
Decreases in hedging financial instruments	69,970		188,536		258,506
Differences between statutory and tax amortisation rates	12,148	4,365			16,513
Employee benefits	13,664	-3,415	13,662		23,911
Losses that can be carried forward for tax purposes	457,573				457,573
Other temporary differences	41,013	0			41,013
Deferred tax assets	**614,569**	**950**	**202,197**	**0**	**817,716**
Deferred tax liabilities:					
Increases in hedging financial instruments	2,843		-2,843		0
Revaluations of equity investments	22,930				22,930
Financial liabilities (FTA IFRS 9)	47,074	-21,587			25,487
Deferred tax liabilities	**72,846**	**-21,587**	**-2,843**	**0**	**48,416**
Net deferred tax assets (liabilities)	**541,723**	**22,537**	**205,041**	**0**	**769,301**

Deferred tax assets have been recognised at 31 December 2020 as the management of the Company has deemed them to be recoverable in future years.

14. TRADE AND OTHER RECEIVABLES and CONTRACT ASSETS

The item Trade and other receivables totalled €2,852 thousand (€1,473 thousand at 31 December 2019) and can be detailed as follows:

Amounts in Euro	31/12/2020	31/12/2019	Change
Prepaid expense	87,470	162,223	-74,753
Trade receivables and other non-current receivables	**87,470**	**162,223**	**-74,753**
Trade receivables from subsidiaries	671,434	529,235	142,199
Other receivables from subsidiaries	11,283	70,335	-59,052
Other receivables	124,311	89,366	34,945
VAT credit	426,473	120,008	306,465
Prepaid expense	1,531,224	501,766	1,029,458
Trade and other current receivables	**2,764,725**	**1,310,710**	**1,454,015**
of which vs. related parties	***710,009***	***635,960***	***74,049***
Trade and other receivables	**2,852,195**	**1,472,933**	**1,379,262**

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

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

As regards *VAT* receivable, it should be noted that the Company is among the subjects to which the *split payment* rule, under art. 17 of the President of the Republic Decree no. 633 of 26 October 1972, applies. As a result, VAT is not paid to suppliers and periodic required payments are made to the tax authorities. The *VAT receivable* relates to relations with professionals subject to withholding tax, excluded from the aforementioned regulations.

Contract assets of €309 thousand at 31 December 2020 (€152 thousand at 31 December 2019), entirely from subsidiaries, predominantly comprise the Company's right to receive consideration for work completed but not yet invoiced at the end of the year. These assets are reclassified under *trade receivables* when the right becomes unconditional.

15. CURRENT TAX ASSETS AND LIABILITIES

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

Amounts in Euro	31/12/2020	31/12/2019	Change
Receivables from subsidiaries participating in Tinexta tax consolidation	3,502,594	3,265,169	237,426
Current tax assets	**3,502,594**	**3,265,169**	**237,426**
of which vs. related parties	*3,502,594*	*3,265,169*	*237,426*
Payables to tax authorities for IRES	3,150,562	1,890,819	1,259,743
Payables to subsidiaries participating in the Tinexta tax consolidation	87,279	419,886	-332,608
Current tax liabilities	**3,237,840**	**2,310,705**	**927,135**
of which vs. related parties	*87,279*	*419,886*	*-332,608*
Net current tax assets/(liabilities)	**264,754**	**954,464**	**-689,710**

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

16. OTHER FINANCIAL ASSETS, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

Amounts in Euro	31/12/2020	31/12/2019	Change
Other non-current financial assets, excluding derivative financial instruments	**36,764**	**20,365**	**16,399**
Negative balance current accounts with subsidiaries	14,672,727	10,397,779	4,274,948
Other current financial assets	447,054	186,751	260,303
Other current financial assets, excluding derivative financial instruments	**15,119,781**	**10,584,530**	**4,535,251**
of which vs. related parties	*14,672,727*	*10,397,779*	*4,274,948*

Other non-current financial assets include guarantee deposits.
The item Positive balance current accounts with subsidiaries refers to positive balance current accounts with subsidiaries as a result of the application of the centralised Group treasury management system (cash pooling) by the Company.

Other current financial assets include the pending cost of €424 thousand for transaction costs linked to obtaining the ISP and ICREEA loans (described in Note 20. *Financial liabilities), not yet used at 31 December 2020.*

17. CASH AND CASH EQUIVALENTS

Cash and cash equivalents can be broken down as follows:

Amounts in Euro	**31/12/2020**	**31/12/2019**	**Change**
Bank and postal deposits	61,169,577	19,397,655	41,771,922
Cash and cash equivalents	494	669	-174
Cash and cash equivalents	**61,170,071**	**19,398,324**	**41,771,748**

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

A centralised treasury management system (cash pooling) has been set up at the Group level by the Company. The subsidiaries, both direct and indirect, that participate in the cash pooling, are Co.Mark S.p.A., InfoCert S.p.A., Innolva S.p.A., Comas S.r.l. (subsidiary of Innolva S.p.A.), RE Valuta S.p.A., Sixtema S.p.A. (subsidiary of InfoCert S.p.A.), Visura S.p.A. and Warrant Hub S.p.A. The balance payable to the subsidiaries, recognised under current financial liabilities, amounted to €63,367 thousand (for details see Note 20. *Financial liabilities, excluding derivative financial instruments; the debit balance to subsidiaries, recognised under current financial liabilities, amounted to €14,673 thousand (for details see Note 16. Financial assets, excluding derivative financial instruments*).

Changes occurring during the period, as detailed in the Statement of Cash Flow, are attributable to the cash used by operating activities for €7,440 thousand, and to the cash generated by investment activities for €10,227 thousand, mainly due to dividends from subsidiaries received during the period, partially offset by equity investments (see Note *12. Equity investments recognised at cost), the cash and cash equivalents generated by Financing activities for €38,985 thousand, in particular for the bank loans obtained during the period (see Note 20 Financial liabilities, excluding derivative financial instruments*).

18. SHAREHOLDERS' EQUITY

The approved, subscribed and paid-in share capital amounted €47,207,120 at 31 December 2020 and consists of 47,207,120 Ordinary Shares.

At 31 December 2020, Tinexta S.p.A. held 857,014 treasury shares, equal to 1.815% of the share capital, for a total value of €10,001 thousand.

Shareholders' Equity at 31 December 2020 amounted to €169,787 thousand (€152,348 thousand at 31 December 2019) and can be broken down as follows:

Amounts in Euro	31/12/2020	31/12/2019	Change
Share capital	**47,207,120**	**47,207,120**	**0**
Treasury shares held	-10,000,693	0	-10,000,693
Legal reserve	4,314,574	3,112,305	1,202,269
Share premium reserve	55,438,803	55,438,803	0
Extraordinary reserve	8,223,589	8,223,589	0
Revaluation reserve pursuant to art. 2426 Civil Code	554,012	554,012	0
First Time Adoption Reserve	4,393	4,393	0
Stock Option reserve	909,042	0	909,042
Profits (losses) previous years	36,892,911	14,049,808	22,843,102
Reserve from valuation of hedging derivatives	-818,599	-212,571	-606,027
Defined benefit plans reserve	-117,711	-74,445	-43,266
Profit (loss) for the year	27,179,151	24,045,371	3,133,780
Total Equity	**169,786,591**	**152,348,385**	**17,438,206**

The items of Shareholders' Equity are broken down as follows according to their origin, possible use, allocation and use in the three prior years:

Amounts in Euro	31/12/2020	Possibility of use	Available portion	Distributable portion	Summary of uses in the three previous years	
					For loss coverage	For other reasons
Share capital	47,207,120		0	0		
Treasury shares held	-10,000,693		-10,000,693	-10,000,693		
Legal reserve	4,314,574	B	0	0		
Share premium reserve	55,438,803	A, B, C	55,438,803	51,670,910		
Extraordinary reserve	8,223,589	A, B, C	8,223,589	8,223,589		
Revaluation reserve pursuant to art. 2426 Civil Code	554,012	A, B	554,012	0		
First Time Adoption Reserve	4,393	A	0	0		
Stock Option reserve	909,042	A, B	909,042	0		
Profits (losses) previous years	36,892,911	A, B, C	36,892,911	36,892,911		
Valuation reserve for hedging derivatives*	-818,599		-818,599	-818,599		
Defined benefit plans reserve	-117,711		-117,711	-117,711		
Profit (loss) for the year	27,179,151		27,179,151	25,820,193		
Total	**169,786,591**	**0**	**118,260,504**	**111,670,600**		

Key
A: For capital increase
B: To cover losses
C: For distribution to shareholders
* Note that the *valuation reserve for hedging derivatives*, with its negative balance, has an impact on the availability and distributability of the reserves, also taking into account the provisions of art. 2426, paragraph 1, no. 11bis of the Italian Civil Code and therefore must not be considered ".... in the calculation of shareholders' equity for the purposes set forth in articles 2412, 2433, 2442, 2446 and 2447"

The Shareholders' Meeting of 28 April 2020 authorised the Board of Directors to purchase, including in more than one tranche, treasury shares with no nominal value, up to a maximum number which, taking account of the ordinary Company shares held in the portfolios of the Company and its subsidiaries, does not exceed in total 10% (equivalent to 4,720,712 ordinary shares) of the Company's share capital. The purchase can be completed in one or more tranches within 18 months of the date of the Shareholders' Meeting resolution. The treasury share purchase programme was launched by the Board of Directors on 15 May 2020, establishing a potential maximum expenditure of €25 million to purchase the shares to service the Plan.

The *Stock Option reserve* refers to the allocation recognised on the 2020-2022 Stock Option Plan.

The Reserve from valuation of hedging derivatives refers to the fair value measurement of hedging derivatives (referred to in Note 21. *Derivative financial instruments*).

The Defined-benefit plan reserve refers to the actuarial component of the Employee severance indemnity according to the requirements of IAS 19 (for further details, see Note 19. *Employee benefits*).

19. EMPLOYEE BENEFITS

Liabilities for Employee benefits amounted to €591 thousand at 31 December 2020 (€438 thousand at 31 December 2019) and may be broken down as follows:

Amounts in Euro	31/12/2020	31/12/2019	Change
Employee severance indemnity	591,344	438,336	153,008
Total non-current employee benefits	**591,344**	**438,336**	**153,008**
Total employee benefits	**591,344**	**438,336**	**153,008**

This item refers to the Employee severance indemnity (TFR). The TFR includes the effects of the actuarial calculations according to the requirements of IAS 19.

The changes in the TFR liability were as follows:

Amounts in Euro	31/12/2020	31/12/2019	Change
Liabilities at the beginning of the year	**438,336**	**301,741**	**136,595**
Current service cost	107,097	93,282	13,815
Financial charges	3,319	4,830	-1,511
Benefits paid	-24,475	-3,650	-20,825
Transfers	10,138	15,461	-5,323
Actuarial (profits)/losses recognised in the year	56,929	26,672	30,257
Liabilities at the end of the year	**591,344**	**438,336**	**153,008**

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

Parameters	31/12/2020	31/12/2019
Discount rate	0.34%	0.77%
Inflation rate	0.80%	1.20%
TFR rate of increase	2.100%	2.400%
Real rate of increase in wages	1.00%	1.00%
Expected mortality rate	RG48 from General Accounting Office	RG48 from General Accounting Office
Expected invalidity rate	INPS tables broken down by age and gender	INPS tables broken down by age and gender
Resignations expected	4.50%	4.50%
Advances expected	2.50%	2.50%

Below is a sensitivity analysis of the main actuarial assumptions included in the calculation model considering as the base scenario the one previously described and increasing and decreasing the average annual discounting rate, the average inflation rate and turnover rate, respectively, by a quarter, a quarter and one percentage point. The results obtained are summarised in the following table:

Amounts in Euro	31/12/2020
Turnover rate +1%	582,854
Turnover rate -1%	601,228
Inflation rate +0.25%	603,206
Inflation rate -0.25%	579,891
Discount rate +0.25%	576,798
Discount rate -0.25%	606,636

20. FINANCIAL LIABILITIES, EXCLUDING DERIVATIVE FINANCIAL INSTRUMENTS

This item includes financial liabilities incurred by the Company for a variety of reasons, with the exception of those deriving from the underwriting of derivative financial instruments, and is broken down as follows:

Amounts in Euro	31/12/2020	31/12/2019	Change
Current liabilities for bank loans	23,339,659	20,890,937	2,448,722
Non-current liabilities for bank loans	120,156,453	83,687,452	36,469,001
Other current bank payables	63,486	10,743	52,744
Current price deferment liabilities	2,481,241	2,498,235	-16,994
Non-current price deferment liabilities	2,092,465	4,515,274	-2,422,809
Current liabilities for contingent consideration	2,060,538	7,741,296	-5,680,758
Current liabilities for leases	211,564	167,694	43,869
Non-current liabilities for leases	634,469	649,097	-14,628
Negative balance current accounts with subsidiaries	63,366,980	41,750,747	21,616,233
Current financial liabilities	**91,523,468**	**73,059,652**	**18,463,816**
of which vs. related parties	***64,131,814***	***41,819,654***	***22,312,160***
Non-current financial liabilities	**122,883,387**	**88,851,823**	**34,031,564**
of which vs. related parties	***1,693,214***	***399,359***	***1,293,856***
Total financial liabilities	**214,406,855**	**161,911,475**	**52,495,380**

A total of €6,148 thousand of the non-current financial liabilities are scheduled to become due more than 5 years after the date of the Financial Statements of which €6,072 thousand is for bank loans and €76 thousand for lease liabilities. The following is a summary of the financial liabilities recognised in the Financial Statements at 31 December 2020, classified according to the contractual due dates.

Amounts in Euro	2021	2022	2023	2024	2025	More than 5 years	Total
Bank loans	23,339,659	27,404,475	27,584,479	29,423,678	29,672,186	6,071,635	143,496,112
Other current bank payables	63,486						63,486
Price deferment liabilities	2,481,241	1,038,389	1,054,076				4,573,706
Liabilities for contingent consideration	2,060,538						2,060,538
Liabilities to Controlling Shareholder for loans	0						0
Liabilities to subsidiaries for loans	0						0
Lease liabilities	211,564	203,814	155,967	106,345	92,017	76,325	846,032
Negative balance current accounts with subsidiaries	63,366,980						63,366,980
Total financial liabilities	**91,523,468**	**28,646,678**	**28,794,522**	**29,530,023**	**29,764,203**	**6,147,961**	**214,406,855**

Bank loans

Breakdown of the *Bank loans* at 31 December 2020 showing the current and non-current portions of their book value, including the effects of measurement at amortised cost.

Bank loans *Amounts in thousands of Euro*	**Counterparty**	**Rate**	**Maturity date**	**Nominal amount**	**Book value**	**Current portion**	**Non-current portion**
UBI loan	UBI Banca	6-month Euribor[1] + 1.20% spread	28/05/2023	10,000,000	9,878,707	2,433,859	7,444,847
BPS loan	Banca Popolare di Sondrio	6-month Euribor[1] + 1.25% spread[2]	31/12/2023	6,000,000	5,957,511	1,977,847	3,979,664
CA line C loan	Crédit Agricole	6-month Euribor + 1.35% spread[2]	31/12/2024	12,000,000	11,912,007	2,963,611	8,948,396
CA line A loan	Crédit Agricole	6-month Euribor + 1.10% spread[2]	30/06/2025	23,500,000	22,603,869	4,026,711	18,577,158
CA line B loan	Crédit Agricole	6-month Euribor + 1.10% spread[2]	30/06/2025	10,000,000	9,923,976	2,196,694	7,727,282
ISP loan	Intesa Sanpaolo	6-month EURIBOR + 0.9% spread[2]	30/06/2026	50,000,000	48,532,782	7,165,592	41,367,190
BNL loan	BNL	6-month EURIBOR + 1.45% spread[2]	31/12/2025	20,000,000	19,791,564	943,916	18,847,648
Mediobanca loan	Mediobanca	6-month EURIBOR + 1.65% spread[2]	11/11/2025	15,000,000	14,895,698	1,631,429	13,264,269
				146,500,000	**143,496,112**	**23,339,659**	**120,156,453**

[1] *Floor at 0 on 6-month Euribor*

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

The **UBI loan** signed on 28 May 2020 to renegotiate the loan obtained on 30 November 2017, originally for €10 million with the same counterparty. The new line for a total of €10 million (replacing the previous line for €7,778 thousand, therefore collecting €2,222 thousand in principle at the renegotiation date) matures on 28 May 2023, envisages principal repayments in deferred semi-annual instalments from 28 November 2021 and interest at the floating 6-month Euribor rate, with zero floor, plus a 120 bps margin. The interest is payable semi-annually from 28 November 2020. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €122 thousand. From 31 December 2020 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and *NFP/*Shareholders' Equity below 2.0. At 31 December 2020 these parameters were found to have been respected.

BPS loan of an original amount of €10 million to support the acquisition of Lux Trust S.A. The loan was disbursed on 27 November 2018 at 6-month EURIBOR with a zero floor, plus 140 bps, and requires repayment of principal in half-yearly instalments starting from 30 June 2019 and terminating on 31 December 2023, with interest paid on a half-yearly basis starting from 30 June 2019. The applicable margin is updated annually based on the ratio of NFP to EBITDA determined contractually, as follows: *NFP / EBITDA* ≥ 3 margin 165 bps; *NFP / EBITDA* <3 and ≥ 2 margin 140 bps; *NFP / EBITDA* <2 margin 125 bps. From 31 December 2018 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity below 2.0. At 31 December these parameters were found to have been respected. Based on the parameters indicated above, the actual margin paid was 125 bps.

A €15 million **Crédit Agricole line C loan** was drawn down on 28 June 2019 to meet the financial commitment deriving from the repayment of the loan with the Controlling Shareholder Tecno Holding S.p.A. The main terms of the contract are as follows: ends on 31 December 2024, repayment of equal semi-annual instalments of principal with a first pre-amortisation period (until 31 December 2019) and interest settled at the floating 6-month EURIBOR rate plus a margin of 135 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 margin 150 bps; NFP/EBITDA ≤ 2 and > 1.5 margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps.

The Crédit Agricole line A loan was signed on 18 June 2020 with a pool of banks, with Crédit Agricole Italia S.p.A. as the mandated lead arranger, to renegotiate the previous Crédit Agricole line A and Crédit Agricole line B loans (which had in turn been renegotiated in 2017 with the same counterparties) due on 30 June 2023. The new **line A** for a total of €25.5 million (replacing the previous loan of €25,258 thousand, therefore collecting €242 thousand net of commissions at the renegotiation date) is due on 30 June 2025, and envisages principal repayments in deferred semi-annual instalments from 31 December 2020 and interest at the floating 6-month EURIBOR rate plus a 110 bps margin. The margin applied is updated annually on the basis of the contractually defined NFP/EBITDA ratio as follows: NFP/EBITDA >1.75 margin 110 bps; NFP/EBITDA ≤ 1.75 margin 105 bps. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €447 thousand.

The loan agreement signed on 18 June 2020 envisages an additional credit facility (**Crédit Agricole line B**) for €10 million, which had been used in full at 31 December 2020. The main terms of the new line are: due on 30 June 2025, repayment of principal in deferred semi-annual instalments and interest settled at the floating 6-month EURIBOR rate plus a margin of 110 bps; the applicable margin is updated every six months based on the ratio of NFP (i.e. Net Financial Position) to EBITDA, defined contractually, as follows: NFP/EBITDA >1.75 margin 110 bps; NFP/EBITDA ≤ 1.75 margin 105 bps.

On the Crédit Agricole loans, the Company is committed, for each reference half-year, to respecting the following limits: maximum NFP/EBITDA ratio threshold of 3.5 and NFP/Shareholders' Equity ratio of 2.0. At 31 December 2020 these parameters were found to have been respected.

The **BNL loan** for a total of €20 million, usable on demand by 20 December 2020, for which Tinexta S.p.A. signed the agreement on 20 December 2019. The loan was used in its entirety to finace payment of the price supplement and the aquisition of the minority stakes in Warrant Hub. The rate applied is the 6-month Euribor plus 145 bps and requires repayment of principal in increasing semi-annual instalments starting from 30 June 2021 and maturing on 31 December 2025, with interest paid semi-annually starting from 31 December 2020. From 31 December 2018 and for each reference half-year, the Group has committed to respect the following financial limits: *NFP/EBITDA* less than 3.5 and NFP/Shareholders' Equity below 2.0. At 31 December 2020 these parameters were found to have been respected.

Intesa Sanpaolo loan was stipulated on 31 July 2020 with Intesa Sanpaolo in order to renegotiate the previous loan of €50 million, also with Intesa Sanpaolo, maturing on 31 December 2025. The new A1 line for a total of €50 million (replacing the previous line for €47,540 thousand, including commissions, therefore collecting €2460 thousand, net of commissions, at the renegotiation date) terminates on 30 June 2026, envisages principal repayments in deferred semi-annual instalments from 30 June 2021 and interest at the floating 6-month EURIBOR rate plus a 90 bps margin. For IFRS 9 purposes, the transaction qualifies as a renegotiation without accounting derecognition of the financial liability and generated income recognised under *financial income* of €365 thousand.

The loan agreement that was signed envisages an additional credit facility (**line A2**) for €30 million, usable in one or more tranches by 29 January 2021 (unused at 31 December 2020). The main terms of the new line are: termination on 30 June 2026, repayment of principal in deferred semi-annual instalments and interest settled at the floating 6-month EURIBOR rate plus a margin of 115 bps.

The **Mediobanca loan** was signed on 11 November 2020 and disbursed for €15 million on 30 December 2020. The main terms of the contract are as follows: termination on 11 November 2025, repayment of semi-annual equal instalments of principal and interest settled at the floating 6-month EURIBOR rate, with a zero floor, plus a margin of 165 bps; the applicable margin is updated annually based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 3 margin 190 bps; NFP/EBITDA ≤ 3 and > 2 margin 165 bps; NFP/EBITDA ≤ 2.0 margin 145 bps.

On 15 December 2020, a loan agreement for €10 million was stipulated with a pool of banks consisting of ICCREA Banca and BCC Milano (**ICCREA loan**). The line may be used in one or more tranches from 18 January 2021 and ends on 31 March 2021 (unused at 31 December 2020). The main terms of the contract are as follows: maturity on 15 December 2026, repayment of semi-annual equal instalments of principal with a first pre-amortisation period (until 31 December 2021) and interest settled at the variable 6-month EURIBOR rate with a zero floor, plus a margin of 100 bps; the applicable margin is updated every six months based on the ratio of NFP to EBITDA, defined contractually, as follows: NFP/EBITDA > 2 margin 150 bps; NFP/EBITDA ≤ 2 and > 1.5 margin 135 bps; NFP/EBITDA ≤ 1.5 margin 120 bps. The Group undertook to respect the following financial limits on the consolidated data: NFP/EBITDA less than 3.5 and NFP/Shareholders' Equity less than 2.0.

Changes in *bank loans*:

Amounts in Euro	31/12/2019	Disbursements	Principal payments	Interest paid	Accrued interest	Other No Cash Flow changes	31/12/2020
Bank loans	**104,578,389**	49,552,675	-10,424,197	-1,235,786	1,958,050	-933,018	**143,496,112**

The disbursements for the period refer to the BNL, Mediobanca and Crédit Agricole lines A and B and UBI and ISP loans, for a total nominal amount of €49,924 thousand net of transaction costs incurred for the disbursement.

The income deriving from the renegotiations of the Crédit Agricole line A, UBI and ISP loans concluded in the period are posted under *Other no cash flow changes*

Interests include €706 thousand of charges accrued by applying the effective interest criterion.

Other current bank payables

Other current bank payables refer to accrued commissions for non-use of loans and debt balance on company credit cards not charged to the current account at 31 December 2020.

Price deferment liabilities

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

Changes in *Liabilities for price extension*:

Amounts in Euro	31/12/2019	Principal payments	Interest paid	Accrued interest	31/12/2020
Price deferment liabilities	**7,013,509**	-2,407,714	-127,584	95,495	**4,573,706**

Liabilities for contingent consideration

The *Liability for contingent considerations* as at 31 December 2020 was recognised during the year as a balancing entry to the cost of the investment in Swascan S.r.l. and will be paid in 2021 based on the results of 2020. The amount recognised at 31 December 2019 of €7,741 thousand relating to the acquisition of

Warrant Hub S.p.A. was closed during the year with the payment of €7,581 thousand; the difference was recognised as a decrease in the aforementioned equity investment.

Liabilities for the purchase of leased assets

Lease liabilities includes the present value of payments due on the leases falling under the application of IFRS 16.

The changes in *Lease liabilities* are shown below, to allow for a better understanding of cash flows recognised under Financing activities in the Statement of Cash Flows:

Amounts in Euro	31/12/2019	New leases	Principal payments	Interest paid	Accrued interest	Other no cash flow changes	31/12/2020
Lease liabilities	**816,791**	222,729	-184,404	-19,453	18,916	-8,548	**846,032**

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

Negative balance current accounts with subsidiaries

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

21. DERIVATIVE FINANCIAL INSTRUMENTS

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

Amounts in thousands of Euro	31/12/2020	31/12/2019	Change
Non-current financial assets for hedging derivatives	0	14,752	-14,752
Current financial assets for hedging derivatives	0	11,395	-11,395
Non-current financial liabilities for hedging derivatives	1,080,470	240,049	840,422
Current financial liabilities for hedging derivatives	0	31,809	-31,809
Liabilities for net hedging derivative financial instruments	**1,080,470**	**245,712**	**834,759**

The current Derivative financial instruments at 31 December 2020 refer to the contracts executed by the Company in order to hedge the risk of financial flow changes due to the fluctuations of the interest rates on a portion of the bank loans (for details, see Note 20. *Financial liabilities, excluding derivative financial instruments*).

Table illustrating the contract type, notional value, loan hedged and fair value of current derivatives at 31 December 2020:

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Rate received	Rate paid	Fair value at 31/12/2020	Fair value at 31/12/2019
IRS	CA line A	0	31/12/2020	6-month Euribor	0.576%	0	-31,810
IRS	CA line A	5,714	30/06/2023	6-month EURIBOR[1]	0.600%	-52,111	-70,560
IRS	CA line C	12,000	31/12/2024	6-month Euribor	-0.220%	-77,610	4,350
IRS	CA line A	11,536	30/06/2025	6-month Euribor	-0.146%	-188,525	0
IRS	CA line B	10,000	30/06/2025	6-month Euribor	-0.276%	-56,257	0
IRS	ISP Group	32,802	31/12/2025	6-month EURIBOR [2]	-0.163%	-310,574	10,401
Total Interest Rate Swap "hedging instruments"		**72,052**				**-685,076**	**-87,618**

1 the index has a lower limit (Floor) of zero

2 the index has a lower limit (Floor) of -1.40%

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Capped Swap	CA line A	6,250	30/06/2023	6-month Euribor	1.500%	-9,453	-17,560
Capped Swap	BPS	5,556	30/06/2023	6-month Euribor	1.500%	-8,233	-15,292
Capped Swap	UBI	10,000	29/05/2023	6-month Euribor	0.500%	-18,870	0
Capped Swap	ISP Group	6,968	29/05/2023	6-month Euribor	0.500%	-56,532	0
Total Capped Swap hedging instruments		**28,774**				**-93,089**	**-32,852**

[1]the derivatives have a 6-monthly periodic premium

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Floor	CA line A	0	31/12/2020	6-month Euribor	0.001%	0	11,395
Floor	BNL	20,000	31/12/2025	6-month Euribor	-1.450%	-62,053	-65,499
Total Floor Option hedging instruments		**20,000**				**-62,053**	**-54,104**

[1]the derivatives have a 6-monthly periodic premium

In Euro

Type	Loan hedged	Notional in thousands of Euro	Maturity date	Hedged rate	Strike	Fair value at 31/12/2020	Fair value at 31/12/2019
Collar	ISP Group	10,230	31/12/2025	6-month Euribor	1.75%/-0.33%	-63,997	-24,747
Collar	BNL	20,000	31/12/2025	6-month Euribor	1.00%/-0.30%	-176,256	-46,392
Total Collar Option Hedging instruments		**30,230**				**-240,253**	**-71,139**

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

22. TRADE AND OTHER CURRENT PAYABLES

The item Trade and other payables totalled €4,470 thousand (€3,980 thousand at 31 December 2019) and can be detailed as follows:

Amounts in Euro	**31/12/2020**	**31/12/2019**	**Change**
Trade payables due to suppliers	2,251,461	2,219,866	31,594
Trade payables to Controlling Shareholder	168,634	130,060	38,574
Trade payables from subsidiaries	244,880	187,070	57,811
Other payables to Controlling Shareholder	4,445	0	4,445
Due to social security institutions	471,758	396,942	74,816
Payable for withholding taxes to be paid	339,830	219,055	120,776
Payables to employees	976,904	822,609	154,295
Due to others	11,616	4,410	7,207
Trade and other current payables	**4,469,529**	**3,980,012**	**489,517**
of which vs. related parties	***417,959***	***317,129***	***100,829***

Trade payables due to suppliers include €732 thousand of payables for invoices to be received.

The item *Payables to employees* includes payables for wages to be paid, pay in lieu of vacation, expense reports to be reimbursed and bonuses to be paid.

Information on the Comprehensive Income Statement

23. REVENUES

Revenues for 2020 amounted to €2,186 thousand (€1,357 thousand for 2019) and can be broken down as follows:

Amounts in Euro	2020	2019	Change
Revenues from sales and services	1,068,152	580,000	488,152
Other revenues and income	1,118,105	777,006	341,099
Revenues	**2,186,257**	**1,357,006**	**829,251**
of which vs. related parties	***2,179,652***	***1,281,971***	***897,681***

Revenues from sales and services are related to services charged back to the subsidiaries as part of the management Holding activities provided by the Company for the strategic planning, management control, legal assistance and compliance, *internal audit*, and corporate administrative services functions.

Other revenue and income include primarily chargebacks to the subsidiaries related to the reversal of costs incurred by the Parent Company, in particular for software licenses and seconded personnel.

24. SERVICE COSTS

In 2020, Service costs totalled €5,330 thousand (€5,250 thousand in 2019). Costs of raw materials were up 1.5% compared to the prior year.

Amounts in Euro	2020	2019	Change
Consultancy	1,457,911	1,718,665	-260,754
Specialist professional services	1,429,254	1,223,200	206,055
Costs for use of third-party assets	816,552	663,110	153,441
Advertising, marketing and communication	320,645	208,401	112,244
Travel, assignments, and lodging expenses	152,880	360,056	-207,176
Independent auditors' fees for audit and other services	125,992	100,194	25,798
Statutory auditors' fees	119,680	127,815	-8,135
Network and connectivity costs	69,459	69,270	190
Maintenance costs	68,910	53,776	15,133
Insurance	48,225	47,113	1,113
Banking costs	53,396	27,177	26,218
Telephone costs	35,863	34,070	1,792
IT structure costs	0	22,700	-22,700
Other costs for services other than the previous ones	631,454	594,612	36,841
Service costs	**5,330,221**	**5,250,159**	**80,061**
of which vs. related parties	***505,655***	***389,044***	***116,611***
of which non-recurring	***19,159***	***1,129,634***	***-1,110,475***

The *costs for use of third-party assets* at 31 December 2020 include €799 thousand in software lease instalments and licences (€653 thousand at 31 December 2019) and €18 thousand in property and vehicle lease instalments for which the lease term is less than 12 months.

Other costs for services other than the above included €319 thousand of costs for seconded personnel (€274 thousand as at 31 December 2019).

Non-recurring service costs for the period amounted to €19 thousand, recognised under Consultancy, for residual charges tied to activities for the implementation of the new operating model of the Group started in 2019.

25. PERSONNEL COSTS

In 2020 Personnel costs totalled €6,535 thousand (€8,537 thousand in 2019). Personnel costs decreased by 23.4% compared to the previous year. Net of *provisions for stock option*, which in 2019 included costs of €3,577 thousand (€233 thousand in the year), Personnel costs increased by 27.1%.

Amounts in Euro	2020	2019	Change
Wages and salaries	3,576,285	2,664,072	912,213
Social security contributions	1,083,993	797,463	286,530
Employee severance indemnity	203,845	150,391	53,454
Other personnel costs	329,562	217,042	112,520
Stock Option Plan provisions	232,803	3,577,485	-3,344,682
Directors' fees	1,109,337	1,130,706	-21,369
Personnel costs	**6,535,826**	**8,537,160**	**-2,001,334**

The following table shows the average number of employees of Tinexta S.p.A. in 2020 and the number of employees at 31 December 2020, broken down by category, compared with 2019:

Number of employees	Average		Year-end	
	2020	2019	2020	2019
Senior Management	9	9	8	9
Middle Management	10	6	10	6
Employees	28	16	29	21
Total	**46**	**30**	**47**	**36**

Despite the increase in the average number of employees compared to the first half of the previous year, *personnel costs* reduced primarily because of the significant decrease in stock option costs for €3,345 thousand. Costs for 2020 refer to the 2020-2022 Stock Option Plan. In the same period of the previous year, the costs instead referred to the Virtual Stock Option Plan concluded in 2019.

Information on the 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. 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 the options are allocated to beneficiaries. Exercise of the options is subordinated to achieving EBITDA in the financial statements at 31 December 2022 of ≥ 80% of the approved budget value. If EBITDA proves to be between ≥ 80% and ≥ 100%, the option vesting will be proportionate. The Options accrued may be exercised at the end of a 36-month Vesting Period starting from the Allocation 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 Law" or "TUF") 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/assembleaazionisti-2020), which will be updated in compliance with the provisions of art. 84-bis, paragraph 5 of the Issuers' Regulation. In application of IFRS 2, the option rights underlying the Plan were measured at fair value at the time of assignment.

At the grant date, 23 June 2020, the fair value for each option right was equal to €3.463892.

The fair value of the options assigned was calculated by an independent expert, reflecting the "no arbitrage" and "risk neutral framework" characteristics common to the basic pricing models for options, by means of the calculation parameters indicated below:

- risk-free rate curve obtained from market IRS rates at the measurement date;
- expected dividends: 2%
- share price volatility: 40%
- annual probability of beneficiary exits: 3%.

The options assigned to the beneficiaries of Tinexta S.p.A. as at 31 December 2020 totalled 420,000.

The accrued cost recognised at 31 December 2020 for the aforementioned plan, under *personnel costs*, was €233 thousand.

26. OTHER OPERATING COSTS

Other operating costs amounted in 2020 to €279 thousand (€450 thousand in 2019).

Amounts in Euro	2020	2019	Change
Donations, gifts and membership fees	100,842	315,255	-214,413
Other costs	126,808	125,320	1,488
Taxes and duties	51,783	9,370	42,412
Other operating costs	**279,432**	**449,945**	**-170,513**

The decrease in Other costs reflected the 10-year Tinexta event held in Venice in 2019.

27. AMORTISATION AND DEPRECIATION, PROVISIONS AND IMPAIRMENT

Amounts in Euro	2020	2019	Change
Depreciation of property, plant and equipment	255,439	213,082	42,358
of which leased	*193,511*	*154,347*	39,164
Amortisation of intangible assets	357,514	221,077	136,437
Amortisation and depreciation, provisions and impairment	**612,953**	**434,159**	**178,794**

Amortisations/Depreciations in 2020 amounted to €613 thousand (€434 thousand in 2019) of which €255 thousand referring to Property, plant and equipment (€194 thousand for rights of use) and €357 thousand for Intangible assets.

For further details regarding amortisation and depreciation, reference is made to as specified in Notes 10 and 11.

28. NET FINANCIAL INCOME (CHARGES)

Financial income

Financial income for 2020 amounted to €37,547 thousand (€36,264 thousand for 2019) and can be broken down as follows:

Amounts in Euro	2020	2019	Change
Dividends from subsidiaries	36,587,757	36,241,746	346,011
Interest income on current accounts with subsidiaries	16,328	14,520	1,808
Bank and postal interest	9,836	4,578	5,258
Income on derivatives	0	2,907	-2,907
Other interest income	19	40	-21
Other financial income	933,018	0	933,018
Financial income	**37,546,957**	**36,263,791**	**1,283,167**
of which vs. related parties	***36,604,085***	***36,256,266***	***347,819***
of which non-recurring	***933,018***	***0***	***933,018***

Dividends from subsidiaries recognised in 2020, the year in which the respective Shareholders' Meetings approved their distribution, compared with those recognised in the previous period:

Amounts in Euro	2020	2019	Change
Warrant Hub S.p.A.	14,440,000	11,644,793	2,795,207
InfoCert S.p.A.	10,622,842	11,381,616	-758,774
Visura S.p.A.	3,887,416	3,299,110	588,306
Innolva S.p.A.	3,786,014	4,388,922	-602,908
Co.Mark S.p.A.	3,000,000	4,000,000	-1,000,000
RE Valuta S.p.A.	851,485	1,527,306	-675,820
Dividends from subsidiaries	**36,587,757**	**36,241,746**	**346,011**

Non-recurring financial income included the effects of the rescheduling of three loans concluded in the period (for details please refer to Note *20. Financial liabilities*).

Financial charges

Financial charges for 2020 amounted to €2,369 thousand (€2,151 thousand for 2019) and can be broken down as follows.

Amounts in Euro	2020	2019	Change
Interest expenses on bank loans	1,252,145	1,208,823	43,322
Amortised cost on bank loans	705,905	398,137	307,767
Charges on hedging derivatives	174,944	88,740	86,203
Interest expenses on payment deferments connected to acquisitions	95,495	145,555	-50,059
Interest expenses on current accounts with subsidiaries	51,129	39,681	11,448
Interest expenses on leases	18,916	19,123	-206
Financial component of employee benefits	3,319	4,830	-1,511
Interest expenses on loans from Controlling Shareholder	0	245,205	-245,205
Other financial charges	67,283	0	67,283
Financial charges	**2,369,137**	**2,150,095**	**219,042**
of which vs. related parties	***87,979***	***298,826***	***-210,847***

The increase in *Interest expenses on bank loans* reflected the increase in the bank debt compared with the previous year. The total financial charges in the year related to bank loans also include €706 thousand for expenses accrued by applying the effective interest criterion, and €175 thousand for Charges on hedging derivatives (the ineffective component of Charges on hedging derivatives amounts to €37 thousand).

Other financial charges include commissions for non-use on loans.

29. INCOME TAXES

Income taxes for 2020 were negative for €2,574 thousand (€3,246 thousand for 2019) and can be broken down as follows:

Amounts in Euro	2020	2019	Change
Deferred tax assets	-950	29,853	-30,803
Deferred tax liabilities	-21,587	-27,639	6,052
Income taxes for previous years	-27,965	0	-27,965
Income from tax consolidation	-2,523,003	-3,248,306	725,303
Income taxes	**-2,573,506**	**-3,246,092**	**672,587**
of which non-recurring	***219,326***	***-271,112***	***490,438***

For a breakdown and changes, during the period, in prepaid taxes, reference is made to what is outlined in Note *13. Deferred tax assets and liabilities.*

The Company closed the year 2020 with a tax loss and, therefore, no IRES and IRAP current taxes have been recognised. Income from tax consolidation recognised in the year refers to the 2020 IRES tax loss of the Company used against the taxable income of the consolidating company Tinexta.

The non-recurring portion of taxes, amounting to €219 thousand, refers to the IRES tax effect (24.0%) of non-recurring *financial income and costs for* non-recurring services.

Reconciliation between the theoretical current IRES tax and the Income from tax consolidation.

Amounts in thousands of Euro		*IRES Rate*
Pre-tax result	**24,606**	
Theoretical current tax on income	**5,905**	**24.0%**
Decreases		
Dividends from subsidiaries (PEX Regime)	-8,781	
ACE benefit (Decree Law 201/2011)	-297	
Directors' fees	-41	
Statutory/fiscal amortisation	-4	
Other decreases	-15	
Total Decreases	**-9,137**	
Increases		
Taxable portion of dividends from subsidiaries (PEX Regime)	439	
Non-deductible interest expense (ROL - Gross operating profit)	158	
Directors' fees	41	
Adjustment of financial charges IFRS 9	22	
Statutory/fiscal amortisation	7	
Other increases	42	
Total Increases	**709**	
Income from tax consolidation	**-2,523**	**-10.3%**

30. TRANSACTIONS WITH RELATED PARTIES

All transactions with Related Parties are part of normal business operations and are regulated at normal market conditions.

Summary table of all equity balances and the incidence on the related items of the Statement of Financial Position at 31 December 2020 and the relative comparative figures at 31 December 2019:

31/12/2020								
Amounts in Euro	**Current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Contract assets**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Controlling Shareholder			19,643		333,112	70,591	168,634	
Subsidiaries	14,672,727	3,502,594	690,367	308,680		63,366,980	249,325	87,279
Other Related Parties					1,360,102	694,243		
Total Related Parties	**14,672,727**	**3,502,594**	**710,009**	**308,680**	**1,693,214**	**64,131,814**	**417,959**	**87,279**
Total financial statement item	**15,119,781**	**3,502,594**	**2,764,725**	**308,680**	**122,883,387**	**91,523,468**	**4,469,529**	**3,237,840**
% Incidence on Total	*97.0%*	*100.0%*	*25.7%*	*100.0%*	*1.4%*	*70.1%*	*9.4%*	*2.7%*

31/12/2019								
Amounts in Euro	**Current financial assets**	**Current tax assets**	**Trade and other current receivables**	**Contract assets**	**Non-current financial liabilities**	**Current financial liabilities**	**Trade and other current payables**	**Current tax liabilities**
Controlling Shareholder			19,723		399,359	68,907	130,060	
Subsidiaries	10,397,779	3,265,169	616,237	151,530		41,750,747	187,070	419,886
Other Related Parties								
Total Related Parties	**10,397,779**	**3,265,169**	**635,960**	**151,530**	**399,359**	**41,819,654**	**317,129**	**419,886**
Total financial statement item	**10,584,530**	**3,265,169**	**1,310,710**	**151,530**	**88,851,823**	**73,059,652**	**3,980,012**	**2,310,705**
% Incidence on Total	*98.2%*	*100.0%*	*48.5%*	*100.0%*	*0.4%*	*57.2%*	*8.0%*	*18.2%*

Current financial assets include the receivable equal to €14,673 thousand referring to positive balance current accounts with the subsidiary Innolva S.p.A. as a result of the application of the centralised Group treasury management system (cash pooling) by the Company. Current financial liabilities includes the payable of €63,367 thousand relating to negative balance current accounts with the subsidiaries Co.Mark S.p.A., Comas S.r.l. (subsidiary of Innolva S.p.A.), InfoCert S.p.A., RE Valuta S.p.A., Sixtema S.p.A. (subsidiary by InfoCert S.p.A.), Visura S.p.A. and Warrant Hub S.p.A. The rate applied on negative balances to the subsidiaries is equal to the 6M Euribor less 25 bps; the rate applied on positive balances from the subsidiaries is equal to the 6M Eurobor plus 50 bps; the rate applied on receivable/payable balances can be no lower than 0.10%.

Current tax assets/liabilities represent the receivable/payable from/to subsidiaries participating in the 2018-2020 Tinexta tax consolidation. In fact, starting in the year 2018 the Company, as the consolidating company, opted for national consolidated taxation pursuant to arts. 117 et seq. of Italian Presidential Decree 917/86 (the Consolidated Income Tax Act - TUIR) for the 2018-2020 three-year period, with the following direct and indirect subsidiaries: Co.Mark S.p.A., InfoCert S.p.A, Innolva S.p.A., RE Valuta S.p.A., Sixtema S.p.A., Visura S.p.A., Warrant Hub S.p.A., Warrant Innovation Lab S.r.l. The economic and financial relations, as well as the reciprocal responsibilities and obligations, between the Company and the consolidated companies are defined in the corresponding tax consolidation regulations.

Financial liabilities due to the Controlling Shareholder at 31 December 2020 refer to the payables for leases related to current lease agreements for the offices in Rome. *Financial liabilities to other related parties* include the payable for price extensions (€2,054 thousand) granted in previous years by the shareholders selling equity investments, now considered other related parties in their capacity as strategic managers of the Company.

Summary table of all economic transactions and the incidence on the related items of the 2020 income statement and the relative comparative figures of 2019:

2020				
Amounts in Euro	**Revenues**	**Service costs**	**Financial income**	**Financial charges**
Controlling Shareholder		152,925		12,222
Subsidiaries	2,179,652	352,730	36,604,085	51,129
Other Related Parties				24,627
Total Related Parties	**2,179,652**	**505,655**	**36,604,085**	**87,979**
Total financial statement item	**2,186,257**	**5,330,221**	**37,546,957**	**2,369,137**
% Incidence on Total	*99.7%*	*9.5%*	*97.5%*	*3.7%*
2019				
Amounts in Euro	**Revenues**	**Service costs**	**Financial income**	**Financial charges**
Controlling Shareholder		159,489		259,144
Subsidiaries	1,281,971	229,555	36,256,266	39,681
Other Related Parties				
Total Related Parties	**1,281,971**	**389,044**	**36,256,266**	**298,826**
Total financial statement item	**1,357,006**	**5,250,159**	**36,263,791**	**2,150,095**
% Incidence on Total	*94.5%*	*7.4%*	*100.0%*	*13.9%*

Revenues from subsidiaries are related to the services provided as part of the management holding activities for the strategic planning, management control, legal assistance and compliance, internal audit, and corporate administrative services functions. This item includes also the chargebacks to the subsidiaries related to the reversal of costs incurred by the Parent Company, in particular for software licenses and seconded personnel.

Service costs to the Controlling Shareholder consist of the costs for seconded personnel and costs related to service instalments for the offices in Milan.

Financial income to the subsidiaries refers to the dividends approved and distributed in the amount of €36,588 thousand as well as interest income for the application of the centralised management system of the treasury of the Group (cash pooling) by the Company.

Interest on existing lease contracts is recognise d under *Financial charges to the Controlling Shareholder.* Financial charges to subsidiaries refer to the interest expense of cash pooling. *Financial charges to other related parties* refer to the aforementioned price extension liability.

31. NET FINANCIAL INDEBTEDNESS

Group net financial indebtedness as at 31 December 2020 as required by Consob communication no. DEM/6064293 of 28 July 2006:

Amounts in Euro	31/12/2020	of which vs. related parties	31/12/2019	of which vs. related parties
A Cash	61,170,071		19,398,324	
B Other cash equivalents	0		0	
C Securities held for trading	0		0	
D Cash and cash equivalents (A+B+C)	**61,170,071**		**19,398,324**	
E Current financial receivables	**15,119,781**	14,672,727	**10,595,924**	10,397,779
F Current bank debt	-63,486		-10,743	
G Current portion of non-current debt	-23,339,659		-20,890,937	
H Other current financial debt	-68,120,322	-64,131,814	-52,189,781	-41,819,654
I Current Financial Debt (F+G+H)	**-91,523,467**		**-73,091,461**	
J Net current financial position (indebtedness) (D+E+I)	**-15,233,615**		**-43,097,212**	
K Non-current bank debt	-120,156,453		-83,687,452	
L Bonds issued	0		0	
M Other non-current financial debt	-3,807,404	-1,693,214	-5,404,420	-399,359
N Non-current financial debt (K+L+M)	**-123,963,857**		**-89,091,872**	
O Net financial position (indebtedness) (J+N)	**-139,197,472**		**-132,189,084**	

32. OTHER INFORMATION

Commitments undertaken by the Company

Regards the Crédit Agricole line A loan agreement dated 18 June 2020, as per Note 20. *Financial liabilities, excluding derivative financial instruments, please note that the contract was entered into jointly with the subsidiary Innolva S.p.A. and that Tinexta S.p.A. bears joint and several liability in the fulfilment of all contractual obligations assumed by the subsidiary by virtue of the contract.* The financial liability borne by the subsidiary Innolva S.p.A. by virtue of the loan is equal to a nominal amount of €5,070 thousand at 31 December 2020.

The Company assumed the following purchase commitments on minority interests in the subsidiaries based on put options granted to minority shareholders during the phase of acquiring control:

Company	% subject to Put option of minority shareholders	Year of exercise
Swascan S.r.l.	49.0%	2024

Remuneration to Directors, Statutory Auditors, General Managers and Key Management Personnel of the Company

With reference to disclosures on the remuneration paid to Directors, Statutory Auditors, General Managers and other Key management personnel of the Company, reference is made to the table below referring to the Remuneration Report pursuant to art. 123-ter of the Consolidated Finance Act for further details.

Amounts in thousands of Euro	Fixed remuneration	Remuneration for participation in Committees	Variable remuneration non-equity (Bonus and other incentives)	Non-monetary benefits	Other remuneration	Total
Directors	650	186	170	0	58	**1,064**
Statutory Auditors	113	11	0	0	0	**124**
General Manager	275	0	0	0	0	**275**
Other Key Management Personnel	330	0	83	0	0	**413**

On 23 June 2020, after having obtained the opinion of 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 options allocated on 31 December 2020 totalled 200,000 to the Chief Executive Officer and 560,000 to other Key Managers. For details, see Report on Remuneration pursuant to art. 123-ter of the Consolidated Law on Finance (TUF).

Independent Auditors' fees

Below are details of the remuneration of the Independent Auditors and other companies belonging to the network pursuant to art. 149-duodecies of Implementing Regulation of Legislative Decree no. 58 of 24 February 98. The fees shown in the table, applicable to the year 2020, are those agreed upon in the contract, inclusive of any index-linking (but not out-of-pocket expenses, supervisory contribution, if any, or VAT).

Amounts in thousands of Euro	KPMG S.p.A.	KPMG network entities	Total KPMG
Auditing Services	**78**		**78**
Attestation services	**23**		**23**
Other services	**5**		**5**
Total	**106**	**0**	**106**

33. KEY EVENTS SUBSEQUENT TO YEAR-END

On **7 January 2021,** Tinexta S.p.A. established a joint-stock company called Tinexta Cyber S.p.A. with sole shareholder, with registered office in Rome. The share capital amounts to €1,000,000 divided into no. 1,000,000 ordinary shares with no nominal value and was fully paid up. In January and February, Tinexta S.p.A. made capital contribution payments totalling €50 million.

On **18 February 2021,** Tinexta S.p.a. sold the shareholding representing 51% of the share capital of Swascan S.r.l. at a "spot" price of €2,200 thousand to Tinexta Cyber S.p.A.

34. PROPOSED ALLOCATION OF THE 2020 PROFIT OF TINEXTA S.P.A.

In inviting you to approve the Financial Statements and the Report as presented, we invite you to approve the allocation of the profit for the year, amounting to €27,179,150.72, as follows:

- 5% of the profit for the year to legal reserve, in the amount of €1,358,957.54;
- €12,045,567.56 for dividend distribution, equal to €0.26 per share;
- €13,774,625.62 to profits carried forward.

12 March 2021

Enrico Salza
Chairman
Tinexta S.p.A.

Certification of the Consolidated Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned Pier Andrea Chevallard and Nicola Di Liello, as Chief Executive Officer and Manager responsible for the preparation of the corporate accounting documents of Tinexta S.p.A., respectively, certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 24 February 1998 n. 58:

- the adequacy in relation to the characteristics and
- the effective application of the administrative and accounting procedures in drawing up the Consolidated Financial Statements during 2020.

2. In this regard, it is to be noted that:

a) administrative and accounting procedures for the preparation of the Consolidated Financial Statements at 31 December 2020 were defined and an adequacy assessment was carried out on the basis of defined rules and methodologies by Tinexta S.p.A. in line with the ''Internal Control - Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission", which represents a generally accepted reference framework for an internal control system on an international level;

b) such valuation assessment did not identify any material aspects.

3. It is also certified that

3.1 The Consolidated Financial Statements:

a) are drawn up in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the results of the books and accounting records;

c) are suitable in providing a true and accurate representation of the balance sheet, income statement and financial position of the issuer and of the set of companies included within the scope of consolidation;

3.2 the Directors' Report on operations includes a reliable analysis of the operating performance and results, as well as the the situation of the Issuer and all of the companies included within the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Rome, 12 March 2021

Pier Andrea Chevallard
Chief Executive Officer

Nicola Di Liello
Manager responsible for the preparation of the corporate accounting documents

Certification of the Separate Financial Statements pursuant to art. 81-ter of Consob Regulation no. 11971 of 14 May 1999 as amended

1. The undersigned, Pier Andrea Chevallard and Nicola Di Liello, as Chief Executive Officer and Manager responsible for the preparation of the corporate accounting documents of Tinexta S.p.A., respectively, certify, taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Italian Legislative Decree 24 February 1998 n. 58:

- the adequacy in relation to the characteristics and
- the actual application of the administrative and accounting procedures in drawing up the Financial Statements during 2020.

2. In this regard, it is to be noted that:

a) administrative and accounting procedures for the preparation of the Financial Statements at 31 December 2020 were defined and an adequacy assessment was carried out on the basis of defined rules and methodologies by Tinexta S.p.A. in line with the ''Internal Control - Integrated Framework" issued by the "Committee of Sponsoring Organizations of the Treadway Commission", which represents a generally accepted reference framework for an internal control system on an international level;

b) such valuation assessment did not identify any material aspects.

3. It is also certified that

3.1 The Financial Statements:

a) are drawn up in accordance with the applicable international accounting standards recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council of 19 July 2002;

b) correspond to the results of the books and accounting records;

c) are suitable in providing a true and accurate representation of the balance sheet, income statement and financial position of the issuer;

3.2 the Directors' Report on operations includes a reliable analysis of the operating performance and results, as well as the Issuer's situation, together with a description of the main risks and uncertainties to which it is exposed.

Rome, 12 March 2021

Pier Andrea Chevallard
Chief Executive Officer

Nicola Di Liello
Manager responsible for the preparation of the corporate accounting documents

KPMG

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Tinexta S.p.A.

Report on the audit of the consolidated financial statements

Opinion

We have audited the consolidated financial statements of the Tinexta Group (the "group"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Tinexta Group as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the consolidated financial statements*" section of our report. We are independent of Tinexta S.p.A. (the "parent") in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of goodwill

Notes to the consolidated financial statements: note 8 "Accounting policies" - "Impairment losses on property, plant and equipment, investment property and intangible assets (impairment of assets)", note 9 "Use of estimates" and note 15 "Intangible assets and goodwill"

Key audit matter	Audit procedures addressing the key audit matter
The consolidated financial statements at 31 December 2019 include goodwill of €215,036 thousand. The directors tested goodwill for impairment in order to identify any impairment losses on the cash-generating units (CGU), to which goodwill is allocated, compared to their recoverable amount. The recoverable amount is based on value in use, calculated using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective about: — the expected cash flows, calculated by taking into account the general economic performance and that of the group's sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons, we believe that the recoverability of goodwill is a key audit matter.	Our audit procedures included: — understanding the process adopted for impairment testing approved by the parent's board of directors; — analysing the criteria used to identify the CGU and trace their carrying amounts to the consolidated financial statements; — understanding the process adopted to prepare the 2021-2023 business plan approved by the parent's board of directors (the "2021-2023 plan") from which the expected cash flows used for impairment testing have been derived, as well as analysing the reasonableness of the assumptions used; — analysing the most significant discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the directors; — comparing the cash flows used for impairment testing to the cash flows forecast in the 2021-2023 plan and analysing any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about goodwill and related impairment tests.

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the consolidated financial statements

The directors are responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the group's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the consolidated financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the parent or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the group's financial reporting process.

Auditors' responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

— identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;

— obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the group's internal control;

— evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;

— conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the group to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation;

— obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 29 April 2016, the parent's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2016 to 31 December 2024.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the parent in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The parent's directors are responsible for the preparation of the group's directors' report and report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related consolidated financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the group's consolidated financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the group's consolidated financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Statement pursuant to article 4 of the Consob regulation implementing Legislative decree no. 254/16

The directors of Tinexta S.p.A. are responsible for the preparation of a non-financial statement pursuant to Legislative decree no. 254/16. We have checked that the directors had approved such non-financial statement. In accordance with article 3.10 of Legislative decree no. 254/16, we attested the compliance of the non-financial statement separately.

Rome, 30 March 2021

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

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(Translation from the Italian original which remains the definitive version)

Independent auditors' report pursuant to article 14 of Legislative decree no. 39 of 27 January 2010 and article 10 of Regulation (EU) no. 537 of 16 April 2014

To the shareholders of
Tinexta S.p.A.

Report on the audit of the separate financial statements

Opinion

We have audited the separate financial statements of Tinexta S.p.A. (the "company"), which comprise the statement of financial position as at 31 December 2020, the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and notes thereto, which include a summary of the significant accounting policies.

In our opinion, the separate financial statements give a true and fair view of the financial position of Tinexta S.p.A. as at 31 December 2020 and of its financial performance and cash flows for the year then ended in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the "*Auditors' responsibilities for the audit of the separate financial statements*" section of our report. We are independent of the company in accordance with the ethics and independence rules and standards applicable in Italy to audits of financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in the audit of the separate financial statements of the current year. These matters were addressed in the context of our audit of the separate financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Recoverability of the carrying amount of investments in subsidiaries

Notes to the separate financial statements: note 5 "Accounting policies" – paragraph "Equity investments", note 6 "Use of estimates" and note 12 "Equity investments recognised at cost"

Key audit matter	Audit procedures addressing the key audit matter
The separate financial statements at 31 December 2020 include investments in subsidiaries of €306,288 thousand recognised at acquisition or incorporation cost. When they identify indicators of impairment, the directors check their recoverability by comparing their carrying amount to their value in use calculated using the discounted cash flow model. The model is very complex and entails the use of estimates which, by their very nature, are uncertain and subjective, about: — the subsidiaries' expected cash flows, calculated by taking into account the general economic performance and that of the subsidiaries' sector, the actual cash flows for recent years and the projected growth rates; — the financial parameters used to calculate the discount rate. For the above reasons and considering the materiality of the financial statements caption, we believe that the recoverability of the carrying amount of investments in subsidiaries is a key audit matter.	Our audit procedures included: — understanding the process adopted for impairment testing approved by the company's board of directors; — understanding the process adopted to prepare the 2021-2023 business plan approved by the company's board of directors (the "2021-2023 plan") from which the expected cash flows used for impairment testing have been derived, as well as analysing the reasonableness of the assumptions used; — analysing the most significant discrepancies between the previous year business plans' figures and actual figures, in order to check the accuracy of the estimation process adopted by the directors; — comparing the cash flows used for impairment testing to the cash flows forecast in the 2021-2023 plan and analysing any discrepancies; — involving experts of the KPMG network in the assessment of the reasonableness of the impairment testing model and related assumptions, including by means of a comparison with external data and information; — assessing the appropriateness of the disclosures provided in the notes about the measurement of investments in subsidiaries.

Responsibilities of the company's directors and board of statutory auditors ("Collegio Sindacale") for the separate financial statements

The directors are responsible for the preparation of separate financial statements that give a true and fair view in accordance with the International Financial Reporting Standards endorsed by the European Union and the Italian regulations implementing article 9 of Legislative decree no. 38/05 and, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

The directors are responsible for assessing the company's ability to continue as a going concern and for the appropriate use of the going concern basis in the preparation of the separate financial statements and for the adequacy of the related disclosures. The use of this basis of accounting is appropriate unless the directors believe that the conditions for liquidating the company or ceasing operations exist, or have no realistic alternative but to do so.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, the company's financial reporting process.

Auditors' responsibilities for the audit of the separate financial statements

Our objectives are to obtain reasonable assurance about whether the separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA Italia will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these separate financial statements.

As part of an audit in accordance with ISA Italia, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control;
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors;
- conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on

the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the company to cease to continue as a going concern;

— evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance, identified at the appropriate level required by ISA Italia, regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the ethics and independence rules and standards applicable in Italy and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the separate financial statements of the current year and are, therefore, the key audit matters. We describe these matters in our auditors' report.

Other information required by article 10 of Regulation (EU) no. 537/14

On 29 April 2016, the company's shareholders appointed us to perform the statutory audit of its separate and consolidated financial statements as at and for the years ending from 31 December 2016 to 31 December 2024.

We declare that we did not provide the prohibited non-audit services referred to in article 5.1 of Regulation (EU) no. 537/14 and that we remained independent of the company in conducting the statutory audit.

We confirm that the opinion on the separate financial statements expressed herein is consistent with the additional report to the *Collegio Sindacale*, in its capacity as audit committee, prepared in accordance with article 11 of the Regulation mentioned above.

Report on other legal and regulatory requirements

Opinion pursuant to article 14.2.e) of Legislative decree no. 39/10 and article 123-bis.4 of Legislative decree no. 58/98

The company's directors are responsible for the preparation of a directors' report and a report on corporate governance and ownership structure at 31 December 2020 and for the consistency of such reports with the related separate financial statements and their compliance with the applicable law.

We have performed the procedures required by Standard on Auditing (SA Italia) 720B in order to express an opinion on the consistency of the directors' report and the specific information presented in the report on corporate governance and ownership structure indicated by article 123-bis.4 of Legislative decree no. 58/98 with the company's separate financial statements at 31 December 2020 and their compliance with the applicable law and to state whether we have identified material misstatements.

In our opinion, the directors' report and the specific information presented in the report on corporate governance and ownership structure referred to above are consistent with the company's separate financial statements at 31 December 2020 and have been prepared in compliance with the applicable law.

With reference to the above statement required by article 14.2.e) of Legislative decree no. 39/10, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have nothing to report.

Rome, 30 March 2021

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

KPMG S.p.A.
Revisione e organizzazione contabile
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(Translation from the Italian original which remains the definitive version)

Independent auditors' report on the consolidated non-financial statement pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 and article 5 of the Consob Regulation adopted with Resolution no. 20267 of 18 January 2018

To the board of directors of
Tinexta S.p.A.

Pursuant to article 3.10 of Legislative decree no. 254 of 30 December 2016 (the "decree") and article 5 of the Consob (the Italian Commission for listed companies and the stock exchange) Regulation adopted with Resolution no. 20267 of 18 January 2018, we have been engaged to perform a limited assurance engagement on the 2020 consolidated non-financial statement of Tinexta S.p.A. (the "parent") and its subsidiaries (together, the "group" or the "Tinexta Group") prepared in accordance with article 4 of the decree, presented in the specific section of the directors' report and approved by the board of directors on 12 March 2021 (the "NFS").

Responsibilities of the parent's directors and board of statutory auditors ("Collegio Sindacale") for the NFS

The directors are responsible for the preparation of an NFS in accordance with articles 3 and 4 of the decree and the "Global Reporting Initiative Sustainability Reporting Standards" issued by GRI - Global Reporting Initiative (the "GRI Standards"), which they have identified as the reporting standards.

The directors are also responsible, within the terms established by the Italian law, for such internal control as they determine is necessary to enable the preparation of an NFS that is free from material misstatement, whether due to fraud or error.

Moreover, the directors are responsible for the identification of the content of the NFS, considering the aspects indicated in article 3.1 of the decree and the group's business and characteristics, to the extent necessary to enable an understanding of the group's business, performance, results and the impacts it generates.

The directors' responsibility also includes the design of an internal model for the management and organisation of the group's activities, as well as, with reference to the aspects identified and disclosed in the NFS, the group's policies and the identification and management of the risks generated or borne.

The *Collegio Sindacale* is responsible for overseeing, within the terms established by the Italian law, compliance with the decree's provisions.

Auditors' independence and quality control

We are independent in compliance with the independence and all other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards, the IESBA Code) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour. Our company applies International Standard on Quality Control 1 (ISQC Italia 1) and, accordingly, maintains a system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Auditors' responsibility

Our responsibility is to express a conclusion, based on the procedures performed, about the compliance of the NFS with the requirements of the decree and the GRI Standards. We carried out our work in accordance with the criteria established by "International Standard on Assurance Engagements 3000 (revised) - Assurance Engagements other than Audits or Reviews of Historical Financial Information" ("ISAE 3000 revised"), issued by the International Auditing and Assurance Standards Board applicable to limited assurance engagements. This standard requires that we plan and perform the engagement to obtain limited assurance about whether the NFS is free from material misstatement. A limited assurance engagement is less in scope than a reasonable assurance engagement carried out in accordance with ISAE 3000 revised, and consequently does not enable us to obtain assurance that we would become aware of all significant matters and events that might be identified in a reasonable assurance engagement.

The procedures we performed on the NFS are based on our professional judgement and include inquiries, primarily of the bank's personnel responsible for the preparation of the information presented in the NFS, documental analyses, recalculations and other evidence gathering procedures, as appropriate.

Specifically, we carried out the following procedures:

1. Analysing the material aspects based on the group's business and characteristics disclosed in the NFS, in order to assess the reasonableness of the identification process adopted on the basis of the provisions of article 3 of the decree and taking into account the reporting standards applied.
2. Analysing and assessing the identification criteria for the reporting scope, in order to check their compliance with the decree.
3. Comparing the financial disclosures presented in the NFS with those included in the group's consolidated financial statements.

4. Gaining an understanding of the following:

   – the group's business management and organisational model, with reference to the management of the aspects set out in article 3 of the decree;

   – the entity's policies in connection with the aspects set out in article 3 of the decree, the achieved results and the related key performance indicators;

   – the main risks generated or borne in connection with the aspects set out in article 3 of the decree.

   Moreover, we checked the above against the disclosures presented in the NFS and carried out the procedures described in point 5.a).

5. Understanding the processes underlying the generation, recording and management of the significant qualitative and quantitative information disclosed in the NFS.

   Specifically, we held interviews and discussions with the parent's management personnel and personnel of Infocert S.p.A., Innolva S.p.A., Visura S.p.A. and Warrant HUB S.p.A.. We also performed selected procedures on documentation to gather information on the processes and procedures used to gather, combine, process and transmit non-financial data and information to the office that prepares the NFS.

   Furthermore, with respect to significant information, considering the group's business and characteristics:

   - at group level,

     a) we held interviews and obtained supporting documentation to check the qualitative information presented in the NFS and, specifically, the business model, the policies applied and main risks for consistency with available evidence,

     b) we carried out analytical and limited procedures to check, on a sample basis, the correct aggregation of data in the quantitative information.

   – we held videoconferences with the management of Infocert S.p.A. and Warrant HUB S.p.A., which we have selected on the basis of their business, contribution to the key performance indicators at consolidated level and location, to obtain documentary evidence supporting the correct application of the procedures and methods used to calculate the indicators.

Conclusion

Based on the procedures performed, nothing has come to our attention that causes us to believe that the 2020 consolidated non-financial statement of the Tinexta Group has not been prepared, in all material respects, in accordance with the requirements of articles 3 and 4 of the decree and the GRI Standards.

Rome, 30 March 2021

KPMG S.p.A.

(signed on the original)

Arrigo Parisi
Director of Audit

TINEXTA S.p.A.
Registered office in Rome, Piazza Sallustio No. 9 Authorised, subscribed and paid up share capital of
Euro 47,207,120.00
Enrolled with the Companies' Register of Rome No. 10654631000
Rome Economic and Administrative Register No. 1247386

Report of the Board of Statutory Auditors to the Shareholders' Meeting pursuant to Article 153 of the Consolidated Finance Act (T.U.F.) and Article 2429, paragraph 2, of the Italian Civil Code

To the Shareholders' Meeting of Tinexta S.p.A.

Dear Shareholders,

During the financial year ended 31 December 2020, the Statutory Board of Auditors carried out the supervisory activities required by the applicable legislation, in the performance of its own duties, to the extent of its responsibilities, as regards compliance with the law and with the Articles of Association, compliance with the principles of correct management, adequacy of the organisational structure, internal audit and accounting systems, as well as the reliability of the latter in correctly representing management events and the methods of practical implementation of the governance rules.

REFERENCE LEGAL FRAMEWORK

The performance of the functions assigned to us as Board of Statutory Auditors has been carried out in compliance with the applicable laws, and in particular with the provisions set forth under Article 149 of the Consolidated Law on Finance ("TUF"). More generally, we acknowledge that we assumed as inspiring values of our institutional activities the principles contained in the code of conduct of the Board of Statutory Auditors of listed companies issued by the Italian National Board of Chartered and Public Accountants (Consiglio Nazionale dei Dottori Commercialisti e degli Esperti Contabili), the recommendations of the National Commission for Companies and the Stock Exchange (CONSOB) regarding corporate control and activities of the Board of Statutory Auditors, as well as the guidelines of the Corporate Governance Code of the Italian Stock Exchange. The Board of Statutory Auditors is invested with the role of Internal Control and Auditing Committee pursuant to art. 19 of Legislative Decree 39/2010, taking into account the supplements and amendments to this made by Legislative Decree no. 135 17 July 2016, in implementation of Directive 2014/56/EU. The Board of Statutory Auditors is also entrusted with a supervisory role with regard to the obligations relating to non-financial information pursuant to Italian Legislative Decree 254/2016. As the Internal Control Committee, we acknowledge that we have received and examined the additional report pursuant to Art. 11 of EU Regulation no. 537/2014 received from the Auditing Firm, transmitting it to the Board of Directors accompanied by our observations.

ACTIVITIES OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors planned its activities during 2020, on the basis of the reference regulatory framework, as well as carrying out the checks deemed most appropriate in relation to the activities and structural size of the Company.

The Board of Statutory Auditors' activities were as follows:

- regular meetings with the Heads of the different corporate functions;
- attendance at meetings of the corporate bodies, in particular of the Board of Directors and the Shareholders' Meeting;
- regular exchange of information with the Auditing Firm, in compliance with applicable law;
- exchange of information with the boards of statutory auditors of Subsidiaries;
- attendance by the Chairperson of the Board of Statutory Auditors and one of the members of the Board in the meetings of the Remuneration Committee and of all members of the Board in the meetings of the Control and Risk Committee;
- acquisition of relevant information and assessment of the results of activities carried out by the Supervisory Board pursuant to Italian Legislative Decree 231/2001, with direct meetings and through Alberto Sodini, member of the Board of Statutory Auditors, in his capacity as a member of the same Supervisory Board.

In view of the pandemic that started in early 2020 due to the spread of the Covid-19 virus, the Board of Statutory Auditors paid particular attention to the management of the emergency situation and the measures taken to protect the health of the employees and collaborators of the Tinexta Group, to the cases of positivity found, and to the ways of carrying out work activities remotely.

In this regard, the Board of Statutory Auditors promoted meetings and liaised with the Managing Director, the Human Resources Manager, and the Supervisory Body, from which it has obtained periodic reports on the measures adopted in the area of health, safety and personnel management.

In drafting this report, the Board of Statutory Auditors performed a self-assessment of its work, with the support of Crisci & Partners, as an external advisor, recognising the adequacy of its members to perform the assigned functions in terms of professionalism, competence, time availability and independence requirements, as well as mutually acknowledging the absence of economic and financial conditions that could constitute a risk for the independence requirement. The report on the self-assessment of the members of the Board of Statutory Auditors was sent to the Board of Directors, which acknowledge it at the meeting held on 12 March 2021.

The remuneration of the Board of Statutory Auditors was established by the Shareholders' Meeting at the time of the appointment and is deemed by the Board to be adequate for the commitment required to carry out the role.

Frequency and number of meetings of the Board of Directors and the Board of Statutory Auditors

We attended all 9 meetings of the Board of Directors held during the course of 2020, acquiring, in accordance with the provisions set forth under Article 2381, paragraph 5, of the Italian Civil Code and under the Articles of Association, timely and suitable information on the general management trend and on the Company's foreseeable

evolution, as well as on the most significant transactions, for their size or characteristics, carried out by the Company.
We attended 10 meetings of the Control and Risk Committee and 5 meetings of the Remuneration Committee.
We attended one Ordinary Shareholders' Meeting held during the year. In this regard, the Board of Statutory Auditors verified the due constitution of the above-mentioned Board and Shareholders' meetings, together with the compliance of the resolutions taken by the Administrative Body and by the Shareholders' Meeting with the provisions of the Italian Civil Code and with the current Articles of Association. The adopted resolutions were deemed to comply with the principles of prudence and correct management and such resolutions were not in conflict with any provisions set forth under laws or the Articles of Association.
We held a central role in the overall control system, carrying out the supervisory activities through 15 meetings.

Comments in relation to the most relevant economic, financial and patrimonial transactions carried out by the Company and their compliance with law and the Articles of Association

The information gathered in relation to the most relevant economic, financial and patrimonial transactions carried out by the Company and its subsidiaries, allowed us to ascertain their compliance with applicable laws, the Articles of Association and the conformity with the corporate interest.
In this respect, we consider that such transactions have been exhaustively described in the Report on Operations. In particular, these include the following transactions.

1. On 9 January 2020, InfoCert S.p.A. acquired a 1% stake in Camerfirma Colombia S.A.S. held by the subsidiary Camerfirma S.A.
2. On 27 January 2020, Warrant Hub S.p.A. signed the closing related to the acquisition of 60% of PrivacyLab S.r.l., which operates in the sale of licences, consultancy, training and tools for the management of compliance with GDPR regulations.
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 apply retroactively from 1 January 2020.
4. On 28 April 2020, the Tinexta S.p.A. Shareholders' Meeting approved the proposal of the Board of Directors not to distribute dividends and to reinvest the Group's 2019 profit; € 1,202,000 (equal to 5% of Net Profit) was allocated to the statutory reserve, the remainder, € 22,843,000, was carried forward. The Shareholders' Meeting also approved the 2020-2022 Stock Option Plan for executive directors and executives with strategic responsibilities and other management of Tinexta and other Companies of the Tinexta Group and renewed the authorisation of the Company to buy and sell Treasury Shares under Articles 2357 and seq. of the Italian Civil Code and Article 132 of the Consolidated Law on Finance (TUF).
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.
6. 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 € 2,393,000. Following this transaction, Tinexta holds now 95% of the company.

7. 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, stipulating the disbursement of € 31 million at a lower interest rate and extending the due date from 30 June 2023 to 30 June 2025.
8. 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.
9. On 29 June 2020, the put & call option contracts on 20% of Sixtema S.p.A. were renegotiated with the minority shareholders.
10. 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, stipulating the disbursement of € 50 million at a lower interest rate and extending the due date from 31 December 2025 to 30 June 2026.
11. On 3 August 2020, pursuant to the purchase contract signed on 30 November 2017, the option rights on the remaining 9.75% of Warrant Hub S.p.A. share capital were exercised. Tinexta S.p.A. holds now 100% of the Company.
12. 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.
13. On 7 October 2020, the Extraordinary Shareholders' Meetings of Innolva S.p.A. and Promozioni Servizi S.r.l. were held and resolved on the planned merger by incorporation of the latter into Innolva S.p.A. With a notary public deed dated 17 December 2020, the merger transaction was completed and entered into effect on 31 December 2020 with the accounting and tax effects backdating to 1 January 2020.
14. On 12 October 2020, Tinexta announced the creation of a new national Cybersecurity hub, which will assist private and public customers in digital transformation processes by providing the best technologies and protocols for digital security and identity. Tinexta has signed binding agreements for the acquisition of the majority of the share capital of three major 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 includes the companies Cybaze Italia and @Mediaservice.net S.r.l.) and 51% of Swascan S.r.l. The Closing of the acquisitions occurred in early 2021, with the exception of the Swascan acquisition which was completed on 20 October 2020.
15. On 28 October 2020, Tinexta S.p.A. acquired, with an investment of € 2 million, a 30% interest in the share capital of FBS Next S.p.A., a company operating in the non-performing loans sector (NPL/UTP), carrying out activities as a servicer, managing portfolios of non-performing loans and as a promoter, in addition to carrying out activities related to the previous ones. The company will operate in synergy with the companies of the Group, Re Valuta S.p.A. and Innolva S.p.A.
16. On 2 December 2020, following the exercise of the call option by LuxTrust Development S.A. on 6,207,777 class B shares held by InfoCert S.p.A. in LuxTrust (equal to the entire number of shares held by InfoCert S.p.A. in LuxTrust), in accordance with the Shareholders' Agreement of 21 December 2018, the *joint venture* wound up with the resulting transfer of shares.
17. On 11 November 2020, Warrant Hub S.p.A. completed the acquisition of 100% of the capital of Euroquality SAS, based in Paris, and of its subsidiary Europroject OOD, based in Sofia (Bulgaria), two consulting companies specialised in supporting their clients in

accessing European innovation funds. The acquisition is part of the Warrant Group's geographical expansion in the French market.

18. On 16 December 2020, the collaboration with the Polytechnic University of Bergamo, in the person of Davide Russo and Giancarlo Facoetti led to the establishment of a new company called Trix S.r.l. The majority interest is held by Warrant Hub (70%). This company will have the task of developing a platform to support R&D activities and innovation, in order to provide high-performance tools for professionals.

For our part we acknowledge that the work of the Board of Directors effectively responds to the requirement to be informed when taking the relevant resolutions.

In particular, the Administrative Body assessed the opportunities and the consequences of the transactions carried out on the basis of forecast estimates, due diligence, the financial impact of the transactions and a preliminary general assessment of the impact deriving from the application of the accounting principle IFRS 3.

The transactions were disclosed to the market within the terms and with the required transparency.

Remarks regarding the compliance with the principles of correct management

We acquired information and supervised, to the extent of our responsibilities, on the compliance with the fundamental standard of correct and prudent management of the Company and with the more general principle of diligence, all the above thanks to our attendance at the Board of Directors' meetings, of the documentation and timely information directly received from the management bodies with regard to the transactions carried out by the Group.

The acquired information allowed us to verify the compliance with law and the Articles of Association of the activities resolved and implemented and that such activities were not manifestly imprudent or risky.

The Delegated Body has acted within the extent of the powers granted to it.

The Board of Directors has received adequate information from the Delegated Body on the management trend of the Company and its Subsidiaries.

With reference to the Legislative Decree 231/2001, the Supervisory Body has carried out the control activities relating to the adequacy, the observance and the updating of the Management Model), without noting any critical points.

Remarks on the adequacy of the organisational structure

The composition of the Administrative Body complies with the provisions of Article 148, paragraph 3, of the Consolidated Law on Finance, as referred to in Article 147-ter, paragraph 4, with reference to the presence in the Board of independent directors drawn from minority lists and gender quotas.

During the financial year in question, we acquired information and supervised, to the extent of our responsibilities, on the adequacy of the Company's organisational structure in relation to the size and nature of the Company activities, having in this regard no particular remarks to report.

The Company centralised the protection, direction, coordination and monitoring activities of the subsidiaries.

The organisational structure is sufficiently adequate for the Group's structure. In particular, the Company has the following main functions overseen by its appointed managers:

- Administration and Finance Function;
- Legal and Corporate Function;
- Human Resources and Organisation Function;
- *Internal Audit* Function;
- *Policies, Procedures & Quality Management System* Function;
- Planning and Management Control Function;
- Information Security, with the appointment of a manager who also acts as DPO under the Privacy Policy (GDPR);
- *Compliance* Function;
- ICT Function;
- Purchasing Function.

Since January 2020, a Risk Manager has been appointed to analyse and monitor the risks of the Group companies, with the title of *Head of Policies, Procedures & Quality Management System*.

In addition, in 2020, the so-called "Progetto Integra" on strengthening procedural and organisational safeguards.

Furthermore, we acknowledge that, in accordance with the principles of the Corporate Governance Code of Listed Companies regarding the remuneration of executive directors and in line with the international best practices on the matter, the Company has a virtual stock option plan that aims to constitute a medium-long term remuneration system favouring the alignment of the interests of senior executives with strategic responsibilities of the Group and with those of investors. In our opinion, the plan is a suitable instrument for developing a remuneration system correlated to the growth of the market value of the shares.

Lastly, we monitored the attribution of powers conferred to the Delegated Body and the definition of decision-making powers.

In compliance with the Corporate Governance Code prepared by the Committee for the Corporate Governance of Listed Companies, the Company has initiated a self-assessment by the members of the Board of Directors, entrusting Studio Crisci with setting up the analysis process and the evaluation of its outcome. For our part, we have monitored the process to assess its effectiveness. No particular suggestions for improving the process were ascertained.

At the procedural level, in ascertaining that the Company has adopted an internal set of rules to meet the requirements deriving from listing on the Electronic Equity Market (Mercato Telematico Azionario - MTA), we note that, following the changes introduced in the reference regulatory framework, the internal procedures on Market Abuse are adequate and in line with the MAR Directive.

Independent directors constitute the majority of Directors.

The Board of Statutory Auditors has verified the correct application by the Board of Directors of the criteria for assessing the independence of its members, pursuant to Article 148, paragraph 3 of the Consolidated Law on Finance and Article 3 of the Corporate Governance Code of Borsa Italiana, a topic discussed by the Board of Directors at its meeting of 12 March 2021.

Remarks on the adequacy of the internal control system and in particular on the activity carried out by the persons in charge of Internal Control.

We oversaw the internal control system and its extension to the subsidiaries. We believe, also as a result of the increase in the number of staff dedicated to the internal control system, that

the same is appropriate for the management characteristics of the Company and of the Group, meeting the requirements of efficiency and effectiveness in the management of risks and in compliance with the procedures and internal and external provisions.
The control system is based on first, second and third level controls: first level controls are inherent in the procedures or entrusted hierarchically with the same functions; second level controls are attributed to the Management Control and Compliance Function; third level controls, instead, are entrusted to the Internal Audit Function.
We verified the adequacy of the Internal Audit plan and interacted regularly with the head of the function.
As to the effectiveness of the internal control and risk management system – aimed at ensuring the protection of the corporate assets, the efficiency of the business processes, the reliability of the financial information and, more generally, the compliance with laws, the Articles of Association and internal procedures – we certify to have assessed the appropriateness of the Management Control System noting that the planning process is supported by adequate informative systems and procedures that make it possible to reliably match the key economic and financial information with the outcomes of the informative systems used within each subsidiary.
The process ensures the accuracy and integrity of such information.

Remarks on the adequacy of the administrative/accounting system and its reliability to correctly represent management events

We assessed, to the extent of our responsibilities, the reliability of the administrative and accounting system to detect and correctly represent management events, by acquiring information directly from the Heads of the various Functions and through regular meetings with the Auditing Firm.
In this regard the Model created to comply with Italian Law 262/2005 and the controls implemented by the Financial Reporting Manager assume fundamental importance, also through the internal control function within the financial administrative governance framework.
The Company adopts a unique IT system (SAP system) for all the Group companies, aimed at ensuring a significant improvement in the management and control of business performance. This will also be possible thanks to the above-mentioned "Progetto Integra".

Comments and proposals in relation to the separate financial statements and their approval

With reference to the audit of the accounting records and the correct reporting of the management activities in the accounting records, as well as the matching verification between the financial statements information and the outcomes of the accounting records and the compliance of the financial statements with the reference normative framework, it should be noted that these duties are conferred to the Auditing Firm.
The opinion rendered by the Auditing Firm with reference to the separate and consolidated financial statements is “without modification"; therefore, it does not highlight any critical issues, situations of uncertainty or any limitations in the checks, nor does it call for informational requests.
From our side, we supervised the general approach given to the Financial Statements being examined. In particular, as already shown, having previously ascertained – through

meetings with the Heads of the concerned Functions and with the Auditing Firm – the adequacy of the administrative and accounting system in detecting and correctly representing the management activities, we acknowledge that:

- the Financial Statements have been prepared with the application of the *International Financial Reporting Standards* (IFRS) and in accordance with the interpretations of the *International Financial Reporting Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee (SIC*), approved by the European Commission and effective on the date of the financial statements, as well as previous *International Accounting Standard*s (IAS);
- the production, the setting and the presentation formats of the Annual Financial Statements comply with the reference normative framework;
- the Financial Statements are consistent with the events and the information of which we became aware following the attendance at the meetings of the Corporate Bodies which allowed the obtainment of adequate information in relation to the most significant transactions, from an economic, financial and patrimonial standpoint, carried out by the Company;
- to the knowledge of the Board of Statutory Auditors, the Board of Directors in drafting the Financial Statements did not derogate from the legal provisions established by Art. 2423, fifth paragraph, of the Italian Civil Code;
- during the performance of the *impairment test* procedures, the Company adopted the internal model, properly reviewed and updated.

We ascertained that the Report on Operations is compliant with applicable laws, as well as consistent with the resolutions taken by the Board of Directors and with the information available to the Board of Statutory Auditors; we deem that the report described into said document meets the relevant provisions and contains a true, balanced and exhaustive analysis of the Company's situation, of the management performance and result, as well as an indication of the main risks which the Company is subject to and provides express evidence of the elements which may affect the management development.

Furthermore, as stated by the Board of Directors in the Financial Report (paragraph "Implications of the Covid-19 pandemic on the Annual Financial Report as at 31 December 2020"), the analyses carried out within the Tinexta Group do not reveal any significant uncertainties or risks related to Covid-19 that would call into question the company's ability to continue as a going concern.

In this regard, to the extent of our competence, supervisory activities will also be carried out this year to ascertain the adequacy of the governance actions that the Board of Directors shall deem appropriate to support and protect the company's assets and business continuity, as well as the safety of the working environment and employees is concerned.

With respect to the financial statements as of 31 December 2020, we have no further comments or proposals to submit. The supervisory and control activity carried out by the Board of Statutory Auditors during the financial year, also in relation to the tasks attributed to the same as Committee for the Internal Control and Audit of the accounts, as described in this report, did not highlight further events to be reported to the Shareholders' Meeting.

With regard to the non-financial disclosure provided in the Report on Operations, as the Company falls within the scope of Italian Legislative Decree 254/2016, the Board of Statutory Auditors monitored the process of preparing the report and verified the correct application of the procedure adopted by the Company.

Non-financial disclosures were subject to limited assurance by the Auditing Firm, which did not reveal any evidence of inadequacy. The recourse to the Group Auditor also for this activity is justified in the knowledge it acquired of the business model, without compromising its independence.

Remarks regarding the consolidated financial statements

The Consolidated Financial Statements as at 31 December 2020, as already noted, were drawn up through the application of the *International Financial Reporting Standards* (IFRS), in accordance with the interpretations of the of the *International Financial Reporting Interpretations Committee* (IFRIC) and the *Standing Interpretations Committee* (SIC), approved by the European Commission and in force at the reporting date, as well as the previous *International Accounting Standards* (IAS).

The following companies are included in the consolidation area: InfoCert S.p.A., Innolva S.p.A., RE Valuta S.p.A., Co.Mark S.p.A., Visura S.p.A., Warrant Hub S.p.A. and Swascan S.r.l., Sixtema S.p.A., AC Camerfirma SA, Comas S.r.l., Innolva Relazioni Investigative S.r.l., Co.Mark TES S.L., Warrant Innovation Lab S.r.1., Warrant Service S.r.l., Bewarrant S.p.r.l., Privacylab S.r.l., Trix S.r.l., Euroquality SAS, Europroject OOD, Camerfirma Perù S.A.C., FBS Next S.p.A., Etuitus S.r.l., Authada GmbH, Camerfirma Colombia S.A.S., Creditreform GPA Ticino S.A., Innovazione 2 Sagl, Digital Hub S.r.l.

Following the supervisory activity carried out on the Consolidated Financial Statements and on the basis of the direct disclosures and the information obtained, the Board of Statutory Auditors has ascertained and may acknowledge, that:

– the provisions concerning the establishment and the framework of the Consolidated Financial Statements and of the accompanying Report on Operations have been complied with;

– the documents taken on the basis of the full consolidation process are represented by the draft Financial Statements referring to 31 December 2020, as approved by the competent Administrative Bodies of the subsidiaries, and adjusted, where necessary, to make them consistent with the accounting standards applied by the Parent Company. For companies whose control was acquired during the year, the relative financial statements have been consolidated starting from the date on which control was acquired;

– no subsidiary company is excluded from the consolidation area;

– the scope, valuation criteria and consolidation principles adopted are adequately illustrated by the Directors in the Explanatory Notes.

The Board of Statutory Auditors took note of the "without modification" opinion expressed by the Auditing Firm with specific reference to the statutory audit of the consolidated accounts, and thus the absence of uncertainty or any limitations in the verifications or information recalls.

Information regarding the adherence of the Company to the Corporate Governance Code issued by the Committee for the Corporate Governance of Listed Companies

As already mentioned above, the Company has decided to adhere to the Corporate Governance Code, prepared by the Committee for the Corporate Governance of Listed Companies.

It should be noted that the Company has not set up an Appointments Committee, a choice justified by the following circumstances, which also arose from the self-assessment carried out by the members of the Board of Directors: the majority of directors on the Board are independent, the Chairman is extraneous with respect to the management of the business and he has made contributions to ensure the transparency of how Board workings are conducted.

Remarks on the adequacy of the instructions issued by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the Consolidated Finance Law.

The Board of Statutory Auditors oversaw the adequacy of the instructions given by the Company to its subsidiaries pursuant to Article 114, paragraph 2, of the TUF, and the correct flow of information between them, and believes that the Company is able to comply with the disclosure requirements set forth by applicable laws. The information flow to the central Auditor, articulated on the various levels of the corporate control chain, active throughout the year and functional to the control activities of annual and interim accounts, was considered effective. The Board of Statutory Auditors assessed and monitored the adequacy of the instructions given to the subsidiaries. These provisions have enabled the latter to promptly provide the Company with the information necessary to comply with the disclosure requirements set forth by the regulations.

The Board of Statutory Auditors met and maintained a liaison with the Supervisory Bodies of the subsidiaries in order to share issues of common relevance for the various Group companies: as a result of these meetings, no critical issues worthy of mention arose.

Finally, we activated a process to monitor the progress achieved for the implementation by the subsidiaries of the internal procedural framework.

Related Party transactions. Indication of the possible existence of atypical and/or unusual transactions, including intragroup or related parties transactions

The Company has adopted a Procedure for Transactions with Related Parties. The Control and Risk Committee is also entrusted with the role of Related Parties Committee, called to carry out a preliminary exam and to provide an opinion concerning the various typologies of related party transactions, except for those transactions which, pursuant to the same procedure, are excluded.

For our part we acknowledge that we have found the substantial suitability of the procedure adopted. The mapping of the Related Parties is updated periodically on an annual basis.

As a result of our control activities and attendance at the Board of Directors meetings, we acquired appropriate information on intragroup and related party transactions that are adequately described in the Report on Operations and in the Explanatory Notes, in compliance with the indications to be provided in this context on the basis of the CONSOB resolutions.

These are transactions with and between Tinexta's subsidiaries, which are part of the company's normal operations and were settled at normal market conditions. Therefore, they fall within the scope of operations excluded from the application of the procedure and the scrutiny of the related Committee.

We also acknowledge the compliance of these transactions with law and the Articles of Association, their compliance with the company's interest, and the absence of situations that would entail further considerations and comments.

The Company has not carried out any intragroup, related party, or third party transactions which are atypical and/or unusual during the financial year.

Indication of the potential submission of complaints pursuant to Article 2408 of the Italian Civil Code, of petitions, of the potential initiatives taken and their relevant outcomes.

We acknowledge that during the 2020 financial year no complaints pursuant to Article 2408 of the Italian Civil Code or petitions have been submitted to the Board of Statutory Auditors.

Remarks on the possible significant issues arising during the meetings with the Auditors pursuant to Article 150, paragraph 3, of the TUF

In 2020, the Board of Statutory Auditors met and held 4 meetings (6 including meetings held during the current year) with the auditing firm. The results are presented in the section of this Report, related to the activity carried out by the Board in its role as Internal Control and Auditing Committee (ICAC).

Final evaluations concerning the supervisory activity carried out, as well as any omissions, reprehensible actions or irregularities detected performing such activity

We certify that our supervisory activity, carried out during the 2020 financial year, has been performed under normal circumstances, and that it has not revealed any significant events that would require a specific mention in this report. Pursuant to Article 153, paragraph 2, of the TUF in matters pertaining to the Board of Statutory Auditors, the Board does not deem it necessary to make any further proposals or observations.

Indications on the content of the Auditing Firm's Report and judgement of the Financial Statements

The audit report for the year ended 31 December 2020 presents: the paragraph containing the key aspects of the audit (key audit matters); the paragraph on the responsibilities of the Auditing Firm in order to provide more information on the activities performed in the context of the audit, including communication to the subjects responsible for governance activities; the paragraph containing specific statements required by Regulation (EU) no. 537/14; the paragraph containing, in addition to the opinion on the consistency of the Report on Operations with the financial statements, also the opinion on its compliance with the law, as well as the statement of any significant errors found.

The report issued by the Auditing Firm contains an unqualified opinion that does not require disclosure.

Indication of possible conferral of further assignments on the Auditing Firm and related costs

On the basis of the information acquired, the Auditing Firm were appointed for the financial years up to 31 December 2024 to carry out a limited review of the Group's

consolidated non-financial statement prepared in accordance with Italian Legislative Decree 254/2016.
The Board of Statutory Auditors, as ICAC, has examined KPMG S.p.A.'s proposal and has positively assessed the appropriateness and consistency of the procedures indicated in it, also considering the greater effectiveness and efficiency of the work carried out for this purpose by the same person appointed to audit the accounts.
Furthermore, the ICAC, having evaluated the economic offer, verified the maintenance of the requirements in terms of independence in accordance with Art. 5.4 of Regulation no. 537/2016 and expressed approval for the assignment to certify the Declaration of Non-Financial Data.

Indication of the possible appointment granted to parties which have relationships with the Auditing firm

During the financial year, no assignments were appointed to entities belonging to the KPMG S.p.A. network. There have also been no assignments to the shareholders, directors, members of the control bodies or employees of the Auditing Firm itself and to companies controlled or connected to it.
The Auditing Firm issued the declaration on their independence in relation to which reference should be made to the section of this report concerning the activity carried out by the Board in its role as ICAC.

Indication of the existence of opinions, proposals and remarks issued in compliance with law during the financial year

In 2020 financial year, the Board of Statutory Auditors expressed its opinion in all those cases in which it was requested by the Board of Directors, also in compliance with regulatory provisions requiring prior consultation with the Board of Statutory Auditors.
The Board notes that it has issued, in 2020, the following opinion:

- approval in relation to the proposals of the Remuneration Committee regarding the Group's remuneration policies.

ROLE OF THE COMMITTEE FOR INTERNAL CONTROL AND AUDITING ACTIVITY

Pursuant to Article 19 of Legislative Decree 39/2010, the Board of Statutory Auditors acts as the Internal Control and Audit Committee (ICAC) and in this capacity has carried out the activities required by law.
As a preliminary point, the Board declares that it has carried out the necessary self-assessment in this regard by recognising in itself, also in its capacity as members of the ICAC, the possession of the competence requisites with respect to the sector in which the Company operates.
The supervision of the financial reporting process by the Board in its capacity as ICAC is summarised below.

- The ICAC monitored the independence of the Auditor, as required by Art. 10-bis of Legislative Decree 39/2010 and Article 6 of the European Regulation no. 537 of 16 April 2014, to carry out the task in terms of independence and objectivity, definition of appropriate measures to mitigate the risks of independence, availability of competent professional staff, authorisation of the person responsible for the assignment to perform the legal audit.

- In relation to the above, the Auditing Firm was only appointed to carry out a limited review of the Group's consolidated non-financial statement.
- The ICAC monitored the work of the Auditing Firm and, in this regard, acknowledges that it has assessed ex-ante the planning of the activity by the Auditing Firm, and that it is consistent with the size and characteristics of the Company, as well as the risk assessment of errors or frauds conducted by the Auditor itself, which appeared consistent with the information available to the ICAC.
- With regard to the assessment of the effectiveness of the internal control and risk management systems of the Company related to financial reporting, the ICAC took account of the controls adopted, pursuant to Italian Law 262/2005, by the Financial Reporting Manager and of the improvements the same suggested also by the Internal Audit function as a result of the ad hoc tests carried out. In particular, we believe that the Company's decision to have adopted a Group ERP (SAP system) represents the consolidation of the administrative and financial governance system.
- The ICAC has taken note of the methods adopted by the Auditing Firm for the performance of the assignment, which consist of, with risk-adjusted graduation, process evaluations, direct detailed procedures and analysis procedures, comparative to the previous year.
- With reference to the work of the Auditor, the ICAC has verified the absence of objections by the Auditor in relation to the evaluation methods adopted by the Company with regard to their correctness, to the adequacy of their application with particular regard to coherence with the de facto situation of the options exercised and the reasonableness of the parameters assumed.
- The Board of Statutory Auditors, in its capacity as ICAC, notes that it has ascertained, as has the Auditor, the absence of events or circumstances that could raise significant doubts regarding the continuity of the business, as well as the absence of significant weaknesses in the internal control system for financial information and/or accounting system.
- In its capacity as ICAC, the Board acknowledges that it has not ascertained, as the Auditor has not, the presence of significant events concerning cases of non-compliance, actual or presumed, with laws and regulations or provisions of the Articles of Association detected during the audit, deemed important for allowing the ICAC to carry out its functions.

With regard to the key audit matters, the ICAC acknowledges that they were discussed by the Auditor with the Financial Reporting Manager and with the ICAC itself, analysing in depth the reasons for which key aspects were considered, the related auditing procedures performed in response to these risks and the main observations made by the Company. The *key audit matters* (KAM) identified by the Auditor relate to:

- the individual financial statements: recoverability of the value of investments;
- the consolidated financial statements: recoverability of goodwill and allocation of the price paid for the acquisition of the subsidiary companies.

The ICAC shares the identified KAMs and acknowledges that the auditing procedures adopted by the Auditor are adequate relative to the risk.

With regard to the other significant aspects, the ICAC acknowledges having discussed them with the Auditing Firm, examining the reasons and the related audit procedures implemented in response to these risks. These pertains to the *management override of controls*.

In this regard, it acknowledges that the control procedures adopted by the Auditor appear to be adequate.

CONCLUSIONS

As a result of the supervisory activity carried out during the 2020 financial year and taking into account the findings of the activity performed by the entity in charge of the auditing of the accounts, included in the relevant accompanying report to the Financial Statements:
a) we acknowledge the adequacy of the organisational, administrative and accounting structure adopted by the Company and its concrete functioning, as well as the efficiency and effectiveness of the internal controls, internal audit and risk management system;
b) we do not see, for the reasons for which we are responsible, any reasons preventing the approval of the financial statements for the year ended 31 December 2020, as drafted by the Board of Directors, and the proposal made by the same Administrative Body regarding the allocation of the profit earned.

Rome, 30 March 2021

The Board of Statutory Auditors

The Chairman Luca Laurini

Standing Auditor Monica Mannino

Statutory auditor Alberto Sodini