ANNUAL FINANCIAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Prepared according to IAS/IFRS

(This report has been translated into the English language from the original which was issued in Italian)

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BOARD OF DIRECTORS

Chairman of the Board	Marco Pescarmona (1) (3) (5) (7)
Chief Executive Officer	Alessandro Fracassi (2) (3) (5)
Directors	Anna Maria Artoni (4)
	Fausto Boni
	Chiara Burberi (4)
	Matteo De Brabant (4)
	Klaus Gummerer (4)
	Valeria Lattuada (4)
	Marco Zampetti

BOARD OF STATUTORY AUDITORS

Chairman of the Board	Stefano Gnocchi
Active Statutory Auditors	Paolo Burlando
	Francesca Masotti
Substitute Statutory Auditors	Raffaele Garzone
	Barbara Premoli

INDEPENDENT AUDITORS EY S.p.A.

COMMITTEES OF THE BOARD OF DIRECTORS

Control and Risk Committee

Chairman	Chiara Burberi
	Klaus Gummerer
	Marco Zampetti

Remuneration and Share Incentive Committee

Chairman	Matteo De Brabant
	Anna Maria Artoni
	Klaus Gummerer

Committee for Transactions with Related Parties

Chairman	Valeria Lattuada
	Matteo De Brabant
	Klaus Gummerer

(1) The Chairman is the Company's legal representative.
(2) The Chief Executive Officer legally represents the Company, disjointly from the Chairman, within the limits of the delegated powers.
(3) Executive Director.
(4) Independent non-executive Director.
(5) Holds executive offices in some Group companies.
(6) Lead Independent Director.
(7) Executive Director in charge of overseeing the Internal Control System.

DIRECTOR'S REPORT ON OPERATIONS

FINANCIAL YEAR ENDED DECEMBER 31, 2019

2. DIRECTORS' REPORT ON OPERATIONS

2.1. Introduction

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with an important position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial sector.

In the following sections, we illustrate the main aspects regarding the operations during the past financial year and the current economic and financial structure of the Group.

2.2. Organizational structure

As of December 31, 2019, the Issuer controls, also indirectly, the following companies:

- MutuiOnline S.p.A., Money360.it S.p.A, PrestitiOnline S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Segugio Servizi S.r.l., 7Pixel S.r.l., ShoppyDoo S.L.U. (a company with registered office in Spain), Klikkapromo S.r.l. and Innovazione Finanziaria SIM S.p.A.: companies operating in the market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators to retail consumers; together they represent the "**Broking Division**" of the Group;

- Centro Istruttorie S.p.A., Centro Finanziamenti S.p.A., Quinservizi S.p.A., CESAM S.r.l., Mikono S.r.l., Centro Processi Assicurativi S.r.l., EuroServizi per i Notai S.r.l., IN.SE.CO. S.r.l., MOL BPO S.r.l., Agenzia Italia S.p.A., 65Plus S.r.l., Eagle & Wise Service S.r.l., Eagle NPL Service S.r.l., Eagle Agency S.r.l., and Finprom S.r.l. (a company with registered office in Romania): companies operating in the Italian market for the provision of complex business process outsourcing services for the financial sector; together they represent the "**BPO** (i.e. Business Process Outsourcing) **Division**" of the Group;

- PP&E S.r.l.: offering real estate renting and support services to the other Italian subsidiaries of the Issuer.

All the above-mentioned companies are fully controlled by the Issuer, with the exception of EuroServizi per i Notai S.r.l. (controlled with a 60% stake), Agenzia Italia S.p.A. (controlled with a 50% stake), and Mikono S.r.l. (controlled with a 76% stake).

In addition, the Issuer owns 40% of the share capital of Generale Servizi Amministrativi S.r.l., 40% of the share capital of Zoorate S.r.l. through subsidiary 7Pixel S.r.l., 50% of the share capital of the joint venture PrestiPro S.r.l., 40% of the share capital of Generale Fiduciaria S.p.A. and 70% of the share capital of Fin.it S.r.l. through subsidiary Agenzia Italia S.p.A..

On January 9, 2019, the Group acquired, through its fully owned subsidiary Effelle Ricerche S.r.l., 100% of the ordinary share capital of Eagle & Wise Service S.r.l.., a leading company in real estate appraisal services and in real estate technical services for financial institutions, together with its fully owned subsidiaries Eagle NPL Service S.r.l. and Eagle Agency S.r.l. (the "**EW Group**"). The final consideration for the acquisition of the shareholding is equal to Euro 15.1 million, which includes Euro 2.2 million of net cash balance of EW Group as of December 31, 2018. The transaction led to the accounting recognition of software assets for Euro 6 million and goodwill for Euro 8,3 million.

Following the acquisition of EW Group, the Issuer identified a new Business Line within the BPO Division, named "**Real Estate Services BPO**", which includes all real estate appraisal services and technical real estate services for financial sector operators, which until the financial year ended December 31, 2018 were included in Mortgage BPO business line. For a better disclosure, Real Estate Services BPO revenues of the financial year ended December 31, 2018 are shown separately in this report to allow a fair comparison with the figure for the financial year ended December 31, 2019. On July 9, 2019, subsidiary Eagle & Wise Service S.r.l. incorporated, through a reverse merger, its parent company Effelle Ricerche S.r.l..

On January 22, 2019, the Issuer purchased, for an amount equal to Euro 1,448 thousand, a further 40.43% stake of 65Plus S.r.l., reaching 71.79% of the share capital. Following this transaction, the Issuer acquired control over 65Plus S.r.l., and therefore, starting from the acquisition date of the 40.43% stake, the company is consolidated on a line-by-line basis.

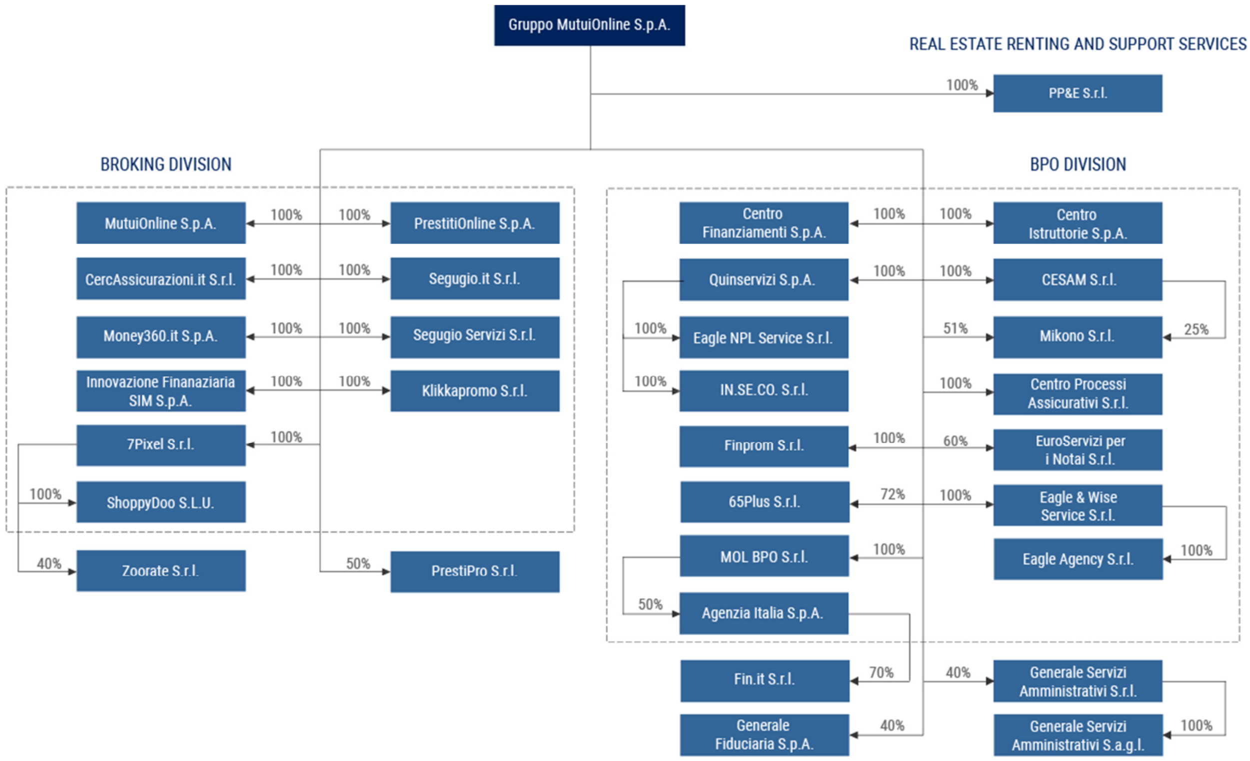
On July 10, 2019, the Issuer sold, to the shareholder which held the remaining stakes, a 10% stake of the share capital of Generale Servizi Amministrativi S.r.l., for an amount of Euro 80 thousand. As a result of this transaction, the shareholding held in the company drops to 40% of the share capital.

On July 15, 2019, the Issuer acquired 8.86% of the ordinary share capital of Generale Fiduciaria S.p.A., for an amount equal to Euro 80 thousand. Also on July 15, 2019, the Issuer subscribed a share capital increase of Generale Fiduciaria S.p.A., paying a total amount, including share premium, of Euro 319 thousand. Following these transactions, the Issuer, which previously held 10% of the ordinary share capital, currently owns a participation of 40% of the ordinary share capital of Generale Fiduciaria S.p.A..

On July 26, 2019, the Group, through subsidiary Centro Servizi Asset Management S.r.l., acquired 100% of the share capital of the company Due S.r.l., for a total amount of Euro 502 thousand, adjusted for the net financial position of the company at the acquisition date. The company operates in the sector of the creation and supply of software platforms for the investment services sector, and holds a 25% stake of the share capital of Mikono S.r.l.. As a result of this transaction, the Group currently owns a 76% stake of the share capital of Mikono S.r.l.. The transaction led to the accounting recognition of a goodwill for Euro 424 thousand. On November 25, 2019, subsidiary Centro Servizi Asset Management S.r.l. incorporated, through a merger, its subsidiary Due S.r.l..

Finally, it should be noted that, as part of the rationalization of the Group's structure, on October 30, 2019, the Issuer sold to Quinservizi S.p.A. the entire participation held in IN.SE.CO. S.r.l., for an amount equal to Euro 9,191 thousand, while subsidiary Eagle & Wise Service S.r.l. sold the entire participation held in Eagle NPL Service S.r.l. to Quinservizi S.p.A., for an amount equal to Euro 150 thousand. On November 6, 2019, the merger by incorporation of IN.SE.CO. S.r.l. and Eagle NPL Service S.r.l. in Quinservizi S.p.A. was started and it is not yet completed as of December 31, 2019.

Therefore, the consolidation area as of December 31, 2019 is the following:



Broking Division

Our Broking Division operates in the Italian market for loan distribution as a credit intermediary, in the market for insurance distribution as a broker, and in the market for the promotion of e-commerce operators. The activities carried out by our Broking Division are organized mainly into the following business lines, on the basis of the type of underlying product:

(a) **Mortgage Broking**: broking mortgage loans mainly through remote channels (www.mutuionline.it website) and through a network of agents in the field (Money360 Network);

(b) **Consumer Loan Broking**: broking consumer loans (prevalently personal loans) through remote channels (www.prestitionline.it website);

(c) **Insurance Broking**: broking insurance products, mainly motor third party liability and other motor insurance products through remote channels (www.cercassicurazioni.it website);

(d) **E-Commerce Price Comparison**: comparison and promotion of e-commerce operators (www.trovaprezzi.it website).

The activity of the Broking Division is also carried out under the "**Segugio.it**" brand (www.segugio.it website), which operates as a multibrand aggregator for insurance and credit products, mainly pushed by the television and online advertising focused on insurance products. Each section of the website is however managed by the product companies of the Group and the related revenues are reported within the above mentioned business lines.

The Broking Division also operates as an aggregator for further products, in particular bank accounts with the www.confrontaconti.it website and utilities (ADSL, electricity, gas) with the www.segugio.it website.

Besides, subsidiary Innovazione Finanziaria SIM S.p.A. – authorized to professionally perform placement services to the public without underwriting or warranties pursuant to article 1, comma 5, letter c-bis) of Legislative Decree no. 58 of February 24, 1998 - manages, by means of website www.fondionline.it, an on-line mutual fund supermarket.

BPO Division

Our BPO Division provides outsourcing services of core processes for banks, credit institutions, insurance companies and investment companies, with a high level of specialization in some reference verticals.

Our BPO services are structured along six separate business lines, on the basis of the type of services rendered and the type of underlying financial product:

(a) **Mortgage BPO**: provides remote loan sales and packaging and mortgage underwriting and closing services; this business line includes notary support services;

(b) **Real Estate Services BPO**: offers real estate appraisal services and technical real estate services for operators in the financial sector;

(c) **CQ Loan BPO**: provides application processing and portfolio management services for salary/pension guaranteed loans;

(d) **Insurance BPO**: provides management and claim settlement outsourcing services for non-motor insurance;

(e) **Investment services BPO**: provides complete operational service solutions and technology platforms to investment and management companies;

(f) **BPO Leasing/Rental**: provides administrative outsourcing services for leasing and long-term rental operators.

2.3. Information about the profitability of the Group

In the following paragraph we describe the main factors affecting the results of the operations of the Group for the year ended December 31, 2019. The income statement and the cash flow data for the year ended December 31, 2019 are taken from the consolidated annual report prepared according to the international accounting standards approved by the European Union and are compared with the same data for the year ended December 31, 2018.

The following table shows the consolidated income statements of the Group for the years ended December 31, 2019 and 2018, together with the percentage weight of each item on the Group revenues.

(euro thousand)	December 31, 2019	(a)	December 31, 2018	(a)	Change %
	Years ended on				
Revenues	219,935	100.0%	185,123	100.0%	18.8%
of which					
Broking Division	*86,788*	*39.5%*	*79,090*	*42.7%*	*9.7%*
BPO Division	*133,147*	*60.5%*	*106,033*	*57.3%*	*25.6%*
Other income	4,210	1.9%	4,079	2.2%	3.2%
Capitalization of internal costs	2,217	1.0%	1,090	0.6%	103.4%
Services costs	(85,939)	-39.1%	(70,156)	-37.9%	22.5%
Personnel costs	(68,654)	-31.2%	(59,915)	-32.4%	14.6%
Other operating costs	(7,753)	-3.5%	(5,944)	-3.2%	30.4%
Depreciation and amortization	(13,244)	-6.0%	(8,179)	-4.4%	61.9%
Operating income	**50,772**	**23.1%**	**46,098**	**24.9%**	**10.1%**
Financial income	2,099	1.0%	345	0.2%	508.4%
Financial expenses	(1,313)	-0.6%	(1,534)	-0.8%	-14.4%
Income/(losses) from participations	106	0.0%	(777)	-0.4%	N/A
Income/(losses) from financial assets/liabilities	509	0.2%	(1,774)	-1.0%	N/A
Net income before income tax expense	**52,173**	**23.7%**	**42,358**	**22.9%**	**23.2%**
Income tax expense	(11,528)	-5.2%	(8,004)	-4.3%	44.0%
Net income	**40,645**	**18.5%**	**34,354**	**18.6%**	**18.3%**

(a) *% of total revenues*

Revenues in the year ended December 31, 2019, are Euro 219,935 thousand, 18.8% higher than in the previous year. Please refer to paragraph 2.3.1 for the evolution of revenues by division and business line.

In the financial year ended December 31, 2019, services costs increase by 22.5% compared to the financial year ended December 31, 2018. This item mainly contains marketing costs, incurred above all for the further development and the consolidation of the "Segugio" brand as well as for the other brands of Broking Division, which increase by Euro 5,528 thousand in the financial year ended December 31, 2019, compared to the previous year, costs for notarial and valuation services, which increase compared to the previous year, due to the growth of operating activities, and costs for technical, legal and administrative consultancy.

Personnel costs increase by 14.6% compared to the financial year ended December 31, 2018, mainly due to the enlargement of the consolidation area.

The following table provides information about the average headcount for the financial years ended December 31, 2019 and 2018:

	Years ended December 31, 2019	Years ended December 31, 2018
Managers	26	18
Supervisors	55	49
Employees	1,763	1,694
Average headcount	**1,844**	**1,761**
Headcount in Italy	1,442	1,356
Headcount in Romania	402	405

Other operating costs increase, compared to the financial year ended December 31, 2018, mainly due to the growth of non-deductible VAT costs.

Depreciation and amortization increase by 61.9% in the financial year ended December 31, 2019 compared to the previous financial year, mainly due to the amortization of intangible assets emerging following the conclusion of the purchase price allocation process of the price paid for the acquisition of EW Group, represented by its software platform for an amount equal to Euro 6,000 thousand, and to the full contribution of the amortization of the intangible assets of Agenzia Italia S.p.A., included in the consolidation area starting from April 1, 2018, and to the adoption of the new IFRS 16 standard.

Financial income for the financial year ended December 31, 2019, shows a positive balance, mainly due to the dividend received from Cerved Group S.p.A. for Euro 1,865 thousand, and the income deriving from the evaluation of financial liabilities for Euro 984 thousand, composed by the income deriving from the recalculation of the liability related to the earn out for the acquisition of the remaining 50% of Agenzia Italia S.p.A. for Euro 3,107 thousand, partially offset by losses for Euro 2,123 thousand deriving from the recalculation of the estimated liability for the future acquisition of the residual 60% stake in Zoorate S.r.l. and by the interest expense on the outstanding loans in the period, equal to Euro 810 thousand.

Finally, it is worth pointing out that the effective tax rate on taxable income increases compared to the previous financial year, passing from 18,9% to 22.1%. The increase compared to the previous financial year is mainly attributable to the lower impact of the reduced taxation regime of the incomes deriving from the utilization of intangible assets by some Group companies (so called "**Patent Box**").

2.3.1. Revenues

The table below provides a breakdown of our revenues by division and business line, for the years ended December 31, 2019 and 2018.

	Years ended on				
(euro thousand)	December 31, 2019	(a)	December 31, 2018	(a)	Change %
Mortgage Broking	39,072	17.8%	36,832	19.9%	6.1%
Consumer Loan Broking Business	5,524	2.5%	6,523	3.5%	-15.3%
Insurance Broking	16,126	7.3%	14,469	7.8%	11.5%
E-Commerce Price Comparison	23,778	10.8%	18,887	10.2%	25.9%
Other revenues of Broking Division	2,288	1.0%	2,379	1.3%	-3.8%
Total revenues of the Broking Division	**86,788**	**39.5%**	**79,090**	**42.7%**	**9.7%**
Mortgage BPO	46,459	21.1%	42,862	23.2%	8.4%
Real Estate Services BPO	16,841	7.7%	4,620	2.5%	264.5%
CQ Loan BPO	18,650	8.5%	18,336	9.9%	1.7%
Insurance BPO	8,537	3.9%	9,764	5.3%	-12.6%
Investment Services BPO	9,572	4.4%	8,171	4.4%	17.1%
BPO Leasing/Rental	32,090	14.6%	21,830	11.8%	47.0%
Other revenues of BPO Division	998	0.5%	450	0.2%	121.8%
Total revenues of the BPO Division	**133,147**	**60.5%**	**106,033**	**57.3%**	**25.6%**
Total revenues	**219,935**	**100.0%**	**185,123**	**100.0%**	**18.8%**

(a) *Percentage of total revenues.*

Broking Division

In the financial year ended December 31, 2019, revenues of the Broking Division increase by 9.7%, passing from Euro 79,090 thousand in the financial year ended December 31, 2018 to Euro 86,788 thousand in the financial year ended December 31, 2019.

Mortgage Broking

Mortgage Broking revenues go from Euro 36,832 thousand in 2018 to Euro 39,072 thousand in 2019 (+6.1%) due to an increase of brokered mortgage flows compared to the previous financial year.

Consumer Loan Broking

Consumer Loan Broking revenues go from Euro 6,523 thousand in the year ended December 31, 2018 to Euro 5,524 thousand in the year ended December 31, 2018, decreasing by 15.3% compared to the previous financial year, as a result of the drop of the volumes brokered, due to the lower competitiveness of the product panel.

Insurance Broking

Insurance Broking revenues grow from Euro 14,469 thousand in the financial year ended December 31, 2018 to Euro 16,126 thousand in the financial year ended December 31, 2019 (+11.5%), as a result of the increase of the number of policies brokered.

E-Commerce Price Comparison

E-Commerce Price Comparison revenues go from Euro 18,887 thousand in the financial year ended December 31, 2018 to Euro 23,778 thousand in the financial year ended December 31, 2019

(+25.9%). The growth of revenues is mainly due to the significant year on year increase of paid traffic and marketing expenses, in the face of another drop in organic traffic from the Google search engine.

BPO Division

Revenues of the BPO Division increase, going from Euro 106,033 thousand in the financial year 2018 to Euro 133,147 thousand in the financial year 2019 (+25.6%).

Mortgage BPO

Mortgage BPO revenues go from Euro 42,862 thousand in the financial year ended December 31, 2018 to Euro 46,459 thousand in the financial year ended December 31, 2019 (+8.4%). Such result is the effect of a recovery of activity volumes in the last quarter of 2019.

Real Estate Services BPO

Real Estate Services BPO revenues go from Euro 4,620 thousand in the financial year ended December 31, 2018 to Euro 16,841 thousand in the financial year ended December 31, 2019. The increase is mainly due to the contribution of the EW Group, whose results are consolidated starting from January 1, 2019.

CQ Loan BPO

CQ Loan BPO revenues go from Euro 18,336 thousand in the financial year ended December 31, 2018 to Euro 18,650 thousand in the financial year ended December 31, 2019 (+1.7%).

Insurance BPO

Insurance BPO revenues go from Euro 9,764 thousand in the financial year ended December 31, 2018 to Euro 8,537 thousand in the financial year ended December 31, 2019 (-12.6%). Such decrease is mainly attributable to the lower revenues related to the credit collection activities performed on behalf of insurance companies, as a result of the one-off effect on revenues in the financial year ended December 31, 2018, deriving from the initial estimation of the implicit financial impact of those transactions for which the timing of credit collections is deferred when compared to the effective performance of the service.

Investment Services BPO

Investment Services BPO records a revenue increase of 17.1%, passing from Euro 8,171 thousand during the financial year ended December 31, 2018 to Euro 9,572 thousand during the financial year ended December 31, 2019.

Leasing/Rental BPO

Leasing/Rental BPO revenues go from Euro 21,830 thousand in the financial year ended December 31, 2018 to Euro 32,090 thousand in the financial year ended December 31, 2019 (+47.0%). Such increase is due to the full contribution of r Agenzia Italia S.p.A., included in the consolidation area starting from April 1, 2018.

2.3.2. Operating income (EBIT)

Operating income (EBIT) increases from Euro 46,098 thousand in the financial year ended December 31, 2018 to Euro 50,772 thousand in the financial year ended December 31, 2019 (+10.1%) as detailed in the following table.

	Years ended on				
(euro thousand)	**December 31, 2019**	**(a)**	**December 31, 2018**	**(a)**	**Change %**
Operating income	50,772	23.1%	46,098	24.9%	10.1%
of which					
Broking Division	*26,581*	*30.6%*	*23,516*	*29.7%*	*13.0%*
BPO Division	*24,191*	*18.2%*	*22,582*	*21.3%*	*7.1%*

(a) *Percentage of total revenues, if appropriate by Division (operating margin).*

The operating income margin in the financial year ended December 31, 2019 is 23.1% of revenues, slightly down if compared to the operating income margin in the financial year ended December 31, 2018. Such result is the combined effect of the increased operating income margin of the Broking Division, going from 29.7% in 2018 to 30.6% in 2019, and the decreased operating income margin of the BPO Division, going from 21.3% in 2018 to 18.2% in 2019, mainly attributable to the negative contribution of the amortization, for Euro 2,000 thousand, of the higher value attributed to the software of Eagle & Wise Service S.r.l..

2.3.3. EBITDA

EBITDA is calculated as net income before income tax expense, net financial income/(expenses), and depreciation and amortization.

The following table presents a reconciliation between net income and EBITDA for the financial years ended December 31, 2019 and 2018:

	Years ended on			
(euro thousand)	**December 31, 2019**	**December 31, 2018**	**Change**	**%**
Net income	40,645	34,354	6,291	18.3%
Income tax expense	11,528	8,004	3,524	44.0%
Income/(losses) from financial assets/liabilities	(509)	1,774	(2,283)	-128.7%
Income/(losses) from participations	(106)	777	(883)	-113.6%
Financial expenses	1,313	1,534	(221)	-14.4%
Financial income	(2,099)	(345)	(1,754)	-508.4%
Depreciation and amortization	13,244	8,179	5,065	61.9%
EBITDA	**64,016**	**54,277**	**9,739**	**17.9%**

EBITDA increases in the financial year ended December 31, 2019, passing from Euro 54,277 thousand in 2018 to Euro 64,016 thousand in 2018 (+17.9%).

The table below provides a breakdown of EBITDA by division, for the years ended December 31, 2019 and 2018:

(euro thousand)	Years ended on December 31, 2019	(a)	December 31, 2018	(a)	Change %
EBITDA	64,016	29.1%	54,277	29.3%	17.9%
of which					
Broking Division	*30,605*	*35.3%*	*27,766*	*35.1%*	*10.2%*
BPO Division	*33,411*	*25.1%*	*26,511*	*25.0%*	*26.0%*

EBITDA in the financial year ended December 31, 2019 is 29.1% of revenues, in line compared to 29.3% of financial year ended December 31, 2018. Please consider that EBITDA in financial year ended December 31, 2019 benefits from the positive effect deriving from the adoption of the new IFRS 16 standard, for Euro 2,285 thousand, of which Euro 216 thousand attributable to Broking Division, and Euro 2,069 thousand attributable to BPO Division.

2.3.4. Net income

Net income increases in the financial year ended December 31, 2019, passing from Euro 34,354 thousand in 2018 to Euro 40,645 thousand in 2019 (+18.3%).

2.4. Information about the financial resources of the Group

The following table presents the net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2019 and 2018.

(euro thousand)	As of December 31, 2019	December 31, 2018	Change	%
A. Cash and cash equivalents	34,654	67,876	(33,222)	-48.9%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	2,184	3,395	(1,211)	-35.7%
D. Liquidity (A) + (B) + (C)	**36,838**	**71,271**	**(34,433)**	**-48.3%**
E. Current financial receivables	**918**	**1,379**	**(461)**	**N/A**
F. Bank borrowings	(13,589)	(813)	(12,776)	1571.5%
G. Current portion of long-term borrowings	(13,003)	(56,572)	43,569	-77.0%
H. Other short-term borrowings	(2,575)	(1,197)	(1,378)	115.1%
I. Current indebtedness (F) + (G) + (H)	**(29,167)**	**(58,582)**	**29,415**	**-50.2%**
J. Net current financial position (I) + (E) + (D)	**8,589**	**14,068**	**(5,479)**	**-38.9%**
K. Non-current portion of long-term bank borrowings	(67,561)	(37,220)	(30,341)	81.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	(41,089)	(38,418)	(2,671)	7.0%
N. Non-current indebtedness (K) + (L) + (M)	**(108,650)**	**(75,638)**	**(33,012)**	**43.6%**
O. Net financial position (J) + (N)	**(100,061)**	**(61,570)**	**(38,491)**	**62.5%**

The net financial position as of December 31, 2019 shows a negative cash balance of Euro 100,061 thousand.

For a description of the evolution of cash flows in the financial year ended December 31, 2019, please refer to the following paragraph 2.4.2.

2.4.1. Current and non-current indebtedness

Current and non-current indebtedness as of December 31, 2019 and 2018 is summarized in the following table.

(euro thousand)	As of December 31, 2019	December 31, 2018	Change	%
Other current bank borrowings				
Less than 1 year	(1,589)	(813)	(776)	95.4%
Bank borrowings:				
Less than 1 year	(25,003)	(56,572)	31,569	-55.8%
1 - 5 years	(61,218)	(22,300)	(38,918)	174.5%
More than 5 years	(6,343)	(14,920)	8,577	-57.5%
Other current financial liabilities				
Estimated liability put/call option 65Plus S.r.l.	-	(1,197)	1,197	-100.0%
Current leasing liabilities	(2,575)	-	(2,575)	N/A
Other non current financial liabilities				
Estimated liability put/call option Agenzia Italia S.p.A.	(35,311)	(38,418)	3,107	-8.1%
Non current leasing liabilities	(5,778)	-	(5,778)	N/A
Total financial indebtedness	**(137,817)**	**(134,220)**	**452**	**-0.3%**

Long and medium-term bank borrowings

Long and medium-term bank borrowings as of December 31, 2019 are summarized in the following table:

(euro thousand)	As of December 31, 2019 Less than 1 year	1 - 5 years	More than 5 years	TOTAL
Intesa SanPaolo S.p.A.	5,523	37,009	-	42,532
Crédit Agricole Cariparma S.p.A.	2,086	8,343	6,343	16,772
Banca Popolare di Milano S.p.A.	3,988	14,731	-	18,719
BCC Iccrea	1,154	881	-	2,035
Banca della Marca	252	254	-	506
Bank borrowings	**13,003**	**61,218**	**6,343**	**80,564**

It is worth pointing out that on January 30, 2018 the Issuer signed a loan agreement with Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.) for a total amount equal to Euro 50,000 thousand, paid in two tranches respectively on January 30, 2018 and February 28, 2018. The loan agreement provides quarterly reimbursements starting from March 31, 2019 until December 31, 2023, at a yearly fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

On June 28, 2018 the Issuer signed a loan agreement with Crédit Agricole Cariparma S.p.A., for an amount equal to Euro 20,000 thousand, with expiration date June 30, 2025, paid in two tranches on

June 28, 2018 and July 4, 2018. The interest rate on this loan is equal to 3-month Euribor increased by a spread equal to 0.90% and is subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

On September 27, 2018 the Issuer signed a loan agreement with Banca Popolare di Milano S.p.A., for an amount equal to Euro 20,000 thousand, with expiration date December 31, 2024, composed by two separated credit lines, the first one of Euro 15,000 thousand, with an interest rate equal to 6-month Euribor increased by 1.10%, subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA, and the second one of Euro 5,000 thousand, to be entirely reimbursed at the loan expiration date, with an interest rate equal to 6-month Euribor increased by 1.30%, also subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

In addition, through the acquisition of Agenzia Italia S.p.A., the Group acquired various short and medium-term loans, with different interest rates and reimbursement plans, which as of December 31, 2019 show a residual amount equal to Euro 2,542 thousand. We point out that the non-current portion of such loans is equal to Euro 1,135 thousand.

Short-term bank borrowings

Short-term bank borrowings refer to the loan signed by the Issuer with Credito Emiliano S.p.A., for an amount equal to Euro 12,000 thousand, with expiration date June 25, 2020, with an interest rate equal to 0.15%, and to the liabilities related to the short-term credit lines used by Agenzia Italia S.p.A., for an amount equal to Euro 1,589 thousand as of December 31, 2019.

Other non-current financial liabilities

Other non-current financial liabilities consist in the estimated financial liability for the exercise of the put/call option for the residual 50% stake of Agenzia Italia S.p.A., and in the leasing liabilities deriving from the adoption of the new IFRS 16 standard.

Other current financial liabilities

Other current financial liabilities consist in the current portion of the leasing liabilities deriving from the adoption of the new IFRS 16 standard.

2.4.2. Cash flow analysis

In this paragraph we present an analysis of the consolidated cash flows of the Group for the financial years ended December 31, 2019 and 2018.

The following table shows a summary of the consolidated statements of cash flows for the financial years ended December 31, 2019 and 2018.

(euro thousand)	Years ended December 31, 2019	December 31, 2018	Change	%
A. Cash Flow from operating activities before changes in net working capital	52,806	47,917	4,889	10.2%
B. Changes in net working capital	(11,214)	(7,956)	(3,258)	-41.0%
C. Net cash generated by operating activities (A) + (B)	**41,592**	**39,961**	**1,631**	**4.1%**
D. Net cash generated/(absorbed) by investing activities	**(54,788)**	**(51,117)**	**(3,671)**	**-7.2%**
E. Net cash generated/(absorbed) by financing activities	**(20,801)**	**1,653**	**(22,454)**	**-1,358.4%**
Net increase/(decrease) in cash and cash equivalents (C) + (D) + (E)	**(33,997)**	**(9,503)**	**(24,494)**	**-257.8%**

In the financial year ended December 31, 2019 the Group absorbed liquidity for an amount equal to Euro 33,997 thousand, versus an amount of absorbed liquidity equal to Euro 9,503 thousand during the financial year ended December 31, 2018. This variation is attributable to the cash flow absorbed by investment activities, partially offset by the growth of the cash flow generated by operating activities.

Cash flow generated by operating activities

Operating activities show a growth of cash generation, going from Euro 39,961 thousand in the financial year ended December 31, 2018 to Euro 41,592 thousand in the financial year ended December 31, 2019.

Such growth is attributable to the change in the liquidity generated by operating activities, partially offset by the change in net working capital. For the analysis of the liquidity generated by changes in working capital please refer to paragraph 2.4.3.

Cash flow absorbed by investing activities

Investing activities absorbed cash for Euro 54,788 thousand in the financial year ended December 31, 2019 and for Euro 51,117 thousand in the financial year ended December 31, 2018. The cash absorbed is mainly linked to the acquisition of EW Group for Euro 12,936 thousand, and the purchase of shares of Cerved Group S.p.A., for Euro 38,116 thousand.

Cash flow generated by financing activities

Financing activities absorbed cash for Euro 20,801 thousand in the financial year ended December 31, 2019, compared to a cash generation of Euro 1,653 thousand in the financial year ended December 31, 2018.

The cash flows absorbed during the financial year ended December 31, 2019 are mainly due to the payment of dividends for Euro 12,292 thousand, the purchases and disposals of own shares for a net amount equal to 5,192 thousand, the reimbursement of outstanding loans for an amount equal to Euro 13,311 thousand, partially offset by the subscription of a short-term loan with Credito Emiliano S.p.A. for an amount equal to Euro 12,000 thousand.

2.4.3. Composition and changes in net working capital

The following table presents the breakdown of the components of net working capital as of December 31, 2019 and 2018.

(euro thousand)	As of December 31, 2019	December 31, 2018	Change	%
Trade receivables	95,370	75,155	20,215	26.9%
Other current assets and tax receivables	9,109	9,193	(84)	-0.9%
Trade and other payables	(28,113)	(24,698)	(3,415)	13.8%
Tax payables	(4,099)	(2,721)	(1,378)	50.6%
Other current liabilities	(24,254)	(20,130)	(4,124)	20.5%
Net working capital	**48,013**	**36,799**	**11,214**	**30.5%**

Net working capital records an increase equal to Euro 11,214 thousand in the financial year ended December 31, 2019.

Such trend is mainly related to the increase of trade receivables, due to the growth of operating activity and to the trade receivables acquired with the entry EW Group in the consolidation area for Euro 3,155 thousand, partially offset by the increase of trade and other payables, also linked to the growth of operating activity and to the payables acquired with the purchase of EW Group for Euro 1,860 thousand, and by the increase of other current liabilities, partially due to the redetermination of the estimated liability for the future acquisition of the residual 60% of Zoorate S.r.l..

2.5. Table of reconciliation of the consolidated net income and equity with the Issuer's data

(euro thousand)	Net income for the year ended December 31, 2019	Shareholders' equity as of December 31, 2019	Net income for the year ended December 31, 2018	Shareholders' equity as of December 31, 2018
Net income and shareholders' equity of the Issuer	**2,016**	**41,999**	**71,556**	**48,230**
Net income and shareholders' equity of the subsidiaries	48,379	189,122	45,736	145,594
Consolidation adjustements				
Elimination of the value of investment in subsidiaries	-	(142,027)	-	(125,018)
Elimination of the dividends from associated companies	(7,264)	-	(80,447)	-
Participation measured with equity method	44	202	168	161
Other consolidation adjustments	(2,530)	24,902	(2,659)	13,979
Consolidated net income and shareholders' equity	**40,645**	**114,198**	**34,354**	**82,946**

Among "Other consolidation adjustments" we also include, for Euro 8,362 thousand, the higher values deriving from the goodwill recognized at the first consolidation of the purchased participations, mainly in 7Pixel S.r.l., Quinservizi S.p.A., Centro Processi Assicurativi S.r.l., INSECO S.r.l., EuroServizi per i Notai S.r.l., Agenzia Italia S.p.A., and Eagle & Wise Service S.r.l..

2.6. Research and development

Within the Group, several development teams regularly work with the objective of improving and enhancing the IT systems and the software platforms used to supply its services to consumers, lenders and insurance companies.

The capitalized costs related to software development in the financial year ended on December 31, 2019 amount to Euro 2,218 thousand (Euro 1,090 thousand in 2018). During the financial year ended December 31, 2019, the Group significantly increased the resources dedicated to development activities, resulting in an increase in capitalized costs compared to financial year ended December 31, 2018.

The proprietary software platforms represent the core of the operations of the companies of the Group in both Divisions and must be continuously expanded and developed to improve their commercial effectiveness, incorporate legislative changes, manage new kinds of products, simplify processes, increase efficiency, improve consulting ability, increase operators' productivity, adapt to the increasingly sophisticated requirements of our client financial institutions, and ensure data protection and security.

2.7. Own shares

On April 29, 2019, the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 24, 2018 and authorized the purchase of own shares within the limits of retained earnings and distributable reserves from the last approved statutory financial statements of the Issuer and for a period of 18 months, and for a maximum of 20% of ordinary share capital, with the following purposes:

i. for activities in support of market liquidity;

ii. for the possible use of shares as compensation in extraordinary transactions, including exchanges of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and Equita SIM S.p.A., for its role as specialist on the stock market;

v. for an efficient investment of the liquidity of the Group.

During the year ended December 31, 2019 the Issuer purchased 383,957 own shares equal to 0.960% of ordinary share capital. During the same period following the exercise of vested stock options held by some employees of the Group, the Issuer sold 213,000 own shares equal to 0.533% of ordinary share capital.

Therefore, as of December 31, 2019 the Issuer holds 2,460,433 own shares, equal to 6.151% of ordinary share capital, for a total cost equal to Euro 17,643 thousand. At the same date, the subsidiaries of the Group do not hold any shares of the Issuer.

During the first months of 2020, the Issuer purchased 33,652 own shares equal to 0.084% of ordinary share capital, and the Issuer sold, following the exercise of vested stock options held by some employees of the Group, 79,000 own shares, equal to 0.198% of ordinary share capital. During the same period, no shares of the Issuer were purchased by the other companies of the Group.

As of the approval of this report, therefore, the Issuer holds a total of 2,415,085 own shares, equal to 6.038% of ordinary share capital, for a total cost equal to Euro 16,925 thousand, equal to Euro 7.01 per share. At the same date, the subsidiaries of the Group do not hold any shares of the Issuer.

2.8. Report on corporate governance

For the report on corporate governance and on the adhesion to the codes of conduct, please refer to the report approved by the Board of Directors on March 13, 2020 and attached to this document.

2.9. Non-financial report ex Legislative Decree n. 254/2016

The Issuer, in compliance with article 5 comma 3, letter b, of the Legislative Decree n. 254/2016, prepared the non-financial consolidated report which represents a separate report. The non-financial consolidated report 2019, prepared according to the option "In accordance – Core" of the "GRI Standards", is available on the Internet site of the Group.

2.10. Shareholdings of the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the participations in the ordinary share capital of the Issuer held by the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2019.

Name	Office	Shares held as of December 31, 2018	Shares purchased	Shares sold	Shares held as of December 31, 2019	Possession title	Way of possession
Marco Pescarmona	Chairman	140,000	88,000	43,000	185,000	P	D / I *
Alessandro Fracassi	Executive director	140,000	88,000	33,520	194,480	P	D
Anna Maria Artoni	Director	-	-	-	-	-	-
Fausto Boni	Director	133,952	50,000	-	183,952	P	D / I **
Chiara Burberi	Director	-	-	-	-	-	-
Matteo De Brabant	Director	-	-	-	-	-	-
Klaus Gummerer	Director	-	-	-	-	-	-
Valeria Lattuada	Director	-	-	-	-	-	-
Marco Zampetti	Director	15,000	-	-	15,000	P	D
Alessio Santarelli	General Manager with strategic responsabilities	-	-	-	-	-	-
Stefano Gnocchi	Chairman of Stat. Aud.	-	-	-	-	P	D
Paolo Burlando	Statutory auditor	7,000	-	-	7,000	P	D
Francesca Masotti	Statutory auditor	4,200	2,885	-	7,085	P	D

Legend:
P: Property
D: Direct possession
I: Indirect possession
** The shares directly owned are equal to n. 45,000, the shares indirectly owned, through Guderian S.p.A., are equal to n. 140,000*
*** The shares directly owned are equal to a n. 133.952, the shares indirectly owned, through Nomen Fiduciaria S.p.A., are equal to n. 50,000.*

Besides, it is worth pointing out that Marco Pescarmona holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.) and that Alma Venture S.A., as of December 31, 2018, holds 12,841,070 shares of the Issuer, equal to 32.10% of the ordinary share capital, none of which were purchased during the year ended December 31, 2018.

2.11. Evolution of the Italian residential mortgage market

In the last few months of 2019 there was a significant recovery of mortgage demand, powered by an unexpected drop of long-term interest rates and a recovery of real estate transactions. Market conditions remained favorable also in January and February 2020.

Data from Assofin, an association representing the main banks active in the sector, indicate a 9.2% drop in gross originations for 2019, as a result of a 5.9% drop in purchase mortgage originations and an 18.0% drop in other mortgages (mainly remortgages) originations; after October 2019, still decreasing year on year (-11.7%), there was a favorable reversal of the trend in November (+14.7%) and December 2019 (+13.5%) and in January 2020 (+22.8%). Data from CRIF, the company that manages the main credit information system in Italy, show a significant year-on-year growth in database queries for residential mortgage applications in recent months, equal to 26.2% in December 2019, 32.0% in January and 32.6% in February 2020.

The explosive and unforeseen development of a Covid-19 epidemic in Italy, started in mid-February but in response to which adequate containment measures have only been put in place since 8 March, has the potential to provoke significant adverse shocks to the residential mortgage market, both in terms of a drop in demand for real estate and related mortgages, and potential operational impediments to the closure of sales and loans caused by the lockdown measures in place. In the absence of timely and massive coordinated fiscal and monetary interventions at international level, the current pandemic risks causing a deep global financial crisis, with lasting impacts on businesses and consumers. Therefore, at this point in time, it is legitimate to assume a significant worsening of the residential mortgage market conditions in the coming months, which may or may not be followed by a recovery depending on the long-term financial consequences of the current health crisis.

2.12. Foreseeable evolution

Despite the favourable overall performance of both Divisions in recent months, the rapid spread of the Covid-19 epidemic in Italy and the rest of the world makes it very difficult to provide a reliable outlook for the rest of the financial year.

In any case, the Group has acted quickly, starting from February 16, to be able to ensure operational continuity even in the most adverse scenarios. In particular, laptop computers and network infrastructure are already in place to enable, if required, almost all the employees of the Group to work remotely.

The Group has also been active to further strengthen its liquidity position, which we already consider sound, both to be able to face extremely adverse scenarios and - more importantly - to be ready to exploit potential opportunities that could arise.
Looking past the emergency, we confirm to the shareholders of the Group the strength of our different businesses in a medium-long term perspective, and the lasting competitive advantages behind the growth and profitability of the last years

2.12.1. Broking Division

The Broking Division closed the 2019 financial year with a fourth quarter characterized by significant revenue growth, in particular thanks to a sudden acceleration of Mortgage Broking in a context of very low interest rates, as well as continued growth of Insurance Broking and E-Commerce Price Comparison; only the Loan Broking business lines is moving backwards.

The performance of the business in the first two months of 2020 continues to be quite favorable overall, in continuity with the trend of the last quarter of the previous year.

However, the unexpected development of the Covid-19 epidemic and the measures implemented in Italy to contain it, make it difficult to make forecasts for the future evolution of the Broking Division, especially in the presence of strong demand shocks. The exceptionally low level of interest rates and the foreseeable increase in the penetration of the online channel in a context of restrictions on the movement of persons remain favorable aspects for the business.

2.12.2. BPO Division

The performance of the BPO Division in 2019 is in line with management expectations, as communicated over time, with a double-digit percentage increase in revenues, compared to the previous year, also net of the effect of the different period of consolidation of the results of Agenzia Italia S.p.A between 2018 and 2019. All the business lines, with the exception of Insurance BPO, have experienced revenue growth, and in the last quarter of 2019 we highlight the positive performance of Mortgage BPO thanks to the recovery of the underlying market. In financial year 2019, operating margins decreased, in percentage terms, essentially due to the impact of the depreciation of intangible assets, linked to the acquisitions made; net of amortization and depreciation, operating margins are in fact slightly up year on year.

The first two months of 2020 saw a continuation of the positive performance of the end of 2019. It should be noted that, during 2020, the marginality of Leasing/Rental BPO will be impacted, with uncertain timing and with a temporary one-off effect, by the costs for the introduction of the new Single Circulation Document, mandated by regulations. It should also be understood that the development of the Covid-19 epidemic could cause during 2020 a significant decline in demand in some areas of activity of the BPO Division.

2.13. Other information

2.13.1. Offices

The registered offices of the Issuer and of the Italian subsidiaries are located in Via F. Casati, 1/A, Milan, except for Agenzia Italia S.p.A., whose registered office is located in Via V. Alfieri 1, in Conegliano (TV).

The registered and operating offices of Finprom S.r.l. are in Str. Cocorilor n. 24/A., Arad, Romania.

The administrative offices of the Group are located at via Desenzano 2, Milan, except for 7Pixel S.r.l., whose administrative office is at Via Lanzoni, 13, Giussago (PV), and Agenzia Italia S.p.A., whose administrative office is at Via Venezia 13, in San Vendemiano (TV).

The following table shows the main operating offices of the Group as of December 31, 2019:

Address	City
Via Desenzano, 2	Milan
Viale Sarca, 222	Milan
Via Igola snc	Cagliari
SS 131 - KM 17,100	Monastir (CA)
Via Romolo Ossani, 14	Faenza (RA)
Via Romolo Ossani, 30	Faenza (RA)
Via Lanzoni, 13	Giussago (PV)
Via Dazio Vecchio, 7	Varese
Via Alfieri, 1	Conegliano (TV)
Via Venezia, 13	San Vendemiano (TV)
Via De Marini, 53	Genoa

2.13.2. Relations with related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Relations with related parties are mainly relations with the companies of the Group.

In particular, the main items refer to receivables of the Issuer with some of its subsidiaries derived from the adhesion to the tax consolidation regime for Euro 4,349 thousand, and receivables of the remaining subsidiaries with the Issuer derived from the adhesion to the tax consolidation regime for a total amount equal to Euro 1,359 thousand.

Concerning the main commercial relationships among companies of the Group, they are mainly represented by services, provided at arm's length. In particular, we highlight:

- revenues for advertising services provided by subsidiary Segugio.it S.r.l. for a total amount equal to Euro 15,200 thousand;
- revenues for rent and office residence services, related to the operating offices in Cagliari and Monastir, and the administrative and operating offices in via Desenzano 2, Milan, provided by subsidiary PP&E S.r.l. to other companies of the Group, for a total amount equal to Euro 2,570 thousand;
- revenues for outsourcing services provided by subsidiary Finprom S.r.l. to other companies of the Group, for a total amount equal to Euro 5,741 thousand.

As of December 31, 2019, in the face of the different commercial relationships among the companies of the Group, there are trade receivables/payables among the different companies of the Group for a total amount of Euro 8,475 thousand.

During the financial year ended December 31, 2019:

- subsidiary MutuiOnline S.p.A. resolved dividends to the Issuer for an amount of Euro 5,000 thousand;
- subsidiary Innovazione Finanziaria SIM S.p.A. resolved and paid dividends to the Issuer for an amount of Euro 1,264 thousand;

- associated company Generale Servizi Amministrativi S.r.l. resolved and paid dividends to the Issuer for an amount of Euro 100 thousand;

- the Issuer sold to Quinservizi S.p.A. the entire participation held in IN.SE.CO. S.r.l. for Euro 9,191 thousand, while the subsidiary Eagle & Wise Service S.r.l. sold to Quinservizi S.p.A. the entire participation held in Eagle NPL Service S.r.l., for Euro 150 thousand.

Moreover, it is worth pointing out that in the financial year ended December 31, 2019, service costs include Euro 2,082 thousand related to.IT services and software rental and Euro 71 thousand related to revenues and other income from the associated company Fin.it S.r.l..

As of December 31, 2019, there are trade receivables of Euro 34 thousand, trade and other payables of Euro 358 thousand, of which Euro 332 thousand towards the associated company Fin.it S.r.l., and other current assets of Euro 918 thousand from the associated company Fin.it S.r.l., with reference to the cash pooling with Agenzia Italia S.p.A..

2.13.3. Risk management

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the bank loan from Crédit Agricole Cariparma S.p.A., signed on June 28, 2018, is equal to 3-month Euribor increased by 0.90%, and it is subject to change during the length of the contract based on the change of the ratio between Net Financial Indebtedness and EBITDA.

The interest rate on the bank loan from Banca Popolare di Milano S.p.A., signed on September 27, 2018, is equal to 6-month Euribor increased by 1.10% on the amortizing credit line equal to Euro 15,000 thousand and by 1.30% on the bullet credit line equal to Euro 5,000 thousand. Moreover, the interest rate is subject to a change during the length of the contract based on the change of the ratio between Net Financial Indebtedness and EBITDA.

In addition, through the acquisition of Agenzia Italia S.p.A., the Group acquired various short and medium-term loans, with different interest rates and reimbursement plans, which as of December 31, 2019 show a residual amount equal to Euro 2,542 thousand.

A possible unfavorable variation of the Euribor, equal to 1.0%, should produce an additional overall expense for the Group equal to Euro 359 thousand in 2020. It is worth pointing out that such variation of interest rates would be partially compensated by the favorable impact on available liquidity.

The bank loan from Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.), signed during the current financial year, is instead at a fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk and/or promptly disposable financial assets.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 95,370 thousand, of which the overdue portion as of December 31, 2019 is equal to Euro 20,933 thousand, of which Euro 3,729 thousand is overdue for over 90 days.

Most of the gross overdue receivables were paid by the clients during the first months of 2020. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2019, amount to Euro 7,243 thousand, of which Euro 3,236 thousand are receivables already overdue for over 90 days as of December 31, 2019.

Trade receivables are mainly from banks and other financial institutions, insurance companies, leasing/rental companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 4,060 thousand.

The Group monitors counterparty risk by analyzing the solvency and standing of customers before entering into business relations with them and trying to limit an excessively high concentration of receivables from a few counterparties.

For this purpose, it is worth mentioning that we do not notice any significant concentration of revenues on any client: in 2019 the revenues from the main client of the Group represent 7.0% of total consolidated revenues.

Liquidity risk

Liquidity risk represents the risk that a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2019 is Euro 34,654 thousand, and, in the light of the value of the net working capital as of December 31, 2019, the management believes that liquidity risk for the Group is limited.

We also inform you that, also in order to further strengthen the liquidity position of the Group, between January 1, 2020 and the date of approval of this report, n. 1,496,950 Cerved Group S.p.A. shares were sold for a total consideration of Euro 13,162 thousand.

Risk linked to Covid-19 Epidemic

This scenario, which has already been examined, is having significant impacts on the economy, financial markets and consumer confidence in Italy and worldwide.

The Group has taken prompt action, also on the basis of directives issued by the Government, to stem the possible impacts of the health threat posed by the above for its employees, and has equipped its personnel with all the necessary tools to continue working remotely and safely.

As of the date of approval of this report, it is not possible to predict the duration of this situation and therefore assess its economic and financial impact on the results for the year 2020. Overall, we believe that the business lines that could be most affected by the continuation of the current emergency situation are, within the Broking Division, those related to the credit origination (Mortgage Broking and Consumer Loan Broking), while, within the BPO Division, those related to mortgage originations (Mortgage BPO and Real Estate Services BPO) and new vehicle registrations (Leasing/Rental BPO).

It should be noted, anyway, that:

- so far there have not been significant delays in payments from customers, nor news of particular difficulties on their part;

- no financial tensions are expected in the coming months. In this regard, it should be noted that, in addition to the cash and cash equivalents available to the Group: (i) between January 1, 2020 and the date of approval of this report, 1,496,950 Cerved Group S.p.A. shares were sold for a total amount of Euro 13,162 thousand; (ii) the Group has acted promptly to increase its bank credit lines and the directors are confident in the successful outcome of the requests made;

- there are no elements that could put into question the going concern assumption according to which the financial statements have been prepared.

Operating risk and going concern

The technological component is an essential element for the operating activities of the Group; therefore, there is the risk that the possible malfunctioning of the technological infrastructure may cause an interruption of client services or loss of data. However, the companies of the Group have developed a series of plans, procedures and tools to guarantee business continuity and data security.

Considering the economic and financial situation for the financial year ended December 31, 2019, in particular the available reserves, and taking into account the trend of the Net Working Capital and of the economic and financial situation, the separated and consolidated financial reports have been prepared with a perspective of going concern.

It should also be considered that the Group, as in previous years, has achieved positive economic results, and that future economic forecasts are also positive. Finally, the Group has adequate financial resources to meet its future obligations over a period of at least 12 months from the date of approval of the financial statements.

2.13.4. **Information concerning environment and human resources**

With regards to the management of human resources and of environmental matters for the financial year ended December 31, 2019, we are not aware of any events that could entail any responsibility for the Group.

2.14. Net income allocation and dividend distribution proposal

The net income of the Issuer for the financial year ended December 31, 2019 is Euro 2,016,121.00. This income is influenced by the distribution of part of the distributable reserves of the subsidiaries.

Considering the current situation of uncertainty linked to the Covid-19 pandemic currently underway, which could lead both to greater risks and to investment opportunities, the board of directors prudently resolved to propose to the shareholders' meeting to approve an ordinary dividend distribution for a total of Euro 0.12 per outstanding share, equal to an estimated total amount of Euro 4,510,189.80, broken down as follows:

- Euro 2,016,121.00 as ordinary dividend deriving from the net income of the period;
- Euro 2,494,068.80 as ordinary dividend deriving from retaining earnings.

The ex-dividend date will be communicated together with the convocation of the shareholders' meeting.

The Company's statutory financial statements for the year ended 31 December 2019 will be approved by the shareholders' meeting of Gruppo MutuiOnline S.p.A..

Taking into account the recent measures adopted by the Prime Minister regarding the containment and management of the epidemiological emergency in Italy, which call, among other things, for the avoidance of people gatherings, and in light of the imminent regulatory measures that, among other things, will facilitate the holding of shareholders' meetings of companies, including listed companies, the board of directors, which convened today, decided to postpone the date of the shareholders' meeting for the approval of the financial statements of the Company, availing itself of the longer term of 180 days provided for by art. 2364, paragraph 2, of the Italian Civil Code and Article 10.3 of the Articles of Association.

The date of the shareholders' meeting, originally scheduled for April 28, 2020, will be the subject of a subsequent communication to the public

Milan, March 13, 2020

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

CONSOLIDATED ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Prepared according to IAS/IFRS

3. CONSOLIDATED ANNUAL REPORT AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

3.1. Financial statements

3.1.1. Consolidated statement of financial position

(euro thousand)	Note	As of December 31, 2019	December 31, 2018
ASSETS			
Intangible assets	8	107,282	98,641
Property, plant and equipment	10	25,512	16,995
Participation measured with equity method	11	1,786	1,554
Financial assets at fair value	12	54,354	10,264
Deferred tax assets	13	137	-
Other non-current assets	14	602	599
(of which) with related parties	*39*	*190*	*190*
Total non-current assets		**189,673**	**128,053**
Cash and cash equivalents	15	34,654	67,876
Trade receivables	16	95,370	75,155
(of which) with related parties	*39*	*34*	*53*
Tax receivables	17	4,313	3,986
Other current assets	18	4,796	5,207
(of which) with related parties	*39*	*918*	*1,379*
Total current assets		**139,133**	**152,224**
TOTAL ASSETS		**328,806**	**280,277**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	27	950	954
Other reserves	27	71,308	47,102
Net income	27	40,313	33,736
Total group shareholders' equity	**27**	**112,571**	**81,792**
Minority interests		1,627	1,154
Total shareholders' equity		**114,198**	**82,946**
Long-term debts and other financial liabilities	19	108,650	75,638
Provisions for risks and charges	20	1,840	1,797
Defined benefit program liabilities	21	14,098	12,076
Deferred tax liabilities		-	28
Other non current liabilities	22	4,387	1,661
Total non-current liabilities		**128,975**	**91,200**
Short-term debts and other financial liabilities	23	29,167	58,582
Trade and other payables	24	28,113	24,698
(of which) with related parties	*39*	*358*	*725*
Tax payables	25	4,099	2,721
Other current liabilities	26	24,254	20,130
Total current liabilities		**85,633**	**106,131**
TOTAL LIABILITIES		**214,608**	**197,331**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**328,806**	**280,277**

3.1.2. Consolidated income statement

(euro thousand)	Note	**Years ended** December 31, 2019	December 31, 2018
Revenues	29	219,935	185,123
(of which) with related parties	*39*	*39*	*62*
Other income	30	4,210	4,079
(of which) with related parties	*39*	*54*	*12*
Capitalization of internal costs		2,217	1,090
Services costs	31	(85,939)	(70,156)
(of which) with related parties	*39*	*(2,082)*	*(1,342)*
Personnel costs	32	(68,654)	(59,915)
Other operating costs	33	(7,753)	(5,944)
Depreciation and amortization	34	(13,244)	(8,179)
Operating income		**50,772**	**46,098**
Financial income	35	2,099	345
Financial expenses	35	(1,313)	(1,534)
Income/(losses) from participations	35	106	(777)
Income/(losses) from financial assets/liabilities	35	509	(1,774)
Net income before income tax expense		**52,173**	**42,358**
Income tax expense	36	(11,528)	(8,004)
Net income		**40,645**	**34,354**
Attributable to:			
Shareholders of the Issuer		**40,313**	**33,736**
Minority interest		**332**	**618**
Earnings per share basic *(Euro)*	42	1.07	0.89
Earnings per share diluted *(Euro)*	42	1.02	0.85

3.1.3. Consolidated comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2019	December 31, 2018
Net income		**40,645**	**34,354**
Currency translation differences		(8)	122
Fair value of financial assets	12	7,099	225
Actuarial gain/(losses) on defined benefit program liability	20	(302)	1,269
Tax effect on actuarial gain/(losses)	20	72	(305)
Total other comprehensive income		**6,861**	**1,311**
Total comprehensive income for the period		**47,506**	**35,665**
Attributable to:			
Shareholders of the Issuer		**47,174**	**35,047**
Minority interest		**332**	**618**

3.1.4. Consolidated statement of cash flows

(euro thousand)	Note	Years ended December 31, 2019	December 31, 2018
Net income		**40,645**	**34,354**
Amortization and depreciation	8,10	13,244	8,179
Stock option expenses	27	1,155	869
Capitalization of internal costs	8	(2,217)	(1,090)
Interest cashed		231	290
Losses from financial assets/liabilities		(778)	1,529
Impairment of financial assets		269	245
Changes of the value of the participation evaluated with the equity method	11	(106)	777
Income tax paid	36	(10,274)	(6,771)
Changes in contract work in progress		-	305
Changes in trade receivables/payables		(15,145)	944
(of which) with related parties		*(348)*	*(97)*
Changes in other assets/liabilities		13,057	(362)
(of which) with related parties		*461*	*(1,011)*
Changes in defined benefit program liability		1,467	362
Changes in provisions for risks and charges	20	43	330
Net cash generated/(absorbed) by operating activities		**41,592**	**39,961**
Investments:			
- Increase of intangible assets	8	(208)	(378)
- Increase of property, plant and equipment	10	(2,831)	(3,659)
- Increase/(Decrease) of financial assets at fair value	12	(38,116)	(6,869)
- Acquisition of subsidiaries		(14,259)	(18,555)
- Acquisition of minorities in subsidiaries		-	(23,030)
- Increase of participations evaluated with the equity method	11	(320)	(49)
Disposals:			
- Decrease of financial assets held to maturity		-	920
- Reimbursement/sale of financial assets	12	946	503
Net cash generated/(absorbed) by investing activities		**(54,788)**	**(51,117)**
Increase of financial liabilities	19	12,000	89,775
Interest paid		(810)	(1,296)
Decrease of financial liabilities	19	(14,508)	(66,366)
Increase of share capital	27	-	493
Sale/(purchase) of own shares	27	(5,192)	(8,526)
Dividends paid to minorities		(1,000)	-
Dividends paid	27	(11,292)	(12,427)
Net cash generated/(absorbed) by financing activities		**(20,802)**	**1,653**
Net increase/(decrease) in cash and cash equivalents		**(33,998)**	**(9,503)**
Net cash and cash equivalent at the beginning of the period		67,063	76,566
Net cash and cash equivalents at the end of the period		**33,065**	**67,063**
Cash and cash equivalents at the beginning of the year	15	67,876	76,569
Current account overdraft at the beginning of the year	15	(813)	(3)
Net cash and cash equivalents at the beginning of the year		**67,063**	**76,566**
Cash and cash equivalents at the end of the year	15	34,654	67,876
Current account overdraft at the end of the year	15	(1,589)	(813)
Net cash and cash equivalents at the end of the year		**33,065**	**67,063**

3.1.5. Consolidated statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Other reserves	Retained earnings including net income of the year	Group total	Minority interest	Total
Shareholders' equity as of December 31, 2017	**957**	**200**	**11,239**	**67,646**	**80,042**	**8,350**	**88,392**
Distribution of ordinary dividends	-	-	-	(12,427)	**(12,427)**	-	**(12,427)**
Allocation of net income 2017	-	2	-	(2)	**-**	-	**-**
new IFRS effects on equity	-	-	-	19	**19**	-	**19**
Increase of share capital	2	-	491	-	**493**	-	**493**
Purchase of own shares	(18)	-	-	(10,565)	**(10,583)**	-	**(10,583)**
Disposal of own shares	-	-	1,612	-	**1,612**	-	**1,612**
Exercise of stock options	13	-	2,041	-	**2,054**	-	**2,054**
Stock option plan	-	-	869	-	**869**	-	**869**
Minorities acquisitions	-	-	-	(15,216)	**(15,216)**	(7,814)	**(23,030)**
Other movements	-	-	-	(118)	**(118)**	-	**(118)**
Net income of the year	-	-	1,311	33,736	**35,047**	618	**35,665**
Shareholders' equity as of December 31, 2018	**954**	**202**	**17,563**	**63,073**	**81,792**	**1,154**	**82,946**
Distribution of ordinary dividends	-	-	-	(12,292)	**(12,292)**	-	**(12,292)**
IFRS 16 effects on opening balance equity	-	-	-	(83)	**(83)**	-	**(83)**
Purchase of own shares	(10)	-	-	(6,243)	**(6,253)**	-	**(6,253)**
Exercise of stock options	6	-	1,055	-	**1,061**	-	**1,061**
Stock option plan	-	-	1,155	-	**1,155**	-	**1,155**
Other movements	-	-	17	-	**17**	141	**158**
Net income of the year	-	-	6,861	40,313	**47,174**	332	**47,506**
Shareholders' equity as of December 31, 2019	**950**	**202**	**26,651**	**84,768**	**112,571**	**1,627**	**114,198**
Note	27	27	27				

3.2. Notes to the consolidated financial statements

1. General information

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with an important position in the Italian market for the online comparison, promotion and intermediation of products provided by financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for the financial sector.

This consolidated annual report, including the consolidated statement of financial position, consolidated comprehensive income statement, consolidated statement of cash flows and consolidated statement of changes in shareholders' equity as of and for the year ended December 31, 2019 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("**IASB**") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("**IAS**"), the interpretations of the International Financial Reporting Interpretation Committee ("**IFRIC**"), previously denominated Standing Interpretations Committee ("**SIC**"), as adopted by the European Commission as of December 31, 2019 and published in the EU regulations as of this date.

In particular, the IFRS have been consistently applied to all the periods presented.

The Group has elected the "non-current/current" presentation for the statement of financial position, the presentation of costs by nature for the income statement, the comprehensive income statements and the indirect method for the preparation of the statement of cash flows.

The statement of changes in shareholders' equity was prepared according with IAS 1.

These consolidated financial statements have been prepared in Euro, the currency of the primary economic environment in which the Group operates.

All the amounts included in the tables of the following notes are in thousands of Euros, except where otherwise stated.

These consolidated financial statements have been prepared according to the going concern assumption, due to the economic and financial results achieved.

The Board of Directors approved the publication of the present document on March 13, 2020. This document will be presented to the general meeting on April 28, 2020.

2. Basis of preparation of the consolidated financial statements

The following consolidation procedures have been applied in the preparation of the consolidated financial statements as of and for the year ended December 31, 2019.

The consolidated financial statements of the Group include the financial statements of Gruppo MutuiOnline S.p.A. and its subsidiaries, over which the Company exercises direct or indirect control and the value measured with the equity method of joint ventures and of associated companies. Subsidiaries are consolidated from the date when control is acquired until the date when it ceases. Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable, if substantial, at the reporting date is also taken into consideration for the purposes of determining control.

Furthermore, it is worth pointing out that once control of an entity is obtained, transactions, in which further minority interests are acquired or ceased, without modifying the control exercised on the subsidiary, are considered transactions with the shareholders and therefore should be recorded as equity transactions, without recording any effect in the comprehensive income statement. Subsidiaries are consolidated on a line-by-line basis. The criteria adopted for consolidation on a line-by-line basis are:

- the assets and liabilities, income and expenses of the entirely consolidated entities are taken line by line, attributing to minority interest the portion of the shareholders' equity and net income for the year due to it; this portion is disclosed separately in the consolidated statement of financial position and consolidated comprehensive income statement;
- the purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of the assets acquired, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Assets, liabilities and possible liabilities acquired are booked at the fair value at the date of the acquisition. The excess of the cost of acquisition over the fair value of the Group's share of the identifiable net assets acquired is recognized as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized directly in the income statement, after an audit of the correct measurement of the fair value of the assets and the liabilities acquired and of the cost of acquisition. Business combinations between entities under "common control" are accounted for with the pooling of interest method, thus recognizing assets and liabilities of the acquired entity without fair value adjustments, but adjusted for eventual differences of accounting standards used and IFRS;
- inter-company transactions and balances, as well as the relevant tax effects, are eliminated. Significant unrealized inter-company gains and losses are eliminated; as an exception, unrealized losses are not eliminated when they provide evidence for impairment of the asset transferred;
- gains and losses from the disposal of investments in subsidiaries are recognized in the income statement for an amount equal to the difference between the sale price and the net assets of the investment.

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Associated companies are companies, which are neither subsidiaries nor joint-ventures, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and associated companies are evaluated with the equity method.

3. Scope of consolidation

The consolidation area includes all the entities on which the Issuer exercises control, directly or indirectly, and the companies on which the Issuer exercises a significant influence.

The controlled and associated entities as of December 31, 2019 are:

Name	Registered office	Share capital (Euro)	Consolidation method	% of ownership
65Plus S.r.l.	Milan (Italy)	75.416	Line-by-line	72%
7Pixel S.r.l.	Milan (Italy)	10.500	Line-by-line	100%
Agenzia Italia S.p.A.	Conegliano (Italy)	100.000	Line-by-line	50%
Centro Finanziamenti S.p.A.	Milan (Italy)	2.000.000	Line-by-line	100%
Centro Istruttorie S.p.A.	Milan (Italy)	500.000	Line-by-line	100%
Centro Processi Assicurativi S.r.l.	Milan (Italy)	50.000	Line-by-line	100%
Centro Servizi Asset Mangement S.r.l.	Milan (Italy)	10.000	Line-by-line	100%
CercAssicurazioni.it S.r.l.	Milan (Italy)	100.000	Line-by-line	100%
Eagle & Wise Service S.r.l.	Milan (Italy)	400.000	Line-by-line	100%
Eagle Agency S.r.l.	Milan (Italy)	30.000	Line-by-line	100%
Eagle NPL Service S.r.l.	Milan (Italy)	30.000	Line-by-line	100%
EuroServizi per i Notai S.r.l.	Milan (Italy)	10.000	Line-by-line	60%
Finprom S.r.l.	Arad (Romania)	9.618	Line-by-line	100%
Innovazione Finanziaria SIM S.p.A.	Milan (Italy)	2.000.000	Line-by-line	100%
IN.SE.CO. International Service Consulting S.r.l.	Milan (Italy)	10.400	Line-by-line	100%
Klikkapromo S.r.l.	Milan (Italy)	10.000	Line-by-line	100%
Mikono S.r.l.	Milan (Italy)	10.000	Line-by-line	76%
MOL BPO S.r.l.	Milan (Italy)	10.000	Line-by-line	100%
Money360.it S.p.A.	Milan (Italy)	120.000	Line-by-line	100%
MutuiOnline S.p.A.	Milan (Italy)	1.000.000	Line-by-line	100%
PP&E S.r.l.	Milan (Italy)	100.000	Line-by-line	100%
PrestitiOnline S.p.A.	Milan (Italy)	200.000	Line-by-line	100%
Quinservizi S.p.A.	Milan (Italy)	150.000	Line-by-line	100%
Segugio Servizi S.r.l.	Milan (Italy)	10.000	Line-by-line	100%
Segugio.it S.r.l.	Milan (Italy)	10.000	Line-by-line	100%
ShoppyDoo S.L.U.	Madrid (Spain)	3.500	Line-by-line	100%
Generale Fiduciaria S.p.A.	Milan (Italy)	200.000	Equity method	40%
Generale Servizi Amministrativi S.r.l.	Milan (Italy)	100.000	Equity method	40%
Fin.it S.r.l.*	Conegliano (Italy)	26.000	Equity method	70%
PrestiPro S.r.l.	Milan (Italy)	120.000	Equity method	50%
Zoorate S.r.l.	Milan (Italy)	415.654	Equity method	40%

** Indirectly participated through Agenzia Italia S.p.A.; the percentage in the table correspond to the stake held by Agenzia Italia S.p.A., which, however, does not involve control.*

During the financial year ended December 31, 2019 the consolidation area changed following the acquisition of EW Group and the subsequent reverse merger by incorporation. In addition, the consolidation area changed also with reference to 65Plus S.r.l., consolidated on a line-by-line basis following the acquisition of control by the Issuer, occurred in January 22, 2019.

For the calculation of the equivalent value in Euro of the financial amounts in foreign currency of the Rumanian subsidiary Finprom S.r.l. we applied the following exchange rates:

RON/Euro	**2019**	**2018**
Balance sheet items	4.783	4.664
Income statement items	4.746	4.654

Balance sheet items have been converted by using the exchange rate as of December 31, 2019, while income statement items have been converted by using the average exchange rate of the year.

4. Accounting policies

The consolidated financial statements are prepared at cost, with the exception of items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

The principal accounting policies are set out below.

A) Intangible assets

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

The item includes the goodwill referred to business combinations.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Research and development costs

Research and development costs are recognized as an expense as incurred. Costs incurred on development projects are recognized as intangible assets when:

- development activity is clearly identified and its costs can be measured reliably;
- technological feasibility is demonstrated;
- the intention of completing the project and selling the intangible goods generated are demonstrated;
- a prospective market exists or, in case of internal use, the benefits of the intangible asset for the production of intangible goods generated by the project is demonstrated;
- the necessary technological and financial resources for the completion of the project are available.

Amortization is calculated on a straight-line basis over 3 years, which represents the estimated useful life of the asset.

(b) Licenses and other rights

Licenses and other rights are amortized on a straight-line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Land	not depreciated
Buildings	30 years
Generic equipment	5 years
Specific equipment	2.5-7 years
Leasehold improvements	shorter of contract duration and useful life
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) Investments measured with the equity method

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured for an amount equal to the corresponding fraction of equity in the last financial statements of the same entities, after the transfer of dividends and the application of adjustments in accordance with the disclosures for the preparation of the financial statements.

Gains and losses arising from changes of the adjusted equity of associated companies are recorded in the income statement for the period in which they arise.

D) Leases

IFRS 16 sets out the principles for the recognition, measurement, presentation and the disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease (i.e. the right of use asset). Lessees separately recognize the interest expenses on the lease liability and the depreciation expense on the right of use asset.

Lessees will be also required to re-measure the lease liability on the occurrence of certain events (e.g. a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to establish those payments). The lessee will generally recognize the re-measurement amount of the lease liability as an adjustment to the right of use of the asset.

The standard includes two recognition exemptions for lessees:

- leases of low value assets (a situation that could arise for the Group with reference to operating leases for office equipment such as photocopiers, currently recognized in the balance sheet under the item "Other operating costs");

- short-term leasing contracts (e.g. leases with a lease term of 12 months or less).

Positions that are affected by the application of IFRS 16, with a significant effect for the Group are linked to:

- leasing contracts for the main office site (Milan);

- leasing contracts for operating sites (Faenza, Genoa, Conegliano, Arad);

- cars under long-term rental contracts used by employees of the Group.

With the adoption of IFRS 16, the Group has opted for the application of the modified retrospective method, according to which the cumulated effects from the application of the new standard are booked as adjustments to the opening balance of shareholders' equity. The comparison figures are not restated while the figures for this reporting period are shown applying the new standard.

The effects deriving from the adoption of the standard to the opening balance of shareholders' equity are shown below:

(Euro thousand)	Building rental contracts	Car rental contracts	Total
Property, plant and equipment	6,373	555	6,928
Deferred tax assets	23	-	23
Long-term debts and other financial liabilities	4,352	348	4,700
Short-term debts and other financial liabilities	2,127	206	2,333
Retained earnings	(83)	-	(83)

Changes in the values of the rights of use and the leasing liabilities during the financial year ended December 31, 2019 is shown below:

(euro thousand)	Buildings	Vehicols	Total property, plant and equipment	Leasing liabilities
As of January 1, 2019	**6,373**	**555**	**6,928**	**7,033**
Increases / (decreases)	3,311	142	3,453	1,052
Amortization	(2,115)	(201)	(2,316)	-
Financial expenses	-	-	-	79
As of December 31, 2019	**7,569**	**496**	**8,065**	**8,164**

E) <u>Business combinations</u>

Business combinations are valued with the acquisition method.

The cost of the acquisition is determined by the sum of the considerations transferred in a business combination, measured at the fair value at the acquisition date, the acquired liabilities and the equity instruments issued. The assets, the acquired liabilities and the potential liabilities in a business combination are initially measured at their fair value.

The minority interests in the acquired entity are measured at their fair value and at the *pro-quota* value of the net assets recognized for the acquired company.

The surplus between the considerations transferred, the amount of the minority interests and the fair value of the non-controlling participations held before the acquisition date, compared to the fair value of the controlling stake of the net assets acquired, is recorded as goodwill.

If the value of the net assets acquired at the acquisition date exceeds the sum of the considerations transferred, of the minority interests and of the fair value of any previously held participation in the acquired company, this surplus is recorded as income of the closed transaction in the income statement.

It is worth pointing out that the Group, based on shareholders' agreements related to the acquisition of Agenzia Italia S.p.A., considers applicable IAS 32 rather than IFRS 10, and recognized in the consolidated financial statement the financial liability related to the put/call option over the shares not yet purchased, without recognizing non-controlling interest. According to such approach, the business combination is accounted on the basis of the assumption that the Group could get economic benefits also on shares under the put/call option. No non-controlling interest is recognized when the acquirer determines the goodwill to recognize following the acquisition.

According to provisions of IFRS 3, in step acquisitions (acquisitions achieved in stages) a business combination is achieved only after control has been obtained, and at this moment all the acquired entity's identifiable net assets should be measured at the fair value; minority interests should be measured based on their fair value or based on the proportionate share of the fair value of identifiable net assets of the acquired entity (a method already permitted under the previous version of IFRS 3).

In a step acquisition of an associate, the previously held investment, until then accounted according to IAS 39 ("Financial instruments: recognition and measurement"), or according to IAS 28 ("Investments in Associates") or according to IFRS 11 ("Joint arrangements), shall be treated as if it had been sold and repurchased as of the date on which control is acquired. This participation should be measured at its "sale" date fair value and the resulting profit or loss of this measurement should be recorded in the income statement. In addition, any value previously recorded in the shareholder's equity, which should be charged in the income statement after the sale of the relevant assets, should be reclassified in the income statement. The goodwill or income (in case of badwill) deriving from the deal concluded with the subsequent acquisition should be determined as the sum of the compensation paid to acquire the control, the value of minority interests (measured according to one of the methods permitted by the standard), and the fair value of the previously held minority shareholdings, net of the fair value of the identifiable net assets of the acquired entity.

In addition, according to IFRS 3 the costs related to the acquisition of business combinations are recognized as expenses in the period in which these costs are incurred. Finally, under IFRS 3 contingent consideration is recognized as a part of the transfer price of the acquired net assets and is measured at the acquisition date fair value. The fair value of these liabilities is restated as of the date of each financial report. Similarly, if the combination agreement includes the right to return some consideration components if specified conditions are met, that right is classified as an asset by the acquirer. Any subsequent changes in the fair value of the net assets acquired should be recognized as adjustments to the original accounting treatment only if they are determined by additional or better information about the fair value and occur within 12 months from the acquisition date; all other changes must be recorded in profit or loss.

F) Impairment

The Group verifies, at least annually, whether there are indicators of a potential loss in value of intangible and tangible assets. If the Group finds that such indications exist, it estimates the recoverable value of the relevant asset.

In addition, intangible assets with an indefinite useful life or that are not available for use and goodwill are subject to an impairment test each year, or more frequently if there is an indication that the asset may have been subject to a loss in value.

The ability to recover the assets is ascertained by comparing the reported value to the related recoverable value, which is represented by the greater of the fair value less disposal costs and the value in use.

In the absence of a binding sale agreement, the fair value is estimated on the basis of recent transaction values in an active market, or based on the best information available to determine the amount that could be obtained from selling the asset.

The value in use is determined by discounting expected cash flows resulting from the use of the asset, and if significant and reasonably determinable, the cash flows resulting from its sale at the end of its useful life.

Cash flows are determined on the basis of reasonable, documentable assumptions representing the best estimate of the future economic conditions that will occur during the remaining useful life of the asset, with greater weight given to outside information.

The discount rate applied takes into account the implicit risk of the business segment.

When it is not possible to determine the recoverable value of an individual asset, the Group estimates the recoverable value of the unit that incorporates the asset and generates cash flows ("**CGU**", shorthand of Cash Generating Unit).

A loss of value is reported if the recoverable value of an asset is lower than its carrying value.

This loss is booked to the income statement unless the asset was previously written up through a shareholders' equity reserve. In this case, the reduction in value is first allocated to the revaluation reserve.

If, in a future period, a loss on assets, other than goodwill, does not materialize or is reduced, the carrying value of the asset or CGU is increased up to the new estimate of recoverable value, and may not exceed the value that would have been determined if no loss from a reduction in value had been reported.

The recovery of a loss of value is posted to the income statement, unless the asset was previously reported at its revalued amount. In this case, the recovery in value is first allocated to the revaluation reserve.

The value in use of an asset that does not generate independent cash flows is determined in relation to the CGU to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related CGU exceeds its recoverable value. Whenever the circumstances causing the impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

Goodwill is not amortized, but is subject annually, or more frequently if specific events or changes in circumstances indicate that the asset might be impaired, to tests in order to identify possible impairments. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

The impairment of goodwill recorded as of the date of the financial report is shown in the income statement under depreciation of intangible assets.

G) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short-term investments (readily convertible to cash within three months). Overdrafts are included in short-term borrowings and are measured at fair value.

H) Financial assets held to maturity

These financial assets are low-risk bonds, not representing equity instruments, purchased by the Group and not available for trading, valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

I) Financial assets at fair value through OCI

Upon initial recognition, the Group can elect to irrevocably classify its equity investments as equity instruments designated at fair value through other comprehensive income ("**OCI**") when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the profit and loss statement when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

J) Financial assets at fair value through profit and loss

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments. Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model. Financial assets at fair value through profit and loss are classified in the financial statements at fair value and the fair value changes are recorded in profit and loss.

K) Trade receivables

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In particular, IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12-month period or on a lifetime basis (e.g. lifetime expected loss). The Group opted for the simplified approach and therefore records the expected losses on every trade receivable based on their residual contractual duration. The Group however continues to analytically consider the specificity of the sector and of some clients in its assessments.

In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

L) <u>Own shares</u>

Own shares are booked as a reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

M) <u>Trade payables and financial liabilities</u>

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Amortization is determined based on the effective interest rate which equates, at the initial moment, the present value of cash flows connected with the liability and its initial recorded amount (amortized cost method).

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initial effective interest rate.

N) <u>Provisions for risks and charges</u>

Provisions are recognized when; (i) the existence of a current obligation, legal or implicit, arising from a past event, is probable; (ii) it is probable that the fulfillment of the obligation will be onerous; (iii) the amount of the obligation can be reliably estimated. Provisions are recognized based on the best estimate of the expenditure required to settle the present obligation or to transfer it to a third party at the balance sheet date. When the financial effect of the timing of the obligation is significant and the dates of the payments can be reliably estimated, the provision is discounted back. Provisions are measured at the present value of the payments expected to be required to settle the obligation using a rate that reflects current market assessments of the time value of money and the risks specific to the obligation.

O) <u>Defined benefit program liability</u>

Employee termination benefits ("*Trattamento Fine Rapporto*", or "**TFR**"), which are compulsory for Italian companies in accordance with the civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements.

The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that become effective in 2007 had no material impact on the evaluation method adopted by the Group because the percentage of employees adhering to the funds at the relevant date was low and besides the greater part of employees of the companies of the Group is employed in companies that did not exceeded the limits, provided by the new law and calculated on the average number of employees in 2006, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

P) Share based payments

The Group has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2 ("Share based payments"), stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date, the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

Q) Revenue recognition

Revenues and other income are recognized net of discounts, allowances and bonuses and of the provision for possible repayments of commissions upon early repayment or insolvency of brokered loans.

IFRS 15 provides for the recognition of revenues for an amount which reflects the compensation at which the entity believes to be entitled in the economic transaction with the customer for the transfer of products and services.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Group.

The methods of revenue recognition for the main activities of the Group are as follows:

(a) Credit and insurance broking services

Revenues from credit and insurance broking services are recognized upon the actual disbursement of loans by lenders or the actual underwriting of contracts by insurance companies, that being the moment when the Group earns its commission on broking services. The Group is entitled to receive its commission for the service provided only when the operation is closed with the disbursement of a loan or the activation of an insurance policy.

Those revenues include fees whose recognition is based on information coming from borrowers and not yet confirmed by the bank counterparts as of the end of the financial year.

(b) BPO services

Revenues from BPO services are recognized based on the type of services provided and contractual conditions agreed with clients. In particular, we can identify the following categories of services provided:

- Provision of services whose revenues accrue upon the completion of each phase of loan application processing, regardless of the effective disbursement of the requested loan.

- Provision of services whose revenues accrue upon the completion of loan application processing and is subject to the effective disbursement of the loan. In such case, the measurement of the revenue, in accordance with IFRS 15, depends on the stages effectively accomplished, on their contractual value, and the probabilities of success of the applications.

- Promotion and placement of financial products, whose revenues are represented by success fees based on the amount of the operations finalized.

- agreements which provide for document collection activities concerning Investment services BPO. The standard provides for the evaluation of revenues based on their stand-alone selling price: when the unit value of any job is decreasing during the years of the contract effectiveness, without any justification deriving from economies of learning and at the same value of the service provided. Considering the ongoing agreement with the client, and the analysis performed on the basis of the available data, the Group believes not appropriate to proceed with a linearization of the unit value of revenues associated to each job;

- Agreements, regarding the provision of administrative credit collection services on behalf of insurance companies. In such case, we take into consideration, for the determination of the total compensation of the contract, both the possible implicit financial impact in transactions where the timing of payments agreed by the parties gives the customer a financial benefit, and the probability of cashing these receivables, on which the fees due to the company are established.

R) Government grants

Government grants are recognized when it is reasonably certain that the Group will respect the related conditions and they will be received.

S) Cost recognition

Costs are recognized as the assets and services are consumed during the relevant period or when they are sustained, or when it is not possible to determine future economic benefits.

T) Financial income and expenses

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

U) Taxation

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income taxes are determined based on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseeable period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realized or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Substitute tax relates to the revaluation of assets according to Italian tax legislation and is recognized in income tax expense in the income statement. Other taxes, not related to income, are recognized in other operating costs in the income statement.

V) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IFRS 9 Adoption

IFRS 9 sets out the accounting of financial instruments with reference to the following areas: classification and measurement, impairment and hedge accounting.

The main areas of intervention on the discipline operated by the standard described below.

Classification and measurement of the financial assets and liabilities

The Group does not own at present any financial liability measured at fair value through profit and loss due to the adoption of the so-called fair value option.

Concerning financial assets, the new standard provides that the classification of the assets depends on the characteristics of the financial flows linked to such assets and to the business model used by the Group for their management. The Group at present does not own nor managed during the financial year any financial asset, such as debt securities, with sale purpose nor in absolute terms, except for the financial instruments managed as part of the core business of the company Centro Finanziamenti S.p.A. and for the financial instruments acquired following the change in the consolidation area occurred in the period. In addition, the Group does not own participations as investments which could be included under IFRS 9 or derivatives, even embedded ones. Trade receivables are held to be cashed at the contractual maturities of the cash flows related to them in capital and interest, where applicable. The Group assessed the characteristics of the contractual cash flows of these instruments and concluded that they respect the criteria for the measurement at amortized cost according to IFRS 9. Therefore, it was not necessary to reclassify these financial instruments. We can reach the same conclusions for the items recorded as cash and cash equivalents.

Impairment

IFRS 9 requires the Group to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12-month period or on a lifetime basis (e.g. lifetime expected loss). The Group opted for the simplified approach and therefore records the expected losses on every trade receivable based on their residual contractual duration. The standard allows the adoption of matrixes for the measurement of the provision, capable of incorporating forecast information and not limited to historical evidences, as a practical expedient. The Group however continues to analytically consider the specificity of the sector and of some clients in its assessments.

Hedge accounting

If the Group should decide in the future to make hedging operations by means of derivatives and to implement hedge accounting, it will adopt IFRS9 rules. Given that IFRS 9 does not modify the general principle according to which an entity accounts for the effective hedging instruments, the main changes compared to the previous regulation IAS 39 are the following: (i) the hedge effectiveness test is only perspective and can also be based on qualitative aspects, replacing the previous 80-125% test and focusing on the economic relationship between hedge and hedged element; (ii) the possibility to designate as subject to hedging only a component of risk also for non-financial elements (provided that the risk component can be separately identifiable and reliably estimated); (iii) introduction of the cost of hedging concept; (iv) greater possibility to designate groups of elements as subject to hedging, including stratifications and some net positions. Without hedge accounting, the changes in the fair value of derivatives will continue to be recorded in the income statement.

W) Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing the net income attributable to the Group by the weighted average number of ordinary shares outstanding during the year, excluding own shares.

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of ordinary shares outstanding, excluding own shares, assuming the exercise of all potentially dilutive rights, whilst the Group's net income is adjusted to account for the effect of the conversion, net of taxes. The diluted earnings per share are not calculated in the event of losses, given that any such calculation would result in an improvement in the Group's results.

X) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are discussed below.

(a) Deferred taxes

Deferred tax assets/liabilities are recognized on the basis of expectations of future earnings. The estimate of future earnings for purposes of the recognition of deferred taxes depends on factors that could vary over time and significantly affect the amount of deferred tax assets/liabilities.

(b) Stock options

The valuation of stock option plans is based on valuation techniques that take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

(c) Impairment test for the evaluation of goodwill and participations

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

(d) Fair value of net assets acquired in a business combination

Pursuant to IFRS 3, the Group records the identifiable acquired assets and liabilities at fair value as of the date of acquisition of control. The residual amount is recorded as goodwill arising from the acquisition. These values have been determined by estimating the identifiable assets and liabilities, based on reasonable and realistic assumptions using the information available at the date when control was acquired, which had an effect on the value of the recognized assets, liabilities and goodwill, as well as on the revenues and expenses for the period.

Y) New principles effective starting from the financial year ended December 31, 2019

Accounting standards used for the preparation of the consolidated report as of December 31, 2019 are in accordance with the standards used for the preparation of yearly financial report of the Group as of December 31, 2018, except for the adoption of the standard IFRS 16 "Leases", effective from January 1, 2019.

Z) New principles effective starting from the financial year ended December 31, 2019 not relevant to the Group

The following standards, amendments and interpretations, applicable from January 1, 2019, are not relevant or they did not involve effects for the Group:

- IFRIC Interpretation 23: uncertainty over income tax treatments;
- Amendments to IFRS 9: prepayment features with negative compensation;
- Amendments to IAS 28: long-term interests in associates and joint venture;
- Amendments to IAS 19: plan amendment, curtailment or settlement;
- IFRS 3 "Business combinations": previously held interests in a joint operation;
- IFRS 11 "Joint arrangements": previously held interests in a joint operation;
- IAS 12 "Income taxes": income tax consequences of payments on financial instruments classified as equity;
- IAS 23 "Borrowing costs": borrowing costs eligible for capitalization;

5. Financial risk analysis

Risk management of the Group is based on the principle that operating risk or financial risk is managed by the person in charge of the business process involved.

The main risks are reported and discussed at Group top management level in order to create the conditions for their coverage, assurance and assessment of residual risk.

Exchange and interest rate risk

Currently the financial risk management policies of the companies of the Group do not provide for use of derivative instruments against the interest rate risk since, as of today, the risk of incurring in greater interest costs as a result of unfavorable variations of market interest rates, as better analyzed in the following, is limited in size if compared to the economic and financial parameters of the Group and is therefore considered acceptable compared to the costs that would be required to mitigate or eliminate such risk.

The interest rate on the loan from Crédit Agricole Cariparma S.p.A., signed on June 28, 2018, is equal to 3-month Euribor increased by a spread equal to 0.90%, and is subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

The interest rate on the loan from Banca Popolare di Milano S.p.A., signed on September 27, 2018, is equal to 6-month Euribor increased by 1.10% on the amortizing credit line equal to Euro 15,000 thousand, and equal to 6-month Euribor increased by 1.30% on the bullet credit line equal to Euro 5,000 thousand. The interest rate is subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

In addition, through the acquisition of Agenzia Italia S.p.A., the Group acquired various short and medium-term loans, with different interest rates and reimbursement plans, which as of December 31, 2019 show a residual amount equal to Euro 2,542 thousand.

A possible unfavorable variation of the interest rate, equal to 1,0%, should produce an additional expense for the Group equal to Euro 359 thousand in 2020. It is worth pointing out that such variation of the interest rate would be to a large extent compensated by the favorable impact on available liquidity.

The bank loan with Mediocredito Italiano S.p.A. (now Intesa SanPaolo S.p.A.), signed during the current financial year, is instead at fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

It is also worth pointing out that the Group pursues a policy for the management of available liquidity by investing it in low-risk and/or promptly disposable financial assets.

As regards to the coverage of exchange rate risk, it is worth pointing out that, as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Credit risk

The current assets of the Group, with the exception of cash and cash equivalents, are constituted mainly by trade receivables for an amount of Euro 95,370 thousand, of which the overdue portion as of December 31, 2019 is equal to Euro 20,933 thousand, of which Euro 3,729 thousand is overdue for over 90 days.

The majority of the gross overdue receivables were paid by the clients during the first months of 2020. As of the date of approval of this report, receivables not yet collected, overdue as of December 31, 2019, amount to Euro 7,243 thousand, of which Euro 3,236 thousand refers to receivables already overdue for over 90 days as of December 31, 2019.

Trade receivables are mainly versus banks and other financial institutions, insurance companies, leasing/rental companies and public entities, considered highly reliable but, facing receivables for which we consider a credit risk could arise, we allotted an allowance for doubtful receivables equal to Euro 4,060 thousand.

The Group monitors counterparty risk by analyzing the solvency and standing of customers before entering into business relations with them and trying to limit an excessively high concentration of receivables from a few counterparties.

For this purpose, it is worth mentioning that we do not notice concentration of revenues on any client: in 2019 the revenues from the main client of the Group represent 7.0% of total consolidated revenues.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The total amount of liquidity as of December 31, 2019 is Euro 34,654 thousand, and, in the light of the value of net working capital as of December 31, 2019, the management believes that liquidity risk for the Group is limited.

Finally, it is worth pointing out that the Group owns cash and cash equivalents, own shares and third-party listed shares that could be quickly liquidated on the market, for an amount able to grant the whole reimbursement of the loan, in case of request of early reimbursement of the loan.

We also inform you that, also in order to further strengthen the liquidity position of the Group, between January 1, 2020 and the date of approval of this report, n. 1,496,950 Cerved Group S.p.A. shares were sold for a total consideration of Euro 13,162 thousand.

Risk linked to Covid-19 Epidemic

This scenario, which has already been examined, is having significant impacts on the economy, financial markets and consumer confidence in Italy and worldwide.

The Group has taken prompt action, also on the basis of directives issued by the Government, to stem the possible impacts of the health threat posed by the above for its employees, and has equipped its personnel with all the necessary tools to continue working remotely and safely.

As of the date of approval of this report, it is not possible to predict the duration of this situation and therefore assess its economic and financial impact on the results for the year 2020. Overall, we believe that the business lines that could be most affected by the continuation of the current emergency situation are, within the Broking Division, those related to the credit origination (Mortgage Broking and Consumer Loan Broking), while, within the BPO Division, those related to mortgage originations (Mortgage BPO and Real Estate Services BPO) and new vehicle registrations (Leasing/Rental BPO).

It should be noted, anyway, that:

- so far there have not been significant delays in payments from customers, nor news of particular difficulties on their part;

- no financial tensions are expected in the coming months. In this regard, it should be noted that, in addition to the cash and cash equivalents available to the Group: (i) between January 1, 2020 and the date of approval of this report, 1,496,950 Cerved Group S.p.A. shares were sold for a total amount of Euro 13,162 thousand; (ii) the Group has acted promptly to increase its bank credit lines and the directors are confident in the successful outcome of the requests made;

- there are no elements that could put into question the going concern assumption according to which the financial statements have been prepared.

Operating risk and going concern

The technological component is an essential element for the operating activities of the Group; therefore, there is the risk that the possible malfunctioning of the technological infrastructure may cause an interruption of client services or loss of data. However, the companies of the Group have developed a series of plans, procedures and tools to guarantee business continuity and data security.

Considering the economic and financial situation for the financial year ended December 31, 2019, in particular the available reserves, and taking into account the trend of the Net Working Capital and of the economic and financial situation, the separated and consolidated financial reports have been prepared with a perspective of going concern.

It should also be considered that the Group, as in previous years, has achieved positive economic results, and that future economic forecasts are also positive. Finally, the Group has adequate financial resources to meet its future obligations over a period of at least 12 months from the date of approval of the financial statements.

6. Segment reporting

The primary segment reporting is by business segments; the board of directors of the Issuer identifies the business segments of the Group in Broking and BPO Division:

- **Broking Division**: the division operates in the Italian market for credit and insurance distribution, operating as a credit intermediary and insurance broker. The credit products that we broker are mainly mortgages and personal loans, provided to retail clients primarily through remote channels and secondarily through the territorial network. The lenders using the credit intermediation services of the Broking Division are primary universal and specialized banks and include some of the main financial institutions operating in the Italian market. The brokered insurance products are mainly auto and motorcycle insurance policies, distributed through remote channels. Moreover, the Division also performs comparison and/or promotion of further products, including e-commerce products, bank accounts and utilities (ADSL, electricity and gas).

- **BPO Division (Business Process Outsourcing Division)**: operates in the Italian market for outsourcing services to financial institutions, which consist principally of performing complex commercial, underwriting and portfolio servicing activities related to mortgages and CQ Loans, in the market for management and claim settlement outsourcing services, in the market of administrative outsourcing services for leasing and long-term rental operators and, finally, in the market for the provision of back office outsourcing services supporting financial advisors and investment companies. The financial institutions using the services of the BPO Division include primary national and international financial institutions.

Detailed information relative to each division is provided below. For this purpose, it is worth highlighting that the allocation of the costs incurred by the Issuer and by PP&E S.r.l. for the benefit of each division is based on the relevant headcount in Italy at the end of the period.

Revenues by Division

	Years ended	
(euro thousand)	December 31, 2019	December 31, 2018
Broking Division revenues	86,788	79,090
BPO Division revenues	133,147	106,033
Total revenues	**219,935**	**185,123**

Operating income by Division

	Years ended	
(euro thousand)	December 31, 2019	December 31, 2018
Broking Division operating income	26,581	23,516
BPO Division operating income	24,191	22,582
Total operating income	**50,772**	**46,098**
Financial income	2,099	345
Financial expenses	(1,313)	(1,534)
Income/(losses) from participations	106	(777)
Income/(losses) from financial assets/liabilities	509	(1,774)
Net income before income tax expense	**52,173**	**42,358**

As follows we provide the breakdown of revenues by client for each division:

(euro thousand)	Years ended December 31, 2019	(a)	December 31, 2018	(a)
Client A	6,990	8.1%	4,486	6.0%
Client B	5,262	6.1%	13,828	18.5%
Client C	4,639	5.3%	2,005	2.7%
Client D	4,485	5.2%	2,646	3.5%
Other Clients	65,412	75.4%	51,794	69.3%
Total Broking Division revenues	**86,788**	**100.0%**	**74,760**	**100.0%**
Client E	12,739	9.6%	9,911	11.6%
Client F	7,859	5.9%	6,688	7.8%
Client G	6,784	5.1%	4,573	5.3%
Client H	6,503	4.9%	7,068	8.3%
Other Clients	99,262	74.6%	53,849	62.9%
Total BPO Division revenues	**133,147**	**100.0%**	**85,554**	**100.0%**

(a) Percentage of total Division revenues

Assets by Division

The allocation of property, plant and equipment shared by both divisions is based on space occupied.

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Broking Division assets	71,203	89,846
BPO Division assets	209,351	113,196
Not allocated	13,598	9,359
Cash and cash equivalents	34,654	67,876
Total assets	**328,806**	**280,277**

Liabilities by division

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Broking Division liabilities	20,515	18,667
BPO Division liabilities	56,192	43,056
Not allocated	137,901	135,608
Total liabilities	**214,608**	**197,331**

7. Business combinations

Acquisition of EW Group

On January 9, 2019 the Group acquired, through its fully owned subsidiary Effelle Ricerche S.r.l., 100% of the ordinary share capital of Eagle & Wise Service S.r.l., a leading company in real estate appraisal services and in real estate technical services for financial institutions, together with its fully owned subsidiaries Eagle NPL Service S.r.l. and Eagle Agency S.r.l. (the "**EW Group**"). The final consideration for the acquisition of the shareholding is equal to Euro 15.1 million, which includes Euro 2.2 million of net cash balance of EW Group as of December 31, 2018. The equity of EW Group, at the acquisition date, is equal to Euro 2,722 thousand.

On July 9, 2019, subsidiary Eagle & Wise Service S.r.l. incorporated, through a reverse merger, its parent company Effelle Ricerche S.r.l..

Following the analysis aimed at determining the fair value of assets, mainly represented by the software, liabilities and potential liabilities, the management, also through the support of a specifically appointed independent advisor, defined the allocation of the initial purchase price paid for the acquisition of EW Group, as follows:

Cash and cash equivalent	2,175
Non-current assets	6,188
of which allocated software	*6,000*
Current assets	3,287
Non-current liabilities	(2,080)
of which tax effect on allocated software	*(1,674)*
Current liabilities	(2,751)
Net assets purchased	**6,819**
Price Paid (A)	15,111
Difference between price paid and net purchased assets	**8,292**
Goodwill	**8,292**
Cash of the entity at the date of the acquisition (B)	2,175
Net cash flow absorbed by the acquisition (A-B)	**12,936**

The software platform emerged during the purchase price allocation, equal to Euro 6,000 thousand, represents the software used by the company in its operating activities, enabling it to perform real estate valuation and appraisal activities with a high level of efficiency and automation.

Such platform, classified among the intangible assets in the item "Software", is amortized on a period of 3 years, coherently with other software owned by the Group.

The resulting goodwill, equal to Euro 8,292 thousand, is allocated to the cash generating unit, named Eagle & Wise Service S.r.l., within the BPO Division, as the company was identified as an autonomous cash generating unit.

The costs linked to the acquisition of EW Group are equal to euro 50 thousand and are recorded in the income statement among the "Service costs".

NON-CURRENT ASSETS

8. Intangible assets

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2019 and 2018:

(euro thousand)	**Development costs**	**Licenses and other rights**	**Goodwill**	**Total**
Net value as of January 1, 2018	**1,481**	**5,072**	**43,060**	**49,612**
Increases	1,150	491	-	1,641
Other movements	8,104	134	45,288	53,526
Amortization expense	(3,441)	(2,698)	-	(6,139)
Net value as of December 31, 2018	**7,294**	**2,999**	**88,348**	**98,641**
Increases	2,224	201	-	2,425
Other movements	6,029	4	8,715	14,748
Amortization expense	(6,271)	(2,261)	-	(8,532)
Net value as of December 31, 2019	**9,276**	**943**	**97,063**	**107,282**

Development costs mainly refer to the personnel costs capitalized for the creation and development of the proprietary software platforms used by Group companies to perform their activities. The increases in the financial year ended December 31, 2019, equal to Euro 2,224 thousand, are related to software (of which Euro 2,218 thousand related to the capitalization of personnel costs for internal developments).

The item "Licenses and other rights" includes mainly licenses for the utilization of third-party software and trademarks of the Group. The increases in the financial year ended December 31, 2019, equal to Euro 201 thousand, refer to software licenses purchased during the financial year for operating activities.

The item "Goodwill" includes the goodwill emerged from the allocation of the purchase prices of the investments acquired.

It is worth pointing out that the "Other movements" mainly refer to the goodwill and the software allocated following the acquisition of EW Group, for an amount respectively equal to Euro 8,292 thousand and Euro 6,000 thousand, to the goodwill allocated following the acquisition of Due S.r.l. for Euro 423 thousand, and for the residual, to the intangible assets acquired through the inclusion of EW Group into the consolidation area.

9. Recoverability of intangible assets

The following table presents the detailed goodwill reported as of December 31, 2018 and subject to impairment test, which differs if compared to the previous year due to the recognition of the goodwill arising from the acquisitions of EW Group and Due S.r.l.:

(euro thousand)	As of December 31, 2019
Agenzia Italia S.p.A.	45,288
7Pixel S.r.l.	33,374
Eagle&Wise Service S.r.l.	8,292
Quinservizi S.p.A.	4,343
Centro Processi Assicurativi S.r.l.	2,801
INSECO S.r.l.	2,240
Due S.r.l.	423
CESAM S.r.l.	172
EuroServizi per i Notai S.r.l.	130
Total goodwill	**97,063**

Each goodwill recorded in the financial statements as of December 31, 2019 and indicated above belongs to a specific CGU.

As regards the determination of the recoverable amount of the CGUs, based on the value-in-use method, the cash flows generated by the CGUs themselves have been estimated. Forecasts of operating cash flows derive from the relevant 2020 budgets and the 2021-2022 strategic plans approved by the Board of Directors of the Issuer held on March 13, 2020.

The main assumptions regarding the value-in-use of the CGUs are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to determine the terminal value, equal to 1.3%.

The composition of future cash flows has been determined based on reasonable, prudent and consistent criteria regarding the attribution of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts refer to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated with the discounted cash flow formula for perpetuities.

The value-in-use of the CGUs has been determined by discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the Weighted Average Cost of Capital (WACC), whose determination refers to indexes and parameters monitored on the CGUs' reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation.

The discount rate used for the CGUs of the BPO Division (all CGUs that have a goodwill, except for 7Pixel S.r.l.) subject to impairment at the evaluation date is equal to 7.35% and it is the same for each CGU evaluated as they all provide outsourcing services for credit, insurance and/or financial processes and the reference markets are substantially similar, while the discount rate used for the 7Pixel S.r.l. CGU at the evaluation date is equal to 7.65%.

As of December 31, 2019, the in-use values of the CGUs evaluated, determined as described above, are higher if compared to the carrying amounts of the assets allocated to them, goodwill included.

Keeping into consideration the actual situation of volatility of the markets and of uncertainty upon future economic perspectives, we developed a sensitivity analysis on the recoverable value of goodwill.

In particular, we developed a sensitivity analysis on the recoverable amount of the CGUs, assuming an increase of the discount rate, a decrease on the perpetual growth rate.

The sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the CGUs for which we that did not notice any impairment shows the following margins of tolerance:

- Discount rate: the value in-use of the CGUs remains higher compared to the book value of CGUs also forecasting an increase of discount rate (WACC) as follows:
  - increase of discount rate until 9.11% for the Agenzia Italia CGU;
  - increase of discount rate until 11.13% for the 7Pixel CGU;
  - increase of discount rate until 17.08% for the Eagle & Wise CGU.
  - increase of discount rate until 24.43% for the Quinservizi CGU;
  - increase of discount rate until 31.02% for the INSECO CGU.
- growth rate "g": the value in-use of the CGUs remains higher compared to the book value of CGUs also forecasting a drop of the implicit growth rate ("g rate") as follows:
  - decrease of "g rate" until -0.74% for the Agenzia Italia CGU;
  - decrease of "g rate" until -2.98% for the 7Pixel CGU;
  - decrease of "g rate" until -12.92% for the Eagle & Wise CGU;
  - decrease of "g rate" until -21.93% for the Quinservizi CGU;
  - decrease of "g rate" until -47.51% for the INSECO CGU.

Based on the analyses performed, the Directors of the Issuer considered recoverable the book value of the goodwill recorded in the consolidated financial statements as of December 31, 2019.

Regarding Centro Processi Assicurativi CGU, the sensitivity analysis showed that the value in use of the CGU remains higher than the book value, with an increase of the discount rate up to 7.58% or, keeping the WACC unchanged, with a decrease of "g rate" up to 1.05%. In light of this, the Directors of the Issuer consider recoverable the book value of the goodwill of the CGU recorded in the consolidated financial statements as at 31 December 2019, but, since the conditions to confirm this assessment would not be met in the event of a significant change in the parameters used or in the economic conditions underlying the analysis carried out, they will constantly monitor the CGU during the financial year ended December 31, 2020, performing further assessments and, if necessary, write down the CGU if its value in use is lower than its book value.

10. Property, plant and equipment

The following table presents the situation and the variation of the item as of and for the year ended December 31, 2019 and 2018:

(euro thousand)	Land and buildings	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2018	**11,682**	**9,985**	**5,104**	**26,771**
Additions	725	2,367	569	3,661
Others	255	(116)	(101)	38
Cost as of December 31, 2018	**12,662**	**12,236**	**5,572**	**30,470**
Accumulated depreciation as of January 1, 2018	**1,761**	**6,590**	**3,737**	**12,088**
Depreciation expense	328	1,186	526	2,040
Others	(35)	(141)	(476)	(653)
Accumulated depreciation as of December 31, 2018	**2,054**	**7,635**	**3,787**	**13,476**
Net book value as of December 31, 2018	**10,608**	**4,601**	**1,785**	**16,995**
Cost as of January 1, 2019	**12,662**	**12,236**	**5,572**	**30,470**
IFRS 16 - Effect as of January 1, 2019	6,373	-	555	6,928
IFRS 16 - Additions of the period	3,311	-	142	3,453
Additions	282	1,870	679	2,831
Others	-	9	159	168
Cost as of December 31, 2019	**22,628**	**14,115**	**7,107**	**43,850**
Accumulated depreciation as of January 1, 2019	**2,054**	**7,635**	**3,787**	**13,475**
Depreciation expense	2,453	1,376	879	4,708
of which IFRS 16 effect	2,115	-	201	2,316
Others	(4)	9	150	155
Accumulated depreciation as of December 31, 2019	**4,503**	**9,020**	**4,816**	**18,338**
Net book value as of December 31, 2019	**18,125**	**5,095**	**2,291**	**25,512**

As of December 31, 2019, the net value of property, plant and equipment is equal to Euro 25,512 thousand (Euro 16,995 thousand as of December 31, 2018). During the financial year ended December 31, 2019 we record increases for a total amount of Euro 13,212 thousand, of which Euro 10,381 thousand related to the adoption of the IFRS 16 standard, Euro 282 thousand refer to land and buildings, Euro 1,870 thousand refer to plant and machinery, mainly related to production hardware, Euro 679 thousand refer to other tangible assets, mainly related to office equipment and furniture. In particular, the increases in land and buildings include Euro 176 thousand related to the expenses paid for the refurbishment of a building located in Monastir (Province of Cagliari), in the context of a project started during the financial year ended December 31, 2017. Finally, with reference to the building in Monastir, during the financial year ended December 31, 2019 the expenses incurred for the purchase of plant and machinery are equal to Euro 533 thousand.

The net book value of "Land and buildings" as of December 31, 2019 mainly refers to the operating office of 7Pixel S.r.l., in Giussago (Province of Pavia) for Euro 6,273 thousand (of which Euro 892 thousand related to the land), to the building and land located in Cagliari, respectively equal to Euro 2,238 thousand and Euro 213 thousand, to the building located in Monastir (Province of Cagliari) for Euro 1,370 thousand, and to the right of use deriving from the adoption of IFRS 16 standard for Euro 7,569 thousand, in relation to the rental contracts for operating offices not owned by the Group.

The item "Plant and machinery" includes investments in generic electronic office equipment, in the different operating offices of the Group, and for production hardware.

"Other tangible assets" include investments in furniture and fittings, specific equipment and vehicles.

11. Participations measured with the equity method

The item includes the participation in the subsidiaries Fin.it S.r.l., Generale Fiduciaria S.p.A., Generale Servizi Amministrativi S.r.l. Zoorate S.r.l. and in the joint venture PrestiPro S.r.l..

The following table shows the changes in this item for financial year ended December 31, 2019:

(Euro thousand)	As of December 31, 2018	Net income of the year attributable to the Group	Others	As of December 31, 2019
65Plus S.r.l.	196	-	(196)	-
Fin.it S.r.l.	274	(6)	-	268
Generale Fiduciaria S.p.A.	82	12	400	494
GSA S.r.l.	449	(174)	(10)	265
Prestipro S.r.l.	39	47	-	86
Zoorate S.r.l.	514	159	-	673
Total	**1,554**	**38**	**194**	**1,786**

The item "Participations measured with the equity method" shows an increase equal to Euro 38 thousand, related to the income deriving from the valuation with the equity method, and an increase of Euro 194 thousand, due to the acquisition of a further 30% stake of the share capital of Generale Fiduciaria S.p.A. for Euro 400 thousand, partially offset by the disposal of 10% stake of the share capital of Generale Servizi Amministrativi S.r.l. for Euro 10 thousand, and to the reversal of the participation in 65Plus S.r.l., as the subsidiary, starting from January 1, 2019, is consolidated on a line-by-line basis following the acquisition of control by the Issuer.

12. Financial assets at fair value

The following table presents the variation of the item as of and for the financial year ended December 31, 2019:

(euro thousand)	As of December 31, 2018	Increases	Depreciations	Reimbursements	As of December 31, 2019
Finint Bond	536	-	43	-	579
ABS Fenice 2014-1	696	-	(436)	-	260
ABS Fenice 2014-1	1,886	-	404	(946)	1,344
ABS Fenice 2014-1	277	-	(277)	-	-
Cerved Group S.p.A. shares	6,869	41,090	7,185	(2,974)	52,170
Financial assets at fair value	**10,264**	**41,090**	**6,919**	**(3,920)**	**54,353**

The item mainly includes shares of Cerved Group S.p.A., purchased starting from financial year ended December 31, 2018, for an amount equal to Euro 52,170 thousand. Such financial assets are measured at fair value through OCI.

The item also includes of shares of a mutual fund for Euro 579 thousand, and other securities related to securitization of non-performing credits, for Euro 1,604 thousand. Both categories of financial assets have been acquired with the entry of Agenzia Italia S.p.A. into the consolidation area. Such financial assets are measured at fair value through profit and loss.

13. Deferred tax assets and liabilities

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2019 and 2018:

Year ended December 31, 2018

(euro thousand)	As of January 1, 2018	Accrual	Other movements	Utilization	As of December 31, 2018	Expiring within 1 year	Expiring after 1 year
Deferred tax assets							
Costs with different tax deductibility	631	487	337	(398)	1,057	1,044	13
Differences between the tax bases of assets and their carrying amounts	2,263	23	58	(832)	1,512	135	1,377
Defined benefit program liability	551	37	-	(141)	447	-	447
Tax loss carry forwards	39	-	-	(39)	-	-	-
Total deferred tax assets	**3,484**	**547**	**395**	**(1,410)**	**3,016**	**1,179**	**1,837**
Deferred tax liabilities							
Differences between the tax bases of assets and their carrying amounts	(1,594)	-	(2,261)	1,177	(2,678)	(1,328)	(1,350)
Dividends deliberated not yet paid	(214)	-	-	214	-	-	-
Other	-	(208)	(158)	-	(366)	(136)	(230)
Total deferred tax liabilities	**(1,808)**	**(208)**	**(2,419)**	**1,391**	**(3,044)**	**(1,464)**	**(1,580)**
Total	**1,676**	**339**	**(2,024)**	**(19)**	**(28)**	**(285)**	**257**

Year ended December 31, 2019

(euro thousand)	As of January 1, 2019	Accrual	Other movements	Utilization	As of December 31, 2019	Expiring within 1 year	Expiring after 1 year
Deferred tax assets							
Costs with different tax deductibility	1,057	236	-	(225)	1,068	1,085	(17)
Differences between the tax bases of assets and their carrying amounts	1,512	37	-	(11)	1,538	95	1,443
Defined benefit program liability	447	120	-	(96)	471	-	471
Tax loss carry forwards	-	-	100	-	100	-	100
Total deferred tax assets	**3,016**	**393**	**100**	**(332)**	**3,177**	**1,180**	**1,997**
Deferred tax liabilities							
Differences between the tax bases of assets and their carrying amounts	(2,678)	(1,674)	-	1,898	(2,454)	(872)	(1,582)
Others	(366)	(225)	-	5	(586)	(205)	(381)
Total deferred tax liabilities	**(3,044)**	**(1,899)**	**-**	**1,903**	**(3,040)**	**(1,077)**	**(1,963)**
Total	**(28)**	**(1,506)**	**100**	**1,571**	**137**	**103**	**34**

Among deferred tax assets referring costs with different tax deductibility, there is the tax credit, equal to Euro 514 thousand, deriving from the accruals recorded among the provisions for risks and charges. Among the deferred tax assets referring to differences between the tax bases of assets and their carrying amounts, there is the tax credit, equal to Euro 1,208 thousand, deriving from the tax release, performed in the financial year ended December 31, 2012, of the consolidation differences emerged after the purchase of the participations in Key Service S.r.l. by Quinservizi S.p.A., and in Quinservizi S.p.A. itself by Centro Perizie S.r.l. (now Eagle & Wise Service S.r.l.).

Finally, it is worth pointing out that among deferred tax liabilities referring to differences between the tax bases of assets and their carrying amounts, as of December 31, 2019, there is the amount related to the tax effect of the higher value recognized to the trademark "TrovaPrezzi.it" at the acquisition of the participation in 7Pixel S.r.l., for Euro 119 thousand, the amount related to tax effect of the higher value recognized to the software of Agenzia Italia S.p.A., at the acquisition of the participation in Agenzia Italia S.p.A., for Euro 942 thousand, and the amount related to tax effect of the higher value recognized to the software of Eagle & Wise Service S.r.l., at the acquisition of the participation in Eagle & Wise Service S.r.l., for Euro 1,116 thousand.

14. Other non-current assets

The item as of December 31, 2019 includes a security deposit in favor of a supplier of the BPO Division to guarantee the payment of professional services in the mortgage area for an amount equal to 350 thousand and the non-interest bearing loan granted to the joint venture PrestiPro S.r.l., for an amount equal to Euro 190 thousand. It is worth pointing out that the actualization of financial assets using the current rates does not have significant impacts on their measurement.

CURRENT ASSETS

15. Cash and cash equivalents

Cash and cash equivalents include cash in hand and bank deposits.

For comments on the evolution of cash and cash equivalents, please refer to the management report.

The following table presents net financial position, as defined in the CONSOB communication N. DEM/6064293 dated July 28, 2006, as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018	Change	%
A. Cash and cash equivalents	34,654	67,876	(33,222)	-48.9%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	2,184	3,395	(1,211)	-35.7%
D. Liquidity (A) + (B) + (C)	**36,838**	**71,271**	**(34,433)**	**-48.3%**
E. Current financial receivables	**918**	**1,379**	**(461)**	**N/A**
F. Bank borrowings	(13,589)	(813)	(12,776)	1571.5%
G. Current portion of long-term borrowings	(13,003)	(56,572)	43,569	-77.0%
H. Other short-term borrowings	(2,575)	(1,197)	(1,378)	115.1%
I. Current indebtedness (F) + (G) + (H)	**(29,167)**	**(58,582)**	**29,415**	**-50.2%**
J. Net current financial position (I) + (E) + (D)	**8,589**	**14,068**	**(5,479)**	**-38.9%**
K. Non-current portion of long-term bank borrowings	(67,561)	(37,220)	(30,341)	81.5%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	(41,089)	(38,418)	(2,671)	7.0%
N. Non-current indebtedness (K) + (L) + (M)	**(108,650)**	**(75,638)**	**(33,012)**	**43.6%**
O. Net financial position (J) + (N)	**(100,061)**	**(61,570)**	**(38,491)**	**62.5%**

The net financial position as of December 31, 2019 shows a negative cash balance, for Euro 100,061 thousand.

16. Trade receivables

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Trade receivables	99,430	78,711
(allowance for doubtful receivables)	(4,060)	(3,556)
Total trade receivables	**95,370**	**75,155**

Trade receivables refer to ordinary sales to client companies operating in the banking and financial sector.

The significant increase compared to the previous year, is mainly due to trade receivables acquired with the entry of EW Group into the consolidation area and to the growth of operating activities.

It is worth pointing out that trade receivables include a portion related to the estimation of conditional considerations upon the occurrence of certain contractual events, and that IFRS 15 standard defines as "contract assets". In particular, the considerations refer to:

- mortgage underwriting and closing services, for which in some cases the contractual remuneration is subject to the effective disbursement of the loan, for Euro 1,228 thousand;
- administrative activities aimed at credit collection on behalf of insurance companies, for which the fees are subject to the effective collection of the credits, for Euro 2,628 thousand.

The following tables present the variation of the allowance for doubtful receivables in the financial years ended December 31, 2019 and 2018:

Year ended December 31, 2018

(euro thousand)	As of December 31, 2017	Change in the scope of consolidation	Accrual	Utilization	Others	As of December 31, 2018
Provision for bad debts	1,153	2,232	408	(119)	(118)	3,556
Total	**1,153**	**2,232**	**408**	**(119)**	**(118)**	**3,556**

Year ended December 31, 2019

(euro thousand)	As of December 31, 2018	Change in the scope of consolidation	Accrual	Utilization	As of December 31, 2019
Provision for bad debts	3,556	35	790	(321)	4,060
Total	**3,556**	**35**	**790**	**(321)**	**4,060**

The change in the scope of consolidation refers to the provision for bad debts of the subsidiary Eagle & Wise Service S.r.l..

The acrruals for the year mainly include the adjustments to the bad debt provision booked by the subsidiary Agenzia Italia S.p.A..

17. Tax receivables

This item, equal to Euro 4,313 thousand as of December 31, 2019 (Euro 3,997 thousand as of December 31, 2018), refers to the credit for current taxes due to the payments of advances by the companies of the Group during 2019 higher than the amount of the tax due on the taxable income.

18. Other current assets

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Accruals and prepayments	1,009	1,063
Advances to suppliers	116	344
Others	706	826
VAT receivables	2,031	1,579
Receivables from associated companies	934	1,395
Total other current assets	**4,796**	**5,207**

The item "Accruals and prepayments" mainly includes the payments for leases and maintenance services already paid but pertaining to subsequent financial years as well as revenues already accrued on services not yet completed.

The item "Advances to suppliers" as of December 31, 2019 mainly includes advance payments for consulting services not yet performed.

Receivables from associated companies are mainly composed of the receivable from Fin.it S.r.l. as part of the cash pooling activity managed by Agenzia Italia S.p.A..

NON-CURRENT LIABILITIES

19. Long-term debts and other financial liabilities

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Long-term bank borrowings	67,561	37,220
Term between 1 and 5 years	*61,218*	*22,300*
Term over 5 years	*6,343*	*14,920*
Other non-current financial liabilities	41,089	38,418
Estimated liability put/call option Agenzia Italia S.p.A.	35,311	38,418
Non current leasing liabilities	5,778	-
Totale long-term debts and other financial liabilities	**108,650**	**75,638**

Bank loans

Non-current bank borrowings refer to the outstanding loans from Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.) for Euro 37,009 thousand, Crédit Agricole Cariparma S.p.A., for an amount of Euro 14,686 thousand, and Banca Popolare di Milano S.p.A., for an amount of Euro

14,731 thousand. This item also includes the non-current portion of the loans signed by Agenzia Italia S.p.A., for a total amount of Euro 1,134 thousand.

The repayment schedule is as follows:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
- between one and two years	12,419	6,284
- between two and three years	11,355	6,067
- between three and four years	28,863	4,868
- between four and five years	8,581	5,081
- more than five	6,343	14,920
Total	**67,561**	**37,220**

Interest rates

The interest rate on the bank loan from Intesa SanPaolo S.p.A., signed on January 30, 2018, is a fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

The interest rate on the bank loan from Crédit Agricole Cariparma S.p.A., signed on June 28, 2018, is equal to 3-month Euribor increased by 0.90%, and it is subject to change during the length of the contract based on the change of the ratio between Net Financial Indebtedness and EBITDA.

The interest rate on the bank loan from Banca Popolare di Milano S.p.A., signed on September 27, 2018, is equal 6-month Euribor increased by 1.10%, on the amortizing credit line equal to Euro 15,000 thousand, and by 1.30% on the bullet credit line equal to Euro 5,000 thousand. Moreover, the interest rate is subject to a change during the length of the contract based on the change of the ratio between Net Financial Indebtedness and EBITDA.

Such interest rates are representative of the actual interest rate paid. The book value of the financial liabilities represents their fair value as of the date of the financial statement.

In addition, through the acquisition of Agenzia Italia S.p.A., the Group acquired various short and medium-term loans, with different interest rates and reimbursement plans, which as of December 31, 2019 show a residual amount equal to Euro 2,542 thousand.

Financial covenants

With regard to the outstanding loan from Intesa SanPaolo, the Group is obliged to comply with the following consolidated financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) ratio between consolidated net financial indebtedness and EBITDA less than 2.5; ii) ratio between total indebtedness (excluding financial liabilities resulting from the adoption of IAS 32 and IFRS 16) and equity less than 1.5; iii) distribution of earnings and/or retained earnings not over 50% in presence of a ratio between consolidated net financial indebtedness and EBITDA higher than 2.0.

With regard to the outstanding loan from Crédit Agricole Cariparma S.p.A., the Group is obliged to comply with the following consolidated financial covenant: ratio between Net Financial Position and EBITDA: (i) not over 2.50, with reference to the consolidated annual report ended December 31 of each year; (ii) not over 2.75, with reference to the consolidated half year report ended June 30 of each year.

With regard to the outstanding loan from Banca Popolare di Milano S.p.A., the Group is obliged to comply with the following consolidated financial covenant, as resulting from the consolidated financial statements for each full and half year, clarifying that the economic data are to be considered on an yearly basis: ratio between Net Financial Position and EBITDA not over 3.0.

The Group has complied with these covenants as of December 31, 2019. In this respect, it should be noted that for the calculation of the above ratios, according to the contractual agreements in force with the banks, the Net Financial Position and the Total Indebtedness are always determined excluding the liabilities linked to future purchase obligations of participations and the leasing liabilities deriving from the adoption of IFRS 16.

Changes in liabilities

We provide below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(migliaia di Euro)	As of December 31, 2018	Cash flows	Others	As of December 31, 2019
Crédit Agricole Cariparma S.p.A.	16,768	-	(2,082)	14,686
Intesa SanPaolo (ex Mediocredito Italiano S.p.A.)	-	-	37,009	37,009
Banca Popolare di Milano S.p.A.	17,351	-	(2,620)	14,731
BCC Iccrea	2,035	-	(1,154)	881
Banca della Marca	507	-	(253)	254
Banca Popolare dell'Alto Adige	559	-	(559)	-
	-	-	-	-
Long-term borrowings	**37,220**	**-**	**30,341**	**67,561**

The "Others" column refers to the reclassification among current liabilities of the stakes of the loans that will expire during the next twelve months.

The increase related to the loan from Intesa SanPaolo S.p.A. is due to the restatement in financial year ended December 31, 2019 of the non-current portion of the loan as a non-current financial liability, following the waiver obtained by the bank, following the non-compliance with the covenant relating to the ratio between the gross financial debt and the consolidated equity as of December 31, 2018.

Other non-current financial liabilities

Finally, "Other non-current financial liabilities" are composed of the estimated liability for the exercise of the put/call option on the residual 50% stake of Agenzia Italia S.p.A., equal to Euro 35,311 thousand, and the leasing liabilities deriving from the adoption of the new IFRS 16 standard, for Euro 5,778 thousand.

20. Provisions for risks and charges

The following tables present the situation and the variation of the item as of and for the financial year ended December 31, 2018 and 2017:

Year ended December 31, 2018

(euro thousand)	As of December 31, 2017	Accrual	Utilization	Releases	As of December 31, 2018
Provision for early repayment of mortgages	152	70	(106)	(21)	95
Provision for prize coupons	50	-	(30)	(20)	-
Other provisions for risks	1,265	437	-	-	1,702
Total	**1,467**	**507**	**(136)**	**(41)**	**1,797**

Year ended December 31, 2019

(euro thousand)	As of December 31, 2018	Accrual	Utilization	As of December 31, 2019
Provision for early repayment of mortgages	95	120	(39)	176
Other provisions for risks	1,702	112	(150)	1,664
Total	**1,797**	**232**	**(189)**	**1,840**

The provision for early repayment of mortgages includes the estimation of possible repayment of commissions received for mortgages intermediated in the year ended at the financial statements date, if particular clauses of the agreements with the banks provide for the reversal of the fees in case of loan prepayment or borrower default. The item also includes a provision of Euro 120 thousand, booked during financial year ended December 31, 2019, which refers to an estimation of the economic indemnities that may have to be paid to customers and/or assignees by a company of the Group which provides loans subsequently transferred to other intermediaries, in the event of requests for early repayment, pursuant to the judgment of the Court of Justice of the European Union of September 11, 2019 about the repayment - pro rata - of the total cost of the receivable in case of early repayment.

The “Other provisions for risks” include, for Euro 875 thousand, the estimation of the liability deriving from the probable charging by some suppliers of the Group of additional costs compared to the previously foreseeable amount, related to professional services supplied to the Mortgage BPO business lien. The management considers it appropriate to allot those amounts since, based on the agreements with these suppliers, the Group must bear the direct costs incurred by the suppliers in the provision of these services. The item also includes the measurement of the liability considered probable related to labor claims, for Euro 788 thousand.

21. Defined benefit program liabilities

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Employee termination benefits	13,679	11,699
Directors’ termination benefits	419	377
Total defined benefit program liabilities	**14,098**	**12,076**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below for the years ended December 31, 2019 and 2018:

	As of December 31, 2019	As of December 31, 2018
ECONOMIC ASSUMPTIONS		
Inflation rate	1,00%	1,50%
Discount rate	0,77%	1,57%
Salary growth rate	2,50%	2,50%
TFR growth rate	2,25%	2,63%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	Expected mortality rate of Italian population, according with data from *Ragioneria Generale dello Stato* (RG48)
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	As regards the expected termination, a rate of 7.50% p.a. has been applied for all employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

Actuarial income/(losses) deriving from the liability as of December 31, 2019, equal to Euro 302 thousand, are recorded in equity, with the recognition in the comprehensive income statement.

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2019 and 2018:

(euro thousand)	TFR
Value as of December 31, 2017	**10,907**
Current service cost	2,436
Interest cost	151
Change in the scope of consolidation	544
Benefits paid	(1,070)
Gain of the year	(1,269)
Value as of December 31, 2018	**11,699**
Current service cost	2,203
Interest cost	189
Change in the scope of consolidation	487
Benefits paid	(1,201)
Losses of the year	302
Value as of December 31, 2019	**13,679**

Expenses related to the defined benefit program liability that are recognized in the income statement are as follows:

	Years ended	
(euro thousand)	**December 31, 2019**	**December 31, 2018**
Current personnel cost	(2,203)	(2,436)
Implicit interest cost	(189)	(151)
Total expenses related to the defined benefit program	**(2,392)**	**(2,587)**

As regards the discount rate, the reference rate used for the valorization of this parameter is the Iboxx Eur Corporate AA 10+ index (maturity over 10 years) as of the valuation date. This term is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

The directors' termination benefits for the companies of the Group are recognized pursuant to the resolutions of the relevant shareholders' meetings.

22. Other non-current liabilities

The item is equal to Euro 4,387 thousand as of December 31, 2019, and represents liabilities for the estimated consideration for the exercise of the put/call option on the residual 24% stake of subsidiary Mikono S.r.l., exercisable during financial year 2021, equal to Euro 54 thousand, for the estimated consideration for the future acquisition, upon the approval of the 2020 annual report, of the residual 60% of Zoorate S.r.l., equal to Euro 3,664 thousand, and the liability to associated parties for capital contributions in relation to a partnership aimed at the subscription of different securities linked to the securitizations of non-performing credits, for Euro 660 thousand.

The increase compared to the previous financial year is the consequence of the recalculation of the liability related to estimated consideration for the future acquisition of the residual 60% of Zoorate S.r.l., following the positive economic results of the company.

CURRENT LIABILITIES

23. Short-term debts and other financial liabilities

The following table presents the situation of the item as of December 31, 2019 and 2018:

(migliaia di Euro)	As of December 31, 2019	As of December 31, 2018
Bank borrowings	1,588	813
Current portion of long-term borrowings:	25,003	56,572
Crédit Agricole Cariparma S.p.A.	*2,086*	*2,089*
Credito Emiliano S.p.A.	*12,000*	*-*
Intesa SanPaolo (ex Mediocredito Italiano S.p.A.)	*5,523*	*49,948*
Banca Popolare di Milano S.p.A.	*3,988*	*2,620*
BCC Iccrea	*1,154*	*1,131*
Banca Valsabbina	*-*	*336*
Banca della Marca	*252*	*249*
Banca Popolare dell'Alto Adige	*-*	*199*
Other financial liabilities	2,576	1,197
Short-term debts and other financial liabilities	**29,167**	**58,582**

The item "Short-term debts and other financial liabilities" amounting to Euro 29,167 thousand as of December 31, 2019, includes the current portions of bank borrowings and the interest payable on the outstanding loans, for an amount equal to Euro 13,003 thousand, the short-term loan from Credito Emiliano S.p.A. for Euro 12,000 thousand, the bank liabilities related to the short-term credit lines used by Agenzia Italia S.p.A., for an amount equal to Euro 1,588 thousand, and the current portion of the leasing liabilities (according to IFRS 16) for Euro 2,576 thousand.

With regards to the bank loan from Intesa SanPaolo S.p.A., the Group restored the classification of the non-current portion of the loan, following the redefinition of the covenant which was not complied with as of December 31, 2018.

We provide below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(migliaia di Euro)	As of December 31, 2018	Cash flows	Others	As of December 31, 2019
Intesa SanPaolo (ex Mediocredito Italiano S.p.A.)	49,948	(6,445)	(37,980)	5,523
Credito Emiliano S.p.A.	-	12,000	-	12,000
Crédit Agricole Cariparma S.p.A.	2,089	(2,100)	2,097	2,086
Banca Popolare di Milano S.p.A.	2,620	(1,312)	2,680	3,988
BCC Iccrea	1,131	(1,131)	1,154	1,154
Banca Valsabbina	336	(336)	-	-
Banca della Marca	249	(250)	253	252
Banca Popolare dell'Alto Adige	199	(199)	-	-
Short-term borrowings	**56,572**	**227**	**(31,796)**	**25,003**

The "Others" column refers to the reclassification among current liabilities of the portions of the loans that will expire during the next twelve months.

24. Trade and other payables

Trade and other payables include the payables to suppliers for the purchase of goods and services, for Euro 28,113 thousand as of December 31, 2019, compared to Euro 24,698 thousand as of December 31, 2018.

25. Tax payables

Tax payables include payables for corporate income tax and regional income tax. As of December 31, 2019, the item includes mainly the liability for accrued IRES and IRAP. It is worth pointing out that during financial year ended December 31, 2019, the Group paid a total amount of Euro 10,274 thousand for the final balance of the income taxes related to financial year 2018 and for the advances on the income taxes related to financial year 2019.

26. Other current liabilities

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Liabilities to personnel	10,962	9,894
Social security liabilities	3,761	3,377
Social security liabilities on behalf of employees	3,497	2,750
Accruals	1,402	1,044
VAT liabilities	1,570	488
Other liabilities	3,062	2,577
Total other current liabilities	**24,254**	**20,130**

Liabilities to personnel are mainly liabilities for the salary accrued in December, paid at the beginning of 2020, for accrued holidays and for deferred expenses as of December 31, 2019 that are still to be paid and bonus liabilities for the financial year 2019 not yet paid as of December 31, 2019.

The increase compared to the previous year is mainly due to the increase in the average number of employees, in relation to the growth of operating activities, and to the entry into the scope of consolidation of the EW Group.

The item "Other liabilities" includes liabilities to clients of Insurance BPO for advances received for claim settlement, and liabilities to clients of Leasing/Rental BPO business line.

Accruals mainly include suspended revenues related to outsourcing activities carried out by the BPO Leasing/Renting business line.

27. Shareholders' equity

The following table presents the situation of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Share capital	950	954
Legal reserve	202	202
Other reserves	26,651	17,563
Retaind earnings	84,768	63,073
Total Group shareholders' equity	**112,571**	**81,792**
Other reserves of minority interest	1,295	536
Retained income of minority interest	332	618
Total shareholders' equity	**114,198**	**82,946**

For the changes in shareholders' equity, refer to the relevant table.

On April 29, 2019 the shareholders' meeting resolved the distribution of a dividend of Euro 0.30 per share, for a total amount of Euro 11,292 thousand. Such dividend has been paid out with ex-dividend date May 6, 2019, record date May 7, 2019 and payable date May 8, 2019.

The Company, as of December 31, 2019, has a share capital of Euro 1,012,354.01, formed by 40,000,000 ordinary shares without nominal value.

As of December 31, 2019, the Issuer holds 2,460,433 own shares, equal to 6.151% of ordinary share capital, for a total cost of Euro 17,643 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 62 thousand as of December 31, 2019, and from available reserves for an amount equal to the remaining part of the purchase cost.

The following table presents the impact of the purchase and sale of own shares by the companies of the Group on the consolidated share capital and net equity of the shareholders of the Issuer as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Share capital underwritten and paid	1,012	1,012
Own shares' nominal value	(62)	(58)
Total share capital	**950**	**954**

(euro thousand)	As of December 31, 2019	As of December 31, 2018
Other reserves gross of own shares	129,264	95,673
Surplus on own shares	(17,643)	(14,835)
Total other reserves	**111,621**	**80,838**

28. Stock option plans

The following table summarizes the variation of the stock options during the year:

Stock options as of January 1, 2019	1,879,850
Stock options offered in 2019	160,000
Stock options canceled due to resignations in 2019	(20,000)
Stock options expired in 2019	-
Stock options exercised in 2019	(213,000)
Stock options as of December 31, 2019	1,806,850
(of which) vested as of December 31, 2020	*435,500*

The outstanding stock options as of December 31, 2019 are as follows:

Date of shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	435,500	4.976	0.86
April 27, 2017	March 12, 2018	March 12, 2021	March 11, 2024	1,211,350	13.549	2.61
April 27, 2017	July 5, 2019	July 8, 2022	July 7, 2025	160,000	15.887	3.21
			Total options	**1,806,850**		

The weighted average price of the shares for the year ended December 31, 2018 is equal to Euro 17.127.

Personnel costs for the year ended December 31, 2019 include Euro 1,155 thousand related to the Group's stock option plan. In the income statement for the year ended December 31, 2018 there are costs equal to Euro 869 thousand related to the stock option plan.

NOTES TO THE MAIN ITEMS OF THE CONSOLIDATED INCOME STATEMENT

29. Revenues

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

	Years ended	
(euro thousand)	**December 31, 2019**	**December 31, 2018**
Broking Division revenues	86,788	79,090
BPO Division revenues	133,147	106,033
Total revenues	**219,935**	**185,123**

For comments on the evolution of revenues, please refer to the management report.

30. Other income

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	December 31, 2018
Reimbursement of costs	3,549	3,582
Others	625	468
Grants	36	29
Total other income	**4,210**	**4,079**

31. Services costs

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	December 31, 2018
Marketing and commercial expenses	(31,602)	(26,074)
Notarial and appraisal services	(23,096)	(16,234)
Technical, legal and administrative consultancy	(8,375)	(8,272)
Commission payout	(4,600)	(4,371)
Rental and lease expenses	(2,172)	(3,869)
Postage	(3,020)	(2,979)
Telephone	(1,247)	(1,159)
IT Services	(1,989)	(1,186)
Utilities and cleaning costs	(831)	(843)
Travel expenses	(1,174)	(837)
Other general expenses	(7,833)	(4,332)
Total services costs	**(85,939)**	**(70,156)**

"Marketing and commercial expenses" refer to activities aimed at increasing the awareness and reputation of the Group and of its brands and to acquire new perspective clients. The growth compared to the previous financial year is due to the increase of spending, above all within Broking Division.

"Notary and appraisal services" mainly refer to services purchased by the BPO Division and show a growth compared to the previous year due to the increase of activity volumes.

"Technical, legal and administrative consultancy" costs refer to expenses incurred for professional advice for legal, financial and fiscal matters, for audit activities, for administrative and operating support, as well as for IT and technology consulting.

"Commission payout" is related in particular to the broking fees to the agents of the Money360 network.

The "Rental and lease expenses" include mainly the fees paid by the companies of the Group for software rental costs. The significant decrease compared to the previous year is due to the adoption of the new IFRS 16 standard.

"Postage and delivery charges" refer mainly to expenses incurred for the shipping of documentation on behalf of the clients of the BPO Division.

The "IT Services" refer to the various IT services provided by the company Fin.it S.r.l. in order to support the performing of operating activities of subsidiary Agenzia Italia S.p.A.. The significant increase compared to the previous year is the consequence of the full contribution of Agenzia Italia S.p.A., consolidated starting from April 1, 2018, and the increase of operating activities.

The "Other general expenses" include costs of various services, such as administrative and document scanning services used by subsidiary Agenzia Italia S.p.A.. The significant increase compared to the previous year is due to the full contribution of Agenzia Italia S.p.A., and its increase of activity volumes.

32. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	Years ended December 31, 2018
Wages and salaries	(45,725)	(41,073)
Social security contributions	(12,727)	(10,813)
Professional collaborators and project workers costs	(1,766)	(437)
Directors' compensation	(3,366)	(2,842)
Defined benefit program liabilities	(3,231)	(2,991)
Other costs	(684)	(891)
Stock options	(1,155)	(869)
Total personnel costs	**(68,654)**	**(59,915)**

The increase compared to the previous financial year is mainly due to the growth of the average headcount, in relation to the growth of operating activities, to the entry of EW Group into the consolidation area, and to the full contribution of Agenzia Italia S.p.A..

The average headcount is as follows:

	Years ended December 31, 2019	Years ended December 31, 2018
Managers	26	18
Supervisors	55	49
Employees	1,763	1,694
Average headcount	**1,844**	**1,761**
Headcount in Italy	1,442	1,356
Headcount in Romania	402	405

33. Other operating costs

Other operating costs include mainly Euro 4,567 thousand and Euro 3,580 thousand relating to non-deductible VAT costs for the financial years ended December 31, 2019 and 2018, respectively.

The item also includes expenses for the purchase of consumables and minor equipment for Euro 493 thousand (Euro 573 thousand in financial year ended December 31, 2018).

34. Depreciation and amortization

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	Years ended December 31, 2018
Amortization of intangible assets	(8,532)	(6,139)
Depreciation of property, plant and equipment	(4,708)	(2,040)
of which IFRS 16 effect	*(2,316)*	-
Total depreciation and amortization	**(13,240)**	**(8,179)**

The increase of depreciation and amortization in the financial year ended December 31, 2019 includes the amortization costs related to the intangible assets acquired with the consolidation of 7Pixel S.r.l., including Euro 2,060 thousand concerning the higher value of the trademark, with the consolidation of Agenzia Italia S.p.A., including Euro 2,701 thousand concerning the higher value of the software platform, and with the consolidation of EW Group, occurred during financial year ended December 31, 2019, including Euro 2,000 thousand concerning the higher value of the software platform.

The increase of amortization of intangible assets is mainly attributable to the entry of EW Group into the consolidation area.

The increase of depreciation of property, plant and equipment is mainly due to the adoption of the new IFRS 16 standard, and to the enlargement of the consolidation area.

35. Net financial income

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	Years ended December 31, 2018
Financial income	2,099	345
Income/(losses) from participation	106	(777)
Interest expense – borrowings	(1,124)	(1,383)
Implicit interest cost on defined benefit program liability	(189)	(151)
Income/(losses) from financial assets/liabilities	509	(1,774)
Net financial income/(loss)	**1,401**	**(3,740)**

Financial income mainly includes the dividend received from Cerved Group S.p.A. for Euro 1,865 thousand, and for the residual, the interest income accrued in the period from the use of Group's available liquidity.

Income from participations refers to the evaluation with the equity method of the participations in the joint venture PrestiPro S.r.l., and in the associated companies Generale Fiduciaria S.p.A., Zoorate S.r.l., 65Plus S.r.l., GSA S.r.l. and Fin.it S.r.l..

Financial expenses for the financial year ended December 31, 2019, includes Euro 882 thousand for the interest expenses on bank loans.

The item "Income/(Losses) from financial assets/liabilities" includes income for Euro 3,107 thousand deriving from the recalculation of the estimated liability related to the earn out for the acquisition of the 50% stake of Agenzia Italia S.p.A., losses for Euro 2,123 thousand deriving from the evaluation of the estimated liability for the future acquisition of the residual 60% stake in Zoorate S.r.l., and losses for Euro 269 thousand deriving from the evaluation at fair value of financial assets.

36. Income tax expense

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

	Years ended	
(euro thousand)	**December 31, 2019**	**December 31, 2018**
Current income tax	(11,693)	(6,300)
Deferred taxes	165	(1,704)
Income tax expense	**(11,528)**	**(8,004)**

The increase compared to the previous year is mainly attributable to the lower impact of the reduced taxation regime of the incomes deriving from the utilization of intangible assets by some Group companies ("**Patent Box**"), which led in financial year ended December 31, 2019, to the recognition of a tax benefit of Euro 2,497 thousand related to the 2018 tax period, compared to Euro 5,895 thousand recognized in financial year ended December 31, 2018 and related to the previous three tax periods. Tax incomes do not include the potential Patent Box tax benefit related to results of the current year, whose confirmation and quantification will be possible only with the submission of the tax returns in June 2020.

Incomes for deferred taxes derive from the provisions for deferred tax assets, net of the related utilizations, for Euro 161 thousand, and from the release of deferred tax liabilities, net of the provisions for Euro 4 thousand.

The reconciliation between the theoretical tax rate and the effective tax rate for the years ended December 31, 2019 and 2018 is provided in the following table:

	Years ended December 31, 2019	December 31, 2018
Corporate income tax (IRES)		
Theoretical tax rate	24.0%	24.0%
Differences due to costs non-deductible for IRES	1.5%	3.9%
Differences due to revenues not taxable for IRES	-2.1%	0.0%
Differences of the tax rate on foreign company income	-0.3%	-0.3%
Impact of the tax benefits	-5.4%	-12.8%
Others	0.2%	-0.2%
Effective IRES tax rate	**17.9%**	**14.6%**
Regional income tax (IRAP)		
Theoretical tax rate	3.9%	3.9%
Differences due to costs non-deductible for IRAP	5.5%	12.2%
Differences due to revenues not taxable for IRAP	-0.3%	0.0%
Tax benefits	-5.0%	-5.6%
Others	0.1%	-6.2%
Effective IRAP tax rate	**4.2%**	**4.3%**

37. Potential liabilities

In addition to what described in the previous notes, we do not recognize any further potential liability.

38. Classes of financial assets and liabilities

In the balance sheet as of December 31, 2019 financial assets and liabilities are classified as follows:

- Cash and cash equivalents for Euro 34,654 thousand (Euro 67,876 thousand in 2018);
- Loans and trade receivables for Euro 100,263 thousand (Euro 75,345 thousand in 2018).

All the financial liabilities recorded in the balance sheet as of December 31, 2019 and 2018 are stated at amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach. The income deriving from the measurement of these liabilities recorded in the income statement for the financial year ended December 31, 2019, is equal to Euro 984 thousand.

Among financial assets as of December 31, 2019 are the shares of Cerved Group S.p.A., measured at fair value (category 1) through OCI, and the quotas of an investment fund measured at fair value (category 1) through profit and loss, and other securities related to securitization of non-performing credits, measured at fair value (category 2) through profit and loss.

39. Related parties

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

Compensation paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities

The following table shows the compensation paid to the members of the governing and controlling bodies, general managers and managers with strategic responsibilities in the year ended December 31, 2019:

Name	Office	Holding period of the office From	To	Term of the office	Compensation for the office	Non-monetary benefits	Bonus and other incentives	Other
Marco Pescarmona	Chairman	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	250	20	196	290
Alessandro Fracassi	CEO	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	250	14	199	287
Anna Maria Artoni	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	17	-	-	-
Fausto Boni	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	12	-	-	-
Chiara Burberi	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	22	-	-	-
Matteo De Brabant	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	20	-	-	-
Klaus Gummerer	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	25	-	-	-
Valeria Lattuada	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	14	-	-	-
Marco Zampetti	Director	1/1/2019	12/31/2019	Appr. of 2019 fin. stat.	19	-	-	46
Stefano Gnocchi	Chairman of the board of st. aud.	1/1/2019	12/31/2019	Appr. of 2020 fin. stat.	23	-	-	-
Paolo Burlando	Statutory auditor	1/1/2019	12/31/2019	Appr. of 2020 fin. stat.	15	-	-	27
Francesca Masotti	Statutory auditor	1/1/2019	12/31/2019	Appr. of 2020 fin. stat.	15	-	-	23
Alessio Santarelli	Manager with strategic responsibilities	7/5/2019	12/31/2019	N/A	-	16	100	148

The column "other" includes the compensation for office in subsidiaries, wages received as employees, and the provisions for benefits upon termination.

Fees paid to the independent auditors

The following table provides the fees paid to the independent auditors by the Issuer and its subsidiaries during the year ended December 31, 2019, separating the fees paid for audit services from the fees paid for other attestation services:

(euro thousand)	Year ended December 31, 2019 Gruppo MutuiOnline S.p.A.	Subsidiaries
Audit	77	217
Audit of non financial disclosure pursuant to Lesislative Decree 254/2016	32	-
Total fees paid to the independent auditor	**109**	**217**

40. Disclosure on public grants pursuant to article 1, comma 125, of Law 124/2017

In relation to the provisions of Article 1, *comma* 125, of Law 124/2017, subsequently reworded by Article 35 of Law Decree 34/2019, regarding the obligation to provide evidence in the notes of the financial statements of any public disbursements received during the financial year by way of grants, subsidies, advantages, contributions or aids, in cash or in kind, not of a general nature (therefore excluding tax benefits and contributions that may be granted to subjects which meet certain conditions), but attributable to bilateral relations with the subjects referred to in paragraph 125 of that article, the Group has not received public funds during 2019. For a complete disclosure, please refer to the National Register of State Aid.

41. Subsequent events

Purchase of own shares

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholders' meeting, after December 31, 2019, the Group purchased 33,652 own shares, equal to 0.084% of the share capital.

In addition, after December 31, 2019, following the exercise of stock options by employees of the Group, the Issuer sold a total of 79,000 own shares in portfolio, equal to 0.198% of share capital.

As of the date of approval of this consolidated financial report the Issuer owns in total 2,415,085 own shares, equal to 6.038% of share capital, for a total cost equal to Euro 16,925 thousand.

Disposal of Cerved Group S.p.A. shares

We inform you that, also in order to further strengthen the liquidity position of the Group, between January 1, 2020 and the date of approval of this report, n. 1,496,950 Cerved Group S.p.A. shares were sold for a total consideration of Euro 13,162 thousand, recording a loss equal to Euro 127 thousand.

Following these disposals, at the date of approval of this report the Group holds 4,503,050 Cerved Group S.p.A. shares.

Merger by incorporation of IN.SE.CO S.r.l. and Eagle NPL S.r.l. in Quinservizi S.p.A.

On January 21, 2019, following the registration of the merger act, the process regarding the merger by incorporation of IN.SE.CO. S.r.l. and Eagle NPL S.r.l. in Quinservizi S.p.A., was completed, with accounting effect since January 1, 2020.

42. Earnings per share

Earnings per share for the year ended December 31, 2018, equal to Euro 0.89, are calculated by dividing the net income attributable to the shareholders of the Issuer for the year (Euro 33,736 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2018 (37,947,739 shares).

Earnings per share for the year ended December 31, 2019, equal to Euro 1.07, are calculated by dividing the net income attributable to the shareholders of the Issuer for the year (Euro 40,313 thousand) by the weighted average number of shares outstanding during the year ended December 31, 2019 (37,603,632 shares).

For the financial year ended December 31, 2019 diluted earnings per share are equal to Euro 1.02 as the average number of equity instruments (stock options) that meet the requirements provided by IAS 33 to generate dilutive effects on the earnings per share is equal to 1,813,335.

Milan, March 13, 2020

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

ANNUAL REPORT

AS OF AND FOR THE YEAR ENDED DECEMBER 31, 2019

Prepared according to IAS/IFRS

4. ANNUAL REPORT AS OF AND FOR YEAR ENDED DECEMBER 31, 2019

4.1. Financial statements

4.1.1. Statement of financial position

(euro thousand)	Note	As of December 31, 2019	December 31, 2018
ASSETS			
Intangible assets	3	81	123
Plant and equipment	4	506	547
Investments in associated companies	5	88,046	96,856
Participation in associated companies and joint ventures	6	742	547
Financial assets at fair value	7	52,170	6,869
Deferred tax assets	8	46	14
Other non-current assets (with related parties)	9, 27	42,690	33,190
Total non-current assets		**184,281**	**138,146**
Cash and cash equivalents	10	24,303	47,037
(of which) with related parties	*27*	*6,422*	*12,782*
Trade receivables		1,372	916
(of which) with related parties	*27*	*1,242*	*823*
Tax receivables	24	3,530	1,647
Other current assets	11	17,202	7,087
(of which) with related parties	*27*	*14,041*	*5,966*
Total current assets		**46,407**	**56,687**
TOTAL ASSETS		**230,688**	**194,833**
LIABILITIES AND SHAREHOLDERS' EQUITY			
Share capital	12	950	954
Legal reserve	12	202	202
Other reserves	12	(26,377)	(29,442)
Retaind earnings	12	65,208	4,960
Net income	12	2,016	71,556
Total shareholders' equity		**41,999**	**48,230**
Long-term borrowings	13	66,510	34,119
Provisions for risks and charges		-	650
Defined benefit program liabilities	14	837	697
Deferred tax liabilities	8	86	-
Total non-current liabilities		**67,433**	**35,466**
Short-term borrowings	15	116,638	107,477
(of which) with related parties	*27*	*98,992*	*51,622*
Trade and other payables	16	911	1,609
(of which) with related parties	*27*	*52*	*26*
Tax payables		1	1
Other current liabilities	17	3,706	2,050
(of which) with related parties	*27*	*2,559*	*1,379*
Total current liabilities		**121,256**	**111,137**
TOTAL LIABILITIES		**188,689**	**146,603**
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**230,688**	**194,833**

4.1.2. Income statement

(euro thousand)	Note	Years ended December 31, 2019	December 31, 2018
Revenues	19	9,846	82,196
(of which) with related parties	*27*	*7,925*	*82,107*
Other income		219	162
(of which) with related parties	*27*	*157*	*149*
Services costs	20	(3,156)	(3,333)
(of which) with related parties	*27*	*(385)*	*(336)*
Personnel costs	21	(3,965)	(2,849)
Other operating costs		(48)	(36)
Depreciation and amortization		(277)	(359)
Operating income		**2,619**	**75,781**
Financial income	22	97	337
Losses from participations	5, 22	(1,195)	(2,108)
Financial expenses	22	(819)	(722)
Losses from financial liabilities	22	(206)	(1,997)
Net income before income tax expense		**496**	**71,291**
Income tax expense	23	1,520	265
Net income		**2,016**	**71,556**

4.1.3. Comprehensive income statement

(euro thousand)	Note	Years ended December 31, 2019	December 31, 2018
Net income		**2,016**	**71,556**
Fiar value of financial assets	7	7,099	225
Actuarial gain/(losses) on defined benefit program liability	14	(16)	19
Tax effect on actuarial gain/(losses)		(4)	(5)
Total comprehensive income for the period		**9,095**	**71,795**

4.1.4. Statement of cash flows

(euro thousand)	Note	Years ended December 31, 2019	December 31, 2018
Net income		**2.016**	**71.556**
Amortization and depreciation	3, 4	277	359
Stock option expenses	22	1.155	869
Interest cashed		97	287
Income tax paid		(2.922)	(1.377)
Income from disposal of participation		(70)	-
Changes in trade receivables/payables		(1.154)	128
(of which) with related parties		*(393)*	*(670)*
Changes in other assets/liabilities		(4.220)	16.882
Payments on defined benefit program		140	209
Payments on provisions for risks and charges		(650)	650
Net cash generated/(absorbed) by operating activities		**(5.331)**	**89.563**
Investments:			
- Increase of intangible assets	3	(48)	(134)
- Increase of property, plant and equipment	4	-	(111)
- Increase of participations	5	(1.848)	(21.631)
- Capital contribution	5	(1.200)	(2.000)
- Increase of financial assets at fair value	7	(38.116)	(6.869)
Disposals:			
- Decrease of participations		9.271	-
Net cash generated/(absorbed) by investment activity		**(31.941)**	**(30.745)**
Increase of financial liabilities	13	12.000	89.826
Decrease of financial liabilities	13,16	(12.035)	(44.590)
Increase of financial assets	9, 28	(11.500)	(35.000)
Decrease of financial assets		2.000	3.536
Interest paid		(819)	(722)
Increase of share capital	12	-	493
Purchase/sale of own shares	12	(5.192)	(33.752)
Dividends paid	12	(11.292)	(11.427)
Net cash generated/(absorbed) by financing activities		**(26.838)**	**(31.636)**
Net increase/(decrease) in cash and cash equivalents		**(64.110)**	**27.182**
Net cash and cash equivalent at the beginning of the period		(4.585)	(31.767)
Net cash and cash equivalents at the end of the period		**(68.695)**	**(4.585)**
Net increase/(decrease) in cash and cash equivalents		**(64.110)**	**27.182**
Cash and cash equivalents at the beginning of the year	10	47.037	73.585
(of which) with related parties	*27*	*12.782*	*3.302*
Scoperti di conto corrente a inizio esercizio (verso parti correlate)	*27*	(51.622)	(105.352)
Net cash and cash equivalents at the beginning of the year		**(4.585)**	**(31.767)**
Cash and cash equivalents at the end of the year	10	24.303	47.037
(of which) with related parties	*27*	*6.422*	*12.782*
Current account overdraft at the end of the year	*27*	(92.998)	(51.622)
Net cash and cash equivalents at the end of the year	**10**	**(68.695)**	**(4.585)**

4.1.5. Statement of changes in shareholders' equity

(euro thousand)	Share capital	Legal reserve	Stock option reserve	Share premium reserve	Retained earnings	Net income of the year	Total
Value as of December 31, 2017	**999**	**200**	**(852)**	**1,926**	**1,560**	**14,809**	**18,642**
Allocation of net income 2017							
Distribution of ordinary dividend	-	-	-	-	-	(11,427)	**(11,427)**
Retained earnings	-	2	-	-	3,380	(3,382)	**-**
Increase of share capital	2	-	-	491	-	-	**493**
Stock option plan	-	-	869	-	-	-	**869**
Purchase of own shares	(62)	-	(35,744)	-	-	-	**(35,806)**
Disposal of own shares	2	-	910	698	-	-	**1,610**
Exercise of stock options	13	-	2,041	-	-	-	**2,054**
Other movements	-	-	-	-	239	-	**239**
Net income of the year	-	-	-	-	-	71,556	**71,556**
Value as of December 31, 2018	**954**	**202**	**(32,776)**	**3,115**	**5,179**	**71,556**	**48,230**
Allocation of net income 2018							
Distribution of ordinary dividend	-	-	-	-	-	(11,292)	**(11,292)**
Retained earnings	-	-	-	-	60,264	(60,264)	**-**
Stock option plan	-	-	1,155	-	-	-	**1,155**
Purchase of own shares	(10)	-	(6,243)	-	-	-	**(6,253)**
Exercise of stock options	6	-	1,056	-	-	-	**1,062**
Other movements	-	-	-	-	7,081	-	**7,081**
Net income of the year	-	-	-	-	-	2,016	**2,016**
Value as of December 31, 2019	**950**	**202**	**(36,808)**	**3,115**	**72,524**	**2,016**	**41,999**
Note	12	12	12	12	12		

4.2. Explanatory notes to the financial statements (separated financial report)

1. Basis of preparation of the financial statements

This annual report, including the statement of financial position, comprehensive income statement, statement of cash flows and statement of changes in shareholders' equity as of and for the year ended December 31, 2019 and the relevant notes, has been prepared in accordance with IFRS issued by the International Accounting Standard Board ("**IASB**") and the related interpretations SIC/IFRIC, adopted by the European Commission. Besides it has been prepared in accordance with CONSOB resolutions No. 15519 and No. 15520 dated July 27, 2006, with CONSOB communication No. DEM/6064293 dated July 28, 2006 and with art. 149-*duodecies* of the Issuer Regulations.

The financial statements are prepared at cost, with the exception of the items specifically described in the following notes, for which the measurement at fair value is adopted. The fair value is the price at which an asset could be exchanged, or a liability discharged, between knowledgeable, willing parties in an arm's length transaction as of the date of measurement.

IFRS 13 provides for a hierarchy of fair value which classifies on three levels the inputs for the assessment adopted to evaluate fair value. The hierarchy of fair value gives the highest priority to quoted prices (not adjusted) on active markets for the same assets and liabilities (data of Level 1) and the lowest priority to unobservable inputs (data of Level 3).

Level 1 inputs are quoted prices (not adjusted) for the same assets and liabilities on active markets, which the entity may access as of the assessment date.

Level 2 inputs are inputs different from the quoted prices included in Level 1 which can be observed directly or indirectly for the asset or the liability.

Level inputs 3 are unobservable inputs for the asset or the liability.

Receivables are derecognized if the right to receive the cash flows has been transferred or when the entity no longer controls such financial assets.

Payables are derecognized only when they are settled or the specific obligation is met or canceled or expired.

In particular, the IFRS have been consistently applied to all the periods presented.

All the amounts included in the tables of the following notes are in thousands of Euro.

Following the effectiveness of EU Regulation N 1606/1002 and the related national provisions of enactment, starting from year 2007, Gruppo MutuiOnline S.p.A. adopts the International Financial Standard issued by the International Accounting Standard Board ("**IASB**") and the related interpretations, adopted by the European Commission ("**IFRS**"). IFRS should be understood as the International Financial Reporting Standards, the International Accounting Standards ("**IAS**"), the interpretations of the International Financial Reporting Interpretation Committee ("**IFRIC**"), previously denominated Standing Interpretations Committee ("**SIC**").

The financial statement schemes adopted are in accordance to the ones provided by IAS 1 ("Presentation of financial statements") and in particular:

- for the statement of financial position, we adopted the "current/non-current" presentation;

- for the comprehensive income statement, we adopted the presentation of costs by nature;
- the statement of changes in shareholders' equity was prepared according with IAS 1;
- the statement of cash flows was prepared using the indirect method.

In addition, in accordance with revised IAS 1 ("Presentation of financial statements"), in the income statement after the net income for the period we also present the comprehensive income components.

These consolidated financial statements have been prepared according to the going concern assumption, due to the economic and financial results achieved.

The most significant provisions adopted for the preparation of the consolidated financial statements are the following:

A) Intangible assets

Intangible assets are non-monetary assets that are distinctly identifiable and able to generate future economic benefits. These items are recognized at purchase cost and/or internal production cost, including all costs to bring the assets available for use, net of accumulated amortization and impairment, if any.

Amortization commences when the asset is available for use and is systematically calculated on a straight-line basis over the estimated useful life of the asset.

(a) Licenses and other rights

Licenses and other rights are amortized on a straight-line basis in order to allocate their acquisition cost over the shorter of useful life and duration of the relevant contracts, starting from the moment of acquisition of the rights and usually lasting for a period of 3 to 5 years.

B) Property, plant and equipment

Property, plant and equipment are stated at historical cost of acquisition or production less accumulated depreciation and impairment. Historical cost includes expenditure that is directly attributable to the acquisition.

All other repairs and maintenance are charged to the income statement during the financial period in which they are incurred. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be reliably measured. When assets are composed of different identifiable components whose useful life is significantly different, each component is depreciated separately applying the "component approach".

Depreciation is charged to each component on a systematic basis over the estimated useful life from the date of initial recognition.

Property, plant and equipment are depreciated with useful lives as follows:

Description of the main categories of the item "Property, plant and equipment"	Period
Leasehold improvements	shorter of contract duration and useful life
Generic equipment	5 years
Hardware	2.5 years
Office equipment	2.5-5 years
Furniture and fittings	8 years
Auto vehicles	4 years

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each balance sheet date.

C) <u>Leases</u>

IFRS 16 sets out the principles for the recognition, measurement, presentation and the disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. At the commencement date of a lease, a lessee recognizes a liability to make lease payments (i.e. the lease liability) and an asset representing the right to use the underlying asset during the lease (i.e. the right of use asset). Lessees recognize the interest expenses on the lease liability and the depreciation expense on the right of use asset.

Lessees will be also required to re-measure the lease liability on the occurrence of certain events (e.g. a change in the lease term, a change in the future lease payments resulting from a change in an index or rate used to establish those payments). The lessee will generally recognize the re-measurement amount of the lease liability as an adjustment to the right of use of the asset.

The standard includes two recognition exemptions for lessees:

- leases of low value assets (a situation that arise for the Company with reference to operating leases for office equipment such as photocopiers, recognized in the balance sheet under the item "Other operating costs");

- short-term leasing contracts (e.g. leases with a lease term of 12 months or less).

With the adoption of IFRS 16, the Issuer has opted for the application of the modified retrospective method, according to which the cumulated effects from the application of the new standard are booked as adjustments to the opening balance of shareholders' equity. The comparison figures are not restated while the figures for this reporting period are shown applying the new standard.

The effects deriving from the adoption of the standard to the opening balance of shareholders' equity are shown below:

(Euro thousand)	Car rental contracts	Total
Property, plant and equipment	19	19
Long-term debts and other financial liabilities	8	8
Short-term debts and other financial liabilities	11	11

Changes in the values of the rights of use and the leasing liabilities during the financial year ended December 31, 2019 is shown below:

(euro thousand)	Vehicols	Total property, plant and equipment	Leasing liabilities
As of January 1, 2019	**19**	**19**	**19**
Increases / (decreases)	125	125	108
Amortization	(18)	(18)	-
Financial expenses	-	-	(1)
As of December 31, 2019	**126**	**126**	**126**

D) *Investments in subsidiaries*

An entity is defined subsidiary when the Issuer owns, directly or indirectly, the control.

Control is connected with the ongoing existence of all the following conditions:

- power over the investee;
- the possibility of achieving a return resulting from ownership of the investment;
- the investor's ability to use its power over the investee to affect the amount of its return.

The existence of potential voting rights exercisable at the reporting date is also taken into consideration for the purposes of determining control.

Investments in subsidiaries are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

Investments in joint ventures and associated companies

A joint venture is an arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

An associated entity is a company, which is neither a subsidiary nor a joint venture, on which the Issuer exercises a significant influence. Significant influence is presumed when the Issuer owns, directly or indirectly, more than 20% of the ordinary share capital of a company.

Joint ventures and investments in associated entities are measured at cost adjusted for any impairment loss recognized in the income statement. When the motives for such losses are no longer valid, the value of investments is increased up to the relevant cost of acquisition. This recovery is recognized in the income statement.

E) *Impairment of assets*

At each balance sheet date the Issuer assesses property, plant and equipment, intangible assets and financial assets in order to identify possible indicators of impairment, deriving from both internal and external sources of the Company. If such indicators are identified, an estimate of the recoverable value is made and any impairment of the relevant book value is recognized in the income statement. The recoverable amount of an asset is the higher amount between its fair value, less sales costs, and its value in use, equal to actualized value of the expected cash flows of such asset. In calculating the value in use, the expected cash flows are discounted using a discount rate reflecting the current market value of the investments and the specific risks associated with the asset.

The value in use of an asset that does not generate independent cash flows is determined in relation to the cash generating unit to which this asset belongs. Impairment is recognized in the income statement whenever the carrying amount of the asset and of the related cash generating unit exceeds its recoverable value. Whenever the circumstances causing impairment cease to exist, the book value of the asset, except the goodwill, is restored with the recognition in the income statement, up to the net value that the asset would have had if it were not impaired and regularly depreciated.

F) Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits and highly liquid short term investments (readily convertible to cash within 3 months), that are easily convertible to cash and not subject to risk of change in value. Overdrafts are included in short-term borrowings and are measured at the fair value.

G) Financial assets at fair value through OCI

Upon initial recognition, the Issuer can elect to irrevocably classify its equity investments as equity instruments designated at fair value through other comprehensive income ("**OCI**") when they meet the definition of equity under IAS 32 "Financial Instruments: Presentation" and are not held for trading. The classification is determined on an instrument-by-instrument basis. Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognized as other income in the statement of profit or loss when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment.

H) Trade receivables and other credits

Trade receivables are valued initially at fair value and subsequently at amortized cost using the effective interest rate basis.

Any losses arising as a result of impairment reviews are recognized in the income statement. In particular, IFRS 9 requires the Issuer to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12-month period or on a lifetime basis (e.g. lifetime expected loss). The Issuer opted for the simplified approach and therefore records the expected losses on every trade receivable based on their residual contractual duration. The Issuer however continues to analytically consider the specificity of the sector and of some clients in its assessments.

In the presence of impairment indicators, the values of the assets are reduced to the present value of expected future cash flows and the differences are recognized in the income statement, with a provision for bad debts as counterbalance, offsetting trade receivables. If in subsequent periods the reasons for such impairments are no longer valid, the values of the assets are reinstated up to the amortized cost as if the impairment had never occurred.

I) Own shares

Own shares are booked as reduction of shareholders' equity. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value and from the distributable reserves for an amount equal to the remaining part of the purchase cost.

J) *Trade payables and financial liabilities*

Financial liabilities, trade payables and other debts are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the proceeds (net of transaction costs) and the redemption value is recognized in the income statement over the period of the borrowings using the effective interest method. Amortization is determined based on the effective interest rate which equates, at the initial moment, the present value of cash flows connected with the liability and its initial recorded amount (amortized cost method).

Whenever expected future cash flows change, and these could be reliably estimated, the value of the liability is recalculated on the basis of the new cash flows and the initially determined effective interest rate.

K) *Defined benefit program liability*

Employee termination benefits ("*Trattamento Fine Rapporto*", or "**TFR**"), which are compulsory for Italian companies in accordance with civil code, are considered by IFRS as a defined benefit program, based, among other things, on the period of employment and the remuneration of the employee during a predefined period.

The TFR liability is determined by independent actuaries using the Projected Unit Credit Method to account for the time value of money. According to IAS 19 revised the adjustments deriving from the changes in actuarial assumptions are recorded in equity, by means of the recognition in the comprehensive income statements. The implicit interest cost for the adjustment of the present value of the TFR liability over time is recognized in the financial expenses in the income statement.

The legislative changes that became effective in 2007 had no significant impact on the evaluation method adopted by the Company because the percentage of employees adhering to the funds at the relevant date was low and besides the Company does not exceed the limits, provided by the new law and calculated on the average number of employees in the year in force, over which a company is obliged to contribute the accrued fund to the National Institute for Social Security ("INPS") when employees choose to keep their TFR in the company.

L) *Share based payments*

The Company has a stock option plan for the benefit of directors, employees and other personnel. As per IFRS 2, stock option plans are valued at the fair value of the option at grant date, using methods that take into account the exercise price and vesting period of the option, the current stock price, the expected volatility and dividend payout of the shares, and the risk-free interest rate determined on the day of the option grant.

As of the grant date the expense related to the stock option plan is recognized on a straight-line basis in personnel costs in the income statement over the vesting period of the option, and in a reserve in shareholders' equity.

With respect to the valuation of the stock options assigned to directors and employees of subsidiaries, if a mechanism to charge back the cost incurred to such subsidiaries is not present, the book value of the participations is increased by an amount equal to the cost incurred for the options, counter-balanced by the appropriate shareholders' equity reserve.

M) <u>Revenue and cost recognition</u>

Revenues and costs are recognized on an accrual basis. Services revenues are recognized when the services are performed.

IFRS 15 provides for the recognition of revenues for an amount which reflects the compensation at which the entity believes to be entitled in the economic transaction with the customer for the transfer of products and services.

Revenues and other income are recognized net of discounts, allowances and bonuses and the taxes directly related to the services.

Revenues are recognized in the income statement when it is probable that future economic benefits will flow to the Company.

Costs are recognized as the assets and services are consumed during the relevant period or when they are incurred, when it is not possible to determine future economic benefits.

N) <u>Dividends</u>

Dividends received are recognized when the Company obtains the right to receive the payment. This right arises on the date of the resolution of the shareholders' meeting of the subsidiary that distributes the dividends.

In the income statement, dividends received are classified among the revenues.

O) <u>Financial income and expenses</u>

Interest income and expenses are recognized in the accrual period on the net value of the relevant financial assets and liabilities using the effective interest rate method.

Financial income and expenses are recognized on an accrual basis and recorded in the income statement in the accrual period.

P) <u>Taxation</u>

Current income taxes are accounted on the basis of estimated taxable income and the relevant applicable tax rates.

Deferred income tax is provided in full on temporary differences arising between the tax bases of assets and liabilities (excluding goodwill) and their carrying amounts, and differences arising from undistributed reserves registered in the shareholders' equity of the subsidiaries when the timing of reversal of these differences is under the Group's control and they will probably reverse within a reliably foreseen period. Deferred income tax assets, including those on tax loss carry forwards, and not offset by deferred tax liabilities, are recognized to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. Deferred income taxes are calculated using tax rates (and laws) that are expected to apply when the related deferred income tax assets are realised or the deferred income tax liabilities are settled.

Current and deferred income taxes are recognized in the income statement with the exception of the items that are recognized directly in shareholders' equity in which case the tax effect is accounted for in the relevant equity reserve. Current and deferred tax assets and liabilities are netted only when the entity has a legally enforceable right to offset the recognized amounts.

Starting from the financial year ended December 31, 2006 the Company and its subsidiaries exercised, upon the occurrence of the conditions of law, the option for the tax consolidation regime as provided by Italian law, which allows to calculate the corporate income tax ("IRES") on a taxable income corresponding to the algebraic sum of the taxable incomes or losses of the Companies of the Group. The economic relationships, besides the mutual responsibilities and duties, among the holding and its subsidiaries that exercised the option, are regulated by contracts drawn up at the exercise of the option. Tax liabilities are counterbalanced by other current assets of the parent company versus its subsidiaries corresponding to the taxable income transferred within the tax consolidation regime.

It is worth pointing out that subsidiaries MutuiOnline S.p.A., 7Pixel S.r.l., Agenzia Italia S.p.A. Eagle & Wise Service S.r.l., Eagle NPL Service S.r.l. e Eagle Agency S.r.l. do not adhere to the tax consolidation regime.

Other taxes, not related to income, are recognized as operating costs in the income statement.

Q) Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

IFRS 9 requires the initial recognition of financial assets and financial liabilities to be at fair value. Financial instruments arising from group transactions are initially recognized at their fair value.

IFRS 9 Adoption

IFRS 9 sets out the accounting of financial instruments with reference to the following areas: classification and measurement, impairment and hedge accounting.

The main areas of intervention on the discipline operated by the standard described below.

Classification and measurement of the financial assets and liabilities

The Issuer does not own at present any financial liability measured at fair value through profit and loss due to the adoption of the so-called fair value option. Concerning financial assets, the new standard provides that the classification of the assets depends on the characteristics of the financial flows linked to such assets and to the business model used by the Issuer for their management. The Issuer at present does not own nor managed during the financial year any financial asset, such as debt securities, with sale purpose nor in absolute terms. In addition, the Issuer does not own participations as investments which could be included under IFRS 9 or derivatives, even embedded ones. Trade receivables are held to be cashed at the contractual maturities of the cash flows related to them in capital and interest, where applicable. The Issuer assessed the characteristics of the contractual cash flows of these instruments and concluded that they respect the criteria for the measurement at amortized cost according to IFRS 9. Therefore, it was not necessary to reclassify these financial instruments. We can arrive at the same conclusions for the items recorded as cash and cash equivalents.

Impairment

IFRS 9 requires the Issuer to record expected credit losses on all its debt securities, loans and trade receivables, either over a 12-month period or on a lifetime basis (e.g. lifetime expected loss). The Issuer has opted the simplified approach and therefore will record the expected losses on every trade receivable based on their residual contractual duration. The Issuer however continues to analytically consider the specificity of the sector and of some clients in its assessments.

Hedge accounting

If the Issuer should decide in the future to make hedging operations by means of derivatives and to implement *hedge accounting*, it will adopt IFRS9 rules. Given that IFRS 9 does not modify the general principle according to which an entity accounts for the effective hedging instruments, the main changes compared to the previous regulation IAS 39 concern: (i) the hedge effectiveness test is only perspective and can also be based on qualitative aspects, replacing the previous 80-125% test and focusing on the economic relationship between hedge and hedged element (ii) the possibility to designate as subject to hedging only a component of risk also for non-financial elements (provided that the risk component can be separately identifiable and reliably estimated) (iii) introduction of the cost of hedging concept (iv) greater possibility to designate groups of elements as subject to hedging, including stratifications and some net positions. Without hedge accounting, the changes in the fair value of derivatives will continue to be recorded in the income statement.

R) Earnings per share

Since the Company prepares both the consolidated and separate annual reports, the required information is presented only in the consolidated annual report.

S) Accounting estimates and judgments

The preparation of the financial statements requires the application by the directors of principles and accounting methodologies that sometimes require the use of estimates and judgments based on historical experience and other assumptions that are believed to be reasonable under the circumstances. The application of these estimates and assumptions impacts on the amounts included in the statement of financial position, income statement, statement of cash flows and the notes to the financial statements. The resulting accounting estimates could differ from the related actual results because of the uncertainty influencing the assumptions.

For the Company, the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities are those regarding the accounting representation of the stock options. The valuation of stock option plans is based on valuation techniques which take into consideration the expected volatility of share prices and the dividend yield. Should different assumptions be applied, the valuation of the stock option plans and the related expenses could be different.

The impairment test provides for the use of valuation methods based on estimations and assumptions which could be subject to significant changes with subsequent impacts on the results of the evaluations done.

T) New principles effective starting from the financial year ended December 31, 2019

Accounting standards used for the preparation of the consolidated report as of December 31, 2019 are in accordance with the standards used for the preparation of yearly financial report of the Group as of December 31, 2018, except for the adoption of the standard IFRS 16 "Leases", effective starting from January 1, 2019.

U) New principles effective starting from the financial year ended December 31, 2019 not relevant to the Issuer

The following standards, amendments and interpretations, applicable from January 1, 2019, are not relevant or they did not involve effects for the Issuer:

- IFRIC Interpretation 23: uncertainty over income tax treatments;
- Amendments to IFRS 9: prepayment features with negative compensation;
- Amendments to IAS 28: long-term interests in associates and joint venture;
- Amendments to IAS 19: plan amendment, curtailment or settlement;
- IFRS 3 "Business combinations": previously held interests in a joint operation;
- IFRS 11 Joint arrangements": previously held interests in a joint operation;
- IAS 12 "Income taxes": income tax consequences of payments on financial instruments classified as equity;
- IAS 23 "Borrowing costs": borrowing costs eligible for capitalization.

2. Risk analysis

Gruppo MutuiOnline S.p.A. is a holding company and for this reason it is indirectly subject to the peculiar risks of its subsidiaries. In this respect, please refer to the notes to the consolidated financial statements and to the directors' report on operations of each subsidiary.

Instead the Company is autonomously subject to exchange and interest rate risk and liquidity risk.

Exchange and interest rate risk

As of today, financial risk management is performed at Group level.

The Company presents a financial indebtedness equal to Euro 158,845 thousand, of which, however Euro 92,998 thousand are represented by short-term financial debts with subsidiaries within the Group's cash pooling services. In addition, current assets include cash and cash equivalents equal to Euro 24,303 thousand, of which Euro 6,422 thousand from subsidiaries within the Group's cash pooling services.

Therefore, within the framework of Group interest rate risk management, the use of derivative instruments to hedge interest rate risk is not contemplated since, currently, the Company has a variable interest rate borrowing (based on Euribor) towards non-related parties of a lower amount than bank deposits (all of which are based on Euribor), so that the economic and financial effect of rate changes is considered negligible.

The interest rate on the loan from Crédit Agricole Cariparma S.p.A., signed on June 28, 2018, is equal to 3-month Euribor increased by a spread equal to 0.90%, and is subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

The interest rate on the loan from Banca Popolare di Milano S.p.A., signed on September 27, 2018, is equal to 6-month Euribor increased by 1.10% on the amortizing credit line equal to Euro 15,000 thousand, and equal to 6-month Euribor increased by 1.30% on the bullet credit line equal to Euro 5,000 thousand. The interest rate is subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

A possible unfavorable variation of the interest rate, equal to 1.0%, should produce an overall additional expense for the Issuer equal to Euro 330 thousand in 2020. It is worth pointing out that such variation of the interest rate would be more than compensated by the favorable impact on available liquidity.

The bank loan from Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.), signed during the financial year 2018, is instead at fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand.

It is also worth pointing out that the Issuer pursues a policy for the management of available liquidity by investing it in promptly disposable low-risk financial assets.

As regards to the coverage of exchange rate risk, it is worth pointing out that as of the reference date of this report, there are no significant assets or liabilities denominated in currencies different from the Euro and exchange rate risk is therefore not present.

Liquidity risk

Liquidity risk is evident when a company is not able to procure financial resources to support short-term operations.

The Company holds cash and cash equivalent as of December 31, 2019 equal to Euro 24,303 thousand, of which Euro 6,422 thousand with subsidiaries, against current liabilities equal to Euro 116,638 thousand, of which, however Euro 92,998 thousand consist in current financial debts and other current liabilities with subsidiaries. Furthermore, the current assets include receivables and other current assets from subsidiaries equal to Euro 17,323 thousand, which have considerable liquidity. This provides the Company with easily available financial resources to support short-term operations.

Moreover, the risk arising from the potential default of bank counterparties of the Issuer is mitigated by the policy of diversifying the available deposits with different banking institutions.

We also inform you that, also in order to further strengthen the liquidity position of the Group, between January 1, 2020 and the date of approval of this report, n. 1,496,950 Cerved Group S.p.A. shares were sold for a total consideration of Euro 13,162 thousand.

Risk linked to Covid-19 Epidemic

This scenario, which has already been examined previously, is having significant impacts on the economy, financial markets and consumer confidence in Italy and worldwide.

The companies of the Group has taken prompt action, also on the basis of directives issued by the Government, to stem the possible impacts of the health threat posed by the above for its employees, and have equipped its personnel with all the necessary tools to continue working remotely and safely.

As of the date of approval of this report, it is not possible to predict the duration of this situation and therefore assess its economic and financial impact on the results for the year 2020.

It should be noted, anyway, that no financial tensions are expected in the coming months. In this regard, it should be noted that, in addition to the cash and cash equivalents available to the Company: (i) between January 1, 2020 and the date of approval of this report, 1,496,950 Cerved Group S.p.A. shares were sold for a total amount of Euro 13,162 thousand; (ii) the Company has acted promptly to increase its bank credit lines and, the directors are confident in the successful outcome of the requests made;

It should also be noted that there are no elements that could put into question the going concern assumptions according to which the financial statements have been prepared.

Operating risk and going concern

Considering the economic and financial situation for the financial year ended December 31, 2019, in particular the available reserves, and taking into account the trend of the net working capital and of the economic and financial situation, the separated and consolidated financial reports have been prepared with a perspective of going concern.

It should also be considered that the Issuer, as in previous years, has achieved positive economic results, and that future economic forecasts are also positive. Finally, the Issuer has adequate financial resources to meet its future obligations over a period of at least 12 months from the date of approval of the financial statements.

NON-CURRENT ASSETS

3. Intangible assets

The following table presents the details of the item as of December 31, 2019 and 2018:

(euro thousand)	**Licenses and other rights**	**Total**
Increases	134	134
Amortization expense	192	192
Net value as of December 31, 2018	**123**	**123**
Increases	48	48
Amortization expense	90	90
Net value as of December 31, 2019	**81**	**81**

The change of licenses and other rights are due to the purchases of software licenses in the financial year ended December 31, 2019 for Euro 48 thousand, and to the amortization of the period, for Euro 90 thousand.

4. Plant and equipment

The following table presents the details of plant and equipment as of December 31, 2019 and 2018:

(euro thousand)	Plant and machinery	Other tangible assets	Total
Cost as of January 1, 2018	**822**	**185**	**1,007**
Additions	111	-	111
Cost as of December 31, 2018	**933**	**185**	**1,118**
Accumulated depreciation as of January 1, 2018	**266**	**138**	**404**
Depreciation expense	151	16	167
Accumulated depreciation as of December 31, 2018	**417**	**154**	**571**
Net book value as ofDecember 31, 2018	**516**	**31**	**547**
Cost as of January 1, 2019	**933**	**185**	**1,118**
IFRS 16 - Effect as of January 1, 2019	-	19	19
IFRS 16 - Increase of the period	-	127	127
Additions	-	-	-
Cost as of December 31, 2019	**933**	**331**	**1,264**
Accumulated depreciation as of January 1, 2019	**417**	**154**	**571**
Depreciation expense	155	32	187
of which IFRS 16 effect	-	18	18
Accumulated depreciation as of December 31, 2019	**572**	**186**	**758**
Net book value as of December 31, 2019	**361**	**145**	**506**

Increases in the financial year ended December 31, 2019 refer to the adoption of the new IFRS 16 standard, and in particular refer to the right of use of the vehicles not owned by the Company.

5. Investments in subsidiaries

The Company holds 100% of the ordinary share capital of MutuiOnline S.p.A., Centro Istruttorie S.p.A., PrestitiOnline S.p.A., CercAssicurazioni.it S.r.l., Segugio.it S.r.l., Centro Finanziamenti S.p.A., PP&E S.r.l, Money360.it S.p.A., Eagle & Wise Service S.r.l. (which owns 100% of Eagle Agency S.r.l.) Centro Servizi Asset Management S.r.l. (for short CESAM S.r.l.), Quinservizi S.p.A. (which owns 100% of IN.SE.CO. S.r.l. and Eagle NPL Service S.r.l.), Segugio Servizi S.r.l., Innovazione Finanziaria SIM S.p.A. (for short Innofin SIM S.p.A.), Klikkapromo S.r.l., Centro Processi Assicurativi S.r.l., MOL BPO S..r.l. (which owns a 50% stake of Agenzia Italia S.p.A.), 7Pixel S.r.l. and Finprom S.r.l., 72% of the ordinary share capital of 65Plus S.r.l., 60% of the ordinary share capital of EuroServizi per i Notai S.r.l. and 51% of the ordinary share capital of Mikono S.r.l..

During financial year ended December 31, 2019 the Issuer paid capital contributions to Segugio Servizi S.r.l., for Euro 1,200 thousand. Moreover, during the financial year the Issuer, acquired 100% stake of Eagle & Wise Service S.r.l. and a further 40% stake of 65Plus S.r.l., reaching a shareholding equal to 72% of share capital. Finally, on October 30, 2019 the Issuer sold to Quinservizi S.p.A. the participation of 100% in IN.SE.CO. S.r.l. and Eagle NPL Service S.r.l..

The following table provides the detail of investments in subsidiaries as of December 31, 2019 and 2018:

(euro thousand)	**As of December 31, 2019**	**As of December 31, 2018**
Investments in subsidiaries	88,046	96,856
Total investments in subsidiaries	**88,046**	**96,856**

The following table describes the changes of the item during the financial year:

Participations	**% holding as of December 31, 2018**	**As of december 31, 2018**	**Increases**	**Decreases**	**As of december 31, 2019**	**% holding as of December 31, 2019**
65Plus S.r.l.	32%	-	446	-	446	72%
7Pixel S.r.l	100%	43,186	-	-	43,186	100%
Centro Finanziamenti S.p.A.	100%	2,474	-	-	2,474	100%
Centro Istruttorie S.p.A.	100%	3,333	-	-	3,333	100%
Centro Processi Assicurativi S.r.l.	100%	2,874	-	-	2,874	100%
Centro Servizi Asset Management S.r.l.	100%	73	-	-	73	100%
Cercassicurazioni.it S.r.l.	100%	3,808	-	-	3,808	100%
Eagle&Wise S.r.l.	0%	-	23	-	23	100%
Effelle Ricerche S.r.l.	100%	23	-	(23)	-	0%
Euroservizi per i Notai S.r.l.	60%	369	-	-	369	60%
FINPROM S.r.l.	100%	130	-	-	130	100%
IN.SE.CO. S.r.l.	100%	9,191	-	(9,191)	-	0%
Innovazione Finanziaria SIM S.p.A.	100%	2,500	-	-	2,500	100%
Klikkapromo S.p.A.	100%	119	-	-	119	100%
Mikono S.r.l.	51%	125	-	-	125	51%
MOL BPO S.r.l.	100%	10	-	-	10	100%
Money360.it S.p.A.	100%	20	-	-	20	100%
MutuiOnline S.p.A.	100%	3,690	-	-	3,690	100%
PP&E S.r.l.	100%	307	-	-	307	100%
PrestitiOnline S.p.A.	100%	833	-	-	833	100%
Quinservizi S.p.A.	100%	7,123	-	-	7,123	100%
Segugio Servizi S.r.l.	100%	139	1,200	(1,265)	74	100%
Segugio.it S.r.l.	100%	16,529	-	-	16,529	100%
Total Participations		**96,856**	**1,669**	**(10,479)**	**88,046**	

During the assessment of the value of the investments at the end of financial year, we believe that subsidiary Segugio Servizi S.r.l., which showed a book value higher than equity, presented indicators of impairment that were considered permanent and, therefore, the participation was written down for a total amount of Euro 1,265 thousand, with the purpose of aligning its book value to the relevant shareholders' equity. The impairment is recorded in the income statement among losses from participations.

The following tables provide a brief summary of the main data of the subsidiaries.

Ragione sociale: 65PLUS S.R.L.	
Sede legale: Milano, Via F. Casati, 1/A	
Share capital	75
2019 Statutory loss	(371)
Shareholders' equity	250
Pro quota equity	180
Book value	446

Referring to 65Plus S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the company, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the Weighted Average Cost of Capital ("**WACC**"), whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.35%.

As of December 31, 2019, the value-in-use of the participation in 65Plus S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate and a decrease of the perpetual growth rate.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 7.83%;

- Growth rate “g”: the value in use remains higher than the book value of participation also assuming a decrease of the “g” rate down to 0.77%.

Based on these assessments, the management of the Issuer considers the book value of the participation in the annual report as of December 31, 2019, but, since the conditions to confirm this assessment would not be met in the event of a significant change in the parameters used or in the economic conditions underlying the analysis carried out, they will constantly monitor the participation during the financial year ended December 31, 2020, performing further assessments and, if necessary, write down the participation if its value in use is lower than its book value.

Corporate name: 7PIXEL S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	11
2019 Statutory profit	760
Shareholders' equity	23,452
Book value	43,186

Referring to 7Pixel S.r.l., the book value of the participation is higher than the value of its shareholders’ equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the company, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the WACC, whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.65%.

As of December 31, 2019, the value-in-use of the participation in 7Pixel S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate and a decrease of the perpetual growth rate.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 13.98%;

- growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of the "g" rate down to -7.06%.

Based on these assessments, the management of the Issuer considers the book value of the participation in the annual report as of December 31, 2019, as recoverable.

Corporate name: CENTRO FINANZIAMENTI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2019 Statutory loss	(1,011)
Shareholders' equity	5,027
Book value	2,474

Corporate name: CENTRO ISTRUTTORIE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	500
2019 Statutory profit	5,194
Shareholders' equity	24,699
Book value	3,333

Corporate name: CENTRO PROCESSI ASSICURATIVI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	50
2019 Statutory profit	7
Shareholders' equity	896
Book value	2,874

Referring to Centro Processi Assicurativi S.r.l., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the WACC, whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.35%.

As of December 31, 2019, the value-in-use of the participation in Centro Processi Assicurativi S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 10.37%;

- Growth rate “g”: the value in use remains higher than the book value of participation also assuming a decrease of g rate down to -2.33%;

Based on these assessments, the management of the Issuer considered the book value of the participation in the separated income statement as of December 31, 2019, recoverable.

Corporate name: CESAM S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory profit	1,957
Shareholders' equity	8,159
Book value	73

Corporate name: CERCASSICURAZIONI.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2019 Statutory profit	893
Shareholders' equity	5,440
Book value	3,808

Ragione sociale: EAGLE&WISE SERVICE S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	400
2019 Statutory profit	1,095
Shareholders' equity	3,631
Book value	23

Corporate name: EUROSERVIZI PER I NOTAI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory profit	1,558
Shareholders' equity	4,555
Pro quota equity	2,733
Book value	369

Corporate name: FINPROM S.R.L.	
Registered office: Romania, Arad, Str. Cocorilor n. 24/A	
Share capital	10
2019 Statutory profit	1,296
Shareholders' equity	2,434
Book value	130

Corporate name: INNOFIN SIM S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	2,000
2019 Statutory profit	1,506
Shareholders' equity	4,229
Book value	2,500

Corporate name: KLIKKAPROMO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory profit	8
Shareholders' equity	133
Book value	119

Corporate name: MIKONO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory loss	(5)
Shareholders' equity	4
Pro quota equity	3
Book value	125

Referring to Mikono S.r.l. the book value of the participation is higher than the *pro quota* equity value of the participation. We point out that this difference in the book value of the participation does not represent an indicator of impairment, since the subsidiary is in a startup phase and we expect growing revenues and positive cash flows during the next financial years, as shown in budget 2020 and in the 2021-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 13, 2020.

Corporate name: MOL BPO S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory profit	982
Shareholders' equity	1,726
Book value	10

MOL BPO S.r.l. has been incorporated during the financial year ended December 31, 2018 and it holds the 50% stake of Agenzia Italia S.p.A..

In the financial statement of MOL BPO S.r.l. as of December 31, 2019, the participation in Agenzia Italia S.p.A., is accounted at a book value equal to Euro 25,150 thousand, higher than the pro quota shareholders' equity of the subsidiary, equal to Euro 14,532 thousand.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the WACC, whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.35%.

As of December 31, 2019, the value-in-use of the participation in Agenzia Italia S.p.A., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 11.98%;
- Growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of g rate down to -4.38%;

Corporate name: MONEY360.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	120
2019 Statutory profit	80
Shareholders' equity	535
Book value	20

Corporate name: MUTUIONLINE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	1,000
2019 Statutory profit	16,768
Shareholders' equity	32,277
Book value	3,690

Corporate name: PP&E S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	100
2019 Statutory loss	(17)
Shareholders' equity	1,078
Book value	307

Corporate name: PRESTITIONLINE S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	200
2019 Statutory profit	1,247
Shareholders' equity	4,401
Book value	833

Corporate name: QUINSERVIZI S.P.A.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	150
2019 Statutory profit	1,391
Shareholders' equity	5,826
Book value	7,123

Referring to Quinservizi S.p.A., the book value of the participation is higher than the value of its shareholders' equity.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the participation are the operating cash flows during the three-year forecast period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the participation has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the WACC, whose determination refers to indexes and parameters monitored on the referral market of the participation, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 7.35%.

As of December 31, 2019, the value-in-use of the participation in Quinservizi S.p.A., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discount rate: the value in use remains higher than the book value of participation also assuming an increase of the discount rate (WACC) up to 24.43%;

- Growth rate "g": the value in use remains higher than the book value of participation also assuming a decrease of g rate down to -21.93%;

Based on these assessments, the management of the Issuer considered the book value of the participation in the separated income statement as of December 31, 2019, recoverable.

Corporate name: SEGUGIO.IT S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory profit	335
Shareholders' equity	859
Book value	16,529

Referring to Segugio.it S.r.l., the book value of the participation is higher than the value of its shareholders' equity. We underline that the subsidiary is investing heavily in communication for the development of the "Segugio.it" brand, launched in September 2012.

Therefore, the Board of Directors decided to perform an impairment test, in order to determine the recoverable value of the participation. This assessment is based on the value-in-use method, which relies on forecasts of cash flows generated by the asset. Forecasts of operating cash flows derive from the 2020 budget and from the 2021-2022 strategic plan of the subsidiary, approved by the Board of Directors of the Issuer on March 13, 2020.

The main assumptions regarding the value-in-use of the CGU are the operating cash flows during the five-year forecasted period, the discount rate and the growth rate used to find out the terminal value, equal to 1.3%.

The valuation of future cash flows has been determined on reasonable, prudential and consistent basis regarding the charge of future general expenditures, capital investment, financial balance and the main macroeconomic variables. Finally, it is worth pointing out that cash flow forecasts are referring to ordinary activities and, therefore, they are not comprehensive of cash flows deriving from possible extraordinary activities.

The terminal value has been estimated through the discounted cash flow calculator of perpetuity.

The value-in-use of the CGU has been determined discounting the value of the estimated future cash flows, including the terminal value, which are supposed to be derived from ongoing activities, at a discount rate, net of taxes, adjusted for risk and reflecting the weighted average cost of capital. In particular, the discount rate used is the WACC, whose determination refers to indexes and parameters monitored on the CGU's reference market, to the current value of liquidity and to the specific risks relating to the business under evaluation: the discount rate used at the evaluation date is equal to 9.65%, that includes a specific risk item linked to the activity performed by the Company.

As of December 31, 2019, the value-in-use of the participation in Segugio.it S.r.l., determined as described above, is higher than the book value of the participation itself.

Considering also the present situation of market volatility and uncertainty about future economic perspectives, we developed sensitivity analysis on the recoverable value of the participation.

In particular we developed a sensitivity analysis on the recoverable value of the participation assuming an increase of the discount rate, a decrease of the perpetual growth rate and of the growth rate of revenues.

Sensitivity analysis, pursuant to paragraph 134 of IAS 36, of the results of impairment test for the participation shows the following margins of tolerance:

- Discount rate: the value in use remains higher than the book value of the participation also assuming an increase of the discount rate (WACC) up to 14.70%;

- Growth rate "g": the value in use remains higher than the book value of the participation also assuming a decrease of the "g" rate down to -6.10%.

Based on these assessments, the management of the Issuer considers the book value of the participation in the annual report as of December 31, 2019, recoverable.

Corporate name: SEGUGIO SERVIZI S.R.L.	
Registered office: Milan, Via F. Casati 1/A	
Share capital	10
2019 Statutory loss	(1,267)
Shareholders' equity	73
Book value	74

Referring to the participation in Segugio Servizi S.r.l. we highlight that during financial year ended December 31, 2019, the participation was written down for a total amount of Euro 1,265 thousand, as the 2019 loss has been recognized as a permanent loss.

6. Participation in associated companies and joint ventures

This item refers to the participation in Generale Servizi Amministrativi S.r.l., a company of which the Issuer holds 40% of the share capital, to the participation in the associated company Generale Fiduciaria S.p.A., a company of which the Issuer holds 40% stake of the share capital, and to the participation in the joint venture PrestiPro S.r.l..

The following table presents the details of the item as of December 31, 2019 and 2018:

(Euro thousand)	As of December 31, 2019	As of December 31, 2018
65Plus S.r.l.	-	195
Generale Fiduciaria S.p.A.	642	242
GSA S.r.l.	40	50
Prestipro S.r.l.	60	60
Total	**742**	**547**

With reference to the participation in 65Plus S.r.l., on January 22, 2019 the Issuer acquired a further 40% stake of the share capital of the company, reaching a shareholding equal to 72%. Consequently, such participation, in the financial year ended December 31, 2019, has been reclassified in the item "Investments in subsidiaries".

With reference to the participation in Generale Servizi Amministrativi S.r.l., the Issuer during 2019 sold a 10% stake of share capital of the company, for an amount equal to Euro 80 thousand, realizing a capital gain equal to Euro 70 thousand.

With reference to the participation in Generale Fiduciaria S.p.A., the Issuer acquired a further 30% stake of the share capital, for an amount equal to Euro 400 thousand.

7. Financial assets at fair value

The item is composed of shares of Cerved Group S.p.A., purchased starting from financial year ended December 31, 2018, for an amount equal to Euro 52,170 thousand. Such financial assets are measured at fair value through OCI. In particular, as of December 31, 2019, the Company owned n. 6,000,000 shares, for a market value equal to Euro 8.695 per share.

8. Deferred tax assets and liabilities

The following table presents the variations of the item:

(euro thousand)	As of January 1, 2019	Accrual	Utilization	As of December 31, 2019	Expiring within 1 year	Expiring after 1 year
Deferred tax assets						
Costs with different tax deductibility	14	46	(14)	46	46	-
Total deferred tax assets	**14**	**46**	**(14)**	**46**	**46**	**-**
Deferred tax liabilities						
Securities revaluation	-	(86)	-	(86)	(86)	-
Total deferred tax liabilities	**-**	**(86)**	**-**	**(86)**	**(86)**	**-**
Total	**14**	**(40)**	**(14)**	**(40)**	**(40)**	**-**

As of December 31, 2019, deferred tax assets are booked for Euro 46 thousand, related to costs with different tax deductibility. Finally, deferred tax liabilities are booked for Euro 86 thousand, related to tax effect of the valuation at fair value of Cerved Group S.p.A. shares.

As of December 31, 2018, the amount of deferred tax assets, net of deferred tax liabilities, is equal to Euro 14 thousand and is related to costs with different tax deductibility.

9. Other non-current assets

This item refers to the loans granted to subsidiary MOL BPO S.r.l. for Euro 25,000 thousand, to the subsidiary Eagle & Wise Service S.r.l. for Euro 11,500 thousand, to subsidiary Agenzia Italia S.p.A. for Euro 6,000 thousand and to joint venture PrestiPro S.r.l. for Euro 190 thousand.

Regarding the loans granted to MOL BPO S.r.l., Agenzia Italia S.p.A. and Eagle & Wise Service S.r.l., there are no critical issues regarding the recoverability of these loans, since the economic outlook of Agenzia Italia S.p.A. and Eagle & Wise Service S.r.l. for the next years (as well as the results achieved during the year in question) are positive, as indicated in the business plans prepared for the companies, approved on March 13, 2020.

CURRENT ASSETS

10. Cash and cash equivalent

Cash and cash equivalents include cash in hand and bank deposits.

The following table presents net financial position, as defined in the CONSOB communication No. DEM/6064293 dated July 28, 2006, as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	As of December 31, 2018	Change	%
A. Cash and cash equivalents	24,303	47,037	(22,734)	-48.3%
B. Other cash equivalents	-	-	-	N/A
C. Securities held for trading	-	-	-	N/A
D. Liquidity (A) + (B) + (C)	**24,303**	**47,037**	**(22,734)**	**-48.3%**
E. Current financial receivables	**-**	**-**	**-**	**N/A**
F. Bank borrowings	(12,000)	-	(12,000)	N/A
G. Current portion of long-term borrowings	(11,597)	(54,657)	43,060	-78.8%
H. Other short-term borrowings	(93,041)	(52,820)	(40,221)	76.1%
I. Current indebteness (F) + (G) + (H)	**(116,638)**	**(107,477)**	**(9,161)**	**8.5%**
J. Net current financial position (I) + (E) + (D)	**(92,335)**	**(60,440)**	**(31,895)**	**52.8%**
K. Non-current portion of long-term bank borrowings	(66,425)	(34,119)	(32,306)	94.7%
L. Bonds issued	-	-	-	N/A
M. Other non-current borrowings	(85)	-	(85)	N/A
N. Non-current Indebteness (K) + (L) + (M)	**(66,510)**	**(34,119)**	**(32,391)**	**94.9%**
O. Net financial position (J) + (N)	**(158,845)**	**(94,559)**	**(64,286)**	**68.0%**

Gruppo MutuiOnline S.p.A. manages a cash pooling service. Most of the Italian subsidiaries as of December 31, 2019 have joined this system. The cash pooling service aims to provide a more efficient management of available liquidity and investments at a group level. Therefore, the short-term financial liabilities of the Issuer as of December 31, 2019 include "Other current borrowings" equal to Euro 92,998 thousand, consisting mainly in liabilities towards subsidiaries within the cash pooling service.

For more detail on the cash balance of cash and cash equivalents and of current financial debts from companies of the Group please refer to note 27.

11. Other current assets

The following table presents the detail of the item as of December 31, 2019 and 2018:

(euro thousand)	As of December 31, 2019	December 31, 2018
Receivables from subsidiaries for dividends	5,000	-
Other receivables from subsidiaries	4,691	-
Receivables from joint ventures for national tax consolidation regime	4,342	3,868
VAT receivables	793	334
Accruals and prepayments	364	575
Advances to suppliers	12	310
Current portion of loans to subsidiaries	2,000	2,000
Total other current assets	**17,202**	**7,087**

Receivables from subsidiaries are as follows:

(euro thousand)	As of December 31, 2019	December 31, 2018
Receivables for national tax consolidation regime:		
From Centro Istruttorie S.p.A.	1,594	-
From IN.SE.CO. S.r.l.	596	918
From EuroServizi per i Notai S.r.l.	510	500
From Centro Servizi Asset Management S.r.l.	675	344
From Quinservizi S.p.A.	423	245
From CercAssicurazioni.it S.r.l.	92	748
From PrestitiOnline S.p.A.	106	309
From Innovazione Finanziaria SIM S.p.A.	232	386
From Effelle Ricerche S.r.l.	-	309
From PP&E S.r.l.	-	41
From Centro Processi Assicurativi S.r.l.	7	68
From Segugio.it S.r.l.	107	-
Receivables from joint ventures for national tax consolidation regime	**4,342**	**3,868**
Receivables for dividends:		
From MutuiOnline S.p.A.	5,000	-
Other receivables from subsidiaries		
From Quinservizi S.p.A.	4,691	-
Total receivables from subsidiaries	**14,033**	**3,868**

Receivables for national tax consolidation regime include receivables deriving from the transfer of liabilities for IRES of the subsidiaries within the national tax consolidation regime of the Group.

The receivable from the subsidiary MutuiOnline S.p.A. for Euro 5,000 thousand refers to the dividend resolved by the subsidiary during the financial year ended December 31, 2019 and not yet paid.

The receivable from the subsidiary Quinservizi S.p.A. for Euro 4,691 thousand refers to the residual receivable relating to the disposal of the participation in IN.SE.CO. S.r.l., acquired by the subsidiary

Quinservizi S.p.A. during the financial year ended December 31, 2019, for a total consideration of Euro 9,191 thousand.

The item "current portion of loans to subsidiaries" includes the current portion of the loan granted to the subsidiary Agenzia Italia S.p.A., for an amount of Euro 2,000 thousand.

SHAREHOLDERS' EQUITY

12. Share capital and reserves

For the statement of changes in shareholders' equity please refer to the relevant table.

On April 29, 2019 the shareholders' meeting resolved the distribution of a dividend of 0.30 per share, for a total amount of Euro 11,292 thousand. Such dividends have been paid out with ex-dividend date May 6, 2019, record date May 7, 2019 and payable date May 8, 2019.

The Company, as of December 31, 2019, presents a share capital of Euro 1,012,354.01, formed by 40,000,000 ordinary shares without nominal value, unchanged if compared to December 31, 2018.

The Company has an ongoing buy-back program. The shareholders' meeting of April 29, 2019 has approved the current buy-back program, specifying limits and purposes, for up to the 20% of share capital.

During the year ended December 31, 2019, the Issuer purchased 383,957 own shares equal to 0.960% of ordinary share capital. During the same period following the exercise of the stock options vested held by some employees of the Group, the Issuer sold 213,000 own shares equal to 0.533% of ordinary share capital.

As of December 31, 2019, the Issuer holds 2,460,433 own shares, equal to 6.151% of ordinary share capital, for a total cost of Euro 36,128 thousand. Being the shares without nominal value, the purchase cost is deducted from the share capital for an amount implicitly corresponding to the nominal value, equal to Euro 62 thousand as of December 31, 2019, and from available reserves for an amount equal to the remaining part of the purchase cost.

(euro thousand)	**As of December 31, 2019**	**As of December 31, 2018**
Book value of own shares	**36,128**	**33,320**
(of which) offsetting share capital	62	58
(of which) offsetting other reserves	36,066	33,262

It is worth mentioning that as of December 31, 2019, there are no shares of the Issuer held by other companies of the Group.

The following table presents the origin and the availability of the items included in shareholders' equity:

(euro thousand)	As of December 31, 2019	Possible utilization	Available amount	Summary of the utilizations during the past three years: for purchase of own shares	for share capital increase	distribution and income allocation
Share capital	950			(82)	-	-
Earnings reserves:						
Legal reserve	202	B	-	-	-	-
Share premium reserve	3,115	A,B,C	3,115	-	-	-
Stock option reserve	(36,808)	A,B	(36,808)	(47,078)	-	-
Retained earnings	72,524	A,B,C	72,524	-	-	(33,965)
Net income	2,016	A,B,C	2,016	-	-	-
Total shareholders' equity	**41,999**		**40,847**			
Not available for distribution			-			
Remaining distributable amount			40,847			

Legend:
A: for share capital increases
B: for the offsetting of losses
C: for distribution to shareholders

NON-CURRENT LIABILITIES

13. Long-term borrowings

The following table presents the details of the item, including only bank borrowings:

(euro thousand)	As of December 31, 2019	December 31, 2018
Bank borrowings	66,425	34,119
Term between 1 and 5 years	*60,082*	*19,199*
Term over 5 years	*6,343*	*14,920*
Long-term debts and other financial liabilities	**66,425**	**34,119**

Non-current bank borrowings refer to the outstanding loan agreements with Crédit Agricole Cariparma S.p.A., for an amount equal to Euro 14,686 thousand, with Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.) for Euro 37,009 thousand, and Banca Popolare di Milano S.p.A., for an amount equal to Euro 14,731 thousand as of December 31, 2019.

With regards to the outstanding bank loan from Intesa SanPaolo S.p.A., the Issuer restored the classification of the non-current portion of the loan, following the redefinition of the covenant which was not complied with as of December 31, 2018.

The book value of the financial liabilities represents their fair value.

Loan from Crédit Agricole Cariparma S.p.A.

On June 28, 2018 the Issuer signed a new loan agreement with Crédit Agricole Cariparma S.p.A., for an amount equal to Euro 20,000 thousand, paid in two tranches on June 28, 2018 and July 4, 2018. The schedule of the loan provides for six-monthly reimbursements starting from December 31, 2018 to June 30, 2025, at a yearly interest rate equal to 3-month Euribor increased by 0.90%, subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

With regard to the loan obtained from Crédit Agricole Cariparma S.p.A., the Issuer is obliged to comply with the following consolidated financial covenant: ratio between Net Financial Position and EBITDA: (i) not over 2.50, with reference to the consolidated annual report ended December 31 of each year; (ii) not over 2.75, with reference to the consolidated half year report ended June 30 of each year.

Loan from Banca Popolare di Milano S.p.A.

On September 27, 2018 the Issuer signed a loan agreement with Banca Popolare di Milano S.p.A., for an amount equal to Euro 20,000 thousand, composed by two separated credit lines, the first one equal to Euro 15,000 thousand, to be repaid through six-monthly reimbursements starting from June 30, 2019, at a yearly interest rate equal to 6-month Euribor increased by 1.10%, subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA, and the second one equal to Euro 5,000 thousand to be entirely reimbursed at the loan expiry date, at a yearly interest rate equal to 6-month Euribor increased by 1.30%, also subject to variation at each payment date based on the ratio between the Net Financial Indebtedness and EBITDA.

With regard to the loan obtained from Banca Popolare di Milano S.p.A., the Issuer is obliged to comply with the following consolidated financial covenant, as resulting from the consolidated financial statement for each full and half year, clarifying that the economic data are to be considered on an yearly basis: ratio between Net Financial Position and EBITDA not over 3.0.

Loan from Intesa SanPaolo S.p.A.

On January 30, 2018 the Issuer signed a loan agreement with Intesa SanPaolo S.p.A. (formerly Mediocredito Italiano S.p.A.) for a total amount equal to Euro 50,000 thousand, paid in two tranches respectively on January 30, 2018 and February 28, 2018. The loan agreement provides quarterly reimbursements starting from March 31, 2019 until December 31, 2023, at a yearly fixed rate equal to 1.10% on the first tranche of Euro 30,000 thousand, and equal to 1.05% on the second tranche of Euro 20,000 thousand. Such loan was partially used for the early reimbursement of the previous loan with Mediocredito Italiano S.p.A., equal to Euro 25,000 thousand.

With regard to the outstanding loan with Intesa SanPaolo S.p.A., the Issuer is obliged to comply with the following consolidated financial covenants, with reference to the consolidated financial statements for the financial years ended during the term of the contract: i) ratio between consolidated net financial indebtedness and EBITDA less than 2.5; ii) ratio between total indebtedness (excluding financial liabilities resulting from the adoption of IAS 32 and IFRS 16) and equity less than 1.5; iii) distribution of earnings and/or retained earnings not over 50% in presence of a ratio between consolidated net financial indebtedness and EBITDA higher than 2.0.

The Issuer has complied with these covenants as of December 31, 2019. In this respect, it should be noted that for the calculation of the above ratios, according to the contractual agreements in force with the banks, the Net Financial Position and the Total Indebtedness are always determined excluding the liabilities linked to future purchase obligations of participations and the leasing liabilities deriving from the adoption of IFRS 16.

Repayment schedule

The repayment schedule as of December 31, 2019 is as follows:

(euro thousand)	As of December 31, 2019	December 31, 2018
- between one and two years	11,283	4,706
- between two and three years	11,355	4,706
- between three and four years	28,863	4,706
- between four and five years	8,581	5,081
- more than five	6,343	14,920
Total	**66,425**	**34,119**

Changes in liabilities

We provide below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(migliaia di Euro)	As of December 31, 2018	Cash flows	Others	As of December 31, 2019
Intesa SanPaolo (ex Mediocredito Italiano S.p.A.)	-	-	37,009	37,009
Crédit Agricole Cariparma S.p.A.	16,768	-	(2,082)	14,685
Banca Popolare di Milano S.p.A.	17,351	-	(2,620)	14,731
Long-term borrowings	**34,119**	**-**	**32,307**	**66,425**

The "Others" column refers to the reclassification among current liabilities of the stakes of the loans that will expire during the next twelve months.

14. Defined benefit program liabilities

The following table presents the situation of the item:

(euro thousand)	As of December 31, 2019	December 31, 2018
Employees' termination benefits	602	493
Directors' termination benefits	235	204
Total defined benefit program liabilities	**837**	**697**

The economic and demographic assumptions used for the actuarial determination of the defined benefit program liabilities are provided below:

	As of December 31, 2019	As of December 31, 2018
ECONOMIC ASSUMPTIONS		
Inflation rate	1,00%	1,50%
Discount rate	0,77%	1,57%
Salary growth rate	2,50%	2,50%
TFR growth rate	2,25%	2,63%

DEMOGRAPHIC ASSUMPTIONS	
Expected mortality rate	Expected mortality rate of Italian population, according with data from *Ragioneria Generale dello Stato* (RG48)
Expected invalidity rate	Data split by sex, driven by the INPS model and projected to 2010. Expectations are constructed using the age and gender of the living pensioners at January 1, 1987 beginning from 1984, 1985, 1986 for the personnel of the credit sector.
Expected termination rate	As regards the expected termination, a rate of 7.50% p.a. has been applied for all employees.
Expected retirements	It is expected that employees will reach the pensionable age provided within local laws
Expected early repayment rate	A rate of 3% p.a. has been applied.

The actuarial loss, deriving from the liability as of December 31, 2019, is recorded in equity, with the recognition in the comprehensive income statement. The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2019 and 2018:

(euro thousand)	
Value as of December 31, 2017	**333**
Current service cost	53
Interest cost	5
Employees moved from subsidiaries	139
Benefits paid	(18)
Incomes of the year	(19)
Value as of December 31, 2018	**493**
Current service cost	72
Interest cost	8
Employees moved from subsidiaries	19
Benefits paid	(6)
Losses of the year	16
Value as of December 31, 2019	**602**

The following table presents the variation of the employee termination benefit liability for the year ended December 31, 2019 and 2018:

	Years ended	
(euro thousand)	December 31, 2019	December 31, 2018
Current personnel cost	(72)	(53)
Implicit interest cost	(8)	(5)
Total expenses related to the defined benefit	**(80)**	**(58)**

As regards the discount rate the reference rate used for the valorization of this parameter was the Iboxx Eur Corporate AA 10+ index as of the valuation date. This term (over 10 years) is in fact linked to the average residual permanence of the employees of the Group, weighed with the expected payments.

With reference to directors' termination benefits, they are provided only for the executive directors and they are calculated, referring to their annual compensations, according with the provisions of article 2120 of the civil code.

CURRENT LIABILITIES

15. Short-term borrowings

The following table presents the details of the item, as of December 31, 2019 and 2018:

(euro thousand)	**December 31, 2019**	**December 31, 2018**
Financial debts with subsidiaries	92,998	51,623
Bank borrowings:	23,597	54,657
Credito Emiliano S.p.A.	*12,000*	*-*
Crédit Agricole Cariparma S.p.A.	*2,086*	*2,089*
Intesa SanPaolo S.p.A.	*5,523*	*49,948*
Banca Popolare di Milano S.p.A.	*3,988*	*2,620*
Other financial liabilities	43	1,197
Short-term debts and other financial liabilities	**116,638**	**107,477**

Short-term debts and other financial liabilities include, besides the financial payables with subsidiaries deriving from the Group's cash pooling services managed by the Issuer, for which please refer to the Note 27, the current portion of liability for outstanding bank loans for an amount equal to Euro 23,597 thousand, of which Euro 2,086 thousand related to the loan from Crédit Agricole Cariparma S.p.A., Euro 5,523 thousand related to the loan from Intesa SanPaolo S.p.A., Euro 3,988 thousand related to the loan from Banca Popolare di Milano S.p.A., and Euro 12,000 thousand related to the short-term loan from Credito Emiliano S.p.A., with expiring date on June 25, 2020.

With regards to the bank loan from Intesa SanPaolo S.p.A., the Issuer restored the classification of the non-current portion of the loan, following the redefinition of the covenant which was not complied with as of December 31, 2018.

We provide below the table required by IAS 7 about the changes of the liabilities related to financing activities:

(migliaia di Euro)	**As of December 31, 2018**	**Cash flows**	**Others**	**As of December 31, 2019**
Credito Emiliano S.p.A.	-	12,000	-	12,000
Intesa SanPaolo (ex Mediocredito Italiano S.p.A.)	49,948	(6,445)	(37,980)	5,523
Crédit Agricole Cariparma S.p.A.	2,089	(2,100)	2,097	2,086
Banca Popolare di Milano S.p.A.	2,620	(1,312)	2,680	3,988
Short-term borrowings	**54,657**	**2,143**	**(33,203)**	**23,597**

The "Others" column refers to the reclassification among current liabilities of the portions of the loans that will expire during the next twelve months.

16. Trade and other payables

The amount of the item is equal to Euro 911 thousand (Euro 1,609 thousand as of December 31, 2018) and consists of payables to suppliers, including payables to subsidiaries for Euro 52 thousand.

17. Other current liabilities

The following table presents the situation of the item:

	As of	
(euro thousand)	December 31, 2019	December 31, 2018
Liabilities to subsidiaries	2,551	1,379
Liabilities to personnel	473	303
Social security liabilities on behalf of employees	241	74
Social security liabilities	225	157
Other current liabilities	208	100
Accruals and prepayments	8	37
Total other liabilities	**3,706**	**2,050**

Liabilities to subsidiaries refer to the liabilities as of December 2019 accrued versus subsidiaries within the national tax consolidation regime. For further details please refer to note 27.

18. Stock option plan

The following table presents the outstanding stock options for the benefit of the executive directors and certain employees of the Issuer as of December 31, 2019:

Data shareholders' meeting resolution	Date of assignment	Maturity date	Expiry date	# options	Strike price	Value of the option
September 25, 2014	October 1, 2014	October 1, 2017	September 30, 2020	344,000	4.976	0.86
April 27, 2017	March 12, 2018	March 12, 2021	March 11, 2024	491,500	13.549	2.61
April 27, 2017	July 5, 2019	July 8, 2022	July 7, 2025	100,000	15.887	3.21
			Total options	**935,500**		

The weighted average market price of the shares for the year ended December 31, 2019 is equal to Euro 17.127.

Personnel costs in the year ended December 31, 2019 include Euro 490 thousand (in 2018 Euro 326 thousand) related to the Group's stock option plan for the benefit of the executive directors and certain employees of the Issuer. It is worth pointing out that among the other personnel costs we recorded the costs for stock options assigned to employees of subsidiaries and associated companies for an amount equal to Euro 665 thousand. Such costs were recharged to the respective companies.

NOTES TO THE MAIN ITEMS OF THE INCOME STATEMENT

19. Revenues

The revenues of the year are mainly accrued from subsidiaries and are represented by the dividends resolved by the subsidiaries for Euro 6,364 thousand, the dividend received from Cerved Group S.p.A. for Euro 1,865 thousand, the fees for coordination and professional services by the Company in favor of its subsidiaries, associated companies and the joint ventures, for Euro 952 thousand, and to the personnel costs recharged to subsidiaries, associated companies and joint ventures for Euro 665 thousand.

The following table presents the revenues for the years ended December 31, 2019 and 2018:

	Years ended	
(euro thousand)	**December 31, 2019**	**December 31, 2018**
Dividend from MutuiOnline S.p.A.	5,000	61,350
Dividend from Cerved Group S.p.A.	1,865	-
Dividend from Innovazione Finanziaria SIM S.p.A.	1,264	-
Dividend from Generale Servizi Amministrativi S.r.l.	100	-
Dividend from CercAssicurazioni S.r.l.	-	7,392
Dividend from Finprom S.r.l.	-	3,533
Dividend from Money360.it S.p.A.	-	794
Dividend from PrestitiOnline S.p.A.	-	4,882
Dividend from Centro Istruttorie S.p.A.	-	2,496
Total dividends	**8,229**	**80,447**
Coordination and professional services	952	1,070
Personnel costs recharged to subsidiaries	665	679
Total revenues	**9,846**	**82,196**

20. Services costs

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

	Years ended	
(euro thousand)	**December 31, 2019**	**December 31, 2018**
Technical, legal and administrative consultancy	(1,182)	(1,721)
Rental and lease expenses	(762)	(702)
Communication expenses	(406)	(308)
Other general expenses	(806)	(602)
Total services costs	**(3,156)**	**(3,333)**

The decrease of the item "Technical, legal and administrative consultancy" is the consequence of lower costs of strategic, fiscal and compliance consultancy paid by the Company.

21. Personnel costs

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	December 31, 2018
Wages and salaries	(1,356)	(798)
Directors' compensation	(833)	(616)
Social security contributions	(491)	(287)
Defined benefit program liabilities	(106)	(105)
Stock option expenses	(490)	(345)
Other costs	(24)	(19)
Other personnel costs recharged to subsidiaries	(665)	(679)
Total personnel costs	**(3,965)**	**(2,849)**

The increase is due to the growth of personnel employed, as showed in the table below, and to the increase of its average cost.

We point out that other personnel costs recharged to subsidiaries, associated companies and joint venture refer to stock option costs for Euro 665 thousand.

The average headcount as of December 31, 2019 and 2018 is as follows:

	2019	2018
Managers	3	1
Supervisors	2	1
Employees	23	20
Total	**28**	**22**

The Company applies the collective labor agreement of the commerce sector.

22. Financial income and expenses

The following table presents the details of the item for the financial years ended December 31, 2019 and 2018:

(euro thousand)	Years ended December 31, 2019	December 31, 2018
Financial income	97	52
Losses/(income) from participations	(1,195)	70
Interest expense	(819)	(613)
Losses from financial liabilities	(206)	(206)
Net financial loss	**(2,123)**	**(697)**

Financial incomes mainly include the interest incomes accrued in the financial year regarding the loan granted to subsidiary Agenzia Italia S.p.A.

The item "Losses/(income) from participations refers to the impairment of the participation in Segugio Servizi S.r.l., already described in Note 5 and 6, for Euro 1,265 thousand, and the capital gain from the disposal of a 10% stake of the share capital of Generale Servizi Amministrativi S.r.l., equal to Euro 70 thousand.

Interest expenses include interest accrued in financial year on the ongoing bank loans for an amount equal to 818 thousand.

Losses from financial liabilities include the loss related to the disposal of some shares of Cerved Group S.p.A., for Euro 206 thousand.

23. Income tax expense

With respect to corporate income tax, in the financial year ended December 31, 2019, the Company recorded a taxable loss, due to the not taxability of 95% of the dividends received during the year, which, because of the adhesion to the tax consolidation regime, generates a tax benefit equal to Euro 1,489 thousand, whose financial counterbalance offsets current taxes.

Because of the tax deductibility of some costs compared to their accrual, during the year ended December 31, 2019 the provision for advance tax assets has been decreased by Euro 32 thousand.

No regional income taxes (IRAP) are due.

24. Tax consolidation

As mentioned above, the coordination activity is reflected in the participation of the Issuer, in its capacity of holding company, to the Italian tax consolidation regime, as provided by article 117 and following of presidential decree 917/1986. All the Italian subsidiaries as of December 31, 2019 participate, also indirectly, in the tax consolidation regime, except MutuiOnline S.p.A., 7Pixel S.r.l., Agenzia Italia S.p.A., Eagle & Wise Service S.r.l., Eagle NPL Service S.r.l. and Eagle Agency S.r.l..

The net consolidated tax receivable amounts to Euro 3,529 thousand and is recorded in the statement of financial position among "Tax receivables" as reported in table:

(euro thousand)	Assets	Liabilities
Gruppo MutuiOnline S.p.A.	1,489	-
Centro Finanziamenti S.p.A.	309	-
Centro Istruttorie S.p.A.	-	1,594
Centro Processi Assicurativi S.r.l.	-	8
Centro Servizi Asset Management S.r.l.	-	675
CercAssicurazioni.it S.r.l.	-	92
PrestitiOnline S.p.A.	-	106
EuroServizi per i Notai S.r.l.	-	510
IN.SE.CO. S.r.l.	-	596
Innovazione Finanziaria SIM S.p.A.	-	232
Klikkapromo S.r.l.	16	-
Mikono S.r.l.	3	-
MOL BPO S.r.l.	-	7
Money360.it S.p.A.	284	-
PP&E S.r.l.	29	-
Quinservizi S.p.A.	-	423
Segugio Servizi S.r.l.	418	-
Segugio.it S.r.l.	-	107
Consolidated advances	5,331	-
Total assets and liabilities	**7,879**	**4,350**
Total net assets and liabilities	**3,529**	

25. Benefits to the managers with strategic responsibilities and compensation to members of the governing and controlling bodies and auditors

The total cost for the Company of compensations paid to executive directors is equal to Euro 1,531 thousand, of which Euro 348 thousand for stock option expenses.

The compensation to the board of statutory auditors amounts to Euro 53 thousand.

The fees paid to the independent auditors by the Company and its subsidiaries for their audit activities for the financial year ended December 31, 2019 are equal to Euro 109 thousand, of which Euro 77 thousand related to the audit activity, and Euro 32 thousand related to the audit of non-financial disclosure pursuant to Legislative Decree 254/2016.

The compensation to the general manager with strategic responsibilities amounts to Euro 248 thousand, of which Euro 52 thousand for stock option expenses.

26. Classes of financial instruments

In the balance sheet as of December 31, 2019 financial assets are classified as follows:

- Cash and cash equivalents for Euro 24,303 thousand (Euro 47,037 thousand in 2018);
- Loans and receivables for Euro 44,062 thousand (Euro 36,106 thousand in 2018).

All the financial liabilities recorded in the balance sheet as of December 31, 2019 and 2018 are stated at the amortized cost, except the earn out, measured at fair value (category 3). The method for the assessment at fair value of these liabilities is based on the income approach.

Among financial assets as of December 31, 2019 there are the shares of Cerved Group S.p.A. measured at fair value (category 1) through OCI.

27. Related party transactions

Related party transactions, including intra-group transactions, are part of the ordinary business operations of the Group, and do not include any unusual or atypical transactions.

The following tables details the transactions and balances with related parties:

(euro thousand)	Relationship	As of December 31, 2019	December 31, 2018
Trade receivables			
65Plus S.r.l.	Subsidiary	27	6
7Pixel S.r.l.	Subsidiary	127	146
Agenzia Italia S.p.A.	Subsidiary	-	71
Centro Finanziamenti S.p.A.	Subsidiary	22	19
Centro Istruttorie S.p.A.	Subsidiary	299	171
Centro Processi Assicurativi S.r.l.	Subsidiary	55	30
Centro Servizi Asset Management S.r.l.	Subsidiary	107	13
CercAssicurazioni.it S.r.l.	Subsidiary	110	2
PrestitiOnline S.p.A.	Subsidiary	25	25
Eagle&Wise S.r.l.	Subsidiary	44	-
Effelle Ricerche S.r.l.	Subsidiary	-	75
EuroServizi per i Notai S.r.l.	Subsidiary	37	38
Finprom S.r.l.	Subsidiary	7	-
Generale Servizi Amministrativi S.r.l.	Associated company	18	24
IN.SE.CO. S.r.l.	Subsidiary	1	25
Innovazione Finanziaria SIM S.p.A.	Subsidiary	44	20
Mikono S.r.l.	Subsidiary	1	15
Money360.it S.p.A.	Subsidiary	11	23
MutuiOnline S.p.A.	Subsidiary	211	27
PP&E S.r.l.	Subsidiary	1	28
PrestiPro S.r.l.	Joint venture	-	6
Quinservizi S.p.A.	Subsidiary	71	42
Segugio Servizi S.r.l.	Subsidiary	1	7
Segugio.it S.r.l.	Subsidiary	23	8
Total trade receivables from related parties		**1,242**	**821**

(euro thousand)	Relationship	As of December 31, 2019	December 31, 2018
Trade and other payables			
Centro Processi Assicurativi S.r.l.	Subsidiary	52	-
Segugio.it S.r.l.	Subsidiary	-	26
Total trade and other payables to related parties		**52**	**26**

(euro thousand)	**Relationship**	**As of December 31, 2019**	**As of December 31, 2018**
Other non current assets			
Agenzia Italia S.p.A.	Subsidiary	6,000	8,000
Eagle&Wise S.r.l.	Subsidiary	11,500	-
MOL BPO S.r.l.	Subsidiary	25,000	25,000
PrestiPro S.r.l.	Joint venture	190	190
Total other non current assets from related parties		**42,690**	**33,190**

(euro thousand)	**Relationship**	**As of December 31, 2019**	**As of December 31, 2018**
Other current assets			
Agenzia Italia S.p.A.	Subsidiary	2,000	2,048
Centro Istruttorie S.p.A.	Subsidiary	1,594	-
Centro Processi Assicurativi S.r.l.	Subsidiary	8	68
Centro Servizi Asset Management S.r.l.	Subsidiary	675	344
CercAssicurazioni.it S.r.l.	Subsidiary	92	748
Effelle Ricerche S.r.l.	Subsidiary	-	309
EuroServizi per i Notai S.r.l.	Subsidiary	510	500
IN.SE.CO. S.r.l.	Subsidiary	596	918
Innovazione Finanziaria SIM S.p.A.	Subsidiary	232	386
MOL BPO S..r.l.	Subsidiary	7	61
MutuiOnline S.p.A.	Subsidiary	5,000	-
PP&E S.r.l.	Subsidiary	-	41
PrestitiOnline S.p.A.	Subsidiary	106	309
Quinservizi S.p.A.	Subsidiary	5,114	245
Segugio.it S.r.l.	Subsidiary	107	-
Total other current assets from related parties		**16,041**	**5,977**

(euro thousand)	**Relationship**	**As of December 31, 2019**	**As of December 31, 2018**
Other current liabilities			
Centro Istruttorie S.p.A.	Subsidiary	-	72
Centro Finanziamenti S.p.A.	Subsidiary	309	172
Innovazione Finanziaria SIM S.p.A.	Subsidiary	-	-
Klikkapromo S.r.l.	Subsidiary	16	198
Mikono S.r.l.	Subsidiary	3	3
MOL BPO S..r.l.	Subsidiary	-	68
Money360.it S.p.A.	Subsidiary	284	231
PP&E S.r.l.	Subsidiary	29	-
Segugio Servizi S.r.l.	Subsidiary	1,918	192
Segugio.it S.r.l.	Subsidiary	-	442
Total other current liabilities to related parties		**2,559**	**1,378**

(euro thousand)	**Relationship**	**As of December 31, 2019**	**As of December 31, 2018**
Cash and cash equivalent			
7Pixel S.r.l.	Subsidiary	-	7,813
Centro Processi Assicurativi S.r.l.	Subsidiary	40	-
Eagle Agency S.r.l.	Subsidiary	30	-
Klikkapromo S.r.l.	Subsidiary	129	782
Mikono S.r.l.	Subsidiary	97	-
Money360.it S.p.A.	Subsidiary	111	623
PP&E S.r.l.	Subsidiary	4,171	3,325
Segugio Servizi S.r.l.	Subsidiary	1,659	239
Segugio.it S.r.l.	Subsidiary	185	-
Total cash and cash equivalent with related parties		**6,422**	**12,782**
Short-term borrowings			
7Pixel S.r.l.	Subsidiary	2,129	-
Centro Finanziamenti S.p.A.	Subsidiary	263	399
Centro Istruttorie S.p.A.	Subsidiary	23,871	16,269
Centro Processi Assicurativi S.r.l.	Subsidiary	-	1,008
Centro Servizi Asset Management S.r.l.	Subsidiary	4,197	5,196
CercAssicurazioni.it S.r.l.	Subsidiary	4,102	2,296
Eagle&Wise Service S.r.l.	Subsidiary	2,359	-
Eagle NPL Service S.r.l.	Subsidiary	2	-
Innovazione Finanziaria SIM S.p.A.	Subsidiary	4,562	-
PrestitiOnline S.p.A.	Subsidiary	3,662	-
Effelle Ricerche S.r.l.	Subsidiary	-	1,811
EuroServizi per i Notai S.r.l.	Subsidiary	4,744	2,740
IN.SE.CO. S.r.l.	Subsidiary	8,428	7,887
Mikono S.r.l.	Subsidiary	-	60
MOL BPO S.r.l.	Subsidiary	1,539	549
MutuiOnline S.p.A.	Subsidiary	30,971	8,369
Quinservizi S.p.A.	Subsidiary	2,169	5,038
Total short-term borrowings with related parties		**92,998**	**51,622**

The non-current assets refer to the loans granted to the subsidiaries MOL BPO S.r.l., Agenzia Italia S.p.A., Eagle & Wise Service S.r.l. and the joint venture PrestiPro S.r.l..

The other current assets as of December 31, 2019, refer to receivables versus subsidiaries for the participation to the tax consolidation regime, and to the receivable from the subsidiary MutuiOnline S.p.A., as a consequence of the dividend resolved during financial year ended December 31, 2019 and not yet paid, and to the receivable from the subsidiary Quinservizi S.p.A. for Euro 4,691 thousand, related to the disposal of the participation in IN.SE.CO. S.r.l., acquired by Quinservizi S.p.A. during financial year ended December 31, 2019.

The other current liabilities as of December 31, 2019, refer to liabilities versus subsidiaries for the participation to the tax consolidation regime.

The treasury of the Italian companies of the Group is centrally managed by the Issuer. The financial operations displayed refer to debit and credit balances of the cash pooling accounts of the subsidiaries with the Issuer as of December 31, 2019.

		Years ended	
(euro thousand)	**Relationship**	**December 31, 2019**	**December 31, 2018**
Revenues			
65Plus S.r.l.	Subsidiary	31	22
7Pixel S.r.l.	Subsidiary	228	191
Agenzia Italia S.p.A.	Subsidiary	106	71
Centro Finanziamenti S.p.A.	Subsidiary	28	43
Centro Istruttorie S.p.A.	Subsidiary	268	2,809
Centro Processi Assicurativi S.r.l.	Subsidiary	78	67
Centro Servizi Asset Management S.r.l.	Subsidiary	44	37
CercAssicurazioni.it S.r.l.	Subsidiary	76	7,452
Eagle&Wise Service S.r.l.	Subsidiary	57	-
Effelle Ricerche S.r.l.	Subsidiary	-	73
EuroServizi per i Notai S.r.l.	Subsidiary	109	102
Finprom S.r.l.	Subsidiary	7	3,533
Generale Servizi Amministrativi S.r.l.	Associated company	116	21
IN.SE.CO. S.r.l.	Subsidiary	21	21
Innovazione Finanziaria SIM S.p.A.	Subsidiary	1,312	55
Klikkapromo S.r.l.	Subsidiary	19	1
Mikono S.r.l.	Subsidiary	12	12
MOL BPO S.r.l.	Subsidiary	-	110
Money360.it S.p.A.	Subsidiary	30	822
MutuiOnline S.p.A.	Subsidiary	5,180	61,567
PP&E S.r.l.	Subsidiary	24	24
PrestitiOnline S.p.A.	Subsidiary	45	4,946
PrestiPro S.r.l.	Joint venture	5	5
Quinservizi S.p.A.	Subsidiary	87	90
Segugio Servizi S.r.l.	Subsidiary	7	8
Segugio.it S.r.l.	Subsidiary	29	25
Total revenues from related parties		**7,919**	**82,107**

(euro thousand)	Relationship	Years ended December 31, 2019	December 31, 2018
Other revenues			
7Pixel S.r.l.	Subsidiary	12	6
Centro Finanziamenti S.p.A.	Subsidiary	2	3
Centro Istruttorie S.p.A.	Subsidiary	56	53
Centro Processi Assicurativi S.r.l.	Subsidiary	3	2
Centro Servizi Asset Management S.r.l.	Subsidiary	20	24
CercAssicurazioni.it S.r.l.	Subsidiary	1	1
Eagle&Wise Service S.r.l.	Subsidiary	6	-
EuroServizi per i Notai S.r.l.	Subsidiary	4	1
IN.SE.CO. S.r.l.	Subsidiary	1	1
Innovazione Finanziaria SIM S.p.A.	Subsidiary	3	3
PrestitiOnline S.p.A.	Subsidiary	1	2
Mikono S.r.l.	Subsidiary	1	1
Money360.it S.p.A.	Subsidiary	1	1
MutuiOnline S.p.A.	Subsidiary	6	5
PP&E S.r.l.	Subsidiary	1	1
Quinservizi S.p.A.	Subsidiary	39	43
Generale Fiduciaria S.p.A.	Associated company	-	2
Total other revenues from related parties		**157**	**149**

The revenues for the year ended December 31, 2019 mainly refer to dividends resolved by subsidiaries MutuiOnline S.p.A. and Innovazione Finanziaria SIM S.p.A. and, for the residual part, to fees for direction, coordination and professional services invoiced by the Issuer to its subsidiaries.

(euro thousand)	Relationship	Years ended December 31, 2019	December 31, 2018
Services costs			
7Pixel S.r.l.	Subsidiary	3	-
Centro Processi Assicurativi S.r.l.	Subsidiary	52	-
PP&E S.r.l.	Subsidiary	330	310
Segugio.it S.r.l.	Subsidiary	-	26
Total services costs from related parties		**385**	**336**

Services costs are mainly related to rental and office residence services provided by PP&E S.r.l..

28. Disclosure on public grants pursuant to article 1, *comma* 125, of Law 124/2017

In relation to the provisions of Article 1, *comma* 125, of Law 124/2017, subsequently reworded by Article 35 of Law Decree 34/2019, regarding the obligation to provide evidence in the notes of the financial statements of any public disbursements received during the financial year by way of grants, subsidies, advantages, contributions or aids, in cash or in kind, not of a general nature (therefore excluding tax benefits and contributions that may be granted to subjects which meet certain conditions), but attributable to bilateral relations with the subjects referred to in paragraph 125 of that article, the Issuer has not received public funds during 2019. For a complete disclosure, please refer to the National Register of State Aid.

29. Subsequent events

Purchase of own shares

Pursuant to the share buyback program within the limits and with the purposes of the authorization granted by the shareholders' meeting, after December 31, 2019, the Issuer purchased 33,652 own shares, equal to 0.084% of the share capital.

In addition, after December 31, 2019, following the exercise of stock options by employees of the Group, the Issuer sold a total of 79,000 own shares in portfolio, equal to 0.198% of share capital.

As of the date of approval of this consolidated financial report the Issuer holds 2,415,085 own shares, equal to 6.038% of share capital, for a total cost equal to Euro 16,925 thousand.

Disposal of Cerved Group S.p.A. shares

We also inform you that, also in order to further strengthen the liquidity position of the Group, between January 1, 2020 and the date of approval of this report, n. 1,496,950 Cerved Group S.p.A. shares were sold for a total consideration of Euro 13,162 thousand, recording a loss equal to Euro 127 thousand.

Following these disposals, at the date of approval of this report the Issuer holds 4,503,050 Cerved Group S.p.A. shares.

Milan, March 13, 2020

For the Board of Directors
The Chairman
(Ing. Marco Pescarmona)

REPORT ON CORPORATE GOVERNANCE AND OWNERSHIP STRUCTURE
pursuant to art. 123-bis of the Consolidated Law on Finance

(traditional model of administration and control)

Issuer: Gruppo MutuiOnline S.p.A.
Website: www.gruppomol.it

Financial year of reference: 2019
Date of approval of the report: March 13, 2020
Date of publication of the report: March 30, 2020

5. REPORT ON CORPORATE GOVERNANCE AND COMPANY STRUCTURE

GLOSSARY

Articles of Association: articles of association and bylaws of the Issuer, published also on the website of the Issuer, in section "Governance", "Articles of association and company bylaws".

Board or **Board of Directors**: the Board of Directors of the Issuer.

Board of Statutory Auditors: statutory auditors of the Issuer.

Code of Conduct: the Code of Conduct for listed companies approved in July 2015 by the Corporate Governance Committee and promoted by Borsa Italiana S.p.A., ABI, Ania, Assogestioni, Assonime and Confidustria.

CONSOB: National Commission for Companies and Stock Exchange.

CONSOB Issuer Regulations: the regulations adopted by CONSOB with resolution no. 11971 in 1999 (and subsequent amendments) pertaining the discipline of issuers.

CONSOB Market Regulations: the regulations adopted by CONSOB with resolution no. 16191 in 2007(and subsequent amendments) pertaining the discipline of markets.

CONSOB Regulations on Related Parties: the regulations adopted by CONSOB with resolution no. 17221 on March 12, 2010 (and subsequent amendments) pertaining the discipline of related parties.

Consolidated Law on Finance or **TUF** (*Testo Unico della Finanza*): legislative decree no. 58 of February 24, 1998 (and subsequent amendments).

Financial year: the relevant financial year of the Report.

Group: the companies belonging to the group of the Issuer.

Instructions accompanying Markets Rule: Instructions accompanying the Rules of the Markets organized and managed by the Italian Stock Exchange.

Issuer or **Company**: Gruppo MutuiOnline S.p.A., with registered office at via F. Casati 1/A, Milan.

Italian Stock Exchange: Borsa Italiana S.p.A.

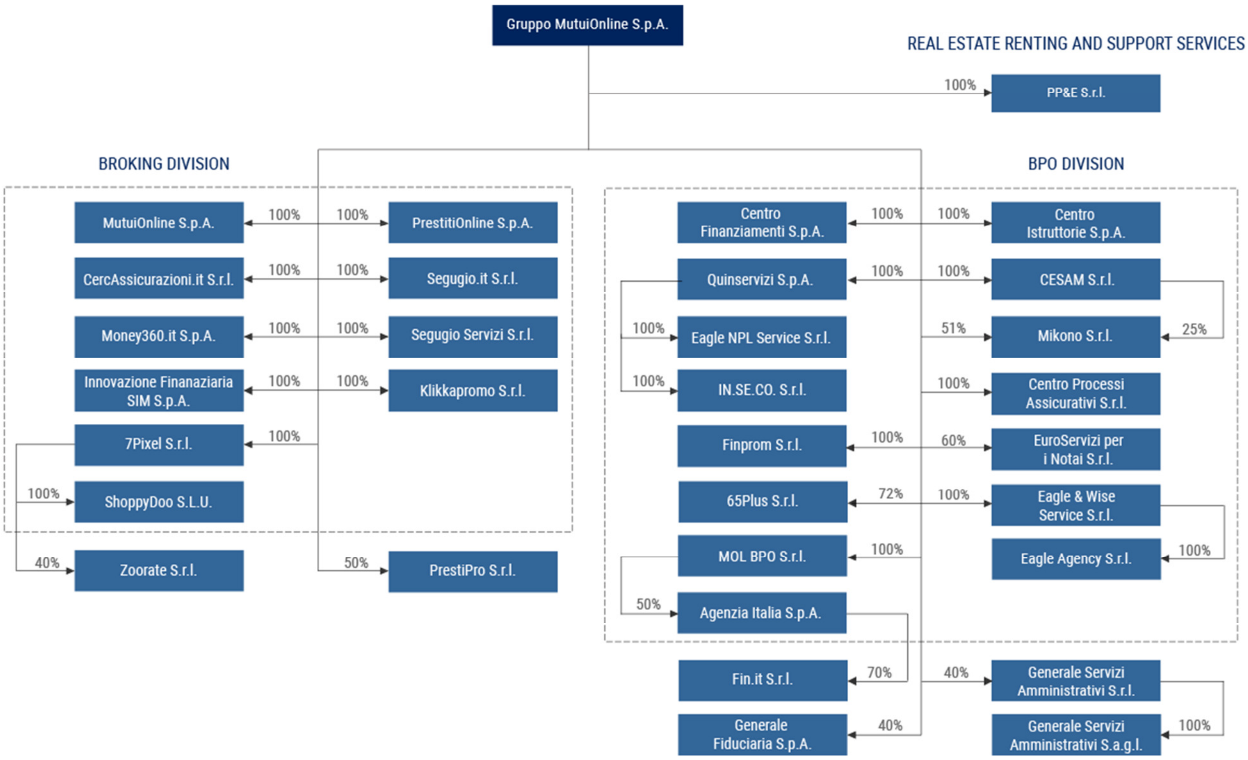
Market Regulations: the regulations of the markets organized and managed by the Italian Stock Exchange.

Report: the report on corporate governance and company structure that companies are required to prepare pursuant to article 123-bis of TUF.

1. PROFILE OF THE ISSUER

Gruppo MutuiOnline S.p.A. (the "**Company**" or the "**Issuer**") is the holding company of a group of firms (the "**Group**") with an important position in the Italian market for the online comparison, promotion and intermediation of products provided financial institutions and e-commerce operators (main websites www.mutuionline.it, www.prestitionline.it, www.segugio.it and www.trovaprezzi.it) and in the Italian market for the provision of complex business process outsourcing services for financial sector operators.

The structure of the Group as of December 31, 2019 is as follows:



The companies indicated above are all based in Italy, except Finprom S.r.l., a company incorporated under Romanian law, and ShoppyDoo S.L.U., a company incorporated under Spanish law.

Generale Servizi Amministrativi S.r.l., a company of which the Issuer holds a 40% stake, controls Generale Servizi Amministrativi S.a.g.l., a Swiss company with registered office in Lugano.

The Issuer is organized according to the traditional model of administration and control as per articles 2380-*bis* and following of the civil code, which provides for the shareholders' meeting, the Board of Directors and the board of statuary auditors. The Company adheres to the Code of Conduct.

Finally, we point out that the Issuer meets the definition of "PMI" (i.e. Small and Medium Enterprises) listed entities as per article 1, comma 1, letter *w-quarter*, of TUF and article 2-*ter* of CONSOB Issuer Regulations. In particular, the average market capitalization is equal to Euro 681 million in the financial year 2019, while consolidated revenues, in financial year ended December 31, 2019, are equal to Euro 220 million.

2. INFORMATION ON OWNERSHIP STRUCTURE AS OF DECEMBER 31, 2019

2.1. Structure of share capital

The company has a fully paid up share capital of Euro 1,012,354.01 composed of 40,000,000 ordinary shares without nominal value.

The shares are listed on the STAR Segment of the *Mercato Telematico Azionario* ("**MTA**"), the Italian screen-based trading system organized and managed by the Italian Stock Exchange. Please refer to Table 1 in the appendix for the structure of share capital.

Except what follows, the Company has not issued other financial instruments that give the right to subscribe for new shares.

On April 27, 2017, the shareholders' meeting approved a stock option plan for the benefit of certain directors, employees and other personnel of the Group, which is added to the stock option plan resolved on September 25, 2014. For more information on stock option plans outstanding as of December 31, 2019 please refer to the disclosure documents prepared pursuant to article 84-*bis* of the Issuer Regulations deposited at the Company's registered office and published on the website of the Company www.gruppomol.it in the section "Governance", "Other documents" "2014". Please refer also to the explanatory notes attached to the financial statements for the financial year ended December 31, 2019 and to the remuneration report prepared pursuant to article 123-*ter* of TUF and article 84-*quater* of the Issuers' Regulations.

2.2. Restrictions to the transfer of shares

There are no restrictions to the transfer of shares.

2.3. Significant shareholders

As of December 31, 2019, according to the communications received pursuant to article 120 of TUF, the list of shareholders who hold directly or indirectly at least five percent of the ordinary share capital, is presented in appendix in Table 1 concerning relevant shareholdings.

It is worth pointing out that there are no controlling shareholders.

Besides, it is worth pointing out that Marco Pescarmona, Chairman of the Board of Directors, holds a 50% indirect shareholding in Alma Ventures S.A. (through Guderian S.p.A.) and Alessandro Fracassi, Chief Executive Officer, holds a 50% indirect shareholding in Alma Ventures S.A. (through Casper S.r.l.). Alma Ventures S.A., as of December 31, 2019, holds 12,841,070 shares of the issuer, equal to 32.10% of ordinary share capital, none of which acquired during the financial year ended December 31, 2019.

As of December 31, 2019, the Company holds in total 2,460,433 own shares, equal to 6.151% of ordinary share capital. These shares, as provided by law, do not give voting rights at the shareholders' meeting.

2.4. Shares that confer special rights

Pursuant to Article 127-*quinquies*(1) of the TUF, the company bylaws of listed companies may provide that increased voting rights, up to a maximum of two votes, are attributed to each share that has belonged to the same person for a continuous period of no less than twenty-four months commencing from the date of entry in a dedicated list.

The Shareholders meeting of the Issuer held on April 24, 2018 resolved the introduction in the Company Bylaws of article 11-*bis*, pursuant to which two votes are attributed to each share held by the same person for a continuous 24-months period starting from the entry date in the Special List. In order to obtain the above-mentioned increased voting rights, after such period has elapsed, pursuant to the regulations in force, the intermediary, upon request of the holder, must issue a second communication, which confirms the holding of the qualifying property right.

On June 20, 2018 the board of directors of the Issuer, in force of the delegation received by the extraordinary shareholders meeting held on April 24, 2018, (i) adopted specific regulations, to regulate the entry, maintenance and update of the Special List, pursuant to applicable regulations, the Articles of Association and market practice, in order to ensure the timely exchange of information among shareholders, the Company and the Intermediaries; and (ii) appointed Francesco Masciandaro as the person in charge for the keeping of the Special List.

The regulations of increased voting rights are available on the Website, in the section "Investor Relations", "Increased Voting Rights".

Except what described, the Company has not issued other shares that confer special controlling rights or special powers assigned to the securities.

2.5. Employee shareholding plan: procedure for the exercise of voting rights

There is no procedure for the exercise of voting rights for employees.

2.6. Restrictions to voting rights

There are no restrictions to voting rights.

2.7. Shareholders' agreements

As of the date of approval of the present Report, the issuer is not aware of any shareholders' agreements.

2.8. Change of control clauses and provisions regarding tender offers

The Issuer and its subsidiaries have not entered into any significant agreements which become effective, are modified or expire in case of change in the control of the contracting company.

The Articles of Association of the Issuer do not contain exceptions to the passivity rule as provided for by article 104, paragraphs 1 and 2, of TUF and do not require the application of the breakthrough rule as per article 104-*bis*, paragraphs 2 and 3, of TUF.

2.9. Delegations of the power to increase share capital and authorizations to buy own shares

On April 27, 2015, the shareholders' meeting delegated the Board to increase share capital excluding option rights, pursuant to articles 2443 and 2441, comma 4, second period, of civil code, with payment in cash or in kind. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the limit of 10% of the total amount of outstanding shares of the Issuer as of the date of the resolution, as well as of 10% of share capital as of the same date. The faculty to increase the share capital above-described has not yet been exercised by the Board.

On April 22, 2016 the shareholders' meeting delegated the Board to increase share capital, pursuant to articles 2443 and 2441, comma 8 of civil code. The delegation to increase against payment, once or several times, the share capital was attributed for a maximum of five years starting from the date of the shareholders' meeting that gave the authorization. The increase of the share capital so defined needs the issue, also in several tranches, of ordinary shares without nominal value, within the maximum limit of 3,951,187 shares of the Issuer and the maximum nominal value of 100,000.00 euro, to offer in subscription to employees of the Issuer or its subsidiaries. These are no bonus shares and should be paid in money.

On September 28, 2017, the Board of Directors, partially exercising the power received with the resolution of the extraordinary shareholders' meeting of April 22, 2016, resolved to increase the share capital up to a nominal value equal to Euro 12,354.01, to be paid, by issuing ordinary shares up to n. 488,130, at a price of Euro 4.976 per share.

On April 29, 2019 the shareholders' meeting revoked, for the unused portion, the previous authorization for the purchase and sale of own shares dated April 24, 2018 and authorized the Board of Directors to purchase and dispose own shares, also by means of subsidiaries of the Issuer, with the following purposes:

i. for activities in support of market liquidity;

ii. for the possible use of shares as compensation in extraordinary transactions, including exchange of participations with other subjects, as part of transactions in the Company's interest;

iii. to allot own shares purchased to distribution programs, against payment or free of charge, of stock options or shares to employees, directors and other personnel of the Company or its subsidiaries, as well as for the service of programs for the free allocation of shares to shareholders;

iv. for the execution of the contract signed between the Issuer and "Equita SIM S.p.A.", for its role as specialist on the stock market, compliant with the requirements for the presence in the STAR segment of MTA;

v. for an efficient investment of the liquidity of the Group.

The authorization for the purchase of own shares approved on April 29, 2019 was granted for the maximum limit of 20% of share capital, permitted by the currently applicable law, pursuant to articles 2357 and 2357-*ter* of the civil code, taking into account own shares already held by the Company and the shares of the Issuer held by its subsidiaries.

The authorization for the purchase of own shares have been granted for a period of 18 (eighteen) months from the date of the shareholder's meeting, whereas the authorization for the disposal has an unlimited duration.

As of December 31, 2019, the Company holds a total of 2,460,433 own shares, while as of the date of approval of this Report it holds a total of 2,415,085 own shares, as indicated in the following table:

Shareholder company	Shares held as of December 31, 2019	Shares held as of March 13, 2020	Date of the last authorization of the shareholders' meeting
Gruppo MutuiOnline S.p.A.	2,460,433	2,415,085	April 29, 2019
Total	**2,460,433**	**2,415,085**	

2.10. Management and coordination activity

The Company is not subject to management and coordination activities by any other company or entity pursuant to articles 2497 and the following of the civil code.

With reference to the further information pursuant to article 123-*bis* of the TUF we specify that:

i. for information on eventual agreements between the Company and the directors which provide for indemnities in case of resignation or dismissal without just cause or if their office is terminated due to a takeover bid (paragraph 1, letter i), please refer to the remuneration report published pursuant to article 123-ter of TUF and to article 84-quater of the Issuers' Regulations;

ii. for information on the rules applicable for the appointment and replacement of directors as well as statutory changes (paragraph 1, letter 1), please refer to the following paragraph 4.1.

3. COMPLIANCE

The Company has adopted the Code of Conduct, publicly available on the website of the Committee of Corporate Governance at the following page: http://www.borsaitaliana.it/comitato-corporate-governance/codice/2018clean.pdf.

Neither the Issuer nor any of its subsidiaries of a certain strategic relevance are subject to non-Italian laws that affect the corporate governance structure of the Issuer.

4. BOARD OF DIRECTORS

4.1. Appointment and replacement of directors and modifications of bylaws

The Company is led by a Board of Directors composed of a minimum of seven members to a maximum of twelve members. The ordinary shareholders' meeting decides, at the moment of appointment, the duration of the office, which cannot exceed three financial years; the mandate of the directors expires on the date of the shareholders' meeting called for the approval of the financial statement of the last financial year of their office. Directors are eligible for re-election.

Acceptance of office as director is subject to the fulfillment of the requirements provided by the law, the Articles of Association and any other applicable provisions.

Article 16, paragraph 14 of the Articles of Association provides that, if not otherwise authorized by the Board, an individual cannot be appointed director of the Company and, if appointed, will lose the office, if he/she:

iii. is, when appointed, more than seventy years old;

iv. has not obtained a total of at least three years' experience in the performance of accounting or controlling activities in corporations, professional activities or permanent university teaching in economic, financial, legal or technical/scientific subjects pertinent to the Company's business activities;

v. exercises a competing activity on his/her own or for others, or is a director, general manager or executive in competitor companies or clients of the Company, or has been such in the previous biennium; or

vi. is director, general manager or executive in companies recorded in the Register of Banks, pursuant to article 13 of Law Decree 385/1993.

It is also worth highlighting that, since the Issuer is admitted to trading on the MTA, STAR Segment, in order to maintain the status it must have in its Board of Directors an adequate number of independent directors and, therefore, comply with the criteria of Article IA.2.10.6 of the Instructions of the Stock Exchange Regulations which provide for: at least 2 independent directors for boards up to 8 members; at least 3 independent directors for boards with between 9 and 14 members; at least 4 independent directors for boards with more than 14 members. In addition, in the Code of Conduct the criterion 3.C.3 recommends that at least one-third of the Board of Directors are independent directors.

In accordance with article 16, paragraph 5 of the Articles of Association, each list must contain and expressly indicate independent director candidates, with reference both to the number of candidates to be elected and to the independence requirements established for the statutory auditors by article 148, paragraph 3 of Law Decree 58/1998, in addition to the independence requirements established by the Code of Conduct. Furthermore, in accordance with the equilibrium among genders, provided by article 147-*ter*, comma 1-*ter* of TUF implemented by Law n. 120 of 12 July 2011 and principle 2.4.2 of the Code of Conduct, each list – if the lists does not present a number of candidates less than three – must assure the presence of both genders, so that the candidates of the gender less represented are, for the first mandate following the entering in force of the Law 120/2011, at least a fifth of the total and, in the two subsequent mandates, at least a third of the total; everything with a rounding, in case of fractional number, to the upper unit. The Issuer has considered it unnecessary to adopt a diversity policy to be applied in relation to the composition of the Board of Directors in term of age and background, as annually the Board performs a board evaluation regarding also the composition of the Board itself and its committees. We believe that the Board members, in compliance with diversity criteria of the Code of Conduct, hold a variety of skills which allows analyzing different topics during the discussions from different perspectives and, therefore, helps to develop the dialectic that is the distinctive assumption for a collegial, thoughtful and conscious resolution

Article 16, paragraphs 2 and 3 of the Articles of Associations also provides a voting system for the appointment of the governing body based on lists submitted by shareholders who, alone or together with others, hold a stake at least equal to that established by CONSOB Issuers' Regulation. It is worth pointing out that on January 30, 2020, CONSOB, with resolution n. 28, resolved the maximum shareholding thresholds required for the submission of the lists of candidates for the elections of the governing and controlling bodies of the Companies whose financial year ended on December 31, 2019; as the market capitalization is more than Euro 375 million and less than Euro 1 billion, the Issuer has identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting.

Any shareholder, as well as the shareholders adhering a shareholders' agreement pursuant to article 122 of TUF, and also the controlling entity, the subsidiary companies and those which are subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, even though a third party or trust company, more than one list, nor they can vote for different lists. Adherence to a lists or votes expressed in violation of these prohibitions shall not be assigned to any list.

The lists submitted by the shareholders must be filed at the registered office at least twenty five days before the date set for the shareholders' meeting in first call, together with the documents required by the Articles of Association, among which a resume of the candidates included in the list.

The election of the directors proceeds as follows:

i. from the list that has obtained the highest number of votes at the shareholders' meeting, all candidates except one, among which three independents or, if the directors to be elected are less than nine, two independents; within such numerical limit, the candidates are elected according to their progressive order in the list;

ii. from the list that has obtained the second highest number of votes at the shareholders' meeting and is not connected to the first, the first candidate of such list.

If the composition of the board using the above procedure does not guarantee the equilibrium among genders, taking into account their order in the list, the last elected of the majority list belonging to the most represented gender delay in sufficient number to assure the respect of the requirement and they are substituted by the first candidates not elected in the same list of the less represented gender. In the absence of candidates of the less represented gender inside the majority list in sufficient number for the substitution, the general meeting integrates the board with the legal majority, assuring the satisfaction of the requirements.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists meeting the requirements set out in article 147-ter, comma 1-*ter* of the TUF.

In the event of submission of a single list, all the candidates in that list will be elected. In the case no list is submitted, the shareholders' meeting will appoint the Board of Directors as provided by the law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If during the financial year one or more directors cease to hold the office, for any reason, the Board of Directors will act pursuant to article 2386 of the civil code and pursuant to article 16 of the Articles of Association.

In particular, if the director or the directors that ceased to hold office were taken from a list that contained also non-elected candidates, the Board of Directors will make the replacement appointing from the same list of the directors who ceased to hold office, based on the progressive order, persons who are still eligible and willing to accept the office. The shareholders' meeting deliberates, with the majority required by law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF.

If the person who ceases to hold office is an independent director, the replacement will occur, as far as possible, by appointing the first of the non-elected independent directors from the same list in which the director that ceases to hold office was elected. The shareholders' meeting deliberates, with the majority required by law, in accordance with such principles.

If there is a lack of previously non-elected candidates from that list, the Board of Directors shall replace the directors no longer in office, without compliance to such provisions, pursuant to article 2386 of the civil code, and will guarantee, when it is an independent director that ceases to hold office, the minimum number of independent directors required under the applicable law, in accordance, however, with the criterion of distribution provided by article 147-*ter*, comma 1-*ter* of the TUF. The shareholders' meeting decides, with the majority required by law, in accordance with such principles.

Article 16, paragraph 13 of the Articles of Association provides that if the majority of directors cease to hold office, the whole Board of Directors will be considered revoked and a shareholders' meeting should be called immediately for the appointment of new directors.

The Issuer has not adopted any explicit succession planning in view of the substantial short-term interchangeability of the executive directors Marco Pescarmona and Alessandro Fracassi. In fact, if any of the two were to cease to hold office, the remaining executive director would be in able to ensure continuity for the management of both Divisions, relying on a solid first line of management, capable of supervising the ordinary activities during the necessary time for the research and the placement of one or more senior executives capable to contribute at a strategic level to the management of the Group. Of course, in the very unlikely case, in which both executive directors cease to hold office, the Board of Directors has the duty to identify an appropriate solution, without relying on pre-established plans.

4.2. Composition

The current Board of Directors was appointed by the shareholders' meeting of April 27, 2017, in which only one list of candidates was submitted, proposed by shareholder Alma Ventures S.A., and will remain in charge until the approval of the financial statement for the year ended December 31, 2019. The list of candidates belonging to that list received a favorable vote by 95.87% of the shareholders present, representing 68.55% of the share capital.

Currently, the Board of Directors consists of 9 members. The members in office as of December 31, 2019 are shown in Table 2, in appendix, concerning the structure of the Board and committees, as well as the attendance rate to the meetings.

As regards the personal and professional characteristics of each director, please refer to their *curricula* published on the Issuer's website www.gruppomol.it, in the "Governance" section, "Shareholders' meeting and Company governance", "2017".

As of the end of the financial year, the composition of the Board of Directors has not changed.

Maximum number of offices held in other companies

The Board did not define any general criteria about the maximum number of offices held as director or auditor in other companies, that could be considered compatible with an efficient performance as director of the Issuer; taking into account the duty of each director to assess the compatibility of any office held as director or statutory auditor in other companies listed in regulated markets, in financial, banking, insurance or other large companies, with a diligent performance of their tasks as director of the Issuer, the Board, yearly, makes an assessment based on the declarations of each director, keeping particular attention to assess the diligence of each director to follow with constancy and attention the different management tasks of the Issuer and of their participation to the meetings of the Board and the committees.

As regards the offices held, during the financial year, by the directors of the Issuer in other listed companies, in financial, banking and insurance companies or in large companies, please refer to Table 2A in the appendix. The Board considered these offices compliant with the office held in the Issuer based on the criteria above mentioned.

Induction Program

During all the meetings of the Board of Directors, the Chairman and the CEO duly report about the performance of the economic sector of the Issuer, the operations, the dynamics of the company, the standards of proper risk management and the regulatory framework. In addition to formal meetings, all directors are constantly informed about the operations of the Issuer during informal meetings and/or conference calls. Furthermore, we point out that some directors participate to professional updating and training courses on regulatory, technical and professional issues related to the business activities of the Group.

4.3. Role of the Board of Directors

During the financial year, the current Board of Directors met 10 times for an average of about one hour and 45 minutes for each meeting. All meetings were attended by at least one member of the Board of Statutory Auditors and Francesco Masciandaro, Chief Financial Officer of the Issuer and manager in charge of preparing the accounting statements.

For financial year 2020 there are 4 scheduled meetings for the approval of the periodic financial reports. During 2020 has been held the first scheduled meeting, during which the Board approved the draft statutory financial statements for the financial year ended on December 31, 2019 together with this Report.

The members of the Board of Directors are provided, in proper and timely manner, with the documentation and information necessary for decision-making. The documentation is usually sent by e-mail, with a 24/48 hours' notice, considered adequate and usually respected, to allow to act with full knowledge of the facts and take an active part to the Board decisions. Sometimes, remarkable issues are reported in advance by the executive directors during the above-mentioned informal meetings and/or conference calls. Besides it is worth pointing out that during the meeting the Board examines in deep all the arguments in agenda considered more significant and strategic; the president and the CEO explain in detail the discussed arguments and are at full disposal of the other members of the Board to reply to any clarification required.

The Board of Directors meets according to the notice letter also outside Italy, anywhere in the EU, or in Switzerland. The Board may be called into session at any time by the President on his own initiative. The President shall call the Board at any time upon the written request of at least two Directors and/or at least one Statutory Auditor.

The notice should be given at least three days prior to the meeting by registered mail or by hand, fax or e-mail and should be sent to every Director and Statutory Auditor. Except in special circumstances when notice of a meeting shall be given as soon as possible, the members shall be notified at least one day in advance.

In absence of formal call, a meeting of the Board of Directors can be considered valid, whenever every member and every Statutory Auditor is attending it.

The majority of committee members must be present for meetings to be duly convened; it is also allowed to attend the meeting via tele-conferencing or video-conferencing on the condition that all participants can be identified and can simultaneously follow and participate in discussion of the topics on the agenda and view documents in real time. In the presence of these requirements, the committee shall be considered to have met in the place where the meeting's Chairman is located, where the Secretary must also be located in order to permit writing and signing of the minutes of the meeting.

During the meeting of the Board, after ascertaining that all the documents concerning the agenda have already been circulated to every member of the board of directors and of the board of the statutory auditors, the executive directors expose and explain all the points of the agenda, answering exhaustively to the questions and information required. Every issue will be discussed for the amount of time needed to allow constructive analysis and comparisons, which will bring to the Board decisions. Usually, for issues regarding the internal committees, the Chairman of the committee exposes the proposal and the committee activities.

Resolutions shall be passed by majority vote among those attending the meeting; if the vote is split, the Chairman shall cast the deciding vote. Directors are not allowed to vote on behalf of another member.

The Board of Directors plays a central role within the corporate organization and has the task and responsibility of determining strategy and organization, as well as verifying the existence of the controls required for the monitoring of the operations of the Company and the of Group.

Each member of the Board of Directors is required to act with full knowledge of the facts and autonomously, with the purpose of creating value for shareholders, and is committed to devoting to the office covered in the Company the necessary time in order to ensure the diligent performance of his or her functions, regardless of the positions held outside of the Issuer, being aware of the responsibilities of the office held.

Pursuant to article 17 of the Articles of Association, the Board of Directors is invested with all powers for the management of the Company and to this purpose it may act or take any actions that will consider necessary or useful for the implementation of the business purpose, with the exception of the matters exclusively reserved to the shareholders' meeting by the law and by the Articles of Association.

Under the same statutory provisions, the Board is also empowered to take, pursuant to article 2436 of the civil code, decisions regarding:

i. merger and demerger resolutions in the cases pursuant to articles 2505, 2505-*bis* and 2506-*ter*, last paragraph of the civil code;

ii. the constitution or suppression of secondary offices in Italy or abroad;

iii. the reduction of capital upon termination of shareholders;

iv. adaptation of the Articles of Association to regulatory provisions;

v. the transfer of the registered office in the national territory;

vi. the indication of the delegated directors; the appointment of one or more general managers and the assignment of powers;

vii. the other powers reserved to it by the law or by the Articles of Association.

The Board of Directors has the general power of direction and control over the activities of the Company and on the management of the business. In particular, it:

i. examines and approves the financial, industrial and strategic plans of the Company and of the Group;

ii. evaluates and approves the annual budget of the Company and of the Group;

iii. examines and approves transactions - including investments and divestments - which, by their nature, strategic importance, size or by the commitments they might imply, have a large impact on the activities of the Group;

iv. verifies the adequacy of the organizational and general management structure of the Company and the Group;

v. drafts and adopts the regulations of the Company's corporate governance and sets out the guidelines of governance of the Group;

vi. constitutes the Supervisory Body pursuant to the legislative decree n. 231 of June 8, 2001;

vii. assigns and revokes the powers of the directors and to the executive committee, if constituted, setting the limits, the exercise and the time interval, normally not exceeding three months, by which the delegated bodies must report to the Board about the activity done during the exercise of the powers delegated to them;

viii. determines the duties and the powers of the general managers, if appointed;

ix. determines, after examining the proposals of the relative committee and consulting the Board of Statutory Auditors, the remuneration of the CEO and of the directors who hold particular offices and, if the shareholders' meeting has not defined it, the breakdown of the total remuneration due to any members of the Board and committees;

x. supervises the general business management, with particular attention to conflicts of interest, taking into account, in particular, the information received from the CEO, from the executive committee, if established, and from the Control and Risk Committee, and comparing periodically the results achieved with those planned;

xi. evaluates and approves the periodic reports as provided by the law;

xii. exercises all the other powers assigned to it by law and by the Articles of Association.

At each Board meeting, the executive directors shall inform the Board in detail on the main management events of strategic importance, on the business performance and on the evolution of the management for all companies of the Group, comparing the results achieved with the budgeted ones.

Furthermore, the executive directors, holding positions of operational nature within the Group, have full visibility of accounting, administrative and organizational issues of the Issuer and its subsidiaries, updating the Board promptly at the first useful meeting about any critical situation emerged or any substantial changes occurred. In this way the Board can adequately assess the organizational, administrative and accounting structure of subsidiaries, which are all deemed relevant from a strategic point of view, considering the variety and complementarity of the services offered.

The Board deemed that the relatively low complexity of the organizational structure of the Group is coherent with the operational efficiency of the Group.

Periodically, the Control and Risk Committee shall inform, as provided by the Code of Conduct, the Board on its activities and on the adequacy of internal control system, providing directors with documents that illustrate the work of the committee.

The Board, taking into account the relatively simple organizational structure, considers it appropriate not to define any general criteria for the identification of significant transactions in terms of strategic, economic, or financial relevance for the Issuer itself. In addition, it is worth pointing out that the Articles of Association of the Issuer grant to the Board the responsibility for ordinary and extraordinary administration of the Company, except only the acts for which the law or the Articles of Association exclusively reserve to the shareholders' meeting. In this respect, we point out that during financial year 2019, the Board was convened to resolve on one transaction of significant economic and financial relevance for the Issuer.

On November 12, 2019 the Board evaluated the functioning, organization, size and composition of internal committees, without the support of external advisors.

The Remuneration and Share Incentive Committee is composed of three independent directors. After evaluation it results to work regularly, to be well-sized in its composition and its members, with appropriate professional experience and background for the committee's tasks, enabling it to provide effective and valuable support to the Board

With regards to the Control and Risk Committee, it is composed of two independent directors (one of the two is the Chairman) and a non-independent Director. The committee works regularly, results to be well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board. We highlight that at least one of the members has a strong background and significant experience in accounting, finance and in risk. The committee shall report to the Board of Directors at least once every six months during the meetings for approval of the draft financial statements and half-year Report.

Within the Board is also present the Committee for Transactions with Related Parties formed by three independent directors. The committee was formed in accordance with the "Regulations concerning related party transactions" approved by CONSOB with Resolution n. 17221 of 12 March 2010. Within the procedures that assure transparency and procedural fairness of the transactions with related parties it requires that related party transactions be approved with the involvement of a committee formed by three independent directors. The committee results well-sized in its composition and the professional experience of its members is appropriate to give a valuable and efficient support to the Board.

Also in the light of the positive outcome of the board evaluation of the first months of 2020, the Board continues to deem it unnecessary to give indications to shareholders about managerial and professional figures to be appointed on the occasion of the reappointment of the directors scheduled during 2020. The current board members have a variety of skills which allow the analysis of the different topics under discussion from different perspectives and, therefore, helps to develop the dialectic that is the distinctive assumption for a collegial, thoughtful and conscious resolution.

Finally, it is worth pointing out that the shareholders' meeting did not authorize, in a generic and precautionary way, any derogation to the competition ban pursuant to article 2390 of the civil code.

4.4. Delegated bodies

Chief Executive Officer

Pursuant to article 21 of the Articles of Association, the Board of Directors may delegate, pursuant to and within the limits of law and regulations, its own powers to one or more directors of the Board by defining the limit on the powers.

As of the date of approval of this report, the office of Chief Executive Officer is covered by Alessandro Fracassi.

The Board of Directors of the Company, during the meeting held on May 11, 2018 has delegated to director Alessandro Fracassi, with separate signature and for the entire duration of his office, full powers for the execution of any kind of transaction of ordinary and extraordinary administration up to a maximum of Euro 5,000,000 for each transaction (net of VAT). Within such limit is included the power to buy and sell participations.

It is worth pointing out that the CEO is one the main responsible figures of the general management of the Company, in particular with responsibility for the coordination of the companies of the BPO Division. The CEO is not part of the Board of Directors of any other issuer where a Director of the Issuer is CEO.

Chairman

The shareholders' meeting of April 27, 2017 has appointed director Marco Pescarmona (who already covered the same office in the previous Board) as chairman of the Board of Directors.

According to the Article of Association, the chairman has: the power of presiding the Shareholders' meeting (article 13), the power to call Board meetings (article 18), the power of legal representation for the Company, and the power of signature (article 24).

The Board of Directors of the Company, during the meeting held on May 11, 2018 has delegated to director Marco Pescarmona, with separate signature and for the entire duration of his office, the full powers for the execution of any kind of transaction of ordinary and extraordinary administration up to a maximum of Euro 1,000,000 for each transaction (net of VAT). Within such limit is included the power to buy and sell participations.

The chairman is, together with the CEO, one of the main managers of the Issuer, in particular with responsibility for the coordination of the companies of the Broking Division. The chairman is not part of the Board of Directors of any other issuer where a Director of the Issuer is CEO, as well. According to the provisions of the format for the preparation of the Report on corporate governance and company structure set up by the Italian Stock Exchange, it is worth pointing out that the Chairman is not the controlling shareholder of the Issuer.

Executive committee and joint powers as Chairman and CEO

Pursuant to Article 21 of the Articles of Association, the Board of Directors may establish an executive committee, composed of some of its members, determining the powers and the operating regulations pursuant and within the limits of law and regulations in force.

The Board of Directors of the Company, during the meeting of May 11, 2018, in order to reorganize the attribution of powers to directors, also considering the more complex and articulated group perimeter, resolved the revocation, starting from June 1, 2018, of the executive committee and the powers granted during the meeting of May 11, 2017, and the specific attribution of operating powers to directors Marco Pescarmona and Alessandro Fracassi, as described in the previous paragraphs.

During the same meeting, the Board of Directors has also delegated to directors Marco Pescarmona and Alessandro Fracassi, with joint signature, full powers for the execution of any kind of transaction of ordinary administration, higher than Euro 5,000,000 (net of VAT) and up to a maximum of Euro 10,000,000 for each transaction (net of VAT). Within such limit is included, with joint signature, the power to buy and sell participations.

Information to the Board

Pursuant to article 21 of the Articles of Association, the delegated bodies are required to report to the Board of Directors and to the Board of Statutory Auditors, at intervals of at least 180 days, on general management performance, on the business outlook, as well as on the most significant transactions, for their size or characteristics, performed by the Company and its subsidiaries, and on transactions with potential conflicts of interest.

The executive directors shall attend the meetings of the Board of Directors and, during the financial year ended December 31, 2019, both executive directors attended such meetings. On such occasions, the executive directors duly report to the rest of the Board and to the Board of statutory auditors about the management performance and about the main executive decisions taken, always within the limits of the delegated powers, for all the companies of the Group, at the first available meeting and, in any case, at least quarterly.

4.5. Other executive directors

The Board of Directors has not appointed other executive directors beside Alessandro Fracassi and Marco Pescarmona.

On December 31, 2019 the executive directors Marco Pescarmona and Alessandro Fracassi hold the offices in subsidiaries and associated companies described in Table 2B.

With the participation of at least one of the executive directors of the Issuer in almost all the boards of directors of the Italian subsidiaries and associated companies, the Board of Directors of the Issuer is constantly updated and informed on the situation and dynamics of the business of the Group.

4.6. Independent directors

The independent directors are in number and authority such as to guarantee that their judgment has a significant weight in board decisions of the Company. The independent directors bring their specific experiences in the board discussions, contributing to the taking of decisions consistent with the interest of the company.

The shareholders' meeting of April 27, 2017 appointed as independent directors Anna Maria Artoni, Chiara Burberi, Matteo De Brabant, Klaus Gummerer and Valeria Lattuada, who declared to possess all the necessary independence requirements on March 27, 2017, when their candidacy was accepted.

At the earliest opportunity, on May 11, 2017 the Board of Directors checked the subsistence of independence requirements for every independent director, pursuant to article 148, comma 3, of TUF. The aforementioned assessments used all the criteria provided by Code of Conduct. On May 11, 2017 the Issuer announced the results of these assessments in a press release, disclosed to the Market pursuant to article 144-novies, comma 1-bis of CONSOB Issuer Regulation and application guideline 3.C.4 of the Code of Conduct.

On May 14, 2019 the Board of Directors has verified the existence of independence requirements for every independent director, pursuant to article 148, comma 3, of TUF. The above-mentioned assessments used all the criteria provided by Code of Conduct. On May 14, 2019 the Issuer announced the results of these assessments in a press release, disclosed to the Market pursuant to article 144-novies, comma 1-*bis* of CONSOB Issuer Regulation and application guideline 3.C.4 of the Code of Conduct.

In the meeting of May 14, 2019, the Board of Statutory Auditors has verified the correct application of the criteria and control procedures adopted by the Board to evaluate the independence of its own members. The result of these verifications has been positive.

The independent directors participate actively and assiduously in the Board meetings and are constantly informed on relevant aspects concerning their assignment. Before the Board meetings, the independent directors meet without the other directors to discuss the agenda of the meeting, to analyze the activity of the Board of Directors and to assess the effectiveness, clarity, completeness and timeliness of the flow of information between the executive directors and the other directors.

In 2019, the independent directors held a meeting on November 12, 2019, during which the functioning of the Board of Directors and the capacity of the independent directors to give an autonomous and not-conditioned judgments on the resolutions were assessed. At the end of the meeting they agreed that the executive directors give full information to the other directors about the management of the Company and the environment in which the Issuer and its subsidiaries operate, that dialectic and diffusion of information within the Board are complete and exhaustive, that discussion are open and that resolutions are taken with full knowledge, uniformity and autonomous judgment, without conflicts of interests.

4.7. Lead independent director

There being the conditions, provided by application guideline 2.C.3 of the Code of Conduct, the Board of Directors, in the meeting of May 11, 2017, designated, among the independent directors, Valeria Lattuada as the Lead Independent Director pursuant to the Code of Conduct, so that he could be the point of reference and coordination for the requests and contributions of the non-executive directors, and in particular of the independent ones. Daniele

The Lead Independent Director may, among other things, call – on his/her own initiative or upon request of other directors – special meetings of only independent directors (i.e. independent directors' executive sessions) to discuss issues from time to time judged of interest related to the functioning of the Board of Directors and to the management of the Company, with also the possibility to invite members of the management for an exchange of information with the organization.

The Lead Independent Director has collaborated with the Chairman of the Board to ensure that the Directors receive complete and timely information flows.

5. TREATMENT OF CORPORATE INFORMATION

Management of confidential information and code of conduct for insider dealing

The Company has adopted an internal regulation, which contains the provisions relating to the management of confidential information and to the management and external disclosure of privileged information as per article 181 TUF, regarding the Company and its subsidiaries. This regulation, besides providing a definition of privileged information, establishes the procedure for the public disclosure of such information which, by law, should occur without delay.

The regulation should be respected by all the components of the governing bodies, employees and other personnel of the company and subsidiaries, who for any reason have access to the privileged or confidential information.

In compliance with the regulation, the management of confidential information is followed by the Investor Relations function, under the responsibility of Marco Pescarmona.

In compliance with the regulation, the Issuer has also created a register of the persons that have access to the privileged information, governed by a special regulation. The responsibility for the correct keeping of this register has been entrusted to the administrative office, in person of the CFO Francesco Masciandaro.

The regulations for the management and the disclosure of confidential and privileged information are available on the Website, in the section "Governance", "Other documents".

Furthermore, the Company adopts a code of conduct which regulates the obligations of information disclosure and of behavior related to the financial transactions carried out by persons who, by virtue of the office held in the Company, have access to relevant information (with relevant information we mean the information related to facts able to determine significant changes in the capital, financial and economic perspectives of the Company or of the Group and able, if made public, to influence the price of the listed financial instruments).

The financial manager is, in compliance with this regulation and with the delegation granted by the Board of Directors, the subject responsible for receiving, managing and circulating to CONSOB and to the market the communications sent to the Company by persons that have access to relevant information.

The 26 communications received by the Company during the financial year have been regularly published and are available on the Internet site of the Company, in the section "Governance", "Internal dealing", "2019".

6. INTERNAL COMMITTEES OF THE BOARD OF DIRECTORS

In compliance with the Code of Conduct, the Board of Directors, under the authority conferred pursuant to article 22 of the Articles of Association, has constituted the following internal committees with consulting, proactive or control tasks, and which are granted the right to access to relevant information.

In particular, the Remuneration and Share Incentive Committee, the Control and Risk Committee and the Committee for the Transactions with Related Parties were constituted within the Board.

7. NOMINATION COMMITTEE

At present and for an undefined period, the Board of Directors has decided not to set up an internal committee for the nomination of candidate directors, as the shareholding structure of the Company does not present such characteristics of diffusion to justify the adoption of such committee; however the Board in its collegiality carries out the related functions.

8. REMUNERATION AND SHARE INCENTIVE COMMITTEE

The Board of Directors, in compliance with article 2.2.3, paragraph 3, letter m) of the Stock Exchange Regulations, applicable to the issuers admitted to trading in the STAR segment and pursuant to the Code of Conduct, in the meeting of May 11, 2017, has designated the independent directors Anna Maria Artoni, Matteo De Brabant and Klaus Gummerer as members of the Remuneration and Share Incentive Committee. Director Matteo De Brabant has been appointed chairman of this committee.

The committee has advisory functions in particular for the assessment and formulation of proposals to the Board of Directors (i) about the compensation policy proposed by the Company for the management, monitoring the application of the resolutions adopted by the Board itself, (ii) about the stock option plans and similar plans for the incentive and retaining of directors, employees and collaborators of the Group, (iii) about the compensation of the executive directors and the managers with strategic responsibilities, as well as, based on the indication of the chairman or of the CEO, the criteria for the remuneration of the top management of the Company. The committee has free access to the information and the company functions necessary to carry out its own activities.

During the financial year, the Remuneration and Share Incentive Committee met two times for an average of about 45 minutes for each meeting, with the participation of all the members of the committee. The meetings were attended by the chairman of the Board of Statutory Auditors and by the non-executive director and member of the Control and Risk Committee Marco Zampetti, invited to serve as secretary. The non-executive director and member of the Control and Risk Committee Marco Zampetti took part in Committee Meetings at the invitation by the same committee.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

During the meetings, the committee members deliberated on:

- the remuneration model for the Group Executive Directors for financial year 2018 and 2019, and the subsequent proposal to the Board of Directors;

- the remuneration model of the general manager with strategic responsibilities Alessio Santarelli, general manager of the "Core Broking" area.

The president of the Remuneration and Share Incentive Committee provided information about the activity of the committee during the Board meetings of March 14, 2019 and July 5, 2019.

As already expressed in paragraph 4.3, the Board of Directors reported its satisfaction with the members of the committee, who, thanks to their appropriate professional experience and background for the committee's tasks, provide effective and valuable support to the Board. In addition, during the financial year the committee was never supported by external advisors.

The meetings of the Remuneration and Share Incentive Committee have been properly recorded and the relative minutes were transcribed in the register available at the administrative office of the Company.

There are no meetings of the Remuneration and Share Incentive Committee scheduled for 2020. As of the date of approval of this Report, one meeting of the Remuneration and Share Incentive Committee was held on March 11, 2020. During such meeting the committee resolved about the remuneration for the executive directors of the Issuer for the year 2019 and about the remuneration model for the executive directors to be applied for year 2020.

It is worth pointing out that, pursuant to Applicative Criterion 6.C.6 of the Code of Conduct the executive directors, whose compensations were discussed during the meeting of the committee held on March 11, 2019, do not take part to the meetings of the committee in which the proposals about their remuneration are discussed and resolved.

The Board of Directors in the meeting of May 11, 2017, resolved a total compensation, on an annual basis, for the members of the Remuneration and Share Incentive Committee equal to Euro 17 thousand in total.

No financial resources have been allocated to the committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

For any other information on the Remuneration and Share Incentive Committee, please refer to "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Internet site of the Company in the section "Governance", "Other documents", "2019", at least twenty-one days before the shareholders' meeting called on April 28, 2020.

9. REMUNERATION OF DIRECTORS

For the general policy for the remuneration adopted by the Issuer, the share remuneration plans, the remuneration of executive directors, directors with strategic responsibilities (if any) and non-executive directors, and for the indemnities of directors in case of resignation, dismissal or termination as a consequence of a takeover bid, please refer to the "Report on Remuneration" prepared pursuant to article 123-*ter* of TUF and pursuant to article 84-*quater* of the Issuers' Regulations, that will be deposited at the registered office and be available on the Website in the section "Governance", "Other documents", "2018", at least twenty-one days before the shareholders' meeting called on April 28, 2020.

10. CONTROL AND RISK COMMITTEE

The Board of Directors, pursuant to article 2.2.3, comma 3 letter m) of Market Regulations, applicable to the issuers pursuant to requirements for STAR segment and according to Code of Conduct, during the meeting of May 11, 2017, appointed the independent directors Chiara Burberi, Klaus Gummerer and the non-executive director, Marco Zampetti as members of the Control and Risk Committee. Chiara Burberi was appointed chairman of this committee, meanwhile Marco Zampetti is a member of the committee who, by virtue of his professional activity, possesses a considerable experience in accounting, financial, fiscal and compliance matters.

According to the Code of Conduct, the internal Control and Risk Committee:

i. assists the Board in defining the guidelines of the internal control system, so that the main risks relative to the Issuer and its subsidiaries can be correctly identified, as well as appropriately measured, managed and monitored, also determining compatibility criteria of these risks with a management of the enterprise coherent with strategic goals identified;

ii. assists the Board in assessing, yearly at least, the adequacy of the internal and risks management control system, compared to the company features and to the risk profile hired, beside its efficacy;

iii. assists the Board in describing the essential elements of the internal control system, the risk management and the coordination between those involved, in the corporate governance report, expressing its own assessment of the overall adequacy of this system;

iv. assesses, together with the manager in charge of preparing the company's accounting documents and with the Board of Statutory Auditors, the proper and consistent application of accounting principles and their homogeneity in the preparation of the consolidated financial statements;

v. expresses opinions on specific aspects related to the identification of the main corporate risks;

vi. examines the periodic reports about the valuation of the internal control and risk system and those proposed by the internal auditor;

vii. monitors to the Board the independence, the adequacy, the effectiveness and the efficiency of the internal auditor;

viii. request to the internal auditor to investigate on specific areas, notifying it at the same time to the Chairman of the Board of Statutory Auditors;

ix. reports to the Board on the activity it has performed and on the adequacy of the internal control and risk system, at least twice a year, on the occasion of the approval of the Report and of the semi-annual reports;

x. monitors the compliance and the periodic update of the corporate governance rules and the observance of rules of conduct potentially adopted by the Issuer and its subsidiaries;

xi. supports, with an appropriate preliminary activity, the Board of Directors assessments and decisions about risk management derived from prejudicial events known to the Board of Directors.

xii. performs any additional duties that are assigned by the Board.

The Control and Risk Committee:

i. has access to all corporate activities and information necessary to perform its duties;

ii. may ask the Board to use external consultancy services to perform its activity;

iii. normally meets before the Board meetings called to approve the financial statements, the semi-annual and the quarterly reports, or whenever the chairman deems it appropriate or receives a request from a member or an executive director.

The Control and Risk Committee, as one of the main interlocutors to the internal auditor, shall be consulted by the Board of Directors about decisions regarding the appointment, revocation, remuneration of and the provision of resources to the internal auditor, analyzing and assessing his work.

The members of Control and Risk Committee, on February 1, 2019, met the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro, the internal audit function and the Supervisory Body, in order to discuss the update about the activities carried out by the internal audit function in relation to the 2018 audit plan.

The members of the Control and Risk Committee, on March 11, 2019, met the representatives of the audit firm EY S.p.A., the members of the Board of Statutory Auditors, the Issuer's CFO Francesco Masciandaro. During the meeting, the following topics were dealt with: updates about the audit activity related to 2018 financial statements of the Issuer and of its subsidiaries and of the consolidated financial statement by the independent auditing firm; presentation of the summary of the self-assessment questionnaires of the Board of Directors.

On May 9, 2019, the members of Control and Risk Committee met the member of the Board of Statutory Auditors Stefano Gnocchi and the members of the internal audit function Walter Baraggia and Giangiacomo Lacaita. During the meeting the 2019 audit plan was presented and discussed, before the submission to the Board of Directors.

The members of Control and Risk Committee, on September 2, 2019, met the representatives of the audit firm EY S.p.A., the members of the Board of Statutory Auditors and the Issuer's CFO Francesco Masciandaro. During the meeting, the following topics were dealt with: update about the execution of the audit activities related to the consolidated half year financial report as of June 30, 2019. Moreover, in such meeting the Committee met the head of the internal audit function, who illustrated the activities performed in the first half of 2019, for the subsequent periodic reporting to the Board of Directors.

On November 26, 2019, the Control and Risk Committee met the members of the Board of Statutory Auditors, the internal audit function, the Issuer's CFO Francesco Masciandaro, the members of the Board of Statutory Auditors of subsidiaries Fausto Provenzano and Filippo Colonna (this member also as Supervisory Body), to discuss on the activities performed by the internal audit function of the Issuer, in relation to the audit plan 2019.

We point out that the member of the Control and Risk Committee Marco Zampetti, the Board of Statutory Auditors, the executive directors, the CFO and the head of internal audit (through informal meetings and e-mails) keep each other informed in order to be constantly updated on the internal control system of the Issuer.

Therefore, during the financial year, the Control and Risk Committee met six times for an average of about two and a half hours.

During the meetings on March 14, 2019 and September 4, 2019, the Control and Risk Committee members, as provided for in the Code of Conduct, informed the Board of Directors on the activity of the committee and on the adequacy of the internal control system.

There are no scheduled meetings of the Control and Risk Committee for 2020. As of the approval of the present Report one meeting of the committee took place on March 10, 2020. The members of the committee, the representatives of the independent auditing firm EY S.p.A., the Board of Statutory Auditors, the CFO of the Issuer, Francesco Masciandaro. During the meeting, the following topics were dealt with: updates about the independent auditing activity carried out on the 2019 financial statements of the Issuer and of its subsidiaries and on the consolidated financial statements; examination of the activities carried out by the committee in the second half 2019, in order to give an update to the Board of Directors during the meeting taking place on March 13, 2020.

For the composition and rates of attendance at meetings please refer to Table 2, in appendix, concerning the structure of the Board and committees.

All the meetings of the Control and Risk Committee have been properly recorded and the relative minutes were transcribed in the register held at the administrative office of the Company.

During the meeting of May 11, 2017, the Board of Directors resolved an annual total compensation for the members Control and Risk Committee equal to Euro 24 thousand.

No financial resources have been allocated to the Control and Risk Committee, as the committee uses the Issuer's resources and facilities for the performance of its tasks.

11. INTERNAL CONTROL AND RISK MANAGEMENT SYSTEM

The Board of Directors defines the guidelines of the internal control and risk management system, designed as a set of processes aimed at monitoring the efficiency of business and corporate management, the reliability of the financial information, the compliance with laws and regulations, the safeguard of corporate assets, and the prevention of fraud against the Company and financial markets.

The internal control and risk management system is structured as a set of rules and procedures in order to enable, through a proper process of identification, measurement, management and monitoring of the main risks, sound and correct corporate management, in line with the set objectives.

According to the Code of Conduct, the Board of Directors, taking also into account that the Company is part of a group, defines the guidelines of the internal control and risk management system and verifies its correct functioning with respect to the management of corporate risks through the activity performed by the Control and Risk Committee. The Board of Directors define the nature and level of risk, compatible with Issuer's strategic goals, including in its assessments all relevant risks with a perspective of medium-long term sustainability. The director in charge defines the instruments and procedures for the implementation of the internal control system, following the guidelines established by the Board of Directors, assures the overall adequacy of the system, its practical functionality, its adaption to changes of operating conditions and of legislative or regulatory frameworks.

The internal control and risk management system defined by the Board of Directors satisfies the following general principles:

i. the operational powers are assigned taking into account the nature, normal size and risks of individual types of transactions; operational areas are closely related to the delegated tasks;

ii. the organizational structures are articulated so as to reduce the overlapping of functions and the concentration on one person, without the proper authorization process, of activities that have a high degree of criticality or risk;

iii. an appropriate system of parameters and a related periodic flow of information to measure the efficiency and effectiveness is provided for each process;

iv. a periodical analysis of the professional knowledge and skills available within the organization in terms of congruence with the objectives assigned;

v. the operating processes are defined in accordance with an appropriate documentary support enabling them to be verified in terms of congruence, consistency and responsibility;

vi. the security mechanisms ensure an adequate safeguard of the corporate assets and access to the information required for the performance of the assigned tasks;

vii. the risks related to achievement of the objectives are identified by observing an adequate periodic monitoring and updating; negative events that may threaten the corporate business continuity are subject to special assessments and adjustment of safeguards;

viii. the internal control and risk management system is subject to continuous supervision for periodic evaluations and constant adjustments.

For the purpose of verifying the correct functioning of the internal control system, the Board of Directors relies on the Control and Risk Committee, on the CFO and on an internal audit function, which have an appropriate level of independence and necessary means for the performance of their tasks; they report to the director in charge of internal control, to the Control and Risk Committee, to the Board of Statutory Auditors and to the Supervisory Body.

The director in charge of internal control implements the interventions on the internal control system deemed necessary as a result of the above control activities and may appoint one or more delegates for such purpose.

During the financial year ended December 31, 2019, the Board of Directors assessed the adequacy of the internal control and risk management system referring to the characteristics of the business and the risk profile assumed, as well as its efficiency, during the meetings held on March 14, and September 4, 2019, concurrently with the report presented by the Control and Risk Committee on the activities carried out and the adequacy of the internal control system. During the discussions, which were attended by all the directors, no particular warning or criticality emerged.

The 2019 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge for the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on May 14, 2019. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

11.1. Main principles of the existing internal control and risk management systems in relation to the financial reporting process

Introduction

The risk management system should not be considered separately from the internal control system in relation to the financial reporting process; both are, in fact, elements of the same system. It is worth mentioning that this system is aimed at ensuring the trustworthiness, accuracy, reliability and timeliness of financial reporting.

All the companies of the Group adopt detailed procedures to manage the sales process, the purchasing process, the human resources process and the financial reporting process approved by the Board the Directors.

The basic principle for the management of these processes is that, because of the relatively simple structure of the Group, all the significant authorization processes are handled by executive directors, vested with adequate powers.

Description of the main features of the existing internal control and risk management systems in relation to the financial reporting process

The activities under the responsibility of the administration unit of the Group are defined in the organizational structure of the Group and the above-mentioned procedures. Please find below, in an illustrative and not exhaustive way, the main activities carried out by the administration unit:

i. ensure, through the planning process and management control, the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets;

ii. define and propose, within the policies and strategies agreed with the top management, the Group's financial policy;

iii. ensure the proper administrative management of the Group, and in particular define and propose the policy for the financial statements, ensure the preparation of the annual financial statements of the Company and of the Group and of its relevant annexes pursuant to the existing civil and fiscal laws as well as to the institutional provisions;

iv. ensure the systematic monitoring of the economic performance of the Group in order to afford a proper process of management control;

v. ensure the alignment of the management control system (*Sistema di Controllo di Gestione* or SCG) with the strategies and the business and market context.

The main risks pertaining to the financial reporting process are:

i. the risk of recognition of revenues that are not related, not accrued or not due or the incomplete recognition of revenues;

ii. risks linked to the recognition of expenses that are not related, not accrued or not due, or incomplete recognition of them;

iii. risks linked to the acquisition of company for which it is necessary an administrative and accounting reorganization to align their financial statements to the standard required by the Issuer;

iv. risks linked to the presence in the consolidation area of a Rumanian company;

v. risks linked to the presence of an autonomous administrative structure in the subsidiaries 7Pixel S.r.l. and Agenzia Italia S.p.A.;

vi. risks of loss or information or data during the automatic data extraction process from the general ledger.

Corrective actions adopted to reduce the impact of these risks, procedures and controls applied for the continuous monitoring of the identified risks are respectively summarized in the following list:

i. the billing process follows a detailed procedure on receivables which takes into account the different types of revenues of the companies of the Group: the billing from the administrative office takes place only after verifying the accuracy of the billing reports and their compliance to the contractual conditions. These controls are carried out by selecting random samples of sale invoices, verifying phases and documents required by the procedure for the issuance of the invoice itself and the collection of payment, and by checking that contractual rates are applied and respected properly;

ii. the process on liabilities also follows an internal procedure which takes into account the various types of purchases (mainly marketing, technology and general services expenses). The registration of an accounting document takes place only after the verification of the existence of a purchase order authorized by a representative of the company with appropriate credentials and upon verification of the correspondence with the purchase order itself. Also in this case, the verifications are carried out by selecting a random sample of purchase invoices, verifying that they are authorized by an order and that the amounts to be paid match with the ones specified in the order;

iii. the administrative and accounting management of the newly acquired companies is taken over by the administrative office of the Issuer, which at the beginning analyzes the "as is" situation with the aim to realize the reorganizational processes required by the guide lines of the Issuer, setting the billing process, the process on liabilities and the personnel process centrally defined and using the same accounting basics for a correct financial statements at a consolidated level. It should be noted that, during 2019, the companies Eagle & Wise Service S.r.l., Eagle NPL Service S.r.l. and Eagle Agency S.r.l. have been included in the consolidation perimeter;

iv. definition of guidelines to which the accounting employees of Finprom S.r.l. must comply, in accordance with the local regulations. The Issuer receives a monthly financial management report, and on quarterly basis a detailed financial statement of the company;

v. in order to verify the correct and complete collection of economic-financial consolidated data through an automated process, we perform cross-checks while balancing the general ledger data with the cost accounting at the EBITDA level, analyzing potential deviations and the accuracy of the automatic formulas. The process of data collection and extraction for the preparation of the periodic financial reports is regulated by a specific internal procedure.

The administrative area of the Group is under the direct responsibility of the Chief Financial Officer (CFO), Francesco Masciandaro, and is composed of a total of 23 persons, in the Italian office. Within the administrative area there are two distinct functions:

- Accounting, whose mission is to provide a correct representation of the Company's capital and economic life, ensuring the proper execution of the activities related to the preparation of corporate financial statements and consolidated financial statements, in compliance with the accounting principles and regulations;

- Management Control, whose mission is to ensure through the planning and control process the unity of functional goals, the compliance of the actions with the plans and the achievement of profit targets.

As regards the management of the Accounting function, four persons located in Romania have full responsibility for all activities related to subsidiary Finprom S.r.l., which they manage with full autonomy. As regards the management of the Accounting function for the other subsidiaries, it is entirely carried out by the structure and resources located in Italy, who report to the head of the function, which provides the operating guidelines.

The process of financial reporting for the Group is headed by the CFO, who receives, at least once a month, the summary financial reports by all the companies of the Group and, quarterly, more detailed financial reports at the base of the periodic financial reporting.

Within this activity the CFO has the responsibility to manage the process to identify the main operative risks, identify the corrective actions or the instruments aimed to reduce and, if possible, cancel such risks, identify the system for the management of these instruments and, finally, verify the right application of it.

At the end of this activity, the outcome is directly submitted for evaluation to the executive director in charge of the internal control system. The information flow is particularly direct, since there are no intermediate levels between the CFO, internal auditor and the executive director in charge of the internal control system. In addition, the CFO and the internal auditor meet periodically the committee for internal control and the Supervisory Body for an appropriate update on the performance of controls.

The Board of Directors in the meetings of March 14, 2019 and of September 4, 2019 has positively assessed the effectiveness and the effective functioning of the internal control system. During this meeting, the members of the Control and Risk Committee illustrated to the attendees the job performed by the committee and briefed on the adequacy of the internal control system. The committee sends in advance the most significant elements by a brief memorandum circulated to all the directors and members of the Board of Statutory Auditors.

11.2. Executive director in charge of the internal control and risk management system

The Board of Directors, during the meeting of May 11, 2017, appointed the chairman of the Board of Directors Marco Pescarmona, as the executive director in charge of the Control and Risk Committee.

During the financial year, the executive director in charge of supervising the functionality of the internal control and risk management system identified, in collaboration with the Control and Risk Committee, the CFO, the Board of Statutory Auditors and the Supervisory Body, the main risks related to the Issuer and its subsidiaries, by constantly verifying the adequacy of the internal control system. In addition, in collaboration with the internal audit function, a constant monitoring on most relevant compliance issues was carried out, adjusting where necessary the business procedures to the regulations in force.

The director, in charge of supervising the internal control system and risk management operations, can ask to internal audit to check on specific operating areas and compliance with the rules and the internal procedures during business operations, informing the chairman of the Control and Risk Committee and the chairman of the Board of Statutory Auditors / Supervisory Body.

During the financial year, based on the controls performed, the director in charge of supervising the internal control system and risk management operations did not detect any business risks not managed within the corporate organization.

11.3. Head of the internal audit function

The Issuer has instituted from January 2010 the internal audit function, with the hiring of a dedicated resource in the organizational structure of the Group. As of the date of approval of this report the function is composed of four resources, all internal to the Group.

Some subsidiaries of the Issuer also have internal staff which carry out specific audit activities for the company in which they operate. The audit activities of these “dedicated” resources are coordinated by the Group’s internal audit function.

The head of internal audit was not appointed by the Board of Directors but directly by the director responsible for the internal control and risk management system, with the favorable opinion of the Control and Risk Committee and the Board of Statutory Auditors. The head of internal audit is Walter Baraggia. We highlight that for the identification of the head of internal audit, the executive director in charge of supervising the functionality of the internal control and risk management system took into account the informal opinion of the Board of Directors. Moreover, it is worth pointing out that the Board of Directors has never given the formal investiture to the head of internal audit because, considering the significant professional experience of the director responsible for the internal control and risk management system, it preferred to leave him the task of identifying the resource.

The head of internal audit has an appropriate level of independence and suitable means to operate effectively. The head of internal audit has direct access to all the useful information to his office and reports about his own activity to the director in charge, to the Control and Risk Committee, to the Board of Statutory Auditors and to the Supervisory Body. He has no direct operational responsibility or authority and depends hierarchically from the Board.

The 2019 audit plan, prepared by the head of internal audit, elaborated and shared with the director in charge of the internal control and risk management system, was approved, following the clean opinion of the Control and Risk Committee, by the Board of Directors on May 14, 2019. It is worth pointing out that the audit plan was approved by the Board of Directors, following the opinion of the whole Board of Statutory Auditors.

The head of internal audit brings directly to the attention of the director in charge of supervising the functionality of the internal control and risk management system and to the CFO, who are committed to periodically update the Board of Directors, all the controls performed and the analyses concerning compliance and regulatory updates, the legislative updates and the significant events (e.g. inspections and requests for information by Supervisory Authorities). The information flow is direct because there are no intermediate layers between the head of internal audit, the CFO and the executive director in charge of the internal control and risk management system. Furthermore, the head of internal audit and the CFO meet periodically the Control and Risk Committee, the Board of Statutory Auditors and the Supervisory Body for adequate updates on the activities performed.

The head of internal audit performs a monthly of the effectiveness of the audit information systems by analyzing the actual data for all the Group's companies, comparing results with budget forecasts, and verifying the correct recording in the management accounts of revenues and costs as well as the proper accrual in time.

For 2019, a specific budget, equal to Euro 20 thousand, is provided to the Audit function of the Issuer, as resolved by the Board of Directors during the meeting held on May 14, 2019. At least once a year, the Board of Directors is updated, through the report of the Control and Risk Committee on the activities performed by the internal audit function and on the execution of the activity program set by the committee. Every year the executive committee sets remuneration, duties and resources for the head of internal audit, with the opinion of the Control and Risk Committee; the definition of the remuneration is established by the executive directors rather than the Board of Directors, as, taking into account the relative simplicity of the organizational structure of the internal audit function, it was preferred not to involve the whole Board in this decision.

The activities of the head of internal audit, planned and decided with the director in charge for internal control and risk management system, the Control and Risk Committee, the Board of Statutory Auditors, and the Supervisory Body, aim at the satisfaction of international standards, that the Issuer, which operates as a listed company in a highly regulated sector, must follow.

The main activities carried out by the internal audit function during the financial year were:

- controls related to cybercrimes and illicit data treatment;
- controls related to market abuse;
- controls related to the compliance with the privacy regulations;
- controls related to anti money laundering;
- controls related to the administrative responsibility regarding commission of crimes (*ex* D.Lgs 231/2001 model);
- controls related to job safety;
- controls related to corporate crimes;
- controls related to credit and insurance broking activities.

Internal audit activities, overall as well as for operating segments, were not assigned to external subjects.

11.4. Organizational model pursuant to Law Decree 231/2001

On March 20, 2008, the Company adopted the model of organization pursuant to article 6 of Law Decree 231/2001, of which the last update was approved by the Board of Directors on November 12, 2018. In the same meeting, it has been resolved the revocation of the previous Supervisory Body, composed of the members of the Board of Statutory Auditors, along with the appointment of a new monocratic Supervisory Body. The Board of Directors believes that such appointment would be effective for the Group. Furthermore, the member of the Supervisory Body has all the required professional, independence and integrity qualifications.

It was resolved that the duration of this office would continue until the date of approval of the financial statements for the year ended December 31, 2020. The Company will provide an annual remuneration for the office of Supervisory Body, covering also the activities performed for the subsidiaries.

During 2019, the Supervisory Body met five times. On such occasions, it met the Board of Statutory Auditors, the CFO Francesco Masciandaro and the head of internal audit Walter Baraggia, the member of the internal audit function Giangiacomo Lacaita, and the Control and Risks Committee. During the meetings, the activities carried out by the internal audit function, those related to the updating process of the Model, and the controls carried out during the year were analyzed, always keeping in mind the potential offences worth of special attention within the organizational model pursuant to Legislative Decree 231/2001.

The organizational model adopted by the Group and its principles are applied to the corporate bodies of all the companies of the Group (meaning the Board of Directors and the Board of Statutory Auditors of the companies and their relative members), to the employees, to the other personnel of the Group, to consultants, suppliers and more generally to all those that, for whatever reason, operate with "sensitive" activities on behalf or for the Group. The model intends to prevent the following types of offences:

- crimes against public administration (articles 24 and 25, Law Decree 231/01);
- data processing crimes and illegal treatment of data (article 24-bis, Legislative Decree 231/01);
- crimes against use of trademarks and distinctive signs (article 25-bis, Legislative Decree 231/01);
- crimes against industry and trade (article 25-bis.1, Legislative Decree 231/01);
- corporate crimes (articles 25-*ter* Law Decree 231/01);
- market abuse crimes (article 25-*sexies* Law Decree 231/01);
- crimes introduced by article 9 of law 123/2007 (article 25-*septies* Law Decree 231/01), which include manslaughter or serious injury caused by the violation of safety and occupational hygiene regulations at work;
- receiving of stolen goods, money laundering and the utilization of money, goods or assets originating from illicit activities (article 25-octies, Legislative Decree 231/01);
- crimes relating to breach of copyright (article 25-novies, Legislative Decree 231/01), which covers certain offenses under Law 633/1941;
- environmental crimes (article 25-*undecies*, Legislative Decree 231/01);
- incitement not to testify or bear false testimony in court (article 25-*decies*, Legislative Decree 231/01);
- employment of foreign countries' citizens whose residency permit is not regular (article 25-*duodecies*, Legislative Decree 231/01).

The organizational model pursuant to the Legislative Decree 231/2001 is available on the Internet site of the Company in the section "Governance", "Other documents".

11.5. Auditing firm

The auditing firm in charge of legally-required auditing of accounting activities is EY S.p.A., with registered office in Roma, via Po n. 32, appointed by the shareholders' meeting of April 22, 2016 and with expiration on the date of the shareholders' meeting for approval of the financial statements for the year ended December 31, 2024.

11.6. Manager responsible for preparing the Company's financial reports

Article 23, paragraph 1 of the Articles of Association provides for the appointment by the Board of Directors, subject to the mandatory opinion of the Board of Statutory Auditors, of a manager responsible for preparing the Company's financial reports in compliance with the provisions of article 154-*bis* of TUF, who must be chosen among individuals with a degree in economics, finance or disciplines related to business management and must have at least three years of experience (i) in the exercise of administrative or managerial functions or (ii) in the exercise of professional activities within an auditing firm or (iii) as a certified accountant, consultant to limited liability companies. Those who are not in possession of the integrity requirements of article 147-*quinquies* of TUF cannot be appointed to the office and, if already appointed, shall expire from the same.

The manager responsible for preparing the Company's financial reports exercises the powers and responsibilities attributed to him in accordance with article 154-*bis* of TUF.

The Board of Directors in the meeting of May 8, 2008, with the approval of the Board of Statutory Auditors, appointed as manager responsible for preparing the Company's financial reports Francesco Masciandaro, who within the Group holds the role of Chief Financial Officer and Head of Administration and Control.

The manager responsible for preparing the Company's financial reports is provided with adequate powers and means to perform the tasks assigned to him or her. In particular, the manager in charge has developed a set of procedures and information flows aimed at identifying all the processes and business events with an economic and financial relevance; in this way all the economic and financial events of relevance are reflected in the accounting data and periodic financial reports.

Finally, it is worth highlighting that the manager responsible for preparing the Company's financial reports was appointed director with delegated powers on administrative matters, including powers to represent the Company in dealings with the financial administration and powers to sign all the declarations required by applicable tax laws, in all the Italian subsidiaries of the Group, except Innovazione Finanziaria SIM S.p.A. and MOL BPO S.r.l..

11.7. Ethical Code

The Ethical Code, approved on March 20, 2008, is an essential element and function of the organizational model that the Group has adopted pursuant to Law Decree n. 231/2001 and expresses the principles of business ethics and rules of conduct designed to prevent, under Italian law, the commission of offences and all those behaviors inconsistent with the values that the Issuer and its subsidiaries pursuant to article 2359 of the civil code seek to promote.

The Group recognizes the importance of business ethics and social responsibility in the management of corporate activities and affairs and is committed to take into account the legitimate interests of its stakeholders and of the community in which it operates. At the same time, the Group expects from all its employees the respect of business rules and principles established in the Ethical Code and to operate with the highest ethical standards and in compliance with all applicable laws.

The Ethical Code is distributed to all employees. In addition, the Group requires from all subsidiaries, associated companies and major suppliers a conduct in line with the general principles of the Ethical Code.

The Ethical Code is available on the Internet site of the Company in the section "Governance", "Other documents".

11.8. Coordination among the bodies involved in the internal control and risk management system

The coordination and the information flow between people involved in the internal control and risk management system appears to be streamlined and effective.

In particular, the executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, Chairman of the Board of Directors as well, and the manager responsible for preparing the Company's financial reports, Francesco Masciandaro and the head of internal audit Walter Baraggia, work together to find out and manage risks which endanger and/or could endanger the Group's companies to achieve business objectives.

The executive director in charge of supervising the functionality of the internal control and risk management system, Marco Pescarmona, as Chairman of the Board of Directors, helps to identify the main risks for the Group, considering the business activities of the Issuer and of its subsidiaries, and is responsible for the set up and management of the internal control and risk management system, constantly verifying its adequacy and effectiveness. With the opinion of the Board, he asks the head of internal audit or the CFO to verify some specific operational areas considering the compliance to regulations and internal procedures in the execution of business operations and to analyze the regulations compared to the business activities. The CFO and the head of internal audit report the results to the executive director in charge of supervising the functionality of the internal control and risk system or directly to the Board of Directors.

The Board of Statutory Auditors, the Supervisory Body and the Control and Risk Committee monitor, value and give their opinion on the adequacy and effectiveness of the internal control system by examining the results brought by the CFO and the head of internal audit, with the power to request further examinations on specific operational business areas.

The above-mentioned bodies inform and update one another either through formal meetings (like meetings of the Board of Directors, of the internal Control and Risk Committee, of the Board of Statutory Auditors / Supervisory Body, or through constant information flows during informal meetings, conference calls and/or e-mails.

12. INTERESTS OF DIRECTORS AND TRANSACTIONS WITH RELATED PARTIES

The Board of Directors of the Company on November 11, 2010, having acknowledged the favorable opinion of the committee established for this purpose (consisting only of independent directors), approved "The procedure for transactions with related parties" ("**Related Parties Procedure**") pursuant to the Regulation "Transactions with Related Parties", issued by CONSOB with the resolution no. 17221 of March 12, 2010 (subsequently amended by resolution no. 17389 of June 23, 2010), pursuant to article 2391-*bis* of the civil code and articles 113-*ter*, 114, 115, and 154-*ter* of TUF, and in accordance also with the recommendations of the Code of Conduct.

The Company applies the Related Parties Procedure taking into account also CONSOB Communication DEM/10078683, published on September 24, 2010, containing "Indications and guidelines of the Regulation on transactions with related parties adopted to comply with the resolution no. 17221 of March 12, 2010, and subsequent amendments".

The Related Parties Procedure regulates the identification, approval and the management of transactions with related parties performed by the Company, also through its subsidiaries pursuant to article 2359 of the civil code or in any case subject to direction and coordination.

After having verified, consulting the list of related parties of the Group that the counterparty to a transaction is a related party, the parties involved in the execution of the transaction must notify the internal audit function and the administrative and control direction, the intention to begin negotiations for performing the transaction. The internal audit function and the administrative and control direction promptly evaluate whether the transaction complies with the Regulation issued by CONSOB with resolution no. 17221 or if it is possible to apply one or more of the exemption cases for which it is not necessary to follow the approval process required by the procedure. If it is not an exemption, the committee for transactions with related parties expresses its non-binding opinion on the execution of the transaction. The approval for the execution of the transaction is given, depending on the case, by the Board of Directors or by the shareholders' meeting.

Pursuant to paragraph 5 of the Related Parties Procedure, the directors that have an interest in a transaction must promptly and exhaustively inform the Board of Directors on the existence of interest and on his/her circumstances considering, on a case by case basis, the opportunity to leave the Board meetings at the voting moment or to abstain from voting. If he/she is an executive director, he/she abstains from carrying out the transaction. In these cases, the resolutions of the Board of Directors motivate adequately the reasons and the benefits for the Company of the transaction.

For more information, please refer to the Related Parties Procedure and its annexes, available on the Company's Internet site under "Governance", "Other documents".

The Committee for Transactions with Related Parties

The Board of Directors on November 11, 2010 also resolved to set up an internal "Committee for Transactions with Related Parties", composed of independent directors and invested with all the functions provided by the Related Parties Procedure, and to approve the regulation of this committee.

The Board of Directors on May 11, 2017 appointed as members of the Committee for Transactions with Related Parties the independent directors Valeria Lattuada (chairman), Matteo De Brabant and Klaus Gummerer, resolving a total remuneration, on a yearly basis, equal to Euro 4 thousand.

The Committee for Transactions with Related Parties did not meet during the year, because there have been no transactions for which it was necessary to request the opinion of the committee.

13. APPOINTMENT OF STATUTORY AUDITORS

The provisions of the Articles of Association of the Issuer governing the appointment of the Board of Statutory Auditors are apt to ensure compliance with the Legislative Decree no. 27 of January 27, 2010 on the implementation of the directive 2007/36/CE for the exercise of certain rights of shareholders in listed companies. The changes for the adjustment of the Articles of Associate to this new regulation were approved by the Board of Directors on November 11, 2010.

The appointment of the Board of Statutory Auditors is made on the basis of lists submitted by shareholders.

The Board of Statutory Auditors is appointed by the shareholders' meeting, with a composition of three standing Statutory Auditors and two substitutes. The objective is to allow minority shareholders to appoint one standing Statutory Auditor and one substitute and to respect the diversity criteria, also about gender, pursuant to article 148, comma 1-bis, of Consolidated Finance Law, as introduced by Law 120 of July 120 and to principle 2.P.4 of the Code of Conduct. Therefore, at least one third of the seats in the company bodies must be held by the least represented gender and, upon first-time application, at least one fifth of the seats be held by the least represented gender. Moreover, upon first-time application at least one fifth (and not one third) of the Director and Statutory Auditor seats must be reserved for the least represented gender, rounding up to the higher unit, in the event of a fraction of number. The Issuer has considered unnecessary the adoption of a diversity policy to be applied in relation of the composition of the Board of Statutory Auditors in term of age and background. Nevertheless, the current composition of the Board of Statutory Auditors ensures diversity in term of gender, age and background.

Each shareholder, or the members of a shareholder agreement pursuant to article 122 of TUF, as well as the controlling entity, the subsidiary companies and those companies subject to common control pursuant to article 93 of TUF, may not submit or take part in the submission of, neither through a third party or a trust company, more than one list, nor can vote for different lists.

Shareholders are entitled to submit lists if, by themselves or together with other shareholders, are holders of the minimum stake established by CONSOB Regulations for the submission of lists for the appointment of the board of directors. The lists submitted by the shareholders must be filed at the registered office at least twenty-five days before the date set for the shareholders' meeting in first call, along with the required documents prescribed by the Articles of Association together with a resume of the candidates included in the list. It is worth highlighting, that as already mentioned in paragraph 4.1, on January 30, 2020, CONSOB with resolution n. 28, identified a shareholding threshold of 2.5% of the shares with voting rights in the shareholders' meeting.

If upon the deadline for the submission of the lists only one list has been filed, or only lists submitted by members linked together pursuant to applicable provisions, other lists may be submitted within three days of the deadline. In this case, the previous threshold is reduced by half.

The election system required by the Articles of Association provides that:

i. the first two candidates (effective section) from the list with the highest number of votes and the first candidate from the list that ranks second for number of votes, who will be the chairman of the Board of Statutory Auditors, will be elected as active statutory auditors;

ii. the first candidate (alternates section) from the list with the highest number of votes and the first candidate from the list that will result second for number of votes will be elected substitute statutory auditors.

Moreover, if the candidates elected with the manner above described do not comply with the laws currently in force on gender balance, the candidate of the gender more represented elected as the latest in consecutive order from the slate that received the highest number of votes shall be replaced by the first candidate of the gender less represented in consecutive order not elected taken by the same slate. This replacing procedure will be applied until the composition of the Board of Directors complies with the laws currently in force on gender balance. If this replacing procedure does not assure the gender balance, the replacing will be carried out by shareholders' meeting resolving with majority required pursuant to law, upon submission of candidates belonging to the gender less represented.

If the two first lists obtain the same number of votes, the shareholder's meeting proceeds with a new election, by voting only for the first two lists, complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies.

If only a single list has been submitted, the candidates of this list will be elected active statutory auditors and substitute statutory auditors complying with the Law Decree 120/2011 on the equal right of appointment in managing and supervisory boards of listed companies If no list is submitted, the shareholders' meeting will elect the Board of Statutory Auditors according to the law, always complying with gender equilibrium requirements.

In case of replacement of an active statutory auditor, the substitute auditor belonging to the same list of the ceased statutory auditor will take over always complying with the abovementioned laws on gender equilibrium. If the Board of Statutory Auditors is not complete with the entry of the substitute auditors, a shareholders' meeting must be called to provide for the integration of the Board of Auditors pursuant to the law.

14. COMPOSITION AND OPERATION OF THE BOARD OF STATUTORY AUDITORS

The Board of Statutory Auditors of the Company in office as of December 31, 2019 was appointed by the shareholders' meeting of April 24, 2018 and will remain in office until the approval of the financial statements for the year ended December 31, 2020.

For the appointment of the Board of Statutory Auditors two lists of candidates were presented: a list by the shareholder Alma Ventures S.A. (so called List 1), which obtained the consent of present shareholders representing 22,672,373 shares, which correspond to 56.68% of share capital with voting right at the date of April 24, 2018, and a list by minority shareholders (so called List 2), which obtained the consent of present shareholders representing 2,995,607 shares, which correspond to 7.49% of share capital with voting right at the date of April 24, 2018.

Pursuant to article 26 of the Articles of Association, have been appointed:

- Paolo Burlando and Francesca Masotti as active members and Raffaele Garzone as substitute member, from List 1;

- Stefano Gnocchi as active member and Chairman of the Board of Statutory Auditors, and Barbara Premoli as substitute member, from List 2.

For the composition of the Board of Statutory Auditors and other information please refer to Table 3, in the appendix, concerning the structure of the Board of Statutory Auditors. As regards the personal and professional characteristics of each member of the Board of Statutory Auditors, please refer to their curricula published on the Issuer's Internet site under "Governance", "Shareholders' meetings and Company governance" "2018".

The statutory auditors, in accepting their office, have declared that they possess the necessary requirements of professionalism, integrity and independence. On May 11, 2018, the Board of Directors then checked the existence of these requirements, by correctly applying the assessment procedures and criteria. The result of this control was positive.

During the financial year, the Board of Statutory Auditors met 6 times with an average meeting duration of two hours. The Board of Statutory Auditors also participated in all the meetings of the Board of Directors and has been regularly updated on business performance and the main events of the year. No meetings of the Board of Statutory Auditors have been scheduled for 2020. As of the date of the approval of this report, there have been two meetings, on January 27, 2020, when the Board of Statutory Auditors met the Issuer's CFO Francesco Masciandaro, the Control and Risk Committee and the internal audit function, and on March 10, 2020, when the Board of Statutory Auditors met the representatives of the independent auditing firm, the Issuer's CFO Francesco Masciandaro and the Control and Risk Committee.

The persistence, after appointment, of the independence requirements of the members of the Board of Statutory Auditors, pursuant to article 148, comma 3, of TUF and article 8.C.1, of the Code of Conduct was assessed by the Board of Directors on May 11, 2018. The assessment was conducted acquiring the declaration for the satisfaction of the requirements of professionalism and independence as of the date of their application signed by each member of the Board of Statutory Auditors. Besides, the lists of the direction and control offices of each statutory auditor, as well as the lists of the companies, partnership or corporation, held by them, were obtained. As the outcome of this assessment, the Board of Directors verified, with positive results, the persistence of the independence requirements of each member of the Board of Statutory Auditors. The above-mentioned assessment was conducted by the Board of Directors during a meeting attended by the whole Board of Statutory Auditors. Therefore, it was decided not to proceed with a specific assessment by the Board of Statutory Auditors itself, as this assessment was made the Board of Directors.

Finally, on May 11, 2018, the Board of Statutory Auditors verified the correct application of all the criteria pursuant to article 3.C.1 of the Code of Conduct and to the Instructions accompanying Markets Regulations and the adequacy of the assessment adopted by the Board of Directors with regard to the directors' independence. The results were positive.

During the financial year, on May 14, 2019 the Board of Statutory Auditors verified, with positive result, the satisfaction of the independence requirements of its members. The outcome of this check was sent to the Board of Directors, which acknowledged it in the meeting of May 14, 2019.

The remuneration of the statutory auditors for the year has been determined by the shareholders' meeting at the time of their appointment. The remuneration amounts to Euro 23 thousand per annum for the chairman of the Board of Statutory Auditors and to Euro 15 thousand per annum for each active statutory auditor. The compensation is coherent with the commitment required, with the importance of the role and with the dimensional and sectoral characteristics and of the Company.

The Procedure for Transactions with Related Parties approved by the Board of Directors on November 11, 2010 (see paragraph 12) provides that a Statutory Auditor who has, for himself/herself or on behalf of third parties, an interest on a transaction of the Issuer, must promptly inform the other statutory auditors on the nature, terms and extent of his/her interest.

Over the year 2019 the Board of Statutory Auditors has met the independent auditing firm two times in order to obtain an update on the results of accounting and legally required auditing and on the schedule of the activities for the audit. These meetings were always attended by the CFO of the Issuer, Francesco Masciandaro, who informed the Board of Statutory Auditors on the ordinary control activities, paying particular attention to certain companies of the Group.

During the financial year, the Board of Statutory Auditors was regularly updated by the Control and Risk Committee, by the CFO and by the head of internal audit on their activity during the financial year, through various formal meetings with the relevant parties as well as with informal meetings between individual members of the Board of Statutory Auditors and the other subjects involved in the internal control and risk management system.

During the meetings of the Board of Directors and the meetings of the Board of Statutory Auditors as well, the Chairman, the CEO and the CFO duly report to the Board of Statutory Auditors about the business performance of the Issuer, the general management performance, the company trends and the regulatory framework. In addition to formal meetings, all directors are constantly informed of the business performance of the Issuer, usually during informal meetings and/or conference calls.

We also highlight that two of the active Statutory Auditors are substantially the same also for the other companies of the Group that have a board of statutory auditors in their structure, except 7Pixel S.r.l., Agenzia Italia S.p.A. and Eagle & Wise Service S.r.l., which have two different active members if compared to the Board of Statutory Auditors of the Issuer.

For information regarding any management or control offices covered by the members of the Board of Statutory Auditors, please refer to the data published by CONSOB pursuant to article 144-*quinquiesdecies* of Issuers Regulations, on the website under "Corporate boards", "Disclosure".

Please note that Legislative Decree no. 39/2010 ("Implementation of Directive 2006/43/EC relating to audits of annual financial statements, which amends directives 78/660/EEC and 83/349/EEC, and which repeals directive 84/253/EEC") has endowed the Board of Statutory Auditors with the committee functions for internal control and auditing and, specifically, the functions of supervising: (i) the financial information process; (ii) the efficiency of the internal control, internal audit, if applicable, and risk systems; (iii) legally-required auditing of the annual and consolidated financial statements; (iv) independence of the independent auditor or the independent auditing firm, especially with respect to the provision of non-auditing services to the company that is subject to audit.

For more information on the activities carried out by the Board of the Statutory Auditors during the financial year, please refer to the "Report of the Board of Statutory Auditors" prepared pursuant to article 153 of TUF and article 2429, paragraph 2 of the civil code, and published together with the annual financial Report.

15. RELATIONS WITH SHAREHOLDERS

The Company considers it coherent with its own specific interest - as well as an obligation towards the market - to establish a constant dialogue, based on mutual understanding of roles, with its shareholders in general and with institutional investors in particular; a relation intended to be conducted anyway in accordance with the "Internal regulation for the management and disclosure of confidential and privileged information".

In this respect, it was deemed that the creation of a dedicated structure within the Company, with its own staff and appropriate organizational means, could facilitate the relations with the shareholders in general, as well as with the institutional investors.

In accordance with article 2.2.3, paragraph 3, letter i) of Market Regulations, the Board of Directors of the Company, on February 9, 2007, resolved to institute, effective from June 6, 2007, the Investor Relations functions responsible for the relations with the shareholders in general and with institutional investors in particular and possibly perform specific tasks as the management of price sensitive information and relations with CONSOB and the Italian Stock Exchange.

The Board of Directors has appointed ad interim the executive director Marco Pescarmona, to the function of Investor Relator of the Issuer.

The Company provides adequate information for investor relations also by publishing in a timely and continuous manner the most relevant corporate documents on its Internet site (www.gruppomol.it), in two special sections: "Governance" and "Investor Relations".

16. SHAREHOLDERS' MEETINGS

Pursuant to article 9 of the Articles of Association, the shareholders' meeting, regularly constituted, represents the whole body of shareholders and its resolutions are binding for all the shareholders, with or without the right to vote, as well as for those that do not participate or dissent. The shareholders' meeting, both ordinary and extraordinary, is validly constituted and resolves with the majorities prescribed by law.

Pursuant to article 10 of the Article of Association, shareholders' meetings are called with the publication of a notice as prescribed by the law on the website of the Company and also according to the mandatory procedure prescribed by the law and regulations including the publication on one of the following newspapers: *Il Sole 24 Ore*, *Corriere della Sera*, *La Repubblica, La Stampa, Il Messaggero, MF/Milano Finanza, Finanza e Mercati* or *Italia Oggi*. The shareholders' meeting should be called by the Board of Directors for the approval of annual financial statements at least once a year within 120 days after the end of the financial year, or within 180 days, since the Company is required to prepare the consolidated financial statements. There are no other limits of constitution or resolution quorum than those provided by law.

The main powers of the shareholders' meeting shall be those provided by the legislative provisions and alternative applicable regulations; in particular, the Articles of Association do not require the authorization of the shareholders' meeting for specific acts of the directors.

As allowed by Article 127-*quinquies*(1) of the TUF, the Shareholders meeting of the Issuer held on April 24, 2018 resolved the introduction in the Company Bylaws of article 11-*bis*, pursuant to which two votes are attributed to each share held by the same person for a continuous 24-months period starting from the entry date in the Special List. In order to obtain the above-mentioned increased voting rights, after such period has elapsed, pursuant to the regulations in force, the intermediary, upon request of the holder, must issue a second communication, which confirms the holding of the qualifying property right.

On June 20, 2018 the board of directors of the Issuer, in force of the delegation received by the extraordinary shareholders meeting held on April 24, 2018, (i) adopted specific regulations, to regulate the entry, maintenance and update of the Special List, pursuant to applicable regulations, the Articles of Association and market practice, in order to ensure the timely exchange of information among Shareholders, the Company and the intermediaries; and (ii) appointed Francesco Masciandaro as the person in charge for the keeping of the Special List.

The regulation for the increased voting right is available on the Website, in the section "Investor Relations", "Increased Voting Right".

Pursuant to article 11 of the Articles of Association, the right to participate in the shareholders' meeting and the exercise of voting rights is certified by a statement to the Company made by the intermediary in charge of holding the accounting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. The right to participate in the shareholders' meeting is certified by a statement to the Company made by the intermediary in charge of keeping the counting pursuant to the law, based on the evidence at the end of the seventh accounting and trading day before the date fixed for the shareholders' meeting on first call, and received by the Company in accordance with the law. There are no limitations to the availability of the shares prior to the meeting.

The shareholders' meeting is ordinary or extraordinary according to the law and takes place at the registered office or in other places indicated in the notice, within the national territory, or any other country of the European Community or Switzerland. To facilitate the participation of the shareholders at the meeting, article 11.2 of the Articles of Association provides also that the shareholders' meeting could take place with participants located in several places, near or far, in video conference or conference call, provided that they comply with the collegial method, good faith principles and equal treatment of members. The vote may also be expressed by mail, as expressly provided in the notice, in compliance with applicable regulatory requirements.

Pursuant to article 12 of the Articles of the Association, shareholders who have the right to vote may be represented by law, by written proxy, or by e-mail, in accordance with the provisions of article 2372 of the civil code and other applicable regulatory requirements. The electronic notification of the proxy may be done, following the procedures indicated in the notice, through a message to the certified e-mail address given in the same notice or through the use of the special section on the Company's Internet site. The Company may designate, for each shareholders' meeting, an intermediary to which the shareholders may confer, according to modalities provided by law and regulations, within the end of the second trading day prior to the date scheduled for the shareholders' meeting on single or first call, a delegation with voting instructions on all or only on some of the proposals on the agenda. The delegation has no effect with regards to proposals for which no voting instructions have been given.

With exception of the provisions of the Articles of the Association, all the other operating rules, regulations and discipline of the shareholders' meetings have been determined, upon the proposal of the Board of Directors, by the shareholders' meeting of December 18, 2007 with the approval of a Shareholders' Meeting Regulation, available on the Company's Internet site in the section "Governance", "Shareholders' meeting and Governance", "2007".

As indicated in the Shareholders' Meeting Regulation, the shareholders and the other holders of voting rights pursuant to the law and the Articles of Association can intervene in the Shareholders' Meeting. They are entitled to discuss on the items on the agenda, making observations and asking for information and may also set forth voting proposals and statements. The order of the interventions is decided by the chairman. The maximum length of each intervention should not usually exceed five minutes and each shareholder may intervene only once on each item on the agenda.

For the meeting held in 2019, the directors released a specific proposal for all the point at issue, with suitable advance.

The Board of Directors, represented in the meeting by Chairman Marco Pescarmona, CEO Alessandro Fracassi, and non-executive director Marco Zampetti, reported in the shareholders' meeting on its past and future activities and has done its best to provide the shareholders with adequate information with all the elements needed, by publishing on the web site the necessary documentation within the time limits provided by law, so that they could take their decisions during the shareholders' meeting with full knowledge.

The Chairman (or other member) of the remuneration committee has not directly reported to the shareholders regarding the exercise of the committee duties. Nevertheless, on April 29, 2019, the report on remuneration pursuant to Legislative Decree 123-*ter* of the TUF was discussed. Such report describes the remuneration policy implemented by Gruppo MutuiOnline S.p.A., describing, among other things, the duties, activities and procedures for the implementation of such policy by the Remuneration and Share Incentive Committee. The majority of the shareholders present at the meeting of April 29, 2019, representing 54.58% of the share capital, expresses a favorable vote on the approval of this report.

With regards to other shareholders' rights not illustrated in this Report, please refer to the applicable laws and regulations.

During financial year 2019, there were no significant changes in the market capitalization of the Company such as to imply a change in the percentages set for the exercise of the actions and the prerogatives intended to safeguard minority rights.

17. OTHER PROCEDURES OF CORPORATE GOVERNANCE

The Issuer does not adopt corporate governance procedures other than those already mentioned in the preceding paragraphs.

18. CHANGES SINCE THE END OF THE REFERENCE YEAR

As of the end of the financial year, there have been no changes in the corporate governance structure other than those reported in the relevant sections.

19. CONSIDERATIONS ABOUT THE LETTERS OF DECEMBER 19, 2019 OF THE CHAIRMAN OF THE CORPORATE GOVERNANCE COMMITTEE

The recommendations expressed in the letter of December 19, 2019, addressed by the Chairman of Corporate Governance Committee, to the Chairmen of the Boards of Directors of Italian listed entities, concerning the seventh report about the application of the Code of Conduct, will be brought to the attention of Board of Directors and its Committees during 2020.

For the Board of Directors
The Chairman
Ing. Marco Pescarmona

APPENDIX

TABLE 1 -INFORMATION ON OWNERSHIP STRUCTURE

SHARE CAPITAL STRUCTURE AS OF DECEMBER 31, 2019

	N. of shares	% of the share capital	Listed (specify the market) / not listed	Rights and duties
Ordinary shares	40,000,000	100%	STAR	Each share gives the right to exercise one vote. The rights and the duties of the shareholders are those provided by art. 2346 and followings of the civil code
Multiple voting shares	-	-	-	-
Shares with limited voting rights	-	-	-	-
Shares without voting rights	-	-	-	-
Other	-	-	-	-

SIGNIFICANT SHAREHOLDINGS AS OF DECEMBER 31, 2019

Declarant	Direct shareholder	% of the ordinary share capital	% of the voting share capital
Alma Ventures SA	Alma Ventures SA	32.10%	34.21%
Investmentaktiengesellschaft für Langfristige Investoren TGV	Investmentaktiengesellschaft für Langfristige Investoren TGV	19.95%	21.26%
Axxion SA	Frankfurter Aktienfonds für Stiftungen	9.28%	9.89%
Own shares (included the shares purchased by the subsidiaries)		6.15%	N/A

TABLE 2 - STRUCTURE OF THE BOARD OF DIRECTORS AND COMMITTEES

BOARD OF DIRECTORS													REMUNERATION COMMITTEE		CONTROL AND RISK COMMITTEE		COMMITTEE FOR TRANSACTIONS WITH RELATED PARTIES[3]	
Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Exec.	Non-exec.	Indip. Code	Indip. TUF	Numbers of other offices[2]	(*)	(*)	(**)	(*)	(**)	(*)	(**)
Chairman	Marco Pescarmona ● ◊	1970	5-Dec-05	Apr-17	Appr. of annual report 2019	Only	X				2	10/10						
CEO	Alessandro Fracassi ◊	1969	5-Dec-05	Apr-17	Appr. of annual report 2019	Only	X				3	10/10	M	2/2				
Director	Anna Maria Artoni	1967	23-Apr-14	Apr-17	Appr. of annual report 2019	Only		X	X	X	2	10/10						
Director	Fausto Boni	1965	25-May-06	Apr-17	Appr. of annual report 2019	Only		X			2	7/10						
Director	Chiara D.M. Burberi	1967	23-Apr-14	Apr-17	Appr. of annual report 2019	Only		X	X	X	1	6/10			C	5/5	M	0/0
Director	Matteo De Brabant	1974	21-Apr-11	Apr-17	Appr. of annual report 2019	Only		X	X	X	3	5/10	C	2/2				
Director	Klaus Gummerer	1985	13-Nov-12	Apr-17	Appr. of annual report 2019	Only		X	X	X	1	9/10	M	2/2	M	5/5	M	0/0
Director	Valeria Lattuada ○	1970	23-Apr-14	Apr-17	Appr. of annual report 2019	Only		X	X	X	1	7/10					C	0/0
Director	Marco Zampetti	1970	6-Jun-07	Apr-17	Appr. of annual report 2019	Only		X			6	9/10			M	5/5		

DIRECTORS CEASED DURING THE RELEVANT YEAR:

No directors ceased to hold the office during the relevant year

Required shareholding for the submission of the list on the occasion of the last appointment: 2.5%

Number of meetings done during the relevant year:	CdA	10	R.C.	2	C.R.C.	5	C.T.R.P.	0

● *This symbol indicates the Executive Director in charge of overseeing the Internal Control System.*
◊ *This symbol indicates the main managers of the Issuer.*
○ *This symbol indicates the Lead Indipendent Director.*
[1]*Date of first appointment for each director means the date when the director was appointed for the first time (ever) in the Board of Directors of the Issuer.*
[2]*In this column you can find the number of other offices as director or statutory auditor held by the members of the Board of Directors in other Italian or foreign listed companies, in financial, bank, insurance or significant sized companies.*
(*) In this column you can find the attendance of the directors at the meetings respectively of the Board of Directors and of the committees (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).
(**) In this column you can find the role of directors in the committee: "C": chairman; "M": member. We point out that, in some cases, following the appointment of the new committees occurred during 2017, some directors attended the meetings both as member, and as chairman.

Legend:
E.C.: executive committee
R.C.: Remuneration and Share Incentive Committee
C.R.C.: Control and Risk Committee
C.T.R.P.: committee for transactions with related parties

TABLE 2A – OTHER OFFICES AS OF DECEMBER 31, 2019

	Companies in which the office is held	Office held
Marco Pescarmona*	Alma Ventures S.A.	Director
	Guderian S.p.A.	Sole Director
Alessandro Fracassi*	A2A S.p.A.	Director
	Alma Ventures S.A.	Director
	Casper S.r.l.	Sole Director
Anna Maria Artoni	Artoni Group S.p.A.	Sole Director
	Fondazione Cassa di risparmio di Reggio Emilia	Director
Fausto Boni	Bemyeye S.r.l.	Director
	Navya SA	Director
Chiara Burberi	ePRICE S.p.A.	Director
Matteo De Brabant	Jakala Group S.p.A.	Executive Director
	Jakala S.p.A.	Chairman
	Alkemy S.r.l.	Director
Klaus Gummerer	Delmo S.p.A.	Director
Valeria Lattuada	VFT S.r.l.	Chairman
Marco Zampetti	Centro Finanziamenti S.p.A.**	Director
	Innovazione Finanziaria SIM S.p.A.**	Director
	United Ventures One S.p.A. Sicaf	Standing statutory auditor
	United Ventures S.p.A. SGR	Standing statutory auditor
	Generale Fiduciaria S.p.A.	Director
	BIM Fiduciaria S.p.A.	Director

** For the other offices of the Executive directors inside the companies held by Gruppo MutuiOnline S.p.A. please refer to Table 2B*
*** Companies held by Gruppo MutuiOnline S.p.A.*

TABLE 2B – OFFICES OF THE EXECUTIVE DIRECTORS IN THE OTHER COMPANIES OF THE GROUP AS OF DECEMBER 31, 2019

Company	Alessandro Fracassi	Marco Pescarmona
65 Plus S.r.l.	Director	-
7Pixel S.r.l.	-	Chairman
Agenzia Italia S.p.A.	Executive Director	Director
Centro Finanziamenti S.p.A.	Executive Director	-
Centro Istruttorie S.p.A.	Chairman	-
Centro Processi Assicurativi S.r.l.	Executive Director	-
CercAssicurazioni.it S.r.l.		Chairman
CESAM S.r.l.	Chairman	-
Eagle&Wise Service S.r.l.	Chairman	-
Eagle NPL Service S.r.l.	Executive Director	-
Eagle Agency S.r.l.	Executive Director	-
EuroServizi per i Notai S.r.l.	Director	-
Finprom S.r.l.	-	-
Generale Fiduciaria S.p.A.	Director	-
Generale Servizi Amministrativi S.r.l.	Executive Director	-
Innovazione Finanziaria SIM S.p.A.	Director	Chairman
IN.SE.CO. S.r.l.	Chairman	-
Klikkapromo S.p.A.	-	Chairman
Mikono S.r.l.	Chairman	Executive Director
MOL BPO S.r.l.	Chairman	-
Money360.it S.p.A.	-	Chairman
MutuiOnline S.p.A.	-	Chairman
PP&E S.r.l.	-	Chairman
PrestiPro S.r.l.	-	Chairman
PrestitiOnline S.p.A.	-	Chairman
Quinservizi S.p.A.	Chairman	-
Segugio.it S.r.l.	-	Chairman
Segugio Servizi S.r.l.	-	Executive Director
ShoppyDoo S.L.U.	-	-
Zoorate S.r.l.	-	Director

TABLE 3 - STRUCTURE OF THE BOARD OF STATUTORY AUDITORS

BOARD OF STATUTORY AUDITORS

Office	Members	Date of birth	Date of first appointment[1]	In charge since	In charge until	List	Indip. Code	(*)	Other offices[2]
Chairman	Stefano Gnocchi	1974	24-apr-18	24-apr-18	Approval annual report 2020	List 2	0	6/6	8
Active member	Paolo Burlando	1962	25-mag-06	24-apr-18	Approval annual report 2020	List 1	X	6/6	28
Active member	Francesca Masotti	1969	28-ago-08	24-apr-18	Approval annual report 2020	List 1	X	6/6	17
Substitute member	Raffaele Garzone	1977	24-apr-18	24-apr-18	Approval annual report 2020	List 1	n.a.	n.a.	n.a.
Substitute member	Barbara Premoli	1970	24-apr-18	24-apr-18	Approval annual report 2020	List 2	n.a.	n.a.	n.a.

STATUTORY AUDITORS CEASED DURING THE RELEVANT YEAR

No statutory auditors ceased to hold the office during the relevant year

Required shareholding for the submission of lists by minority shareholders for the election of one or more members (pursuant to art. 148 of TUF): 2.5%

Number of meetings done during the relevant year: 6

[1] *Date of first appointment for each statutory auditor means the date when the statutory auditor was appointed for the first time (ever) in the Board of Statutory Auditors of the Issuer*
[2] *In this column you can find the number of other offices as director or as statutory auditor held by the person concerned pursuant to art. 148-bis of TUF and the related national provisions of enactment contained in CONSOB Issuer Regulations. The complete list of other offices is published on CONSOB website pursuant to art. 144-quinquiesdecies of CONSOB Issuer Regulations.*
(*) In this column you can find the attendance of the statutory auditor at the meetings of the Board of Statutory Auditors (it is shown the number of meetings in which the person concerned has attended in comparison to the total number of meetings in which he could attend).

6. REPORT OF THE BOARD OF STATUTORY AUDITORS

<u>Gruppo MutuiOnline S.p.A.</u>

Registered office: Via F. Casati 1/A – 20124 Milan

Administrative office: Via Desenzano 2 – 20146 Milan

Share capital: Euro 1.012.354,01 fully paid-up

Company registry – Milan office, N. 05072190969

* * *

REPORT OF THE BOARD OF STATUTORY AUDITORS

TO THE ANNUAL SHAREHOLDERS' MEETING

(Art. 153 of Law Decree 24/2/1998 n. 58 and Art. 2429, par. 2, civil code)

Kind shareholders,

this report refers to the execution of the functions and activities attributed to this Board of Statutory Auditors in compliance with art. 149 and following of Law Decree 24/02/1998 n. 58; it follows the base scheme suggested by CONSOB with communication n. 1025564 of April 6, 2001, and subsequent amendments.

The supervision pursuant to Article 2403 of the Civil Code has been regularly performed, observing both the principles of conduct of the board of statutory auditors in listed companies issued by the National Council of Accounting Experts, and the recommendations and communications of CONSOB.

The Board of Statutory Auditors in charge was appointed by the shareholders' meeting of April 24, 2018 and finishes its office with the approval of the Annual Report as of December 31, 2020.

The appointed independent auditor is EY S.p.A., as resolved by the shareholders' meeting of April 22, 2016, which has also been appointed to perform the limited review of the Non-Financial Report.

* * *

1.0. Reflections on the most significant economic and financial operations and facts carried out by the Company and their compliance with the law and the articles of association

Gruppo MutuiOnline S.p.A. is the holding company of a group of financial services firms, active in the national markets for the online comparison, promotion and intermediation of products provided financial institutions and e-commerce operators and in the Italian market for the provision of complex business process outsourcing services for financial sector operators.

The Company, during the financial year ended December 31, 2019, has correctly carried out its activity of direction and coordination of the operating subsidiaries.

In the initial part of the Director's Report on Operations for 2019, the directors, pursuant to Article 150, *comma* 1, TUF, provide detailed and complete information on the transactions having a significant economic and financial impact for the company and its subsidiaries, as well as the type of activities carried out by the controlled companies, organized by business specialization, and on the corporate structure of the Group (par. 2.2 Group Organization), as well as on the organizational changes that have taken place in 2019.

The Board of Statutory Aauditors, with the sole purpose of recapitulating and making its Report self-standing, reminds that the business of the Group is structured in two divisions, (a) the Broking Division, which operates in the distribution of mortgages and consumer credit and insurance products, as well as, starting from 2015, in e-commerce price comparison and (b) the BPO (Business Process Outsourcing) Division that operates as an outsourcer of commercial and processing activities for retail mortgages and employee loans, of mass not-motor insurance claims management services and of services linked to the asset management industry, as well as administrative outsourcing services for leasing and long-term rental operators. In addition to the two divisions indicated above, PP&E S.r.l. provides real estate leasing and operational support services to the other Italian operating companies of the Group.

Besides those described by the Directors in their "Report on Operations", there are no other operations of specific relevance that require to be mentioned or commented here, nor we have to highlight manifestly imprudent or risky operations, in potential conflict of interest, against with the resolutions of the shareholders' meeting or such to endanger the integrity of the shareholders' equity.

Just for recollection, as the directors have already commented in this respect in their report, we remind that:

- on January 9, 2019, the Group acquired, through its fully owned subsidiary Effelle Ricerche S.r.l., 100% of the ordinary share capital of Eagle & Wise Service S.r.l.., a leading company in real estate appraisal services and in real estate technical services for financial institutions, together with its fully owned subsidiaries Eagle NPL Service S.r.l. and Eagle Agency S.r.l. (the "**EW Group**"). The final consideration for the acquisition of the shareholding is equal to Euro 15.1 million, which includes Euro 2.2 million of net cash balance of EW Group as of December 31, 2018;
- following the acquisition of EW Group, the Issuer identified a new business line within the BPO Division, named "Real Estate Services BPO", which includes all real estate appraisal services and technical real estate services for financial sector operators, which until the financial year ended December 31, 2018 were included in Mortgage BPO business line;
- on January 22, 2019, the Issuer purchased, for an amount equal to Euro 1,448 thousand, a further 40.43% stake of 65Plus S.r.l., reaching 71.79% of the share capital. Following this transaction, the Issuer acquired control over 65Plus S.r.l., and therefore, starting from the acquisition date of the 40.43% stake, the company is consolidated on a line-by-line basis;
- on July 10, 2019, the Issuer sold, to the shareholder which held the remaining stakes, a 10% stake of the share capital of Generale Servizi Amministrativi S.r.l., for an amount of Euro 80 thousand. As a result of this transaction, the shareholding held in the company drops to 40% of the share capital;
- on July 15, 2019, the Issuer acquired 8.86% of the ordinary share capital of Generale Fiduciaria S.p.A., for an amount equal to Euro 80 thousand. Also on July 15, 2019, the Issuer subscribed a share capital increase of Generale Fiduciaria S.p.A., paying a total amount, including share premium, of Euro 319 thousand. Following these transactions, the Issuer,

which previously held 10% of the ordinary share capital, currently owns a participation of 40% of the ordinary share capital of Generale Fiduciaria S.p.A.;

- on July 26, 2019, the Group, through subsidiary Centro Servizi Asset Management S.r.l., acquired 100% of the share capital of the company Due S.r.l., for a total amount of approximately Euro 500 thousand, adjusted for the net financial position of the company at the acquisition date. The company operates in the sector of the creation and supply of software platforms for the investment services sector, and holds a 25% stake of the share capital of Mikono S.r.l.. As a result of this transaction, the Group currently owns a 76% stake of the share capital of Mikono S.r.l.. The transaction led to the accounting recognition of a goodwill for Euro 424 thousand;

- on November 25, 2019, subsidiary Centro Servizi Asset Management S.r.l. incorporated, through a merger, its subsidiary Due S.r.l.;

- finally, it should be noted that, as part of the rationalization of the Group's structure, on October 30, 2019, the Issuer sold to Quinservizi S.p.A. the entire participation held in IN.SE.CO. S.r.l., for an amount equal to Euro 9,191 thousand, while subsidiary Eagle & Wise Service S.r.l. sold the entire participation held in Eagle NPL Service S.r.l. to Quinservizi S.p.A., for an amount equal to Euro 150 thousand. On November 6, 2019, the merger by incorporation of IN.SE.CO. S.r.l. and Eagle NPL Service S.r.l. in Quinservizi S.p.A. was started and it is not yet completed as of December 31, 2019;
- revenues for the year ended 31 December 2019 are Euro 219,935 thousand, with an increase of 18.8% compared to the previous year;
- as of December 31, 2019, the operating profit (EBIT) grew from Euro 46,098 thousand in 2018 to Euro 50,772 thousand in 2019 (+10.1%). EBITDA grew from Euro 54,277 thousand in 2018 to Euro 64,016 thousand in 1019 (+17.9%). Finally, net income grew from 34,354 thousand in 2018 to Euro 40,645 in 2019 (+18.3);
- the Net Financial Position as of December 31, 2019 is negative for Euro 100,061 thousand (Euro -61,570 thousand in 2018);
- directors provide useful information about the trend in 2019 and the foreseeable evolution in 2020 in the residential mortgages market (par. 2.12.1); directors refer the business "*In the last few months of 2019 there was a significant recovery of mortgage demand, powered by an unexpected drop of long-term interest rates*" and "*Data from Assofin, an association representing the main banks active in the sector, indicate a 9.2% drop in gross originations for 2019, as a result of a 5.9% drop in purchase mortgage originations and an 18.0% drop in other mortgages (mainly remortgages) originations; after October 2019, still decreasing year on year (-11.7%), there was a favorable reversal of the trend in November (+14.7%) and December 2019 (+13.5%) and in January 2020 (+22.8%)*";
- about the BPO Division, directors (par. 2.12.2) state that "*The performance of the BPO Division in 2019 is in line with management expectations, as communicated over time, with a double-digit percentage increase in revenues, compared to the previous year..*" and "*The first two months of 2020 saw a continuation of the positive performance of the end of 2019*";
- headcount is also growing, going up from 1,761 FTEs in 2018 to 1,844 FTEs in 2019, of which 1,442 in Italy and 402 in Romania.

With respect to all the points mentioned and, more generally, to the overall operations, the board of statutory auditors recognizes that during the financial year it has always received in a timely manner the information needed to be aware of and understand the development of the Company's operations which are illustrated in the Reports prepared by the board of directors.

The Board of Statutory Auditors considers that the above-mentioned corporate transactions are pursuant to the Law and to the Articles of Association, are compliant to the corporate interest, are not imprudent and risky, are not in contrast with the resolutions of the shareholders' meeting nor such to compromise the financial integrity of the company.

At the time of finalizing this report, the Company has not yet made estimates of the possible impact of COVID 19 infection on operations in 2020; however, the directors have already implemented some financial prevention measures if the scenarios turn out to be extremely negative. The Board of Statutory Auditors believes that, given the Company's financial situation and the sector in which it operates, although the impact of the pandemic on the economy in general will be considerable, there are currently no extraordinary measures to be taken that the Board of Directors should suggest to the Shareholders' Meeting.

2.0. Unusual or atypical operations

Not occurred.

2.1. Unusual or atypical operations with related parties

Not occurred.

2.2. Unusual or atypical operations with third parties or with group companies

Not occurred.

2.3. Ordinary intra-group or related party operations

The Company, in accordance with the "Code of Conduct of Borsa Italiana S.p.A.", approved the adoption of the principles of conduct concerning the transactions with related parties. The board of directors, on November 11, 2010, adopted a "Related Parties Procedure", to comply with the Consob resolution no. 17221 of March 12, 2010, and subsequent amendments

In the financial report, in the separated and consolidated financial reports the Directors have provided timely disclosure regarding ordinary intra-group or related party operations.

Such transactions are part of the ordinary course of business of Group companies.

In particular, the main items are related to:

- receivables of the Issuer with part of its subsidiaries derived from the adhesion to the tax consolidation regime for Euro 4,349 thousand;

- receivables of the remaining subsidiaries with the Issuer derived from the adhesion to the tax consolidation regime for a total amount equal to Euro 1,359 thousand.

The board of statutory auditors has periodically verified during the financial year that intra-group transactions or related party transactions are executed in compliance with the above-mentioned procedure, and, in any case, based on regular contracts prepared according to normal market standards and at arm's length conditions. The intra-group operations examined by the board of statutory auditors have been found satisfactory, in the best interest of the Company and the group controlled by the Company, as well as correctly justified and documented.

The board of statutory auditors has nothing to add to such disclosures which appear adequate.

3.0. Evaluation of the adequacy of the information provided by the Directors on atypical or unusual operations

No atypical or unusual operations have occurred.

4.0. Remarks on Auditors' qualifications

The independent auditing firm issued on March 30, 2020 its opinions related to the audit of the Issuer's financial statement and of the consolidated financial statement; according to the independent auditing firm, both financial statements, separated and consolidated, provide "*a truthful and correct representation of the financial situation of the Group (and of the Issuer) as of December 31, 2019, of the economic result and of cash flows for the financial year ended in such date, according to International Financial Reporting Standards adopted by European Union, and to regulations issued in execution to art. 9 of the Legislative Decree n. 38/2005*".

The independent auditing firm also issued, on March 30, 2020, the opinion on Non-Financial Report, compliant with article 5 comma 3, letter b, of the Legislative Decree n. 254/2016 and with art. 5 of Consob resolution n. 20267/2018, where it certifies that no items reached to the attention of the firm, that make it believe the Non-Financial Report of the Group as of December 31, 2019, has not been prepared in according to articles 3 and 4 of the Decree mentioned above, and to the GRI Standards.

5.0. Denunciations pursuant to article 2408 of the civil code

Not occurred.

6.0. Complaints presented

Not occurred.

7.0. Further assignments to the Auditors

Please refer to the relevant table in note 39 of the consolidated annual report.

8.0. Assignments granted to other parties related to the Auditors

Not occurred.

9.0. Opinions issued in compliance with law requirements

During financial year 2019 the board of statutory auditors issued the following opinions:

- favorable opinion on the presence of independence requirement for the statutory auditors Stefano Gnocchi, Paolo Burlando e Francesca Masotti (opinion issued in the meeting of the Board of statutory auditors held on November 12, 2019).

10.0. Frequency of the meetings of the board of directors and of the board of statutory auditors

The statutory auditors, during 2019, held 6 meetings and, in addition, participated to 10 meetings of the Board of Directors, to 5 meetings of the Control and Risk Committee, to 2 meeting of the Remuneration and Share Incentive Committee, and to 1 ordinary shareholders' meeting.

11.0. Remarks on compliance with the principles of fair administration

The Board of Statutory auditors has informed itself and supervised on the respect of the principles of fair administration. This has occurred through the participation to the meetings of the Board of Directors and to the meetings, also informal, of the Control and Risk Committee, one-on-one meetings with the Directors, direct observation and inquiries, collection of information from the managers in charge of business functions, meetings with the Auditing Firm also aimed at reciprocal exchange of relevant data and information according to article 150, paragraph 3, of the Consolidated Law on Finance.

The activity of the Board of Statutory Auditors has been aimed at controlling the legitimacy of the management choices of the Directors and their compliance, in the formation process, with criteria of economic and financial logic, according to the best practice advices. Furthermore, this activity was performed without any control on the appropriateness and profitability of the same choices.

The Board of Statutory Auditors has verified that typical and usual operations, as well as the most significant ones, were not extraneous to the company's objectives, in contrast with the Articles of Association or in conflict of interest, even if only potential, and also that they could not compromise the integrity of the Company's capital or, anyway, be patently imprudent or risky. The Board of Statutory Auditors has also verified that they were not executed in contrast with the resolutions of the governing bodies or harmful to the rights of individual shareholders or minorities.

We have also made sure that the decisions of the Board of Directors on the most significant operations were assisted by the usual inquiries, in-depth analyses, control, possible acquisition of opinion and valuation of independent advisors, suggested by the best practice regarding the economic and financial correctness and their coherence with the interest of the Company.

No remarks have occurred regarding the respect of the principles of fair administration.

12.0. Remarks on the adequacy of the organizational structure

The Board of Statutory auditors has acquired information and supervised on the adequacy of the organizational structure of the Company through direct observations, interviews, collection of information from the business functions of the company, and meetings with the subjects in charge of internal and external auditing.

During the financial year, the Board of Statutory auditors has supervised, together with the independent auditor and the Control and Risk Committee, on the possibility of organizational/managerial problems that could derive from defects of organization; no instances worth mentioning in this report have arisen.

The organizational structure is periodically updated for the requirements from time to time expressed; the statutory auditors are periodically informed about the changes in the most important positions.

The assessment of the organizational structure has confirmed, overall, its reliability.

The system of powers in force is based on a split by nature of the different kinds of acts and operations as well as by means of maximum amounts for the implementation of the various types of acts of management. Overall, it is based on rational criteria and is adequate to the operating situation of the company.

13.0. Remarks on the adequacy of the internal control system

The Board of Statutory auditors has supervised on the adequacy of the internal control system, directly by means of meetings with the Group's CFO as well as the manager in charge of the internal control system, and with the head of the Internal Audit function, of the participation to the meetings, also informal, of the Control and Risk Committee and of periodic meetings with the independent auditing firm, concluding that the system has not displayed any significant problems or other facts worth highlighting in this report.

Regular meetings of the Board of Statutory Auditors with the CFO and with the Control and Risk Committee have allowed the Board to effectively follow the evolution of this business function and the results of the activities performed. These meetings also allowed the statutory auditors to coordinate with the Control and Risk Committee itself the execution of their own functions of "Committee for Internal Control and Audit" also according to article 19 of the legislative decree n. 39/2010 and, specifically, (i) monitor the financial information process and (ii) control the effectiveness of the internal control, risk management and internal audit systems.

From the analyses and the controls performed, relative to the areas and the business functions interested by the activity, we derive a judgment of overall fairness and reliability of the internal control system.

In practice, we have not identified any relevant weaknesses of the system, therefore, even in its process of continuous evolution and improvement, the system has proven to be reliable.

A specific paragraph of the report on operations shows the main risk factors that affect the Company. In addition, the report on corporate governance gives full disclosure on the activities performed to manage the risks related to the financial reports, particularly referring to the provisions of the Law 262/05.

14.0. Remarks on the adequacy of the accounting management system

The Issuer, during the financial year 2019, performed for the other Italian companies of the Group all the accounting and administrative services. The assessment of the system is positive; specifically, we believe that the accounting system is able to correctly represent business activity.

The accounting management system, as a whole, has proven reliable: in particular, we consider the accounting management system capable to correctly represent the results of operations.

The Board of Statutory Auditors is regularly kept up to date on the functioning of the existing system by the manager in charge of the accounting department.

15.0. Remarks on the adequacy of instructions to controlled companies (art. 114 and 151 TUF)

The board of statutory auditors has been informed of the instructions given to controlled companies pursuant to article 114, paragraph 2, Unified Code of Finance and has found them satisfactory for the purpose of the fulfillment of legal obligations.

Pursuant to art. 151, first and second paragraphs, of TUF, the Board of Statutory Auditors exchanged information with the corporate bodies of the subsidiaries regarding the administration and control systems and the general performance of the company's business and considered them to be reliable and adequate.

The deliberate continuity in the names of the components of the boards of directors and of the boards of statutory auditors of the Group companies facilitates, in fact, those control functions by providing timely information and coordination of the instructions given by the controlling company.

16.0. Relevant facts emerged during the meetings with the independent auditing firm (art. 150 TUF and art. 19 D. Lgs. 39/2010)

During the financial year under review, we have had regular interactions with the independent auditing firm, with whom a fruitful relationship of data and information exchange has taken place also, and above all, considering the function of the statutory auditors, according to article 19 of legislative decree n. 39/2010, as "Committee for Internal Control and Audit".

The relationship with the independent auditing firm has taken place through formal meetings also with the participation of the Company, during which we dwelled particularly upon (i) the legal audit activities on the annual and consolidated accounts, with a particular focus on the Key Audit Matters and (ii) the aspects related to the independence of the auditing firm, referring particularly to the services supplied different from the audit. The mentioned meetings have taken place on September 2, 2019, in connection with the activities related to the Half Year Financial Report, on March 24, 2020, in connection with the activities related to the 2019 Consolidated Financial Report and Issuer's Financial Report, and in addition, the Board of Statutory Auditors and the Independent Auditor share the results of the activities. With respect to the preparatory activities for the separate annual report and the consolidated financial statements, no facts have been found worth mentioning in this report; in particular, the auditing firm has not informed the Board of Statutory Auditors of any critical issues or weaknesses relevant enough to affect the reliability of the process leading to the preparation of the financial statements.

Finally, the statutory auditors acknowledge that the independent auditing firm presented to the Control and Risk Committee the opinion pursuant to article 11 of EU regulation 537/2014 on March 30, 2020 and in such date, the Board of Statutory Auditors forwarded it to the Board of Directors without any own observations.

During the independent auditing activities, no events or circumstances have occurred, such to raise significant doubts about the ability of the Issuer to continue to operate as a functioning entity (so called going concern), or significant deficiencies of the internal control system, regarding the disclosure process.

17.0. Adhesion to the Code of Conduct

The information of this paragraph is provided also pursuant to art. 149 *comma* 1 letter c-bis) of the Consolidated Law on Finance.

The Company has adhered to the principles established by Code of Conduct sponsored by Borsa Italiana S.p.A. and the Board of Directors on March 13, 2020 has approved the annual report on corporate governance and on ownership structure.

Just as a reminder, we point out that (i) within the Board of Directors operate, with advisory responsibilities, the Control and Risk Committee, the Remuneration and Share Incentive Committee and the Committee for Transactions with Related Parties; regarding role, tasks and functioning we refer to the specific paragraph of the Report of the Board of Directors on Corporate Governance;

(ii) the Board of Directors has identified in the Chairman of the Board the director in charge of overseeing the functionality of the internal control system; (iii) the Board of Directors identified, with resolution of May 11, 2017, Valeria Lattuada as lead independent director; (iv) the Company has set up specific procedures relating to:

- transactions with related parties;
- the functioning of ordinary, extraordinary and special shareholders' meeting; regulations for shareholders' meetings;
- adoption of the "Handbook on market abuse and privileged information" containing, among other things, the procedure for outside communication of confidential price sensitive information;
- the information duties concerning financial transactions performed by "relevant subjects" (new procedure on internal dealing) also keeping into account the regulations on the subject of market abuse.

18.0. Final remarks on supervisory activity

The Board of Statutory Auditors has verified the existence, in general, of an appropriate an adequate organizational structure of the Company, such as to ensure the respect of regulations and the exact and timely execution of any related duties.

Such verification has been conducted through:

- specific contributions and activities aimed at verifying the respect of the law and of the articles of association;
- the participation to the meetings of the governing bodies of the Company;
- the collection of further information in meetings – also occasional – with the Directors, the administrative, finance and control function, the head of the internal audit function, the Control and Risk Committee and the managers in charge of the various business functions;
- the analysis, performed together with the Company, of any new regulations or communications issued by CONSOB of interest to the Company.

In this way, we have been able to verify the presence of the organizational and technical pre-requisites for the respect, in practice, of the articles of association, laws and regulations that control the functioning of the bodies and business activities of the Company.

19.0. Possible proposals to be presented to the Shareholders' meeting (art. 153 TUF)

The Board of Statutory auditors confirms that it has overseen the application of the laws and regulations regarding the preparation of the 2018 annual report of the Company as well as of the 2019 consolidated annual report and regarding their filing and on the respect of the duties of the Directors and the independent auditing firm on this subject.

The annual report submitted to your examination and the consolidated financial report reflect the operations of the Company in 2019 and contain an exhaustive analysis of the situation and of the operating result, as well as a description of the main risks and uncertainties to which the Company and the Group are exposed, with a unified description of the financial and economic situation, illustrated in detail by the Board of Directors in the "Report on Operations" and in the "Illustrative Notes"; the "Report on Operations" is consistent with the consolidated annual report.

* * *

Based on the controls directly performed and the information exchanged with the independent auditing firm, also taking into account its Report which provides an unqualified opinion, taking into account that the Directors have not taken advantage of the exemption from article 2423, paragraph 4, of the civil code, we have neither remarks nor proposals concerning the Financial Statements, the Report on Operations and the proposed allocation of the income of the year which, as a consequence and for what concerns us, are subject to your approval.

Milan, March 30, 2020

FOR THE BOARD OF STATUTORY AUDITORS

Stefano Gnocchi Chairman

Gruppo MutuiOnline S.p.A.

Consolidated financial statements as at December 31, 2019

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Gruppo MutuiOnline (the Group), which comprise the consolidated statement of financial position as at December 31, 2019, and the income statement, the comprehensive income statement, the statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements give a true and fair view of the financial position of the Group as at 31 December 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

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 Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report.
We are independent of Gruppo MutuiOnline S.p.A. in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. 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 judgment, were of most significance in our audit of the consolidated financial statements of the current period. 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.

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We identified the following key audit matters:

Key Audit Matter	Audit Response
Revenue recognition: revenues related to services	
Revenues from sales include management's estimate of revenues related to services provided to bank and insurance counterparties and not yet invoiced as of December 31, 2019. The processes and methodologies related to the estimate of such revenues are based on complex procedures that require the Company to determine the completion of each of the different activities provided by the executed agreement prior to a formal confirmation from the clients, and to estimate the future collections of the managed receivables. Considering the number of transactions subject to the estimate and the timing of receiving from the clients the confirmation of the service provided, we have determined that this area represents a key audit matter. The Group disclosed the criteria applied for revenue recognition in the explanatory note 4) "Accounting policies", Q) "Revenue recognition" to the consolidated financial statements.	Our audit procedures in response to this key audit matter included, among others: - the understanding of the Group process and key controls related to revenues recognition; - the testing, on a sample basis, of the data used by the management to determine the revenues accrued but not yet invoiced; - analytical procedures aimed at identifying unusual revenues, both in terms of timing of the recognition and significance; - look-back analysis of the estimate of revenues made in the previous year against the amount of actual revenues recognized, including variance analyses. Lastly, we reviewed the adequacy of the disclosures made in the notes to the consolidated financial statements related to the revenue recognition for services provided.
Key Audit Matter	Audit Response
Valuation of goodwill	
The carrying amount of goodwill at December 31, 2019 is Euro 97 million. The increase amounting to Euro 8,7 million compared to the previous year is due to the purchase of the 100% of the share capital of Eagle & Wise S.r.l., including the 100% cotrolled entities Eagle NPL Service S.r.l. and Eagle Agency S.r.l., and to the purchase of the 100% of the share capital of Due S.r.l..	Our audit procedures relating to this key audit matter included, among others: - Understanding the process and key controls implemented by the Group related to the goodwill impairment test; - Assessment of the determination of CGUs and the allocation of the carrying value of asset and liabilities to the different CGUs; - Assessment of the cash flow forecasts, also considering available data and forecasts available for the industry;

Building a better working world

The processes and methodologies to evaluate and determine the recoverable amount, in terms of value in use, are based on complex assumptions that, by their nature, imply the use of judgement by management, in particular with reference to cash flow forecasts for the period covered by the business plan and to the long term growth rates and discout rate applied to future cash flows. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of goodwill, we have determined that this area represents a key audit matter. The disclosures relating to goodwill valuation are included in explanatory notes 9 “Recoverability of intangible assets” and 4 “Accounting policies”, F) “Impairment” to the consolidated financial statements.	- Assessment of the consistency of cash flow forecasts for the different CGUs with the business plans; - Assessment of the cash flow forecasts in light of the historical accuracy of the Group’s forecasts; - Assessment of the discount and long term growth rates; - Assessment of the fair value estimate of the assets and liabilities acquired in connection with the current year acquisition of Eagle & Wise Group, including the analysis of the fair value report prepared by the expert who assisted the Company. In performing our audit procedures we involved EY valuation specialists who performed independent calculations and sensitivity analyses of key assumptions, to determine any changes in assumptions that could materially impact the determination of the recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes to the consolidated financial statements relating to the valuation of goodwill.

Responsibilities of Directors and Those Charged with Governance for the Consolidated Financial Statements

The Directors are responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the 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.

In preparing the financial statements, the Directors are responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The statutory audit committee (“Collegio Sindacale”) is responsible, within the terms provided by the law, for overseeing the Group’s financial reporting process.

Auditor’s 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 auditor’s 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 International Standards on Auditing (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 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 International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor’s report to the related disclosures in the 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 auditor’s report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- we have evaluated 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;
- we have obtained 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 have communicated with those charged with governance, identified at an appropriate level as 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 have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all 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 have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Gruppo MutuiOnline S.p.A., in the general meeting held on April 22, 2016, engaged us to perform the audits of the consolidated financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Group in conducting the audit.

We confirm that the opinion on the consolidated financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Gruppo MutuiOnline as at December 31, 2019, including their consistency with the related consolidated financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the consolidated financial statements of MutuiOnline Group as at December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the consolidated financial statements of MutuiOnline Group as at December 31, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Statement pursuant to article 4 of Consob Regulation implementing Legislative Decree n. 254, dated 30 December 2016

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the non-financial information pursuant to Legislative Decree n. 254, dated 30 December 2016. We have verified that non-financial information have been approved by Directors.

Pursuant to article 3, paragraph 10, of Legislative Decree n. 254, dated 30 December 2016, such non-financial information are subject to a separate compliance report signed by us.

Milan, March 30, 2020

EY S.p.A.
Signed by: Lorenzo Secchi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

Gruppo MutuiOnline S.p.A.

Financial statements as at December 31, 2019

Independent auditor’s report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010, and article 10 of EU Regulation n. 537/2014

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Independent auditor's report pursuant to article 14 of Legislative Decree n. 39, dated 27 January 2010 and article 10 of EU Regulation n. 537/2014
(Translation from the original Italian text)

To the Shareholders of
Gruppo MutuiOnline S.p.A.

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Gruppo MutuiOnline S.p.A. (the Company), which comprise the statement of financial position as at December 31, 2019, and the income statement, the comprehensive income statement, the statement of changes in shareholder's equity and the statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at December 31, 2019, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005.

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 Auditor's Responsibilities for the Audit of the Financial Statements section of our report.
We are independent of the Company in accordance with the regulations and standards on ethics and independence applicable to audits of financial statements under Italian Laws. 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 judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

We identified the following key audit matters:

Key Audit Matter	Audit Response
Valuation of investments in subsidiaries	
The carrying amount of investments in subsidiaries at December 31, 2019 is Euro 88 million. The decrease of Euro 10 million compared to the previous year is mainly due to the sale of the share capital of In.Se.Co. S.r.l. to the group company Quinservizi S.p.A., recorded during the year. The Management assesses, at least annually, whether there are indicators of potential impairment of such investments, consistently with the Group investments' strategy and, if any impairment indicators are noted, performs the related impairment test. The processes and methodologies to evaluate and determine the recoverable amount of the investment, in terms of value in use, are based on complex assumptions that, by their nature, imply the use of judgement by management, in particular with reference to the identification of impairment indicators, the forecast of future profitability for the period covered by the business plan, and the long term growth rates and discount rate applied to future cash flows. Considering the level of judgement and complexity of the assumptions applied in estimating the recoverable amount of investments, particularly impacted by future market trends, we have determined that this area represents a key audit matter. The disclosures related to the valuation of investments are included in explanatory notes 5 "Investments in subsidiaries" and 1"Basis of preparation of the financial statements", E) "Impairment of assets" to the financial statements.	Our audit procedures relating to this key audit matter included, among others: - Understanding the process and key controls implemented by the Group related to the impairment assessment of investments in subsidiaries; - Assessment of the cash flow forecasts, also considering data and forecasts available for the industry; - Assessment of the consistency of cash flow forecasts for the different subsidiaries with their business plans; - Assessment of the cash flow forecasts in light of the historical accuracy of the Group's forecasts; - Assessment of the discount and long term growth rates. In performing our audit procedures we involved EY valuation specialists who performed independent calculations and sensitivity analyses of key assumptions, to determine any changes in assumptions that could materially impact the determination of the recoverable amount. Lastly, we reviewed the adequacy of the disclosures made in the explanatory notes to the financial statements relating to the valuation of investments in subsidiaries.

Responsibilities of Directors and Those Charged with Governance for the Financial Statements

The Directors are responsible for the preparation of the financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union and with the regulations issued for implementing art. 9 of Legislative Decree n. 38/2005, and, within the terms provided by the 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.
In preparing the financial statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The statutory audit committee ("Collegio Sindacale") is responsible, within the terms provided by the law, for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 International Standards on Auditing (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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with International Standards on Auditing (ISA Italia), we have exercised professional judgment and maintained professional skepticism throughout the audit. In addition:

- we have identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error, designed and performed audit procedures responsive to those risks, and obtained 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;
- we have obtained 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;
- we have evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors;
- we have concluded on the appropriateness of 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 auditor's report to the related disclosures in the 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 auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern;

- we have evaluated the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We have communicated with those charged with governance, identified at an appropriate level as 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 have provided those charged with governance with a statement that we have complied with the ethical and independence requirements applicable in Italy, and we have communicated with them all 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 have determined those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We have described these matters in our auditor's report.

Additional information pursuant to article 10 of EU Regulation n. 537/14

The shareholders of Gruppo MutuiOnline S.p.A., in the general meeting held on April 16, 2016, engaged us to perform the audits of the financial statements for each of the years ending December 31, 2016 to December 31, 2024.

We declare that we have not provided prohibited non-audit services, referred to article 5, par. 1, of EU Regulation n. 537/2014, and that we have remained independent of the Company in conducting the audit.

We confirm that the opinion on the financial statements included in this report is consistent with the content of the additional report to the statutory audit committee (Collegio Sindacale) in their capacity as audit committee, prepared pursuant to article 11 of the EU Regulation n. 537/2014.

Report on compliance with other legal and regulatory requirements

Opinion pursuant to article 14, paragraph 2, subparagraph e), of Legislative Decree n. 39 dated 27 January 2010 and of article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998

The Directors of Gruppo MutuiOnline S.p.A. are responsible for the preparation of the Report on Operation and of the Report on Corporate Governance and Ownership Structure of Gruppo MutuiOnline S.p.A. as at December 31, 2019, including their consistency with the related financial statements and their compliance with the applicable laws and regulations.

We have performed the procedures required under audit standard SA Italia n. 720B, in order to express an opinion on the consistency of the Report on Operations and of specific information included in the Report on Corporate Governance and Ownership Structure as provided for by article 123-bis, paragraph 4, of Legislative Decree n. 58, dated 24 February 1998, with the financial statements of Gruppo MutuiOnline S.p.A. as at December 31, 2019 and on their compliance with the applicable laws and regulations, and in order to assess whether they contain material misstatements.

In our opinion, the Report on Operation and the above mentioned specific information included in the Report on Corporate Governance and Ownership Structure are consistent with the financial statements of Gruppo MutuiOnline S.p.A. as at December 31, 2019 and comply with the applicable laws and regulations.

With reference to the statement required by art. 14, paragraph 2, subparagraph e), of Legislative Decree n. 39, dated 27 January 2010, based on our knowledge and understanding of the entity and its environment obtained through our audit, we have no matters to report.

Milan, March 30, 2020

EY S.p.A.
Signed by: Lorenzo Secchi, Auditor

This report has been translated into the English language solely for the convenience of international readers.

9. DECLARATION PURSUANT TO ART. 154-BIS PAR. 5 OF LEGISLATIVE DECREE 58/1998

The undersigned Marco Pescarmona and Francesco Masciandaro, respectively chairman of the Board of Directors and manager in charge of preparing the accounting documents of Gruppo MutuiOnline S.p.A., hereby certify, taking into account the provision of art. 154-bis, paragraph 3 and 4, of Law Decree n. 58 dated February 24, 1998:

- the adequacy in relation to the features of the company; and

- the actual application of the administrative and accounting procedures for the preparation of the annual report and the consolidated annual report as of and for the year ended December 31, 2018.

In this respect no relevant issues have arisen, such as anomalies or problems that could alter the information presented in this document or such modify the judgment of its readers.

Besides, we certify that:

1. the annual report and the consolidated annual report:

   1.1 correspond to the results of the accounting books and book entries;

   1.2 are prepared in accordance with IFRS, understood as the International Financial Reporting Standards, the International Accounting Standards ("IAS"), the interpretations of the International Financial Reporting Interpretation Committee ("IFRIC"), previously denominated Standing Interpretations Committee ("SIC"), as adopted by the European Commission as of December 31, 2018 and published in the EU regulations as of this date;

   1.3 are appropriate to give a true and fair representation of the financial and economic situation of the Issuer and of all the companies included in the scope of consolidation.

2. The directors' report on operations contains a reliable analysis about the state and the results of the operations, as well as a situation of the Issuer and of the group of companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

Milan, March 14, 2019

For the Board of Directors The Chairman (Ing. Marco Pescarmona)	The Manager in charge of preparing the accounting statements (Dr. Francesco Masciandaro)
____________________	____________________