

**REPORT OF THE BOARD OF DIRECTORS OF CONSIT ITALIA S.P.A. REGARDING THE PLANNED MERGER OF (I) CERVED GROUP S.P.A. INTO CERVED INFORMATION SOLUTIONS S.P.A., AND (II) OF CONSIT ITALIA S.P.A. IN CERVED INFORMATION SOLUTIONS S.P.A., DRAFTED IN ACCORDANCE WITH ARTICLE 2501-QUINQUIES OF THE ITALIAN CIVIL CODE.**

Shareholders,

the present report, draw up by your company's Board of Directors in accordance with Article 2501-quinquies of the Italian Civil Code, which we put before you here, is designed to illustrate and justify the planned merger (hereinafter the "**Merger Plan**") which envisages:

- ✓ the merger into Cerved Information Solutions S.p.A. (hereinafter "**CIS**" or "**Acquiring Company**") of Cerved Group S.p.A. (hereinafter "**CG**") (said merger shall be referred to hereinafter as the "**First Merger**"), and subsequent to the effect of the First Merger,
- ✓ the merger in CIS of Consit Italia S.p.A. (hereinafter "**Consit**") (said merger shall be referred to hereinafter as the "**Second Merger**", and together with the First Merger as the "**Transaction**"),

And in particular is designed to illustrate the Second Merger, this being the only phase of the Transaction involving Consit.

This report is available to the public, pursuant to Article 2501-septies of the Italian Civil Code, from the registered offices of CIS, CG and Consit, and from Borsa Italiana S.p.A., together with the Merger Plan and the balance sheets at 30 September 2017 of those companies participating in the First Merger and the Second Merger.

The financial statements for the last 3 (three) years of those companies participating in the Transaction, together with the directors' reports on the Merger Plan and the expert's report on the congruity of the ratio applicable to the exchange of shares, provided for by Article 2501-sexies of the Italian Civil Code in relation to the Second Merger, shall also be filed with the aforementioned registered offices.

## **1. ILLUSTRATION OF THE TRANSACTION AND THE GROUNDS FOR IT**

### **1.1 Illustration of the methods of implementation of the Second Merger's possible time schedule**

CG possesses a 94.33% shareholding in Consit, a company managed and coordinated by CIS. Subsequent to the coming into effect of the First Merger, and thus to the merger of CG into CIS, CIS shall hold 94.33% of Consit's share capital.

Even though the preconditions for application of Article 2501-bis of the Italian Civil Code do not exist, the Second Merger cannot be carried out on the basis of the simplified procedure provided for by Article 2505-bis, paragraph 1, of the Italian Civil Code, given that no provision has been made to grant Consit's shareholders other than CIS (as successor in title in CG's legal relations, following the coming into effect of the First Merger) the right to have their shares purchased by the Acquiring Company for a price calculated on similar terms to those provided for in the case of withdrawal.

Given that in accordance with Article 2505-bis, paragraph 2, of the Italian Civil Code, CIS' Articles of Association grant the Board of Directors the power to decide on the merger of companies in which CIS has a shareholding of 90% or more, the decision concerning the Second Merger referred to in Article 2502 of the Italian Civil Code, shall not be subject to the scrutiny of CIS' Shareholders' Meeting.

In this regard, it should be pointed out moreover that pursuant to Article 2505, paragraph 3, and to Article 2505-bis, paragraph 3, of the Italian Civil Code, the shareholders of the Acquiring Company possessing shares representing at least 5% (five per cent) of share capital, may apply to the Company within 8 (eight) days following the filing of the merger plan with the Companies Register, or its publication pursuant to Article 2501-ter, paragraph 3, of the Italian Civil Code, requesting that the decision to approve the Second Merger by the Acquiring Company be taken by means of resolution by the Shareholders' Meeting, in accordance with the rules governing the amendment of the memorandum of association and the articles of association.

As far as regards Consit, the decision concerning the Second Merger must be taken by a resolution passed by Consit's Shareholders' Meeting, subject to the majorities established by law and by Consit's Articles of Association.

The Acquiring Company's Articles of Association shall not be amended in any way as a result of the Transaction, with the exception of the clause regarding share capital. In fact, CIS' share capital shall be increased in order to permit the issue of new ordinary shares by CIS, to be exchanged for the Consit shares held by Consit's shareholders other than CIS (in its capacity as successor in title in CG's legal relations, following the coming into effect of the First Merger) on the basis of the exchange ratio for the Second Merger referred to in paragraph 2 below. More specifically, in order to guarantee the share swap to Consit's shareholders other than CIS, CIS shall increase its own share capital by a nominal value of up to 71,206.00 Euro, through the issue of up to 275,226 new ordinary shares, without indicating the corresponding nominal value (hereinafter the "**Swapped Shares**"), and by applying the exchange ratio referred to in paragraph 2 below.

Pursuant to Article 2503, paragraph 1, of the Italian Civil Code, the Second Merger may be carried out once the First Merger has been completed, after a period of sixty days has passed from the last of the registrations in the companies register, as provided for by Article 2502-bis of the Italian Civil Code, of the decisions taken by the appointed governing bodies of CIS and CG in regard to the Second Merger. By the aforementioned deadline, the creditors of CIS and Consit whose claims antedate the registration of the Merger Plan in the companies register, or the publication of such as per Article 2501-ter, paragraph 3, of the Italian Civil Code, may lodge an objection under Article 2503 of the Italian Civil Code.

The deed of merger relating to the Second Merger shall only be stipulated when the First Merger has come into effect.

The Second Merger shall have effect, pursuant to Article 2504-bis, paragraph 2, of the Italian Civil Code, following the last of the registrations of the deed of merger in the companies register required by Article 2504, paragraph 2, of the Italian Civil Code.

## **1.2 Grounds for the Transaction**

The group headed by CIS (hereinafter the “**Group**”) is proceeding with implementation of a different organisational structure that is more in keeping with changing needs and opportunities. In particular, the Transaction meets the need to simplify the Group’s organisational structure and corporate structure, and to rationalise the development and coordination of resources. Furthermore, the reorganisation of the corporate structure and business lines would enable CIS to carry out CG’s activities and those of Consit directly, thus reducing the Group’s costs and improving management efficiency.

## **2 INFORMATION REGARDING THE SHARE SWAP AND THE METHODS OF SHARE ASSIGNMENT.**

With regard to the Second Merger, all existing Consit shares shall be cancelled by law, and in exchange for the Consit shares held by shareholders other than CIS (as successor in title in CG’s legal relations, following the coming into effect of the First Merger), CIS’ shares shall be assigned on the basis of an exchange ratio of 3.05 CIS shares - without any indication of the nominal value of such - for every Consit share of a nominal value of 0,51 euro (hereinafter the “**Exchange Ratio**”).

For the purpose of the assignment of the Exchanged Shares to the shareholders of Consit other than CIS, CIS shall increase its own share capital by a nominal value of up to 71,206.00 Euro, through the issue of up to 275,226 new ordinary shares, without indicating the corresponding nominal value, by applying the Exchange Ratio.

The Exchange Ratio takes account of the structural characteristics, the underlying motives and the specific characteristics of CIS and Consit, also in the light of a comparative assessment of said companies. More specifically, the economic value of CIS and Consit was calculated on the basis of the hypothesis of business continuity, and from a “stand alone” viewpoint, that is, regardless of any economic or financial considerations regarding the effects of the Second Merger (such as, for example, any cost savings or synergies of another kind). It should be pointed out that the merger assessments are aimed at estimating the “relative” values of the companies concerned, and not at establishing any absolute values, and thus the “relative” values cannot be taken as a benchmark in contexts other than that of the merger itself.

Specifically, in order to calculate the economic value of CIS and Consit, the situation at 30 September 2017 was taken as the starting point, and methods were adopted that are common practice when assessing company value.

In view of the considerable floating shares, the wide shareholder base, and the considerable coverage of the security by financial analysts, in the case of CIS reference was made to the stock market prices method, and consequently to the average price of the share over the last 6 months, it being deemed

reasonable for such purpose to refer to the prices recorded in the period 22 May 2017 - 22 November 2017.

Taking the stock market price as a basis, a value of 0.94 Euro per share is obtained using the arithmetical average of closing prices, and a value of 10.01 Euro per share is obtained using the weighted average of the same prices in the same period. In this regard, it was deemed appropriate to make reference to the latter value, insofar as it is more representative of the economic value in question.

On the basis of best practice, in order to verify the stock market prices method, it was decided to adopt a comparative method of evaluation, that is, the method of market multiples determined on the basis of a set of comparable companies operating in the same sector as CIS. The value determined in this way falls within a range of between 10.21 Euro and 10.70 Euro per share.

In order, once again, to control the outcome of the stock market prices method, reference was also made to the value of CIS obtained using the discounted cash flow (DCF) method, which resulted in a share value of 10.53 Euro.

At the end of the aforementioned process, the value obtained by considering the weighted average price of the share during the period 22 May 2017 - 22 November 2017, that is 10.01 Euro, was confirmed. With regard to Consit, given the nature of the company's business, and the substantial liquidity characterising its net equity profile, it was decided to adopt the combined equity-revenue method. Application of this method resulted in a share value of 30.54 Euro.

Thus the following exchange ratio was calculated on the basis of the aforementioned analyses: 3.05 new shares of the Acquiring Company for each Consit share.

No specific problems were encountered in performing the evaluations, apart from: (i) the limited relevance of Consit's external clients, and (ii) the absence of companies with a perfectly comparable business model to that of Consit.

It should be pointed out that in carrying out the evaluations leading to the determination of the Exchange Ratio, CIS' Board of Directors was assisted by its own trusted consultants Pirola Corporate Finance S.p.A. (hereinafter the "**Financial Consultants**") who issued a fairness opinion on the congruity - from a financial point of view - of the Exchange Ratio in consideration of the Transaction as a whole.

Upon the joint request of CIS, CG and Consit, submitted to the Court of Milan on 31 October 2017, on 3 November 2017 the independent auditors Deloitte & Touche, with registered office in Rome at Via della Camilluccia no. 589/A, were appointed as independent experts entrusted with the task of drawing up a report on the congruity of the Exchange Ratio, pursuant to Article 2501-*sexies* of the Italian Civil Code. Said report, once it has been released, shall be made available to shareholders and the public pursuant to applicable law and regulations.

The Exchanged Shares shall be made available to Consit's shareholders, on the basis of the centralised share clearing house system operated by Monte Titoli S.p.A., in dematerialised form, as from the first day of business of the regulated markets subsequent to the effective date of the Second Merger. A service shall be provided to Consit's shareholders, permitting the rounding up or down of the number of shares

they are entitled to as a result of application of the Exchange Ratio, with no further expenses, stamp duties or fees being due. Alternatively, other methods may be adopted to ensure the overall balancing of the transaction.

Enjoyment of possession of the Exchanged Shares shall be guaranteed, and such Shares shall be listed on the Electronic Stock Market organised and managed by Borsa Italiana S.p.A., in the same way as the other CIS shares in circulation at the effective date of the Second Merger, and their holders shall enjoy the same rights enjoyed by holders of the Acquiring Company's ordinary shares in circulation at the effective date of the Second Merger.

No cash adjustment shall be due.

**3. DATE FROM WHICH THE ASSETS OF THE COMPANIES PARTICIPATING IN THE TRANSACTION ARE RECORDED IN THE ACQUIRING COMPANY'S ACCOUNTS, ALSO FOR TAX PURPOSES**

The assets of Consit shall be recorded in CIS' accounts as from the first day of the financial period in which the Second Merger takes effect, pursuant to Article 2504-bis, paragraph 3, of the Italian Civil Code.

For tax purposes, the Second Merger shall take effect from the first day of the Acquiring Company's financial period in which the effects of the Second Merger are seen, pursuant to Article 2504-bis, paragraph 3, of the Italian Civil Code.

**4. THE TRANSACTION'S TAX EFFECTS ON THE COMPANIES INVOLVED**

As regards the tax effects of the transaction, a merger is a tax-neutral transaction that does not generate any fiscally relevant capital gains or losses.

The assets and liabilities of Consit shall be charged to the accounts of the Acquiring Company subject to the principles of fiscal continuity, pursuant to Section 172, paragraphs 1 and 2, of the Consolidated Income Tax Act.

**5. FORECASTS REGARDING THE SHAREHOLDING STRUCTURE AND CONTROL OF THE ACQUIRING COMPANY FOLLOWING THE TRANSACTION**

As a result of the Second Merger, Consit's shareholders other than CIS (as successor in title in CG's legal relations, following the coming into effect of the First Merger) shall receive the Exchanged Shares on the basis of the Exchange Ratio.

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San Donato Milanese, 27 November 2017

Consit Italia S.p.A.  
The Chairman of the Board of Directors  
Giovanni Sartor

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*This is an English courtesy translation of the original documentation prepared in Italian language.  
Please consider that only the original version in Italian language has legal value.*