

Cerved Group S.p.A.

ANNUAL FINANCIAL REPORT AND SUSTAINABILITY REPORT
AT DECEMBER 31, 2018



Cerved Group S.p.A.

Annual Financial Report and Sustainability Report
at December 31, 2018



Company data

PARENT COMPANY'S REGISTERED OFFICE

Cerved Group S.p.A.
Via dell'Unione Europea, 6A, 6B
San Donato Milanese (MI)

PARENT COMPANY'S STATUTORY DATA

Subscribed and paid-in share capital of 50,521,142.00 euros
Milan Company Register No. 08587760961
Milan R.E.A. No. 2035639
Tax I.D. and VAT No. 08587760961
Corporate website: company.cerved.com

Composition of the Company's Governance Bodies

BOARD OF DIRECTORS¹

Fabio Cerchiali	<i>Chairman, Independent</i>
Gianandrea De Bernardis	<i>Chief Executive Officer and Executive Deputy Chairman</i>
Mara Anna Rita Caverni	<i>Independent Director</i>
Sabrina Delle Curti	<i>Director</i>
Marco Maria Fumagalli	<i>Independent Director</i>
Roberto Mancini	<i>Director</i>
Andrea Mignanelli	<i>Director</i>
Valentina Montanari	<i>Independent Director</i>
Simona Elena Pesce ²	<i>Independent Director</i>
Aurelio Regina	<i>Independent Director</i>
Giovanni Sartor ³	<i>Director</i>

CONTROL AND RISK COMMITTEE

Mara Anna Rita Caverni	<i>Chairperson</i>
Valentina Montanari	
Aurelio Regina	

COMPENSATION COMMITTEE

Aurelio Regina	<i>Chairman</i>
Mara Anna Rita Caverni	
Marco Maria Fumagalli	

- 1. Elected by the Shareholders' Meeting on April 29, 2016 for a term of office ending with the approval of the statutory financial statements at December 31, 2018.*
- 2. Coopted by the Board of Directors on June 24, 2018 for a term of office ending with the next Shareholders' Meeting.*
- 3. Coopted by the Board of Directors on December 19, 2018 for a term of office ending with the next Shareholders' Meeting.*

RELATED PARTY COMMITTEE

Fabio Cerchiai	<i>Chairman</i>
Mara Anna Rita Caverni	
Marco Maria Fumagalli	

BOARD OF STATUTORY AUDITORS⁴

Antonella Bientinesi	<i>Chairperson</i>
Paolo Ludovici	<i>Statutory Auditor</i>
Costanza Bonelli	<i>Statutory Auditor</i>
Laura Acquadro	<i>Alternate</i>
Antonio Mele	<i>Alternate</i>

INDEPENDENT AUDITORS

PricewaterhouseCoopers S.p.A.

**CORPORATE ACCOUNTING DOCUMENTS
OFFICER**

Giovanni Sartor

4. Elected by the Shareholders' Meeting on April 13, 2017 for a term of office ending with the approval of the statutory financial statements at December 31, 2019.

Registered office and operational and commercial locations

REGISTERED OFFICE, HEADQUARTERS AND OPERATIONAL LOCATIONS

① San Donato Milanese (MI) – Via dell'Unione Europea, 6/A-6/B

OPERATIONAL LOCATIONS

- ② Acireale (CT) – Via Sclafani, 40/B
- ③ Athens (Grecia), 15 El. Venizelos Avenue 10564
- ④ Bari (BA) – Strada Bitonto Aeroporto 18/E
- ⑤ Bari (BA) – Vico San Domenico, 2
- ⑥ Bologna (BO) – Via Cairoli, 9
- ⑦ Bolzano (BZ) – Via Macello, 53
- ⑧ Brindisi (BR) – Piazza Cairoli, 28
- ⑨ Capaccio Paestum (SA) – Via Magna Grecia, 286
- ⑩ Cascina (PI) – Via M. Giuntini, 25
- ⑪ Cluj-Napoca (Romania) – Str. Henri Barbusse, 44-46
- ⑫ Craiova (Romania), Str. Mihai Viteazul, Nr. 26A, Et. 2 si 3, Jud. Dolj
- ⑬ La Spezia (SP) – Viale Italia S.n.c. Locale 36, c/o il Porto di Mirabello
- ⑭ Lecce (LE) – Viale Otranto, 119
- ⑮ Mangone (CS) – Zona Industriale Piano Lago, snc
- ⑯ Milan (MI)– Viale Famagosta, 75
- ⑰ Milan (MI), Viale Padova, 28
- ⑱ Morbio Inferiore (Svizzera), Viale Lungo Breggia 11A, 6834
- ⑲ Mori (TN) – Via Teatro, 43
- ⑳ Naples (NA), Corso Novara, 10
- ㉑ Naples (NA), via Giovanni Porzio, 5
- ㉒ Novara (NO) – Via Sforzesca, 10/G
- ㉓ Oradea-Judet Bihor (Romania) – Str. Piata Cetatii, Et 1 3
- ㉔ Osimo (AN) – Via Thomas Alva Edison, 1
- ㉕ Padova (PD) – Corso Stati Uniti, 14 bis
- ㉖ Padova (PD) – Piazzetta Virgilio Bardella, 12
- ㉗ Palermo (PA) – Via Wagner angolo Via Principe di Belmonte
- ㉘ Pescara (PE) – Corso Vittorio Emanuele II, 102
- ㉙ Pisa (PI), – Via Marche, 38/44
- ㉚ Pontedera (PI) – Via Salvo D'Acquisto, 40/C
- ㉛ Potenza (PZ) – Via Orazio Petruccelli, 14
- ㉜ Pozzuoli (NA) – Via Antiniana, 2/A
- ㉝ Rome (RM) – Via C. Colombo, 149-115

- 34 Sassari (SS) – Via Alfredo Oriani Cairoli, 2
- 35 Siena (SI) – Via Aldo Moro, 13/15
- 36 Sondrio (SO) – Via Stelvio, 12/A
- 37 Timisoara (Romania) – Str. Paris Nr 2a, Et. 3, Sala 309
- 38 Turin (TO) – Corso Vittorio Emanuele II, 93
- 39 Trento (TN) – Via Adriano Olivetti, 13
- 40 Verona (VR) – Viale del Lavoro, 35/B
- 41 Verona (VR) – Via Milano, 36/A
- 42 Vigevano (PV) – Corso Novara, 43
- 43 Villorba (TV) – Viale della Repubblica, 19/B

COMMERCIAL LOCATIONS

- 44 Bologna (BO) – Via della Salute, 14/2, c/o Palazzo Termal
- 45 Genoa (GE) – Corso Buenos Aires, 5-4
- 46 Naples (NA) – Galleria Vanvitelli, 26



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Letter to Shareholders

Dear Shareholders:

The year 2018 marks an important achievement for Cerved Group, which succeeded once again in reporting important results, as it continued on its virtuous growth path. The results confirm the soundness of our business model and the effectiveness of the strategy that we are pursuing, supported by significant investments in innovation and the commitment to excellence of our people, combining the launch of new products with an unstinting concern for the issues of economic, environmental and social sustainability.

We remain confident in our ability to pursue a path of virtuous growth and value creation for all stakeholders, leveraging our characteristics of resilience, growth and cash flow generation, which underpin the case for investing in Cerved as an Italian public company. These objectives were affirmed on the occasion of Cerved Group's second Investor Day, during which we shared with the financial community the Group's strategic guidelines and expectations for the 2018-2020 three-year period.

RESULTS IN 2018

The main economic and financial indicators show record results on all fronts in 2018 including: Revenues of 458.1 million euros (+16.1%), Adjusted EBITDA of 208.5 million euros (+14.8%), Adjusted net profit of 117.1 million euros (+24.5%) and ratio of Financial debt to Adjusted EBITDA of 2.6x.

At the divisional level, the Credit Information Division posted gains of 2.8% for Revenues and 1.9% for Adjusted EBITDA, with Revenue gains of 3.1% for the Corporate segment and 2.4% for the Financial Institution segment. The Marketing Solutions Division grew at a rate of 4.3% in Revenue terms but Adjusted EBITDA were lower by 11.6%. Lastly, the Credit Management Division, a true growth engine, increased Revenues by 58.2% and Adjusted EBITDA by 92.3%. The data for 2018 were also boosted by the establishment of an industrial partnership with Quaestio Holding S.A. for the acquisition of the platform for the collection of the nonperforming loans of Banca Monte dei Paschi di Siena S.p.A., which will manage 80% of the nonperforming loans generated by the bank over the next ten years.

On the financial position side, net financial debt increased to 547.4 million euros, for a debt to Adjusted EBITDA ratio of 2.6x at December 31, 2018, compared with 474.2 million euros in 2017 and lower than the long-term target of 3.0x, boosting cash flow generation to 160 million euros, which made it possible to pursue a rewarding dividend policy, with 52.2 million euros in dividends distributed in 2018.

During the closing quarter of 2018, with the aim of creating additional value for our shareholders, we carried out a share buyback program purchasing about 2% of the Company's shares at a total cost of 29 million euros. These shares will be available for implementing the Performance Share Plan or to create a "stock of treasury shares" that would be available for the future use of said shares as consideration in connection with extraordinary transactions.

In 2018, the growth achieved through acquisitions enabled us to further strengthen our market position, particularly in the area of digital marketing services. The acquisitions of Pro Web Consulting and a majority interest in SpazioDati come on the heels of the Cerved Group's strategic choice to increase its presence in the field of digital marketing services in support of Italian companies.

INVESTOR DAY 2018

On June 25, 2018, two years since the first iteration of this event, we held our second Investor Day, during which we illustrated the pillars of our strategy and the guidelines of the Group's medium/long-term economic and financial objectives, with the aim of increasing the awareness of the financial community of our virtuous growth path.

Based on the 2018 results, the guidance provided through 2020 calls for consolidated Adjusted Group EBITDA growth of +3.0% to +5.0%, stated as average compound annual rate, plus a projected growth through acquisitions of +2.0% to +3.5%, for a total consolidated growth rate of +5% to +8.5%. The medium/long-term target for net financial debt is 3.0x year-end Adjusted EBITDA, excluding any extraordinary transactions and nonrecurring impacts.

As for the dividend policy, the Group calls for a steady regular dividend, based on the distribution of about 40% to 50% of the Group's adjusted Net Profit and a possible special variable dividend determined in an amount that is consistent with the medium/long-term target of 3.0x Adjusted EBITDA for the past 12 months, provided resources are not utilized for acquisitions and share buybacks.

SUSTAINABILITY AT CERVED

Completing its economic and financial performance, Cerved Group assigns an increasingly central role to social, environmental and governance issues. For this reason, concurrently with the publication of its annual Financial Report, for the second year, Cerved highlights its commitment regarding the three dimensions of sustainability by publishing the 2018 Non-financial Statement, which illustrates the Group's commitment to pursue a sustainable and socially responsible growth path, starting with a clear identification of its stakeholders and an assessment of significant sustainability issues, through an intense and increasing engagement at various levels. In addition, since 2018, Cerved Group is a participant in the United Nations Global Compact, the largest voluntary global initiative concerning sustainability issues.

The Group has always based its management strategies on the central role performed by its people. In 2018, the Group hired a record 436 employees, for whom Cerved promotes initiative in support of their development, engagement and collaboration, implemented through training programs, concern for work-life balance (smart working) and the social enterprise platform (Workplace) developed to foster employee engagement and feeling of company belonging.

At Cerved, the collection, analysis and processing of data are the activities that constitute the foundations of the products and services offered by the Group and, consequently, privacy protection is a highly significant issue that, in 2018, caused the Group to launch a program to make its Privacy System compliant with the requirements of the General Data Protection Regulation (GDPR), completion of which is expected in 2019.

A framework for all of the above is provided by the strong principles of ethics, integrity, transparency, anticorruption and respect for human rights that characterize the manner in which Cerved Group operates and are embodied in the Code of Ethics and the Policies adopted throughout the Group.

GOVERNANCE

Cerved is an example of an Italian public company with a broad shareholder base, traditionally strongly committed to aligning itself with best practices in Anglo Saxon and European markets with regard to Governance issues, as shown by the highest Governance Quality Score it was awarded in June 2018 by the Institutional Shareholder Services Inc.

In 2019, ahead of the expiration of the term of office of the current Board of Directors, the Group is adopting a Diversity Policy concerning such issues as age, gender composition and training and professional development path, with the aim of identifying, including with the support of recruiting firms, the best professionals best suited for inclusion in the new Board of Directors.

In October 2018, the then Chief Executive Officer Marco Nespolo resigned from the post he held to pursue new professional opportunities, handing the baton to Deputy Chairman Gianandrea De Bernardis, who served as Chief Executive Officer from 2009 to 2016, a period during which the Company grew significantly in size, and who will continue at the helm with operational commitment until the next Shareholders' Meeting of April 16, 2019, providing continuity in Company management and in the implementation of the three-year plan. In this context, a process has been launched to identify the best candidate for the CEO succession. For the role definition purpose, a group of candidate has been assessed based on specific benchmarks focused on a clear definition of the objectives, tools and timing. The name of the next candidate for the post of Chief Executive Officer will be included in the slate of the expiring Board of Directors. This slate will be published in accordance with existing regulations.

We take this opportunity to thank all our people for their daily commitment, as well as our shareholders, customers and suppliers for their constant confidence in us, which is at the foundation of our success. We are convinced that Cerved is today and will continue to be in the future an example of Italian excellence capable of creating value sustainably for all of its stakeholders.

San Donato Milanese,
March 5, 2019

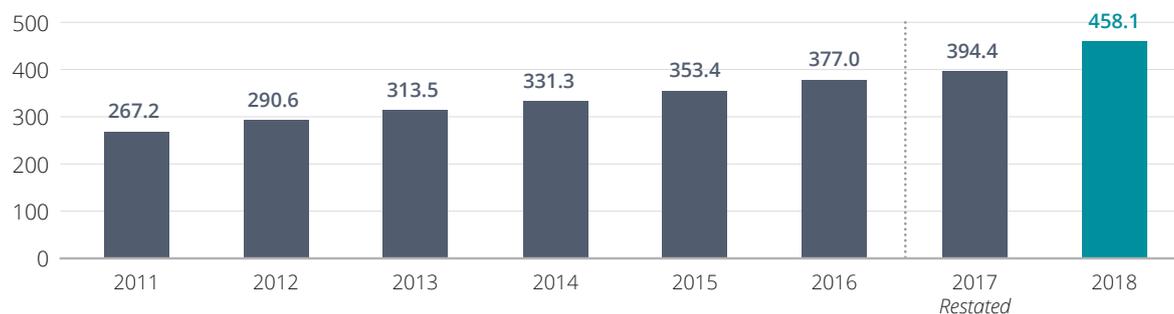
Fabio Cerchiai
Chairman
(Signed on the original)

Gianandrea De Bernardis
Chief Executive Officer
(Signed on the original)

Financial highlights of the Group

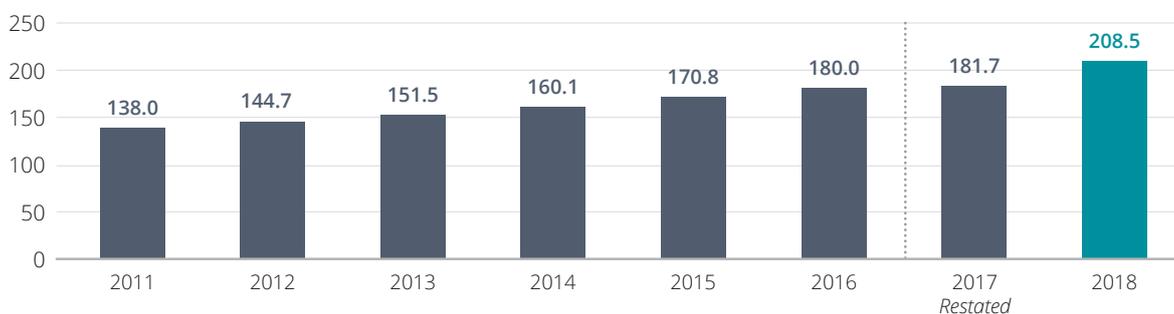
Consolidated Revenues

CAGR 2011-2018 +8.0%



Consolidated Adjusted EBITDA¹

CAGR 2011-2018 +6.1%

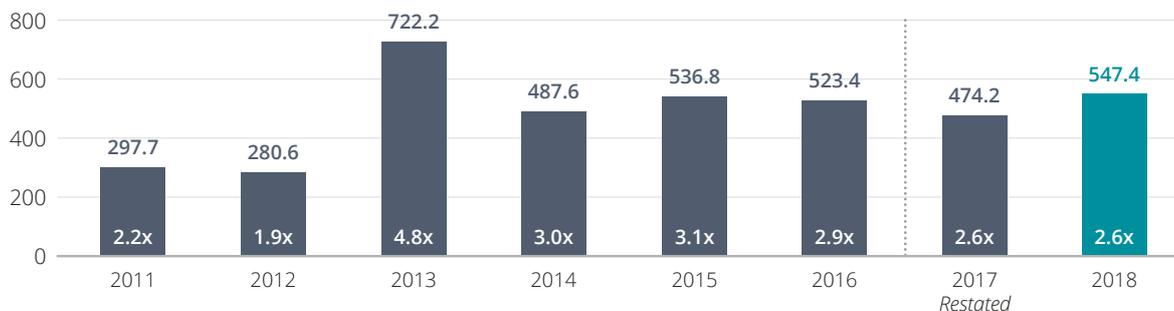


Operating Cash Flow

CAGR 2011-2018 +4.8%



Net Financial Position



1. Adjusted consolidated EBITDA restated: i) in 2011 to reflect a change in the estimated useful lives of acquired databases; ii) in 2011-2012 for management fee costs; and iii) in 2016, 2017 and 2018 to exclude the accruals for the Long-Term Incentive Plan (LTIP).

Revenues and EBITDA by division²



1. Adjusted consolidated EBITDA restated: i) in 2011 to reflect a change in the estimated useful lives of acquired databases for 12,689 thousand euros; ii) in 2011-2012 for management fee costs amounting to 2,239 thousand euros in 2011 and 2,209 thousand euros in 2012; iii) in 2016 to exclude the accruals for the Performance Share Plan (PSP) amounting to 680 thousand euros and 1,820 thousand euros in 2017 and 4,981 thousand euros in 2018.

2. The data for 2017 were restated compared with those included in the published financial statements to reflect the effects of the retrospective adoption of the IFRS 15 and IFRS 9 accounting principles. For additional information about first-time adoption of IFRS15 and IFRS 9, please see Section 1.4 Accounting Principles of the Notes to the Consolidated Financial Statements.

The data for 2014 are the "Aggregated Data" resulting from the aggregation of the consolidated financial data of Cerved Group S.p.A. for the period from January 1, 2014 to March 31, 2014 with the consolidated financial data of Cerved Information Solutions S.p.A. for the period from March 14 (date of incorporation) to December 31, 2014.

The data for 2013 are the "Added Data" obtained by adding the consolidated financial data of Cerved Holding S.p.A. for the period from January 1, 2013 to February 27, 2013 to the consolidated data of Cerved Group S.p.A. for the period from January 9, 2013 (date of incorporation) to December 31, 2013, even though, during the abovementioned period, these two companies were controlled, respectively, by the funds Bain Capital Ltd and Clessidra and CVC Capital Partners SICAV-FIS S.A.

The data for 2012 were taken from the consolidated financial statements of Cerved Holding S.p.A.

The data for 2011 were taken from the consolidated financial statements of Cerved Holding S.p.A.





Report of the Board of Directors on Operations



STRUCTURE OF THE GROUP

Company Profile

The Cerved Group is Italy's principal operator in the field of credit risk analysis and one of Europe's top rating agencies. Through its direct subsidiary Cerved Credit Management Group S.r.l. and its subsidiaries, Cerved is also a primary operator in the independent market, offering services for the assessment and management of credit positions.

It offers the most complete range of products and services, which about 30,000 businesses and financial institutions use to assess the solvency and creditworthiness of their counterparties, monitor and manage credit risk in all of its phases and accurately develop their marketing strategies.

Our databases offer a wealth of information unique in Italy in terms of quality, completeness and historical depth. A depth that shows the trend of events over time and tells the stories of businesses, groups and individuals.

The Cerved Story

Established in 1974 as a data processing center for the Chambers of Commerce of the Veneto region, Cerved has grown by constantly innovating its products and developing new businesses. Thanks to the integration of other established industry players, such as Centrale dei Bilanci, Lince, Databank, Finservice, Honyvem, Consit, Jupiter and Recus, it is today a solid and dynamic organization and has been a market leader for over 40 years. Cerved owns 100% of the share capital of Cerved Rating Agency, Italy's rating agency specialized in assessing the creditworthiness of non-financial enterprises and registered as a European rating agency.

On June 24, 2014 Cerved Information Solutions S.p.A. (now Cerved Group S.p.A., "Cerved" or the "Company") made its debut on the MTA, Borsa Italiana's primary market, completing one of the most important IPOs of the year.

The process of reorganizing and simplifying the Group's corporate organization and streamlining its resources was completed in 2018 through:

- the signing, on March 15, 2018, effective as of March 19, 2018, of a deed of merger by incorporation (First Merger) into Cerved Information Solutions S.p.A. (hereinafter "CIS" or the "Incorporating Company") of Cerved Group S.p.A., already a wholly owned subsidiary;
- the signing, on March 20, 2018, effective as of March 23, 2018, of a deed of merger by incorporation (Second Merger) into CIS of Consit Italia S.p.A., already 94.33% owned by Cerved Group S.p.A.;
- both mergers were recognized by CIS effective as of January 1, 2018 both for accounting and tax purposes;
- On April 9, 2018, the Extraordinary Shareholders' Meeting, effective as of April 30, 2018, resolved to change the name of the Incorporating Company, which will then be called Cerved Group S.p.A.

Performance of the Cerved Shares

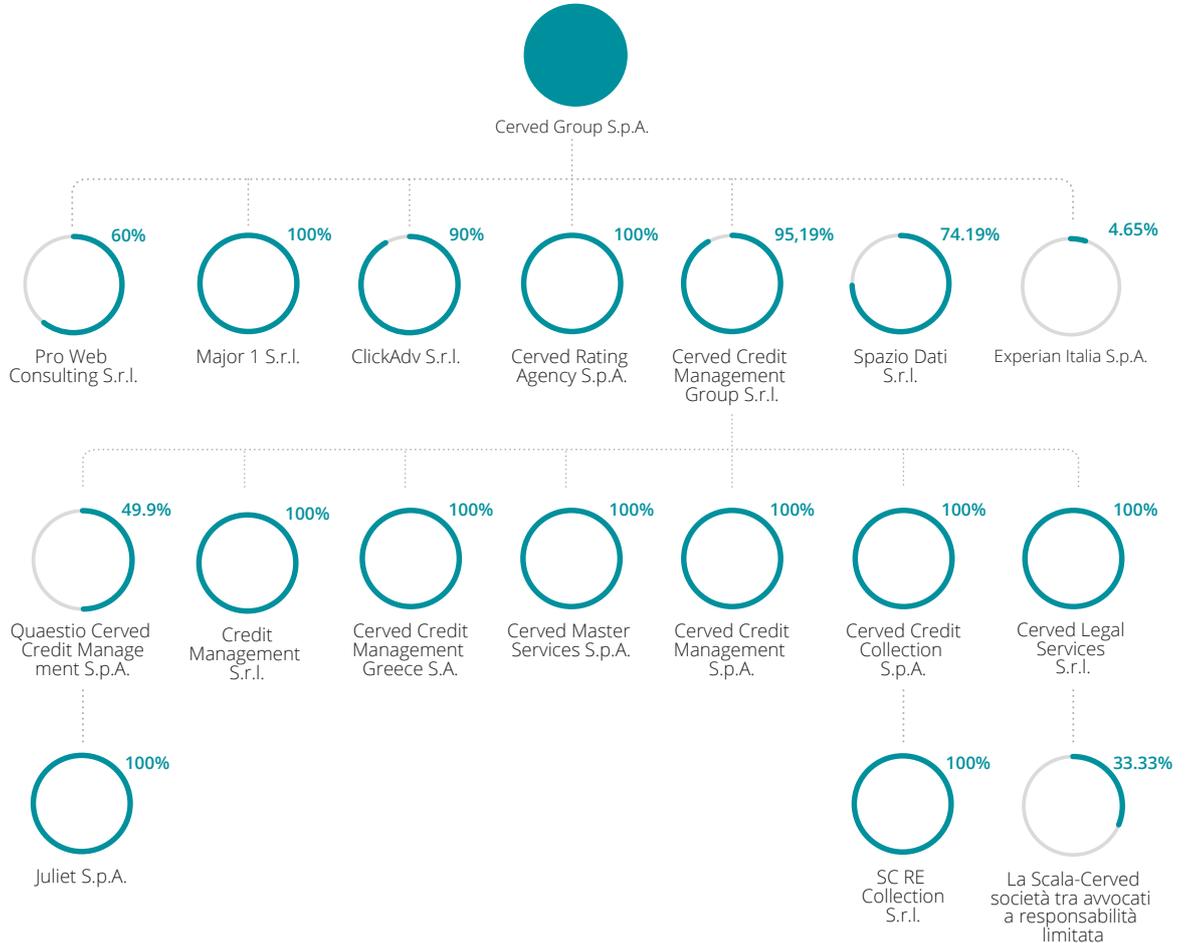
The chart below shows the performance of the shares of the Parent Company, Cerved Group S.p.A., from the date of listing until December 31, 2018, compared with that of the two reference indexes FTSE Italia MidCap and FTSE Italia MIB.

Performance of the Cerved Shares



Structure of the Group

The diagram that follows outlines the structure of the Cerved Group at December 31, 2018:



Activities of the Group

Cerved offers the most complete range of information products and services for Financial Institutions, Businesses, Insurance Companies, the Public Administration, Professional and Private Individuals.

Our databases offer a wealth of information unique in Italy in terms of quality, completeness and historical depth. A depth that shows the trend of events over time and tells the stories of businesses, groups and individuals.

Cerved addresses the needs of credit managers, chief financial officers, marketing managers, purchasing managers and sale managers and professional with a broad range of services and products classifiable in three areas of activity:

A) CREDIT INFORMATION

Cerved helps its customers protect themselves from credit risk by supplying them with data and information to assess the economic-financial profile and reliability of businesses and individuals and assess the risk level of entire loan portfolios, while supporting them in the definition of valuation models and decision-making systems with integrated and intelligent solutions developed in over 40 years of activity servicing the banking sector.

BUSINESS INFORMATION

The products and services of the Business Information segment are aimed both at businesses and financial institutions to help them assess the credit worthiness of commercial counterparties and customers. The product line ranges from single products that simply consolidate official data to complex decision-making systems in which all information sources are managed through a single platform capable of supporting customers in their decisions about financial credit worthiness (for financial institutions) or commercial credit worthiness (for businesses).

RATINGS & ANALYTICS

The Ratings & Analytics segment offers services to measure the credit worthiness of financial or commercial counterparties with statistical tools (scoring) or qualitative methodologies (rating).

In connection with the Ratings product line, with the aim of helping both businesses and financial institutions assess more in depth the borrowing ability and credit worthiness of their customers or commercial counterparties, Cerved offers through Cerved Rating Agency S.p.A. services known as “public” ratings. The rating is the judgment of the current and prospective credit worthiness of a company (“the rated party”) which is then made available to the public. The processing required to develop “public” ratings is carried out by analysts who study and assess all available, up-to-date information about the rated party and render their opinion about the counterparty’s credit worthiness. Differently from “private” ratings, the issuance of “public” rating is regulated.

Through its Analytics product line, Cerved offers scoring models and financial risk analysis applications used by the main financial institutions. As part of its contract-based services, Cerved supplies Italy's top financial institutions with services functional to the assessment of the credit worthiness of customers of those financial institutions.

REAL ESTATE

The Real Estate segment offers to its customers, mainly financial institutions, a broad range of products and services that enables them to access complete information about real estate properties. More specifically, Cerved's main products include:

- **Real estate ownership reports**, that can be used to verify potential guarantee consisting of a party's real estate provided as collateral, also in connection with legal actions pursued to recover a nonperforming loan;
- **Real estate valuations**, i.e., appraisals that estimate the value of residential and commercial real estate, prepared by a network of expert appraisers and integrated into proprietary software to manage the operational flow and, on the one hand, guarantee the appraiser's independence and, on the other hand, rigorously monitor delivery time;
- **Property register information** for properties listed in the buildings and land archives of the Territorial Agency, so as to have a clear and exhaustive picture of the composition and actual values of a counterparty's property.

CONSUMER INFORMATION

The Consumer Information segment supplies historical information about the credit worthiness of consumers who are applying for loans. These services make it possible to assess the reliability and solvency of individuals through an analysis of their past payment history. Consumer Information services are provided through the Experian Italia S.p.A. affiliate, established in April 2012.

B) MARKETING SOLUTION

The Marketing Solutions segment offers a broad and comprehensive range of services available online in real time and design solutions customized to implement the most effective commercial strategies and promote business growth by:

- finding new customers and business partners, managing direct marketing campaigns, seeking new qualified customers and analyzing the territory's potential;
- knowing the competition, analyzing the competitive scenario from an economic, financial and strategic standpoint or requesting sector analyses and ad hoc ratios;
- analyzing target sectors, uncovering risk trends, growth projections and sector trends and identifying potentially attractive segments and markets;
- improving performance, measuring customer satisfaction and understanding customer needs through customized analyses and surveys;
- offering solutions that are performance marketing oriented and are supported by proprietary technologies.

1. Report of the Board of Directors on Operations

Services can be delivered through online platforms, always accessible and capable of providing a simple and immediate answer on any given day, or through customized solutions and projects, with the involvement of Cerved consultants, to find the answer best suited to meet customer needs.

Through ClickAdv S.r.l., with the PayClick brand, it operates successfully as a licensee specialized in offering sophisticated digital advertising solutions delivered primarily by means of proprietary technologies for:

- the implementation of special-project digital web and mobile campaigns, including the supply of technology, creativity and cms interfaced with the customer's systems;
- the planning of web advertising campaigns carried out through Email Marketing and Display campaigns with standard and special formats.

In October 2018, the Group completed the acquisition of a 60% controlling interest in Pro Web Consulting S.r.l., a consultancy specialized in the delivery of digital marketing services in the following areas of business:

- Search Engine Optimization (SEO): consulting activities aimed at improving site visibility on search engines;
- Conversion Rate Optimization (CRO): activity designed to simplify and improve site searches by removing design or technology limitations that can slow down or permanently discourage final users;
- Collateral Services: production of articles or pages of text optimized consistent with search engine requirements, so as to facilitate review and obtain better visibility.

C) CREDIT MANAGEMENT

Cerved is one Italy's top independent operators in the area of Credit Management, offering services to assess and manage credit positions on behalf of third parties. More specifically, Credit Management's services for financial institutions and investors include the following activities:

- assessing nonperforming loans (Due Diligence), i.e., a quick and robust assessment of individual loans or entire portfolios, with accurate estimates of expected recoveries and collection times; this assessment is accompanied by a complete set of information regarding individual receivables and the debtor's economic condition, for a complete and readily consultable picture;
- managing and recovering receivable through out-of-court settlements or through court proceedings, with recovery of low amount receivables being handled by telephone and collection campaigns, while larger receivables are entrusted to seasoned professionals; the recovery through court proceedings follows an "industrialized" approach to minimize cost, with actions targeting debtors with proven paying ability; the Credit Management companies of the Cerved Group engage in credit management and recovery activities directly and on behalf of their customers;
- managing and reselling personal property and real estate (Remarketing), offering specialized solutions that guarantee lower handling costs and faster reselling.

For Credit Management services addressed to businesses, the main activities offered by Cerved include the following services:

- Credit Assessment, which can be used to measure performance and organize the appropriate credit management policies, offering sophisticated diagnostic tools personalized based on the size of the debtor, the industry or the territory within which it operates, so as to deliver results quickly; in addition, these services allow the segmentation of customers and make it possible to differentiate claim collection activities, through an analysis of the credit portfolio, and improve company performance by optimizing cash flows and operating costs;
- Outsourcing collection management, lowering operating costs and improving performance by providing actual guided paths, selected and integrated for specific needs; from simple management of the collection process to complete outsourcing, including credit collection both in Italy and abroad;
- Recoveries through out-of-court settlements or through court proceedings, in which an out-of-court (“amicable”) option of a communicational, administrative or legal nature is often best suited for completely resolving the issue in the fastest and most economic manner, avoiding the use of court proceedings; however, when the “amicable” solution is not sufficient, Cerved offers a service for recovery through court proceedings, which, based on documents attesting the certainty, liquidity and collectability of each credit position, makes it possible to activate the formal procedures available under current Italian laws, until full satisfaction of the claim.

Acknowledgments

Cerved Group, Cerved Rating Agency S.p.A. and Cerved Credit Collection S.p.A. were awarded the ISO 9001:2015 Certification, the international reference standard for quality management.

In this context, Cerved Credit Management Group S.r.l. was awarded the ISO 27001:2017 in 2018, while Cerved Group S.p.A. is in the process of implementing the activities needed to receive this certification in 2019.

Cerved Rating Agency S.p.A. is registered as a European rating agency pursuant to EU Regulation 1060/2009 and is under the supervision of EMSA (the European authority for financial instruments and markets). In addition it is recognized as an External Credit Assessment Institution (ECAI) pursuant to EU Regulation 575/2013 of the Parliament and Council of the European Union, and as a Rating Tool by the ECB within the framework of the Eurosystem Credit Assessment Framework (ECAAF).

Fitch Ratings awarded to Cerved Credit Management S.p.A. the ratings RSS1¹ and CSS1¹ as:

- Italian Residential
- Commercial Mortgage Special Servicer

1. These specific sector ratings certify the quality of a business, specifically making reference to the broad range of management strategies, the strength of the technological solutions and the prudent management of risk.

Cerved's Growth Strategy

The growth strategy pursued by Cerved is based on clear and sustainable concepts. By leveraging its strong points (resiliency, growth and cash flow), Cerved intends to continue developing its business activities focusing on:

- **Innovation and differentiation:** constantly investing in innovation and in broadening its database, scoring models, assessment methods and user experience, so as to strengthen the leadership position and competitive advantage that characterizes Cerved today;
- **Organic growth:** continuing to capitalize on the acquired experience and its position as the chief operator in the Italian market to increase the number of customers, offer new products and services favoring up-selling activities, exploiting cross-selling opportunities among divisions and entering new segments;
- **Growth through acquisitions:** complementing organic growth with acquisitions and commercial partnerships, confirming the Company's impressive historic track record, both in the sectors in which Cerved is already present and in adjacent sectors;
- **"Operational excellence" initiatives:** continuing to focus on operational excellence to ensure that Cerved's operating procedures are not only efficient in terms of costs, but also streamlined, agile and scalable, so as to facilitate and support growth;
- **Expansion in adjacent areas:** continuing on the growth track by leveraging M&A transactions to access adjacent business areas, so as to round out synergistically the range of services offered by the Group

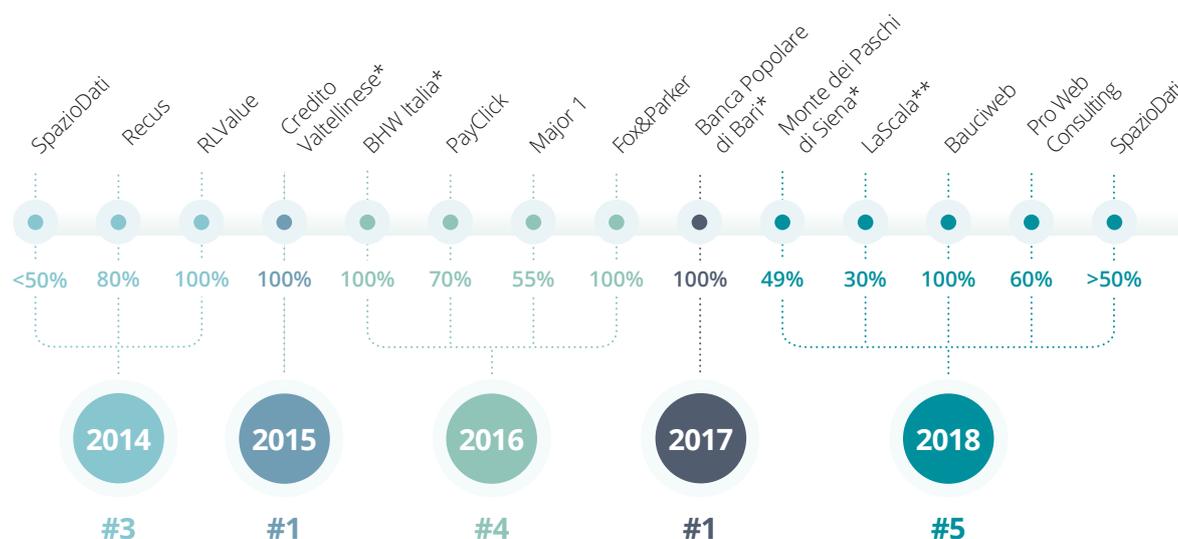
The Group's Growth Path

The Corporate Development function has always provided an important contribution to the Group's growth process. The number of acquisitions completed and integrated into the Cerved Group increased significantly over the years, with the main M&A transactions involving the acquisitions of Centrale dei Bilanci, Consit, Databank, Lince, Finservice, Jupiter, Honyvem, ClickAdv, SpazioDati, Bauciweb and Pro Web Consulting, as well as acquisitions of nonperforming loan (NPL) servicing platform. In addition, in 2018, Cerved Group entered into an important partnership agreement with the law firm "La Scala Società tra Avvocati," a leader in the recovery of loans through judicial proceedings.

The Group's intent is to carry out increasingly important investments, while continuing to assess and finalize its growth strategies on a highly selective basis, focusing primarily on the Italian market and complementing organic growth with acquisitions.

Diversified funding sources that vary depending on the size of the intended target enable Cerved to pursue its growth while remaining aligned with the parameters announced during the Investor Day regarding the dividend distribution policy and the ratio of net financial debt to Adjusted EBITDA.

The main transactions executed since the stock listing are summarized below:



*NPL servicing platform

**Joint venture

- SpazioDati: strategic partnership in the Big Data Management area;
- Recus: acquisition that broadens the management of problem loans and receivables for consumer credit companies, telecommunication companies and utilities;
- RLValue: acquisition that consolidates the Cerved Group's competitive position in the area of real estate appraisals in support of financial institutions;
- Credito Valtellinese: long-term strategic partnership to service 85% of the bank's nonperforming loans and future flows of nonperforming loans that will be generated, in addition to the acquisition of loan recovery platform of the same bank;
- BHW Italia: long-term strategic partnership in the Credit Management area;
- ClickAdv: acquisition of a 70% interest in this company active in the Digital Advertising/ Performance Marketing areas;
- Major1: acquisition of a 55% interest in this company specialized in the development and sale of credit management and monitoring software;
- Fox&Parker: acquisition of the dedicated Business Information activities, which are engaged in the development of value added sectorial risk databases, data integration services with proprietary management software and customized commercial information for enterprise customers;
- Banca Popolare di Bari: development of a long-term industrial partnership to service the nonperforming loans and probable defaults of the Banca Popolare di Bari Group.

1. Report of the Board of Directors on Operations

In addition, the following transactions, described in greater detail in the section of this Report entitled “Significant Events of the Group,” were finalized in 2018:

- acquisition of “Juliet,” the nonperforming loan collection platform of Banca Monte dei Paschi di Siena;
- the big data analysis and media monitoring operations of Bauciweb S.r.l.;
- partnership in the law firm “La Scala Cerved Società tra Avvocati,” a limited liability law firm;
- a 60% majority interest in Pro Web Consulting S.A.

ECONOMIC CONTEXT

The global economic picture, while continuing to be characterized by a growth phase, is showing a series of macroeconomic risk factors and uncertainties that could have a negative impact on investment considerations and growth dynamics.

According to OECD estimates, global GDP grew by 3.7% in 2018, faster than in 2017 (+3.6%). However, growth projections for global GDP in 2019 and 2020 are slightly lower than in the past two years (+3.5%). The slowdown will be more pronounced in the Eurozone countries, the United States and the other mature economies, such as Japan, Canada and the United Kingdom, where the expansionary cycle that followed the great recession seems to have run its course. On the other hand, the emerging economies, those in Asia in particular, will continue to enjoy strong growth rates, driven by an expansion of local internal demand.

Expectations of future growth are being adversely affected primarily by the increasing commercial tensions between the United States, China and Europe, which are having a negative effect on the global business climate. The risks entailed by the potential repercussions of protective measures on business activity could be magnified by those deriving from emerging financial turbulence factors at the global level, such as the currency fluctuations in Turkey and Argentina, and the high level of public debt in some Eurozone countries, which, with a rise in interest rates and an increase in debt service costs, could make budgeted investments unsustainable and generate situations of potential instability.

At the same time, a series of factors of political instability, coupled with the risks of a further broadening of global commercial tensions, the yet undefined effects of Brexit and the results of the upcoming European elections, contribute to making even more unstable the global economic picture and the expectations of future growth.

GROWTH OF REAL GDP

y/y change, %	2017	2018	2019	2020
World	3.6	3.7	3.5	3.5
United States	2.2	2.9	2.7	2.1
Eurozone	2.5	1.9	1.8	1.6
Germany	2.5	1.6	1.6	1.4
France	2.3	1.6	1.6	1.5
Italy	1.6	1.0	0.9	0.9
Japan	1.7	0.9	1.0	0.9
Canada	3.0	2.1	2.2	1.9
United Kingdom	1.7	1.3	1.4	1.1
China	6.9	6.6	6.3	6.0
India	6.7	7.5	7.3	7.4
Brazil	-3.6	0.7	1.9	2.3
Russia	1.5	1.6	1.5	1.8

Source: OECD

Against this backdrop, the Italian economy is experiencing a trend reversal of the growth dynamics that characterized the past two years. In 2018, GDP growth estimates were repeatedly revised downwards, falling to about +0.9%, down from the previous year (+1.6%), with stagnation projected for 2019 (+0.5%) and 2020 (+0.8%). The country's economic and production fundamentals show a weakening of the positive economic environment, which seems to have peaked in 2017 in terms of consumption, activation of investments and exports, with indications of a technical recession. This slow growth also reflects the cost of the financial uncertainty caused by the possibility of exceeding the parameters of the government budget, which alarmed investors and caused the spread to widen. The growing spread between Italian and German Treasuries creates the risk of producing an increase in borrowing costs, which could translate into a reduction in credit provided to businesses and households, resulting, in turn, in a contraction of consumer spending and investments. A further factor of systemic risk engendered by the widening of the spread is tied to the high percentage of the assets of Italian banks represented by Treasuries.

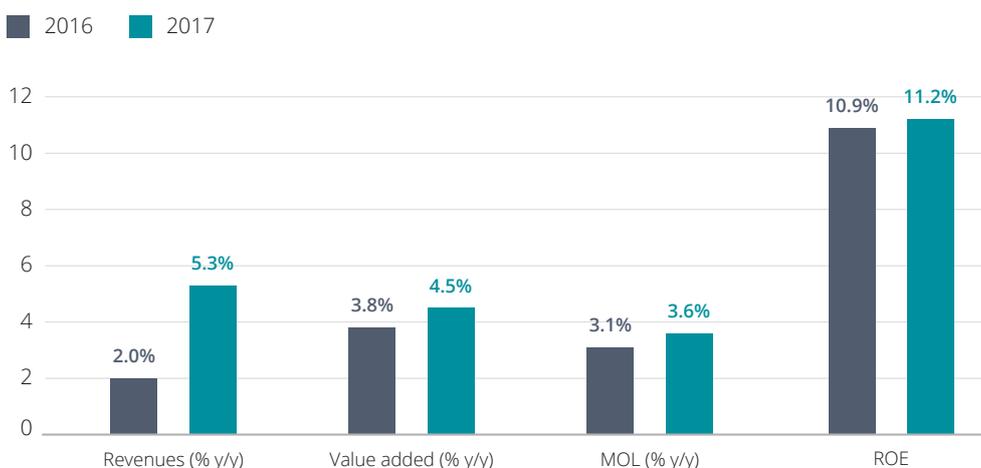
OUTLOOK FOR THE ITALIAN ECONOMY – GDP AND MAIN COMPONENTS

	2017	2018	2019	2020
Gross Domestic Product	1.6	0.9	0.5	0.8
Household consumption	1.4	0.6	0.4	0.7
Collective consumption	0.1	0.1	0.1	0.1
Gross fixed investments	3.9	4.0	1.6	2.6
Total exports	5.8	1.0	3.2	2.4
Total imports	5.6	1.6	4.0	2.9
Inventory change	0.2	0.1	-0.1	0.0
Consumer prices (HICP)	1.2	1.4	1.3	1.3
HICP excluding food and energy	0.8	0.6	1.0	1.3
Employment	1.2	0.7	0.4	0.8
Unemployment rate	11.3	10.5	9.8	9.3

Source: Cerved projections on Istat, IMF and EBC data

Trends in key income statement items for SMEs

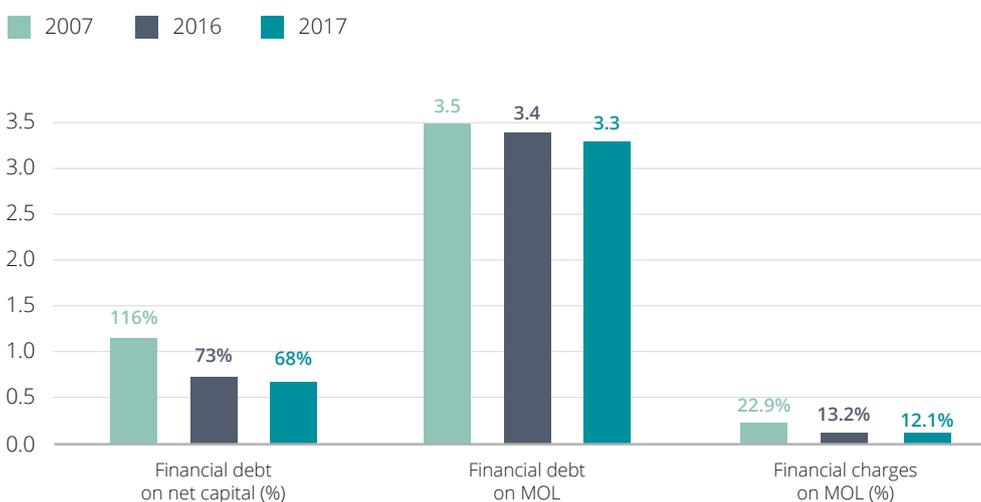
Expressed as year-on-year % change, and ROE



Source: Cerved SME Report 2018

In 2017, the overall improvement in profitability indexes was bolstered by a strengthening of the debt sustainability indexes. The financial statement data of Italian SMEs show that the deleveraging is continuing (68% in 2017) due to stable financial debt dynamics and the strong growth of the equity position of businesses. The ratio of financial debt to EBITDA fell to historically low levels (about 3.3. times for SMEs), while the ratio of EBITDA to financial charges continued to contract, with a further reduction of a percentage point for the SMEs (from 13.2% to 12.1%).

Sustainability of debts and financial charges of SMEs



Source: Cerved SME Report 2018

The improvement in the debt sustainability indexes and the greater financial strength of Italian SMEs are in part attributable to the effects of the restructurings and deleveraging triggered by the crisis, which resulted in the exclusion from the market or the more indebted companies and the adoption of selection processes in the granting of credit by banks (credit crunch), with a reduction of the system's total exposure. At the same time, the expansive monetary policies promoted by the ECB produced a protracted decrease of borrowing costs, facilitating the efforts of companies to restore the health of their financial structure.

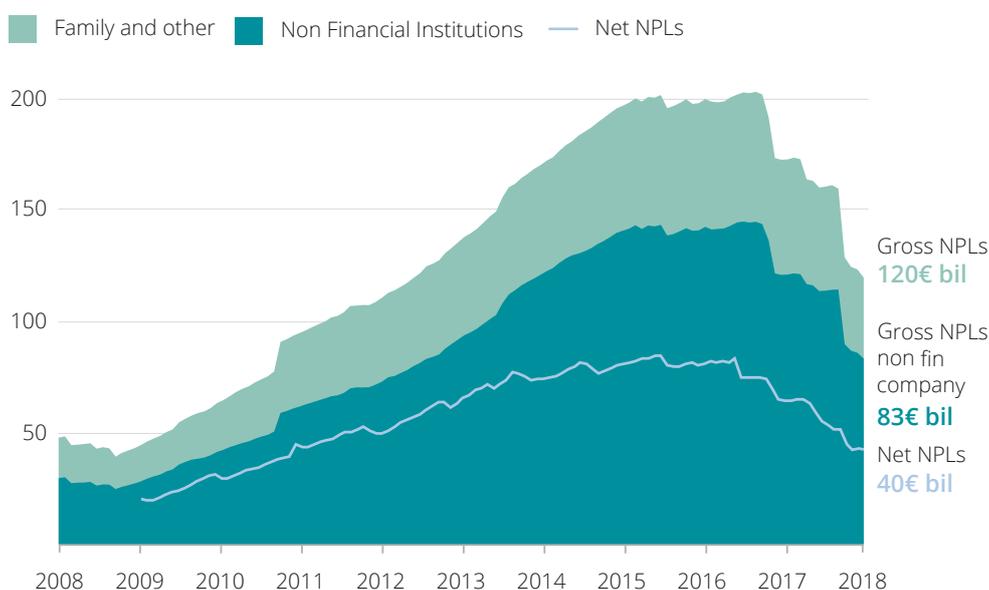
These dynamics, coupled with the positive trend in profitability, contributed to a significant reduction in bankruptcies and other insolvency procedures and a more virtuous conduct with regard to payments.

In this positive context, it is worth mentioning that several monitored indicators seem to suggest that the recovery of the SMEs may have peaked in 2017, followed by a slowdown or, in some cases, a trend reversal in the first half of 2018. For example, business demographics data show that, in the first half of the year, the new corporation birth rate decreased sharply, falling from +8.2% on 2017 to +1.3% in the first six months of 2018. Also in the early months of 2018, there was a new increase in the number of SMEs that exited the market (+2.9% on annual basis), due mainly to an increase in voluntary liquidations of solvent companies (+3.1% on an annual basis), which signals a reduction in the profit expectations of entrepreneurs. Payment trends also seem to suggest that the improvement phase of the SMEs that started in 2013 has run its course. Payline data show that the amount of payment defaults by the SMEs increased in the first six months of 2018 and that the average number of delinquency and serious delinquency days also began to rise.

The cyclical consolidation of the country's economic trends ensured that the reduction of the stock of nonperforming loans accumulated by Italian banks continued to decrease during the past year. The most recent available data (September 2018) show that the gross value of the stock was about 120 billion euros, down 30.7% on an annual basis, with a particularly pronounced contraction in loans originated by businesses (-31.1%). Nonperforming loans net of adjustments amounted to less than 40 billion euros (-39.4% compared with 66 billion euros in September 2017 and -55% compared with the peak of November 2015).

According to the estimates and projections developed by ABI and Cerved, the rate of entry into default for non-financial companies decreased from 2.8% in 2017 to 2.4% in 2018, falling to 2.3% in 2019 and 2.1% in 2020, levels close to but still not as low as those achieved before the financial crisis (1.7% in 2008).

Trend NPLs (in billions euro)



Source: ABI - Cerved estimates and projections based on Banca d'Italia data

1. Report of the Board of Directors on Operations

The reduction in the stock of nonperforming loans in 2018 is attributable to a decrease in the inflow of nonperforming loans and, to a highly significant extent, by market transactions for the disposal of nonperforming loans (NPLs), which thus far totaled about 68 billion euros, counting both transaction completed and announced by the banks to the market.

In 2018, the EU authorities continued to implement activities to reform the regulatory framework and encourage bank sector operators to pursue a speedier reduction of their nonperforming loans. At the end of October, the European Central Bank published the final guidelines for the management of nonperforming loans and exposures in forbearance, which will go into effect in 2019. According to this document, new nonperforming loans, even when already disbursed, must be written off within two years (if unsecured) or seven years (if secured) from the moment when they are classified as nonperforming.

Recent evolutions in macroeconomic and manufacturing conditions within the Italian economy, particularly with regard to the system of the SMEs, the credit market and the nonperforming loans, and changes in the regulatory framework implemented with regard to the handling of nonperforming loans continue to offer important growth opportunities in the offering of services to businesses, the credit sector and loan servicing activities. The need to interpret the dynamics of the economic and financial system and attain an effective market position will sustain demand for high value added and data driven information services to improve the effectiveness of decision-making processes and investment choices by business operators.

Despite the reduction in the stock of nonperforming loans, the servicing market will continue to witness a stable growth process thanks to the continuation of NPL disposal transactions, incentivized by the conservative requirements introduced by the new regulations. This sector will see an increase in competition, with the entry of new major market operators, which will lead to the pursuit of economies of scale and synergies, while at the same time business expansion opportunities provided by the development of the Unlikely-to-Pay (UtP) market will increase.

In general, the increased market value of nonperforming loans that need to be serviced will grow the revenue pie, generating an increase in the demand for sub-servicers and increasingly more narrow specializations in the activities to manage nonperforming loans. In this context, the development of new competencies and technologies will be crucial for the purpose of increasing the efficiency of operating processes, integrating the various phases of managing and monitoring the services that are being offered and improving their quality, while broadening the range of activities to include other market segments, such as the management of secured loans and real estate loans.

INFORMATION ABOUT THE GROUP'S OPERATIONS

Financial Highlights

The tables and charts that follow show a condensed statement of comprehensive income at December 31, 2018 compared with the Restated data for the 2017 reporting year.

Please note that the Group opted for a retrospective adoption of the new principles applicable as of the 2018 reporting year, consistent with the provisions of IAS 8; the comparative data at December 31, 2017 have been restated and reflect the effects of implementing the provisions of IFRS 15 "Revenues from contracts with customers" (hereinafter IFRS 15) and IFRS 9 "Financial instruments" (hereinafter IFRS 9).

<i>(in thousands of euros)</i>	December 31, 2018	%	December 31, 2017 Restated	%	Change	Change %
Revenues	457,221	99.8%	394,122	99.9%	63,100	16.0%
Other income	861	0.2%	297	0.1%	564	189.6%
Total revenues and income	458,083	100.0%	394,419	100.0%	63,663	16.1%
Cost of raw material and other materials	3,221	0.7%	7,138	1.8%	(3,917)	-54.9%
Cost of services	117,327	25.6%	96,751	24.5%	20,576	21.3%
Personnel costs	114,108	24.9%	96,760	24.5%	17,348	17.9%
Other operating costs	11,090	2.4%	8,740	2.2%	2,351	26.9%
Impairment of receivables and other accruals	3,805	0.8%	3,366	0.9%	439	13.0%
Total operating costs	249,551	54.5%	212,755	53.9%	36,797	17.3%
Adjusted EBITDA	208,531	45.5%	181,664	46.1%	26,867	14.8%
Performance Share Plan	4,981	1.1%	1,820	0.5%	3,161	173.7%
EBITDA¹	203,550	44.4%	179,845	45.6%	23,705	13.2%
Depreciation and amortization	73,780	16.1%	67,077	17.0%	6,702	10.0%
Operating profit before nonrecurring components	129,771	28.3%	112,768	28.6%	17,003	15.1%
Nonrecurring items	7,248	1.6%	7,311	1.9%	(62)	-0.9%
Operating profit²	122,522	26.7%	105,457	26.7%	17,065	16.2%
Financial income	4,968	1.1%	867	0.2%	4,101	472.8%
Financial charges	(18,831)	-4.1%	(30,663)	-7.8%	11,833	-38.6%
Nonrecurring income from/(charges for) investments in associates	3,496	0.8%	-	0.0%	3,496	0.0%
Nonrecurring financial (income)/charges	(556)	-0.1%	5,197	1.3%	(5,753)	-110.7%
Income tax expense	(22,413)	-4.9%	(26,590)	-6.7%	4,177	-15.7%
Net profit	89,187	19.5%	54,268	13.8%	34,919	64.3%

1. EBITDA correspond to the operating profit before depreciation and amortization, nonrecurring charges/(income) and the Performance Share Plan. EBITDA are not designated as an accounting measurement tool in the IFRS and, consequently, must be treated as an alternative gauge to assess the Group's performance at the operating level. Because the composition of EBITDA is not governed by the reference accounting principles, the computation criterion applied by the Group could be different from those adopted by other parties and, consequently, not comparable.

2. At December 31, 2018, nonrecurring components included service costs of 3,808 thousand euros, personnel costs of 2,772 thousand euros, and other operating costs of 669 thousand euros, listed below the operating profit line. At December 31, 2017, Restated, nonrecurring components included service costs of 3,167 thousand euros and personnel costs of 4,144 thousand euros, listed below the operating profit line.

1. Report of the Board of Directors on Operations

The table that follows shows a breakdown of the items included in adjusted net profit, which is used to represent the Group's operating performance, net of nonrecurring and non-core items. This indicator reflects the Group's economic results, net of nonrecurring items and factors that are not closely related its core business activities and performance, thereby allowing an analysis of the Group's performance based on more homogeneous data for the two periods that are being represented.

<i>(in thousands of euros)</i>	2018	2017 Restated	2016 Restated
Net profit	89,187	54,268	39,934
Nonrecurring items	7,248	7,311	6,541
Amortization of gains allocated to the Business Combinations	36,358	32,752	47,384
<i>Financing fees – amortized cost</i>	3,101	2,516	2,157
Nonrecurring financial charges	556	(5,197)	489
Nonrecurring financial from investments in associates	(3,496)	-	-
Adjustment to fair value of options	(3,049)	12,830	-
Tax effect	(12,775)	(10,373)	(17,731)
Adjusted net profit	117,130	94,108	78,774
Nonrecurring taxes	-	-	4,450
Normalized net adjusted result	117,130	94,170	83,224
Adjusted net profit attributable to non-controlling interests	6,253	2,016	1,867
Adjusted net profit attributable to owners of the parent	111,878	92,092	81,357
Adjusted net profit attributable to owners of the parent % / Revenues	24.2%	23.3%	22.4%
Adjusted net profit per share	0.57	0.47	0.42

The adjusted net profit represents the net profit in the income statement at December 31, 2018, 2017 and 2016, net of:

- nonrecurring costs mainly for early retirement incentives and costs for services related to incidental charges for new acquisitions;
- amortization of intangible assets recognized in connection with business combinations carried out in previous years;
- financial charges incurred in previous periods in connection with the signing of the new Forward Start loan agreement and recognized in the income statement by the amortized cost method;
- nonrecurring financial charges resulting from the impact on the income statement of the amendment made to the loan agreement in January 2018;
- gain from remeasuring at fair value the interest previously held in SpazioDati (3,496 thousand euros);
- adjustment to value of the liabilities for options executed with minority shareholders and remeasuring at fair value a derivative (call option);
- tax effect of the items described above.

The table that follows shows the Revenues and EBITDA of the business segments:

(in thousands of euros)

	PERIOD FROM JANUARY 1, TO DECEMBER 31, 2018				PERIOD FROM JANUARY 1, TO DECEMBER 31, 2017 RESTATED			
	Credit Information	Marketing Solutions	Credit Management	Total	Credit Information	Marketing Solutions	Credit Management	Total
Revenues by segment	286,499	25,614	148,870	460,983	279,027	24,561	94,268	397,856
Inter-segment revenues	(1,753)	-	(2,010)	(3,762)	(1,931)	(1)	(1,802)	(3,734)
Total revenues from outsiders	284,746	25,614	146,861	457,221	277,096	24,560	92,466	394,122
EBITDA	143,735	8,166	51,649	203,550	143,452	9,330	27,063	179,844
EBITDA %	50.5%	31.9%	35.2%	44.5%	51.8%	38.0%	29.3%	45.6%
Non recurring income/ (charges)				(7,248)				(7,311)
Depreciation and amortization				(73,780)				(67,077)
Operating profit				122,522				105,457
Income from/(Charges for) investments in associates				3,395				357
Financial income				4,964				511
Financial charges				(18,725)				(30,663)
Nonrecurring financial income/ (charges)				(556)				5,197
Profit before income taxes				111,600				80,858
Income taxes				(22,413)				(26,590)
Net profit				89,187				54,269

Review of Operating Performance in the Period Ended December 31, 2018

Total revenues and income grew from 394,419 thousand euros in 2017 to 458,083 thousand euros in 2018, for an increase of 63,663 thousand euros, or 16.1%. This gain reflects the different dynamics that characterized the various business segments during the reporting period, as described below.

CREDIT INFORMATION REVENUES

The revenues of the Credit Information segment rose from 279,027 thousand euros in 2017 to 286.499 thousand euros in 2018, for an increase in absolute terms of 7,472 thousand euros (2.7%).

Within the Credit Information business segment:

- the Enterprise Division showed a gain compared with 2017 (+3.1%) mainly thanks to the positive performance of the field network and the ongoing development of new opportunities in terms of new service offerings, offset in part by the postponement of some projects in the Large User area;
- the Financial Institution Division reported growth of 2.4% compared with 2017, thanks mainly to gains in Real Estate Appraisal services and Special Projects.

MARKETING SOLUTIONS REVENUES

The revenues of the Marketing Solutions segment rose from 24,561 thousand euros in 2017 to 25,614 thousand euros in 2018, up 1,053 thousand euros, or 4.3%, due mainly to the consolidation of the acquired company Pro Web Consulting.

CREDIT MANAGEMENT REVENUES

The revenues of the Credit Management segment grew from 94,268 thousand euros in 2017 to 148,870 thousand euros in 2018, for an increase of 54,602 thousand euros, equal to 57.9%. This gain is attributable for 42.2% to the organic growth of this business segment and, for the balance, to the effects of the special servicer assignments carried out in connection with the management of nonperforming loans originating from the start of the industrial partnership with Banca Popolare di Bari (finalized at the end of December 2017), in addition to the positive impact generated by the start of the partnership with Banca Monte dei Paschi di Siena for the management of future flows of nonperforming loans.

ADJUSTED EBITDA PERFORMANCE AND OPERATING COSTS

Adjusted EBITDA were equal to 45.5% of revenues, compared with 46.1% in the previous period, even though they increased by 26,867 thousand euros in absolute terms (+14.8%), rising from 181,664 thousand euros in 2017 to 208,531 thousand euros in 2018.

The limited reduction in profitability reflects the impact of growth in the Credit Management and Marketing Solutions areas, which are structurally less profitable businesses as they are characterized by activities with a high labor cost impact.

Operating costs grew from 212,755 thousand euros in 2017 to 249,551 thousand euros in 2018, for an increase of 36,797 thousand euros (including 12,758 thousand euros for the effect of the acquisitions completed the previous year), or 17.3%, as described below:

- The cost of raw materials and other materials decreased by 3,917 thousand euros, falling from 7,138 thousand euros in 2017 to 3,221 thousand euros in 2018. This reduction is directly correlated with the cost of sales for the remarketing activities involving goods subject of nonperforming leases carried out by the Cerved Credit Management Group S.r.l. subsidiary.
- Cost of services increased by 20,576 thousand euros, rising from 96,751 thousand euros in 2017 to 117,327 thousand euros in 2018. This increase is mainly attributable to the growth of the Group's Credit Management segment and a change in the scope of consolidation compared with the previous year.
- Personnel costs grew by 17,348 thousand euros, up from 96,760 thousand euros in 2017 to 114,108 thousand euros in 2018. This increase reflects:
 - › the effect of the consolidation of the following companies: Credit Management S.r.l. acquired at the end of 2017, Juliet S.p.A. as of mid-May 2018, Spazio Dati S.r.l. as of the end of July 2018 and Pro Web Consulting S.r.l. as of the end of October 2018;

- › the seconding to Juliet S.p.A. of 92 specialized resources by Gruppo Monte dei Paschi from mid-May to December 31, 2018;
- › the hiring of new resources, both during the previous year and in the reporting period, in response to the significant business growth, particularly within the Credit Management segment.
- Other operating costs increased by 2,351 thousand euros, rising from 8,740 thousand euros in 2017 to 11,090 thousand euros in 2018.
- Accruals to the provisions for risks and impairment of receivables increased by 439 thousand euros, up from 3,366 thousand euros in 2017 to 3,805 thousand euros in 2018, following a detailed assessment of loan losses and contingent liabilities.
- Depreciation and amortization increased by 6,702 thousand euros, rising from 67,077 thousand euros in 2017 to 73,780 thousand euros in 2018. This increase is mainly due to the combined effect of the following factors:
 - › lower amortization of the databases recognized in connection with the Purchase Price Allocation for the 2013 business combination, for 2,976 thousand euros, the amortization period of which ended in February 2017;
 - › higher amortization of software, contracts and other intangibles recognized in connection with the Purchase Price Allocation for the 2018 business combination, which totaled 6,875 thousand euros. See the section of the Notes entitled “Business Combinations” for additional information.
 - › Higher depreciation and amortization (2,866 thousand euros) resulting from investments in software development carried out in recent years to strengthen the service range and the technological infrastructures needed to deliver those services.

The costs recognized in the period ended December 31, 2018 for the award of options under the Three Cycles of the “**2019-2021 Performance Share Plan**” amounted to 4,981 thousand euros.

Nonrecurring components decreased by 63 thousand euros, falling from 7,311 thousand euros in 2017 to 7,248 thousand euros in 2018, due mainly to the following factors:

- staff downsizing incentives provided to some employees in connection with the integration of Group companies for 2,772 thousand euros;
- costs related to nonrecurring activities amounting to 3,808 thousand euros, mainly consisting of incidental costs incurred in connection with extraordinary transactions executed during the year;
- other nonrecurring operating costs for 669 thousand euros.

Financial income increased by 4,101 thousand euros, up from 867 thousand euros in 2017 to 4,968 thousand euros in 2018 due to the adjusted valuation of the liability associated with the put options granted to the minority shareholders of Cerved Credit Management Group S.r.l. and Clickadv S.r.l. for 3,050 thousand euros.

This item also reflects the measurement at fair value of the call option granted by Quaestio Cerved Credit Management S.p.A. to Cerved Credit Management Group S.r.l. for 1,395 thousand euros. Under this option, the Cerved Group subsidiary has the right to acquire from Quaestio Holding S.p.A. 50.1% of Quaestio Cerved Credit Management S.p.A. during the period from January 1, 2020 to January 31, 2020.

1. Report of the Board of Directors on Operations

Recurring **financial charges** contracted by 11,833 thousand euros, down from 30,663 thousand euros in 2017 to 18,831 thousand euros in 2018, mainly due to the adjusted valuation of the put options executed with minority shareholders of Cerved Credit Management Group S.r.l., Clickadv S.r.l., and Major 1 S.r.l. which had been negative by 12,830 thousand euros and, partially, to a reduction in borrowing costs for the Senior facility. This decrease was offset in part by an adjustment to the value of the put options executed with the minority shareholders of Pro Web Consulting S.r.l. and Major 1 for 1,396 thousand euros.

Non recurring income and charges on investments in associates, amounting to 3,496 thousand euros refers to a nonrecurring gain deriving from measurement at fair value of the equity interest previously held by in Spazio Dati S.r.l..

Non recurring financial income and charges, which amounted to 556 thousand euros, reflect the revision of the present value of future cash flows from Cerved Group's financing facilities, in accordance with the terms renegotiated in 2018.

Income taxes for the year decreased by 4,177 thousand euros, falling from 26,590 thousand euros at December 31, 2017 to 22,413 thousand euros at December 31, 2018, mainly due to the combined effect of the following factors:

- an increase of 30,742 thousand euros in the profit before taxes compared with the previous year;
- the absence of the downward reversal recognized in the previous reporting period of interest charges deductible from the surplus operating income before taxes accrued in previous years;
- offset by the tax benefit resulting from the implementation of the Patent Box agreement finalized at the end of December 2018, amounting to 10,351 euros for four years from 2015 to 2018.

Statement of Financial Position of the Cerved Group

The schedule below shows a statement of financial position of the Group at December 31, 2018, 2017 and 2016 reclassified by "Sources and Uses."

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated	At December 31, 2016 Restated
Uses			
Net working capital	5,594	(30,779)	4,596
Non-current assets	1,239,199	1,183,816	1,186,165
Non-current liabilities	(145,035)	(135,917)	(132,135)
Net invested capital	1,099,758	1,017,121	1,058,626
Sources			
Shareholders' equity	552,309	542,879	535,203
Net financial debt	547,449	474,243	523,423
Total financing sources	1,099,758	1,017,121	1,058,626

The table that follows shows a breakdown of “Net working capital” at December 31, 2018, 2017 and 2016.

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated	At December 31, 2016 Restated
Net working capital			
Inventory	111	1,971	1,732
Trade receivables	197,799	160,018	153,563
Trade payables	(59,844)	(46,045)	(37,172)
Liability for deferred income, net of selling costs	(87,525)	(86,096)	(90,413)
Net commercial working capital (A)	50,541	29,849	27,711
Other current receivables	7,350	6,360	7,740
Net current tax payables	(4,676)	(7,265)	295
Other current liabilities, net of liability for deferred income	(47,621)	(59,722)	(31,150)
Other net working capital components (B)	(44,947)	(60,627)	(23,115)
Net working capital (A + B)	5,594	(30,779)	4,596

At December 31, 2018, net working capital was positive by 5,594 thousand euros. The changes that occurred in the main components of net working capital are reviewed below, together with a comparison with the statement of financial position data at December 31, 2017:

- trade receivables increased from 160,018 thousand euros at December 31, 2017 to 197,799 thousand euros at December 31, 2018, for a gain of 37,781 thousand euros that reflects invoicing dynamics and business growth;
- trade payables went from 46,045 thousand euros at December 31, 2017 to 59,844 thousand euros at December 31, 2018, for an increase of 13,799 thousand euros mainly attributable to higher operating costs primarily in the Credit Management areas;
- liabilities for deferred income, net of the corresponding selling costs, which refer to services invoiced but not yet provided to customers, increased by 1,429 thousand euros, due to the growth dynamics in the consumption of prepaid services invoiced the previous year.

Other current liabilities, shown net of the liability for deferred income, decreased from 59,722 thousand euros to 47,621 thousand euros, mainly due to the settlement, at the beginning of January 2018, of a liability of 18 million euros towards Banca Popolare di Bari for the acquisition of Credit Management S.r.l.

The main components of non-current assets, which totaled 1,239,199 thousand euros at December 31, 2018, include goodwill and other intangible assets.

1. Report of the Board of Directors on Operations

Intangible assets consist mainly of the value assigned to “Customer Relationships” and “Databases” of economic information. Additions for the year mainly concern projects to develop new products and acquisitions of databases. For the year ended December 31, 2018, “Goodwill” refers primarily to the surplus generated upon the acquisition of the Cerved Group by Cerved Technologies S.p.A. (a subsidiary of Chopin Holdings) in February 2013, with the acquisitions completed in subsequent years accounting for the balance.

In the reporting period, the Group’s net investments in property, plant and equipment and intangibles totaled 39,823 thousand euros, including 12,610 thousand euros for databases and 19,298 thousand euros to develop software.

Non-current liabilities mainly refer:

- for 20,640 thousand euros to the amount of long-term liability recognized upon the accounting of the options executed with the minority shareholders of Cerved Credit Management Group S.r.l., ClickAdv S.r.l. and Pro Web Consulting S.r.l.;
- for 105,241 thousand euros to deferred tax liabilities deriving from temporary differences between the value attributed to an asset or liability in the financial statements and the value attributed to the same asset or liability for tax purposes. On the reporting date, deferred taxes mainly included the tax liabilities recognized following the processes of Purchase Price Allocation.

Net Financial Debt of the Cerved Group

The table that follows shows a breakdown of the Group’s net financial debt at December 31, 2018, 2017 and 2016:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated	At December 31, 2016 Restated
A. Cash	14	28	16
B. Other liquid assets	42,349	99,179	48,523
C. Securities held for trading	-	-	-
D. Liquidity (A)+(B)+(C)	42,363	99,207	48,539
E. Current loans receivable	-	-	-
F. Current bank debt	(178)	(197)	(225)
G. Current portion of non-current borrowings	1,344	1,755	(11,433)
H. Other current financial debt	(14,265)	(3,258)	(2,581)
I. Current financial debt (F)+(G)+(H)	(13,100)	(1,700)	(14,239)
J. Net current financial debt (D)+(E)+(I)	29,264	97,507	34,300
K. Non-current bank debt	(573,393)	(571,075)	(556,779)
L. Bonds outstanding	-	-	-
M. Other non-current financial debt	(3,320)	(675)	(944)
N. Non-current financial debt (K)+(L)+(M)	(576,713)	(571,750)	(557,723)
O. Net financial debt (J)+(N)	(547,449)	(474,243)	(523,423)

At December 31, 2018, the Group's Net financial debt totaled 547,449 thousand euros, compared with 474,243 thousand euros at December 31, 2017. The ratio of net financial debt to Adjusted EBITDA increased slightly from 2.5x at December 31, 2017 to 2.6x at December 31, 2018, despite the payment of about 52.7 million euros in dividends, investments in acquisitions for 85.3 million euros and the share buyback program for 29.3 million euros carried out during the year.

For a detailed description of the composition of net financial debt, please see the corresponding Note to the financial statements.

Income Statement and Financial Position Data of the Parent Company

The tables that follow show the highlight of the statement of financial position and income statement of Cerved Group S.p.A., the Group's Parent Company.

STATEMENT OF FINANCIAL POSITION

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Net invested capital		
Net working capital	(197,836)	(375)
Non-current assets	1,188,539	584,935
Non-current liabilities	89,230	(383)
Total net invested capital	1,079,934	584,177
Funding sources		
Shareholders' equity	527,250	586,748
Net financial debt	552,684	(2,570)
Total funding sources	1,079,933	584,177

CONDENSED INCOME STATEMENT

<i>(in thousands of euros)</i>	Year ended December 31, 2018	Year ended December 31, 2017
Total revenues and income	303,505	3,790
Raw materials and other costs	(837)	(24)
Cost of services	(77,784)	(1,438)
Personnel costs	(73,200)	(5,726)
Other operating costs	(6,610)	(525)
Impairment of receivables and other accruals	(2,612)	
Depreciation and amortization	(58,260)	(90)
Operating profit	84,201	(4,014)
Financial income/(charges) and other expenses, net	(15,215)	51,995
Result before taxes	68,986	47,981
Income taxes	(10,674)	454
Result for the year	58,312	48,435

TRANSACTIONS WITH RELATED PARTIES

As required by the provisions of the Regulation governing related-party transactions adopted by the Consob with Resolution No. 17221 of March 12, 2010, as amended, Cerved Group S.p.A. adopted a procedure that governs related-party transactions (the "Related-party Procedure").

This procedure, the purpose of which is to ensure the transparency and substantive and procedural fairness of the transactions executed with related parties, has been published on the "Governance" page of the Company website: company.cerved.com.

Transactions with related parties were executed by the Company in the regular course of business on standard market terms.

The table that follows summarizes the transactions executed with related parties:

RELATED PARTIES – STATEMENT OF FINANCIAL POSITION DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and execs. with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
Trade receivables								
At December 31, 2017 Restated	112	-	-	-	-	112	160,018	0.10%
At December 31, 2018	248	-	4	-	3	255	197,799	0.13%
Other non-current financial assets								
At December 31, 2017 Restated	-	-	-	-	-	0	5,902	0.00%
At December 31, 2018	-	-	500	-	-	500	8,644	6.14%
Other receivables								
At December 31, 2017 Restated	38	68	-	-	-	106	2,451	3.10%
At December 31, 2018	32	-	-	-	-	32	3,028	1.06%
Trade payables								
At December 31, 2017 Restated	(342)	(1,026)	-	-	(28)	(1,396)	(46,045)	3.03%
At December 31, 2018	(596)	-	-	-	(82)	(678)	(59,844)	1.13%
Other payables								
At December 31, 2017 Restated	-	-	-	(8,161) ¹	-	(8,161)	(155,672)	6.03%
At December 31, 2018	(89)	-	-	(6,638) ³	-	(6,727)	(145,112)	4.4%
Other non-current liabilities								
At December 31, 2017 Restated	-	-	-	(15,006) ²	-	(15,006)	(26,200)	57.30%
At December 31, 2018	-	-	-	(8,617) ⁴	-	(8,617)	(20,640)	41.75%

1. Includes the short-term portion, amounting to 6,985 thousand euros of the value of the put option held by the Director Andrea Mignanelli.

2. Includes the long-term portion, amounting to 15,006 thousand euros of the value of the put option held by the Director Andrea Mignanelli.

3. Includes the short-term portion, amounting to 5,145 thousand euros, of the value of the put option held by the Director Andrea Mignanelli.

4. Includes the long-term portion, amounting to 8,617 thousand euros, of the value of the put option held by the Director Andrea Mignanelli.

Commercial transactions with Experian Italia S.p.A. involve purchases and sales of services on standard market terms.

RELATED PARTIES – INCOME STATEMENT DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and execs. with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
2017 reporting year								
Revenues	381	300		-	6	687	394,419	0.17%
Pro rata interest in the result of companies valued by the equity method	53	304		-	-	357	357	100.00%
Cost of services	(568)	(1,536)		-	(192)	(2,296)	(99,917)	2.26%
Personnel costs				(4,896)	-	(4,896)	(102,724)	4.78%
Other operating costs				-	(3)	(3)	(8,740)	0.03%
Financial charges				(7,656)	-	(7,656)	(30,863)	24.81%
2018 reporting year								
Revenues	451	175	4		10	640	458,082	0.14%
Pro rata interest in the result of companies valued by the equity method	(105)	4				(101)	3,395	-2.98%
Cost of services	(1,047)	(1,193)				(2,240)	(121,135)	1.85%
Personnel costs				(5,512)		(5,512)	(121,861)	4.52%
Other operating costs						-	(11,759)	0.00%
Financial charges							(556)	0.00%
Financial income			4	1,790		1,794	4,964	36.14%

RELATED PARTIES – CASH FLOW DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and execs. with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
2017 reporting year								
Cash flow from operating activities	105	(878)		(1,026)	(161)	(1,960)	166,453	-1.30%
Cash flow from investing activities	52	304		-	-	356	(41,874)	-0.90%
Cash flow from financing activities	-	-		(4,277)	-	(4,277)	(58,251)	7.30%
2018 reporting year								
Cash flow from operating activities	315	175		(5,195)		4,705	154,391	(3.05)%
Cash flow from investing activities	(105)	4				(101)	(153,915)	0.07%
Cash flow from financing activities	-	-			(6,439)	(6,439)	(57,319)	11.23%

Top Management

Transactions with Top Management refer to the fees for the Directors of the Parent Company and to the compensation of executives with strategic responsibilities. A breakdown at December 31, 2018 is as follows:

<i>(in thousands of euros)</i>	Wages and salaries and social security contributions	Total
Directors' fees	1,970	1,970
Other executives with strategic responsibilities	3,257	3,257
Total	5,227	5,227

SIGNIFICANT EVENTS OF THE GROUP

On **February 16, 2018**, an agreement was executed with the bank pool to extend from January 2022 to November 2023 the duration of 50% of the Term Loan Facility B, for the amount of 200 million euros.

Effective as of **March 12, 2018**, Cerved Master Services S.p.A. was admitted to the Board regulated by Article 106 T.U.B., as amended by Legislative Decree No. 141 of 2010 and implemented by Banca d'Italia's Circular No. 288 of April 3, 2015, which enables it to provide Master Servicing services in connection with securitization transactions. Having met this requirement, the Company could officially inform Banca d'Italia that it began operational activities effective as of June 1, 2018.

On **May 2, 2018**, further to a consensual cancellation of the shareholders' agreement with the minority shareholder of Major 1, the Company acquired the remaining 30% of the equity capital of Major 1 S.r.l. it did not own at a price of 1,371 thousand euros, thereby increasing its controlling interest to 100%.

On **May 2, 2018**, further to the exercise of the put option awarded to the minority shareholders of Clickadv S.r.l., Cerved Group S.p.A. acquired a further 10% controlling interest in the equity capital of Clickadv S.r.l. at a price of 2,520 thousand euros, thereby raising its controlling interest from 80% to 90%.

On **May 10, 2018**, through Cerved Credit Management Group S.r.l. and with 100% control by it, there was established a new company under Greek law, Cerved Credit Management Greece S.A., for the purpose of exercising in Greece the activity of credit collection agency on behalf of third parties (in accordance with Legislative Decree No. 4354/2015 and Resolution No. 118/5.19.2017 of the Executive Committee of the Bank of Greece).

On **May 14, 2018**, Quaestio Cerved Credit Management S.p.A. closed the acquisition of "Juliet," the platform for the recovery of nonperforming loans of Banca Monte dei Paschi di Siena (BMPS). The Juliet platform carries out special servicing activities for the portfolios of nonperforming loans generated by Banca MPS and will manage at least 80% of the nonperforming loans that will be generated by BMPS for a period of 10 years (initially valued at about 4.5 billion euros), in addition to other nonperforming assets deriving from BMPS's

securitization transactions and other securitization transactions promoted by Quaestio (amounting to about 17.6 billion euros at the closing date of the Juliet transaction). The sale's consideration was 52.6 million euros, in line with the consideration of 52.5 million euros announced on August 2, 2017, as corrected for certain adjustments to some working capital items. This consideration could be increased by an earnout of up to 33.8 million euros, possibly payable in two installments, upon the achievement of certain economic results, further to the approval of the financial statements of Juliet S.p.A. at December 31, 2020 and December 31, 2025.

On **May 28, 2018**, Cerved Group closed a transaction to purchase an additional 3.21% interest in the equity capital of Cerved Credit Management Group S.r.l. from the minority partners at a price of 10,521 thousand euros, executing an outstanding option and thus increasing its controlling interest in Cerved Credit Management Group S.r.l. from 91.98% to 95.19%.

On **June 15, 2018**, Cerved Group executed three "Forward Start" IRS contracts to hedge Tranche C of the Senior Facility, from January 15, 2022 to November 30, 2023.

On **June 24, 2018**, the Board of Directors of Cerved Group S.p.A. reviewed and approved the Industrial Plan for the next three year, in addition to approving the 2018-2020 Strategic Outlook. For subsequent years until 2020, the growth targets for the Group's adjusted consolidated EBITDA, stated as a compound average annual growth rate, project an organic growth ranging between +3.0% and +5.0%, plus growth from acquisition of +2.0% to +3.5%, for a total consolidated growth rate of +5.0% and +8.5%.

As for the capital structure, the medium/long-term objective for net financial debt is 3.0x year-end Adjusted EBITDA, barring extraordinary transaction and nonrecurring impacts. With regard to dividend policy, the following two components should be taken into consideration: (i) a gradual ordinary dividend based on a distribution of about 40%-50% of Adjusted net profit attributable to owners of the parent; and (ii) potentially, a variable special dividend to be determined in a manner that will maintain the Group's net financial debt in line with the medium/long-term objective of 3.0x Adjusted EBITDA for the latest 12 months, barring the use of resources for acquisitions and share buyback programs.

On **July 2, 2018**, Cerved Group S.p.A. acquired the big data analysis and media monitoring business operations of Bauciweb S.r.l. for a consideration of 250 thousand euros

On **July 24, 2018**, Cerved Group closed a transaction to acquire an additional 26.19% interest in the equity capital of Spazio Dati S.r.l. at a price of 1,570 thousand euros, thereby achieving control of Spazio Dati and increasing its ownership percentage from 48% to 74.19%, with the mutual commitment of the parties to buy and sell the remaining equity in three subsequent tranches, the last one due in 2021.

On **July 24, 2018**, through its indirect subsidiary Cerved Legal Services S.r.l., the Company carried out an investment for a partnership in a law firm called "La Scala Cerved – società tra avvocati a responsabilità limitata," in accordance with Law No. 124/2017 ("Competition Law"), owned 33.3% by Cerved Legal Services S.r.l., with the remaining 66.66% owned by

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attorneys who are partners of the La Scala law firm. The purpose of this new entity will be to manage, through judicial proceedings and out-of-court settlements, bank-originated loans, with the aim of becoming the leader in Italy by combining the technical-professional knowhow and competencies for transactions, systems, technology and big data of the Cerved Group with the legal-professional competencies of the La Scala law firm.

On **July 30, 2018**, the Board of Directors approved the launch of a share buyback program designed to allow the fulfillment of the obligations arising from program to distribute, for consideration or free of charge, stock options or other awards of shares to employees or members of management bodies of the Company or its subsidiaries or affiliated companies and create a stock of treasury shares" that would be available for the future use of said shares as consideration in connection with extraordinary transactions. The duration of the program was set at a maximum period of six months, counting from September 3, 2018, and was completed on January 2, 2019 with the purchase of treasury shares for a consideration of about 29 million euros.

On **October 9, 2018**, the Chief Executive Officer Marco Nespolo resigned from his post, effective as of October 31, 2018, to pursue new professional opportunities. The Company's Board of Directors appointed as the new Chief Executive Officer Gianandrea De Bernardis, who already served as Executive Deputy Chairman. Further to Marco Nespolo's resignation from the posts of Company Director and Chief Executive Officer, the Company paid to Marco Nespolo: (i) his pro-rata share of the fixed compensation for the year 2018 owed for his service as Chief Executive Officer, noting that Marco Nespolo waived his compensation for the post of Director; (ii) a pro-rated variable compensation based on the results achieved compared with the target established at the beginning of the year (Short-term Incentive) amounting to 250,000 euros, already disbursed with 30 days from the date of termination from his post.

Please also note that, as a result of his resignation Marco Nespolo did not retain any claim to the long-term incentive share plans previously awarded (2019-2021 Performance Share Plan, total number of 475,054 options for the three tranches). To protect the Company from potential competition risks, the parties signed a new non-compete agreement, the consideration for which, amounting to 285,000 euros was disbursed in a lump sum on January 31, 2019.

On **October 18, 2018**, Cerved Group S.p.A. acquired at a price of 3,735 thousand euros 60% of a majority interest in Pro Web Consulting S.A., a rapidly growing Swiss company that provides Search Engine Optimization and Conversion Rate Optimization services for the websites of large companies operating primarily in Italy.

SIGNIFICANT EVENTS OCCURRING AFTER DECEMBER 31, 2018

On **January 30, 2019**, the subsidiary Cerved Credit Management Group S.r.l. (CCMG) entered into a binding agreement with Eurobank Ergasias S.A. ("Eurobank") for the development of a long-term industrial partnership the purpose of which is the management of real estate assets.

Within the framework of this agreement, CCMG will purchase from Eurobank the entire share capital of Eurobank Property Services S.A. ("EPS") in Greece and of its subsidiaries Eurobank Property Services S.A. in Romania and ERB Property Services D.O.O. Belgrade in Serbia. EPS was also designated as primary servicer for the management of real estate assets for Eurobank for the next five years ("Servicing Agreement"), specifically regarding all appraisal activities carried out in connection with the issuance of new mortgage loans and the re-appraisal of the assets pledged to secure performing and nonperforming loans. The closing of this transaction, which is conditional on the authorization of the regulatory authorities and other standard conditions for similar transactions, is scheduled for the first quarter of 2019, with the purchase of the entire share capital of EPS at a price of 8 million euros. This price may be increased by an earnout of up to 5 million euros based on the achievement of economic targets over a time period ending in 2023.

On **January 31, 2019**, the Company purchased an additional controlling interest in Spazio Dati S.r.l. at a price of 1,035 thousand euros, thereby increasing its controlling interest from 74.19% to 79.48%.

BUSINESS OUTLOOK

Insofar as the outlook for the Group's business operations in 2019 is concerned, projections call for a scenario of growing revenues and EBITDA based on a contribution by all divisions (Credit Information, Credit Management e Marketing Solutions) and thanks to an improvement in the processes to integrate, streamline and make activities more efficient, with the aim of increasing both profitability and the generation of cash flow, in line with the strategic outlook communicated to the market and consistent with the applicable accounting principles.

2019-2021 PERFORMANCE SHARE PLAN

On March 16, 2016, the Company's Board of Directors, acting with the prior favorable opinion of the Compensation and Nominating Committee, approved the Regulation for the "2019-2021 Performance Share Plan" (the "Plan"), reserved for some of the Group's key persons, identified among Directors, managers and other members of top management.

The Plan is structured into three Cycles (2016, 2017 and 2018), each with a duration of three years; subject of the Plan is the award of options to receive, free of charge, up to 2,925,000 shares, equal to 1.5% of the Company's share capital, attributable over the Plan's three Cycles, barring any amendments approved by the Board of Directors pursuant to the powers assigned to the Board for the Plan's implementation.

1. Report of the Board of Directors on Operations

The performance targets identified in the Plan are:

- **“PBTA Target”** – Growth, stated as a percentage of “Adjusted Profit Before Taxes” per share during the reference three-year period, it being understood that the growth of the “Adjusted Profit Before Taxes”: (i) shall be understood to mean the annual compound growth rate, excluding from the computation the accounting effects of the Plan itself; and (ii) excludes the effects of the “Forward Start” refinancing agreement starting in 2015.
- **“TSR Target”** – The Company’s “Total Shareholder Return” compared with that of companies included, for the each Plan Cycle and the entire duration of the corresponding performance period, in the FTSE Mid Cap Index Italia generated by Borsa Italiana S.p.A.

On June 4, 2018, the Company’s Board of Directors, upon a recommendation by the Compensation and Nominating Committee, approved the designation of the beneficiaries and the number of options awarded to each beneficiary of the Third Cycle of the 2019-2021 Plan. On December 19, 2018, the Company’s Board of Directors, also upon a recommendation by the Compensation and Nominating Committee, approved the designation of the beneficiaries and the number of options awarded to each beneficiary of a Third Supplemental Cycle of the 2019-2021 Plan, while still maintaining the maximum total number of options awarded within the limit approved by the Shareholders’ Meeting on December 21, 2015. The performance targets for the Third Cycle and the Third Supplemental Cycle are the same as those specified for the First Cycle and the Second Cycle.

The table below shows the status of the options for the three cycles and the third supplemental cycle outstanding at December 31, 2018:

	Options awarded and outstanding at December 31, 2018	Options awarded	Options expired/ revoked	Options exercised	Options outstanding at December 31, 2018
2019-2021 Performance Shares 1st Cycle 2016	1,108,644		(316,107)	-	792,537
2019-2021 Performance Shares 2nd Cycle 2017	931,490		(260,255)	-	671,235
2019-2021 Performance Shares 3rd Cycle 2018	977,326		(225,196)	-	752,130
2019-2021 Performance Shares Supplemental 3rd Cycle		708,387			708,387
Total	3,017,460	708,387	(801,558)	-	2,924,289

The accrued cost recognized at December 31, 2018 for the abovementioned plans amounted to 4,981 thousand euros and was included among Personnel costs.

MAIN RISKS AND UNCERTAINTIES

The company is exposed to the following financial risks: market risk (interest rate risk and price risk), liquidity risk and credit risk. Liquidity risk is addressed by carefully managing and controlling operating cash flows.

The company is also exposed to the price risk for the services it purchases (cost of raw data), which it manages by executing with its counterparties agreements the terms of which include predefined prices within the framework of an industry agreement. The credit risk refers exclusively to commercial receivables, but the company does not view the risks associated with this area as significant, as its sales policies are structured with the aim of dealing only with customers with an appropriate size and credit profile. Additional information about the main risks and uncertainties to which the company's financial statements are exposed is provided in the "Financial Risk Management" section of the Notes to the Financial Statements.

INFORMATION ABOUT TREASURY SHARES

At December 31, 2018, the Company held 3,873,096 treasury shares valued at 29.3 million euros.

FINANCIAL INSTRUMENTS

See the information provided in the Notes to the Financial Statements.

INFORMATION CONCERNING THE ENVIRONMENT

Environmental issues are not of crucial importance given the fact that the Company operates in the service sector. However, it is worth noting that the Company and the other Group companies operate in a responsible and environmentally-friendly manner in order to reduce the impact of their activities on the environment.

See the information provided in the Non-financial Statement for additional details.

INFORMATION ABOUT CORPORATE GOVERNANCE

The Company has made its system of corporate governance compliant with the relevant provisions of Legislative Decree No. 58/1998 ("TUF") and the Corporate Governance Code for Listed Companies approved by the Corporate Governance Committee and promoted by Borsa Italiana, ABI, Ania, Assogestioni, Assonime and Confindustria (the "Corporate Governance Code").

For additional information about the Company's governance, please see the corresponding page of the Company's website: company.cerved.com/it/documenti.

HUMAN RESOURCES

Cerved has always viewed the central role performed by its people as the fulcrum of its management strategies, pursuing paths that are deployed at two main levels:

- the promotion of programs focused on increasing competencies and stimulating talents;
- the planning of a work environment that, based on meritocratic and non-discriminatory criteria, guarantees equal opportunities, thanks also to the use of the most innovative support tools.

1. Report of the Board of Directors on Operations

The Group believes that sharing the objectives with all involved resources is of fundamental importance. This is the prerequisite that enables people not only to feel more involved in Company projects but also to become conscious of the importance and responsibilities entailed by the role they perform.

Cerved's business is based on services with high valued added, developed thanks to the ideas and professional skills of its people, who are therefore the Group's main asset. For this reason, it is essential to value training and the development competencies as the key to respond to the competitiveness of the Company's business and foster its development.

Training

Employee training is an investment that generates value in two ways: for the organization and for the people who belong to it. It is with this awareness that Cerved offers to Group employees development paths and programs aimed at increasing and enhancing the capabilities of each individual.

Five main work streams were addressed in 2018:

- Managerial Skills
- Professional Skills
- Technical Skills by area
- Compliance
- Wellbeing

Hiring and Attracting Talents

Cerved's strategic asset is represented by its people who, with their strong professional background and personal attitude, generate value for the Group and are the main engine driving its success and growth. Empathy and resiliency are the key elements of the mix of competencies held by the more than 2,200 people who work at the Group, which devotes major investments to the selection and enhancement of talents with the aim of helping them best deploy their skills in an environment in which we are all part of the team (#facciamosquadra).

Given the crucial role and importance of this process, 2018 witnessed a significant investment also from an organizational standpoint, with the creation of an internal unit dedicated to attracting and selecting candidates.

In addition to the recruitment of experienced resources, emphasis was also placed on college seniors and new graduates, with the aim of investing in young people and their training and the development of internal growth paths. In these instances, the selection modality includes an assessment, through which candidates are assessed based on their behavior and not just on their CVs, which do not always present the history and passions of candidates and how they handle themselves, fundamental factors particularly in the selection of resources who are just entering the labor market.

Employer Branding is undoubtedly a strategic tool for best positioning Cerved and several

initiatives were implemented in 2018 to explain the environment and opportunities that the Company offers to new graduates.

A combination of Employer Branding, recruitment activities and information about Cerved's world coalesced into Cerved Next Campus, an event focused in young talents, within the framework of the broader insight provided by Cerved Next.

Many of those youths now work at Cerved, showing that the investment made in Employer Branding paid important dividends also in terms of hiring.

The employee selection phase is of crucial importance, as is their effective inclusion within the Company. For this reason, in 2018 we created a structured Onboarding process aimed at helping the people who begin working with us become included most effectively and quickly in their new work environment during the early months of employment, which are the most sensitive, and broaden their networks and understanding of the Cerved culture.

Welfare, Work-life Balance and Company Environment

In 2018, Cerved inaugurated Company Welfare, a project conceived for and with the employees and based on an approach that focuses on the involvement of employees, providing them with the necessary information tools and analyses.

The people designated as recipients of the performance bonus were given the option of either earmarking it for the Welfare program, and thus increase their buying power, or asking that it be disbursed through the pay stub.

The results for the first year were extremely positive, with 58% of the employees voluntarily choosing the Welfare program.

To improve the work-life balance and provide greater work flexibility, Cerved, after a pilot project in 2017, decided to extend the smart working model to several areas of the Company.

Thanks to Smart Cerved, over 1,400 employees have now the option to choose smart working, a new work modality that is more flexible and ecosustainable, enabling employees to work remotely one day a week, and is based on the concepts of mutual trust, wellbeing and empowerment of the Group's resources.

Employee Involvement

The Group devotes the utmost attention to recruiting and hiring practices and building employee loyalty.

One of the most significant initiatives of 2018 was the "Focus on" project, a survey that involved all the employees of the Cerved Group with the objective of finding together answers to certain questions. The results of the survey showed a rate of employee satisfaction that exceeded the benchmark for Italian companies in the same sector and the fact that 80% of the persons surveyed would recommend Cerved as an employer to a friend.

There was a further increase in the use of Workplace, our Social Collaboration platform

1. Report of the Board of Directors on Operations

introduced in 2017, which has now become a consolidated sharing, collaborating and communicating tool for all Group people.

This platform is indeed a dynamic, informal and immediate communication tool that makes it possible to share news, messages, files, photos, videos and streaming videos, projects and updates, developing a greater sense of integration among Cerved's people, irrespective of the organizational unit or geographic area to which they belong.

Compensation Policies

The objective of the compensation and benefit policies adopted by Cerved is to attract and enhance the value of talented employees and all resources deemed strategic because they possess not only high professional competencies but also due to aspects of their CV or character that are best suited for the complexities and the context within which the Group operates.

For office staff and middle managers, the compensation package is comprised of a fixed portion and a variable portion. The former, which reflects a meritocratic approach, is reviewed annually and, if needed, is adjusted consistent with the principles of competitiveness with the external environment, internal fairness and individual performance. The latter consists of a performance bonus, agreed upon with the labor unions and benchmarked based on an incentive system for Company targets.

For a portion of the Company's population the variable compensation includes a Performance Bonus tied to individual performance and Company results. This process entails the definition of clear targets shared with the relevant manager, relying on continuous feedback about the assessment of the work performed and the results achieved.

The final amount of the Performance Bonus is defined by a component measured against the achievement of a predetermined level by Group EBITDA and individual targets based on:

- value creation, aligning the performance of the resources with the business objectives over a medium/long-term horizon, consistent with the risk profile defined for the Group;
- development, promoting the managerial and professional development of the persons involved through frequent exchanges of feedback with management;
- individual recognition, rewarding individual performance and valuing the professional contribution of individuals in a differentiated manner.

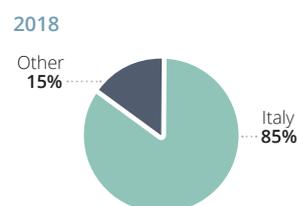
Each resource involved in the process may be assigned at least two and not more than four individual targets and all Executives (and optionally Middle Managers who oversee employees) are assigned a "Collaborative Leadership" KPI with a weight of 10%.

For executive directors and executives with strategic responsibilities, the definition of the compensation policy is the result of a shared and transparent process in which the Company's Compensation and Nominating Committee and Board of Directors perform a central role, as required by the Corporate Governance Code for Listed Companies (see the Compensation Report for additional information).

The performances of the sales organizations are rewarded with special incentive systems based on quantitative and qualitative KPIs.

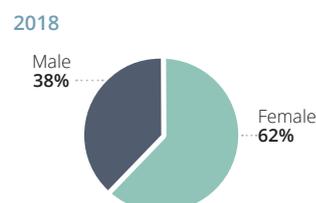
In 2018, the staff of the Cerved Group averaged 2,153 full time equivalent (FTE) employees located 85% in Italy and the remaining 15% abroad in Europe.

Geographic Area	Average HC 2018	%	Average HC 2017	%
Italy	1,849	85%	1,692	86%
Other	331	15%	279	14%
Total	2,180	100%	1,971	100%



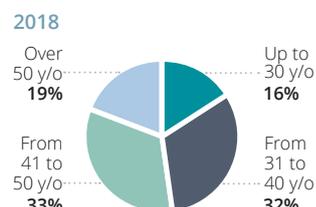
Al 31 dicembre 2018 il 63% dei dipendenti è rappresentato da donne.

Gender	HC as of December 31, 2018	%	HC as of December 31, 2018	%
Male	885	38%	749	38%
Female	1,436	62%	1,243	62%
Total	2,321	100%	1,992	100%



Also at December 31, 2018, a breakdown of employees by age group was as follows:

Breakdown by age group (y/o)	HC as of Dec 31, 2018	FEMALE			MALE		
		Executives	Middle Managers	Office staff	Executives	Middle Managers	Office staff
Up to 30 y/o	361	0	2	233	0	4	122
From 31 to 40 y/o	745	0	24	441	8	54	218
From 41 to 50 y/o	778	7	61	425	28	88	169
Over 50 y/o	437	6	45	192	32	77	85
Total	2,321	13	132	1,291	68	223	594



1. Report of the Board of Directors on Operations

The table below shows the composition of the Board of Directors at December 31, 2018:

Name	Gender	Year born	Post held
Fabio Cerchiai	M	1944	Chairman, Independent
Gianandrea De Bernardis	M	1964	Deputy Chairman and Chief Executive Officer ¹
Sabrina Delle Curti	F	1975	Executive Director
Andrea Mignanelli	M	1969	Executive Director
Roberto Mancini	M	1971	Executive Director
Mara Anna Rita Caverni	F	1962	Independent Director
Aurelio Regina	M	1963	Independent Director
Marco Maria Fumagalli	M	1961	Independent Director
Valentina Montanari	F	1967	Independent Director
Simona Elena Pesce	F	1966	Independent Director
Giovanni Sartor	M	1956	Executive Director

Directors of the female gender accounted for 36% of the Board; 73% of the Board members was older than 50 years of age, while the remaining 27% were between 30 and 50 years old.

NON-FINANCIAL STATEMENT

The Company prepared a Non-financial Statement, also called Sustainability Report, at December 31, 2018, pursuant to Legislative Decree No. 254/16 and consistent with the Guidelines published by the European Union in July 2017 and Consob Regulation No.20267 of January 18, 2018. This Statement will be reviewed for approval by the Board of Directors on March 5, 2019.

RESEARCH AND DEVELOPMENT

The Group carried out research and development activities as part of its core business, involving the development of computational algorithms, rating systems and econometric analyses of trends in sectors of the economy. The costs incurred for these activities are charged in full to income, except for development costs that meet the requirements of IAS 38, which are capitalized as intangible assets.

CERVED AND THE STOCK MARKET

Performance of the Company Stock

Since June 24, 2014, Cerved has been a group listed on the Online Stock Exchange (MTA) of Borsa Italiana. Its shares are identified with ISIN Code IT0005010423 and CERV Alphanumeric Code.

1. With regard to the post of Chief Executive Officer, Gianandrea De Bernardis replaced Marco Nespolo, who had resigned from the post of Chief Executive Officer effective as of October 31, 2018.

At the global level, the first six months of 2018 were characterized by numerous significant developments including the elections in Italy, the imposition of tariffs by the United States, an increase of interest rates the Federal Reserve and the announcement by the ECB that Quantitative Easing would end over the coming months, which caused investors to adopt a more conservative approach in their asset allocation. Despite the agreement reached by the European Commission and the Italian government for the 2019 budget law, Italy also continued to present a risk factor for the market that is reflected in the valuation estimates of financial analysts who increased the weight of the risk component that reflects the Italy risk, with the direct consequence of lowering the price target. In addition to these general economic and business conditions, the Cerved stock was adversely affected, particularly in the closing months of the year, by a series of corporate events, including the resignation of the Chief Executive Officer and the slower growth of the Corporate Segment reported in the third quarter of 2018.



In 2018, Cerved's stock price fell by 33.2%, starting from 10.71 euros, the first official price recorded on January 2, 2018, consistent with the trend for the FTSE Italia MidCap (-19.5%) and the FTSE MIB (-16.1%) over the same period

The table below summarized the data for the period from January 2, 2018 to December 31, 2018.

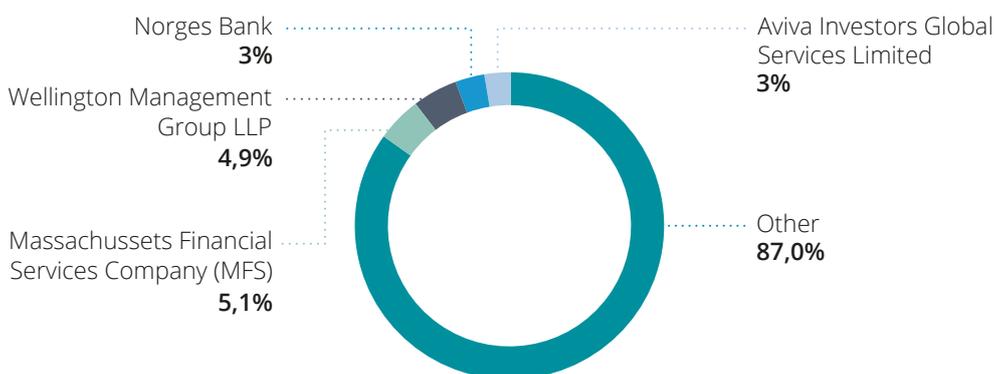
Highlights	Euros	Date
IPO price	5.10	June 24, 2014
Low for the year	6.39	December 11, 2018
High for the year	11.70	January 29, 2018
First official closing price	10.71	January 2, 2018
Last official closing price	7.16	December 31, 2018
Capitalization	1,397,192,442	December 31, 2018
Number of shares outstanding	195,274,979	December 31, 2018
Share float (%)	100%	December 31, 2018

For additional information about the performance of the Cerved stock and Company updates please visit the Investor Relations page of the Company website: company.cerved.com.

Shareholders

The chart below provides a breakdown of the Company's shareholders at December 31, 2018 showing shareholders with significant equity stakes, based on information received by the Consob and the Company (Form 120A) pursuant to law

Breakdown of Cerved's Shareholders (at December 31, 2018)



Source: IPREO; Annex A-Form 120A

Relations with the Financial Community

For Cerved, the activities involving communicating and managing relations with the financial community are of primary importance and are focused on creating value for the Group's shareholders and its stakeholders in general.

Cerved's Investor Relations team is mainly responsible for managing relations with analysts and investors and is committed to communicating public disclosures transparently and in accordance with existing regulations, thereby creating value both for the Group and its stakeholders. The objective of the Investor Relations activities is to help the financial community understand Cerved's objectives, strategies and growth prospects through communications that are transparent, timely, complete and consistent, with the aim of reducing uncertainty and unequal access to information.

The team organizes numerous events to engage and communicate with the financial community, particularly on the occasion of key company development such as announcements of quarterly results and Shareholders' Meetings. The engagement process includes identifying all key events that the Company intends to attend during the year. These include attending conferences organized by the brokers (sell-side) who follow the Cerved stock and organizing full roadshow days allocated to different brokers, based on their knowledge of a specific financial markets and the attending shareholders.

In 2018, Investor Relations focused its activities on a strategy mainly developed through the following initiatives:

- preparing and distributing documents concerning the quarterly results and the documents for the Shareholders' Meeting;
- participating in events with the financial community and conference calls with investors at the request of brokers and at the direct request of investors;
- investor caring and prospect targeting activities;
- monitoring analyst estimates and internal reconstruction of the consensus;
- monitoring the stock's performance;
- organizing ad hoc events for the financial community (Investor Day e Open Day);
- monitoring and providing updates on the main changes introduced in the regulatory framework that could affect relations with the financial community.

On June 25, 2018, two years since the first iteration of this event, Cerved held its second Investor Day, during which we illustrated the pillars of our strategy and the guidelines of the Group's medium/long-term economic and financial objectives, with the aim of increasing the awareness of the financial community of our virtuous growth path.

In 2018, the Cerved stock was followed by 10 sell-side analysts who published regular research reports, thereby helping communicate information about the company to the financial community. The reference target price, obtained as an average of the target prices of the 10 analysts at December 31, 2018, was 10.1 euros.

STATEMENT OF RECONCILIATION OF PARENT NET PROFIT AND SHAREHOLDERS' EQUITY TO CONSOLIDATED NET PROFIT AND SHAREHOLDERS' EQUITY

The table below provides a statement of reconciliation of the Company's shareholders' equity to the Group's shareholders' equity and a statement of reconciliation of the Company's net profit to the Group's net profit.

<i>(in thousands of euros)</i>	Shareholders' equity at December 31, 2018	Net profit for 2018
Parent shareholders' equity and net profit	527,250	58,312
Consolidated companies	236,510	38,823
Reversal of carrying amount of investments in associates	(219,097)	3,496
Fair value of options executed with minority shareholders	(32,362)	1,654
Equity-method consolidation of associated companies	(29)	(100)
Recognition of goodwill	40,038	
Elimination of dividends		(13,000)
Consolidated shareholders' equity and net profit	552,309	89,187

OVERSIGHT AND COORDINATION ACTIVITY

Cerved is not subject to oversight and coordination activity by external parties. but exercises oversight and coordination activity over its subsidiaries.

INFORMATION ABOUT THE “OPT OUT” ALTERNATIVE

As required by the provisions of Article 70, Section 8, of the Issuers’ Regulation, the Company announces that, on April 2, 2014, concurrently with the filing of the application to list its shares on the MTA, it adopted the “opt out” alternative provided pursuant to Article 70, Section 8, and Article 71, Section 1-bis, of the Issuers’ Regulation, thereby availing itself of the right to be exempt from the obligation to publish the information memoranda required in connections with material transactions involving mergers, demergers, capital increases through conveyances in kind, acquisitions and divestments.

MOTION TO APPROPRIATE THE RESULT FOR THE YEAR

Dear Shareholders:

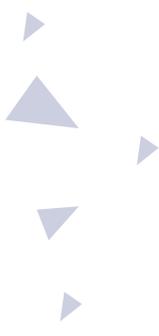
In asking you to approve the Financial Statements and the Report, as submitted to you, we also urge you to adopt a resolution to appropriate the year’s net profit of 58,311,740.42 euros as follows:

- 14,228.40 to the statutory reserve
- 57,606,118.81 euros distributed as a dividend of 0.295 euros on each common share;
- 691,393.21 euros added to retained earnings.

San Donato Milanese,
March 5, 2019

The Board of Directors
by Fabio Cerchiai
Chairman
(Signed on the original)





Consolidated
Financial Statements
at December 31, 2018



CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

<i>(in thousands of euros)</i>	Notes	At December 31, 2018	At December 31, 2017 Restated
Revenues	7	457,221	394,122
<i>amount with related parties</i>	44	640	687
Other income	8	861	297
Total revenues and income		458,082	394,419
Cost of raw materials and other materials	9	(3,221)	(7,138)
Cost of services	10	(121,135)	(99,917)
<i>amount from nonrecurring transactions</i>	15	3,808	(3,167)
<i>amount with related parties</i>	44	(2,240)	(2,296)
Personnel costs	11	(121,861)	(102,724)
<i>amount from nonrecurring transactions</i>	15	(2,772)	(4,144)
<i>amount with related parties</i>	44	(5,512)	(4,896)
Other operating costs	12	(11,758)	(8,740)
<i>amount from nonrecurring transactions</i>	15	(669)	(3)
Impairment of receivables and other accruals	13	(3,805)	(3,366)
Depreciation and amortization	14	(73,780)	(67,077)
Operating profit		122,522	105,457
Income from/(charges for) investments in associates	22	3,395	357
<i>- Pro rata interest in the result of companies valued by the equity method</i>	44	(101)	357
<i>- Other nonrecurring income from investments in associates</i>	15	3,496	-
<i>amount with related parties</i>	44	(101)	357
Financial income	16	4,964	5,908
<i>amount from nonrecurring transactions</i>		-	5,397
<i>amount with related parties</i>	15	1,794	-
Financial charges	17	(19,281)	(30,863)
<i>amount from nonrecurring transactions</i>	15	(556)	(200)
<i>amount with related parties</i>	44	-	(7,656)
Profit before income taxes		111,600	80,858
Income tax expense	18	(22,413)	(26,590)
Net profit		89,187	54,269
Amount attributable to non-controlling interests		3,998	1,535
Net profit attributable to owners of the parent		85,189	52,734
Other components of the statement of comprehensive income:			
Items that will not be later reclassified to the income statement:			
<i>Actuarial gains/(losses) on defined-benefit plans for employees</i>		(578)	(238)
<i>Tax effect</i>		139	57
<i>Hedge accounting gains/(losses)</i>		(2,428)	356
<i>Tax effect</i>		665	(85)
<i>Gains/(Losses) from the measurement of investment in associates at fair value</i>		-	18
<i>Tax effect</i>		-	(4)
<i>Gains/(Losses) from the translation of the financial statements of foreign companies</i>		(17)	(31)
Comprehensive net profit:		86,968	54,342
<i>attributable to owners of the parent</i>		82,999	52,835
<i>attributable to non-controlling interests</i>		3,969	1,506
Basic earnings per share (in euros)		0.438	0.270
Diluted earnings per share (in euros)		0.438	0.268

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

<i>(in thousands of euros)</i>	Notes	At December 31, 2018	At December 31, 2017 Restated
ASSETS			
Non-current assets			
Property, plant and equipment	19	19,829	20,597
Intangible assets	20	460,423	415,652
Goodwill	21	747,173	735,915
Investments in companies valued by the equity method	22	3,130	5,751
Other non-current financial assets	23	8,644	5,901
<i>amount with related parties</i>		500	-
Total non-current assets		1,239,200	1,183,815
Current assets			
Inventory	24	111	1,971
Trade receivables	25	197,799	160,018
<i>amount with related parties</i>	44	255	112
Tax receivables	26	12,305	4,172
Other receivables	27	3,028	2,451
<i>amount with related parties</i>	44	32	106
Other current assets	28	14,289	13,763
Cash and cash equivalents	29	42,363	99,207
Total current assets		269,894	281,584
TOTAL ASSETS		1,509,094	1,465,399

2. Consolidated Financial Statements at December 31, 2018

<i>(in thousands of euros)</i>	Notes	At December 31, 2018	At December 31, 2017 Restated
Share capital	30	50,521	50,450
Statutory reserve	30	10,090	10,090
Additional paid-in capital	30	434,099	438,981
Other reserves	30	(38,169)	(16,826)
Net profit attributable to owners of the parent		85,189	52,734
Shareholders' equity attributable to owners of the parent		541,730	535,428
Shareholders' equity attributable to non-controlling interests	30	10,579	7,451
TOTAL SHAREHOLDERS' EQUITY		552,309	542,879
Non-current liabilities			
Long-term debt	32	576,713	571,749
Employee benefits	34	13,621	13,276
Provisions for other liabilities and charges	35	5,534	5,956
Other non-current liabilities	36	20,640	26,200
<i>amount with related parties</i>	44	8,617	15,006
Deferred tax liabilities	37	105,241	90,485
Total non-current liabilities		721,749	707,666
Current liabilities			
Short-term borrowings	32	13,100	1,700
Trade payables	38	59,844	46,045
<i>amount with related parties</i>	44	678	1,396
Current tax payables	39	5,985	7,740
Other tax payables	40	10,996	3,697
Other liabilities	41	145,112	155,672
<i>amount with related parties</i>	44	6,727	8,161
Total current liabilities		235,037	214,854
TOTAL LIABILITIES		956,785	922,521
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,509,094	1,465,399

CONSOLIDATED STATEMENT OF CASH FLOWS

<i>(in thousands of euros)</i>	Notes	At December 31, 2018	At December 31, 2017 Restated
Profit before taxes		111,600	80,858
Depreciation and amortization	14	73,780	67,077
Impairment of receivables and other provisions, net	13	3,805	3,243
Performance Share Plan	43	4,981	1,820
Capital gains of disposal		(316)	0
Net financial charges	17	14,317	24,600
Income from/(Charges for) investments in associates	22	(3,395)	(357)
Cash flow from/(used in) operating activities before changes in working capital		204,772	177,241
Change in operating working capital		(23,255)	(12,465)
Change in other working capital items		13,464	12,014
Change in provisions for risks and charges, deferred taxes and other liabilities		(2,456)	(3,387)
Cash flow from changes in working capital		(12,247)	(3,838)
Income taxes paid		(38,215)	(22,465)
Cash flow from/(used in) operating activities		154,310	150,938
Additions to intangible assets	20	(35,208)	(34,232)
Additions to property, plant and equipment	19	(5,605)	(6,622)
Disposal of property, plant and equipment and intangible assets	19-20	1,306	814
Financial income	16	(519)	508
Acquisitions net of acquired cash	5	(73,548)	461
Investments in associates net of dividends received	22	(25)	25
Change in other non-current financial assets		(828)	64
Acquisition of non-controlling interests		(14,412)	(2,917)
Cash flow from/(used in) investing activities		(128,839)	(41,899)
Net change in short-term borrowings	32	1,883	531
Repayment of senior loan financing facility		-	(9,600)
Utilization of Revolving Line	32	10,000	-
Charges for the amendment to the senior loan facility and new Cariravenna loan	32	(1,000)	(2,914)
Receipt of Cariravenna loan		-	18,000
Disbursement of loan to La Scala Cerved	23	(500)	-
Capital increase by QCCM underwritten by outsiders		2,956	50
Purchase of Treasury Shares	30	(29,296)	-
Interest paid		(13,637)	(16,273)
Dividends paid/non-controlling interests		(52,724)	(48,165)
Cash flow from/(used in) financing activities		(82,315)	(58,371)
Net change in cash and cash equivalents		(56,844)	50,668
Cash and cash equivalents at the beginning of the period		99,207	48,539
Cash and cash equivalents at the end of the period		42,363	99,207
Difference		(56,844)	50,668

STATEMENT OF CHANGES IN CONSOLIDATED SHAREHOLDERS' EQUITY

<i>(In thousands of euros)</i>	Share capital	Statutory reserve	Additional paid-in capital	Other reserves	Net profit attributable to owners of the parent	Consolidated equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
Balance at December 31, 2014	50,450	-	539,551	119	9,443	599,563	5,567	605,130
Appropriation of the 2014 result				9,443	(9,443)	0		0
Establishment of statutory		10,090	(10,090)			0	0	0
Dividend distribution			(39,975)			(39,975)	(91)	(40,066)
Acquisitions of minority interests				62		62	(62)	0
Total transactions with owners	10,090	(50,065)	9,505	(9,443)	(39,913)	(153)	(40,066)	
Net profit					1,437	1,437	2,187	3,623
Other changes in statement of comprehensive income				201		201	(90)	111
Net comprehensive result				201	1,437	1,638	2,097	3,734
Balance at December 31, 2015	50,450	10,090	489,486	9,825	1,437	561,288	7,511	568,798
Appropriation of the 2015 result				1,437	(1,437)			-
Dividend distribution			(44,850)			(44,850)		(44,850)
Acquisition of minority interests (ClickAdv and Major 1)							2,888	2,888
Recognition of Performance Share Plan				673		673	7	680
Acquisitions of minority interests				4,675		4,675	(4,675)	-
Recognition of liability for option held by minority shareholders			-	(29,866)		(29,866)		(29,866)
Total transactions with owners	-	-	(44,850)	(23,081)	(1,437)	(69,368)	(1,780)	(71,148)
Net profit					47,280	47,280	1,385	48,665
Other changes in statement of comprehensive income				(2,367)		(2,367)	(15)	(2,382)
Net comprehensive result	-	-	-	(2,367)	47,280	44,913	1,370	46,283
Balance at December 31, 2016	50,450	10,090	444,636	(15,623)	47,280	536,833	7,101	543,934
Impact of first time adoption of IFRS 15 and IFRS 9				(8,951)		(8,951)	(152)	(9,103)
Balance at January 1, 2017 Restated	50,450	10,090	444,636	(24,574)	47,280	527,882	6,949	534,830

Cerved Group S.p.A.

<i>(In thousands of euros)</i>	Share capital	Statutory reserve	Additional paid-in capital	Other reserves	Net profit attributable to owners of the parent	Consolidated equity attributable to owners of the parent	Equity attributable to non-controlling interests	Total shareholders' equity
Balance at January 1, 2017 Restated	50,450	10,090	444,636	(24,574)	47,280	527,882	6,949	534,830
Appropriation of the 2016 result				47,280	(47,280)	-		-
Dividend distribution (0.82 euros per share)				(42,510)		(42,510)		(42,510)
Distribution of other reserves			(5,655)			(5,655)		(5,655)
Recognition of liability for Performance Share Plan				1,805		1,805	15	1,820
Recognition of integration of minority interest (ClickAdv)				1,009		1,009	(1,009)	-
Recognition of integration of minority interest (Major 1)				62		62	(63)	(1)
Recognition of minority interest (QCCM)							54	54
Total transactions with owners	-	-	(5,655)	7,646	(47,280)	(45,289)	(1,003)	(46,292)
Net profit					52,734	52,734	1,534	54,268
Other changes in statement of comprehensive income				101		101	(27)	73
Net comprehensive result	-	-	-	101	52,734	52,385	1,506	54,341
Balance at December 31, 2017	50,450	10,090	438,981	(16,827)	52,734	535,428	7,451	542,879
Appropriation of the 2017 result				52,734	(52,734)	-		-
Dividend distribution (0.245 per share)				(47,842)		(47,842)		(47,842)
Distribution of additional paid-in capital			(4,882)			(4,882)		(4,882)
Recognition of liability for Performance Share Plan				4,981		4,981		4,981
Recognition of a minority interest through a capital increase (Consit)	71			1,596		1,667	(1,667)	-
Acquisitions of minority interest	-	-	-	2,854	-	2,854	(2,130)	724
Recognition of a put option				(4,179)		(4,179)		(4,179)
Purchase of Treasury Shares				(29,296)		(29,296)		(29,296)
Underwriting of minority interest in the capital increase of Quaestio Cerved Credit Management						-	2,956	2,956
Total transactions with owners	71	-	(4,882)	(19,151)	(52,734)	(76,696)	(841)	(77,538)
Net profit					85,189	85,189	3,998	89,187
Other changes in statement of comprehensive income				(2,191)		(2,191)	(29)	(2,219)
Net comprehensive result	-	-	-	(2,191)	85,189	82,999	3,969	86,968
Balance at December 31, 2018	50,521	10,090	434,099	(38,169)	85,189	541,730	10,579	552,309

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS AT DECEMBER 31, 2018

GENERAL INFORMATION

Cerved Group S.p.A. (hereinafter “Cerved” or the “Company”) is a corporation established on March 14, 2014, domiciled in Italy, with registered office at Via dell’Unione Europea 6/A-B, in San Donato Milanese (Milan), and organized in accordance with the laws of the Italian Republic.

The Company and its subsidiaries (collectively the “Group” or the “Cerved Group”) represent the main reference point in Italy for the management, processing and distribution of legal, accounting, commercial and economic/financial information. The products and services offered by the Company enable its customers, mainly businesses and financial institutions, to assess the solvency, credit worthiness and economic/financial structure of their commercial counterparties or customers, so as to optimize their credit risk management policies, accurately define their marketing strategies, assess the position of competitors in their target markets and manage nonperforming loans.

This document was prepared by the Company’s Board of Directors, meeting on March 5, 2019, for approval by the Shareholders’ Meeting scheduled for April 16, 2019. The Board of Directors authorized the Chairman and the Chief Executive Officer to make any changes to the financial statements that may be necessary or appropriate for completing the presentation of this document in the period between March 5, 2019 and the date when it will be approved by the Shareholders’ Meeting.

1. OVERVIEW OF THE ACCOUNTING PRINCIPLES

The main criteria and accounting principles applied to prepare the Consolidated Financial Statements are reviewed below.

1.1 BASIS OF PREPARATION

The Consolidated Financial Statements were prepared in accordance with the going concern assumption, the Directors having verified the absence of any financial, operational or other indicators signaling the existence of issues concerning the Group’s ability to meet its obligations in the foreseeable future and over the next 12 months specifically. A description of the methods by which the Group manages financial risks is provided in Note 2 “Financial Risk Management.”

The consolidated financial statements were prepared based on the IFRS international accounting principles, understood to include all “International Financial Reporting Standards,” all “International Accounting Standards” (IAS) and all interpretations issued by the “International Financial Reporting Interpretations Committee” (IFRIC), previously called “Standing Interpretations Committee” (SIC) that, on the date of these consolidated financial statements, had been adopted by the European Union in accordance with the procedure required by Regulation (EC) No. 1606/2002 of July 19, 2002 of the European Parliament and the European Council.

These Consolidated Financial Statements are denominated in euros, which is the currency of the prevailing economic environment in which the Group operates. Unless otherwise stated, the amounts listed in this document are presented in thousands of euros.

The financial statement presentation format and the corresponding classification criteria adopted by the Group among the options provided by IAS 1 "Presentation of Financial Statements" are reviewed below:

- the statement of financial position was prepared with assets and liabilities classified separately in accordance with the "current/non-current" criterion;
- the statement of comprehensive income is presented with operating expenses classified by nature and includes, in addition to the profit (loss) for the year, the other changes to components of shareholders' equity caused by transaction executed with parties other than the Company's owners;
- the statement of cash flows was prepared showing the cash flow from operating activities in accordance with the "indirect method."

In addition, pursuant to Consob Resolution No. 15519 of July 28, 2006, within the income statement income and expenses from nonrecurring transactions are identified separately; similarly, the financial statements show separately any balances related to receivable/payable positions and transactions with related parties, which are further described in the section of these Notes to the financial statements entitled "Transactions with related parties".

The Consolidated Financial Statements were prepared based on the conventional historical cost criterion, except for the measurement of financial assets and liabilities in those cases in which the use of the fair value criterion is mandatory.

1.2 SCOPE OF CONSOLIDATION AND CONSOLIDATION CRITERIA

The consolidated financial statements include the financial statements of the Parent Company and those of companies in which the Parent Company controls directly or indirectly the majority of the votes that can be cast at an Ordinary Shareholders' Meeting. A list of companies consolidated line by line or by the equity method at December 31, 2018 is provided below:

	Registered office	Share capital (in thousands of euros)	% interest held (direct and indirect)	Consolidation method
Cerved Group S.p.A. (Capogruppo)	San Donato Milanese	50,521	-	Line by line
Cerved Credit Collection S.p.A.	San Donato Milanese	150	95.19%	Line by line
Cerved Credit Management Group S.r.l.	San Donato Milanese	56	95.19%	Line by line
Cerved Credit Management S.p.A.	San Donato Milanese	1,000	95.19%	Line by line
Cerved Legal Services S.r.l.	San Donato Milanese	50	95.19%	Line by line
Cerved Rating Agency S.p.A.	San Donato Milanese	150	100.00%	Line by line
Cerved Master Services S.p.A.	San Donato Milanese	3,000	95.19%	Line by line
Spazio Dati S.r.l.	Trento	22	74.19%	Line by line
S.C. Re Collection S.r.l.	Romania	110	95.19%	Line by line
Experian Italia S.p.A.	Rome	1,980	4.65%	Equity
Clickadv S.r.l.	Pozzuoli	10	90.00%	Line by line
Major 1 S.r.l.	Novara	11	100.00%	Line by line
Quaestio Cerved Credit Management S.p.A.	San Donato Milanese	6,000	47.49%	Line by line
Credit Management S.r.l.	Bari	30	95.19%	Line by line
Juliet S.p.A.	Siena	50	47.49%	Line by line
Cerved Credit Management Greece S.A.	Athens (Greece)	500	95.19%	Line by line
La Scala – Cerved società tra avvocati a responsabilità limitata	Milano	75	31.73%	Equity
Pro Web Consulting S.r.l.	San Donato Milanese	100	60.00%	Line by line

All subsidiaries and associated companies close their financial statements on the same date as Cerved Group S.p.A., the Group's Parent Company, except for Experian Italia S.p.A., which closes its financial statements at March 31. The financial statements of subsidiaries that were prepared in accordance with accounting principles different from the IFRSs adopted by the Group's Parent Company were restated as necessary to make them consistent with the Parent Company's accounting principles.

Quaestio Cerved Credit Management S.p.A., a company 49.90% owned by Cerved Credit Management Group S.r.l., is being consolidated line by line into the Cerved Group because of the governance rights allotted to Cerved's originating shareholders by virtue of the shareholders' agreement signed by the two shareholders.

The table below shows the exchange rates applied to translate into euros the financial statements of foreign companies denominated in currencies different from the euros:

	DECEMBER 31, 2018		DECEMBER 31, 2017	
	Average exchange rate	Exchange rate at 12/31	Average exchange rate	Exchange rate at 12/31
New Romanian LEU	4.6541	4.6639	4.6348	4.6845

Foreign exchange differences resulting from the translation of shareholders' equity at the exchange rates in effect at the end of the year and the translation of the income statement at the average exchange rates for the year are recognized in the "Other reserves" account of shareholder' equity.

Consolidation Criteria and Business Combinations

The Consolidated Financial Statements include the financial statements of Cerved S.p.A. and those of the companies over which the Company, directly or indirectly, has the right to exercise control, as defined in IFRS 10 "Consolidated Financial Statements." For the purpose of assessing the existence of control all three of the following requirements must be satisfied:

- power over the company;
- exposure to the risks and rights deriving from the variable returns entailed by its involvement;
- ability to influence the company so as to influence the investor's results (positive or negative).

Control can be exercised by virtue of the direct or indirect possession of majority of the shares with voting rights or by virtue of contractual stipulations or statutory provisions, irrespective of share ownership. When assessing these rights, attention must be paid to the ability to exercise them, whether or not they are effectively exercised, and all contingent voting rights must be taken into account. Subsidiaries are consolidated on a line-by-line basis from the moment control is effectively acquired and ends when control is transferred to a different party. The criteria adopted for line-byline consolidation are outlined below:

- The assets and liabilities, income and expense of the subsidiaries are included line by line, allocating to non-controlling interests, when applicable, the pro rata share of the period's shareholders' equity and profit attributable to them; these amounts are shown separately in shareholders' equity and the income statement.
- Business combinations by virtue of which control is acquired over an entity are recognized, as required by the provisions of IFRS 3 Business Combinations, in accordance with the acquisition method. The acquisition cost is represented by the fair value on the acquisition date of the assets being sold, the assumed liabilities and any issued equity instruments. The identifiable acquired assets, assumed liabilities and contingent liabilities are recognized at their fair value on the date of acquisition, except for deferred tax assets and liabilities, assets and liabilities for employee benefits and assets held for sale, which are recognized in accordance with the respective reference accounting principles. The difference between the acquisition cost and the fair value of the acquired assets and liabilities, if positive, is recognized among intangible assets as goodwill or, if negative, after checking again the correct measurement of the fair values of the acquired assets and liabilities and the acquisition costs, is recognized directly in profit or loss, as a gain. Incidental transaction costs are recognized in profit or loss when incurred.
- In cases when total control is not achieved, the interest in net equity of non-controlling interests is determined based on the pro rata share of the fair values attributed to assets and liabilities on the date control is achieved, excluding any goodwill allocated to

them (called the partial goodwill method). Alternatively, the full amount of the goodwill generated by the acquisition is recognized, including the pro rata share attributable to non-controlling interests (also called the full goodwill method). In the latter case, non-controlling interests are shown at their total fair value, including the goodwill attributable to them. The choice of the method for determining goodwill (partial goodwill method or full goodwill method) is made selectively for each business combination.

- The acquisition cost includes any contingent consideration, recognized at its fair value on the date when control is acquired. Subsequent changes in fair value are recognized in the income statement or the comprehensive income statement if the contingent consideration is a financial asset or liability. Contingent consideration classified as shareholders' equity is not remeasured and its subsequent extinguishment is recognized directly in equity.
- If business combinations through which control is acquired are executed in multiple steps, the Group remeasures the interest that he held previously in the acquiree against the respective fair value on the acquisition date and recognizes any resulting profit or loss in the income statement.
- Acquisitions of non-controlling interests in entities over which the Group already has control or the sale of non-controlling interests that do not entail the loss of control are treated as equity transactions; consequently, any difference between the acquisition/disposal cost and the corresponding pro rata interest in the underlying acquired/sold shareholders' equity is recognized as an adjustment to the shareholders' equity attributable to the owners of the parent.
- Significant gains and losses, including the corresponding tax effect, deriving from transactions executed between companies consolidated line by line and not yet realized with respect to third parties are eliminated, except that losses are not eliminated when the transaction provides evidence that the transfer asset was impaired. All significant positions involving payables and receivables, costs and expenses and financial expense and income are also eliminated.
- Put/call options exchanged by the Parent Company and minority shareholders are recognized considering the risks and benefits transferred with the contract. Specifically, the Group recognizes a financial liability on the date the contract is executed against the Group's equity when the minority shareholders retain the transaction's risks and benefits, or against the minority shareholder's equity when the transaction's risks and benefits are transferred to the majority shareholder. Any subsequent changes in the value of the liability are recognized in profit or loss.

Associated Companies

Associated companies are those over which the Group exercises a significant influence, which is presumed to exist when the equity investment held is equal to between 20% and 50% of the voting rights. Equity investments in associated companies are valued by the equity method and are initially recognized at cost. The equity method is described below:

- the carrying amount of these equity investments is aligned with the underlying shareholders' equity, adjusted when necessary to reflect the adoption of the IFRS and includes the recognition of the higher/lower values assigned to the assets and liabilities and any goodwill, as identified at the time of acquisition;

- gains or losses attributable to the Group are recognized as of the date when the significant influence began and until the date when the significant influence ends. If, because of losses, a company valued by the equity method shows a negative shareholders' equity, the carrying amount of the equity investment is written off and any excess attributable to the Group, if the Group has agreed to fulfill the statutory or constructive obligations of the investee company or otherwise cover its losses, is recognized in a special provisions; changes in the equity of companies valued by the equity method not attributable to the result in the income statement are recognized directly in the comprehensive income statement;
- unrealized gains and losses generated by transactions executed by the Company/ subsidiaries with an investee company valued by the equity method, including distributions of dividends, are eliminated consistent with the value of the equity stake held by the group in the investee company in question, except for losses when these represents and impairment of the underlying asset.

Business Combinations of Entities Under Common Control

Business combinations in which the participant companies are definitively controlled by the same company or companies both before and after the business combination and the control of which is not temporary are qualified as transactions "under common control." These transactions are not subject to IFRS 3, which governs how business combinations should be accounted for, or to any other IFRS. Absent a governing accounting principle, the choice of the accounting presentation method must nevertheless ensure compliance with the requirements of IAS 8, i.e., it must provide a reliable and truthful representation of the transaction. Moreover, the accounting principle selected for the presentation of a transaction "under common control" must reflect the economic substance of the transaction, irrespective of its legal form.

The economic substance requirement is thus the key element guiding the method applied to account for such transactions. The economic substance must be based on a creation of value added that manifests itself through material changes in the cash flow of the net transferred assets. In addition, as part of the process of accounting for the transaction, attention must be paid to current interpretations and guidelines; specifically, reference should be made to the recommendations of OPI 1 revised concerning the "accounting treatment of business combinations of entities under common control in the statutory and consolidated financial statements."

Therefore, the net transferred assets must be recognized at the amounts at which they were carried by the company being acquired or, if available, at the amounts resulting in the consolidated financial statements of the common controlling company. With this in mind, the Company, in the case of transactions such as those discussed above, opted to make to use the historical values at which the net acquired assets were carried in the financial statements of the acquired companies.

Translation of Transactions Denominated in a Currency Different from the Functional Currency

Transactions denominated in a currency different from the functional currency of the entity executing the transaction are translated at the exchange rate in effect on the transaction date. Foreign-exchange gains and losses generated by the closing of the transaction or the translation carried out at the end of the year of assets and liabilities denominated in currencies different from the euro are recognized in profit or loss.

1.3 VALUATION CRITERIA

An overview of the most significant accounting principles and valuation criteria used to prepare the Consolidated Financial Statements is provided below.

Property, Plant and Equipment

Items of property plant and equipment are recognized in accordance with the cost criterion and booked at their acquisition cost or production cost, including any directly attributable incidental costs necessary to make the asset ready for use, any decommissioning and removal costs that will be incurred as a result of contractor commitments to restore an asset to its original condition and any financial expense directly attributable to the asset's acquisition, construction or production.

Costs incurred for ordinary maintenance and ordinary and/or cyclical repairs are recognized directly in profit or loss for the year in which they are incurred. The capitalization of costs incurred for expanding, modernizing or upgrading structural elements owned by the Company or received in use from third parties, is carried out exclusively to the extent that the abovementioned costs meet at the requirements for classification as the separate assets or part of an asset in accordance with the component approach.

Property, plant and equipment, with the exception of land, is depreciated systematically each year on a straight-line basis, in accordance with the remaining useful lives of the assets. If the asset being depreciated is comprised of components identifiable separately with useful lives that are materially different from those of the other components of the asset, each asset component is depreciated separately in accordance with the component approach principle.

Depreciation starts when an asset is ready for use, based on the moment when this condition is effectively met.

The depreciation rates applied to the different components of property, plant and equipment are listed in the table below:

	Estimated useful life
Buildings	33 years
Electronic office equipment	3-5 years
Furniture and fixtures	8 years
Other assets	4-6 years

The depreciation rates of the components of property plant and equipment are reviewed and updated as needed, at least at the end of each reporting year.

If, irrespective of the accumulated depreciation recognized, the value of an item of property, plant and equipment is impaired, the asset is written down. If in subsequent years the reasons for the writedown no longer apply, the original value is reinstated. The residual values and useful lives of assets are reviewed at the end of each reporting period and, if necessary, appropriate adjustments are made.

Gains and losses on asset disposals are determined by comparing the sales consideration with the asset's net carrying amount. The amount thus determined is recognized in profit or loss in the corresponding year.

Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, controllable and capable of generating future economic benefits. These assets are initially recognized at their purchase and/or production costs, inclusive of directly attributable expenses incurred to make the asset ready for use. Any interest expense accrued during and for the development of intangible assets is deemed to be part of the acquisition cost. Specifically, the following main intangible assets are recognized within the Group:

(A) GOODWILL

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognized at cost, as described above, and subsequently measured, at least once a year, to determine the existence of any impairment ("impairment test"). The value of goodwill cannot be reinstated after it has been written down due to impairment.

(B) OTHER INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Intangible assets with a finite useful life are recognized at cost, as described above, net of accumulated amortization and any impairment losses.

SOFTWARE DEVELOPMENT COSTS

Costs incurred internally to develop new products and services constitute intangible assets (mainly software costs), but are recognized as such only if all of the following conditions can be met: i) the cost attributable to the development activities can be determined reliably; ii) the Company has the intention, the availability of financial resources and the technical capabilities to make the asset ready for use or sale; and iii) it can be demonstrated that the asset is capable of producing future economic benefits. Capitalized development cost shall include only incurred expenses that can be directly attributed to the process of developing new products and services.

DATABASE COSTS

Costs incurred to acquire financial information (databases) are recognized as an intangible asset only to the extent that, for these costs, the Group can measure reliably the future benefits deriving from the acquisition of the information comprising the asset.

OTHER INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Other intangible assets with a finite useful life acquired or internally produced are recognized among the Company's assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is probable that their use will generate future economic benefits and the cost of the asset can be determined reliably. These assets are recognized at their purchase or production cost and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed each year and are changed when the currently estimated useful life differs from the one estimated previously. The effects of such changes are recognized prospectively in the separate consolidated income statement.

Amortization begins when an asset is available for use and is allocated systematically based on the remaining available use of the assets, which corresponds to its remaining useful life.

Starting in the third quarter of 2018, the Cerved Group revised the estimated useful lives of its software and its server and storage hardware. Based on analyses and assessments, the Company found it appropriate to revise the useful lives from three years to time spans ranging between three and ten years, which are more representative of the actual time of utilization of the software in use and the hardware mentioned above.

The useful lives estimated by the Group for the different categories of his intangible assets are shown below:

	Estimated useful life
Trademarks	10-20 years
Customer relationships	5-18 years
Software owned and licensed for internal use	3-10 years
Databases	3-4 years

INTANGIBLE ASSETS FROM BUSINESS COMBINATIONS

The main intangible assets recognized in connection with business combinations include:

- Trademarks, the value of which was determined using the relief-from-royalty method;
- Customer Relationships, which represents the complex of multi-year commercial relationships established by the Group with corporate customers and credit institutions through the offer of business information services, the development of risk assessment models and the supply of sundry services (including credit collection services and the digital marketing activities performed by ClickAdv S.r.l. and Pro Web Consulting S.r.l.), the value of which was determined by the Multi-period Excess Earnings Method;
- Database, which refers to the value of the complex of information owned by the Cerved Group and used to deliver products and services. The cost was determined using the relief-from-royalty method;

- Software developed by Cerved Credit Collection S.p.A. (ReDesk), comprised of a client/server application, and by Spazio Dati for the Atoka software and the corresponding semantic engine for automated text analysis, a B2B platform for lead generation and marketing intelligence activities;
- Custom related intangible asset, consisting of contracts signed by Cerved Credit Management S.p.A. with Credito Valtellinese, by ClickAdv S.r.l. and Credit Management S.p.A. with Banca Popolare di Bari and by Juliet S.p.A. with Monte Paschi Siena; these contracts were identified as a separable intangible asset over which the Group can exercise control; the value of these assets was determined by the present value of the cash flows that will be generated by the contracts.

Impairment of Property, Plant And Equipment and Intangible Assets

(A) GOODWILL

As mentioned earlier in these Notes, goodwill is tested for impairment annually or more often when indicators show that its value may have been impaired.

An impairment test is performed for each “Cash Generating Unit” or “CGU” to which Goodwill has been allocated and the value is monitored by the Board of Directors. Any impairment of goodwill's value is recognized whenever goodwill's recoverable value is lower than its carrying amount. Recoverable value shall be understood to mean the greater of the fair value of the CGU, net of cost to sell, and its value in use, understood to mean the present value of the estimated future cash flows from the asset in question. In determining value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market valuation of the cost of money, in relation to the investment period and taking into account the asset's specific risks. If the impairment loss resulting from the impairment test is greater than the value of the goodwill allocated to the CGU, the remaining excess is allocated to the assets included in the CGU in proportion to their carrying amount. The bottom limit of this allocation is represented by the largest of the following amounts:

- the fair value of the asset, net of cost to sell;
- its value in use, as defined above;
- zero.

The original value of goodwill cannot be reinstated even if the factors that caused its impairment are no longer applicable.

(B) INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE AND PROPERTY PLANT AND EQUIPMENT

On each reference date of the financial statements, a check is performed to determine whether there are indicators that items of property plant and equipment and intangible assets may have been impaired. Both internal and external information sources are used for this purpose. With regard to internal sources, the following are taken into account: the obsolescence or physical deterioration of an asset, any material changes in the use of the asset and the asset's economic performance compared with expectations. Insofar as external sources are concerned, the following is taken into consideration: trends in market prices for the assets, any technological, market or regulatory discontinuities and trends in market interest rates or the cost of capital used to value investments.

If the presence of such indicators is detected, an estimate is made of the recoverable value of the abovementioned assets, recognizing any writedowns of their carrying amounts in profit or loss. The recoverable value of an asset is the greater of its fair value, net of cost to sell, and its value in use, understood to mean the present value of the estimated future cash flows from the asset in question. In determining value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market valuation of the cost of money, in relation to the investment period and taking into account the asset's specific risks. For an asset that does not generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs.

An impairment loss is recognized in profit or loss when the carrying amount of the assets or the CGU to which the asset is allocated is greater than its recoverable value. Impairment losses suffered by a CGU are recognized first as a reduction of the carrying amount of any goodwill allocated to the CGU and then as a deduction from the other assets, in proportion to their carrying amounts and up to the corresponding recoverable values. If the reasons that justify an earlier writedown no longer apply, the carrying amount of the asset is reinstated, with recognition in profit or loss, up to the net carrying amount that the assets in question would have had if it had not been written down and had been regularly depreciated or amortized.

Financial Instruments

(A) FINANCIAL ASSETS – DEBT INSTRUMENTS

Based on the characteristics of the financial instrument and the corresponding management business model adopted, financial assets that represent credit instruments are classified into the following three categories: (i) financial assets valued at amortized cost; (ii) financial assets measured at fair value through other components of comprehensive income (hereinafter also OCI); and (iii) financial assets measured at fair value through profit or loss.

Initial recognition is made at fair value; for trade receivables that lack a significant financial component, the initial recognition value is the transaction price.

Subsequent to initial recognition, financial assets that generate contractual cash flows consisting exclusively of principal and interest are valued at amortized cost if held for the purpose of collecting the contractual cash flows (so-called hold to collect business model). Under the amortized cost model, the initial recognition value is then adjusted to reflect principal repayments, any impairment losses and the amortization of the difference between the repayment amount and the initial recognition amount.

Amortization is carried out based on the effective internal interest rate, which represent the rate at which, at the moment of initial recognition, the present value of the expected cash flows is equal to the initial recognition value.

Receivables and other financial assets valued at amortized cost are shown in the statement of financial position net of the corresponding provision for impairment.

Financial assets that represent credit instruments the business model for which allows the option of both collecting the contractual cash flows and generating a gain through a sale (so-called hold to collect and sell business model) are recognized at fair value through OCI (hereinafter also FVTOCI).

In such cases, any changes in the fair value of the financial instrument are recognized in equity among other components of comprehensive income. The cumulative amount of the changes in fair value, posted to the equity reserve where other components of comprehensive income are recognized, is reversed into profit or loss when the instrument is derecognized. Interest income computed using the effective interest rate, foreign exchange difference and impairment losses are recognized in profit or loss.

A financial asset representative of a debt instrument that is not valued at amortized cost or FVTOCI is measured at fair value with the effects recognized in profit or loss (hereinafter FVTPL); financial assets held for trading belong to this category.

When the purchase or sale of financial assets is executed through a contract that calls for the transaction to be settled and the asset to be delivered within a specific number of days, determined by the market government entity or in accordance with market practice, the transaction is recognized on the settlement date.

When financial assets are sold or transferred to a third party, they are eliminated from the statement of financial position upon the expiration of the contractual rights connected with obtaining the cash flows associated with the financial instrument.

(B) IMPAIRMENT OF FINANCIAL ASSETS

The assessment of the recoverability of financial assets representative of debt instruments that are not measured at fair value through profit or loss is made in accordance with the so-called "Expected Credit Loss Model."

More specifically, expected losses are generally determined as the combined result of the following factors: (i) the exposure existing with the counterparty net of mitigating factors

(so-called "Exposure at Default"); (ii) the probability that the counterparty will default on its payment obligation (so-called "Probability of Default"); (iii) an estimate, stated in percentage terms, of the quantity of the receivable that may not be recoverable in the event of default (so-called "Loss Given Default"), defined based on past experience and possibly available collection efforts (e.g., out-of-court settlements, judicial disputes, etc.)

Taking into consideration the characteristics of the regulated markets, credit exposures deemed to be in default are exposure that are more than 90 days past due or, in any case, credit exposures that are in dispute or are the subject of restructurings or renegotiations. Exposures in dispute are exposures for which credit recovery actions through legal/judicial proceedings have been activated or are being activated.

Impairments of trade receivables and other receivables are recognized in the income statement, net of any recoveries, under "Impairment of receivables and other accruals."

(C) MINORITY EQUITY INTERESTS

Financial assets representative of minority equity interests, when not held for trading, are measured at fair value through the equity reserve to which the other components of comprehensive income are posted, with no expectation of their reversal into profit or loss when realized.

Dividends originating from these equity interests are recognized in the income statement under "Financial income." The valuation at cost of a minority equity interest is allowed when cost represents an adequate estimate of its fair value.

Inventory

Inventory is carried at the lower of purchase costs and net realizable value, which corresponds to the amount that the Group expects to obtain from its sale, in the normal course of business, net of cost to sell. Cost is determined based on the specific cost of each acquired item.

Financial charge are not included in the valuation of inventory; instead, they are recognized in profit or loss when incurred since the timing requirements for capitalization cannot be met. The inventory of finished goods that are no longer salable is written off.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, available bank deposits and other forms of short-term investments with an original maturity equal to or shorter than three months. Items included in cash and cash equivalents are measured at fair value and any changes are recognized in profit or loss.

Transactions in Currencies Different From the Functional Currency

Transactions in currencies different from the functional currency are translated into euros at the exchange rate on the transaction date. Assets and liabilities outstanding at the end of the reporting period are translated into euros at the exchange rate on the reference date of the statement of financial position. Foreign exchange difference arising from the translation at the year-end exchange rate compared with the transaction's exchange rate are recognized in profit or loss.

Shareholders' Equity

SHARE CAPITAL

This item represents the par value of the capital contributions provided by shareholders.

ADDITIONAL PAID-IN CAPITAL

This item represents the amounts received by the Company for the issuance of shares at a price greater than their par value.

OTHER RESERVES

This item includes the most commonly used reserves, which can have a generic or specific destination. As a rule, they do not derive from results of previous years.

RETAINED EARNINGS

This item reflects net results of previous years that were not distributed or posted to other reserves or losses that have not been replenished.

Borrowings and Other Financial Liabilities

Borrowings and other liabilities are initially recognized at fair value, net of directly attributable incidental costs, and are later valued at amortized cost, by applying the effective interest rate method. If there is a change in the estimate of the expected cash flows, the value of the liability is recomputed to reflect this change, based on the present value of the new expected cash flows and the internal effective rate initially determined. Financial liabilities are classified into current liabilities, except for those with a contractual maturity of more than 12 months from the date of the financial statements and those for which the Company has an unconditional right to defer their payment by at least 12 months past the end of the reporting period.

Financial liabilities are recognized on the date the corresponding transactions are executed and are removed from the financial statements when they are extinguished or after the Group has transferred all of the risks and charges inherent in the financial instruments.

Derivatives

Financial derivatives, including embedded derivatives, are assets and liabilities that are recognized at fair value.

Within the framework of the strategy and objectives defined for risk management purposes, the qualification of transactions as hedges requires: (i) verification of the existence of an economic relationship between the hedged item and the hedging instrument sufficient to balance the corresponding changes in value and this relationship is not nullified by the counterparty's level of credit risk; and (ii) the definition of a hedge ratio consistent with the risk management objectives, within the framework of the defined risk management strategy, executing, when necessary, appropriate rebalancing actions. Any changes to the risk management objectives, the failure to continue meeting the requirements mention above to qualify the transactions as hedges or the execution of rebalancing transactions determine the total or partial prospective discontinuation of the hedging.

When hedging derivatives hedge the risk of changes in the value of the hedged instruments (fair value hedge; e.g., hedging for the variability of the fair value of fixed-rate assets/liabilities), derivatives are measured at fair value through profit or loss; consequently, the hedged instruments are adjusted to reflect in the income statement the changes in fair value associated with the hedged risk, irrespective of the availability of a different valuation criterion generally applicable to the type of instrument in question.

When derivatives hedge the risk of changes in the cash flows generated by the hedged instruments (cash flow hedge; e.g., hedging for the variability of the cash flows of assets/liabilities due to fluctuations in interest rates or foreign exchange rates), any changes of the fair value of derivatives deemed effective are initially recognized in the equity reserve for other components of comprehensive income and subsequently posted to the income statement consistently with the economic effects produced by the hedged transaction. When hedging future transactions that entail the recognition of a non-financial asset or liability, the cumulative amount of the changes in the fair value of the hedging derivatives, recognized in equity, are applied to restate the initial recognition value of the hedged non-financial asset or liability (so-called basis adjustment).

The ineffective portion of the hedge is recognized in the income statement under "Financial income and charges."

Changes in the fair value of derivatives that do not meet the conditions to qualify as hedges, including any ineffective components of hedging derivatives, are recognized in profit or loss. More specifically, changes in the fair value of interest rate and foreign exchange rate hedging derivative are recognized in the income statement under "Financial income and charges."

Derivatives embedded in financial assets are not separates for accounting purposes; in such instances, the complete hybrid instrument is classified in accordance with the general classification criteria of financial assets. Derivatives embedded in financial liabilities and/or non-financial assets are separated from the main contract and recognized separately if the embedded instrument: (i) meets the requirements to qualify as a derivative; (ii) as a whole it

is not valued at fair value through profit or loss (FVTPL); (iii) if the characteristics and risks of the derivative are not closely linked with those of the main contract. The verification of the existence of embedded derivatives that must be detached and values separately is made at the moment when the entity becomes a party to the contract and, subsequently, when the terms of the contract are amended in a manner that creates significant changes in the cash flows generated by the contract.

Employee Benefits

Short-term benefits include wages, salaries, the corresponding social security obligations, unused vacation indemnities and incentives awarded in the form of bonuses payable within 12 months from the date of the financial statements. These benefits are accounted for as components of personnel expense in the period during which the employment services are rendered.

Post-employment benefits consist of two types: defined-contribution plans and defined-benefit plans.

In defined-contribution plans, contribution costs are recognized in profit or loss when incurred, based on the respective face value.

In defined-benefit plans, which includes the severance benefits owed to employees pursuant to Article 2120 of the Italian Civil Code (the "TFR"), the amount of the benefit payable to an employee can be quantified only after the end of the employment relationship and is tied to one or more factors that include age, years of service and compensation level; consequently, the corresponding cost is recognized on an accrual basis in the statement of comprehensive income based on an actuarial computation. The liability recognized in the financial statements for defined-benefit plans corresponds to the present value of the obligation on the date of the financial statements. Obligations under defined-benefit plans are determined each year by an independent actuary using the Projected Unit Credit Method.

The present value of a defined-benefit plan is determined by discounting to present value future cash flows at a rate equal to that of high-quality corporate bonds issued in euros and taking into account the duration of the corresponding pension plan.

With regard to the classification of the costs for vested TFR benefits, cost for service are recognized under "Personnel costs," while interest costs are shown under "Financial charges" and actuarial gains/losses are included in other components of consolidated comprehensive income.

Share-Based Compensation Plans

All of the cycles of the "2019-2021 Share Performance Plan should both be treated as involving share-based payments in exchange for the services provided by a beneficiary over the duration of the Plan and is accounted for in accordance with the provisions of IFRS 2 (Share-based Payments).

According to IFRS 2, these plans represent a component of the compensation earned by the Beneficiaries; consequently, the cost of plans that call for payments in equity instruments is the fair value of those instruments on the grant date and is recognized in the consolidated income statement under "Personnel costs" over the period from the grant date to the vesting date, with the offsetting entry posted to a "Reserve for performance shares." The Plan is deemed to be equity settled.

On the grant date, the Plan's fair value is determined taking into account only the effects of future market conditions (market condition – "TSR Target"). Other conditions require that the beneficiary completes a predetermined length of service (service condition) or the achievement of predetermined earning growth targets (performance condition – "PBTA Target") and are taken into account only for the purpose of allocating the cost over the length of the Plan and for the Plan's final cost.

The cost for each one of these Plan conditions is determined by multiplying the fair value for the number of performance shares that, for each condition, are expected to vest at the end of the vesting period. The estimate depends on the hypotheses regarding the number of beneficiaries that are expected to satisfy the service condition and the probability of satisfaction of the non-market performance condition ("PBTA").

The estimate of the number of Performance Shares that will be expected to vest at the end of the vesting period is revised on each reporting date until expiration of the vesting period, when the final number of Performance Shares earned by the beneficiaries will be determined (the fair value is never redetermined over the Plan's duration). If the initial estimate of the number of Performance Shares is revised, the change is computed by determining an estimate of the cost accumulated up to that point and recognizing the effects in the income statement, net of any previously recognized accumulated cost. Please note that, by virtue of the adoption of IFRS 2, the failure to fulfill the TSR market condition does not determine the Plan's remeasuring.

Provisions for Risks and Charges

The provisions for risks and charges are recognized to cover losses and charges of a determined nature, the existence of which is certain or probable, but the amount and/or date of occurrence of which cannot be determined. These provisions are recognized only when there is a current statutory or constructive obligation that will cause a future outflow of economic resources as a result of past events and it is probable that the abovementioned outflow will be required to extinguish the obligation. The amount of the provisions represents the best estimate of the charge required to extinguish the obligation. Risks for which the occurrence of a liability is only possible are listed in a separate disclosure of contingent liabilities (see Note 35) and no provision is set aside to cover them.

Trade Payables and Other Payables

Trade payables and other payables are initially recognized at their fair value, net of directly attributable incidental costs, and are later valued at amortized cost, applying the effective interest rate criterion.

Segment Information

Information about the sectors of activity was prepared in accordance with IFRS 8 "Operating Segments," which requires that information be presented in a manner consistent with the approach used by management to make operating decisions. Consequently, the identification of the operating segments and the information presented were defined based on the internal reports used by management for the purpose of allocating resources to the different segments and analyzing their performance.

IFRS 8 defines an operating segment as a component of an entity i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), ii) whose operating results are reviewed regularly by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and iii) for which separate financial information is available.

The operating segments identified by management, which encompass all of the services and products supplied to customers, are:

- (i) Credit Information
- (ii) Marketing Solutions
- (iii) Credit Management

Revenues from Contracts with Customers

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with a customer; (ii) identification of the performance obligations represented by the contractual commitment to transfer goods and/or services to a customer; (iii) determination of the transaction's price; (iv) allocation of the transaction's price to the identified performance obligations based on the stand-alone sales price of each good or device; (v) recognition of the revenues when the corresponding performance obligation is satisfied, which coincides with the transfer of the promised good or service to the customer; transfers is deemed to have been completed when the customer obtains control of the good or service, which can occur over time or at a point in time.

More specifically:

- revenues from prepaid subscription contracts are recognized in proportion to consumption, when customers actually use the services. The value of any unused products is recognized as revenues upon the expiration of the contract;
- revenues from subscription contracts with subscription payments are recognized prorated over the length of the contract;
- revenues from consumption-based contracts are recognized when the service is rendered or the product is used, based on the specific rates applicable;
- revenues from performance fees are recognized when the service that generates the right to the consideration is provided;
- revenues from the sale of goods are recognized upon transfer of title to the goods.

Costs

Costs incurred to acquire goods are recognized when all of the risks and benefits inherent in the good being sold are transferred; costs incurred for services received are recognized proportionately to the delivery of the services.

Financial Charges and Income

Financial charges and income are recognized in the comprehensive income statement when accrued, based on the effective interest rate.

Income Taxes

Income taxes are recognized in the consolidated separate income statement, except for those related to items directly debited or credited to a shareholders' equity reserve; in these cases the corresponding tax effect is recognized directly in the respective shareholder's equity reserves. The consolidated statement of comprehensive income shows the amount of income taxes for each item included under "other components of the consolidated statement of comprehensive income."

The income taxes shown in the income statement include both current and deferred taxes. Income taxes are recognized in profit or loss. Current taxes are the taxes that the Company expects to pay, computed by applying to taxable income the tax rate in effect at the end of the reporting period.

Deferred taxes are computed by applying the liability method to the temporary differences between the amounts of the assets and liabilities recognized in the financial statements and the corresponding amounts recognized for tax purposes. Deferred taxes are computed based on the method that the Company expects to use to reverse temporary differences, using the tax rate expected to be in effect when the differences will be reversed. Deferred tax assets are recognized only when it is probable that sufficient taxable income will be generated in future years to recover them.

Earnings per Share

(A) BASIC EARNINGS PER SHARE

Basic earnings per share are computed by dividing the profit attributable to the owners of the parent by the weighted average number of common shares outstanding during the year, excluding any treasury shares held.

(B) DILUTED EARNINGS PER SHARE

Diluted earnings per share are computed by dividing the profit attributable to the owners of the parent by the weighted average number of common shares outstanding during the year, excluding treasury shares. For the purpose of computing diluted earnings per share, the weighted average number of outstanding shares is adjusted assuming the exercise

by all assignees of options with a potentially diluting effect, while the profit attributable to the owners of the parent is restated to take into account any effects, net of taxes, of the exercising of said options.

1.4 ACCOUNTING PRINCIPLES

Accounting Principles Applicable as of January 1, 2018

The accounting principles used to prepare the quantitative economic and financial data at December 31, 2018 are the International Accounting Standards (IAS), the International Financial Reporting Standards (IFRS) and the corresponding interpretations, published by the IASB and endorsed by the European Union, as of this document's reporting date.

Specifically for the purposes of the financial statements at December 31, 2018, they reflect the provisions of IFRS 15 "Revenues from Contracts with Customers," the corresponding clarifications provided in the document entitled "Clarifications of IFRS 15 Revenues from Contracts with Customers" and the provisions of IFRS 9 "Financial Instruments."

A) IFRS 15 REVENUES FROM CONTRACTS WITH CUSTOMERS

With regard to IFRS 15, the remarks provided in the 2017 Annual Financial Report, Note 1.4 "Recently Adopted Accounting Principles" have been confirmed and, consequently, the adoption of this principle impacted the operating sectors in which the Group operates.

The Credit Information segment was mainly affected by some products in the Business Information line for which customers have the option of accessing a platform through which they can receive a series of services over a certain time period. Specifically concerning the "Decision-making Systems" product line, previously recognized in full on the date when the contract was signed, and contracts with subscription payments executed with banking institution counterparties, generally for a three-year period, the Group decided that a time allocation of the subscription over the contract period was more appropriate.

For Credibility products and related ancillary services, the recognition of the consideration for which was previously based on the service rendered and on a correlation with the costs incurred, the Group found that an adequate approach was to recognize the consideration based on a direct measurement of the value of the service supplied to the customer, prorated over the entire length of the contract.

B) IFRS 9 – FINANCIAL INSTRUMENTS

In accordance with the provisions of IAS 39, the minority interest in SIA SIB, previously carried at cost, was measured at fair value, as required by IFRS 9. Cerved availed itself of the option to designate this investment as a financial asset measured at "Fair Value Through Other Comprehensive Income (FVTOCI)." Based on this valuation criterion, any changes in the asset's fair value are posted to a special equity reserve, not reclassifiable to the income statement. Dividends are recognized in profit or loss when they represent a return on investment and not the recovery of a portion of the investment's cost, in which case the dividend would be recognized in Other Comprehensive Income.

2. Consolidated Financial Statements at December 31, 2018

This principle was applied by restating the comparative data and the impact on the shareholders' equity at January 1, 2017 amounted to 1,502 thousand euros.

With regard to hedging financial derivatives, the Company believes that the hedging relationships currently designated as effective hedges will continue to meet the requirements for hedge accounting pursuant to IFRS 9. In view of the fact that the new principle does not change the general principle on the basis of which an entity accounts for effective hedges, no changes to the existing accounting model appears necessary.

The impact of IFRS 15 and IFRS 9 at January 1, 2017 on the Cerved Group is summarized in the table below:

	Opening at 01/01/2017	CREDIT INFORMATION		MARKETING SOLUTIONS		CREDIT MANAGEMENT	
		IFRS 15	IFRS 9	IFRS 15	IFRS 9	IFRS 15	IFRS 9
Statement of financial position							
Adjustment of equity investments to fair value	1,502	-	1,502	-	-	-	-
Commercial deferred income, net	(12,315)	(9,730)	-	(268)	-	(2,317)	-
Adjustment of the allowance for doubtful accounts based on a forward looking prospective	(1,799)	-	(1,492)	-	-	-	(307)
Net prepaid taxes	3,509	2,717	(2)	75	-	646	74
Shareholders' equity	(9,103)	(7,013)	8	(193)	-	(1,671)	(233)

Accounting Principles, Amendments and Interpretations not yet Applicable for Which the Group Did Not Choose Early Adoption

The table below lists the international accounting principles, interpretations and amendments to existing accounting principles and interpretations or specific provisions set forth in principles and interpretations approved by the IASB, showing which ones were endorsed or not endorsed for adoption in Europe as of the date of this document:

Description	Endorsed as of the date of this document	Effective date of the standard
IFRS 16 Leases	Yes	Years beginning on or after January 1, 2019
Annual Improvements to IFRSs 2015-2017 Cycle	No	Years beginning on or after January 1, 2019
IFRS 17 Insurance Contracts	No	Years beginning on or after January 1, 2021
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	Yes	Years beginning on or after January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	Yes	Years beginning on or after January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	Yes	Years beginning on or after January 1, 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	No	Years beginning on or after January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	No	Years beginning on or after January 1, 2020
Amendments to IAS 1 e IAS 8 on the definition of material	No	Years beginning on or after January 1, 2020
Amendments to IFRS 3 Definition of a business	No	Years beginning on or after January 1, 2020

The impact that the IFRSs applicable as of January 1, 2019 are expected to have on the financial statements in the coming years is reviewed below.

With regard to the implementation of the provisions of IFRS 16 "Leases" (hereinafter IFRS 16), the preparatory activities to determine its potential impacts were completed in the closing months of 2018.

The introduction of this principle is aimed at improving transparency in the financial statements of the lessees in connection with leasing transactions, as demanded by investors, financial analysts and regulatory entities. Currently, operating leases are not recognized in the statement of financial position of the lessees, with an impact on the comparability of the financial statements of companies operating in the same sector, particularly between those who purchase assets outright and those who lease them.

With IFRS 16, from the standpoint of the lessee there will no longer be any distinction between leases. All leases, including both operating leases and finance leases, except for contracts that do not have a multi-year duration and/or a minimum value of 5,000 euros, will be accounted for in the same way in the financial statements of the lessees.

The adoption of this new standard is required starting in reporting years beginning on or after January 1, 2018 and the Group plans to opt for a retrospective adoption of the new standard, consistent with the provisions of IAS 8.

The new process of recognizing leases follows a decision making process that includes the following three steps:

- whether or not the lessee has a right to obtain the economic benefits deriving from the use of the assets over the entire length of the utilization period;
- whether or not the lessee has a right to determine how and for what purpose the asset will be used over the entire length of the utilization period;
- whether or not the lessee has a right to use the asset over the entire length of the utilization period and the supplier does not have a right to change operating instructions.

If the lessor finds that the lessee has the abovementioned rights, the lessor shall recognize the effects of the lease in accordance with the provisions of IFRS 16.

Once the existence of a lease has been determined, IFRS 16 requires the initial recognition of the right-of-use (ROU) asset as property, plant and equipment and of a financial liability corresponding to the present value of future lease installments.

Starting on initial recognition, the following items must be recognized:

- the amortization of the ROU in accordance with IAS 16 or using an alternative valuation criterion [fair value] (IAS 16 and IAS 40);
- the recognition of the interest expense accrued on the financial liability, which will diminish over the life of the lease through the payment of the lease installments.

Based on an analysis performed by the Company, the adoption of this new principle will have an impact on the leases for operational and commercial facilities and on some hardware rental contracts.

Based on initial estimates, the recognition of this type of transactions in accordance with IFRS 16 will result in the recognition, at January 1, 2018, of a financial liability of 43 million euros, offset by rights of use (net of contributions received from the lessor of the San Donato Milanese headquarters) totaling 36.4 million euros among property, plant and equipment. The impact on the Equity is equal to 0.9 million euros.

Also due to the effect of the accounting required by IFRS 16, in 2018 the Company expects to recognize lower costs for the use of assets not owned amounting for 3.9 million euros, higher amortization of rights of use for 3.4 million euros and higher interest expense on the financial liability of 0.9 million euros. The differential that exists between the increase of the financial liability and the amount of the commitments shown in Note 42 is mainly attributable to the discounting of the cash flows of the financial liability.

2. RISK MANAGEMENT

2.1 FINANCIAL RISK FACTORS

The Group's operations are exposed to the following risks: market risk (defined as foreign exchange and interest rate risk), credit risk (regarding both regular sales transactions with customers and financing activities) and liquidity risk (regarding the availability of financial resources and access to the credit market and financial instruments in general).

The Group's objective is to maintain over time a balanced handling of its financial exposure, capable of ensuring that the structure of its liabilities is in harmony with the asset composition in its financial statements and delivering the necessary operating flexibility through the combined use of liquidity generated by current operating activities and bank financing.

The ability to generate liquidity through the operating activities, coupled with its borrowing ability, enables the Group to adequately meet its operating needs, in terms of financing its operating working capital and funding its investments, and meet its financial obligations.

The Groups' financing policy and the management of the related financial risks are guided and monitored at the central level. Specifically, the central Finance Department is responsible for assessing and approving projected financing needs, monitoring developing trends and, when necessary, taking corrective action. In addition, the central Finance Department contributes to the development of the Group's financing and cash management policies, seeking to optimize the management of financial and cash flows and related risks. This activity is carried out in cooperation with the management of the divisions, as all decisions are made specifically taking into consideration the Group's operating needs, as approved and revised by the Board of Directors.

The financing tools most frequently used by the Group include the following:

- medium/long-term borrowings to fund investments in non-current assets;
- short-term borrowing and utilization of bank account overdraft facilities to finance working capital.

The following section provides qualitative and quantitative disclosures on the impact of such risks on the Group.

Market Risks

FOREIGN EXCHANGE RISK

The exposure to the risk of fluctuations in foreign exchange rates derives from the pursuit of activities in currencies different from the euro. The Group operates primarily in Italy and most of the revenues and purchases of services in foreign countries involve countries that are members of the European Union. Consequently, the Group is not exposed to the risk of fluctuations in the exchange rates of foreign currencies versus the euro.

Interest Rate Risk

The Group uses external financial resources in the form of borrowings and invests available liquid assets in bank deposits. Changes in market interest rates affect borrowing costs and the yields of different types of investments, with an impact on the level of the Group's financial charges and financial income. The Group, being exposed to fluctuations in interest rates insofar as they affect the measurement of debt related financial charges, regularly assesses its exposure to the risk of interest rate changes and manages this risk with interest rate financial derivatives, interest rate swaps (IRS) mainly, executed exclusively for hedging purposes. The fair value of Derivatives at December 31, 2018, amounting to 1,763 thousand euros, was recognized directly in the statement of other components of comprehensive income. The Euribor is the interest to which the Group is most exposed.

Detailed information about financial instruments outstanding at the reporting date is provided in Note 6.26 "Current and non-current borrowings."

SENSITIVITY ANALYSIS RELATING TO INTEREST RATE RISK

The Group's exposure to the interest rate risk was measured through a sensitivity analysis that took into account current and non-current financial liabilities and bank deposits. A brief description of the methodology followed in carrying out this analysis, and the results obtained, is provided below.

Within the scope of the assumptions made, the effects on the Group's income statement and shareholders' equity for 2018 resulting from a hypothetical variation in market rates that reflect an increase or decrease of 100 bps were determined. The computation method applied the hypothetical variation to: the annual average balance of the Group's bank deposits, the actual balances of gross financial debt and the interest rate paid during the year to remunerate variable rate liabilities.

The table below shows the results of the analysis performed:

(in thousands of euros)

	IMPACT ON EARNING		IMPACT ON SHAREHOLDERS' EQUITY	
	-100 bps	+100 bps	-100 bps	+100 bps
2018 reporting year	(1)	4,185	(1)	4,185

Notes:

- *The plus sign indicates greater profit and an increase in shareholders' equity; the minus sign indicates lower profit and a reduction in shareholders' equity.*
- *The results refer to the Group's indebtedness at December 31, 2018.*

Credit risk

FINANCIAL CREDIT RISK

The financial credit risk refers to the inability of a counterparty to fulfill its obligations. At December 31, 2018, the Group's liquid assets were invested in bank accounts with top-rated credit institutions.

COMMERCIAL CREDIT RISK

The commercial credit risk derives mainly from trade receivables. To minimize the credit risk related to commercial counterparties, the Group established internal procedures that call for a preventive verification of a customer's solvency prior to accepting a contract through a rating analysis based on Cerved data. Moreover, there is a procedure for the collection and management of trade receivables that calls for sending written reminders in the event of late payments, followed by gradually more aggressive actions (mailing of payment reminder letter, telephone payment requests, threats of legal action and legal action).

Lastly, trade receivables carried in the financial statements are individually analyzed and when positions are found to present conditions that make them partially or fully uncollectible, they are written down. The amount of the writedowns reflects an estimate of recoverable cash flows and the corresponding date of collection. For receivables that are not individually written down, provisions that take into account historical experience and statistical data are recognized on an aggregate basis. See Note 25 for additional information about the provision for impairment of receivables.

The following table provides a breakdown of trade receivables and other current receivables at December 31, 2018 grouped by days in arrears, net of the provision for impairment of receivables.

(in thousands of euros)

	At December 31, 2018	Current	90 days in arrears	From 90 to 240 days in arrears	More than 240 days in arrears
Trade receivables	209,167	184,124	8,780	5,830	10,078
Provision for impairment of receivables	(11,368)	(1,610)	(547)	(1,579)	(7,633)
Net amount	197,799	182,514	8,233	4,252	2,446
Other receivables	3,028	3,028			
Total	200,827	185,542	8,233	4,252	2,446

It is worth mentioning that the Group also offers its products and services to large companies and big banking groups. As a result, a significant portion of trade receivables is concentrated with a limited number of customers; at December 31, 2018, the top 10 customers, the majority of whom are financial institutions, represented approximately 10% of all receivables. However, there are no specific concentration risks because the counterparties in question do not present material solvency risks and, moreover, enjoy a very high credit rating.

As shown in the preceding tables, receivables are presented in the financial statements net of the related impairment provision, computed on the basis of an analysis of the positions that are objectively totally or partially uncollectible.

Liquidity Risk

The liquidity risk refers to the potential inability to secure, on affordable terms, the financial resources needed for the Group's operations. The two main factors that affect the Group's liquidity are:

- The financial resources generated or absorbed by the operating and investing activities;
- The maturity characteristics of financial debt.

The Group's liquidity needs are monitored by the central cash management function with the aim of ensuring the effective procurement of financial resources and an adequate investment of/return on liquid assets.

Management believes that the funds and credit lines currently available, combined with those that will be generated by the operating and financing activities, will enable the Company to meet its needs with regard to investing activities, working capital management and the repayment of debt at the contractual maturities.

The table below provides a breakdown of financial liabilities (including trade payables and other payables): specifically, all cash flows listed are undiscounted future nominal cash flows, determined based on the remaining contractual maturities including both principal and accrued interest.

<i>(in thousands of euros)</i>	At December 31, 2018	< 1 year	2 - 5 years	> 5 years	Total
Non-current loans					
Long-term facilities	576,713	8,489	614,748		623,237
Current loans					
Current portion of long-term facilities	(1,344)	2,289			-
Other financial debt	14,444	14,444			14,444
Other non-current liabilities	20,640		20,640		20,640
Trade payables	59,844	59,844			59,844
Other current payables	145,112	145,112			145,112

With regard to the exposure to trade payables, there is no significant supplier concentration.

2.2 CAPITAL MANAGEMENT

The Group's objective is to create value for its shareholders. Special attention is paid to the debt level relative to shareholders' equity and EBITDA, while pursuing objectives of profitability and operating cash flow generation.

2.3 ESTIMATING FAIR VALUE

The fair value of financial instruments traded in an active market is based on market prices on the date of the financial statements. The fair value of instruments that are not traded in an active market is determined using valuation techniques based on a series of methods and assumptions tied to market conditions on the reporting date.

The classification of the fair value of financial instruments based on hierarchical levels is as follows:

- **Level 1:** Determination of fair value based on quoted prices (unadjusted) for identical financial instruments in active markets;
- **Level 2:** Determination of fair value based on valuation techniques that reference variables observable in active markets;
- **Level 3:** Determination of fair value based on valuation techniques that reference variables not observable in active markets.

(in thousands of euros)

	AT DECEMBER 31, 2018			
	Level 1	Level 2	Level 3	Total
1. Financial assets measured at fair value through OCI			4,382	4,382
2. Asset derivatives			1,395	1,395
Total			5,777	5,777
1. Financial liabilities measured at fair value through profit or loss				
2. Derivatives		(4,898)		(4,898)
Total		(4,898)		(4,898)

3. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The table that follows provided a breakdown by category of financial assets and liabilities at December 31, 2018:

(In thousands of euros)

AT DECEMBER 31, 2018				
	Financial instruments at amortized cost	Financial assets at fair value through OCI	Financial instruments at fair value	Total
Other non-current financial assets	2,867	4,382	1,395	8,644
Trade receivables	197,799			197,799
Tax receivables	12,305			12,305
Other receivables	3,028			3,028
Other current assets	14,289			14,289
Cash and cash equivalents	42,363			42,363
Total assets	272,650	4,382	1,395	278,427
Current and non-current borrowings	584,914	4,898		589,813
Trade payables	59,844			59,844
Tax payables	10,996			10,996
Other liabilities	145,112			145,112
Other non-current liabilities	20,640			20,640
Total liabilities	821,505	4,898	-	826,403

The fair values of trade receivables, other receivables and other financial assets and of trade payables and other payables and other financial liabilities, listed among the “current” line items in the statement of financial position and valued by the amortized cost method did not differ appreciably from the respective carrying amounts at December 31, 2018, as they consist mainly of assets underlying commercial transactions scheduled for settlement over the near term.

Non-current financial liabilities and assets are settled or valued at market rates and, consequently, their fair value is deemed to be substantially in line with their carrying amount.

4. ESTIMATES AND ASSUMPTIONS

In the preparation of the Consolidated Financial Statements, Directors are required to apply accounting principles and methods that, in some cases, are based on difficult and subjective assessments and estimates, based on historical experience and assumptions that, in each case, are deemed reasonable and realistic in the corresponding circumstances. The adoption of these estimates and assumptions affects the amounts shown in the financial statement schedules, including the statement of financial position, the comprehensive income statements and the statement of cash flows, as well as the disclosures provided. Final results for the line items for which the abovementioned estimates and assumptions were used could differ from those shown in the financial statements due to the uncertainty that characterizes the assumptions and the conditions upon which the estimates are based.

The areas for which Directors are required to use greater subjectivity in developing estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the Company’s financial statements are listed below.

A) IMPAIRMENT OF ASSETS

In accordance with the accounting principles applied by the Group, property, plant and equipment, intangible assets and investment property must be tested to determine if an impairment has occurred, which is recognized by means of a writedown, when there are indicators showing that it may be difficult to recover the net carrying amount of the assets through their use. The determination of the existence of such indicators requires, on the part of the Board of Directors, the development of subjective valuations, based on information available within the Group and in the market and on past experience. Moreover, if it can be determined that a potential impairment may have occurred, the Group must quantify the impairment using appropriate valuation techniques. The correct identification of the elements indicating the existence of a potential impairment of property, plant and equipment, intangible assets and investment property and the estimates required to measure the impairment are based on factors that can vary over time, with an impact on the valuations and estimates made by the Board of Directors.

B) DEPRECIATION AND AMORTIZATION

The cost of property, plant and equipment and intangible assets is depreciated and amortized, respectively, on a straight line over the estimated useful lives of the assets. The useful economic lives of these assets are determined by the Board of Directors when the assets are acquired; they are based on past experience for similar assets, market conditions and projections about future events that could have an impact on the useful lives of the assets, such as changes in technology. Consequently, the actual economic life could differ from the estimated useful life.

C) PROVISION FOR IMPAIRMENT OF RECEIVABLES

The provision for impairment of receivables reflects estimates of projected losses for the Group's portfolio of receivables. The provisions for projected impairment of receivables recognized were estimated based on past experience for receivables posing a similar credit risk, current and past unpaid amounts, and a careful monitoring of the quality of the portfolio of receivables and current and projected conditions in the economy and the reference markets. Estimates and assumptions are revised periodically and the effects of any change are reflected in the income statement for the year to which they are attributable.

D) EMPLOYEE BENEFITS

The present value of the retirement benefit obligations recognized in the financial statements depends on actuarial computations and various assumptions taken into consideration. Any changes in these assumptions or the discount rate applied are promptly reflected in the computation of the present value and could have a significant impact on financial statement data. The assumptions used for actuarial computation purposes are reviewed each year.

The present value is determined by discounting future cash flows at an interest rate equal to that of high quality corporate bonds issued in the currency in which the liability will be settled and taking into account the duration of the corresponding pension plan. For additional information see Note 11 "Personnel Costs" and Note 34 "Employee Benefits."

Estimates and assumptions are reviewed periodically and the effects of any change are reflected immediately in profit or loss.

E) DERIVATIVES

Derivatives, executed mainly to hedge risks related to fluctuations in financial charges, are valued in the same manner as securities held for sale, are measured at fair value through profit or loss and are classified into current and non-current other assets or liabilities. The fair value of financial derivatives is determined based on market prices or, if these are not available, it is estimated with appropriate valuation techniques based on up-to-date financial variables used by market operators and, whenever possible, taking into account recorded prices for recent transactions involving similar financial instruments. When there is objective evidence of impairment, asset-side derivatives are shown net of the amounts set aside in the corresponding provision for impairment.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, tested periodically, is high. Compliance with the requirements defined in IAS 39 to qualify for hedge accounting is verified periodically. Changes in the fair value of derivatives that do qualify for hedge accounting are recognized in profit or loss.

Option contracts concerning minority interests in subsidiaries executed with minority shareholders are recognized, on the date of execution, as financial liabilities with the offsetting entry posted to other equity reserves; the value of these financial liabilities is periodically adjusted with any changes occurring after initial recognition recognized in profit or loss.

F) BUSINESS COMBINATIONS

The verification of the existence of control, joint control or significant influence on another entity as well as, in the case of joint operations, the verification of the existence of enforceable rights and obligations requires the exercise of complex professional judgement by an entity's management, carried out taking into account the characteristics of the entity's structure, the stipulations between the parties and any other fact and circumstance deemed relevant for verification's purposes. Similar considerations also apply to the situation of an expected change in status caused by loss of control, joint control linkage, with possibly the need of applying the classification as "assets held for sale/discontinued operations."

The recognition of business combination transactions entails the allocation to the assets and liabilities of the acquired company of the difference between the purchase cost and the net carrying value. For most of the assets and liabilities the allocation of the difference is carried out by recognizing the assets and liabilities at their fair value. Any unallocated difference is recognized as goodwill if positive and charged to the income statement if negative. In the allocation process, the Cerved Group relies on available information and, for the more significant business combination, on external valuations.

5. BUSINESS COMBINATIONS

Acquisition of Credit Management S.r.l.

On December 29, 2017, Cerved Credit Management Group S.r.l. finalized the purchase from Banca Popolare di Bari S.c.p.A ("BPB"), parent company of the eponymous BPB banking group, of the entire share capital of Credit Management S.r.l., a company engaged in the management of the NPLs of the BPB Group, for a consideration of 17.8 million euros. The abovementioned price could be increased by an earnout of up to 3 million euros, based on the achievement of certain economic results over a time period until 2021. At December 31 2018, this price component was deemed to be zero.

The table below shows the results of the business combination:

<i>(in thousands of euros)</i>	
Price paid	18,000
Price adjustment	(226)
Adjusted consideration	17,774
Net acquired assets	14,275
Goodwill	3,499

The table below provides a breakdown of the fair value of the acquired assets and assumed liabilities on the acquisition date.

<i>(in thousands of euros)</i>	Carrying amounts	Purchase Price Allocation	Fair Value
Intangible assets	2	19,800	19,802
Property, plant and equipment	8	-	8
Other current assets	260	-	260
Cash and cash equivalents	27	-	27
Acquired assets	296	19,800	20,096
Employee benefits	(219)	-	(219)
Deferred taxes	0	(5,524)	(5,524)
Trade payables	(2)	-	(2)
Other liabilities	(76)	-	(76)
Assumed liabilities	(297)	(5,524)	(5,821)
Net acquired assets	(1)	14,276	14,275

The adjustments made to the carrying amounts upon the measurement at fair value of the acquired assets and assumed liabilities reflect the valuation of the Special Servicing Contract signed with Banca Popolare di Bari for 19.8 million euros

The table below shows the net cash flow deriving from the acquisition of Credit Management S.r.l.:

<i>(in thousands of euros)</i>	
Price paid	(17,774)
Cash and cash equivalents on the date of acquisition	26
Net cash flow deriving from the acquisition	(17,748)

The transaction costs incurred in 2018, amounting to 26 thousand euros, were recognized in full in the income statement.

This acquisition produced an increase in the revenues and EBITDA of the 2018 reporting year amounting to 5,521 thousand euros and 3,304 thousand euros, respectively.

Acquisition of Juliet S.p.A.

On May 14, 2018, Quaestio Cerved Credit Management S.p.A. closed the acquisition of "Juliet," the platform for the recovery of nonperforming loans of Banca Monte dei Paschi di Siena (BMPS). Juliet S.p.A. carries out special servicing activities for the portfolios of nonperforming loans generated by Banca MPS and will manage at least 80% of the nonperforming loans that will be generated by BMPS for a period of 10 years, in addition to other nonperforming assets deriving from BMPS's securitization transactions and other securitization transactions promoted by Quaestio. The sale's consideration was 52.6 million euros and could be increased by an earnout of up to 33.8 million euros, based on the achievement of certain economic results over a time period ending on December 31, 2025. At December 31 2018, this price component was deemed to be zero.

2. Consolidated Financial Statements at December 31, 2018

The table below shows the results of the business combination:

<i>(in thousands of euros)</i>	
Price paid	52,500
Price adjustment	93
Adjusted consideration	52,593
Net acquired assets	52,593
Goodwill	-

The table below provides a breakdown of the fair value of the acquired assets and assumed liabilities on the acquisition date:

<i>(in thousands of euros)</i>	Carrying amounts	Purchase Price Allocation	Fair Value
Property, plant and equipment	3	73,100	73,103
Other current assets	12		12
Cash and cash equivalents	140		140
Acquired assets	155	73,100	73,255
Provision for risks	-	(300)	(300)
Deferred taxes	-	(20,311)	(20,311)
Trade payables	(37)		(37)
Other liabilities	(14)		(14)
Assumed liabilities	(51)	(20,611)	(20,662)
Net acquired assets	104	52,489	52,593

The adjustments made to the carrying amounts upon the measurement at fair value of the acquired assets and assumed liabilities reflect the results of the PPA (Purchase Price Allocation) measurement process completed on December 31, 2018 and refer for 73,100 thousand euros to the value of the Servicing Contract signed with Banca Monte dei Paschi di Siena for the management of nonperforming loans.

The acquisition of Juliet S.p.A. activated the option granted by Quaestio Holding S.p.A. to Cerved Credit Management Group S.r.l. empowering it to acquire a 50.1% interest in Quaestio Cerved Credit Management S.p.A. during the period from January 1, 2020 and January 31, 2020 ("expiring call option").

The shares subject of the call option shall be deemed to have been transferred to Cerved Credit Management Group S.r.l during the period from January 1, 2021 to June 30, 2021, at a price determined based on a multiple of 4.1 the 2020 EBITDA.

The table below shows the cash flow deriving from the acquisition of Juliet S.p.A:

<i>(in thousands of euros)</i>	
Consideration paid	(52,593)
Cash and cash equivalents on the date of acquisition	140
Net cash flow deriving from the acquisition	(52,453)

The transaction costs incurred, amounting to 1,297 thousand euros, were recognized in full in the income statement.

This acquisition produced an increase in the revenues and EBITDA of the 2018 reporting year amounting to 29,716 thousand euros and 12,852 thousand euros, respectively. If the acquisition had been recorded as of January 1, 2018, the contributions to revenues and EBITDA would have been virtually identical, as the beginning of operations by Juliet S.p.A. coincided with its purchase by the Cerved Group.

Acquisition of Bauciweb S.r.l.

On July 2, 2018, Cerved Group S.p.A. acquired the big data analysis and media monitoring business operations of Bauciweb S.r.l. for a consideration of 250 thousand euros; the purpose of this transaction is to increase the quality and quantity of offline and online content, both for the business information and the marketing activities, in addition to broadening Cerved's value position in the news area.

The table below shows the results of the business combination:

<i>(in thousands of euros)</i>	<i>Fair Value</i>
Intangible assets	56
Property, plant and equipment	3
Acquired assets	58
Employee benefits	14
Liabilities towards employees	18
Assumed liabilities	32
Net acquired assets	26

This transaction resulted in the recognition of goodwill of 224 thousand euros.

Price paid	250
Net acquired assets	26
Goodwill	224

The transaction costs incurred, amounting to 70 thousand euros, were recognized in full in the income statement.

Acquisition of Spazio Dati S.r.l.

On July 24, 2018, Cerved Group closed a transaction to acquire an additional 26.19% interest in the equity capital of Spazio Dati S.r.l., thereby achieving control of Spazio Dati and increasing its ownership percentage from 48% to 74.19%, with the mutual commitment of the parties to buy and sell the remaining equity in three subsequent tranches, the last one due in 2021. This residual component is equal to 4,471 thousand euros.

2. Consolidated Financial Statements at December 31, 2018

As required by IFRS 3, the acquisition of control in stages resulted in the recognition of a gain of 3,496 thousand euros deriving from the measurement at fair value of the interest previously held.

The table below shows the results of the business combination:

<i>(in thousands of euros)</i>	
Value of the investment carried at equity (prior to the acquisition of a majority interest)	2,545
Income recognized in profit or loss upon the measurement at fair value of the interest already held	3,496
2018 purchase price	1,570
Deferred price	4,471
Adjusted consideration	12,082
Net acquired assets	3,695
Goodwill	8,387

The table below provides a breakdown of the fair value of the acquired assets and assumed liabilities on the acquisition date.

<i>(in thousands of euros)</i>	Carrying amounts	Purchase Price Allocation	Fair Value
Property, plant and equipment	49		49
Intangible assets	237	3,123	3,360
Deferred tax assets	73		73
Trade receivables	1,021		1,021
Tax receivables	108		108
Other receivables	36		36
Other current assets	18		18
Cash and cash equivalents	1,383		1,383
Acquired assets	2,925	3,123	6,048
Employee benefits	(132)		(132)
Deferred taxes	-	(871)	(871)
Trade payables	(249)		(249)
Other tax payables	(82)		(82)
Other liabilities	(1,018)		(1,018)
Assumed liabilities	(1,481)	(871)	(2,352)
Net acquired assets	1,444	2,251	3,695

The adjustments made to the carrying amounts upon the measurement at fair value of the acquired assets and assumed liabilities reflect the results of the PPA (Purchase Price Allocation) measurement process completed on December 31, 2018 and refer:

- for 2,632 thousand euros to the value of the Atoka software and the corresponding semantic engine for the automated text analysis useful for B2B lead generation activities and for sales and marketing intelligence activities, in addition to the Similarity software, which makes it possible to handle data of an heterogeneous nature;
- for 491 thousand euros to the value of the Atoka trademark.

The table below shows the net cash flow deriving from the acquisition of Spazio Dati S.r.l.:

<i>(in thousands of euros)</i>	
Consideration paid	(1,570)
Cash and cash equivalents on the date of acquisition	1,383
Net cash flow deriving from the acquisition	(187)

The transaction costs incurred, amounting to 84 thousand euros, were recognized in full in the income statement.

This acquisition produced an increase in the revenues and EBITDA of the 2018 reporting year amounting to 335 thousand euros and 719 thousand euros, respectively. If the acquisition had been recorded as of January 1, 2018, the contributions to revenues and EBITDA would have been 834 thousand euros and 1,019 thousand euros, respectively.

Acquisition of Pro Web Consulting S.r.l.

On October 18, 2018, Cerved Group S.p.A. acquired 60% of a majority interest in Pro Web Consulting S.A., a rapidly growing Swiss company that provides Search Engine Optimization and Conversion Rate Optimization services for the websites of large companies operating primarily in Italy.

Concurrently with the acquisition, Cerved Group and the minority shareholder executed a shareholders' agreement that includes the handling of certain options for the 40% interest in the company held by the minority shareholder; specifically, the options include the following:

- Call/put option for the remaining 40%, exercisable over four years subsequent to the approval of the 2018, 2019, 2020 and 2021 financial statements for 10% of the company's capital each year, at a price based on a multiple tied to the growth of the company's EBITDA during the period;
- Call option held by Cerved exercisable in the event of firing or termination for cause of the employment relation of the minority shareholder (bad leaver), with the price determined based on a multiple of the company's EBITDA.

On October 24, 2018, this company relocated to Italy and a stable organization headquartered in Switzerland was established on November 7, 2018.

The table below shows the results of the business combination:

<i>(in thousands of euros)</i>	
Purchase price	3,685
Price adjustment	49
Adjusted consideration	3,734
Net acquired assets	1,087
Goodwill	2,648

2. Consolidated Financial Statements at December 31, 2018

The table below provides a breakdown of the fair value of the acquired assets and assumed liabilities on the acquisition date.

<i>(in thousands of euros)</i>	Carrying amounts	Purchase Price Allocation	Fair Value
Property, plant and equipment	110		110
Intangible assets	136	1,142	1,278
Other non-current assets	18		18
Trade receivables	1,342		1,342
Other current assets	19		19
Cash and cash equivalents	851		851
Acquired assets	2,476	1,142	3,618
Deferred taxes	11	(319)	(308)
Trade payables	(162)		(162)
Current income taxes payable	(185)		(185)
Other tax payables	(478)		(478)
Other liabilities	(676)		(676)
Assumed liabilities	(1,490)	(319)	(1,809)
Net acquired assets	986	823	1,809

The adjustments made to the carrying amounts upon the measurement at fair value of the acquired assets and assumed liabilities reflect the results of the PPA (Purchase Price Allocation) measurement process completed on December 31, 2018 and refer for 1,142 thousand euros to the value of the Customer Relationships, characterized by the existence of an ongoing commercial relationship based on loyalty between the Company and its customer base.

The table below shows the net cash flow deriving from the acquisition of Pro Web Consulting S.r.l.:

<i>(in thousands of euros)</i>	
Consideration paid	(3,734)
Cash and cash equivalents on the date of acquisition	851
Net cash flow deriving from the acquisition	(2,883)

The transaction costs incurred, amounting to 913 thousand euros including 556 thousand euros for the deemed dividend, were recognized in full in the income statement.

This acquisition produced an increase in the revenues and EBITDA of the 2018 reporting year amounting to 1,476 thousand euros and 566 thousand euros, respectively. If the acquisition had been recorded as of January 1, 2018, the contributions to revenues and EBITDA would have been 5,330 thousand euros and 1,429 thousand euros, respectively.

6. SEGMENT INFORMATION

The Board of Directors identified the following operating segments, which encompass all of the services and products supplied to customers:

- Credit Information, which includes the supply of corporate, commercial and economic-financial information;
- Marketing Solutions, which includes the supply of market information and analyses; and
- Credit Management, which includes services for the valuation and management of receivables and “problem assets” on behalf of third parties.

The results of the operating segments are measured through an analysis of the trend for EBITDA, defined as earnings for the period before depreciation and amortization, nonrecurring income and charges, financial income and charges, gains or losses on investments in associates and income taxes. Moreover, management believes that EBITDA provide a good indication of performance because they are not affected by the tax laws or depreciation and amortization policies.

The table below shows the revenues and EBITDA of the operating segments at December 31, 2018 and 2017:

(in thousands of euros)

	PERIOD FROM JANUARY 1 TO DECEMBER 31, 2018				PERIOD FROM JANUARY 1 TO DECEMBER 31, 2017 RESTATED			
	Credit Information	Marketing Solutions	Credit Management	Total	Credit Information	Marketing Solutions	Credit Management	Total
Revenues by segment	286,499	25,614	148,870	460,983	279,027	24,561	94,268	397,856
Inter-segment revenues	(1,753)	-	(2,010)	(3,762)	(1,931)	(1)	(1,802)	(3,734)
Total revenues from outsiders	284,746	25,614	146,861	457,221	277,096	24,560	92,466	394,122
EBITDA	143,735	8,166	51,649	203,550	143,452	9,330	27,063	179,844
EBITDA %	50.5%	31.9%	35.2%	44.5%	51.8%	38.0%	29.3%	45.6%
Nonrecurring income (charges)				(7,248)				(7,311)
Depreciation and amortization				(73,608)				(67,077)
Operating profit				122,522				105,457
Income from/(charges for) investments in associates				3,395				357
Financial income				4,964				510
Financial charges				(18,726)				(30,663)
Nonrecurring financial income/(charges)				(556)				5,197
Result before taxes				111,600				80,858
Income taxes				(22,413)				(26,589)
Net profit				89,187				54,269

Given the type of services and products sold by the Group, there are no instances of significant revenue concentration with individual customers.

7. REVENUES

A breakdown of "Revenues" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Sales in Italy	447,575	379,091
International sales	7,373	10,190
Total sales	454,948	389,281
Change in deferred revenues at December 31	2,273	4,841
Total	457,221	394,122

Deferred revenues originate from services invoiced at December 31, 2018 but not yet provided to customers and deferred to the following year in accordance with the accrual principle. The Group's revenues are generated mainly in Italy; an analysis by business segment is provided in Note 6 Segment Information.

8. OTHER INCOME

A breakdown is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Sundry income	719	145
Insurance settlements	142	152
Total	861	297

At December 31, 2018, other income included a gain of 315 thousand euros realized by the Cerved Credit Management Group S.r.l. subsidiary on the sale of an industrial building in Pandino (Cremona), which was no longer suitable for the continuation of operating activities.

9. COST OF RAW MATERIAL AND OTHER MATERIALS

A breakdown of this item is as follows

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Consumables	321	244
Cost of sales	2,077	6,157
Fuel	823	737
Total	3,221	7,138

The "Cost of sales" refers to the cost of goods bought and resold as part of the asset management and reselling activity carried out by the Cerved Credit Management Group Srl subsidiary through its "Markagain" Division.

At December 31, 2018, this item included writedowns of 1.3 million euros (0.3 million euros at December 31, 2017) resulting from the adjustment to estimated realizable value of some assets managed by the abovementioned division, with the aim of reducing commitments in that area and developing alternatives lines of business, more synergistic with the rest of the activities carried out by the Credit Management segment.

“Consumables” and “Fuel” refer mainly to costs for Company-owned cars used by employees.

10. COST OF SERVICES

A breakdown of “Cost of services” is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Information services	34,207	31,978
Agents and sales agreement costs	19,514	18,551
Tax, administrative and legal consulting services	4,041	3,174
Advertising and marketing expenses	2,098	2,179
Maintenance and technical support costs	7,098	6,043
Sundry utilities	2,497	2,283
Outsourced asset management services	1,451	2,563
Costs for credit collection services	30,316	17,732
Travel expenses and per diems	3,190	2,980
Costs for digital marketing services	5,501	4,458
Other consultancy and services costs	7,414	4,809
Nonrecurring costs	3,808	3,167
Total	121,135	99,917

Regarding the trend of “cost of services” compared with the previous year, some comments are in order:

- the cost for “Information services,” amounting to 34,207 thousand euros at December 31, 2018 (+7%), reflects cost increase dynamics that mirror the gain in revenues, particularly expert appraisers (8,278 thousand euros at December 31, 2018, +27%);
- “Agents and sales agreement costs,” totaling 19,514 thousand euros (+5%), reflects the increase in revenues from customers managed by the Corporate field network;
- “Costs for credit collection services” of 30,316 thousand euros (+71%) reflects the increase in volumes related to the management of nonperforming loans by the Credit Management Division and a change in the scope of consolidation due to the inclusion of Juliet S.p.A. and Credit Management S.r.l. into the Group; these costs were incurred for services rendered by the external collection network, external credit collection services and legal counsel involved in the judicial recovery process in connection with credit recovery and management activities;
- “Costs for digital marketing services,” which increased by 924 thousand euros, are attributable to Click Adv S.r.l. for 5,377 thousand euros and to Pro Web Consulting S.r.l., a newly acquired company, for 124 thousand euros.

At December 31, 2018, "Cost of services" included nonrecurring costs totaling 3,808 thousand euros. See Note 15 "Nonrecurring Income and Costs" for additional information.

11. PERSONNEL COSTS

A breakdown is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Wages and salaries	75,710	65,319
Social security charges	24,918	21,882
Severance benefits	5,883	5,500
Other personnel costs	9,171	2,903
Nonrecurring personnel costs	2,772	4,144
Total staff costs	118,454	99,748
Associates' fees and social security contributions	565	276
Directors' fees and social security contributions	2,842	2,700
Total fees	3,407	2,976
Total	121,861	102,724

"Other personnel costs" includes

- 4,981 thousand euros for costs incurred during the year for the "2019-2021 Performance Share Plan" (the "Plan") reserved for some key Company resources selected among Directors, managers and other executives. See Note 43 for a description of the Plan's rules.
- 3,558 thousand euros for a total of 92 employees seconded by Banca Monte dei Paschi di Siena S.p.A. and MPS Capital Services S.p.A. to the Juliet S.p.A. subsidiary.

"Nonrecurring costs," which are summarized in Note 15, refer to early retirement incentives paid to some employees as part of the company integration and Group reorganization processes.

Detailed information about "Severance benefits" is provided in Note 34.

The table below shows a breakdown by category of the average number of Group employees:

Employees by category	At December 31, 2018	At December 31, 2017 Restated
Executives	81	66
Middle managers	355	296
Office staff	1,885	1,609
Total	2,321	1,971

12. OTHER OPERATING COSTS

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Rent	5,352	4,764
Rentals	1,935	468
Expenses for Company cars	991	943
Other costs	607	609
Janitorial services	598	534
Employee cafeteria and meal vouchers	1,606	1,422
Nonrecurring costs	669	-
Total	11,758	8,740

Rent, amounting to 5,352 thousand euros or 588 thousand euros more than the previous year, mainly reflects the inclusion of new companies in the scope of consolidation during the year.

The cost of rentals mainly reflects, for 1,447 thousand euros, the fee for information services, including licenses and IT infrastructures, signed by the Juliet S.p.A. subsidiary with Consorzio Operativo Gruppo MPS ("COG").

13. IMPAIRMENT OF RECEIVABLES AND OTHER PROVISIONS

A breakdown of "Impairment of receivables and other provisions" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Impairment of receivables	3,524	3,417
Accruals to other provisions for risks, net of reversals	281	(52)
Total	3,805	3,366

For more detailed information about the changes that occurred in the provision for impairment of receivables and the provision for other liabilities and charges, see the analysis provided in Note 25 "Trade receivables" and Note 35 "Provisions for other liabilities and charges."

14. DEPRECIATION AND AMORTIZATION

A breakdown of "Depreciation and amortization" is as follows::

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Amortization of intangible assets	68,108	62,079
Depreciation of property, plant and equipment	5,600	4,998
Total	73,780	67,077

For more detailed information about depreciation and amortization, see the analysis provided in Note 19 "Property, plant and equipment" and Note 20 "Intangible assets."

15. NONRECURRING INCOME AND COSTS

As required by the Consob Communication of July 28, 2006, the table below summarizes the Group's nonrecurring income and costs for the year ended December 31, 2018:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Nonrecurring cost of services	(3,808)	(3,167)
Nonrecurring personnel costs	(2,772)	(4,144)
Other nonrecurring operating costs	(669)	-
Income/(Charges) on equity investments	3,496	-
Nonrecurring financial income /(charges)	(556)	5,197
Total	(4,309)	2,114

During the reporting period, the Group incurred nonrecurring costs and income totaling 4,309 thousand euros, which included:

- 3,808 thousand euros, recognized under costs for services, mainly relating to the charges incurred by the Group for nonrecurring activities related to extraordinary transactions completed or started during the year;
- 2,772 thousand euros for retirement incentives paid to employees as part of the process for the integration of Group companies;
- 669 thousand euros in other operating costs related to the so-called "Tobin Tax" for 105 thousand euros incurred for the acquisition of Juliet S.p.A. and, for 564 thousand euros, to the implied dividend tax paid on the relocation of the tax residency of the Pro Web company from Switzerland to Italy;
- 3,496 thousand euros for a gain from the measurement at fair value of the interest held in Spazio Dati;
- 556 thousand euros for a financial charge that reflects the adjustment made to the present value of future flows of the Cerved Group loan agreement in accordance with the terms renegotiated in 2018.

16. FINANCIAL INCOME

A breakdown of "Financial income" is provided in the table below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Bank interest income	3	3
Adjustment to the value of the liability f or put options	3,050	-
Derivatives	1,395	-
Foreign exchange gains	18	148
Other interest income	41	20
Dividends	457	340
Nonrecurring financial income	-	5,397
Total	4,964	5,908

"Adjustment to the value of the liability for put options" reflects the adjustment made to the liability for the options granted to the minority shareholders of Cerved Credit Management Group S.r.l. and ClickAdv S.r.l., empowering them to sell their equity interests to Cerved Group over the coming years, the valuation of which reflects future growth dynamics of the expected cash flows. See Notes 36 and 41 for additional information.

"Derivatives" includes the fair value of the call option granted by Questio Holding SA to Cerved Credit Management Group S.r.l., empowering it to buy a 50.1% interest in Questio Cerved Credit Management S.p.A. See Note 5 "Business Combinations" for additional information about this option.

"Dividends" includes 457 thousand euros in dividends distributed by SIA-SSB, a company in which the Group hold an equity interest of 0.77%.

17. FINANCIAL CHARGES

A breakdown of "Financial charges" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Interest expense on Forward Start facility	10,316	12,115
Financial component of employee benefits	161	166
Fees and other interest expense	1,782	1,816
Amortized cost loan	3,101	2,516
Fair value measurement of IRS and Forward Star derivatives	1,971	1,220
Adjustment to the value of the liability for put options	1,396	12,830
Nonrecurring financial charges	556	200
Total	19,281	30,863

"Interest expense on Forward Start facility" refers to interest on a facility provided to Cerved Group in January 2016, the terms and conditions of which are outlined in Note 32.

The main components of "Fees and other interest expense" include commitment and agency fees related to the revolving loan agreement and interest on other credit lines.

"Fair value measurement of IRS and Forward Star derivatives" includes the charges deriving from the IRS derivatives executed by the Cerved Group S.p.A. subsidiary, effective as of January 16, 2017 and expiring on January 14, 2022, with top credit institutions to hedge the risk of interest rate fluctuations affecting the Term Facility B, for a notional amount of 200 million euros and on the Term Facility C, for a notional amount of 200 million euros.

“Adjustment to the value of the liability for put options” represents an adjustment of the liability for the option granted to the minority shareholders of Pro Web S.r.l., empowering them to sell their minority interest to Cerved Group S.p.A. over the coming years, the valuation of which reflects future growth dynamics of the expected cash flows. See Notes 36 and 41 for additional details.

“Financial charges” include nonrecurring charges totaling 556 thousand euros. See the information provided in Note 19 “Nonrecurring Income and Costs” for additional details.

18. INCOME TAX EXPENSE

A breakdown of “Income tax expense” is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Regional income taxes (IRAP)	6,949	6,419
Current corporate income taxes (IRES)	28,700	25,143
Prior-period tax (benefits)/charges	(7,377)	(1,555)
Prepaid and deferred income taxes	(5,859)	(3,417)
Total	22,413	26,590

Current taxes were determined based on the tax rates currently in effect. See the information provided in Note 37 for details concerning prepaid and deferred income taxes.

The table below shows a reconciliation of the statutory tax rate to the actual tax rate:

<i>(in thousands of euros)</i>	At December 31, 2018	Tax rate
Result before taxes	111,600	
Income tax at the statutory rate	(26,784)	24.0%
Regional tax (IRAP)	(4,352)	3.9%
Prior-period tax items	164	
Patent Box	10,351	
ACE benefit (Decree Law No. 201/2011)	343	
Other differences	(2,135)	
Income taxes actually paid	(22,413)	20.1%

Current taxes were computed based on the tax rates in effect.

“Other differences” mainly refers to the income statement impact of the remeasurement of the value of the put options held by minority shareholders and for the measurement at fair value of the interest held in Spazio Dati..

Patent Box

Article 1, Sections 37 to 45, of Law No. 190 of December 23, 2014, as amended by Article 5 of Decree Law No. 3 of January 24, 2015, established an optional status of reduced taxation (also known as “Patent Box”) for income deriving from the use of intellectual property, industrial patents, trademarks, drawings and models, as well as processes, formulas and

information relating to knowhow acquired in the industrial, commercial or scientific fields that enjoy legal protection ("Intangible Assets"), with the aim of incentivizing investments in research and development activities.

Basically, the abovementioned statute established a reduced taxation status for income derived from the utilization of the abovementioned Intangible Assets. The economic contribution provided by Intangible Assets to a company's profits can benefit from the abovementioned reduced taxation, provided it is determined in accordance with a ruling stipulated with the Revenue Agency.

At the end of December 2018, following the completion of the preparatory activities and an overall review of the results and documents produced, Cerved Group finalized an agreement with the Agency for a ruling that determined: (i) scope of applicability for the trademark, knowhow (database) and software; (ii) the amount of the economic contribution for the 2015 year; and (iii) the computation criterion and method applicable for subsequent years up to 2019.

The tax benefit deriving from the implementation of the abovementioned agreement amounts to 10,351 thousand euros, including 3,138 thousand euros for the current year.

19. PROPERTY, PLANT AND EQUIPMENT

The tables below show the changes that occurred in "Property, plant and equipment" during the reporting year:

AT DECEMBER 31, 2018

<i>(in thousands of euros)</i>	Land and buildings	Electronic equipment	Furniture and fixtures	Other assets	Total
Balance at December 31, 2017	8,436	3,052	1,798	7,311	20,597
Change in scope of consolidation		37	91	35	162
Breakdown:					
<i>Historical cost</i>		67	105	37	209
<i>Accumulated depreciation</i>		(31)	(14)	(2)	(47)
Additions		1,852	167	3,586	5,605
Disposals – historical cost	(830)	(52)	(25)	(3,636)	(4,543)
Disposals – accumulated depreciation	127	45	1	3,435	3,608
Disposals – net	(704)	(7)	(24)	(201)	(936)
Depreciation	(609)	(1,715)	(333)	(2,943)	(5,600)
Balance at December 31, 2018	7,124	3,219	1,698	7,787	19,829
Breakdown:					
<i>Historical cost</i>	16,039	24,079	4,926	22,975	68,019
<i>Accumulated depreciation</i>	(8,915)	(20,860)	(3,228)	(15,186)	(48,190)

AT DECEMBER 31, 2017

<i>(in thousands of euros)</i>	Land and buildings	Electronic equipment	Furniture and fixtures	Other assets	Total
Balance at December 31, 2016	8,782	1,754	1,477	7,759	19,772
Change in scope of consolidation		14	1		16
Breakdown:					
<i>Historical cost</i>	-	21	1	-	23
<i>Accumulated depreciation</i>	-	(7)	-	-	(7)
Additions	280	2,657	726	2,959	6,622
Disposals – historical cost	-	(2,248)	(236)	(2,092)	(4,576)
Disposals – accumulated depreciation	-	2,265	175	1,321	3,762
Disposals – net	-	17	(61)	(771)	(814)
Depreciation	(626)	(1,391)	(346)	(2,636)	(4,998)
Balance at December 31, 2017	8,436	3,052	1,798	7,311	20,597

Additions for the period totaled 5,605 thousand euros. The main items included: (i) per 2,268 thousand euros to replace the Company's vehicle fleet; (ii) 1,852 thousand euros to replace hardware with the aim of making the organization more efficient; and (iii) 1,236 thousand euros for leasehold improvements. At December 31, 2018 there were no restrictions on the ownership and possession of property, plant and equipment or purchase commitments

20. INTANGIBLE ASSETS

The changes that occurred in the individual components of intangible assets are detailed below:

AT DECEMBER 31, 2018

<i>(in thousands of euros)</i>	Software	Trademarks and other rights	Customer Relationships	Economic information databases	Other intangibles	Total
Balance at December 31, 2017	27,070	23,660	300,094	18,652	46,176	415,652
Change in scope of consolidation	2,924	490	1,142	-	73,240	77,797
Breakdown:						
<i>Historical cost</i>	2,980	490	1,142		73,240	77,852
<i>Accumulated amortization</i>	(56)					(56)
Additions	19,289			12,610	3,309	35,208
Disposals – historical cost	(36)			(30)		(66)
Disposals – accumulated amortization	12					12
Disposals – net	(24)	-	-	(30)	-	(54)
Amortization	(17,385)	(2,532)	(22,882)	(12,806)	(12,574)	(68,180)
Balance at December 31, 2018	31,874	21,618	278,354	18,426	110,151	460,423
Breakdown:						
<i>Historical cost</i>	148,113	36,115	409,618	298,150	186,951	1,059,147
<i>Accumulated amortization</i>	(116,239)	(14,497)	(131,265)	(279,724)	(76,800)	(618,525)

AT DECEMBER 31, 2017

<i>(in thousands of euros)</i>	Software	Trademarks and other rights	Customer Relationships	Economic information databases	Other intangibles	Total
Balance at December 31, 2016	23,087	26,172	322,944	21,050	30,443	423,696
Change in scope of consolidation					19,800	19,800
Additions	19,128	-	-	13,059	2,048	34,235
Disposals – historical cost	-	-	-	-	-	-
Disposals – accumulated amortization	-	-	-	-	-	-
Disposals – net	-	-	-	-	-	-
Amortization	(15,145)	(2,512)	(22,850)	(15,457)	(6,115)	(62,079)
Balance at December 31, 2017	27,070	23,660	300,094	18,652	46,170	415,652

Additions for the period, which totaled 35,208 thousand euros, refer mainly to projects carried out during the period to develop new products and software (19,289 thousand euros) and investments in economic information databases (12,610 thousand euros). The change in scope of consolidation, amounting to 77,797 thousand euros, refers to the effects of the business combinations completed during the year and described in Note 5 Business Combination.

Please note that, starting in the third quarter of 2018, the Cerved Group revised the estimated useful lives of its software and its server and storage hardware. This new estimate affected only new investments made after June 30, 2018 and generated, at December 31, 2018, a reduction of depreciation and amortization amounting to 123 thousand euros.

21. GOODWILL

A breakdown of “Goodwill” is as follows

<i>(in thousands of euros)</i>	Year of combination	At December 31, 2017 Restated	Increases / Decreases	At December 31, 2018
Credit Information		616,171	8,611	624,782
Cerved Data Services (CDS) goodwill	2013	820	-	820
Cerved Group goodwill	2013	608,099	-	608,099
RLValue goodwill	2014	1,246	-	1,246
Fox goodwill	2016	4,240	-	4,240
Major 1 goodwill	2016	1,766	-	1,766
Spazio Dati goodwill	2018	-	8,387	8,387
Bauciweb goodwill	2018	-	224	224
Marketing Solution		49,251	2,648	51,899
Cerved Group goodwill	2013	41,872	-	41,872
Clickadv goodwill	2016	7,379	-	7,379
Pro Web Consulting goodwill	2018	-	2,648	2,648
Credit Management		70,493	-	70,493
CCMG goodwill	2013	57,843	-	57,843
Lintec goodwill	2013	474	-	474
Recus goodwill	2016	8,450	-	8,450
Credit Management goodwill	2017	3,499	-	3,499
BHW goodwill	2016	119	-	119
BHW Verona goodwill	2017	109	-	109
Total		735,916	11,259	747,173

2. Consolidated Financial Statements at December 31, 2018

At December 31, 2018, the Cerved goodwill was allocated as follows to the different operating segments/CGUs:

<i>(in thousands of euros)</i>	<i>At December 31, 2018</i>
Credit Information	616,395
Credit Information - Spazio Dati	8,387
Marketing Solutions	41,872
Marketing Solutions - Clickadv	7,379
Marketing Solutions - ProWeb	2,648
Credit Management	66,994
Credit Management Bari	3,499
Total	747,173

In line with the requirements of the reference accounting principles, Goodwill was tested for Impairment at December 31, 2018.

The value in use was determined by discounting the forecast data of each CGU ("DCF Method") for the three-year period from 2019 to 2021, as approved by the Company's Board of Directors on February 19, 2019.

The forecast data of each CGU were determined taking into consideration the growth levels of revenues, EBITDA, and cash flows based on both past economic-income performance and future expectations.

The terminal value of each CGU was computed based on the perpetual annuity of the cash flow of each CGU with reference to the latest period of forecast data considered, assuming a growth rate of zero and using an after-tax discounting rate (WACC) of:

- 7.49% for all the Credit Information, Credit Information - Spazio Dati and Marketing Solutions CGUs and is the result of the weighted average of the cost of capital, equal to 8.20% (88%)—including a market risk premium of 5.5%—and an after tax debt cost of 2.25% (12%). The structure of the objective capital used for weighted average purposes was determined based on an average for the capital structures of comparable companies and not independent of the financial structure of individual CGUs/companies;
- 10.19% for the Marketing Solutions - Clickadv and Marketing Solutions - Pro Web CGUs and is the result of the weighted average of the cost of capital, equal to 10.68% (93.16%)—including a market risk premium of 5.5%—and an after tax debt cost of 3.61% (6.84%). The structure of the objective capital used for weighted average purposes was determined based on an average for the capital structures of comparable companies and not independent of the financial structure of individual CGUs/companies;
- 7.11% for the Credit Management and Credit Management Bari and is the result of the weighted average of the cost of capital, equal to 12.19% (48.94%)—including a market risk premium of 5.5%—and an after tax debt cost of 2.25% (51.06%). The structure of the objective capital used for weighted average purposes was determined based on an average for the capital structures of comparable companies and not independent of the financial structure of individual CGUs/companies.

The impairment test failed to show that the existing goodwill had been impaired.

The table below shows the surplus by which the recoverable value of each CGU, computed based on the parameters described above, exceeds its carrying amount:

<i>(in thousands of euros)</i>	<i>At December 31, 2018</i>
Credit Information	266,611
Credit Information – Spazio Dati	1,921
Marketing Solutions	26,852
Marketing Solutions - Clickadv	5,218
Marketing Solutions - ProWeb	1,760
Credit Management	187,898
Credit Management Bari	24,748
Total	515,008

The table below shows the change in the surplus recoverable value of each CGU based on a change of 5% in the cash flow value, all other parameters being equal:

<i>(in thousands of euros)</i>	<i>-5%</i>	<i>5%</i>
Credit Information	194,965	338,257
Credit Information – Spazio Dati	928	2,914
Marketing Solutions	22,981	30,723
Marketing Solutions - Clickadv	4,133	6,303
Marketing Solutions - ProWeb	1,252	2,268
Credit Management	169,686	206,110
Credit Management Bari	22,575	26,921
Total	416,520	613,496

The table below shows the change in the surplus recoverable value of each CGU based on a change of 0.5% in the value of the WACC, all other parameters being equal:

<i>(in thousands of euros)</i>	<i>-0.5%</i>	<i>0.5%</i>
Credit Information	346,812	196,451
Credit Information – Spazio Dati	2,857	1,102
Marketing Solutions	32,916	21,551
Marketing Solutions - Clickadv	6,319	4,219
Marketing Solutions - ProWeb	2,209	1,354
Credit Management	211,852	167,102
Credit Management Bari	27,986	24,748
Total	630,951	416,527

2. Consolidated Financial Statements at December 31, 2018

The table below shows the WACC levels and the cash flow reduction that would make the recoverable value of each CGU equal to its carrying value.

<i>(in thousands of euros)</i>	WACC	EBITDA %
Credit Information	9.83%	-18.61%
Credit Information - Spazio Dati	8.78%	-9.67%
Marketing Solutions	10.98%	-34.68%
Marketing Solutions - Clickadv	13.49%	-24.04%
Marketing Solutions - ProWeb	12.79%	-17.34%
Credit Management	17.61%	-51.59%
Credit Management Bari	16.91%	-56.94%

22. INVESTMENTS IN ASSOCIATES VALUED BY THE EQUITY METHOD

At December 31, 2018, this item amounted to 3,130 thousand euros. It includes:

- the value of the equity investment in the associated company Experian Italia S.p.A. for 3,101;
- the value of the equity investment in the partnership "La Scala Cerved Società tra avvocati" for 29 thousand euros

The table that follows shows the changes that occurred in investments in associates valued by the equity method:

<i>(in thousands of euros)</i>	Experian Italia	Spazio Dati	La Scala Cerved	Total
Balance at December 31, 2017	3,206	2,545	-	5,751
Acquisitions and subscriptions			25	25
Gains (Losses) from valuation by the equity method	(105)		4	(101)
Decreases		(2,545)		(2,545)
Balance at December 31, 2018	3,101	-	29	3,130

At December 31, 2018, Experian and the Cerved Group owned, respectively, 95.35% and 4.65% of Experian Italia's share capital. The Company qualified this investment as an investment in an associated company by virtue of governance stipulations set forth in the shareholders' agreements that enable the Group to exercise considerable influence, as specified in IAS 28.

The decrease of 2,545 thousand euros is due to the line-by-line consolidation of Spazio Dati as of July 2018 following the acquisition of control, as described in Note 5 "Business combinations" earlier in this Report.

The financial highlights of the investee companies valued by the equity method are listed below. The data refer to the latest annual financial statements:

<i>(in thousands of euros)</i>	Total assets	Total shareholders' equity	Total revenues	Profit/Loss for the period
Experian Italia S.p.A. ¹	14,470	6,980	17,973	524
La Scala Cerved ²	1,372	85	652	12

1. Financial statements closed at March 31, 2018.

2. Data from the draft financial statements at December 31, 2018.

23. OTHER NON-CURRENT FINANCIAL ASSETS

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Other investments	4,382	4,382
Derivatives	1,395	-
Other financial receivables	2,458	1,204
Security deposits and sundry items	409	315
Total	8,644	5,901

At December 31, 2018, "Other non-current financial assets" included: (i) the fair value of the equity investments held by the Group for a total of 4,382 thousand euros; (ii) some security deposits; (iii) a loan receivable from La Scala Cerved in the amount of 500 thousand euros disbursed in September 2018 to support this company during startup and while it becomes fully operational; and (iv) the fair value of the option empowering Cerved Credit Management Group S.r.l. to acquire from Quaestio Holding SA the interest that Quaestio held in Quaestio Cerved Credit Management S.p.A. up to January 2020 at an exercise price determined based on a multiple of 4.1 the 2020 EBITDA of the Quaestio Cerved Credit Management Group. This item also includes 1,121 thousand euros for a capitalization policy of the severance benefit fund issued by Consit Italia S.p.A. absorbed by Cerved Group S.p.A.

UNCONSOLIDATED EQUITY INVESTMENTS HELD BY THE GROUP

<i>(in thousands of euros)</i>	Registered office	Share capital	Sharehold. equity at December 31, 2017	% control (indirect)	December 31, 2018	December 31, 2017
SIA-SSB	Milan	22,275	251,576	0.76%	4,343	4,343
Class CNBC S.p.A.	Milan	628	832	1.24%	39	39
Total					4,382	4,382

The amounts shown refer to the financial statements prepared in accordance with the reference accounting principles of the individual companies. At December 31, 2018, there were no impairment indicators requiring that the investments be written down.

24. INVENTORY

Inventory, which amounted to 111 thousand euros, consists exclusively of goods that the Group acquired as part of the management and reselling of assets originating from nonperforming leases carried out by the Cerved Credit Management Group S.r.l. subsidiary that had not been resold at December 31, 2018.

25. TRADE RECEIVABLES

"Trade receivables" totaled 197,799 thousand euros, net of the corresponding provision for impairment of receivables, as detailed below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Trade receivables from external customers	208,912	171,385
Provision for impairment of receivables	(11,368)	(11,478)
Related-party receivables	255	112
Total	197,799	160,019

The table below shows the changes in the Provision for impairment of receivables:

<i>(in thousands of euros)</i>	Provision for impairment of receivables
At December 31, 2016 Restated	12,271
Accruals	3,417
Utilizations	(4,210)
At December 31, 2017 Restated	11,478

<i>(in thousands of euros)</i>	Provision for impairment of receivables
At December 31, 2017 Restated	11,478
Change in scope of consolidation	115
Accruals	3,524
Utilizations	(3,749)
At December 31, 2018	11,368

The accrual to the provision for impairment reflects the estimated realizable value of receivables that were still deemed collectible at December 31, 2018. Utilizations for the period were recognized in the case of receivables for which elements of certainty and accuracy, or the existence of composition with creditors proceedings, required that the position be written off.

There are no significant receivables with a remaining duration of more than five years or receivables denominated in a currency different from the euro. It is also worth mentioning that the carrying amount of trade receivables approximates their fair value.

26. TAX RECEIVABLES

A breakdown of "Tax receivables" is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
VAT receivable	1,585	596
IRAP receivable	796	231
IRES receivable	252	371
Other tax receivables	9,672	2,974
Total	12,305	4,172

The main components of Other tax receivables include the following:

- 7,213 euros for the Patent Box credit;
- 1,456 thousand euros for the IRES receivable for the deductibility from IRES of the IRAP paid on personnel costs prior to the 2012 reporting year, in accordance with the provision of Article 4 of Decree Law No. 16/2012;
- 35 thousand euros for the remaining tax receivable resulting from the provisional payment, made while the proceedings were in progress, in connection with a tax dispute with the Revenues Agency settled in December 2016. In December 2018, the Revenue Agency issued a partial refund of 877 thousand euros.

27. OTHER RECEIVABLES

A breakdown of "Other receivables" at December 31, 2018 is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Advances to agents	667	590
Sundry receivables	2,329	1,755
Other receivables from related parties	32	106
Total	3,028	2,451

Sundry receivables refers mainly to the following: (i) 227 thousand euros for a receivable owed by some former controlling companies for an IRES receivable resulting from the deductibility from IRES of the IRAP paid in the years in which some Group companies filed a consolidated tax return; and (ii) 526 thousand euros for advances to suppliers.

28. OTHER CURRENT ASSETS

Other current assets consist mainly of prepaid agents' commissions. The costs incurred in connection with new contracts for the sale of services not yet provided are suspended and recognized in profit or loss based on customer usage progress.

A breakdown of this item is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Prepaid commercial costs	9,966	9,855
Other prepaid commercial expenses	4,297	3,884
Sundry receivables	25	24
Total	14,289	13,763

"Other prepaid commercial expenses" consist mainly of maintenance fees.

29. CASH AND CASH EQUIVALENTS

“Cash and cash equivalents” consists mainly of amounts deposited in checking accounts at top credit institutions.

A breakdown of this item is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Deposits in bank and postal accounts	42,349	99,179
Cash on hand	14	28
Total	42,363	99,207

The carrying amount of “Cash and cash equivalents” approximates the fair value of these items, which are not the subject to any utilization restriction

Please see the consolidated statement of financial position for a comprehensive analysis of the financial position and of the main uses of cash flows.

30. SHAREHOLDERS' EQUITY

As of the date of these Financial Statements, the fully subscribed and paid-in share capital amounted to 50,521 thousand euros and was comprised of 195,274,979 common shares without par value.

At December 31, 2018, the Company held 3,873,096 Treasury Shares valued at 29,296 thousand euros.

The changes in equity reserves are shown in this Report's financial statement schedules.

In 2018, dividends totaling 52,724 thousand euros were distributed to the shareholders of the Parent Company.

Other reserves include the “Cash flow hedge” reserve, to which changes in the fair value of cash flow hedge derivatives consisting of five IRS contracts are posted, as described in Note 32 “Current and non-current borrowings,” and the reserve established to offset the recognition of the cost of the share-based incentive Plan for 7,480 thousand euros.

31. EARNINGS PER SHARE

The table that follows shows the computation of basic and diluted earnings per share.

	At December 31, 2018	At December 31, 2017 Restated
Net results attributable to owners of the parent (in thousands of euros)	85,189	52,734
Number of common shares at the end of the period	195,274,979	195,000,000
Average weighted number of shares outstanding for basic earnings per share purposes	195,588,522	195,000,000
Adjustment for "Performance Share Plan"	2,924,289	1,961,746
Adjustment for "Treasury Shares"	(3,873,096)	-
Average weighted number of shares outstanding for diluted earnings per share purposes	194,326,172	196,961,746
Basic earnings per share (in euros)	0.438	0.271
Diluted earnings per share (in euros)	0.438	0.268

Diluted earnings per share are affected by the "Performance Share Incentive Plan," which is described in Note 43 infra, which calls for grants totaling up to 2,924,289 options, and by purchases of Treasury Shares (3,873,096 shares at December 31, 2018). The dilutive effect was determined based on the maximum number of options that could vest by the end of the three-year measurement period.

32. CURRENT AND NON-CURRENT BORROWINGS

The table below provides a breakdown of "Current borrowings" and "Non-current borrowings" at December 31, 2018 and 2017:

(in thousands of euros)

Current and non-current borrowings	Original amount	When issued	Maturity	Rate charged	AT DECEMBER 31, 2018		AT DECEMBER 31, 2017 RESTATED	
					Current portion		Current portion	
Term Loan Facility A	160,000	2016	2021	Euribor +1.50%	148,000	-	148,000	-
Term Loan Facility B	200,000	2016	2022	Euribor +1.875%	200,000	-	400,000	-
Term Loan Facility C	200,000	2016	2023	Euribor +2.05%	200,000			
Financial charges payable					2,289	2,289	2,212	2,212
Credito Valtellinese Vendor Loan	16,000	2015	2022	Euribor 3m+ 2.85%	16,000	-	16,000	-
Cassa Risparmio Ravenna loan	18,000	2017	2022	Euribor 6m +1.5%	18,000	-	18,000	-
Revolving line drawdown					10,000	10,000		
Fair value of IRS					4,898	1,578	2,126	1,451
Other financial liabilities					2,865	2,865	2,004	2,003
Incidental borrowing costs					(12,240)	(3,633)	(14,892)	(3,966)
Total					589,813	13,100	573,450	1,700

Term loan facilities

The Term Loan Facility was stipulated, on January 15, 2016, by Cerved Group S.p.A., which executed a transaction for two facilities totaling 560 million euros (in addition to a revolving line of 100 million euros). In October 2017, the Company entered into an agreement to amend the terms and conditions of its financial debt. The main features of this agreement, which was signed by all of the lender banks, are summarized below:

- reduction of borrowing costs: borrowing costs were cut by 25 bps and 37.5 bps, respectively, on Term Loan Facility A (TLA), Revolving Credit Facility (RCF) and Term Loan Facility B (TLB), for total savings of about 2 million euros annually;
- downsizing of the package of guarantees, including the pledge of Cerved Group shares;
- transformation of the TLA line into a bullet facility to provide the Group with greater financial flexibility until 2021.

An additional agreement was signed with the bank pool, on February 16, 2018, to extend the maturity of 50% (200 million euros) of the Term Loan Facility B from January 2022 to November 2023 (Facility C).

The spreads applied can be reduced over time based on changes in the net debt/Adjusted EBITDA ratio (Leverage Ratio), measured on a consolidated basis, as shown below:

Leverage Ratio	ANNUAL MARGIN %			
	Facility A	Facility B	Facility C	Revolving Facility
> 4	2.50	3.00	3.175	2.50
between 3.5 - 4	2.00	2.50	2.675	2.00
between 2.85 - 3.5	1.75	2.125	2.30	1.75
between 2.25 - 2.85	1.50	1.875	2.05	1.50
= o < 2.25	1.25	1.625	1.80	1.25

In 2018, the revolving credit line was utilized for a drawdown of 27 million euros, 17 million euros of which was repaid before the end of the year; the remaining balance of 19 million euros was repaid in January 2019.

At December 31, 2018, the leverage ratio was within the 2.25%-2.85% range.

Vendor Loan

In order to finance the acquisition of San Giacomo Gestione Crediti S.p.A., the seller Credito Valtellinese provided Cerved Credit Management Group S.p.A. with a Vendor Loan for 16 million euros, the main characteristics of which are summarized below:

- execution date: April 2015;
- amortization: four semiannual installments starting on the date falling five years and one semester after the execution date;
- final repayment: April 2022;
- interest rate: three-month Euribor plus a spread of 2.85%;
- guarantees: patronage letter from Cerved Group S.p.A.

Cassa di Risparmio di Ravenna Loan

In order to finance the acquisition of Credit Management S.r.l., Cassa di Risparmio di Ravenna provided Cerved Credit Management Group S.r.l. with a loan of 18 million euros, the main characteristics of which are summarized below:

- execution date: December 22, 2017;
- amortization: five semiannual installments starting on December 31, 2020;
- final repayment: December 2022;
- interest rate: six-month Euribor plus a spread of 1.50%;
- guarantees: patronage letter from Cerved Group S.p.A.

Other Current Financial Debt

The main components of "Other current financial debt," amounting to 2,865 thousand euros, include the following:

- payables for fees on the term loan for 178 thousand euros;
- payables owed to factors amounting to 2,384 thousand euros;
- payables owed to principals for collections on their behalf amounting to 239 thousand euros.

Derivatives

On May 26, 2016, Cerved Group S.p.A. executed five IRS derivative contracts, effective as of January 16, 2017 and expiring on January 14, 2022, with top credit institutions to hedge the risk of fluctuations in interest rates for the "Term Financing Facility B," for a notional amount of 400 million euros.

On June 15, 2018, further to the renegotiation to November 30, 2023 of the repayment due date for 50% of the value of Term Facility B, which in practice created Term Facility C, Cerved Group S.p.A. executed three IRS Forward Start derivatives, effective as of January 15, 2022 and expiring on November 30, 2023, for a notional amount of 200 million euros.

Based on the first five contracts, the interest rates swapped from the execution date to the expiration date, January 14, 2022, will be, respectively, fixed rates ranging between 0.40% and 0.41%.

Based on the three subsequent Forward Start contracts, the interest rates swapped from the execution date, January 15, 2022, until the expiration date, November 30, 2023, will be fixed rates ranging between 1.030% and 1.031%.

At December 31, 2018, the fair value of these financial instruments was negative by 4,898 thousand euros. As these derivatives qualified as hedges for the underlying financing facility, they were accounted for by the hedge accounting method, with changes in fair value recognized in equity.

33. NET FINANCIAL DEBT

The table below presents the Group's net financial debt at December 31, 2018, 2017 and 2016, determined in accordance with the provisions of Paragraph 127 of the recommendations provided by ESMA in Document No. 81 of 2011 in implementation of Regulation (EC) 809/2004:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017	At December 31, 2016
A. Cash	14	28	16
B. Other liquid assets	42,349	99,179	48,523
C. Securities held for trading		-	-
D. Liquidity (A)+(B)+(C)	42,363	99,207	48,539
E. Current loans receivable		-	-
F. Current bank debt	(178)	(197)	(225)
G. Current portion of non-current borrowings	1,344	1,755	(11,433)
H. Other current financial debt	(14,265)	(3,258)	(2,581)
I. Current financial debt (F)+(G)+(H)	(13,100)	1,700	(14,239)
J. Net current financial debt (D)+(E)+(I)	29,264	97,507	34,300
K. Non-current bank debt	(573,393)	(571,075)	(556,779)
L. Bonds outstanding		-	-
M. Other non-current financial debt	(3,320)	(675)	(944)
N. Non-current financial debt (K)+(L)+(M)	(576,713)	(571,750)	(557,723)
O. Net financial debt (J)+(N)	(547,449)	(474,243)	(523,423)

At December 31, 2018, the Group's Net financial debt totaled 547,449 thousand euros, compared with 474,243 thousand euros at December 31, 2017.

34. EMPLOYEE BENEFITS

At December 31, 2018, "Employee Benefits" included a provision for severance indemnities amounting to 13,621 thousand euros.

A breakdown of the changes in "Employee benefits" is provided below:

<i>(in thousands of euros)</i>	Provision for severance indemnities
At December 31, 2017 Restated	13,276
Change in scope of consolidation	146
Current cost	1,784
Financial charges	161
Actuarial losses/(gains)	(578)
Contributions added – Benefits paid	(1,168)
At December 31, 2018	13,621

The provision for severance indemnities reflects the impact of the discounting process, as required by IAS 19.

The table that follows details the economic and demographic assumptions used for actuarial valuation purposes.

Discount rate	1.57%
Inflation rate	1.50%
Rate of wage growth	3.00%
Expected mortality rate	RG48 from Government Accounting Office
Expected disability rate	INPS Model 2010 projections
Expected resignations/advances (annual)	5.00%/3.00%

Regarding the discount rate, the iBoxx Eurozone Corporates AA 10+ was taken as a reference for the development of said parameter at the valuation date.

The table below provides a sensitivity analysis of the main actuarial assumptions included in the calculation model applied by taking the scenario described above as a baseline and increasing and decreasing the average annual rate of discounting, the average inflation rate and the turnover rate by a half, a quarter and two percentage points, respectively. The results obtained are summarized in the following table:

<i>(in thousands of euros)</i>	Annual discount rate		Annual inflation rate		Annual turnover rate	
	0.50%	-0.50%	0.25%	-0.25%	2.00%	-2.00%
Provision for severance indemnities	12,410	13,676	13,170	12,869	12,770	13,335

There are no defined-benefit plan assets.

35. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

A breakdown of the changes in the "Provisions for other liabilities and charges" is provided below:

<i>(in thousands of euros)</i>	Provision for agents' indemnity	Provision for risks and charges	Total
At December 31, 2017 Restated	1,635	4,321	5,956
Change in scope of consolidation		300	300
Accruals net of reversals	407	(126)	281
Utilizations	(527)	(476)	(1,003)
At December 31, 2018	1,515	4,019	5,534

The "Provision for agents' indemnity," which had a balance of 1,515 thousand euros at December 31, 2018, was estimated based on the legislation that governs agency relationships and is deemed to be sufficient to cover any liabilities that may arise in the future.

The "Provisions for other liabilities and charges," which amounted to 4,019 thousand euros, refer mainly to tax disputes and disputes with some employees, agents and suppliers.

At December 31, 2018, the main components of this item included the following:

- (i) 1,466 thousand euros for a provision for "property register document fees";
- (ii) 2,553 thousand euros represents an estimate of the probable risk for pending lawsuits.

36. OTHER NON-CURRENT LIABILITIES

"Other non-current liabilities" of 20,639 thousand euros mainly refers:

- for 12,894 thousand euros to the non-current portion of the liability for the put option granted by Cerved Group to the minority shareholders of Cerved Credit Management Group S.r.l., empowering them to sell, in the first half of 2020, the remaining 3.21% interest in the company, conditional on certain conditions being met (in turn, Cerved Group holds a call option empowering it to buy the same interest in Cerved Credit Management Group S.r.l. from the minority shareholders). The amount of this liability also includes the value assigned on the date of execution to the call options executed by Cerved Group with the minority shareholders of Cerved Credit Management Group S.r.l. and exercisable in the case of "bad leaver" events by the minority shareholders. The aggregate value of this liability was estimated at 20,593 thousand euros; the current portion was included in "Other liabilities."
- for 3,101 thousand euros to the non-current liability for the installment payments stipulated with the minority shareholders of Spazio Dati S.r.l. The total value of this liability for the purchase of the residual shares was estimated at 4,471 thousand euros; the current portion was included in "Other liabilities."
- for 4,644 thousand euros to the non-current liability for the put option granted by Cerved Group to the minority shareholders of Pro Web Consulting S.r.l., empowering them to sell In installments, by the end of the first half of 2022, a 30% interest in the company, conditional on certain conditions being met. The total value of this liability was estimated at 5,764 thousand euros; the current portion was included in "Other liabilities."

37. DEFERRED TAX ASSETS AND LIABILITIES

A breakdown of "Deferred tax liabilities" at December 31, 2018 is provided below:

<i>(in thousands of euros)</i>	Balance at December 31, 2017 Restated	Change in scope of consolidation	Additions/Reversals in profit or loss	Additions/Reversals in comprehensive profit or loss	Balance at December 31, 2018
Deferred tax assets					
Tax deductible goodwill	190		19		210
IPO costs	463		(463)		-
Provision for impairment of receivables	2,522	11	(315)		2,218
Provision for risks and charges	1,109		193		1,302
Provision for employee benefits and agents indemnity	787			139	926
Interest charges	10		(10)		-
Hedge accounting	511			665	1,177
Writedown of receivables Decree Law No. 83/2015	2,056		(258)		1,798
Other differences	5,239	73	(3,495)		1,817
Total deferred tax assets	12,888	84	(4,329)	805	9,448
Deferred tax liabilities					
Customer Relationships	(83,806)	(319)	6,372		(77,753)
Trademarks	(6,576)	(137)	704		(6,009)
Buildings	(432)		68		(364)
Software	(379)	(734)	309		(805)
Contracts	(11,691)	(20,311)	2,690		(29,312)
Databases	(48)		31		(17)
Other equity investments – Measurement at fair value	(365)				(365)
Other differences	(79)		15		(64)
Total deferred tax liabilities	(103,377)	(21,501)	10,189		(114,689)
Net deferred tax liabilities	(90,489)	(21,417)	5,860	805	(104,241)

Deferred tax assets refer to several temporary differences, which can be deducted in future years, between statutory reported income and taxable income. Deferred tax liabilities mainly refer to intangible assets that were recognized in connection with business combinations but are not recognized for tax purposes. There are no deferred tax assets that are not offsettable.

38. TRADE PAYABLES

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Payables to external suppliers	59,166	44,676
Payables to related parties	678	1,369
Total	59,844	46,045

“Trade payables” increased by 13,799 thousand euros, largely due to the effect of the dynamics of the increase in operating costs in the last quarter of the year and the consolidation of new companies for 4,902 thousand euros.

There are no payables denominated in a currency different from the functional currency and there are no trade payables collateralized with Company assets or with a duration of more than five years.

39. CURRENT TAX PAYABLES

A breakdown of “Current tax payables” is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Corporate income tax (IRES) payable	4,744	7,064
Regional tax (IRAP) payable	1,241	676
Total	5,985	7,740

40. OTHER TAX PAYABLES

A breakdown of “Other tax payables” is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
VAT payable	6,797	496
Tax withholdings payable	3,632	2,627
Sundry payables	567	574
Total	10,996	3,697

41. OTHER LIABILITIES

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Social security contributions payable	10,337	8,125
Payables owed to personnel	14,140	5,990
Deferred revenues	97,491	96,951
Miscellaneous payables	9,905	33,818
Accrued expenses	6,577	3,628
Other related-party payables	6,662	8,161
Total	145,112	155,673

“Miscellaneous liabilities” includes the short-term portion of the liability recognized for the options executed with the minority shareholders of Cerved Credit Management Group S.r.l., Click Adv S.r.l., Spazio Dati S.r.l. and Pro Web Consulting S.r.l.

This liability refers:

- for 7,699 thousand euros to the current portion of the liability (including 5,145 thousand euros for “Other related-party payables”) for the put option granted by Cerved Group to the minority shareholders of Cerved Credit Management Group S.r.l., empowering them to sell, by the end of the first half of 2019, a 1.60% interest in the company, conditional on certain conditions being met (in turn, Cerved Group holds a call option empowering it to buy the same interest in Cerved Credit Management Group S.r.l. from the minority shareholders);
- for 1,734 thousand euros to the current liability for the put option granted by Cerved Group to the minority shareholders of ClickAdv S.r.l., empowering them to sell, by the end of 2019, a 10% interest in the company, conditional on certain conditions being met (in turn, Cerved Group holds a call option empowering it to buy the same interest in ClickAdv S.r.l. from the minority shareholders);
- for 1,370 thousand euros to the current liability attributed by Cerved Group to the minority shareholders of Spazio Dati S.r.l., empowering them to sell, by end of 2019, a 5.51% interest in the company, conditional on certain conditions being met;
- for 1,657 thousand euros to the current portion of the liability for the put option granted by Cerved Group to the minority shareholders of Pro Web Consulting S.r.l., empowering them to sell, by the end of 2019, a 10% interest in the company, conditional on certain conditions being met.

42. OTHER INFORMATION

Contingent Liabilities

Other than those mentioned in Note 35 “Provisions for other liabilities and charges,” there are no pending judicial or tax proceedings that involve any Group company.

Commitments

Please note that at December 31, 2018, the Group had undertaken commitments not reflected in the financial statements totaling 6,210 thousand euros, consisting mainly of sureties provided:

- by Unicredit for 2,148 thousand euros for the benefit of the lessor of the new San Donato headquarters;
- by Generali to other banking institutions for 1,055 thousand euros in connections with the submission of bids and/or the successful outcome of some auctions;
- by Unicredit for 597 thousand euros for the benefit of the customer Banca d’Italia;
- by MPS for 1,000 thousand euros for the benefit of the supplier Infocamere.

In addition, the Group is the lessee in leases for automobiles provided to employees and in leases for offices.

2. Consolidated Financial Statements at December 31, 2018

A breakdown by maturity of the commitments outstanding for the various leases and rental agreements is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017 Restated
Within 1 year	5,542	4,477
Between 2 and 4 years	13,214	16,481
More than 4 years	33,060	11,165
Total	51,816	32,123

Third Party Assets Held in Storage and on Deposit

At December 31, 2018, the Group managed assets held on deposit valued at 13,738 thousand euros. These assets consist of personal property not owned deriving from finance leases for which Cerved Credit Management Group S.r.l. provides custodial services, operational management, sales and any services related to or instrumental for those activities.

Compensation of Directors and Statutory Auditors

The table below shows the compensation awarded to Directors and Statutory Auditors at December 31, 2018:

DIRECTORS

(in thousands of euros)

First and last name	Post held	End of term of office	Fees for post held	Fringe benefits	Bonus and other incentive	Other compensation	Total compensation
Fabio Cerchiai	Chairman independent	Approval of fin. statements at 12/31/18	200			20	220
Gianandrea De Bernardis	Deputy Chairman Chief Executive Officer	Approval of fin. statements at 12/31/18	250 850				250 850
Roberto Mancini	Director	Approval of fin. statements at 12/31/18	-				-
Andrea Mignanelli	Director	Approval of fin. statements at 12/31/18	-				-
Sabrina Delle Curti	Director	Approval of fin. statements at 12/31/18	-				-
Giovanni Sartor	Director	Approval of fin. statements at 12/31/18	-				-
Aurelio Regina	Independent Director	Approval of fin. statements at 12/31/18	40			20	60
Mara Anna Rita Caverni	Independent Director	Approval of fin. statements at 12/31/18	40			20	60
Simona Pesce	Independent Director	Approval of fin. statements at 12/31/18	40				40
Marco Maria Fumagalli	Independent Director	Approval of fin. statements at 12/31/18	40				40
Valentina Montanari	Independent Director	Approval of fin. statements at 12/31/18	40				40
Total			1,500	-	-	60	1,560

STATUTORY AUDITORS

(in thousands of euros)

First and last name	Post held	End of term of office	Fees for post held	Fringe benefits	Bonus and other incentive	Other compensation	Total compensation
Antonella Bientinesi	Chairperson	Approval of fin. statements at 12/31/19	60	-	-	-	60
Paolo Ludovici	Statutory Auditor	Approval of fin. statements at 12/31/19	40	-	-	-	40
Costanza Bonelli	Statutory Auditor	Approval of fin. statements at 12/31/19	40	-	-	-	40
Laura Acquadro	Alternate	Approval of fin. statements at 12/31/19	-	-	-	-	-
Antonio Mele	Alternate	Approval of fin. statements at 12/31/19	-	-	-	-	-
Total			140	-	-	-	140

Independent Auditors

Pursuant to Article 149–duodecies, Section Two, of Consob Resolution No. 11971 of May 14, 1999, as amended, the fees for the year owed to the Independent Auditors PricewaterhouseCoopers S.p.A. for services provided to the Parent Company Cerved Group S.p.A. and its subsidiaries are listed below:

<i>(in thousands of euros)</i>	PwC S.p.A.	Other entities in the PwC network	Total PwC network
Auditing Services¹	685	-	685
Certification services	7	-	7
Other services²	8	95	103
Agreed audit engagements	8	-	8
Other	-	95	95
Total	693	95	788

1. The auditing services refer for 360 thousand euros to the Parent Company Cerved Group S.p.A. and for 325 thousand euros to the subsidiaries and basically include: auditing the statutory financial statements and consolidated financial statements of Cerved Group and its subsidiaries, the limited audit of the semiannual financial report, the accounting reviews performed during the reporting year pursuant to Article 155, Section 1, of Legislative Decree No. 58/1998 and the limited audit of the Non-Financial Statement.

2. Other services refer to the following activities performed for the Cerved Group parent company: (i) 8 thousand euros for services related to the certification of the financial covenant; (ii) 95 thousand euros for activities concerning the development of software for operational management of the sales network and customer analyses. Please note that by a resolution adopted by the Company's Board of Directors on February 22, 2018, the Group approved the adoption of a procedure governing the award of "non-audit" engagements, in accordance with Legislative Decree No. 135/2016.

43. DESCRIPTION OF INCENTIVE PLANS (IFRS 2)

2019-2021 Performance Share Plan – First Cycle

The 2019-2021 Performance Share Plan was approved by the Shareholders' Meeting of Cerved Group (formerly Cerved Information Solution S.p.A.) on December 21, 2015, and was launched further to a resolution adopted by the Company's Board of Directors on July 13, 2016. The Plan's objective is: (i) to enhance the alignment of the interests of the beneficiaries with those of the shareholders, tying management's compensation to specific objectives, determined based on each Plan Cycle, the achievement of which is closely linked with improving the Company's performance and increasing its value; (ii) to strengthen retention capacity for key resources, aligning the Group's compensations policy with best market practices, which, as a rule, include long-term incentive tools.

The Performance Targets were defined by the Board of Directors for each Plan Cycle, upon a recommendation by the Compensation and Nominating Committee.

An incentivizing curve has been established for each Performance Target, linking the number of Shares awardable, based on the Target achieved:

- a minimum performance threshold, below which no share will be awarded;
- a maximum performance cap upon the achievement of which the beneficiary will be awarded the maximum number of shares.

The Shares subject of the 2019-2021 Performance Share Plan will be awarded upon the verification of the achievement of the performance conditions in the 2016-2018 three-year period.

The performance conditions are explained below:

- 70% "PBTA Target"; it indicates the growth of the Adjusted Profit Before Taxes per Share, which shall be understood to mean the profit before taxes excluding nonrecurring income and charges, the financial charges incurred to obtain financing facilities and recognized in the income statement by the amortized cost method and the surpluses generated by the business combination processes and allocated to intangible assets (consistent with the computation of the adjusted net profit in the Offering Prospectus of Cerved Group (formerly Cerved Information Solution S.p.A.) filed with the Consob on June 6, 2014, before tax effect). The growth of the Adjusted Profit Before Taxes shall be understood to mean the annual compound growth rate, excluding from the computation the accounting effects of the Plan itself; and excluding the effects of the "Forward Start" refinancing agreement. The target reflects different levels of achievement based on the growth rate of the Cerved Group's PBTA:
 - › less than 6%: 0%;
 - › 6% (threshold): 40%;
 - › between 6% and 10%: by linear interpolation;
 - › 10% (cap): 100%;
 - › more than 10%: 100%.

- 30% “Total Shareholder Return Target” of Cerved Group (formerly Cerved Information Solution S.p.A.) compared with that of companies included in the FTSE Mid Cap Index Italia published by Borsa Italiana S.p.A. The TSR is measured for the period between January 1, 2016 and December 31, 2018. The target reflects different levels of achievement based on the ranking of Cerved’s TSR that corresponds to a different percentage in the number of awarded shares:
 - › below the median: zero options awarded;
 - › equal to the median (threshold): 50% of awarded options;
 - › between the median and the 75 percentile: by linear interpolation;
 - › 75° percentile (cap): 100%;
 - › more than 75° percentile: 100%.

The Performance Share Plan calls for the award, at the end of the vesting period, of a number of shares based on the achievement of the performance targets described above and does not specify an exercise price. The number of exercised stock options will depend on the level of achievement of the assigned targets.

The fair value of the options under the 2019-2021 Share Performance Plan was determined by the “Monte Carlo method” and using the following computation parameters:

- risk free interest rate: -0.63%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 4%;
- volatility: 27%.

On the grant date of July 13, 2016, the fair value of each option related to the Plan’s TSR target (“market” target) was equal to 3.624 euros, while the fair value of each option related to the Plan’s PBTA target (“non-market” target, valued at 64% at December 31, 2018) was equal to 6.082 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (First Cycle – 2016)	1,108,644	316,107	-	792,537
Total	1,108,644	316,107	-	792,537

The accrued cost recognized at December 31, 2018, amounting to 790 thousand euros, was included in “Personnel costs.”

Cerved’s 2019-2021 Performance Share Plan – Second Cycle

The Second Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on November 20, 2017.

The Plan’s beneficiaries include the Chief Executive Officer, the Group’s strategic executives and select members of the management team, for a total of 50 Cerved Group resources awarded grants totaling 931,490 Performance Shares.

2. Consolidated Financial Statements at December 31, 2018

The performance targets are unchanged compared with those announced for the First Cycle (2016-2018). The Shares subject of the 2019-2021 Performance Share Plan – Second Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2017-2019 three-year period. The fair value of the options under the 2019-2021 Performance Share Plan – Second Cycle was determined by the “Monte Carlo method” and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of November 20, 2017, the fair value of each option related to the Plan’s TSR target (“market” target) was equal to 5.897 euros, while the fair value of each option related to the Plan’s PBTA target (“non-market” target, valued at 100% at December 31, 2018) was equal to 10.071 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (Second Cycle – 2017)	931,490	260,255	-	671,235
Total	931,490	260,255	-	671,235

The accrued cost recognized at December 31, 2018, amounting to 2,852 thousand euros, was included in “Personnel costs.”

Cerved’s 2019-2021 Performance Share Plan – Third Cycle

The Third Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on June 4, 2018.

The Plan’s beneficiaries include the Chief Executive Officer, the Group’s strategic executives and select members of the management team, for a total of 53 Cerved Group resources awarded grants totaling 977,326 Performance Shares.

The performance targets are unchanged compared with those announced for the First Cycle (2016-2018) and the Second Cycle (2017-2019). The Shares subject of the 2019-2021 Performance Share Plan – Third Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2018-2020 three-year period.

The fair value of the options under the 2019-2021 Performance Share Plan – Third Cycle was determined by the “Monte Carlo method” and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of June 4, 2018, the fair value of each option related to the Plan's TSR target ("market" target) was equal to 4.508 euros, while the fair value of each option related to the Plan's PBTA target ("non-market" target, valued at 100% at December 31, 2018) was equal to 8.858 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
Performance Shares 2019-2021 (Third Cycle - 2018)	977,326	225,196	-	752,130
Total	977,326	225,196	-	752,130

The accrued cost recognized at December 31, 2018, amounting to 1,272 thousand euros, was included in "Personnel costs."

Cerved's 2019-2021 Performance Share Plan – Third Supplemental Cycle

The Third Supplemental Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on December 19, 2018.

The Plan's beneficiaries include the Chief Executive Officer, the Group's strategic executives and select members of the management team, for a total of 51 Cerved Group resources awarded grants totaling 708,387 Performance Shares.

The performance targets are unchanged compared with those announced for the three previous cycles.

The Shares subject of the 2019-2021 Performance Share Plan – Third Supplemental Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2018-2020 three-year period.

The fair value of the options under the 2019-2021 Performance Share Plan – Third Supplemental Cycle was determined by the "Monte Carlo method" and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of December 19, 2018, the fair value of each option related to the Plan's TSR target ("market" target) was equal to 2.167 euros, while the fair value of each option related to the Plan's PBTA target ("non-market" target, valued at 100% at December 31, 2018) was equal to 6.657 euros.

2. Consolidated Financial Statements at December 31, 2018

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (Third Supplemental Cycle)	708,387	-	-	708,387
Total	708,387	-	-	708,287

The accrued cost recognized at December 31, 2018, amounting to 66 thousand euros, was included in "Personnel costs."

44. RELATED-PARTY TRANSACTIONS

Transactions with related parties were executed by the Company in the normal course of business on standard market terms. The table below summarized receivables and payables arising from transactions with related parties.

RELATED PARTIES – STATEMENT OF FINANCIAL POSITION DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and executives with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
Trade receivables								
At December 31, 2017 Restated	112	-		-	-	112	160,018	0.10%
At December 31, 2018	248		4		3	255	197,799	0.13%
Other non-current financial assets								
At December 31, 2017 Restated						0	5,902	0.00%
At December 31, 2018			500			500	8,144	6.14%
Other receivables								
At December 31, 2017 Restated	38	68				106	2,451	3.10%
At December 31, 2018	32					32	3,028	1.06%
Trade payables								
At December 31, 2017 Restated	(342)	(1,026)			(28)	(1,396)	(46,045)	3.03%
At December 31, 2018	(596)				(82)	(678)	(59,844)	1.13%
Other liabilities								
At December 31, 2017 Restated	-	-		(8,161) ¹		(8,161)	(155,672)	6.03%
At December 31, 2018	-89			(6,638) ³		(6,727)	(145,112)	4.64%
Other non-current liabilities								
At December 31, 2017 Restated				(15,006) ²		(15,006)	(26,200)	57.30%
At December 31, 2018				(8,617) ⁴		(8,617)	(20,640)	41.75%

1. Includes the short-term portion, amounting to 6,985 thousand euros of the value of the put option held by the Director Andrea Mignanelli.
2. Includes the long-term portion, amounting to 15,006 thousand euros of the value of the put option held by the Director Andrea Mignanelli.
3. Includes the short-term portion, amounting to 5,145 thousand euros of the value of the put option held by the Director Andrea Mignanelli.
4. Includes the long-term portion, amounting to 8,617 thousand euros of the value of the put option held by the Director Andrea Mignanelli.

RELATED PARTIES – INCOME STATEMENT DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and executives with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
2017 reporting year								
Revenues	381	300		-	6	687	394,419	0.17%
Pro rata interest in the result of companies valued by the equity method	53	304		-	-	357	357	100.00%
Cost of services	(568)	(1,536)		-	(192)	(2,296)	(99,952)	2.26%
Personnel costs	-	-		(4,896)	-	(4,896)	(102,689)	4.78%
Other operating costs	-	-		-	(3)	(3)	(8,740)	0.03%
Financial charges	-	-		(7,656)	-	(7,656)	(30,863)	24.81%
2018 reporting year								
Revenues	451	175	4		10	640	458,083	0.14%
Pro rata interest in the result of companies valued by the equity method	(89)	(1)				(101)	3,395	-2.98%
Cost of services	(1,047)	(1,193)				(2,240)	(121,135)	1.85%
Personnel costs				(5,512)		(5,512)	(121,861)	4.52%
Other operating costs							(11,759)	0.00%
Financial charges							(556)	0.00%
Financial income			4	1,790		1,794	4,964	36.14%

RELATED PARTIES – CASH FLOW DATA

in thousands of euros

	ASSOCIATED COMPANIES			Board of Directors and executives with strategic responsibilities	Other related parties	Total	Total financial statement item	% of financial statement item
	Experian Italia S.p.A.	Spazio Dati S.r.l.	La Scala - Cerved Società tra avvocati S.r.l.					
2017 reporting year								
Cash flow from operating activities	105	(878)		(1,026)	(161)	(1,960)	166,453	-1.30%
Cash flow from investing activities	52	304		-	-	356	(41,874)	-0.90%
Cash flow from financing activities	-	-		(4,277)	-	(4,277)	(58,251)	7.30%
2018 reporting year								
Cash flow from operating activities	315	175		(5,195)		(4,705)	154,391	-3.01%
Cash flow from investing activities	(89)	(1)				(101)	(153,915)	0.07%
Cash flow from financing activities	-	-			(6,439)	(6,439)	(57,319)	11.23%

The transactions listed above were executed on market terms.

Transactions with top management regarding the fees of Company Directors and the compensation of executives with strategic responsibilities are analyzed below:

<i>(in thousands of euros)</i>	Wages and salaries and social security contributions	Noncompete agreement	Total
Directors' fees	(1,970)	(285)	(2,255)
Other executives with strategic responsibilities	(3,257)	-	(3,257)
Total	(5,227)	(285)	(5,512)

45. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL ACTIVITIES

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, there were no atypical and/or unusual positions or transactions during the reporting year.

46. EVENTS OCCURRING AFTER DECEMBER 31, 2018

See the information provided in the Report on Operations for a comment about significant transactions occurring after the date of these Consolidated Financial Statements.

47. OTHER INFORMATION

Pursuant to the provisions of Law No. 124 of August 4, 2017 (Article 1, Sections from 125 to 129), also called "Transparency Law," please keep in mind that the Group received the following subsidies in 2018:

- 461 thousand euros in tax credits for Research and Development costs incurred in 2017.

All transactions of a commercial nature carried out with public administrations and related companies in the course of 2018 were executed in exchange for a consideration to remunerate the services provided by the companies of the Group on market terms and in the normal course of business.

In 2018, the Group invoiced to public companies or companies owned by public companies a total of 11,133 thousand euros, including 6,389 thousand euros collected during the year.

San Donato Milanese,
March 5, 2019

The Board of Directors
by Fabio Cerchiai
Chairman
(Signed on the original)

CERTIFICATION PURSUANT TO ARTICLE 154 BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998 (UNIFORM FINANCIAL CODE) AND ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

- 1 We, the undersigned Gianandrea De Bernardis, in my capacity as Chief Executive Officer, and Giovanni Sartor, in my capacity as Corporate Accounting Documents Officer, of Cerved Group S.p.A., taking into account the provisions of Article 154-bis, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied for the preparation of the Annual Consolidated Financial Statements for the reporting year from January 1 to December 31, 2018:
 - are adequate in light of the characteristics of the business enterprise; and
 - were effectively applied.
- 2 The implementation the administrative and accounting procedures applied to prepare the annual Consolidated Financial Statements did not uncover any significant findings.
- 3 We further certify that:
 - the Annual Consolidated Financial Statements
 - › were prepared in accordance with the applicable international accounting principles recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
 - › are consistent with the data in the Group's books of accounts and other accounting records;
 - › are suitable for providing a truthful and fair presentation of the financial position, earnings and cash flow of the Company and all of the companies included in the scope of consolidation.
 - The Report on Operations provides a reliable analysis of the Group's performance and result from operations, as well as of the financial position of the issuer and all of the companies included in the scope of consolidation, together with a description of the main risks and uncertainties to which they are exposed.

San Donato Milanese
March 5, 2019

Gianandrea De Bernardis
Chief Executive Officer
(Signed on the original)

Giovanni Sartor
Corporate Accounting Documents Officer
(Signed on the original)



 Cerved



Statutory
Financial Statements
at December 31, 2018

STATEMENT OF COMPREHENSIVE INCOME

<i>(in euro)</i>	Notes	At December 31, 2018	At December 31, 2017
Revenues	7	294,022,445	3,789,622
<i>amount with related parties</i>	41	2,486,337	3,789,622
Other income	8	9,482,197	-
<i>amount with related parties</i>	15	9,125,743	-
Total revenues and income		303,504,643	3,789,622
Cost of raw materials and other materials	9	837,146	24,160
Cost of services	10	77,784,333	1,438,366
<i>amount from nonrecurring transactions</i>	15	2,006,426	345,000
<i>amount with related parties</i>		12,048,169	76,600
Personnel costs	11	73,199,568	5,725,881
<i>amount from nonrecurring transactions</i>	15	2,690,000	-
<i>amount with related parties</i>	41	5,138,811	1,829,465
Other operating costs	12	6,610,262	525,196
<i>amount from nonrecurring transactions</i>	15	564,558	-
<i>amount with related parties</i>		-	429,488
Writedowns of receivables and other accruals	13	2,612,208	-
Depreciation and amortization	14	58,260,180	90,376
Operating profit		84,200,946	(4,014,357)
Financial income	16	1,791,294	52,000,352
<i>amount with related parties</i>	41	1,292,213	-
Financial charges	17	(17,006,651)	(4,934)
<i>amount from nonrecurring transactions</i>	15	(555,800)	-
<i>amount with related parties</i>	41	(22,590)	-
Financial income/(charges), net		15,215,357	51,995,418
Profit before income taxes		68,985,590	47,981,061
Income tax expense	18	10,673,849	453,845
Net profit		58,311,740	48,434,906
Other components of the statement of comprehensive income:			
Items that will not be later reclassified to the income statement:			
<i>Actuarial gains/(losses) on defined-benefit plans for employees</i>		(372,874)	14,073
<i>Tax effect</i>		89,490	(3,378)
<i>Hedge accounting gains/(losses)</i>		(2,428,609)	-
<i>Tax effect</i>		(665,441)	-
Comprehensive net profit		56,265,188	48,445,601

STATEMENT OF FINANCIAL POSITION

<i>(in euro)</i>	Notes	At December 31, 2018	At December 31, 2017
ASSETS			
Non-current assets			
Property, plant and equipment	19	17,862,652	178,749
Intangible assets	20	334,252,869	17,228
Goodwill	21	705,988,475	-
Investments in associates	22	64,429,156	584,191,575
Other non-current financial assets	23	66,005,988	3,300
<i>- amount with related parties</i>	41	59,500,000	-
Deferred tax assets	73		543,954
Total non-current assets		1,188,539,140	584,934,806
Current assets			
Inventory			
Trade receivables	24	103,177,751	408,616
<i>- amount with related parties</i>	41	910,139	408,616
Tax receivables	25	10,274,173	4,852
Other receivables	26	12,715,590	10,961,968
<i>- amount with related parties</i>	41	11,258,467	10,952,529
Other current assets	27	12,999,651	24,235
Cash and cash equivalents	28	33,022,938	2,570,390
Total current assets		171,656,625	13,970,061
TOTAL ASSETS		1,360,729,243	598,904,867

3. Statutory Financial Statements at December 31, 2018

<i>(in euro)</i>	Notes	At December 31, 2018	At December 31, 2017
Share capital	29	50,521,142	50,450,000
Statutory reserve	29	10,090,000	10,090,000
Additional paid-in capital	29	470,354,035	475,235,910
Other reserves	29	(62,027,345)	2,536,858
Net profit attributable to owners of the parent		58,311,740	48,434,906
TOTAL SHAREHOLDERS' EQUITY		527,249,573	586,747,674
Non-current liabilities			
Long-term debt	30	542,780,287	-
Employee benefits	32	7,791,642	382,547
Provisions for other liabilities and charges	33	4,607,320	-
Other non-current liabilities	23	737,115	
Deferred tax liabilities	34	76,094,106	-
Total non-current liabilities		632,010,470	382,547
Current liabilities			
Short-term borrowings	30	49,355,005	108
<i>amount with related parties</i>	41	36,544,587	-
Trade payables	35	32,383,740	937,159
<i>amount with related parties</i>	41	2,809,740	28,713
Current tax payables	36	63,951	6,993,785
Other tax payables	37	8,855,504	610,399
Other liabilities	38	110,810,999	3,233,196
<i>amount with related parties</i>	41	2,618,547	2,581,198
Total current liabilities		201,469,200	11,774,646
TOTAL LIABILITIES		833,479,670	12,157,193
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		1,360,729,243	598,904,867

STATEMENT OF CASH FLOWS

<i>(in euro)</i>	Notes	At December 31, 2018	At December 31, 2017
Profit before taxes		68,984,000	47,981,061
Depreciation and amortization	14	58,260,000	90,376
Accrual to the provision for impairment of receivables	13	2,434,965	-
Accrual to the provisions for risks	13	177,243	-
Cost for Performance Shares Plans	11	3,966,000	646,389
Net financial charges/(Income)	16/17	15,216,000	(51,995,418)
Cash flow from/(used in) operating activities before changes in working capital		149,038,208	(3,277,592)
Change in operating working capital		(7,461,694)	402,962
Change in other working capital items		10,241,962	(3,666,802)
Change in provisions		(1,778,241)	(15,779)
Cash flow from changes in working capital		1,002,027	(3,279,619)
Income taxes paid		(29,502,000)	-
Cash flow from/(used in) operating activities		120,538,235	(6,557,211)
Additions to property, plant and equipment	19	(4,413,000)	(49,180)
Additions to intangible assets	20	(29,950,000)	(15,000)
Disposals of intangible assets and property, plant and equipment	19/20	201,000	1,183
Financial income	16	1,334,000	352
Dividends received	16	457,000	50,000,000
Financing provided to associated companies		(25,839,731)	-
Acquisitions of business entities		(19,967,093)	-
Cash acquired through Cerved Group merger	2.2	67,111,000	-
Cash acquired through Consit merger	2.2	359,000	-
Change in other non-current financial assets		-	(3,300)
Cash flow from/(used in) investing activities		(10,707,824)	49,934,055
Dividends paid		(52,724,095)	(42,516,272)
Change in short-term financial debt		6,603,294	-
Utilization of revolving line	30	10,000,000	-
Purchase of Treasury Shares	29	(29,296,000)	-
Charges incurred to amend the terms of the Senior Loan		(1,000,000)	-
Interest paid		(12,961,000)	(13,176)
Cash flow from/(used in) financing activities		(79,377,801)	(42,529,448)
Net change in cash and cash equivalents		30,452,610	847,397
Cash and cash equivalents at the beginning of the period	28	2,570,390	1,722,993
Cash and cash equivalents at the end of the period	28	33,023,000	2,570,390
Difference		30,452,610	847,397

STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

<i>(in euros)</i>	Share capital	Statutory reserve	Additional paid-in capital	Other reserves	Net profit	Total share- holders' equity
Balance at December 31, 2015	50,450,000	10,090,000	487,520,910	(24,687)	38,319,691	586,355,913
Appropriation of result				38,319,691	(38,319,691)	-
Dividend distribution			(6,630,000)	(38,220,000)		(44,850,000)
Performance Share Plan				679,891		679,891
Total transactions with owners			(6,630,000)	779,582	(38,319,691)	(44,170,109)
Net profit					42,516,271	42,516,271
Actuarial gains (losses) on defined- benefit employee plans, net of tax effect				(54,698)		(54,698)
Net comprehensive result				(54,698)	42,516,271	424,615,776
Balance at December 31, 2016	50,450,000	10,090,000	480,890,910	700,196	42,516,272	584,647,378
Appropriation of result				42,516,272	(42,516,272)	-
Dividend distribution				(42,510,000)		(42,510,000)
Distribution of reserves			(5,655,000)			(5,655,000)
Performance Share Plan				1,819,695		1,819,695
Total transactions with owners			(5,655,000)	1,825,967	(42,516,272)	(46,345,305)
Net profit					48,434,906	48,434,906
Actuarial gains (losses) on defined- benefit employee plans, net of tax effect				10,695		10,695
Net comprehensive result				10,695	48,434,906	48,445,601
Balance at December 31, 2017	50,450,000	10,090,000	475,235,910	2,536,858	48,434,906	586,747,674
Deficit of Cerved Group S.p.A. merger				(62,531,675)		(62,531,675)
Surplus of Consit Italia S.p.A. merger	71,142			23,736,840		23,807,982
Total impact of Cerved Group / Consit merger	50,521,142	10,090,000	475,235,910	(36,257,977)	48,434,906	548,023,981
Appropriation of result				48,434,906	(48,434,906)	-
Dividend distribution				(47,842,370)		(47,842,370)
Distribution of reserves			(4,881,874)			(4,881,874)
Performance Share Plan				4,980,653		4,980,653
Purchase of Treasury Shares				(29,296,005)		(29,296,005)
Total transactions with owners	-	-	(4,881,874)	(23,722,815)	(48,434,906)	(77,039,596)
Net profit					58,311,740	58,311,740
Other changes in statement of comprehensive income				(2,046,552)		(2,046,552)
Net comprehensive result	-	-	-	(2,046,552)	58,311,740	56,265,188
Balance at December 31, 2018	50,521,142	10,090,000	470,354,036	(62,027,345)	58,311,740	527,249,573

NOTES TO THE STATUTORY FINANCIAL STATEMENTS AT DECEMBER 31, 2018

1. GENERAL INFORMATION

Cerved Group S.p.A. (hereinafter “Cerved Group” or the “Company”) is a corporation established on March 14, 2014, domiciled in Italy, with registered office at 6/A and 6/B Via dell’Unione Europea, in San Donato Milanese, and organized in accordance with the laws of the Italian Republic.

In November 2017, the Company launched a corporate reorganization process, which was completed in 2018 through:

- the signing, on March 15, 2018, effective as of March 19, 2018, of a deed of merger by incorporation (First Merger) into Cerved Information Solutions S.p.A. (hereinafter “CIS” or the “Incorporating Company”) of Cerved Group S.p.A., already a wholly owned subsidiary;
- the signing, on March 20, 2018, effective as of March 23, 2018, of a deed of merger by incorporation (Second Merger) into CIS of Consit Italia S.p.A., already 94.33% owned by Cerved Group S.p.A.;
- both mergers were recognized by CIS effective as of January 1, 2018 both for accounting and tax purposes;
- on April 9, 2018, the Extraordinary Shareholders’ Meeting, effective as of April 30, 2018, resolved to change the name of the Incorporating Company, which would then be called Cerved Group S.p.A.

As a consequence of this merger, these financial statements show as the comparative data those of the incorporating company Cerved Information Solutions S.p.A., which, in 2017 served exclusively as a management holding company for the Group.

Cerved Group is a management and operational holding company that heads the Cerved Group, representing the main reference point in Italy for the management, processing and distribution of legal, accounting, commercial and economic/financial information. The products and services offered by the Company enable its customers, mainly businesses and financial institutions, to assess the solvency, credit worthiness and economic/financial structure of their commercial counterparties or customers, so as to optimize their credit risk management policies, accurately define their marketing strategies and assess the position of competitors in their target markets.

This document was prepared by the Company’s Board of Directors, meeting on March 5, 2019, for approval by the Shareholders’ Meeting scheduled for April 16, 2019. The Board of Directors authorized the Chairman and the Chief Executive Officer to make any changes to the financial statements that may be necessary or appropriate for completing the presentation of this document in the period between March 5, 2019 and the date when it will be approved by the Shareholders’ Meeting.

These Statutory Financial Statements were audited by PricewaterhouseCoopers S.p.A., the Company’s Independent Statutory Auditors.

2. OVERVIEW OF THE ACCOUNTING PRINCIPLES

The main criteria and accounting principles applied to prepare the Statutory Financial Statements are reviewed below.

2.1 BASIS OF PREPARATION

These Financial Statements were prepared in accordance with the going concern assumption, the Directors having verified the absence of any financial, operational or other indicators signaling the existence of issues concerning the Company's ability to meet its obligations in the foreseeable future and over the next 12 months specifically. A description of the methods by which the Company manages financial risks is provided in Note 49 "Financial Risk Management."

These financial statements were prepared based on the IFRS international accounting principles, understood to include all "International Financial Reporting Standards," all "International Accounting Standards" (IAS) and all interpretations issued by the "International Financial Reporting Interpretations Committee" (IFRIC), previously called "Standing Interpretations Committee" (SIC) that, on the date of these Statutory Financial Statements, had been adopted by the European Union in accordance with the procedure required by Regulation (EC) No. 1606/2002 of July 19, 2002 of the European Parliament and the European Council.

These Financial Statements are denominated in euros, which is the Company's Functional currency.

Unless otherwise stated, the amounts listed in this document are presented in thousands of euros.

The financial statement presentation format and the corresponding classification criteria adopted by the Company among the options provided by IAS 1 "Presentation of Financial Statements" are reviewed below:

- the statement of financial position was prepared with assets and liabilities classified separately in accordance with the "current/non-current" criterion;
- the statement of comprehensive income is presented with operating expenses classified by nature and includes, in addition to the profit (loss) for the year, the other changes to components of shareholders' equity caused by transaction executed with parties other than the Company's owners;
- the statement of cash flows was prepared showing the cash flow from operating activities in accordance with the "indirect method."

In addition, pursuant to Consob Resolution No. 15519 of July 28, 2006, within the income statement income and expenses from nonrecurring transactions are identified separately; similarly, the financial statements show separately any balances related to receivable/ payable positions and transactions with related parties, which are further described in the section of the Notes to the financial statements entitled "Transactions with related parties."

The Financial Statements were prepared based on the conventional historical cost criterion, except for the measurement of financial assets and liabilities in those cases in which the use of the fair value criterion is mandatory.

2.2 MERGER

The table below shows the statement of financial position data at January 1, 2018 of Cerved Group S.p.A. and Consit Italia S.p.A. incorporated into Cerved Information Solutions S.p.A., as described in Note 1 "General information."

<i>(in thousands of euros)</i>	CERVED	CONSIT
ASSETS		
Non-current assets		
Property, plant and equipment	18,119	49
Intangible assets	357,598	192
Goodwill	705,765	-
Investments in companies valued by the equity method	48,903	-
Other non-current financial assets	39,042	23,121
Deferred tax assets	-	459
Total non-current assets	1,169,427	23,821
Current assets		
Trade receivables	97,186	2,056
Tax receivables	2,733	56
Other receivables	3,212	7,568
Other current assets	13,188	56
Cash and cash equivalents	67,111	359
Total current assets	183,430	10,095
TOTAL ASSETS	1,352,856	33,917

<i>(In migliaia di Euro)</i>	CERVED	CONSIT
LIABILITIES		
Non-current liabilities		
Long-term debt	559,851	-
Employee benefits	6,566	1,261
Provisions for other liabilities and charges	3,673	1,466
Deferred tax liabilities	80,604	-
Total non-current liabilities	650,692	2,726
Current liabilities		
Short-term borrowings	32,208	-
Trade payables	30,615	1,281
Current tax payables	611	12
Other tax payables	2,206	37
Other liabilities	115,259	453
Total current liabilities	180,898	1,783
TOTAL LIABILITIES	831,591	4,509
TOTAL NET ASSETS	521,266	29,407

The impact of the merger entries on the shareholders' equity of the incorporating company amounted to 38,724 thousand euros, allocated to Other Reserves, as the net result of: (i) the deficit of the merger through incorporation of Cerved Group for 62,532 thousand euros; and (ii) the surplus of the Consit merger for 23,808 thousand euros, including 71 thousand euros by surplus on share exchange recognized in equity.

2.3 VALUATION CRITERIA

An overview of the most significant accounting principles and valuation criteria used to prepare these Financial Statements is provided below.

Property, Plant and Equipment

Items of property plant and equipment are recognized in accordance with the cost criterion and booked at their acquisition cost or production cost, including any directly attributable incidental costs necessary to make the asset ready for use, any decommissioning and removal costs that will be incurred as a result of contractor commitments to restore an asset to its original condition and any financial expense directly attributable to the asset's acquisition, construction or production.

Costs incurred for ordinary maintenance and ordinary and/or cyclical repairs are recognized directly in profit or loss for the year in which they are incurred. The capitalization of costs incurred for expanding, modernizing or upgrading structural elements owned by the Company or received in use from third parties, is carried out exclusively to the extent that the abovementioned costs meet at the requirements for classification as the separate assets or part of an asset in accordance with the component approach.

Property, plant and equipment, with the exception of land, is depreciated systematically each year on a straight-line basis, in accordance with the remaining useful lives of the assets, determined based on the remaining possibility of the use of the assets. If the asset being depreciated is comprised of components identifiable separately with useful lives that are materially different from those of the other components of the asset, each asset component is depreciated separately in accordance with the component approach principle. Depreciation starts when an asset is ready for use, based on the moment when this condition is effectively met.

The estimated useful lives of the different components of property, plant and equipment is as follows:

	Estimated useful life
Buildings	33 years
Electronic office equipment	3-5 years
Furniture and fixtures	8 years
Other assets	2-10 years

The useful lives of the components of property plant and equipment are reviewed and updated as needed and at least at the end of each reporting year.

If, irrespective of the accumulated depreciation recognized, the value of an item of property, plant and equipment is impaired, the asset is written down. If in subsequent years the reasons for the writedown no longer apply, the original value is reinstated. The residual values and useful lives of assets are reviewed at the end of each reporting period and, if necessary, appropriate adjustments are made.

Gains and losses on asset disposals are determined by comparing the sales consideration with the asset's net carrying amount. The amount thus determined is recognized in profit or loss in the corresponding year.

Intangible Assets

Intangible assets are identifiable non-monetary assets without physical substance, controllable and capable of generating future economic benefits. These assets are initially recognized at their purchase and/or production costs, inclusive of directly attributable expenses incurred to make the asset ready for use. Any interest expense accrued during and for the development of intangible assets is deemed to be part of the acquisition cost. Specifically, the following main intangible assets are recognized within the Group:

(A) GOODWILL

Goodwill is classified as an intangible asset with an indefinite useful life and is initially recognized at cost, as described above, and subsequently measured, at least once a year, to determine the existence of any impairment ("impairment test"). The value of goodwill cannot be reinstated after it has been written down due to impairment.

(B) OTHER INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE

Intangible assets with a finite useful life are recognized at cost, as described above, net of accumulated amortization and any impairment losses.

Software Development Costs

Costs incurred internally to develop new products and services constitute intangible assets (mainly software costs), but are recognized as such only if all of the following conditions can be met: i) the cost attributable to the development activities can be determined reliably; ii) the Company has the intention, the availability of financial resources and the technical capabilities to make the asset ready for use or sale; and iii) it can be demonstrated that the asset is capable of producing future economic benefits. Capitalized development cost shall include only incurred expenses that can be directly attributed to the process of developing new products and services.

Database Costs

Costs incurred to acquire financial information (databases) are recognized as an intangible asset only to the extent that, for these costs, the Group can measure reliably the future benefits deriving from the acquisition of the information comprising the asset.

Other Intangible Assets with a Finite Useful Life

Other intangible assets with a finite useful life acquired or internally produced are recognized among the Company's assets, in accordance with the provisions of IAS 38 (Intangible Assets), when it is probable that their use will generate future economic benefits and the cost of the asset can be determined reliably. These assets are recognized at their purchase or production cost and amortized on a straight-line basis over their estimated useful lives; the amortization rates are reviewed each year and are changed when the currently estimated useful life differs from the one estimated previously. The effects of such changes are recognized prospectively in the separate consolidated income statement.

Amortization begins when an asset is available for use and is allocated systematically based on the remaining available use of the assets, which corresponds to its remaining useful life. The useful lives estimated by the Group for the different categories of his intangible assets are shown below:

	Estimated useful life
Trademarks	10-20 years
Customer relationships	5-18 years
Software owned and licensed for internal use	2-10 years
Databases	3-4 years

Starting in the third quarter of 2018, the Cerved Group revised the estimated useful lives of its software and its server and storage hardware. Based on analyses and assessments, the Company found it appropriate to revise the useful lives from three years to time spans ranging between three and ten years, which are more representative of the actual time of utilization of the software in use and the hardware mentioned above. This new estimate affected only new investments made after June 30, 2018 and generated, at December 31, 2018, a reduction of depreciation and amortization amounting to 96 thousand euros.

Intangible Assets from Business Combinations

The main intangible assets recognized in connection with business combinations include:

- Trademarks, the value of which was determined using the relief-from-royalty method;
- Customer Relationships, which represents the complex of multi-year commercial relationships established by the Group with corporate customers and credit institutions through the offer of business information services, the development of risk assessment models and the supply of sundry services, the value of which was determined by the Multi-period Excess Earnings Method;
- Databases, which refers to the value of the complex of information owned by the Cerved Group and used to deliver products and services. The cost was determined using the relief-from-royalty method.

Impairment of Property, Plant And Equipment and Intangible Assets

(A) GOODWILL

As mentioned earlier in these Notes, goodwill is tested for impairment annually or more often when indicators show that its value may have been impaired.

An impairment test is performed for each “Cash Generating Unit” or “CGU” to which Goodwill has been allocated and the value is monitored by management. Any impairment of goodwill's value is recognized whenever goodwill's recoverable value is lower than its carrying amount. Recoverable value shall be understood to mean the greater of the fair value of the CGU, net of cost to sell, and its value in use, understood to mean the present value of the estimated future cash flows from the asset in question. In determining value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current market valuation of the cost of money, in relation to the investment period and taking into account the asset's specific risks. If the impairment loss resulting from the impairment test is greater than the value of the goodwill allocated to the CGU, the remaining excess is allocated to the assets included in the CGU in proportion to their carrying amount. The bottom limit of this allocation is represented by the largest of the following amounts:

- the fair value of the asset, net of cost to sell;
- its value in use, as defined above;
- zero.

The original value of goodwill cannot be reinstated even if the factors that caused its impairment are no longer applicable.

(B) INTANGIBLE ASSETS WITH A FINITE USEFUL LIFE AND PROPERTY PLANT AND EQUIPMENT

On each reference date of the financial statements, a check is performed to determine whether there are indicators that items of property plant and equipment and intangible assets may have been impaired. Both internal and external information sources are used for this purpose. With regard to internal sources, the following are taken into account: the obsolescence or physical deterioration of an asset, any material changes in the use of the asset and the asset's economic performance compared with expectations. Insofar as external sources are concerned, the following is taken into consideration: trends in market prices for the assets, any technological, market or regulatory discontinuities and trends in market interest rates or the cost of capital used to value investments.

If the presence of such indicators is detected, an estimate is made of the recoverable value of the abovementioned assets, recognizing any writedowns of their carrying amounts in profit or loss. The recoverable value of an asset is the greater of its fair value, net of cost to sell, and its value in use, understood to mean the present value of the estimated future cash flows from the asset in question. In determining value in use, the expected future cash flows are discounted to present value using a pre-tax discount rate that reflects current

market valuation of the cost of money, in relation to the investment period and taking into account the asset's specific risks. For an asset that does not generate largely independent cash flows, the recoverable value is determined in relation to the cash generating unit to which the asset belongs.

An impairment loss is recognized in profit or loss when the carrying amount of the assets or the CGU to which the asset is allocated is greater than its recoverable value. Impairment losses suffered by a CGU are recognized first as a reduction of the carrying amount of any goodwill allocated to the CGU and then as a the deduction from the other assets, in proportion to their carrying amounts and up to the corresponding recoverable values. If the reasons that justify an earlier writedown no longer apply, the carrying amount of the asset is reinstated, with recognition in profit or loss, up to the net carrying amount that the assets in question would have had if it had not been written down and had been regularly depreciated or amortized.

Financial Instruments

(A) FINANCIAL ASSETS – DEBT INSTRUMENTS

Based on the characteristics of the financial instrument and the corresponding management business model adopted, financial assets that represent credit instruments are classified into the following three categories: (i) financial assets valued at amortized cost; (ii) financial assets measured at fair value through other components of comprehensive income (hereinafter also OCI); and (iii) financial assets measured at fair value through profit or loss. Initial recognition is made at fair value; for trade receivables that lack a significant financial component, the initial recognition value is the transaction price.

Subsequent to initial recognition, financial assets that generate contractual cash flows consisting exclusively of principal and interest are valued at amortized cost if held for the purpose of collecting the contractual cash flows (so-called hold to collect business model). Under the amortized cost model, the initial recognition value is then adjusted to reflect principal repayments, any impairment losses and the amortization of the difference between the repayment amount and the initial recognition amount.

Amortization is carried out based on the effective internal interest rate, which represent the rate at which, at the moment of initial recognition, the present value of the expected cash flows is equal to the initial recognition value.

Receivables and other financial assets valued at amortized cost are shown in the statement of financial position net of the corresponding provision for impairment.

Financial assets that represent credit instruments the business model for which allows the option of both collecting the contractual cash flows and generating a gain through a sale (so-called hold to collect and sell business model) are recognized at fair value through OCI (hereinafter also FVTOCI).

In such cases, any changes in the fair value of the financial instrument are recognized in equity among other components of comprehensive income. The cumulative amount of the changes in fair value, posted to the equity reserve where other components of comprehensive income are recognized, is reversed into profit or loss when the instrument is derecognized. Interest income computed using the effective interest rate, foreign exchange difference and impairment losses are recognized in profit or loss.

A financial asset representative of a debt instrument that is not valued at amortized cost or FVTOCI is measured at fair value with the effects recognized in profit or loss (hereinafter FVTPL); financial assets held for trading belong to this category.

When the purchase or sale of financial assets is executed through a contract that calls for the transaction to be settled and the asset to be delivered within a specific number of days, determined by the market government entity or in accordance with market practice, the transaction is recognized on the settlement date.

When financial assets are sold or transferred to a third party, they are eliminated from the statement of financial position upon the expiration of the contractual rights connected with obtaining the cash flows associated with the financial instrument.

(B) IMPAIRMENT OF FINANCIAL ASSETS

The assessment of the recoverability of financial assets representative of debt instruments that are not measured at fair value through profit or loss is made in accordance with the so-called "Expected Credit Loss Model."

More specifically, expected losses are generally determined as the combined result of the following factors: (i) the exposure existing with the counterparty net of mitigating factors (so-called "Exposure at Default"); (ii) the probability that the counterparty will default on its payment obligation (so-called "Probability of Default"); (iii) an estimate, stated in percentage terms, of the quantity of the receivable that may not be recoverable in the event of default (so-called "Loss Given Default"), defined based on past experience and possibly available collection efforts (e.g., out-of-court settlements, judicial disputes, etc.)

Taking into consideration the characteristics of the regulated markets, credit exposures deemed to be in default are exposure that are more than 90 days past due or, in any case, credit exposures that are in dispute or are the subject of restructurings or renegotiations. Exposures in dispute are exposures for which credit recovery actions through legal/judicial proceedings have been activated or are being activated.

Impairments of trade receivables and other receivables are recognized in the income statement, net of any recoveries, under "Impairment of receivables and other accruals."

(C) MINORITY EQUITY INTERESTS

Financial assets representative of minority equity interests, when not held for trading, are measured at fair value through the equity reserve to which the other components of comprehensive income are posted, with no expectation of their reversal into profit or loss when realized.

Dividends originating from these equity interests are recognized in the income statement under "Financial income." The valuation at cost of a minority equity interest is allowed when cost represents an adequate estimate of its fair value.

Merger

The merger through absorption of subsidiaries is not governed by IFRS 3; consequently, the Company thought it appropriate to follow one of the two optional alternatives provided by OPI 2 ("Preliminary Assirevi guidance regarding the IRFS"). Specifically, the assets and liabilities of the incorporated companies are recognized at the amounts at which they are reflected in the consolidated financial statements of the incorporating company on the date when the merger is effective for legal purposes. The revenues and charges of the incorporated companies also recognized in the comprehensive income statement on the date when the merger is effective for legal purposes.

Investments in subsidiaries, associated companies and joint ventures

Subsidiaries are those companies over which the Company, directly or indirectly, has the right to exercise control, as defined in IFRS 10 "Consolidated Financial Statements." For the purpose of assessing the existence of control all three of the following requirements must be satisfied:

- (i) power over the company;
- (ii) exposure to the risks or rights deriving from the variable returns entailed by its involvement;
- (iii) ability to influence the company so as to influence the investor's results (positive or negative).

Control can be exercised either by virtue of the direct or indirect possession of a majority of the shares with voting rights or by virtue of contractual stipulations or statutory provisions, irrespective of share ownership. The existence of any potential voting rights exercisable on the date of the financial statements is taken into account to determine control.

As a rule, control is presumed to exist when a company holds, directly or indirectly, more than half of the voting rights.

An associated entity is an investee company over which the investor company has a significant influence, i.e., the power to participate in determining the financial and operating policies of the investee, but does not have control or joint control over it. The investor is presumed to have a significant influence (unless it can be proven otherwise), if it holds,

directly or indirectly through subsidiaries, at least 20% of the votes that can be cast at an Ordinary Shareholders' Meeting of the investee company.

A joint venture is a joint arrangement in which the parties that have joint control have rights to the net assets of the agreement and therefore have a stake in the jointly-controlled vehicle company.

The value of investments in subsidiaries, associated companies and joint ventures are classified as non-current assets and recognized at cost, written down for any impairment loss. Impairment losses are recognized in the statement of comprehensive income. Any incidental costs incurred in connection with acquisitions of equity investments are charged to the income statement when incurred. If there is objective evidence of impairment, recoverability is tested by comparing the carrying value with the recoverable amount, represented by the greater of the asset's fair value (net of cost to sell) or its value in use.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, available bank deposits and other forms of short-term investments with an original maturity equal to or shorter than three months. Items included in cash and cash equivalents are measured at fair value and any changes are recognized in profit or loss.

Transactions in currencies different from the functional currency

Transactions in currencies different from the functional currency are translated into euros at the exchange rate on the transaction date. Assets and liabilities existing at the end of the reporting period are translated into euros at the exchange rate on the reference date of the statement of financial position. Foreign exchange difference arising from the translation at the year-end exchange rate compared with the transaction's exchange rate are recognized in profit or loss.

Shareholders' equity

SHARE CAPITAL

This item represents the par value of the capital contributions provided by shareholders.

ADDITIONAL PAID-IN CAPITAL

This item represents the amounts received by the Company for the issuance of shares at a price greater than their par value.

OTHER RESERVES

This item includes the most commonly used reserves, which can have a generic or specific destination. As a rule, they do not derive from results of previous years.

RETAINED EARNINGS

This item reflects net results of previous years that were not distributed or posted to other reserves or losses that have not been replenished.

Borrowings and other financial liabilities

Borrowings and other liabilities are initially recognized at fair value, net of directly attributable incidental costs, and are later valued at amortized cost, by applying the effective interest rate method. If there is a change in the estimate of the expected cash flows, the value of the liability is recomputed to reflect this change, based on the present value of the new expected cash flows and the internal effective rate initially determined. Financial liabilities are classified into current liabilities, except for those with a contractual maturity of more than 12 months from the date of the financial statements and those for which the Company has an unconditional right to defer their payment by at least 12 months past the end of the reporting period.

Financial liabilities are recognized on the date the corresponding transactions are executed and are removed from the financial statements when they are extinguished or after the Group has transferred all of the risks and charges inherent in the financial instruments.

Derivatives

Financial derivatives, including embedded derivatives, are assets and liabilities that are recognized at fair value.

Within the framework of the strategy and objectives defined for risk management purposes, the qualification of transactions as hedges requires: (i) verification of the existence of an economic relationship between the hedged item and the hedging instrument sufficient to balance the corresponding changes in value and this relationship is not nullified by the counterparty's level of credit risk; and (ii) the definition of a hedge ratio consistent with the risk management objectives, within the framework of the defined risk management strategy, executing, when necessary, appropriate rebalancing actions. Any changes to the risk management objectives, the failure to continue meeting the requirements mentioned above to qualify the transactions as hedges or the execution of rebalancing transactions determine the total or partial prospective discontinuation of the hedging.

When hedging derivatives hedge the risk of changes in the value of the hedged instruments (fair value hedge; e.g., hedging for the variability of the fair value of fixed-rate assets/liabilities), derivatives are measured at fair value through profit or loss; consequently, the hedged instruments are adjusted to reflect in the income statement the changes in fair value associated with the hedged risk, irrespective of the availability of a different valuation criterion generally applicable to the type of instrument in question.

When derivatives hedge the risk of changes in the cash flows generated by the hedged instruments (cash flow hedge; e.g., hedging for the variability of the cash flows of assets/liabilities due to fluctuations in interest rates or foreign exchange rates), any changes in

the fair value of derivatives deemed effective are initially recognized in the equity reserve for other components of comprehensive income and subsequently posted to the income statement consistent with the economic effects produced by the hedged transaction. When hedging future transactions that entail the recognition of a non-financial asset or liability, the cumulative amount of the changes in the fair value of the hedging derivatives, recognized in equity, is applied to restate the initial recognition value of the hedged non-financial asset or liability (so-called basis adjustment). The ineffective portion of the hedge is recognized in the income statement under "Financial income and charges."

Changes in the fair value of derivatives that do not meet the conditions to qualify as hedges, including any ineffective components of hedging derivatives, are recognized in profit or loss. More specifically, changes in the fair value of interest rate and foreign exchange rate hedging derivative are recognized in the income statement under "Financial income and charges."

Derivatives embedded in financial assets are not separated for accounting purposes; in such instances, the complete hybrid instrument is classified in accordance with the general classification criteria of financial assets. Derivatives embedded in financial liabilities and/or non-financial assets are separated from the main contract and recognized separately if the embedded instrument: (i) meets the requirements to qualify as a derivative; (ii) as a whole, it is not valued at fair value through profit or loss (FVTPL); (iii) if the characteristics and risks of the derivative are not closely linked with those of the main contract. The verification of the existence of embedded derivatives that must be detached and valued separately is made at the moment when the entity becomes a party to the contract and, subsequently, when the terms of the contract are amended in a manner that creates significant changes in the cash flows generated by the contract.

Employee benefits

Short-term benefits include wages, salaries, the corresponding social security obligations, unused vacation indemnities and incentives awarded in the form of bonuses payable within 12 months from the date of the financial statements. These benefits are accounted for as components of personnel expense in the period during which the employment services are rendered.

Post-employment benefits consist of two types: defined-contribution plans and defined-benefit plans.

In defined-contribution plans, contribution costs are recognized in profit or loss when incurred, based on the respective face value.

In defined-benefit plans, which includes the severance benefits owed to employees pursuant to Article 2120 of the Italian Civil Code (the "TFR"), the amount of the benefit payable to an employee can be quantified only after the end of the employment relationship and is tied to one or more factors that include age, years of service and compensation level; consequently, the corresponding cost is recognized on an accrual basis in the statement of comprehensive income based on an actuarial computation. The liability recognized in the financial statements for defined-benefit plans corresponds to the present value of the

obligation on the date of the financial statements. Obligations under defined-benefit plans are determined each year by an independent actuary using the Projected Unit Credit Method.

The present value of a defined-benefit plan is determined by discounting to present value future cash flows at a rate equal to that of high-quality corporate bonds issued in euros and taking into account the duration of the corresponding pension plan.

With regard to the classification of the costs for vested TFR benefits, cost for service are recognized under "Personnel costs," while interest costs are shown under "Financial charges" and changes in actuarial gains/losses are included in other components of the comprehensive income statements.

Share-based compensation plans

The "Performance Share Plan" approved by the Parent Company's Board of Directors on March 16, 2016 should be treated as involving share-based payments in exchange for the services provided by a beneficiary over the duration of the Plan and is accounted for in accordance with the provisions of IFRS 2 (Share-based Payments).

According to IFRS 2, these plans represent a component of the compensation earned by the beneficiaries; consequently, the cost of plans that call for payments in equity instruments is the fair value of those instruments on the grant date and is recognized under "Personnel costs," for Company employees, and under "Investments in associates," for employees of the subsidiaries, over the period from the grant date to the vesting date, with the offsetting entry posted to a "Reserve for performance shares." The Plan is deemed to be equity settled.

On the grant date, the Plan's fair value is determined taking into account only the effects of future market conditions (market condition – "TSR Target"). Other conditions require that the beneficiary completes a predetermined length of service (service condition) or the achievement of predetermined earning growth targets (performance condition – "PBTA Target") and are taken into account only for the purpose of allocating the cost over the length of the Plan and for the Plan's final cost.

The cost for each one of these conditions is determined by multiplying the fair value for the number of performance shares that, for each condition, are expected to vest at the end of the vesting period. The estimate depends on the hypotheses regarding the number of beneficiaries that are expected to satisfy the service condition and the probability of satisfaction of the non-market performance condition ("PBTA").

The cost for each one of the Plan's conditions is recognized by the entity that employs the beneficiary proportionately over the vesting period and revised on each reporting date until expiration of the vesting period by the entity that employs the beneficiary, which, on each reporting date, recognizes the cost by including it in "Personnel costs," with the offsetting entry posted to an equity reserve called "Reserve for Performance Shares."

The estimate of the number of Performance Shares that will be expected to vest at the end of the vesting period is revised on each reporting date until expiration of the vesting

period, when the final number of Performance Shares earned by the beneficiaries will be determined (the fair value is never redetermined over the Plan's duration).

If the initial estimate of the number of Performance Shares is revised, the change is computed by determining an estimate of the cost accumulated up to that point and recognizing the effects in the income statement, net of any previously recognized accumulated cost. Please note that, by virtue of the adoption of IFRS 2, the failure to fulfill the TSR market condition does not determine as remeasuring of the Plan's cost.

Provisions for risks and charges

The provisions for risks and charges are recognized to cover losses and charges of a determined nature, the existence of which is certain or probable, but the amount and/or date of occurrence of which cannot be determined. These provisions are recognized only when there is a current statutory or constructive obligation that will cause a future outflow of economic resources as a result of past events and it is probable that the abovementioned outflow will be required to fulfill the obligation. The amount of the provisions represents the best estimate of the charge required to extinguish the obligation. Risks for which the occurrence of a liability is only possible are listed in a separate disclosure of contingent liabilities (see Note 35) and no provision is set aside to cover them.

Trade payables and other payables

Trade payables and other liabilities are initially recognized at fair value, net of directly attributable incidental costs, and later measured by the amortized cost method, by applying the effective interest rate criterion.

Segment information

Information about the sectors of activity was prepared in accordance with IFRS 8 "Operating Segments," which requires that information be presented in a manner consistent with the approach used by management to make operating decisions. Consequently, the identification of the operating segments and the information presented were defined based on the internal reports used by management for the purpose of allocating resources to the different segments and analyzing their performance.

IFRS 8 defines an operating segment as a component of an entity i) that engages in business activities from which it may earn revenues and incur expenses (including revenues and expenses relating to transactions with other components of the same entity), ii) whose operating results are reviewed regularly by the entity's chief operating decision makers to make decisions about resources to be allocated to the segment and assess its performance, and iii) for which separate financial information is available.

The operating segments identified by management, which encompass all of the services and products supplied to customers, are:

- (i) Credit Information
- (ii) Marketing Solutions

Revenues

The recognition of revenues from contracts with customers is based on the following five steps: (i) identification of the contract with a customer; (ii) identification of the performance obligations represented by the contractual commitment to transfer goods and/or services to a customer; (iii) determination of the transaction's price; (iv) allocation of the transaction's price to the identified performance obligations based on the stand-alone sales price of each good or device; (v) recognition of the revenues when the corresponding performance obligation is satisfied, which coincides with the transfer of the promised good or service to the customer; transfers is deemed to have been completed when the customer obtains control of the good or service, which can occur over time or at a point in time. More specifically:

- revenues from prepaid subscription contracts are recognized in proportion to consumption, when customers actually use the services. The value of any unused products is recognized as revenues upon the expiration of the contract;
- revenues from subscription contracts with subscription payments are recognized prorated over the length of the contract;
- revenues from consumption-based contracts are recognized when the service is rendered or the product is used, based on the specific rates applicable;
- revenues from the sale of goods are recognized upon transfer of title to the goods.

Costs

Costs incurred to acquire goods are recognized when all of the risks and benefits inherent in the good being sold are transferred; costs incurred for services received are recognized proportionately to the delivery of the services.

Financial charges and income

Financial charges and income are recognized in the comprehensive income statement when accrued, based on the effective interest rate.

Income taxes

The income taxes shown in the income statement include both current and deferred taxes. Income taxes are recognized in profit or loss. Current taxes are the taxes that the Company expects to pay, computed by applying to taxable income the tax rate in effect at the end of the reporting period.

Deferred taxes are computed by applying the liability method to the temporary differences between the amounts of the assets and liabilities recognized in the financial statements and the corresponding amounts recognized for tax purposes. Deferred taxes are computed based on the method that the Company expects to use to reverse temporary differences, using the tax rate expected to be in effect when the differences will be reversed. Deferred tax assets are recognized only when it is probable that sufficient taxable income will be generated in future years to recover them.

2.4 RECENTLY PUBLISHED ACCOUNTING STANDARDS

Accounting principles, amendments and interpretations not yet applicable for which the group did not choose early adoption

The table below lists the international accounting principles, interpretations and amendments to existing accounting principles and interpretations or specific provisions set forth in principles and interpretations approved by the IASB, showing which ones were endorsed or not endorsed for adoption in Europe as of the date of this document:

Description	Endorsed as of the date of this document	Effective date of the standard
IFRS 16 Leases	Yes	Years beginning on or after January 1, 2019
Annual Improvements to IFRSs 2015-2017 Cycle	No	Years beginning on or after January 1, 2019
IFRS 17 Insurance Contracts	No	Years beginning on or after January 1, 2021
Amendments to IAS 28: Long-term Interests in Associates and Joint Ventures	Yes	Years beginning on or after January 1, 2019
Amendments to IFRS 9: Prepayment Features with Negative Compensation	Yes	Years beginning on or after January 1, 2019
IFRIC 23 Uncertainty over Income Tax Treatments	Yes	Years beginning on or after January 1, 2019
Amendments to IAS 19: Plan Amendment, Curtailment or Settlement	No	Years beginning on or after January 1, 2019
Amendments to References to the Conceptual Framework in IFRS Standards	No	Years beginning on or after January 1, 2020
Amendments to IAS 1 e IAS 8 on the definition of material	No	Years beginning on or after January 1, 2020
Amendments to IFRS 3 Definition of a business	No	Years beginning on or after January 1, 2020

The impact that the IFRSs applicable as of January 1, 2019 are expected to have on the financial statements in the coming years is reviewed below.

With regard to the implementation of the provisions of IFRS 16 "Leases" (hereinafter IFRS 16), the preparatory activities to determine its potential impacts were completed in the closing months of 2018.

The introduction of this principle is aimed at improving transparency in the financial statements of the lessees in connection with leasing transactions, as demanded by investors, financial analysts and regulatory entities. Currently, operating leases are not recognized in the statement of financial position of the lessees, with an impact on the comparability of the financial statements of companies operating in the same sector, particularly between those who purchase assets outright and those who lease them.

With IFRS 16, from the standpoint of the lessee there will no longer be any distinction between leases. All leases, including both operating leases and finance leases, except for contracts that do not have a multi-year duration and/or a minimum value of 5,000 euros, will be accounted for in the same way in the financial statements of the lessees.

3. Statutory Financial Statements at December 31, 2018

The adoption of this new standard is required starting in reporting years beginning on or after January 1, 2018 and the Group plans to opt for a retrospective adoption of the new standard, consistent with the provisions of IAS 8.

The new process of recognizing leases follows a decision making process that includes the following three steps:

- whether or not the lessee has a right to obtain the economic benefits deriving from the use of the assets over the entire length of the utilization period;
- whether or not the lessee has a right to determine how and for what purpose the asset is used over the entire length of the utilization period;
- whether or not the lessee has a right to use the asset over the entire length of the utilization period and the supplier does not have a right to change operating instructions.

If the lessor finds that the lessee has the abovementioned rights, the lessor shall recognize the effects of the lease in accordance with the provisions of IFRS 16.

Once the existence of a lease has been determined, IFRS 16 requires the initial recognition of the right-of-use (ROU) asset as property, plant and equipment and of a financial liability corresponding to the present value of future lease installments.

Starting on initial recognition, the following items must be recognized:

- the amortization of the ROU in accordance with IAS 16 or using an alternative valuation criterion [fair value] (IAS 16 and IAS 40);
- the recognition of the interest expense accrued on the financial liability, which will diminish over the life of the lease through the payment of the lease installments.

Based on an analysis performed by the Company, the adoption of this new principle will have an impact on the leases for operational and commercial facilities and on some hardware rental contracts.

Based on initial estimates, the recognition of this type of transactions in accordance with IFRS 16 will result in the recognition, at January 1, 2018, of a financial liability of 30.2 million euros, offset by ROUs (net of contributions received from the lessor of the San Donato Milanese headquarters) totaling 23.9 million euros among property, plant and equipment. The impact on the Equity is equal to 0.6 million euros.

Also due to the effect of the accounting required by IFRS 16, in 2018 the Company will recognize lower costs for the use of assets not owned amounting to 2 million euros, higher amortization of rights of use for 1.9 million euros and higher interest expense on the financial liability of 0.4 million euros.

The differential that exists between the increase of the financial liability and the amount of the commitments shown in Note 42 is mainly attributable to the discounting of the cash flows of the financial liability.

3. FINANCIAL RISK MANAGEMENT

3.1 FINANCIAL RISK FACTORS

The Company's operations are exposed to the following risks: market risk (defined as foreign exchange and interest rate risk), credit risk (regarding both regular sales transactions with customers and financing activities) and liquidity risk (regarding the availability of financial resources and access to the credit market and financial instruments in general).

The Company's objective is to maintain over time a balanced handling of its financial exposure, capable of ensuring that the structure of its liabilities is in harmony with the asset composition in its financial statements and delivering the necessary operating flexibility through the combined use of liquidity generated by current operating activities and bank financing.

The ability to generate liquidity through the operating activities, coupled with its borrowing ability, enables the Company to adequately meet its operating needs, in terms of financing its operating working capital and funding its investments, and meet its financial obligations.

The Company's financing policy and the management of the related financial risks are guided and monitored at the central level. Specifically, the central Finance Department is responsible for assessing and approving projected financing needs, monitoring developing trends and, when necessary, taking corrective action. In addition, the central Finance Department contributes to the development of the Company's financing and cash management policies, seeking to optimize the management of financial and cash flows and related risks. This activity is carried out in cooperation with the management of the Company and its subsidiaries, as all decisions are made specifically taking into consideration the Company's operating needs, as approved and revised by the Board of Directors.

The following section provides qualitative and quantitative disclosures on the impact of such risks on the Company.

Market Risks

FOREIGN EXCHANGE RISK

The exposure to the risk of fluctuations in foreign exchange rates derives from the pursuit of activities in currencies different from the euro. The Company operates primarily in Italy and most of the revenues and purchases of services in foreign countries involve countries that are members of the European Union. Consequently, the Group is not exposed to the risk of fluctuations in the exchange rates of foreign currencies versus the euro.

INTEREST RATE RISK

The Company uses external financial resources in the form of borrowings and invests available liquid assets in bank deposits. Changes in market interest rates affect borrowing costs and the yields of different types of investments, with an impact on the level of the Company's financial charges and financial income.

The Company, being exposed to fluctuations in interest rates insofar as they affect the measurement of debt related financial charges, regularly assesses its exposure to the risk of interest rate changes and manages this risk with interest rate financial derivatives, interest rate swaps (IRS) mainly, executed exclusively for hedging purposes.

The fair value of Derivatives at December 31, 2018, amounting to 283 thousand euros, was recognized directly in the statement of other components of comprehensive income. The Euribor is the interest to which the Group is most exposed. Detailed information about financial instruments outstanding at the reporting date is provided in Note 29 "Current and non-current borrowings."

SENSITIVITY ANALYSIS RELATING TO INTEREST RATE RISK

The Company's exposure to the interest rate risk was measured through a sensitivity analysis that took into account current and non-current financial liabilities and bank deposits. A brief description of the methodology followed in carrying out this analysis, and the results obtained, is provided below.

Within the scope of the assumptions made, the effects on the Company's income statement and shareholders' equity for 2018 resulting from a hypothetical variation in market rates that reflect an increase or decrease of 100 bps were determined. The computation method applied the hypothetical variation to: the annual average balance of the Company's bank deposits, the actual balances of gross financial debt and the interest rate paid during the year to remunerate variable rate liabilities.

The table below shows the results of the analysis performed:

(in thousands of euros)

	IMPACT ON EARNING		IMPACT ON SHAREHOLDERS' EQUITY	
	-100 bps	+100 bps	-100 bps	+100 bps
2018 reporting year	(1)	3,534	(1)	3,534

Notes:

- The plus sign indicates greater profit and an increase in shareholders' equity; the minus sign indicates lower profit and a reduction in shareholders' equity.
- The results refer to the Group's indebtedness at December 31, 2018.

Credit Risk

FINANCIAL CREDIT RISK

The financial credit risk refers to the inability of a counterparty to fulfill its obligations. At December 31, 2018, the Group's liquid assets were invested in bank accounts with top-rated credit institutions.

COMMERCIAL CREDIT RISK

The commercial credit risk derives mainly from trade receivables. To minimize the credit risk related to commercial counterparties, the Company established internal procedures that call for a preventive verification of a customer's solvency prior to accepting a contract through a rating analysis based on Cerved data. Moreover, there is a procedure for the collection and management of trade receivables that calls for sending written reminders in the event of late payments, followed by gradually more aggressive actions (mailing of payment reminder letter, telephone payment requests, threats of legal action and legal action).

Lastly, trade receivables carried in the financial statements are individually analyzed and when positions are found to present conditions that make them partially or fully uncollectible, they are written down. The amount of the writedowns reflects an estimate of recoverable cash flows and the corresponding date of collection. For receivables that are not individually written down, provisions that take into account historical experience and statistical data are recognized on an aggregate basis. See Note 25 for additional information about the provision for impairment of receivables.

The following table provides a breakdown of trade receivables and other current receivables at December 31, 2018 grouped by days in arrears, net of the provision for impairment of receivables.

<i>(in thousands of euros)</i>	At December 31, 2018	Current	90 days in arrears	From 90 to 240 days in arrears	More than 240 days in arrears
Trade receivables	111,222	95,790	4,180	3,796	7,457
Provision for impairment of receivables	(8,045)	(780)	(291)	(1,152)	(5,822)
Net amount	103,178	95,010	3,889	2,644	1,635
Other receivables	12,716	12,716	-	-	-
Total	115,893	107,726	3,889	2,644	1,635

It is worth mentioning that the Company also offers its products and services to large companies and major banking groups. As a result, a significant portion of trade receivables is concentrated with a limited number of customers. However, there are no specific concentration risks because the counterparties in question do not present material solvency risks and, moreover, enjoy a very high credit rating.

As shown in the preceding tables, receivables are presented in the financial statements net of the related impairment provision, computed on the basis of an analysis of the positions that are objectively totally or partially uncollectible.

Liquidity Risk

The liquidity risk refers to the potential inability to secure, on affordable terms, the financial resources needed for the Group's operations. The two main factors that affect the Group's liquidity are:

- The financial resources generated or absorbed by the operating and investing activities;
- The maturity characteristics of financial debt.

The Group's liquidity needs are monitored by the central cash management function with the aim of ensuring the effective procurement of financial resources and an adequate investment of/return on liquid assets.

Management believes that the funds and credit lines currently available, combined with those that will be generated by the operating and financing activities, will enable the Company to meet its needs with regard to investing activities, working capital management and the repayment of debt at the contractual maturities.

The table below provides a breakdown of financial liabilities (including trade payables and other payables): specifically, all cash flows listed are undiscounted future nominal cash flows, determined based on the remaining contractual maturities including both principal and accrued interest.

<i>(in thousands of euros)</i>	At December 31, 2018	< 1 year	2 - 5 years	> 5 years	Total
Non-current loans					
Long-term facilities	542,780	6,382	578,325		584,701
Current loans					
Current portion of long-term facilities	(1,287)	(1,287)			(1,287)
Other financial debt	50,642	50,642			50,642
Trade payables	32,384	32,384			32,384
Other current payables	110,811	110,811			110,811

3.2 CAPITAL MANAGEMENT

The Company's objective is to create value for its shareholders. Special attention is paid to the debt level relative to shareholders' equity and EBITDA, while pursuing objectives of profitability and operating cash flow generation.

3.3. ESTIMATING FAIR VALUE

The fair value of financial instruments traded in an active market is based on market prices on the date of the financial statements. The fair value of instruments that are not traded in an active market is determined using valuation techniques based on a series of methods and assumptions tied to market conditions on the reporting date.

The classification of the fair value of financial instruments based on hierarchical levels is as follows:

- **Level 1:** Determination of fair value based on quoted prices (unadjusted) for identical financial instruments in active markets;
- **Level 2:** Determination of fair value based on valuation techniques that reference variables observable in active markets;
- **Level 3:** Determination of fair value based on valuation techniques that reference variables not observable in active markets.

(in thousands of euros)

	AT DECEMBER 31, 2018			Total
	Level 1	Level 2	Level 3	
1. Financial assets measured at fair value through OCI			4,343	4,343
2. Available-for-sale financial assets				
Total			4.343	4.343
1. Financial liabilities measured at fair value through profit or loss				
2. Derivatives		(4,898)		(4,898)
Total		(4,898)		(4,898)

4. FINANCIAL ASSETS AND LIABILITIES BY CATEGORY

The fair values of trade receivables, other receivables and other financial assets and of trade payables and other payables and other financial liabilities, listed among the "current" line items in the statement of financial position and valued by the amortized cost method, consisting mainly of assets underlying commercial transactions scheduled for settlement over the near term, did not differ appreciably from the respective carrying amounts at December 31, 2018.

Non-current financial liabilities and assets are settled or valued at market rates and, consequently, their fair value is deemed to be substantially in line with their carrying amount.

3. Statutory Financial Statements at December 31, 2018

The table that follows provided a breakdown by category of financial assets and liabilities at December 31, 2018:

(in euros)

AT DECEMBER 31, 2018				
	Financial instruments at amortized cost	Financial assets measured at fair value through OCI	Financial instruments at fair value	Total
Other non-current financial assets	61,663	4,343		66,006
Trade receivables	103,178			103,178
Tax receivables	10,274			10,274
Other receivables	12,716			12,716
Other current assets	13,000			13,000
Cash and cash equivalents	33,023			33,023
Total assets	233,853	4,343		238,196
Current and non-current financial liabilities	587,237	4,898		592,135
Trade payables	32,384			32,384
Tax payables	8,856			8,856
Other liabilities	110,811			110,811
Total liabilities	739,287	4,898	-	744,186

5. ESTIMATES AND ASSUMPTIONS

In the preparation of financial statements, Directors are required to apply accounting principles and methods that, in some cases, are based on difficult and subjective assessments and estimates, based on historical experience and assumptions that, in each case, are deemed reasonable and realistic in the corresponding circumstances. The adoption of these estimates and assumptions affects the amounts shown in the financial statement schedules, including the statement of financial position, the comprehensive income statements and the statement of cash flows, as well as the disclosures provided. Final results for the line items for which the abovementioned estimates and assumptions were used could differ from those shown in the financial statements due to the uncertainty that characterizes the assumptions and the conditions upon which the estimates are based.

The areas for which Directors are required to use greater subjectivity in developing estimates and for which a change in the conditions underlying the assumptions used could have a material impact on the Company's financial statements are reviewed below.

A) IMPAIRMENT OF ASSETS

In accordance with the accounting principles applied by the Company, property, plant and equipment and intangible assets must be tested to determine if an impairment has occurred, which is recognized by means of a writedown, when there are indicators showing that it may be difficult to recover the net carrying amount of the assets through their use. The determination of the existence of such indicators requires, on the part of the Board of Directors, the development of subjective valuations, based on information available within the Company and in the market and on past experience. Moreover, if it can be determined that a potential impairment may have occurred, the Company must quantify the impairment using appropriate valuation techniques. The correct identification of the elements indicating

the existence of a potential impairment of property, plant and equipment, intangible assets and investment property and the estimates required to measure the impairment are based on factors that can vary over time, with an impact on the valuations and estimates made by the Board of Directors.

B) DEPRECIATION AND AMORTIZATION

The cost of property, plant and equipment and intangible assets is depreciated and amortized, respectively, on a straight line over the estimated useful lives of the assets. The useful economic lives of these assets are determined by the Board of Directors when the assets are acquired; they are based on past experience for similar assets, market conditions and projections about future events that could have an impact on the useful lives of the assets, such as changes in technology. Consequently, the actual economic life could differ from the estimated useful life.

C) PROVISION FOR IMPAIRMENT OF RECEIVABLES

The provision for impairment of receivables reflects estimates of projected losses for the Company's portfolio of receivables. Estimates and assumptions are revised periodically and the effects of any change are reflected in the income statement for the year to which they are attributable.

D) EMPLOYEE BENEFITS

The present value of the retirement benefit obligations recognized in the financial statements depends on actuarial computations and various assumptions taken into consideration. Any changes in these assumptions or the discount rate applied are promptly reflected in the computation of the present value and could have a significant impact on financial statement data. The assumptions used for actuarial computation purposes are reviewed each year.

The present value is determined by discounting future cash flows at an interest rate equal to that of high quality corporate bonds issued in the currency in which the liability will be settled and taking into account the duration of the corresponding pension plan. For additional information see Note 11 "Personnel Costs" and Note 72 "Employee Benefits."

Estimates and assumptions are reviewed periodically and the effects of any change are reflected immediately in profit or loss.

E) DERIVATIVES

Derivatives, executed mainly to hedge risks related to fluctuations in financial charges, are valued in the same manner as securities held for sale, are measured at fair value through profit or loss and are classified into current and non-current other assets or liabilities. The fair value of financial derivatives is determined based on market prices or, if these are not available, it is estimated with appropriate valuation techniques based on up-to-date financial variables used by market operators and, whenever possible, taking into account recorded prices for recent transactions involving similar financial instruments. When there

is objective evidence of impairment, asset-side derivatives are shown net of the amounts set aside in the corresponding provision for impairment.

Derivatives are classified as hedging instruments when the relationship between the derivative and the hedged item is formally documented and the effectiveness of the hedge, tested periodically, is high. Compliance with the requirements defined in IAS 39 to qualify for hedge accounting is verified periodically. Changes in the fair value of derivatives that do qualify for hedge accounting are recognized in profit or loss. Option contracts concerning minority interests in subsidiaries executed with minority shareholders are recognized, on the date of execution, as financial liabilities with the offsetting entry posted to other equity reserves; the value of these financial liabilities is periodically adjusted with any changes occurring after initial recognition recognized in profit or loss.

6. SEGMENT INFORMATION

Management identified the following operating segments identified by management, which encompass all of the services and products supplied to customers:

- Credit Information, which includes the supply of corporate, commercial and economic-financial information;
- Marketing Solutions, which includes the supply of market information and analyses

The results of the operating segments are measured through an analysis of the trend for EBITDA, defined as earnings for the period before depreciation and amortization, nonrecurring income and charges, financial income and charges, gains or losses on investments in associates and income taxes. Moreover, management believes that EBITDA provide a good indication of performance because they are not affected by the tax laws or depreciation and amortization policies.

The table below shows the revenues and EBITDA of the operating segments at December 31, 2018:

(in thousands of euros)

	PERIOD FROM JANUARY 1 TO DECEMBER 31, 2018		
	Credit Information	Marketing Solutions	Total
Revenues by segment	279,543	14,480	294,022
EBITDA	142,320	5,401	147,721
<i>EBITDA %</i>	<i>50.9%</i>	<i>37.3%</i>	<i>50.2%</i>
Nonrecurring income/(charges)			(5,260)
Depreciation and amortization			(58,260)
Operating profit			84,201
Financial income			1,791
Financial charges			(16,451)
Nonrecurring financial income/(charges)			(556)
Result before taxes			68,986
Income taxes			(10,674)
Net profit			58,312

7. REVENUES

A breakdown of "Revenues" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Sales in Italy	287,726	3,790
International sales	4,613	
Total sales	292,339	
Change in deferred revenues at December 31	1,683	
Total	294,022	3,790

Deferred revenues originate from services invoiced at December 31, 2018 but not yet provided to customers and deferred to the following period in accordance with the accrual principle.

The Company's revenues are generated mainly in Italy; an analysis by business segment is provided in Note 5 Segment Information.

8. OTHER INCOME

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Sundry income	343	-
Insurance settlements	13	-
Revenues from related parties	9,126	-
Total sales	9,482	-

Revenues from related parties refers to the amounts charged by Cerved Group S.p.A. to other Group companies for costs incurred by the parent company for rent on the San Donato and Rome headquarters, the outsourcing of administrative, legal and corporate services, as well as for all central staff functions, company cafeteria, certain software maintenance fees, etc. See Note 14 "Non recurring income and costs" for additional information.

9. COST OF RAW MATERIAL AND OTHER MATERIALS

As detailed in the table below, this item refers mainly to the cost of consumables and promotional materials.

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Consumables	148	4
Fuel	689	20
Total	837	24

10. COST OF SERVICES

A breakdown of "Cost of services" is provided in the table that follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Information services	38,327	
Agents costs	17,994	
Tax, administrative and legal consulting services	3,512	833
Advertising and marketing expenses	1,881	11
Maintenance and technical support costs	5,810	
Travel expenses and per diems	2,099	101
Civil liability insurance policies	667	135
Utilities	1,755	12
Training and recruitment	1,084	-
Sundry expenses	2,650	
Nonrecurring costs	2,006	345
Total	77,784	1,438

Regarding the trend of "cost of services" compared with the previous year, some comments are in order:

- the main components of the cost for "Information services," amounting to 38,327 thousand euros include the following:
 - a costs for purchases of databases for 16,887 thousand euros and property register data for 8,420 thousand euros, net of a capitalized component for data with a multi-year useful life for 12,080 thousand euros;
 - b cost for expert appraisers for 8,278 thousand euros;
 - c costs for foreign correspondents for 2,100 thousand euros;
 - d costs for other value added services and external partners for 9,297 thousand euros;
- agents costs of 17,994 thousand euros refers to the commissions and bonuses paid to the external Corporate sales network.

At December 31, 2018, "Cost of services" included nonrecurring costs totaling 2,006 thousand euros. See Note 15 "Nonrecurring Income and Costs" for additional information.

11. PERSONNEL COSTS

A breakdown is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Wages and salaries	44,713	2,621
Social security charges	16,149	773
Retirement benefits	3,709	176
Other personnel costs	4,338	725
Nonrecurring personnel costs	2,690	-
Total staff costs	71,599	4,296
Associates' fees and social security contributions	4	-
Directors' fees and social security contributions	1,597	1,430
Total fees	1,601	1,430
Total	73,200	5,726

"Other personnel costs," amounting to 4,338 thousand euros, includes 3,966 thousand euros for costs incurred during the year for the Performance Share Plan" (the "Plan") reserved for some key Company resources selected among Directors, managers and other executives. See Note 40 for a description of the Plan's rules. "Nonrecurring costs," which are summarized in Note 15, refer to early retirement incentives paid to some employees as part of the company integration and Group reorganization processes. Detailed information about the "Provision for severance indemnities" is provided in Note 32.

The table below shows a breakdown by category of the average number of Group employees:

Average number of employees	At December 31, 2018	At December 31, 2017
Executives	57	5
Middle managers	254	15
Office staff	748	19
Total	1,059	39

12. OTHER OPERATING COSTS

A breakdown of this item is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Rent	4,240	348
Automobile rentals and expenses for company cars	10	79
Other costs	283	62
Janitorial services	412	-
Employee cafeteria and meal vouchers	1,102	36
Other nonrecurring operating costs	564	-
Total	6,610	525

Per i costi operativi non ricorrenti, pari ad Euro 564 migliaia, si rimanda alla Nota 15 "Proventi e costi non ricorrenti".

13. IMPAIRMENT OF RECEIVABLES AND OTHER PROVISIONS

A breakdown of "Impairment of receivables and other provisions" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Impairment of receivables	2,435	-
Accruals to other provisions for risks, net of reversals	177	-
Total	2,612	-

For more detailed information about the changes that occurred in the provision for impairment of receivables and the provision for other liabilities and charges, see the analysis provided in Note 24 "Trade receivables" and Note 33 "Provisions for other liabilities and charges."

14. DEPRECIATION AND AMORTIZATION

"Depreciation and amortization" includes:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Amortization of intangibles	53,528	3
Depreciation of property, plant and equipment	4,732	88
Total	58,260	91

See Notes 19 and 20 infra for additional information.

15. NONRECURRING INCOME AND COSTS

As required by the Consob Communication of July 28, 2006, the table below summarizes the Group's nonrecurring income and costs for the year ended December 31, 2018:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Cost of services	(2,006)	-
Nonrecurring personnel costs	(2,690)	-
Other nonrecurring operating costs	(564)	-
Nonrecurring financial charges	(556)	-
Total nonrecurring costs	5,816	-

During the reporting period, the Group incurred nonrecurring costs totaling 5,816 thousand euros, which included:

- 2,006 thousand euros recognized under costs of services, mainly relating to the charges incurred by the Group for nonrecurring activities related to extraordinary transactions completed or started during the year;
- 2,690 thousand euros for retirement incentives paid to employees as part of the process for the integration of Group companies;
- 564 thousand euros in other operating costs related to the implied dividend tax paid on the relocation of the tax residency of Pro Web from Switzerland to Italy;
- 556 thousand euros for the adjustment made to the present value of future flows of Cerved Group's loan agreement in accordance with the terms renegotiated in 2018.

16. FINANCIAL INCOME

A breakdown of "Financial income" is provided in the table below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Bank interest income	1	-
Foreign exchange gains	5	-
Other interest income	1,328	-
Dividends	457	52,000
Total	1,791	52,000

"Other interest income" of 1,328 thousand euros refers for 1,291 thousand euros to facilities provided to subsidiaries.

"Dividends" of 457 thousand euros refers to the dividends distributed by SIA S.p.A., a company in which the Group holds an equity interest of 0.76%.

17. FINANCIAL CHARGES

A breakdown of "Financial charges" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Interest expense on Forward Start facility	10,316	-
Interest expense for derivatives	1,971	-
Fees and other interest expense	1,097	5
Amortized cost loan	3,067	-
Nonrecurring financial charges	556	-
Total	17,007	5

"Interest expense on Forward Start facility" refers to interest on a facility provided to Cerved Group in January 2016, the terms and conditions of which are outlined in Note 30.

The main components of "Fees and other interest expense" include Commitment Fees and agency Fees for the revolving facility.

"Interest expense for derivatives" includes the charges incurred for the IRS derivatives executed by the Company, effective as of January 16, 2017 and expiring on January 14, 2022, with top credit institutions to hedge the risk of interest rate fluctuations affecting the "Term Facility B" and the "Term Facility C" loan agreement until 2023, for a notional amount of 400 million euros.

"Financial charges" includes nonrecurring charges of 556 thousand euros. See the description provided in Note 15 "Nonrecurring income and costs" for additional information.

18. INCOME TAX EXPENSE

A breakdown of "Income tax expense" is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Regional income taxes (IRAP)	4,530	
Current corporate income taxes (IRES)	16,504	
Benefit from consolidated tax return		921
Prior-period tax (benefits)/charges	(7,608)	
Prepaid and deferred income taxes	(2,752)	(467)
Total	10,674	454

Current taxes were determined based on the tax rates currently in effect. See the information provided in Note 34 for details concerning prepaid and deferred income taxes. The table below shows a reconciliation of the statutory tax rate to the actual tax rate:

<i>(in thousands of euros)</i>	2018	Tax rate
Result before taxes	68,986	
Income tax at the statutory rate	(16,557)	24.00%
Regional tax (IRAP)	(2,690)	3.90%
Prior-period tax benefits	395	
Patent Box	10,351	
ACE benefit (Decree Law No. 201/2011)	1	
Other permanent differences	(2,175)	
Income taxes actually paid	10,674	15.47%

Patent Box

Article 1, Sections 37 to 45, of Law No. 190 of December 23, 2014, as amended by Article 5 of Decree Law No. 3 of January 24, 2015, established an optional status of reduced taxation (also known as "Patent Box") for income deriving from the use of intellectual property, industrial patents, trademarks, drawings and models, as well as processes, formulas and information relating to knowhow acquired in the industrial, commercial or scientific fields that enjoy legal protection ("Intangible Assets"), with the aim of incentivizing investments in research and development activities.

Basically, the abovementioned statute established a reduced taxation status for income derived from the utilization of the abovementioned Intangible Assets. The economic contribution provided by Intangible Assets to a company's profits can benefit from the abovementioned reduced taxation, provided it is determined in accordance with a ruling stipulated with the Revenue Agency.

At the end of December 2018, following the completion of the preparatory activities and an overall review of the results and documents produced, Cerved Group finalized an agreement with the Agency for a ruling that determined: (i) scope of applicability for the trademark, knowhow (database) and software; (ii) the amount of the economic contribution for the 2015 year; and (iii) and the computation criterion and method applicable for subsequent years up to 2019.

The tax benefit deriving from the implementation of the abovementioned agreement amounts to 10,351 thousand euros, including 3,138 thousand euros for the current year.

19. PROPERTY, PLANT AND EQUIPMENT

The table below shows the changes that occurred in "Property, plant and equipment" during the reporting year:

<i>(in thousands of euros)</i>	Land and buildings	Electronic equipment	Furniture and fixtures	Other assets	Total
Property, plant and equipment					
Balance at December 31, 2017	-	-	8	171	179
Conveyance from merger	7,733	2,417	1,692	6,330	18,172
<i>Historical cost</i>	16,039	20,665	4,052	17,418	58,174
<i>Accumulated depreciation</i>	(8,306)	(18,248)	(2,360)	(11,088)	(40,002)
Additions		1,309	37	3,067	4,413
<i>Retirements – historical cost</i>		(46)		(1,295)	(1,341)
<i>Retirements – accumulated depreciation</i>		42		1,130	1,172
<i>Retirements – net</i>	-	(4)	-	(165)	(169)
Depreciation	(609)	(1,326)	(294)	(2,503)	(4,732)
Balance at December 31, 2018	7,124	2,396	1,443	6,900	17,863
Breakdown:					
<i>Historical cost</i>	16,039	21,928	4,098	19,586	61,651
<i>Accumulated depreciation</i>	(8,915)	(19,532)	(2,655)	(12,686)	(43,788)

Additions for the period totaled 4,413 thousand euros. The main items included: (i) 1,887 thousand euros to replace the Company's vehicle fleet; (ii) 1,309 thousand euros to replace hardware with the aim of making the organization more efficient; (iii) 37 thousand euros to purchase furniture and fixtures mainly for the new San Donato headquarters; and (iv) 1,117 thousand euros in leasehold improvements at the San Donato Milanese headquarters and other Group operating facilities.

At December 31, 2018, there were no restrictions on the ownership and possession of property, plant and equipment or purchase commitments other than those described in Note 38.

20. INTANGIBLE ASSETS

The table below details the changes that occurred in “Intangible assets” in 2018:

<i>(in thousands of euros)</i>	Software	Trademarks and other rights	Customer Relationships	Economic information databases	Other intangibles	Total
Balance at December 31, 2017	-	-	-	-	17	17
Total conveyance from merger	22,521	23,346	290,496	18,330	3,153	357,846
Additions	15,037			12,295	2,618	29,950
Retirements – historical cost				(32)		(32)
Retirements – accumulated depreciation						
Retirements – net	-	-	-	(32)	-	(32)
Amortization	(14,164)	(2,473)	(22,086)	(12,449)	(2,356)	(53,528)
Balance at December 31, 2018	23,394	20,873	268,410	18,144	3,432	334,253
Breakdown:						
<i>Historical cost</i>	127,635	35,301	397,230	297,083	60,636	917,885
<i>Accumulated amortization</i>	(104,242)	(14,428)	(128,820)	(278,939)	(57,203)	(583,632)

Additions for the period, which totaled 29,950 thousand euros, refer mainly to projects carried out during the period to develop new products and software (15,037 thousand euros) and investments in economic information databases (12,295 thousand euros).

21. GOODWILL

The goodwill present in the Financial Statements of the incorporated Cerved Group was entered with the consent of the Board of Statutory Auditors pursuant to art. 2426 paragraph 6 of the civil code. A breakdown of “Goodwill” is as follows

<i>(in thousands of euros)</i>	Year	Conveyance from merge	Increases / Decreases	At December 31, 2018
Credit Information		607,202	224	607,426
Cerved Data Services (CDS) goodwill	2013	707		707
Cerved Group goodwill	2013	601,085		601,085
RLValue goodwill	2014	1,170		1,170
Fox goodwill	2016	4,240		4,240
Bauciweb goodwill	2018		224	
Marketing Solution		41,389		41,613
Cerved Group goodwill	2013	41,389		41,389
Credit Management		57,174	-	57,174
Credit Management goodwill	2013	57,174		57,174
Total		705,765	224	705,989

At December 31, 2018, Cerved's goodwill was allocated as follows to the different operating segments/CGUs:

<i>(in thousands of euros)</i>	At December 31, 2018
Credit Information	607,202
Marketing Solutions	41,613
Credit Management	57,174
Total	705,989

In line with the requirements of the reference accounting principles, Goodwill was tested for Impairment at December 31, 2018. Consequently, its value in use had to be determined.

The value in use was determined by discounting the projected data for each CGU ("DCF Method") for the three-year period from 2018 to 2020, as approved by the Company's Board of Directors on February 19, 2019. The forecast data of each CGU were determined taking into consideration the levels of growth of revenues, EBITDA, and cash flows based both on past economic-income performance and future expectations.

The terminal value of each CGU was computed based on the criterion of the perpetual annuity of the cash flow of each CGU with reference to the latest period of projected data considered, assuming a growth rate of zero and using an after-tax discounting rate (WACC) of:

- 7.49% for the Credit Information and Marketing Solution CGUs, and is the result of the weighted average of the cost of capital, equal to 8.20% (88%)—including a market risk premium of 5.5%—and an after tax debt cost of 2.25% (12%). The structure of the objective capital used for weighted average purposes was determined based on an average for the capital structures of comparable companies and not independent of the financial structure of individual CGUs
- 7.11% for the Credit Management CGU and is the result of the weighted average of the cost of capital, equal to 12.19% (48.94%)—including a market risk premium of 5.5%—and an after tax debt cost of 2.25% (51.06%). The structure of the objective capital used for weighted average purposes was determined based on an average for the capital structures of comparable companies and not independent of the financial structure of individual CGUs/companies.

The impairment test failed to show that the existing goodwill had been impaired.

The table below shows the surplus by which the recoverable value of each CGU, computed based on the parameters described above, exceeds its carrying amount:

<i>(in thousands of euros)</i>	<i>At December 31 2018</i>
Credit Information	277,560
Marketing Solutions	27,335
Credit Management	311,389
Total	616,284

The table below shows the change in the surplus recoverable value of each CGU based on a change of 5% in the cash flow value, all other parameters being equal:

<i>(in thousands of euros)</i>	<i>-5%</i>	<i>5%</i>
Credit Information	205,914	349,205
Marketing Solutions	23,464	31,206
Credit Management	283,054	339,723

3. Statutory Financial Statements at December 31, 2018

The table below shows the change in the surplus recoverable value of each CGU based on a change of 0.5% in the value of the WACC, all other parameters being equal:

<i>(in thousands of euros)</i>	-0.50%	0.50%
Credit Information	357,761	207,400
Marketing Solutions	33,399	22,034
Credit Management	350,319	277,587

The table below shows the WACC levels and the cash flow reduction that would make the recoverable value of each CGU equal to its carrying value.

<i>(in thousands of euros)</i>	WACC	Cash flow
Credit Information	9.95%	-19.4%
Marketing Solutions	11.1%	-35.1%
Credit Management	18.1%	-54.9%

22. INVESTMENTS IN ASSOCIATES

A break of this item is as follows:

Subsidiaries ¹ <i>(in thousands of euros)</i>	Registered office	Share capital	Share-holders' equity	Net profit/ (loss)	% ownership	Carrying amount at 12/31/18	Carrying amount at 12/31/17
Cerved Group S.p.A	San Donato M.se	-	-	-	-	-	584,192
Cerved Credit Management Group S.r.l.	San Donato M.se	56	75,155	11,290	95.19%	29,791	-
Cerved Rating Agency S.p.A.	San Donato M.se	150	3,790	427	100.00%	678	-
Clickadv S.r.l.	Pozzuoli	10	8,893	1,461	90.00%	18,649	-
Major 1 S.r.l.	Novara	11	687	(49)	100.00%	3,938	-
Spazio Dati S.r.l.	Trento	22	2,214	495	74.19%	4,504	-
Pro Web Consulting S.r.l.	San Donato M.se	100	1,374	351	60.00%	3,735	-
Total investments in subsidiaries						61,294	584,192

1. Data from the financial statements at December 31, 2018.

Associated companies ¹ <i>(in thousands of euros)</i>	Registered office	Share capital	Share-holders' equity	Net profit/ (loss)	% ownership	Carrying amount at 12/31/18	Carrying amount at 12/31/17
Experian Italia S.p.A. (*)	Rome	1.980	6.980	524	4,65%	3.135	-
Total investments in associated companies						3.135	-
Total investments in associates						64.429	-

On the date of the financial statements, the Board of Directors believed that there are strong reasons supporting the recoverability of the carrying amount of the equity investment, based on the positive performance of the business and the projected expansion plans. These conclusions were also supported by the results of an impairment test performed for each one of the Company's cash generating units.

23. OTHER NON-CURRENT FINANCIAL ASSETS

A breakdown of this item is as follows:

<i>(In thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Loans receivable from subsidiaries	59,500	-
Other investments in associates	4,382	-
Other long-term securities	1,958	-
Security deposits and sundry items	166	-
Total	66,006	-

Other non-current financial assets include: (i) two interest bearing loans provided to the subsidiary Cerved Credit Management Group S.r.l. totaling 57,000 thousand euros (6/3 month Euribor + spread 2.85%); (ii) an interest bearing loan provided to Cerved Credit Collection S.p.A. for 2,500 thousand euros (6 month Euribor + spread 2.85%); (iii) a policy held by the incorporated company Consit Italia S.p.A. concerning the capitalization of the severance benefit fund issued by Assicurazioni Generali and Unipol for 1,121 thousand euros; (iv) the value of the investments in other companies summarized for 4,382 thousand euros; (v) for 166 thousands euros deposits for the balance; (vi) for 737 thousand euros a deposit linked to the purchase of the shareholding in Pro Web Consulting S.r.l..

At the same time was accounted a long-term liability of the same amount against of the minority.

<i>Other companies¹</i> <i>(In thousands of euros)</i>	Registered office	Share capital	Share-holders' equity	% ownership	Carrying amount at 12/31/18
SIA-SBB	Milan	22,275	251,576	0,76%	4,343
Class CNBC S.p.A.	Milan	628	832	1,24%	39
Total investments in other companies					4,382
Total					4,382

1. Data from the financial statements at December 31, 2017.

The amounts shown are drawn from the statutory financial statements prepared in accordance with the reference accounting principles of the individual companies.

24. TRADE RECEIVABLES

“Trade receivables” totaled 103,178 thousand euros, net of the corresponding provision for impairment of receivables, as detailed below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Trade receivables	110,313	409
Provision for impairment of receivables	(8,045)	-
Related-party receivables	910	-
Total	103,178	409

The table below shows the changes in the Provision for impairment of receivables:

<i>(in thousands of euros)</i>	Provision for impairment of receivables
At December 31, 2017	-
Conveyance from merger	(8,522)
Accruals	(2,435)
Utilizations	2,912
At December 31, 2018	(8,045)

The accrual to the Provision for impairment reflects the estimated realizable value of receivables that were still deemed collectible at December 31, 2018. Utilizations for the period were recognized in the case of receivables for which elements of certainty and accuracy, or the existence of composition with creditors proceedings, required that the position be written off. There are no significant receivables with a remaining duration of more than five years or receivables denominated in a currency different from the euro. It is also worth mentioning that the carrying amount of trade receivables approximates their fair value.

25. TAX RECEIVABLES

A breakdown of “Tax receivables” at December 31, 2018 is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
VAT receivable	202	4
IRAP receivable	623	-
Other tax receivables	9,449	1
Total	10,274	5

The main components of “Other tax receivables include:

- 7,214 thousand euros for the Patent Box credit;
- 1,345 thousand euros for the IRES receivable for the deductibility from IRES of the IRAP paid on personnel costs prior to the 2012 reporting year, in accordance with the provision of Article 4 of Decree Law No. 16/2012;
- 524 thousand euros for receivables resulting from the amount withheld under the agency contract, which will be recovered when filing the tax return;
- at the end of 2018, the Company collected virtually the full amount of the tax credit resulting from the provisional payment made in connection with a tax dispute settled with the Revenue Agency in December 2016, leaving a remaining credit of 35 thousand euros.

26. OTHER RECEIVABLES

A breakdown of "Other receivables" is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Advances to agents	583	
Receivables from employees	265	
Receivables from former controlling companies for tax refunds	203	
Sundry receivables	406	9
Other receivables from related parties	11,258	10,953
Total	12,716	10,962

"Other receivables from related parties" mainly refers to:

- 5,894 thousand euros for receivables deriving from the existing cash pooling arrangements with other companies of the Cerved Group;
- 2,815 thousand euros in IRES receivables from subsidiaries under the consolidated Group tax filing contract valid for the 2018-2020 period;
- 1,002 thousand euros for VAT receivables from subsidiaries that opted for group VAT filing.

27. OTHER CURRENT ASSETS

A breakdown of this item is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Prepaid commercial costs	9,273	
Other prepaid commercial expenses	3,727	24
Total	13,000	24

Other current assets consist mainly of prepaid agents' commissions. The costs incurred in connection with new contracts for the sale of services not yet provided are suspended and recognized in profit or loss based on customer usage progress.

28. CASH AND CASH EQUIVALENTS

"Cash and cash equivalents" consists mainly of amounts deposited in checking accounts at top credit institutions. A breakdown of this item is as follows:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Deposits in bank and postal accounts	33,019	2,570
Cash on hand	4	-
Total	33,023	2,570

The carrying amount of "Cash and cash equivalents" approximates its fair value; these items are not the subject of any utilization restriction.

See Note 30 for additional information about the Company's financial position.

29. SHAREHOLDERS' EQUITY

As of the date of these Financial Statements, the fully subscribed and paid-in share capital amounted to 50,521 thousand euros and was comprised of 195,274,979 common shares without par value.

Other reserves include a merger surplus/deficit balance of 38,724 thousand euros, including a deficit of 62,532 thousand euros from the merger by incorporation of Cerved Group and a surplus of 23,808 thousand euros from the Consit merger.

At December 31, 2018, the Company held 3,873,096 Treasury Shares, valued at 29,296 thousand euros and classified under Other reserves.

The changes in equity reserves are shown in this Report's financial statement schedules.

In 2018, dividends totaling 52,724 thousand euros were distributed to the shareholders of the Parent Company.

With regard to the degree of availability of the components of shareholders' equity, the table below shows the status at the closing date of the financial statements:

<i>(in thousands of euros)</i>	Balance	Usage option	Available amount	Distributable amount
Share capital	50,521		-	-
Statutory reserve	10,090	B	10,090	-
Additional paid-in capital	470,354	A,B,C	470,354	408,327
Other reserves	(62,027)	A,B,C		
Total	468,938		480,444	408,327

Legend:

A For capital increases

B To replenish losses

C For distribution to shareholders

30. CURRENT AND NON-CURRENT BORROWINGS

The table below provides a breakdown of “Current borrowings” and “Non-current borrowings” at December 31, 2018:

(in thousands of euros)

Current and non-current borrowings	Original amount	When issued	Maturity	Rate charged	AT DECEMBER 31, 2018	
						Current portion
Term Loan Facility A	160,000	2016	2021	Euribor +1.50%	148,000	-
Term Loan Facility B	200,000	2016	2022	Euribor +1.875%	200,000	-
Term Loan Facility C	200,000	2016	2023	Euribor +2.05%	200,000	-
Revolving line drawdown					10,000	10,000
Liability for financial charges					2,338	2,338
Fair value of IRS					4,898	1,578
Other current borrowings					39,038	39,038
Incidental borrowing costs					(12,139)	(3,599)
Total					592,135	49,355

Term loan facilities

The Term Loan Facility was stipulated, on January 15, 2016, by Cerved Group S.p.A., which executed a transaction for two facilities totaling 560 million euros (in addition to a revolving line of 100 million euros). In October 2017, the company entered into an agreement to amend the terms and conditions of its financial debt. The main features of this agreement, which was signed by all of the lender banks, are summarized below:

- reduction of borrowing costs: borrowing costs were cut by 25 bps and 37.5 bps, respectively, on Term Loan Facility A (TLA), Revolving Credit Facility (RCF) and Term Loan Facility B (TLB), for total savings of about 2 million euros annually;
- downsizing of the package of guarantees, including the pledge of Cerved Group shares;
- transformation of the TLA line into a bullet facility to provide the Group with greater financial flexibility until 2021.

An additional agreement was signed with the bank pool, on February 16, 2018, to extend the maturity of 50% (200 million euros) of the Term Loan Facility B from January 2022 to November 2023 (Term Loan Facility C).

3. Statutory Financial Statements at December 31, 2018

The spreads applied can be reduced over time based on changes in the net debt/Adjusted EBITDA ratio (Leverage Ratio), measured on a consolidated basis, as shown below:

Leverage Ratio	ANNUAL MARGIN %			
	Facility A	Facility B	Facility C	Revolving Facility
> 4	2.50	3.00	3.175	2.50
between 3.5 - 4	2.00	2,50	2.675	2.00
between 2.85 - 3.5	1.75	2.125	2.30	1.75
between 2.25 - 2.85	1.50	1.875	2.05	1.50
= o < 2.25	1.25	1.625	1.80	1.25

In 2018, the revolving credit line was utilized for a drawdown of 27 million euros, 17 million euros of which was repaid before the end of the year and the balance in January 2019.

At December 31, 2018, the leverage ratio was within the 2.25%-2.85% range.

Other Current Financial Debt

The main components of "Other current financial debt," amounting to 39,038 thousand euros, include the following:

- cash pooling payables owed to subsidiaries totaling 36,521 thousand euros;
- payables owed to factors amounting to 2,338 thousand euros.

Derivatives

On May 26, 2016, Cerved Group stipulated five IRS derivative contracts, effective as of January 16, 2017 and expiring on January 14, 2022, with top credit institutions to hedge the risk of fluctuations in interest rates for the "Term Financing Facility B," for a notional amount of 400 million euros.

On June 15, 2018, further to the renegotiation to November 30, 2023 of the repayment due date for 50% of the value of Term Facility B, which in practice created Term Facility C, Cerved Group S.p.A. executed three IRS Forward Start derivatives, effective as of January 15, 2022 and expiring on November 30, 2023, for a notional amount of 200 million euros.

Based on the first five contracts, the interest rates swapped from the execution date to the expiration date, January 14, 2022, will be, respectively, fixed rates ranging between 0.40% and 0.41%.

Based on the three subsequent Forward Start contracts, the interest rates swapped from the execution date, January 15, 2022, until the expiration date, November 30, 2023, will be fixed rates ranging between 1.030% and 1,031%.

At December 31, 2018, the fair value of these financial instruments was negative by 4,898 thousand euros. As these derivatives qualified as hedges for the underlying financing facility, they were accounted for by the hedge accounting method, with changes in fair value recognized in equity.

31. NET FINANCIAL DEBT

The table below presents the Group's net financial debt at December 31, 2018, determined in accordance with the provisions of Paragraph 127 of the recommendations provided by ESMA in Document No. 81 of 2011 in implementation of Regulation (EC) 809/2004:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
A. Cash	3	1
B. Other liquid assets	33,019	2,570
C. Securities held for trading	-	-
D. Liquidity (A)+(B)+(C)	33,023	2,570
E. Current loans receivable	6,429	-
F. Current bank debt	(179)	-
G. Current portion of non-current borrowings	1,287	-
H. Other current financial debt	(50,464)	(-)
I. Current financial debt (F)+(G)+(H)	(49,355)	(-)
J. Net current financial debt (D) + (E) + (I)	(9,903)	2,570
K. Non-current bank debt	(539,460)	-
L. Bonds outstanding	-	-
M. Other non-current financial debt	(3,320)	-
N. Non-current financial debt (K)+(L)+(M)	(542,780)	-
O. Net financial debt (J)+(N)	(552,684)	2,570

32. EMPLOYEE BENEFITS

This item includes the provision for severance indemnities (TFR).

At December 31, 2018, the provision for severance indemnities amounted to 7,792 thousand euros. The table below shows the changes that occurred in this provision:

<i>(in thousands of euros)</i>	Employee benefits
At December 31, 2016	384
Current cost	11
Financial charges	5
Actuarial losses/(gains)	(14)
Contributions added – Benefits paid	(3)
At December 31, 2017	383
Conveyance from merger	7,799
Current cost	1,061
Financial charges	(94)
Actuarial losses/(gains)	(615)
Contributions added – Benefits paid	(742)
At December 31, 2018	7,792

The provision for severance indemnities (TFR) reflects the impact of the discounting process, as required by IAS 19.

3. Statutory Financial Statements at December 31, 2018

The economic and demographic assumptions used for actuarial valuation purposes are listed below:

Discount rate	1.30%
Inflation rate	1.50%
Rate of wage growth	2.63%
Expected mortality rate	RG48 from Government Accounting Office
Expected disability rate	INPS Model 2010 projections
Expected resignations/advances (annual)	5.00% / 3.00%

Regarding the discount rate, the iBoxx Eurozone Corporates AA 10+ was taken as a reference for the development of said parameter at the valuation date.

The table below provides a sensitivity analysis of the main actuarial assumptions included in the calculation model applied by taking the scenario described above as a baseline and increasing and decreasing the average annual discount rate, the average inflation rate and the turnover rate by a half, a quarter and two percentage points, respectively. The results obtained are summarized in the following table:

<i>(in thousands of euros)</i>	Annual discount rate		Annual inflation rate		Annual turnover rate	
	0.50%	-0.50%	0.25%	0.25%	2.00%	-2.00%
Past Service Liability	7,165	7,795	7,557	7,384	7,402	7,552

There are no defined-benefit plan assets.

33. PROVISIONS FOR OTHER LIABILITIES AND CHARGES

A breakdown of the changes in the "Provisions for other liabilities and charges" is provided below:

<i>(in thousands of euros)</i>	Balance at 12/31/17	Conveyance from merger	Accruals net of reversals	Utilizations	Balance at 12/31/18
Provisions for risks and charges	-	3,568	(214)	(188)	3,166
Provision for agents' indemnity	-	1,570	391	(520)	1,441
Total	-	5,138	177	(708)	4,607

The "Provision for agents' indemnity," which had a balance of 1,441 thousand euros at December 31, 2018, was estimated based on the legislation that governs agency relationships and is deemed to be sufficient to cover any liabilities that may arise in the future.

The "Provisions for other liabilities and charges," which amounted to 3,166 thousand euros refers mainly to tax disputes and disputes with some employees, agents and suppliers.

34. DEFERRED TAX ASSETS AND LIABILITIES

A breakdown of "Deferred tax liabilities" at December 31, 2018 is provided below:

<i>(in thousands of euros)</i>	Balance at December 31, 2017	Conveyance from merger	Accruals / Reversals in profit or loss	Additions/ Reversals suspended in equity	Balance at December 31, 2018
Deferred tax assets					
IPO costs	464		(464)		-
Provision for impairment of receivables		1,985	(200)		1,785
Provision for risks and charges		996	(113)		883
Provision for employee benefits and agents indemnity	22	517	171	89	799
Derivatives		510		665	1,176
Other differences	80	4,270	(3,244)		765
Total deferred tax assets	544	8,278	(4,169)	754	5,407
Deferred tax liabilities					
Customer relationships		(81,136)	6,162		(74,974)
Trademarks		(6,489)	690		(5,799)
Buildings		(432)	68		(364)
Investments in associates		(364)			(365)
Total deferred tax liabilities		(88,422)	6,921		(81,502)
Net deferred tax liabilities	544	(80,144)	2,752	754	(76,094)

At the reference dates the deferred taxes mainly include the tax liabilities recorded on the value of "Customer relationship".

35. TRADE PAYABLES

A breakdown of this item is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Payables to outside suppliers	29,656	908
Payables to related parties	2,728	29
Total	32,384	937

There are no payables denominated in a currency different from the functional currency and there are no trade payables collateralized with Company assets or with a duration of more than five years.

36. CURRENT TAX PAYABLES

Details about “Current tax payables” are provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Corporate income tax (IRES) payables	64	6,994
Total	64	6,994

The IRES payable refers to the credit generated by the Group consolidated tax return, which included Cerved Group S.p.A., in its capacity as the consolidating entity, and all of its subsidiaries, as consolidated entities, except for Quaestio Cerved Credit Management S.p.A. and its direct subsidiary Juliet S.p.A. and Pro Web Consulting S.r.l., plus the companies consolidated during the year.

Under the contract, an entity that contributed to the Group tax losses usable in the consolidated income tax return or a company that contributed interest expense deductible from operating income before taxes (Reddito Operativo Lordo – ROL) is entitled to receive a tax benefit.

37. OTHER TAX PAYABLES

A breakdown of “Other tax payables” is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
VAT payable	6,132	470
Withholdings payable	2,154	140
Other sundry payables	570	-
Total	8,856	610

The amount shown for “VAT payable” reflects the offsetting of the individual positions of subsidiaries that elected to file a Group VAT return.

38. OTHER LIABILITIES

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Social security contributions payable	7,262	301
Payables owed to employees	9,799	535
Deferred revenues	82,985	-
Miscellaneous liabilities	702	2
Accrued expenses	7,443	-
Other related-party payables	2,619	2,396
Total	110,811	3,233

At December 31, 2018, “Other liabilities” included deferred revenues of 82,985 thousand euros, payables owed to employees for 9,799 thousand euros and social security contributions payable for 7,262 thousand euros.

Other related-party payables refers (i) for 1,343 thousand euros to payables owed to the Board of Directors, general managers and executives with strategic responsibilities; (ii) for 797 thousand euros to the amount owed to subsidiaries under the contract for the consolidated tax return; and (iii) for 367 thousand euros to the liability towards subsidiaries included in the VAT Group filing.

39. OTHER INFORMATION

Contingent Liabilities

Other than those mentioned in Note 32 "Provisions for other liabilities and charges," there are no pending judicial or tax proceedings that involve the Company.

Commitments

Please note that at December 31, 2018, the Group had undertaken commitments not reflected in the financial statements totaling 4,949 thousand euros, consisting mainly of sureties provided:

- by Unicredit for 2,148 thousand euros for the benefit of the lessor of the new San Donato headquarters;
- by Unicredit for 597 thousand euros for the benefit of the customer Banca d'Italia;
- by MPS for 1,000 thousand euros for the benefit of the supplier Infocamere.

A breakdown by maturity of the commitments outstanding at December 31, 2018 for the various leases and rental agreements is provided below:

<i>(in thousands of euros)</i>	At December 31, 2018	At December 31, 2017
Within 1 year	3,551	299
Between 2 and 4 years	10,312	1,196
More than 4 years	28,517	1,496
Total	43,381	2,991

Compensation of Directors and Statutory Auditors

As required by law, the table below shows the compensation awarded to Directors and Statutory Auditors at December 31, 2018:

DIRECTORS

(in thousands of euros)

First and last name	Post held	End of term of office	Fees for post held	Fringe benefits	Bonus and other incentives	Other compensation	Total compensation
Fabio Cerchiai	Chairman independent	Approval of fin. statements at 12/31/18	200			20	220
	Deputy Chairman		250	-	-	-	250
Gianandrea De Bernardis	Chief Executive Officer	Approval of fin. statements at 12/31/18	850				850
Roberto Mancini	Director	Approval of fin. statements at 12/31/18	-				-
Andrea Mignanelli	Director	Approval of fin. statements at 12/31/18	-				-
Sabrina Delle Curti	Director	Approval of fin. statements at 12/31/18	-				-
Giovanni Sartor	Director	Approval of fin. statements at 12/31/18	-				-
Aurelio Regina	Independent Director	Approval of fin. statements at 12/31/18	40			20	60
Mara Anna Rita Caverni	Independent Director	Approval of fin. statements at 12/31/18	40			20	60
Simona Pesce	Independent Director	Approval of fin. statements at 12/31/18	40				40
Marco Maria Fumagalli	Independent Director	Approval of fin. statements at 12/31/18	40				40
Valentina Montanari	Independent Director	Approval of fin. statements at 12/31/18	40				40
Totale			1.500	-	-	60	1.560

STATUTORY AUDITORS

(in migliaia di Euro)

First and last name	Post held	End of term of office	Fees for post held	Fringe benefits	Bonus and other incentives	Other compensation	Total compensation
Antonella Bientinesi	Chairperson	Approval of fin. statements at 12/31/19	60	-	-	-	60
Paolo Ludovici	Statutory Auditor	Approval of fin. statements at 12/31/19	40	-	-	-	40
Costanza Bonelli	Statutory Auditor	Approval of fin. statements at 12/31/19	40	-	-	-	40
Laura Acquadro	Alternate	Approval of fin. statements at 12/31/19	-	-	-	-	-
Antonio Mele	Alternate	Approval of fin. statements at 12/31/19	-	-	-	-	-
Totale			140	-	-	-	140

Independent Auditors

Pursuant to Article 149–*duodecies*, Section Two, of Consob Resolution No. 11971 of May 14, 1999, as amended, the fees for the year owed to the Independent Auditors PricewaterhouseCoopers S.p.A. for services provided to the Parent Company Cerved Information Solutions S.p.A. at December 31, 2018 are listed below:

<i>(in thousands of euros)</i>	PwC S.p.A.	Other entities in the PwC network	Total PwC network
Auditing Services	360	-	360
Certification services	4	-	4
Other services	8	95	103
Agreed audit engagements	8		8
Other		95	95
Total	368	95	463

40. DESCRIPTION OF INCENTIVE PLANS (IFRS 2)

Cerved's 2019-2021 Performance Share Plan – First Cycle

The 2019-2021 Performance Share Plan was approved by the Shareholders' Meeting of Cerved Group (formerly Cerved Information Solution S.p.A.) on December 21, 2015, and was launched further to a resolution adopted by the Company's Board of Directors on July 13, 2016.

The Plan's objective is: (i) to enhance the alignment of the interests of the beneficiaries with those of the shareholders, tying management's compensation to specific objectives, determined based on each Plan Cycle, the achievement of which is closely linked with improving the Company's performance and increasing its value; (ii) to strengthen retention capacity for key resources, aligning the Group's compensations policy with best market practices, which, as a rule, include long-term incentive tools.

The Performance Targets were defined by the Board of Directors for each Plan Cycle, upon a recommendation by the Compensation and Nominating Committee.

An incentivizing curve has been established for each Performance Target, linking the number of Shares awardable, based on the Target achieved:

- a minimum performance threshold, below which no share will be awarded;
- a maximum performance cap upon the achievement of which the beneficiary will be awarded the maximum number of shares.

The Shares subject of the 2019-2021 Performance Share Plan will be awarded upon the verification of the achievement of the performance conditions in the 2016-2018 three-year period.

3. Statutory Financial Statements at December 31, 2018

The performance conditions are explained below:

- 70% “PBTA Target”; it indicates the growth of the Adjusted Profit Before Taxes per Share, which shall be understood to mean the profit before taxes excluding nonrecurring income and charges, the financial charges incurred to obtain financing facilities and recognized in the income statement by the amortized cost method and the surpluses generated by the business combination processes and allocated to intangible assets (consistent with the computation of the adjusted net profit in the Offering Prospectus of Cerved Group (formerly Cerved Information Solution S.p.A.) filed with the Consob on June 6, 2014, before tax effect). The growth of the Adjusted Profit Before Taxes shall be understood to mean the annual compound growth rate, excluding from the computation the accounting effects of the Plan itself; and excluding the effects of the “Forward Start” refinancing agreement
 - › less than 6%: 0%;
 - › 6% (threshold): 40%;
 - › between 6% and 10%: by linear interpolation;
 - › 10% (cap): 100%;
 - › more than 10%: 100%.
- 30% “Total Shareholder Return Target” of Cerved Group (formerly Cerved Information Solution S.p.A.) compared with that of companies included in the FTSE Mid Cap Index Italia published by Borsa Italiana S.p.A. The TSR is measured for the period between January 1, 2016 and December 31, 2018. The target reflects different levels of achievement based on the ranking of Cerved’s TSR that corresponds to a different percentage in the number of awarded shares:
 - › below the median: zero options awarded;
 - › equal to the median (threshold): 50% of awarded options;
 - › between the median and the 75 percentile: by linear interpolation;
 - › 75° percentile (cap): 100%;
 - › more than 75° percentile: 100%.

The Performance Share Plan calls for the award, at the end of the vesting period, of a number of shares based on the achievement of the performance targets described above and does not specify an exercise price. The number of exercised stock options will depend on the level of achievement of the assigned targets.

The fair value of the options under the 2019-2021 Share Performance Plan was determined by the “Monte Carlo method” and using the following computation parameters:

- risk free interest rate: -0.63%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 4%;
- volatility: 27%.

On the grant date of July 13, 2016, the fair value of each option related to the Plan’s TSR target (“market” target) was equal to 3.624 euros, while the fair value of each option related to the Plan’s PBTA target (“non-market” target, valued at 64% at December 31, 2018) was equal to 6.082 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (First Cycle – 2016)	922,459	(285,155)	-	637,304
Total	922,459	(285,155)	-	637,304

The accrued cost recognized at December 31, 2018, amounting to 687 thousand euros, was included in "Personnel costs."

Cerved's 2019-2021 Performance Share Plan – Second Cycle

The Second Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on November 20, 2017.

The Plan's beneficiaries include the Chief Executive Officer, the Group's strategic executives and select members of the management team, for a total of 41 Company resources awarded grants totaling 582,353 Performance Shares.

The performance targets are unchanged compared with those announced for the First Cycle (2016-2018).

The Shares subject of the 2019-2021 Performance Share Plan – Second Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2017-2019 three-year period.

The fair value of the options under the 2019-2021 Performance Share Plan – Second Cycle was determined by the "Monte Carlo method" and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of November 20, 2017, the fair value of each option related to the Plan's TSR target ("market" target) was equal to 5.897 euros, while the fair value of each option related to the Plan's PBTa target ("non-market" target, valued at 100% at December 31, 2018) was equal to 10.071 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (Second Cycle – 2017)	842,608	(260,255)	-	582,353
Total	842,608	(260,255)	-	582,353

The accrued cost recognized at December 31, 2018, amounting to 2,326 thousand euros, was included in "Personnel costs."

Cerved's 2019-2021 Performance Share Plan – Third Cycle

The Third Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on June 4, 2018.

The Plan's beneficiaries include the Chief Executive Officer, the Group's strategic executives and select members of the management team, for a total of 42 Company resources awarded grants totaling 531,540 Performance Shares.

The performance targets are unchanged compared with those announced for the First Cycle (2016-2018) and the Second Cycle (2017-2019).

The Shares subject of the 2019-2021 Performance Share Plan – Third Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2018-2020 three-year period.

The fair value of the options under the 2019-2021 Performance Share Plan – Third Cycle was determined by the "Monte Carlo method" and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of June 4, 2018, the fair value of each option related to the Plan's TSR target ("market" target) was equal to 4.508 euros, while the fair value of each option related to the Plan's PBTA target ("non-market" target, valued at 100% at December 31, 2018) was equal to 8.858 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
Performance Shares 2019-2021 (Third Cycle – 2018)	756,736	(225,196)	-	531,540
Total	756,736	(225,196)	-	531,540

The accrued cost recognized at December 31, 2018, amounting to 899 thousand euros, was included in "Personnel costs."

Cerved's 2019-2021 Performance Share Plan – Third Supplemental Cycle

The Third Supplemental Cycle of the 2019-2021 Performance Share Plan was approved by the Board of Directors on December 19, 2018.

The Plan's beneficiaries include the Chief Executive Officer, the Group's strategic executives and select members of the management team, for a total of 40 Company resources awarded grants totaling 576,979 Performance Shares.

The performance targets are unchanged compared with those announced for the three previous cycles.

The Shares subject of the 2019-2021 Performance Share Plan – Third Supplemental Cycle will be awarded upon the verification of the achievement of the performance conditions in the 2018-2020 three-year period.

The fair value of the options under the 2019-2021 Performance Share Plan – Third Supplemental Cycle was determined by the "Monte Carlo method" and using the following computation parameters:

- risk free interest rate: -0.68%, based on the interest rate of a zero coupon bond by a Eurozone governmental entity;
- expected dividends: 2.5%
- volatility of 26%

On the grant date of December 19, 2018, the fair value of each option related to the Plan's TSR target ("market" target) was equal to 2.167 euros, while the fair value of each option related to the Plan's PBTA target ("non-market" target, valued at 100% at December 31, 2018) was equal to 6.657 euros.

	Awarded options	Expired options	Exercised options	Options outstanding at December 31, 2018
2019-2021 Performance Share Plan (Third Supplemental Cycle)	576,979	-	-	576,979
Total	576,979	-	-	576,979

The accrued cost recognized at December 31, 2018, amounting to 54 thousand euros, was included in "Personnel costs."

41. RELATED-PARTY TRANSACTIONS

The table below summarizes transactions with related parties.

RECEIVABLES AND PAYABLES WITH RELATED PARTIES AT DECEMBER 31, 2017

(in thousands of euros)

Company	Trade receivables	Other receivables	Trade payables	Short-term loan payables to banks and other lenders	Other liabilities
Subsidiaries					
Cerved Group S.p.A.	409	9,211	(7)	-	-
Cerved Rating Agency S.p.A.	-	165	-	-	(209)
Consit Italia S.p.A.	-	50	-	-	(372)
ClickAdv S.r.l.	-	31	-	-	-
Cerved Credit Management Group S.r.l.	-	-	(21)	-	(1,289)
Cerved Credit Collection S.p.A.	-	1,035	-	-	-
Cerved Credit Management S.p.A.	-	458	-	-	(77)
Cerved Legal Services S.r.l.	-	2	-	-	(204)
Total subsidiaries	409	10,952	(29)	-	(2,151)
Board of Directors, Executives with strategic responsibilities and other related parties					(430)
Total other related parties	-	-	-	-	(430)
Total related-party receivables and payables	409	10,952	(29)	-	(2,581)
Total financial statement item	571	10,962	(937)	-	(3,233)
% of financial statement item	72%	99.91%	3%	0%	80%

RECEIVABLES WITH RELATED PARTIES AT DECEMBER 31, 2018

(in thousands of euros)

Company	Trade receivables	Other receivables	Other financial receivables	Cash pooling	Total
Subsidiaries					
Cerved Rating Agency S.p.A.	134	336	-	-	470
ClickAdv S.r.l.	-	38	-	-	38
Major 1 S.r.l.	-	318	-	-	318
Pro Web Consulting S.r.l.	11	-	-	-	11
Spazio Dati S.r.l. (since 8/1/18)	-	571	-	-	571
Cerved Credit Management Group S.r.l.	75	561	498	57,000	58,134
Cerved Credit Collection S.p.A.	362	2	3,482	2,500	6,346
Cerved Credit Management S.p.A.	47	2,907	-	-	2,954
Cerved Legal Services S.r.l.	20	65	-	-	85
Cerved Master Services S.p.A.	1	-	-	-	1
Quaestio Cerved Credit Management S.p.A.	0	-	2,449	-	2,449
Credit Management S.r.l.	2	-	-	-	2
Juliet S.p.A.	4	-	0	-	4
Total subsidiaries	656	4,798	6,429	59,500	71,383
Other related parties					
Board of Directors, Executives with strategic responsibilities and other related parties	3	-	-	-	3
Experian Italia S.p.A.	248	32	-	-	279
La Scala-Cerved società tra avvocati a r.l.	4	-	500	-	4
Total other related parties	254	32	-	-	286
Total related-party receivables	910	4,830	6,429	59,500	71,669

PAYABLES WITH RELATED PARTIES AT DECEMBER 31, 2018

(in thousands of euros)

Company	Trade payables	Other payables	Short-term loans payable	Long-term debt	Total
Subsidiaries					
Cerved Rating Agency S.p.A.	(287)	(52)	(4,346)	-	(4,685)
ClickAdv S.r.l.	(224)	(106)	(5,409)	-	(5,740)
Major 1 S.r.l.	(324)	(136)	(504)	-	(964)
Pro Web Consulting S.r.l.	(17)	(25)	(26)	-	(68)
Spazio Dati S.r.l. (since 8/1/18)	(1,079)	-	-	-	(1,079)
Cerved Credit Management Group S.r.l.	(139)	-	(11,603)	-	(11,741)
Cerved Credit Collection S.p.A.	(4)	(679)	()	-	(683)
SC Re Collection S.r.l.	(36)	-	-	-	(36)
Cerved Credit Management S.p.A.	(15)	-	(5,771)	-	(5,786)
Cerved Legal Services S.r.l.	(6)	(56)	(2,892)	-	(2,954)
Cerved Master Services S.p.A.	-	(132)	-	-	(132)
Credit Management S.r.l.	-	-	(868)	-	(868)
Juliet S.p.A.	-	-	(5,126)	-	(5,126)
Total subsidiaries	(2,132)	(1,187)	(36,545)	-	(39,863)
Other related parties					
Board of Directors, Executives with strategic responsibilities and other related parties	(82)	(1,493)	-	-	(1,575)
Experian Italia S.p.A.	(596)	(89)	-	-	(685)
Total other related parties	(678)	(1,582)	-	-	(2,260)
Total related-party payables	(2,810)	(2,769)	(36,545)	-	(42,123)
Total financial statement item	32,387	110,811	49,355	542,780	735,333

Trade receivables and payables originate from regular commercial transactions executed during the year.

Other receivables and other payables reflect the effects of the adoption of a consolidated Group income tax return.

REVENUES AND EXPENSES WITH RELATED PARTIES AT DECEMBER 31, 2017

(in thousands of euros)

Company	Revenues	Financial income	Cost of services	Other operating costs	Personnel costs	Financial charges
Subsidiaries						
Cerved Group S.p.A.	3,777	-	(76)	(359)	-	-
Cerved Credit Management Group S.r.l.	-	-	-	(70)	-	-
Cerved Master Services S.p.A.	13	-	-	-	-	-
Total subsidiaries	3,790	-	(76)	(429)	-	-
Board of Directors, Executives with strategic responsibilities and other related parties	-	-	-	-	(1,753)	-
Total other related parties	-	-	-	-	(1,753)	-
Total revenues and expenses with related parties	3,790	-	(76)	(429)	(1,753)	-
Total financial statement item	3,790	52,000	1,438	(525)	(5,726)	(5)
% of financial statement item	100%	0%	-5%	82%	31%	0%

REVENUES AND EXPENSES WITH RELATED PARTIES AT DECEMBER 31, 2018

(in thousands of euros)

Company	Revenues	Financial income	Personnel costs	Cost of services	Financial charges
Subsidiaries					
Cerved Rating Agency S.p.A.	2,648	-	-	(4,630)	(4)
ClickAdv S.r.l.	72	-	-	(393)	(5)
Major 1 S.r.l.	42	-	-	(1,276)	(1)
Pro Web Consulting S.r.l.	11	-	-	(5)	(0)
Spazio Dati S.r.l. (since 8/1/18)	125	-	-	(1,416)	-
Cerved Credit Management Group S.r.l.	936	1,220	-	(1,619)	(6)
Cerved Credit Collection S.p.A.	3,844	71	-	(243)	(0)
SC Re Collection S.r.l.	-	-	-	(36)	-
Cerved Credit Management S.p.A.	1,591	-	-	(118)	(5)
Cerved Legal Services S.r.l.	957	-	-	(11)	(2)
Cerved Master Services S.p.A.	66	-	-	-	-
Quaestio Cerved Credit Management S.p.A.	68	1	-	-	-
Credit Management S.r.l.	140	-	-	-	(0)
Juliet S.p.A.	475	0	-	-	-
Total subsidiaries	10,975	1,292	-	(9,747)	(23)
Other related parties					
Board of Directors, Executives with strategic responsibilities and other related parties	10	-	(5,139)	(61)	-
Experian Italia S.p.A.	451	-	-	(1,047)	-
Spazio Dati S.r.l. (until 7/31/18)	175	-	-	(1,193)	-
La Scala-Cerved società tra avvocati a r.l.	4	-	-	-	-
Total other related parties	639	-	(5,139)	(2,301)	-
Total revenues and expenses with related parties	11,615	1,292	(5,139)	(12,048)	(23)
Total financial statement item	303,504	1,791	73,199	77,784	17,007
% of financial statement item	4%	72%	7%	15%	0%

CASH FLOWS WITH RELATED PARTIES IN 2017

(in thousands of euros)

Company	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
Subsidiaries			
Cerved Group S.p.A.	(5,821)	-	-
Cerved Rating Agency S.p.A.	(103)	-	-
Consit Italia S.p.A.	525	-	-
ClickAdv S.r.l.	(31)	-	-
Cerved Credit Management Group S.r.l.	1,280	-	-
Cerved Credit Collection S.p.A.	(1,251)	-	-
Cerved Credit Management S.p.A.	648	-	-
Cerved Legal Services S.r.l.	310	-	-
Cerved Master Services S.p.A.	13	-	-
Total subsidiaries	(4,428)	-	-
Board of Directors, Executives with strategic responsibilities and other related parties	(1,759)		
Total other related parties	(1,759)	-	-
Total	(6,187)	-	-
Total financial statement item	(6,557)	49,934	(42,529)
% of financial statement item	94.3%	0%	0%

CASH FLOWS WITH RELATED PARTIES IN 2018

(in thousands of euros)

Company	Cash flow from operating activities	Cash flow from investing activities	Cash flow from financing activities
Subsidiaries			
Cerved Rating Agency S.p.A.	(1,913)		1,562
Major 1 S.r.l.	(1,132)		207
ClickAdv S.r.l.	(59)		1,335
Cerved Credit Management Group S.r.l.	(2,487)		(24,879)
Cerved Credit Management S.p.A.	(1,024)		3,574
Cerved Legal Services S.r.l.	1,014		2,536
Cerved Credit Collection S.p.A.	5,505		(190)
Cerved Master Services S.p.A.	197		-
Quaestio Cerved Credit Management S.p.A.	68		(2,448)
Pro Web Consulting S.r.l.	37		26
Spazio Dati S.r.l. (since 8/1/18)	(783)		-
Credit Management S.r.l.	138		868
Juliet S.p.A.	471		5,126
Total subsidiaries	32	-	(12,283)
Other related parties			
Board of Directors, Executives with strategic responsibilities and other related parties	(4,067)		
Experian Italia S.p.A.	219		-
Spazio Dati S.r.l. (until 7/31/18)	(60)		-
La Scala-Cerved società tra avvocati a r.l.	8		(500)
Total other related parties	(3,900)	-	(500)
Total receivables from related parties	(3,868)	-	(12,783)
Total financial statement item	119,491	(39,170)	(49,868)
% of financial statement item	-3%	0%	26%

Transactions with related parties were executed by the Company in the regular course of business on standard market terms and in the interest of the Company and the Group.

Transactions with top management refer to Directors' fees and the compensation of executives with strategic responsibilities, which are analyzed below:

<i>(in thousands of euros)</i>	Wages, salaries and social security contributions	Non-compete agreement	Total
Directors' fees	1,597	285	1,882
Executives with strategic responsibilities	3,257		3,257
Total	4,853	285	5,139

42. POSITIONS OR TRANSACTIONS RESULTING FROM ATYPICAL AND/OR UNUSUAL ACTIVITIES

Pursuant to CONSOB Communication No. DEM/6064293 of July 28, 2006, there were no atypical and/or unusual positions or transactions during the reporting year.

43. EVENTS OCCURRING AFTER DECEMBER 31, 2018

See the information provided in the Report on Operations for a comment about significant transactions occurring after the date of these Statutory Financial Statements.

44. OTHER INFORMATION

Pursuant to the provisions of Law No. 124 of August 4, 2017 (Article 1, Sections from 125 to 129), also called "Transparency Law," please keep in mind that the Company received the following subsidies in 2018:

- 461 thousand euros in tax credits for Research and Development costs incurred in 2017.

All transactions of a commercial nature carried out with public administrations and related companies in the course of 2018 were executed in exchange for a consideration to remunerate the services provided by the companies of the Group on market terms and in the normal course of business.

In 2018, the Company invoiced to public companies or companies owned by public companies a total of 8,189 thousand euros, including 4,238 thousand euros collected during the year.

San Donato Milanese
March 5, 2019

The Board of Directors
by Fabio Cerchiai
Chairman
(Signed on the original)

CERTIFICATION PURSUANT TO ARTICLE 154 BIS OF LEGISLATIVE DECREE NO. 58 OF FEBRUARY 24, 1998 (UNIFORM FINANCIAL CODE) AND ARTICLE 81-TER OF CONSOB REGULATION NO. 11971 OF MAY 14, 1999, AS AMENDED

- 1 We, the undersigned Gianandrea De Bernardis, in my capacity as Chief Executive Officer, and Giovanni Sartor, in my capacity as Corporate Accounting Documents Officer, of Cerved Group S.p.A., taking into account the provisions of Article 154-bis, Sections 3 and 4, of Legislative Decree No. 58 of February 24, 1998, certify that the administrative and accounting procedures applied for the preparation of the Statutory Financial Statements for the reporting year from January 1, 2018 to December 31, 2018:
 - are adequate in light of the characteristics of the business enterprise; and
 - were effectively applied.
- 2 The implementation the administrative and accounting procedures applied to prepare the Statutory Financial Statements at December 31, 2018 did not uncover any significant findings.
- 3 We further certify that:
 - the Statutory Financial Statements:
 - (i) were prepared in accordance with the applicable international accounting principles recognized in the European Union pursuant to Regulation (EC) No. 1606/2002 of the European Parliament and Council, of July 19, 2002;
 - (ii) are consistent with the data in the Company's books of accounts and other accounting records;
 - (iii) are suitable for providing a truthful and fair presentation of the financial position, earnings and cash flow of the issuer.
 - The Report on Operations provides a reliable analysis of the issuer's performance and result from operations, as well as of its financial position, together with a description of the main risks and uncertainties to which it is exposed.

San Donato Milanese,
March 5, 2019

Gianandrea De Bernardis
Chief Executive Officer
(Signed on the original)

Giovanni Sartor
Corporate Accounting Documents Officer
(Signed on the original)

Independent Auditors'
Report on the
Consolidated Financial
Statements



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of Cerved Group SpA

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Cerved Group (the Group), which comprise the consolidated statement of financial position as of 31 December 2018, the consolidated statement of comprehensive income, statement of changes in consolidated shareholders' equity, consolidated 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 of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of this report. We are independent of Cerved Group SpA (the Company) pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696011 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311

Key Audit Matters
Auditing procedures performed in response to key audit matters

Revenue recognition

Note 7 “Revenues” to the consolidated financial statements as of 31 December 2018.

The Cerved Group operates in three businesses with different products, services and customers. This diversity is also reflected in the method applied to the recognition of revenues from each of these segments.

We focused on the method of recognition of revenues from the Credit Information business (Euro 285 million) because they accounted for about 62% of the Group’s total revenues and are characterised by a large number of transactions with a delay between the timing of billing and recognition. This circumstance involves the need to post deferred revenue from services billed but not yet rendered at the reporting date.

Besides the amount involved, revenues of the Credit Information segment were considered a key matter in consideration of the elements of uncertainty intrinsic to the revenue recognition process, such as the identification and classification of contracts into the various categories, the handling of the different sales terms applied to counterparties, the existence of any period-end entries and the underlying approval process.

We analysed, understood and assessed the internal control system related to the process of revenue recognition.

We identified and validated the operation and effectiveness of the key controls (manual and automated) over that process, using also the support of experts in IT systems and business process analysis belonging to the PwC network.

We verified the reconciliation of the general ledger values for revenues and deferred revenue against those extracted from the IT system, we identified and verified, on a sample basis, any manual journal entries adjusting the values extracted from the system, the rationale for such entries and the related supporting evidence, as well as whether approval levels were appropriate.

We verified the correct recognition of amounts billed to customers and related deferred revenue for a sample of transactions involving all products of the Credit Information segment in order to verify the existence of the transaction, the accuracy of the data entered to the system upon recognition of the sales contract and the proper cut-off.

We also analysed the correct recognition of revenues and related deferred income for a sample of contracts showing a significant amount of deferred income at the reporting date.

Assessment of the recoverability of goodwill

Note 21 “Goodwill” to the consolidated financial statements as of 31 December 2018

The sum of goodwill booked over time as a consequence of a number of extraordinary operations amounted to Euro 747 million as of 31 December 2018.

We analysed the reasonableness of the considerations made by management about the CGUs identified and the process of allocation of goodwill to the various CGUs, verifying its

Key Audit Matters

Group management assesses the recoverability of goodwill at least annually based on the greater of the fair value and value in use of each cash generating unit (“CGU”) to which goodwill has been allocated.

Value in use was assessed discounting the estimated future cash flows for the next three-year period (2019-2021) and the terminal value. The inputs used were derived from the business plan approved by the board of directors at the meeting held on 19 of February 2019.

We considered goodwill a key matter in consideration of the amount involved and of the elements of estimation and uncertainty normally intrinsic to valuations made by management in relation to its recoverability.

The key elements of uncertainty and estimation are related to the correct definition and identification of the CGUs, the estimation of the future cash flows of each CGU and the definition of the interest rate used to discount the future cash flows.

Auditing procedures performed in response to key audit matters

consistency with the structure of the Group and of the segments in which it operates.

In order to confirm management’s forecasting abilities, we verified that the results reported for 2018 were consistent with the forecasts set out in the business plans prepared in previous years. We analysed the business plans of each CGU prepared and used by management to assess the recoverability of goodwill, verifying their consistency with the business plans approved by the board of directors at its meeting of 19 February 2019.

We analysed the key assumptions underlying the revenues and costs of each CGU verifying their reasonableness in line of the actual amounts reported for FY 2018, contracts already signed and expected market developments.

We verified the method used to prepare the impairment test, the mathematical accuracy of the model and the reasonableness of the assumptions used in relation to the definition of the terminal value.

We supported those analyses using the contribution of experts belonging to the PwC network for the analysis of models used to forecast cash flows and the assessment of the discount rate.

We analysed the sensitivity analyses performed by management concerning the impact on the recoverability of goodwill of possible changes in estimated cash flows or in the discount rate used.

Furthermore, we analysed the changes in cash flows or the discount rate that would cancel the excess of the recoverable amount of each CGU over its book value.

We verified the completeness and accuracy of the disclosures reported in the notes to the consolidated financial statements.



Key Audit Matters**Auditing procedures performed in response to key audit matters**

Business Combinations

Note 5 “Business combinations” to the consolidated financial statements as of 31 December 2018

In the course of 2018 Cerved Group acquired several entities and businesses that were recognised in accordance with IFRS 3 “Business combinations”. The most significant transaction was the acquisition by Quaestio Cerved Credit Management SpA of 100% of Juliet SpA from Banca Monte dei Paschi di Siena for a consideration of some Euro 53 million. The purchase agreement includes earn out mechanisms that may be realised in 2021 and 2026, depending on the acquiree’s performance, for a maximum amount of Euro 34 million. As of 31 December 2018 those components of the price were estimated equal to nil by Group management in consideration of the expected performance of the subsidiary.

The allocation of the price paid to financial statements line items involved significant estimation processes by the directors in consideration of the assumptions used to determine the fair values of the assets and liabilities acquired.

We analysed the director’s assessment of the transaction as an acquisition in accordance with IFRS 3.

We verified the correct determination of the purchase consideration based on the contractual arrangements and the reasonableness of the consideration made by management that led them to consider the earn out nil.

We verified the appropriate identification of the assets and liabilities identified through an analysis of the purchase agreement and discussion with management of the acquiree.

We analysed the reasonableness of the method used by the directors (with the support of a qualified expert) to determine the fair values of the net assets acquired, also using the support of experts from the PwC network.

We verified the completeness and accuracy of the disclosures reported in the notes to the consolidated financial statements.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation of consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Group’s ability to continue as a going concern and, in preparing the consolidated financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the consolidated financial statements, management uses the going concern basis of accounting unless management either intends to liquidate Cerved Group SpA or to cease operations, or has no realistic alternative but to do so.



Those charged with governance are responsible for overseeing, in the terms prescribed by law, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the consolidated financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's 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 consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern;
- We 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 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 on the consolidated financial statements.

We 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determined those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 25 March 2014, the shareholders of Cerved Group SpA in general meeting engaged us to perform the statutory audit of the Company's and the consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the consolidated financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.

Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of Cerved Group SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of the Cerved Group as of 31 December 2018 including their consistency with the relevant consolidated financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the consolidated financial statements of the Cerved Group as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the consolidated financial statements of Cerved Group SpA as of 31 December 2018 and are prepared in compliance with the law.



With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Statement in accordance with article 4 of Consob's Regulation implementing Legislative Decree No. 254 of 30 December 2016

Management of Cerved Group SpA is responsible for the preparation of the non-financial statement pursuant to Legislative Decree No. 254 of 30 December 2016.
We have verified that management approved the non-financial statement.

Pursuant to article 3, paragraph 10, of Legislative Decree No. 254 of 30 December 2016, the non-financial statement is the subject of a separate statement of compliance issued by ourselves.

Milan, 20 March 2019

PricewaterhouseCoopers SpA

Signed by

Andrea Martinelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Independent Auditors' Report on the Financial Statements



Independent auditor's report

in accordance with article 14 of Legislative Decree No. 39 of 27 January 2010 and article 10 of Regulation (EU) No. 537/2014

To the Shareholders of Cerved Group SpA

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Cerved Group SpA (the Company), which comprise the statement of financial position as of 31 December 2018, the statement of comprehensive income, the statement of changes in shareholders' equity, 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 of 31 December 2018, and of the result of its operations and cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISA Italia). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of this report. We are independent of the Company pursuant to the regulations and standards on ethics and independence applicable to audits of financial statements under Italian law. 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.

PricewaterhouseCoopers SpA

Sede legale e amministrativa: Milano 20149 Via Monte Rosa 91 Tel. 0277851 Fax 027785240 Cap. Soc. Euro 6.890.000,00 i.v., C.F. e P.IVA e Reg. Imp. Milano 12979880155 Iscritta al n° 119644 del Registro dei Revisori Legali - Altri Uffici: **Ancona** 60131 Via Sandro Totti 1 Tel. 0712132311 - **Bari** 70122 Via Abate Gimma 72 Tel. 0805640211 - **Bologna** 40126 Via Angelo Finelli 8 Tel. 0516186211 - **Brescia** 25123 Via Borgo Pietro Wuhrer 23 Tel. 0303697501 - **Catania** 95129 Corso Italia 302 Tel. 0957532311 - **Firenze** 50121 Viale Gramsci 15 Tel. 0552482811 - **Genova** 16121 Piazza Piccapietra 9 Tel. 01029041 - **Napoli** 80121 Via dei Mille 16 Tel. 08136181 - **Padova** 35138 Via Vicenza 4 Tel. 049873481 - **Palermo** 90141 Via Marchese Ugo 60 Tel. 091349737 - **Parma** 43121 Viale Tanara 20/A Tel. 0521275911 - **Pescara** 65127 Piazza Ettore Troilo 8 Tel. 0854545711 - **Roma** 00154 Largo Fochetti 29 Tel. 06570251 - **Torino** 10122 Corso Palestro 10 Tel. 011556771 - **Trento** 38122 Viale della Costituzione 33 Tel. 0461237004 - **Treviso** 31100 Viale Felissent 90 Tel. 0422696911 - **Trieste** 34125 Via Cesare Battisti 18 Tel. 0403480781 - **Udine** 33100 Via Poscolle 43 Tel. 043225789 - **Varese** 21100 Via Albuzzi 43 Tel. 0332285039 - **Verona** 37135 Via Francia 21/C Tel. 0458263001 - **Vicenza** 36100 Piazza Pontelandolfo 9 Tel. 0444393311



Key Audit Matters**Auditing procedures performed in response to key audit matters**

Revenue recognition

Note 7 "Revenues" to the financial statements as of 31 December 2018.

Cerved Group SpA operates in two businesses with different products, services and customers. This diversity is also reflected in the method applied to the recognition of revenues from each of these segments.

We focused on the method of recognition of revenues from the Credit Information business (Euro 280 million) because they accounted for about 95% of the Company's total revenues and are characterised by a large number of transactions with a delay between the timing of billing and recognition. This circumstance involves the need to post deferred revenue from services billed but not yet rendered at the reporting date.

Besides the amount involved, revenues of the Credit Information segment were considered a key matter in consideration of the elements of uncertainty intrinsic to the revenue recognition process, such as the identification and classification of contracts into the various categories, the handling of the different sales terms applied to counterparties, the existence of any period-end entries and the underlying approval process.

We analysed, understood and assessed the internal control system related to the process of revenue recognition.

We identified and validated the operation and effectiveness of the key controls (manual and automated) over that process, using also the support of experts in IT systems and business process analysis belonging to the PwC network.

We verified the reconciliation of the general ledger values for revenues and deferred revenue against those extracted from the IT system, we identified and verified, on a sample basis, any manual journal entries adjusting the values extracted from the system, the rationale for such entries and the related supporting evidence, as well as whether approval levels were appropriate.

We verified the correct recognition of amounts billed to customers and related deferred revenue for a sample of transactions involving all products of the Credit Information segment in order to verify the existence of the transaction, the accuracy of the data entered to the system upon recognition of the sales contract and the proper cut-off.

We also analysed the correct recognition of revenues and related deferred income for a sample of contracts showing a significant amount of deferred income at the reporting date.

Key Audit Matters

Auditing procedures performed in response to key audit matters

Assessment of the recoverability of goodwill

Note 21 "Goodwill" to the financial statements as of 31 December 2018

The sum of goodwill booked over time as a consequence of a number of extraordinary operations amounted to Euro 706 million as of 31 December 2018.

Group management assesses the recoverability of goodwill at least annually based on the greater of the fair value and value in use of each cash generating unit ("CGU") to which goodwill has been allocated.

Value in use was assessed discounting the estimated future cash flows for the next three-year period (2019-2021) and the terminal value. The inputs used were derived from the business plan approved by the board of directors at the meeting held on 19 of February 2019.

We considered goodwill a key matter in consideration of the amount involved and of the elements of estimation and uncertainty normally intrinsic to valuations made by management in relation to its recoverability.

The key elements of uncertainty and estimation are related to the correct definition and identification of the CGUs, the estimation of the future cash flows of each CGU and the definition of the interest rate used to discount the future cash flows.

We analysed the reasonableness of the considerations made by management about the CGUs identified and the process of allocation of goodwill to the various CGUs, verifying its consistency with the structure of the Group and of the segments in which it operates.

In order to confirm management's forecasting abilities, we verified that the results reported for 2018 were consistent with the forecasts set out in the business plans prepared in previous years. We analysed the business plans of each CGU prepared and used by management to assess the recoverability of goodwill, verifying their consistency with the business plans approved by the board of directors at its meeting of 19 February 2019.

We analysed the key assumptions underlying the revenues and costs of each CGU verifying their reasonableness in line of the actual amounts reported for FY 2018, contracts already signed and expected market developments.

We verified the method used to prepare the impairment test, the mathematical accuracy of the model and the reasonableness of the assumptions used in relation to the definition of the terminal value.

We supported those analyses using the contribution of experts belonging to the PwC network for the analysis of models used to forecast cash flows and the assessment of the discount rate.

We analysed the sensitivity analyses performed by management concerning the impact on the recoverability of goodwill of possible changes in estimated cash flows or in the discount rate used.

Key Audit Matters

Auditing procedures performed in response to key audit matters

Furthermore, we analysed the changes in cash flows or discount rate that would cancel the excess of the recoverable amount of each CGU over its book value.
We verified the completeness and accuracy of the disclosures reported in the notes to the financial statements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with International Financial Reporting Standards as adopted by the European Union, as well as with the regulations issued to implement article 9 of Legislative Decree No. 38/05 and, in the terms prescribed by law, for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Management is responsible for assessing the Company's ability to continue as a going concern and, in preparing the financial statements, for the appropriate application of the going concern basis of accounting, and for disclosing matters related to going concern. In preparing the financial statements, management uses the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing, in the terms prescribed by law, 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit conducted in accordance with International Standards on Auditing (ISA Italia), we exercised our professional judgement and maintained professional scepticism throughout the audit. Furthermore:

- We identified and assessed the risks of material misstatement of the financial statements, whether due to fraud or error; we designed and performed audit procedures responsive to those risks; we 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 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 evaluated the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- We concluded on the appropriateness of management's 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 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 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 identified during our audit.

We also provided those charged with governance with a statement that we complied with the regulations and standards on ethics and independence applicable under Italian law and communicated with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we 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 described these matters in our auditor's report.

Additional Disclosures required by Article 10 of Regulation (EU) No 537/2014

On 25 March 2014, the shareholders of Cerved Group SpA in general meeting engaged us to perform the statutory audit of the Company's and consolidated financial statements for the years ending 31 December 2014 to 31 December 2022.

We declare that we did not provide any prohibited non-audit services referred to in article 5, paragraph 1, of Regulation (EU) No. 537/2014 and that we remained independent of the Company in conducting the statutory audit.

We confirm that the opinion on the financial statements expressed in this report is consistent with the additional report to those charged with governance, in their capacity as audit committee, prepared pursuant to article 11 of the aforementioned Regulation.



Report on Compliance with other Laws and Regulations

Opinion in accordance with Article 14, paragraph 2, letter e), of Legislative Decree No. 39/10 and Article 123-bis, paragraph 4, of Legislative Decree No. 58/98

Management of Cerved Group SpA is responsible for preparing a report on operations and a report on the corporate governance and ownership structure of Cerved Group SpA as of 31 December 2018, including their consistency with the relevant financial statements and their compliance with the law.

We have performed the procedures required under auditing standard (SA Italia) No. 720B in order to express an opinion on the consistency of the report on operations and of the specific information included in the report on corporate governance and ownership structure referred to in article 123-bis, paragraph 4, of Legislative Decree No. 58/98, with the financial statements of Cerved Group SpA as of 31 December 2018 and on their compliance with the law, as well as to issue a statement on material misstatements, if any.

In our opinion, the report on operations and the specific information included in the report on corporate governance and ownership structure mentioned above are consistent with the financial statements of Cerved Group SpA as of 31 December 2018 and are prepared in compliance with the law.

With reference to the statement referred to in article 14, paragraph 2, letter e), of Legislative Decree No. 39/10, issued on the basis of our knowledge and understanding of the Company and its environment obtained in the course of the audit, we have nothing to report.

Milan, 20 March 2019

PricewaterhouseCoopers SpA

Signed by

Andrea Martinelli
(Partner)

This report has been translated into English from the Italian original solely for the convenience of international readers

Report of the board of statutory auditors

CERVED GROUP S.P.A.

Share Capital 50,521,142.00 euros fully paid-in

Registered Office: San Donato Milanese (MI), Via Dell'Unione Europea 6A, 6B

Milan Company Register No. 08587760961

REPORT OF THE BOARD OF STATUTORY AUDITORS TO THE SHAREHOLDERS' MEETING CONVENED TO APPROVE THE 2018 FINANCIAL STATEMENTS

*pursuant to Article 153 of Legislative Decree No. 58/1998 and
Article 2429 of the Italian Civil Code.*

Dear Shareholders:

The Board of Statutory Auditors is required to report to the Shareholders' Meeting on the activities it performed during the year, pursuant to Article 153 of Legislative Decree No. 58/1998 (hereinafter also called the "T.U.F.") and Article 2429 of the Italian Civil Code.

In this regard, please note that the Board of Statutory Auditors, during the year ended on December 31, 2018, carried out its institutional functions in compliance with the provisions of the Italian Civil Code, Legislative Decree No. 39/2010 and the company Bylaws, taking also into account the rules of conduct published by the National Board of Certified Public Accountants and Accounting Experts and the communications issued by the CONSOB regarding corporate oversight and the activities of the Board of Statutory Auditors. For 2018, as required by Legislative Decree No. 39/2010, the Board of Statutory Auditors also served in the capacity as Internal Control and Auditing Committee (ICAC) as required by Article 19 of the abovementioned Decree.

Please keep in mind that the Board of Statutory Auditors currently in office is comprised of the following members: Antonella Bientinesi (Chairperson), Costanza Bonelli and Paolo Ludovici (Statutory Auditors).

1) Oversight Activity Regarding Compliance with the Law, the Bylaws and the Principles of Sound Management

The Board of Statutory Auditors obtained all information necessary for the performance of its control and oversight function by attending the meetings of the Board of Directors, the Control and Risk Committee, the Related-party Committee and the Nominating and Compensation Committee, meeting with the Company's senior management and department managers, as well as the independent auditors PricewaterhouseCoopers S.p.A. and the Oversight Board established pursuant to Legislative Decree 231/2001, meeting and exchanging information with the Boards of Statutory Auditors of the subsidiaries and analyzing information obtained from members of the Company's organizations.

More specifically, the Board of Statutory Auditors met 11 times in 2018. Meetings lasted on average one hour and 40 minutes. The Board of Statutory Auditors attended the 18 meetings held by the Board of Directors, the nine meetings held by the Nominating and Compensation Committee, the 10 meetings of the Control and Risk Committee and the three meetings of the Related-party Committee.

In addition, the Board of Statutory Auditors obtained from the Chief Executive Officer, also by attending meetings of the Board of Directors, periodic information on the overall performance of the Company's operations and business outlook and about transactions that were particularly significant from an economic and financial standpoint approved and implemented during the year, carried out by the Company and other Group companies, also in accordance with Article 150, Section 1, of the T.U.F.

The Board of Statutory Auditors can provide a reasonable assurance that the transaction approved and implemented were consistent with the applicable laws and the Bylaws and the principles of sound management and were not manifestly imprudent, reckless, potentially in a conflict of interest, in contrast with the resolutions adopted by the Shareholders' Meeting or capable of undermining the integrity of the Company's assets.

A detailed description of the transactions that were particularly significant from an economic and financial standpoint is provided in the Report on Operations annexed to the Consolidated Financial Statements of the Group for the 2018 reporting year (in the sections entitled "The Cerved Story" and "Significant Events of the Group").

The following transactions were particularly noteworthy:

- a)** the reorganization and simplification of the corporate organization and streamlining of the Group's resources, implemented through the merger by incorporation of Cerved Group S.p.A. and Consit Italia S.p.A. into Cerved Information Solutions S.p.A., with both mergers recognized by the incorporating company effective as of January 1, 2018, both for accounting and tax purposes. Cerved Information Solutions S.p.A. then changed its name to Cerved Group S.p.A.;
- b)** the signing of an agreement with the bank pool to extend from January 2022 to November 2023 the duration of 50% of the Term Loan Facility B, for the amount of 200 million euros, and of three "Forward Start" IRS contracts to hedge Tranche C of the Senior Facility, also from January 2022 to November 2023;
- c)** the admission of Cerved Master Services S.p.A. to the Board regulated by Article 106 T.U.B., which enables it to provide Master Servicing services in connection with securitization transactions;
- d)** the acquisition of the remaining 30% of the equity capital of Major1 S.r.l. at a price of 1,371 thousand euros (equity interest held after this purchase: 100%);
- e)** the acquisition of an additional 10% interest in the equity capital of ClickadV S.r.l. at a price of 2,520 thousand euros (equity interest held after this purchase: 90%);

f) through Cerved Credit Management Group S.r.l. the establishment of a new company under Greek law (Cerved Credit Management Greece S.A.) for the purpose of exercising in Greece the activity of credit collection agency on behalf of third parties;

g) the acquisition by Quaestio Cerved Credit Management S.p.A. of “Juliet,” the platform for the recovery of nonperforming loans of Banca Monte dei Paschi di Siena (the platform carries out special servicing activities for the portfolios of nonperforming loans generated by Banca MPS) for a consideration of 52.5 million euros, which could be increased by an earnout upon the achievement of certain economic results;

h) the acquisition of an additional 3.21% interest in the equity capital of Cerved Credit Management Group S.r.l. from the minority partners at a price of 10,521 thousand euros (equity interest held after this purchase: 95.19%.);

i) the acquisition of an additional 5.29% interest in the equity capital of Spazio Dati s.r.l., at a price of 1.035 thousand euros (equity interest held after this purchase: 79.48%);

l) through the indirect subsidiary Cerved Legal Services S.r.l., the establishment of a law firm called “La Scala Cerved S.r.l.,” in accordance with Law No. 124/2017, in which Cerved Legal Services S.r.l. holds a 33.33% interest;

m) the acquisition of 60% of a majority interest in Pro Web Consulting S.A. at a price of 3,735 thousand euros. This company provides optimization services for the websites of large companies operating primarily in Italy.

The same section (“Significant Events of the Group”) of the Report on Operations, annexed to the Consolidated Financial Statements of the Group for 2018, provides information about the resignation of the Chief Executive Officer Marco Nespolo, effective as of October 31, 2018, and the appointment of Gianandrea De Bernardis, who already served as Executive Deputy Chairman, as the Company’s new Chief Executive Officer, effective as of the same date,

Aside from the comments provided above, the Board of Statutory Auditors does not have any specific issues to report regarding the activities it carried out for the purpose of verifying compliance with the relevant laws, the Bylaws and respect for the principles of sound management.

In addition, the Board of Statutory Auditors states that it did not uncover any atypical and/or unusual transactions with other Group companies, with third parties or with related parties, and that it did not receive information to that effect by the Board of Directors, the independent auditors and the Control and Risk Committee.

2) Oversight Activity Regarding the Adequacy of the Company’s Organization

The Board of Statutory Auditors became familiar with and monitored the adequacy

of the Company's organization in terms of its structure, procedures, competencies and responsibilities in relation to the size of the Company (and the Cerved Group more in general), also with regard to the nature of the corporate purpose and the methods employed to pursue it, for the issues under its jurisdiction, through the collection of information from managers of the relevant Company departments, meetings and exchanges of information with the Boards of Statutory Auditors of the subsidiaries, meetings with the Control and Risk Committee and meetings with representatives of PricewaterhouseCoopers S.p.A., also held for the purpose of exchanging relevant information, which did not reveal the existence of any issues.

Please keep in mind that positive assessments of the adequacy of the Company's and the Group's organization have been already issued by the Control and Risk Committee on February 27, 2019 and by the Board of Directors on March 4, 2019.

The Board of Statutory Auditors verified that the criteria and review procedures adopted by the Board of Directors to assess the independence of its members were correctly applied and verified compliance with the independence requirements of its members, as required by Legislative Decree No. 58/1998 and the Corporate Governance Code.

3) Oversight Activity Regarding the Adequacy of the Internal Control System and the Internal Auditing Process

The Board of Statutory Auditors monitored the effectiveness of the internal quality control and enterprise risk management systems mainly through periodic meetings with the Company's Internal Auditing manager and by attending all meetings of the Control and Risk Committee.

The Board of Statutory Auditors became acquainted with the information contained in the Report on Corporate Governance and the Ownership Structure with regard to the internal control and risk management system.

The Internal Auditing Function, in its annual report submitted to the Board of Directors on March 4, 2019, stated that "based on the available information regarding the 2018 reporting year, there were no elements indicating that the Group's internal control and risk management system was not suitable or not adequate in light of the Company's characteristics and the accepted risk profile or was not functioning in relation to his actual implementation.

In addition, the Control and Risk Committee, in its annual report of February 27, 2019, and the Board of Directors, on March 4, 2019, provided a favorable assessment of the adequacy of the internal control and risk management system adopted by the Group.

With regard to internal auditing, the Board of Statutory Auditors was also informed about the 2019 audit plan prepared by the Internal Auditing Function and approved by the Board of Directors on March 4, 2019.

In light of the verification carried out and absent any indication of significant problems, the Board of Statutory Auditors is of the opinion that the internal control and risk management system is adequate and effective.

4) Oversight Activity Regarding the Adequacy of the Accounting System and the Activity of the Independent Auditors

The board of Statutory Auditors also assessed and monitored, for issues under its jurisdiction pursuant to Article 19 of Legislative Decree No. 39/2010, the financial reporting process, as well as the effectiveness of the accounting control systems and their reliability for the purpose of a correct representation of the Company's operations, through:

- i.** a periodic exchange of information with the Chief Executive Officer and the Corporate Accounting Documents Officer, as required by the provisions of Article 154-*bis* of the T.U.F.;
- ii.** a review of the reports prepared by the manager of the Internal Auditing function, including information about the result of any corrective actions undertaken further to the outcome of audit engagements;
- iii.** the acquisition of information from the managers of Company functions;
- iv.** meetings and exchanges of information with the control and management bodies of subsidiaries, pursuant to Article 151, Sections 1 and 2, of the T.U.F., during which the Board of Statutory Auditors obtained information regarding their management and control systems and the general performance of business activities;
- v.** more in-depth reviews of the work done and analyses of the results of the engagements carried out by the independent auditors PricewaterhouseCoopers S.p.A. In this regard, the exchange of information carried out with the managers of the independent auditors showed that the independent auditors did not identify any significant shortcomings concerning internal control with regard to the financial reporting process;
- vi.** attendance at meetings of the Control and Risk Committee.

The Company's Chief Executive Officer and the Corporate Accounting Documents Officer, in a special report regarding the 2018 financial statements, certified that: 1) the administrative and accounting procedures were adequate in relation to the Company's characteristic and were effectively applied for the preparation of the financial statements; 2) the content of the financial statements was consistent with the applicable international accounting principles endorsed by the European Union pursuant to EC Regulation No. 1606/2002; 3) the financial statements matched the data in the Company's books of accounts and other accounting documents and were suitable for providing a truthful and accurate presentation of the Company's economic and financial position; 4) the Report on Operations annexed to the financial statements provides a reliable analysis of the performance and result from operations and the Company's position, together with a description of the main risks and uncertainties to which the Company is exposed. A similar certification was provided with regard to the Group's consolidated financial statements for the 2018 reporting year.

The Board of Statutory Auditors engaged in a comprehensive exchange of information with the independent auditors PricewaterhouseCoopers S.p.A., meeting with them in the course of three specific audits and in connection with three meetings of the Control and Risk Committee.

The Board of Statutory Auditors discussed in detail and analyzed with PricewaterhouseCoopers S.p.A. key issues of the audit of the 2018 consolidated financial statements (i.e., 1) the assessment of business combinations; 2) the assessment of revenue recognition; 3) the assessment of the recoverability of goodwill), as well as those regarding the 2018 statutory financial statements (i.e., 1) the assessment of revenue recognition; 2) the assessment of the recoverability of goodwill). The following other important aspects of the 2018 financial statements were also discussed: 1) the Cerved and Quaestio partnership; 2) the acquisition of Juliet S.p.A.; 3) the acquisition of Credit Management S.r.l.; 4) the step acquisition of Spazio Dati; 5) the Aragorn securitization; 6) the Stock Option Plan; 7) the impact of IFRS 16; and 8) the revision of the useful lives of software and hardware. With regard to this last issue, the Board of Statutory Auditors wishes to point out that, after reviews and detailed analyses, starting in the third quarter of 2018, the Cerved Group revised the estimates of the useful lives of software and Server and Storage hardware, which were changed from three years to a time period ranging between three and 10 years (this time period was thought to be more representative of the actual utilization of the abovementioned software and hardware,

After completing its activity, PricewaterhouseCoopers S.p.A., on March 20, 2019, issued its reports on the 2018 statutory financial statements and the 2017 consolidated financial statements, issuing an opinion without qualifications also with regard to the consistency of the Report on Operations and some specific information's contained in the Report on Corporate Governance and the Ownership Structure with the statutory and consolidated financial statements and their compliance with applicable laws.

As the key issues of the audit of the 2018 consolidated financial statements, PricewaterhouseCoopers S.p.A. indicated:

1. the **“revenue recognition process.”** The independent auditors focused on the revenues generated by the Credit Information sector, as they represent about 62% of the Group's revenues and are characterized by a high number of transactions with a significant temporary difference between the time of invoicing and the time of recognition. PricewaterhouseCoopers S.p.A. analyzed the internal control system, identified and validated the importance of the controls applied to the process (relying also on the support of IT and corporate process analysis experts belonging to its network), verifying on a sampling basis the reconciliations of revenue and deferred income accounting data with those extracted from the information systems;
2. the **“assessment of the recoverability of goodwill”** recognized in connection with the various extraordinary transactions execute consecutively over time, in view of the estimated input and uncertainties normally inherent in the valuations performed by Directors with regard to recoverability. The

independent auditors analyzed the reasonableness of the considerations made by management consistent with the economic-financial plans approved by the Board of Directors on March 4, 2019, assessing the methodology applied for the preparation of the impairment test and verifying the correct determination of the financial statement balances attributable to the individual CGUs;

3. the “**business combinations**” resulting from the acquisitions of some companies and business operations in 2018 (already highlighted among transactions of greater economic and financial relevance). The independent auditors analyzed the assessments performed by the Board of Directors in determining whether transactions qualified as an acquisitions pursuant to the provisions of IFRS 3, and verified the correct determination of the purchase price, based on contractual stipulations and the reasonableness of the rationale on the basis of which the Company’s management concluded that no earnout was applicable and determined the fair value of the net acquired assets.

As for the key issues of the Audit Report on the 2018 statutory financial statements, the independent auditors emphasized items 1) and 2) mentioned above.

In addition, also on March 20, 2019, PricewaterhouseCoopers S.p.A. issued the Report required pursuant to Article 11 of EU Regulation No. 537 of April 16, 2014, which the Board of Statutory Auditors forwarded to the Board of Directors without any remarks. Among the annexes to the abovementioned Report (see Appendix 5) the independent auditors released their “Independence Statement.”

The Board of Statutory Auditors wishes to point out that the notes accompanying the consolidated financial statements at December 31, 2018 (Chapter 42 Other Information) contain information regarding the fees accrued for the year attributable to the independent auditors PricewaterhouseCoopers S.p.A. for statutory independent auditing services (676,000.00 euros), certification/non-auditing services (15,000.00 euros) and amounts payable to its network for non-auditing activities (95,000.00). The Board of Statutory Auditors noted how the strict procedure for the award of non-auditing services approved by the Company (pursuant to which any assignment involving non-auditing services for which, presumably, the services of the independent auditors or their network would be necessary must first be submitted to the Board of Statutory Auditors) produced significant effects in that area.

5) 2018 Statutory Financial Statements, Consolidated Financial Statements and Sustainability Report

Based on the information provided by the Company, the 2018 statutory financial statements 1) were prepared in accordance with the going concern assumption, the Directors having verified the nonexistence of financial, operational and other indicators signaling issues regarding the Company’s ability to meet its obligations in the foreseeable future; 2) were prepared in accordance with the **IFRS** international accounting principles, this expression being understood to mean all “International Financial Reporting Standards,” all “International Accounting Standards” (**IAS**), all interpretations of the “International Financial Reporting Interpretations Committee” (**IFRIC**) that at the closing date of the financial statements had been approved by the European Union in accordance with the

procedure required under EC Regulation No. 1606/2002 of the European Parliament and European Council of July 19, 2002; **3**) were prepared based on the conventional historical cost criterion except for the measurement of financial assets and liabilities, in those cases in which the use of the fair value criterion is mandatory.

Likewise, also based on the information provided by the Company, the 2018 consolidated financial statements **1**) were prepared in accordance with the going concern assumption, the Directors having verified the nonexistence of financial, operational and other indicators signaling issues regarding the Company's ability to meet its obligations in the foreseeable future; **2**) were prepared in accordance with the **IFRS** international accounting principles, this expression being understood to mean all "International Financial Reporting Standards," all "International Accounting Standards" (**IAS**), all interpretations of the "International Financial Reporting Interpretations Committee" (**IFRIC**) that at the closing date of the consolidated financial statements had been approved by the European Union in accordance with the procedure required under EC Regulation No. 1606/2002 of the European Parliament and European Council of July 19, 2002; **3**) were prepared based on the conventional historical cost criterion except for the measurement of financial assets and liabilities, in those cases in which the use of the fair value criterion is mandatory.

The Board of Statutory Auditors, through information obtained from the independent auditors PricewaterhouseCoopers S.p.A. and the Company's management, verified compliance with the adopted international accounting principles and the provisions of other laws and regulations concerning the preparation of the statutory financial statements, consolidated financial statements and accompanying Report on Operations.

The Board of Directors delivered on a timely basis to the Board of Statutory Auditors the statutory and consolidated financial statements and the Report on Operations. The audit report and the report required by Article 11 of EU Regulation No. 537/2014 were delivered by the independent auditors to the Board of Statutory Auditors on March 20, 2019.

The Board of Statutory Auditors does not have any remarks to submit to the Shareholders' Meeting.

The Board of Statutory Auditors reviewed the motion put forth by the Board of Directors regarding the appropriation of the 2018 net profit and has no remarks in this regard.

Lastly, the Board of Statutory Auditors, as required by Article 3, Section 7, of Legislative Decree No. 254 of December 30, 2016, monitored compliance with the provision of the abovementioned decree regarding the Non-financial Statement (NFS or Sustainability Report). The purpose of that document is to share with the shareholders the economic, social and environmental performances of Cerved Group S.p.A. and its subsidiaries, providing a clear and transparent representation of the activities promoted by the Group in the sustainability area, to the extent necessary to ensure an understanding of the Company's business operations, its performance, its results and the impact it produced in terms of improving Italy's overall system. The Board of Statutory Auditors wishes to point out that the content of those documents was developed

in accordance with the “GRI Sustainability Reporting Standards” (2016) published by the Global Reporting Initiative (GRI) in accordance with the “Core” option, which requires reporting for at least one indicator for each one of the topics identified as material by the materiality analysis.

The Sustainability Report was accompanied by a limited audit report issued by PricewaterhouseCoopers S.p.A. on March 20, 2019.

The Sustainability Report for 2018 was approved by the Board of Directors on March 5, 2019.

6) Oversight Activity Regarding the Implementation Modalities of the Corporate Governance Code

The Board of Statutory Auditors monitored the implementation modalities of the Corporate Governance Code for listed companies promoted by Borsa Italiana S.p.A., adopted by the Company in the manner described in the 2018 Report on Corporate Governance and the Ownership Structure, approved by the Board of Directors on March 5, 2019.

Detailed information about the Company’s corporate governance system is provided in the 2018 Report on Corporate Governance and the Ownership Structure.

7) Oversight Activity Regarding Transactions with Subsidiaries

The Board of Statutory Auditors wishes to point out that it met directly or through a telephone link, for a productive exchange of information, with the statutory auditors of the following subsidiaries: Cerved Credit Management Group S.r.l., Cerved Credit Management S.p.A., Cerved Rating Agency S.p.A., Cerved Legal Services S.r.l., ClickAdV S.r.l., Cerved Credit Collection S.p.A, and Cerved Master Services S.p.A. and the Chairmen of the Boards of Statutory Auditors of Quaestio Cerved Credit Management S.p.A. and Juliet S.p.A.

No notices of significant issues were received.

The Board of Statutory Auditors monitored compliance with the instructions given to the subsidiaries pursuant to Article 114, Section 2, of Legislative Decree No. 58/1998 (T.U.F.).

8) Oversight Activity Regarding Transactions with Related Parties

The Board of Statutory Auditors acknowledges that the Board of Directors, in the Report on Operations (Section entitled Related-party Transactions), provided an illustration of the effects of ordinary transactions deemed to be highly material economically and financially, executed with related parties (which were settled on standard market terms). Please consult the abovementioned section for information regarding the identification of the types of transactions in question and the corresponding economic and financial effects.

The Board of Statutory Auditors wishes to point out that since May 28, 2014 the

Company adopted a procedure governing related-party transactions, as required by Consob Regulation No. 17221 of March 12, 2010 and Consob Communication No. 10078683 of September 24, 2010, with the aim of avoiding or managing transactions that entail conflicts of interest or personal interests on the part of Directors. This procedure was amended on December 21, 2017, as required by Article 2391-*bis* of the Italian Civil Code and the Related-party Regulation. Pursuant to Article 4 of the abovementioned Regulation, the Board of Statutory Auditors verified that the procedures adopted were consistent with said Regulation and were being complied with.

9) Oversight Activity Regarding Other Issues

On March 16, 2016, the Board of Statutory Auditors approved the Organization Management and Control Model pursuant to Legislative Decree No. 231/2001 and appointed the corresponding Oversight Board; the Board of Statutory Auditors acknowledges that it received from the Oversight Board the required periodic reports and information. The Model was recently updated and adopted by a resolution of the Board of Directors dated October 29, 2018.

The Board of statutory Auditors acknowledged that the Group adopted a Code of Ethics that sets forth the Company's ethical commitments and responsibilities in the handling of its business and corporate activities and defines a set of values, principles and conduct guidelines that must be followed by the Group's management and anyone who is linked with the Group through an employment relationship and, in general, anyone who operates on the Group's behalf (irrespective of the linking relationship).

Given the importance of this issue at Cerved, for whom the processes for the collection, analysis and processing of data constitute the foundations of the products and services offered by the Group, the Board of Statutory Auditors followed closely the updating of the Group's privacy model consistent with the requirements of the General Data Protection Regulation (GDPR).

Lastly, the Board of Statutory Auditors acknowledges that the Company adopted a special regulation, available on the Company website, which governs the internal management and external communication of insider information concerning the Company and its subsidiaries, as well as the conduct of the information's recipients (as defined in the Regulation), in accordance with the requirements set forth in EU Regulation No. 596/2014 of the European Parliament and Council of April 16, 2016 ("**MAR**"), in EU Implementation Regulation No. 2016/347 of the Commission on March 10, 2016 (Implementation Regulation), in Legislative Decree No. 58/1998, as amended, and in the Consob Regulation adopted with Resolution No. 11971 of May 14, 1999, as amended. This procedure was also updated consistent with the Consob Guidelines of October 13, 2017 and Legislative Decree No. 107 of 2018; the new procedure was approved by the Board of Directors on December 19, 2018.

10) Opinions Rendered by the Board of Statutory Auditors

The Board of Statutory Auditors rendered the following opinions:

- i. a favorable opinion regarding the reported actual data of the incentive plans for 2017 for executives with strategic responsibilities, issued at the meeting of the Board of Directors of February 26, 2018;
- ii. a favorable opinion pursuant to Article 2386 of the Italian Civil Code regarding the coopting of Simone Elena Pesce, as a replacement for Giulia Bongiorno, and her compensation, at a meeting of the Board of Directors on June 24, 2018;
- iii. a favorable opinion regarding the approval of the data of the 2018 semiannual financial report, at a meeting of the Board of Directors on July 30, 2018;
- iv. a favorable opinion pursuant to Article 2386 of the Italian Civil Code regarding the coopting of Paolo Chiaverini as a replacement for the Director Marco Nespolo, and his compensation; a favorable opinion regarding a new non-compete agreement stipulated with Marco Nespolo; and a favorable opinion pursuant to Article 2389 of the Italian Civil Code regarding the compensation of Gianandrea De Bernardis, the Company's new Chief Executive Officer, all of the above at a meeting of the Board of Directors on October 29, 2018;
- v. a favorable opinion pursuant to Article 2386 of the Italian Civil Code regarding the coopting of Giovanni Sartor as a replacement for Paolo Chiaverini, who resigned; and a favorable opinion regarding the reallocation of the options of the 2019-2021 Performance Share Plan (third tranche), both at a meeting of the Board of Directors on December 19, 2018,

During 2018, the Board of Statutory Auditors did not received any complaints pursuant to Article 2408 of the Italian Civil Code.

11) Conclusions

The oversight activities carried out in 2018 did not uncover any objectionable facts, omissions or irregularities requiring disclosure in this Report nor has the Board of Statutory Auditors become aware of transactions implemented in a manner inconsistent with the principles of sound management or approved and executed not in accordance with the relevant laws and the Bylaws, in contrast with the resolutions adopted by the Shareholders' Meeting, manifestly imprudent or reckless or capable of compromising the integrity of the corporate assets.

Taking into account the preceding information, the Board of Statutory Auditors, considering the content of the report prepared by the statutory independent auditors, acknowledging the certifications issued by the Chief Executive Officer and the Corporate Accounting Documents Officer, did not find, for issues under its jurisdiction, a reasons to object to the approval of the draft financial statements at December 31, 2018 and the distribution of the dividend as recommended by the Board of Directors.

Milan, March 22, 2018

The Board of Statutory Auditors

Antonella Bientinesi

Paolo Ludovici

Costanza Bonelli





Sustainability Report 2018

Consolidated Non-financial Statement
pursuant to Legislative Decree No. 254/2016



Our path to sustainability

In this second edition of its Sustainability Report, Cerved introduced important initiatives regarding both stakeholder engagement and the mapping of material topics.

Cerved's Sustainability Policy, which was drafted and approved in 2018, provides a description of the modalities applied to address sustainability issues through a mindful governance and risk management system. That document reaffirms the general principles and guidelines already endorsed in the Code of Ethics, which must be applied by the Group in its interactions with all stakeholders.

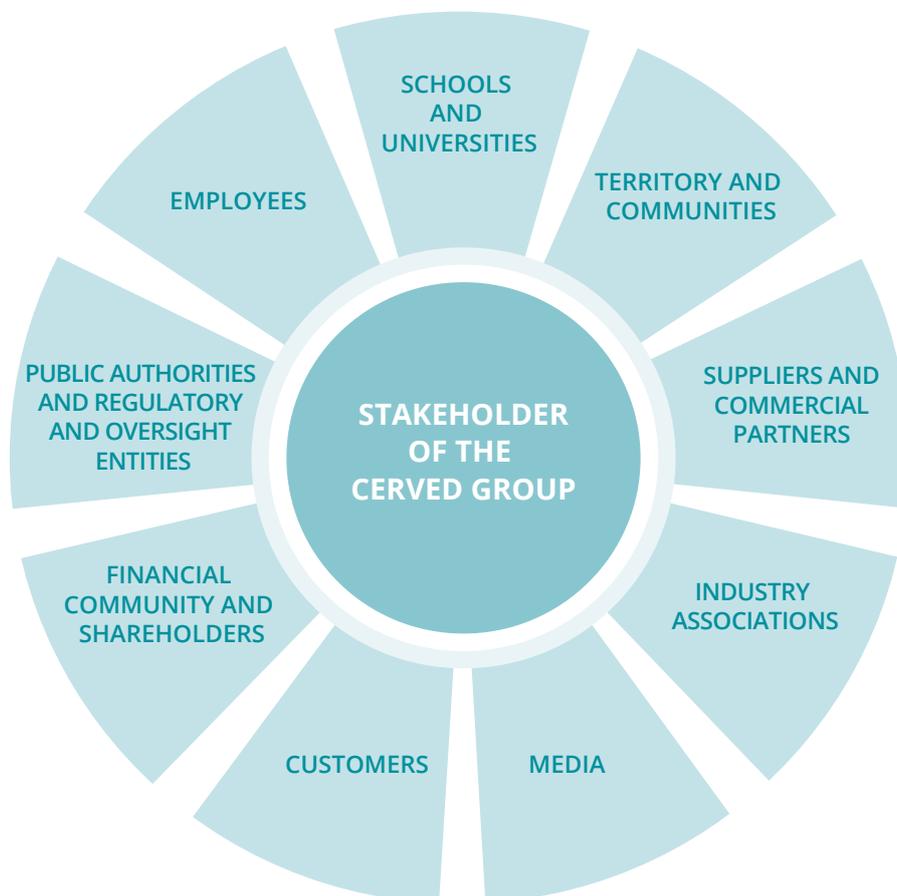
Also in 2018, Cerved decided to participate in the United Nations Global Compact, an international framework that encourages businesses to promote a healthy and sustainable economy through the sharing and adoption, within their sphere of influence, of ten fundamental principles derived from the Universal Declaration of Human Rights, the ILO Declaration, the Rio Declaration and the United Nations Convention Against Corruption.

Global Compact: the Ten Principles



STAKEHOLDER ENGAGEMENT

It is with regard to its stakeholders, i.e., those who influence and/or are influenced by the entity's activities, that Cerved defines the set of values and principles and the conduct guidelines that must be followed by all those who operate for the Group.



In this area, several initiatives were launched in 2018 with the goal of becoming familiar with the views and opinions of some stakeholders regarding the Group's activities and with the aim of improving contact modalities and future strategic decisions.

More specifically, three clusters of stakeholders (employees, investors and customers) were surveyed about the main topics identified as material for the Group.

Responded to the questionnaire:



1.057 employees



7 major investors



472 customers

MATERIALITY MATRIX

Several initiatives were carried out in 2018 to map the topics that were material¹ for Cerved:

- 

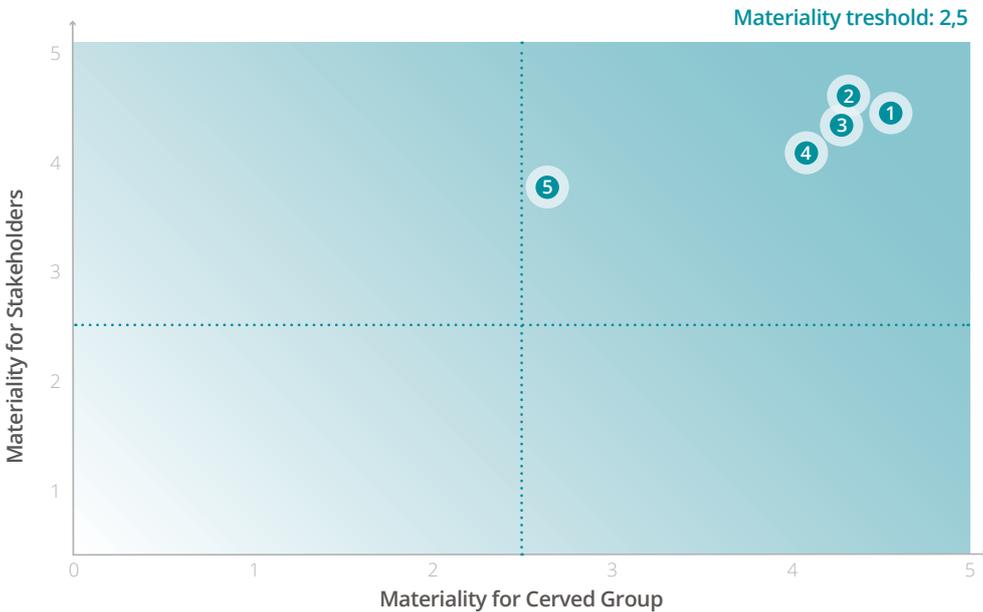
The managers of all main company areas were provided with:
 a) a draft of the Non-financial Statement
 b) a survey of the materiality of the topics identified
- 

A benchmark analysis of the topics identified as most material by the principal competitors was performed in order to take into account the main industry trends and best reference practices
- 

As noted above, some stakeholders (employees, investors and customers) were asked to fill out questionnaires with the aim of understanding their perception of Cerved's activities

Upon the conclusion of this process, the materiality matrix, which reflects the most important topics for the company and its counterparts, was essentially reconfirmed.

2018 Materiality Matrix



1. Governance e Compliance
2. Risk Management e operational continuity
3. Economic and product responsibility
4. Social responsibility and towards people
5. Responsibility towards the environment

1. A topic is deemed to be material when it reflects economic, social and environmental impacts that the organization believe to be material or has a significant influence on the stakeholders' assessments and decisions.

The map shows 18 material topics grouped into five macro areas:



Governance & Compliance

Material topics	Objectives and management modalities	Actions in 2018
Ethics, integrity and anticorruption	Pursue an ethical and transparent business management	<ul style="list-style-type: none"> ✓ Updating of the 231 Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001 of Cerved Group S.p.A. and adoption of the 231 Model by Juliet S.p.A., Quaestio Cerved Credit Management S.p.A., Credit Management S.r.l. and Cerved Master Services S.p.A.* ✓ Updating of the Group's Code of Ethics and adoption of the Code by all Cerved Group companies ✓ Adoption of a whistleblower violation reporting system, procedure and application software
Governance & Compliance	Ensure constant compliance with sector regulations and best practices	<ul style="list-style-type: none"> ✓ Management of relations with Consob and Banca di Italia ✓ Ongoing assessment of the existing regulatory context ✓ Ongoing monitoring of corporate governance systems
Privacy protection	Guarantee conformity with regulations for the protection of the personal data of customers and users	<ul style="list-style-type: none"> ✓ Handling of relations with the Personal Data Protection Authority ✓ Implementation, constant assessment and updating of the measures required by the GDPR ✓ Active participation in the activities to update the "Code of deontology and good conduct for the processing of personal data performed for commercial information purposes"
Sustainability of business strategy	Ensure the company's organic growth consistent with its intended objectives	<ul style="list-style-type: none"> ✓ Ongoing development of systems to measure and control internal and external information

CORPORATE GOVERNANCE BODIES

Cerved's Corporate Governance structure follows an organizational and management model based on ethical values and characterized by absolute respect of the norms and rules of conduct in effect within the company.

The Board of Directors has exclusive jurisdiction over the administrative and strategic management of the Group for the achievement of its objectives; 64% of the Directors are men and 36% are women,² with 37% of Directors aged between 30 and 50 years old³ and 63% more than 50 years old.

Consistent with best sector practices and the recommendations of the Corporate Governance Code for listed companies, which the company adopted, the Board of Directors established the following internal committees: Compensation and Nominating Committee, Related Party Committee and Control and Risk Committee.⁴

With the aim of achieving an optimum management of sustainability issues, by a November 2017 resolution of its Board of Directors, Cerved officially assigned responsibility for Corporate Social Responsibility matters to the Control and Risk Committee of Cerved Group S.p.A.

In this context, in order to foster a timely, discreet and systematic sharing of information and facilitate the task of the Board of Directors, the parent company introduced an innovative tool that handles the sending and notification of notices of Board Meetings. In 2018, the use of this IT tool was extended to all Group companies.

ETHICS, INTEGRITY AND ANTICORRUPTION

In the conduct of its activities, Cerved is guided by its Code of Ethics, a document that sets forth the Group's commitments and responsibilities, including those of a social, environmental and governance nature. The principles embodied in the Code are revised periodically and, in 2018, were updated strengthening the values that concern the protection of human rights and compliance with fair procurement practices, such as making the Code also available to suppliers.

The updated Code of Ethics was approved by the parent company's Board of Directors in October 2018 and, subsequently, by the Boards of Directors of all other Group companies. The document was later publicized through training sessions aimed at heightening the level of awareness of all employees and published on Cerved Group's website in order to ensure its external visibility.

2. In compliance with the requirements of the existing regulations governing gender parity.

3. For more detailed information about the composition of the Board of Directors, please see the Corporate Governance Report (Chapter 4.2 from pag. 25 to pag. 27).

4. See page XX of the Corporate Governance Report.

MODEL 231 UPDATE

On October 29, 2018, the Board of Directors of Cerved Group S.p.A. resolved to update the Organization, Management and Control Model pursuant to Legislative Decree No. 231/2001 ("231 Model"). The companies that are part of the Group updated their respective 231 Models, while acquired and newly established companies completed projects for the adoption of their respective 231 Models. The independence of each Group company regarding the adoption and effective implementation its own Model notwithstanding, Cerved Group S.p.A. provides general criteria and guidelines and monitors the compliance of the models of companies with those criteria and guidelines.

Whistleblowing

The company adopted a Procedure and a dedicated application ("Digital Channel⁵") to manage the reports of alleged violations as required under said Procedure.

The "System Officer" ensures that violation reports are managed in accordance with existing regulations and the adopted Procedure, also ensuring that audits are carried out as expeditiously as possible while respecting the completeness and accuracy of the investigative activity.

Oversight Boards

In addition to the customary activity to verify the safeguards implemented regarding sensitive processes, the Oversight Boards of Group companies held more than 20 meetings with managers of the organizational units involved in sensitive processes pursuant to Legislative Decree No. 231/01, with the dual aim of:

- verifying the implementation level of the 231 Model
- train and inform the abovementioned managers about Legislative Decree No. 231/01

MONITORING THE RISK OF CORRUPTION

In 2018 as well, the Oversight Boards of the individual Group companies included monitoring the risk of corruption (involving both public and private entities) among their specific control activities. In addition, as part of the audits of Group suppliers performed by the Internal Auditing Department ("Third Party Audits"), potential corruption indicators were also analyzed.

5. The Digital Channel is accessible through the company website (company.cerved.com/it/sistema-di-segnalazione). In 2018, no violation reports were received through the dedicated channels or specific e-mail addresses and, subsequently, the complaint management system.

TRAINING PROVIDED FOR ANTICORRUPTION POLICIES AND PROCEDURES AT DECEMBER 31⁶

	Number of employees who received anti- corruption training		% of employees who received anti- corruption training		Total anti-corruption training hours	
	2017	2018	2107	2018	2017	2018
Cerved Group						
Members of the governance bodies who received anticorruption training		-		-		-
Training regarding anticorruption	263	335	13%	15%	87.6	167.5
Executives	-	45	-	56%		22.5
Managers	-	22	-	6%		11
All other employees	-	268	-	15%		134
Italy						
Training regarding anticorruption		311		16%		155.5
Executives		45		56%		22.5
Managers		22		6%		11
All other employees		244		16%		122
Abroad						
Training regarding anticorruption		24		7%		12
Executives		-		-		-
Managers		-		-		-
All other employees		24		7%		12

COMPLIANCE

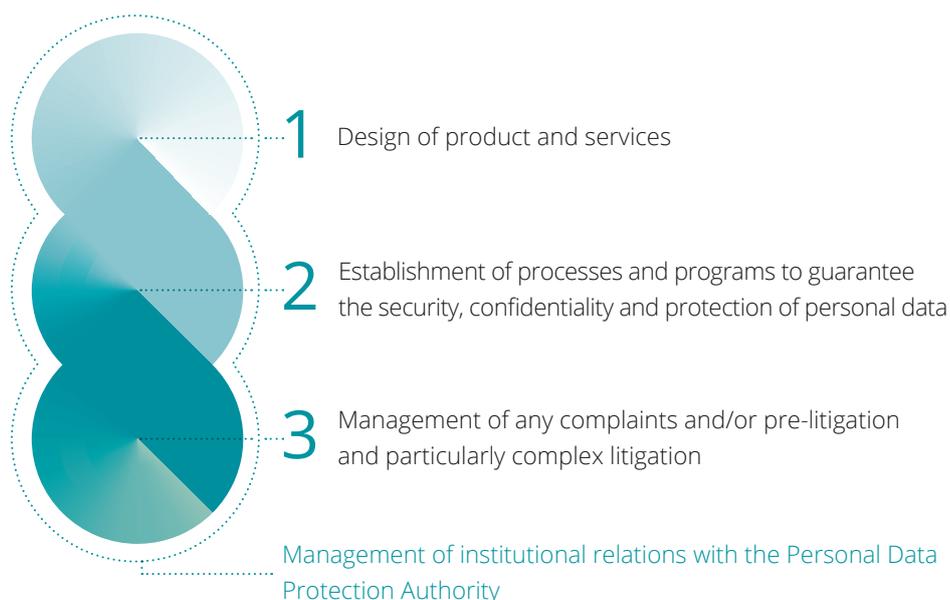
In order to ensure constant compliance with the rules of the respective countries, the Group periodically updates the map of relevant regulations. In addition, with the support of specific industry associations, Cerved is also an active participant in the development of corporate governance rules and codes of conduct consistent with sector regulations.

6. For 2017, the data were estimated, assuming that in the "compliance awareness" training, on average about 20 minutes of the course program are devoted to providing anticorruption training. The procedures have been posted on the company intranet where they are available and may be consulted by all employees.

PRIVACY PROTECTION

The processes for the collection, analysis and processing of data provide the foundations for the products and services offered by the Group: in this context, privacy protection represents a particularly material topic that permeates transversally all business processes.

A significant contribution to privacy protection is provided by the Group's General Counsel Department, which provides support in the following phases:



Together with the trade association ANCIC (Italian acronym the National Association Among Commercial Information and Credit Management Enterprises), Cerved is one of the key promoters for making the "Code of deontology and good conduct in the processing of personal data performed for commercial information purposes" compliant with the requirements of Article 40 of Regulation No. 2016/679 ("GDPR") for approval pursuant to Article 2 quarter of Legislative Decree No. 196/2003, as amended by Legislative Decree No. 101/2018.

Compliance with the GDPR

The Group adopted a Privacy Management and Control organizational model that, by clearly mapping the tasks, roles and responsibilities of each person in accordance with the accountability principle, officially establishes the roles of the various organizational units within significant corporate processes. Thanks to this model, Cerved renewed and fine-tuned its personal data governance system, based on the identification of material risks and the effectiveness of the adopted safeguards, enabling widespread implementation, constant assessment and the necessary updates, in accordance with the General Data Protection Regulation (EU Regulation No. 2016/679).

The main actions implemented included:

-  **Designation of the Data Protection Officer**
-  **Register of data processing activity**
-  **Privacy organization chart**
-  **Updating and improvement of reports**
-  **Awareness training courses**
-  **Guidelines for Authorized parties**

With the enactment of the Regulation on May 25, 2018, Cerved developed an awareness pathway that involved all employees, both in Italy and Romania, through a GDPR digital training program. In addition, more in-depth training paths were provided for people with specific responsibilities

Risk management & operational continuity

Material topics	Objectives and management modalities	Actions in 2018
Risk Management	Map, measure and adequately manage the Group's main risks	<ul style="list-style-type: none"> ✓ Dissemination of a risk culture ✓ Optimization of some components of the ERM model and gradual upgrade of the framework in use consistent with recent developments and best practices
Data and information security management	Guarantee operational continuity and the confidentiality, availability and integrity of Cerved's data assets	<ul style="list-style-type: none"> ✓ Adoption of new technologies in the cybersecurity area ✓ Strengthening the Information Security Management System in accordance with the UNI CEI ISO/IEC 27001:2013 standard ✓ Increase user awareness through training/ educational sessions and the launch of a dedicated information channel called Cerved Security Lab ✓ Signing of a Cyber Risk Policy

Cerved continued on a path for the continuous improvement of its Enterprise Risk Management (ERM) Model by progressively implementing methods and tools capable of managing all those events that, potentially, could undermine the achievement of the Group's objectives.⁷

In 2018, the Group completed the first exercise for the inclusion of the "ESG related risks"⁸ (Environmental, Social, Governance) within the map of the Group's main risks. This process, originating from the catalog of corporate level risks, made it possible to identify the main problems, also with respect of the findings generated by the materiality analysis⁹ and the provisions of Legislative Decree No. 254/16 regarding risk identification and management modalities.

7. For information about the organizational structure of the ERM Model and the Risk Management Process, please see Section 11 from pag. 67 to pag. 68 of the document "Relazione sul Governo Societario e Gli Assetti Proprietari" available on the website <https://company.cerved.com>

8. As defined within the document "Applying enterprise risk management to environmental, social and governance-related risks" published in October 2018 and drafted by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and World Business Council for Sustainable Development (WBCSD)

9. Document updated in 2018 further to the stakeholder engagement activities

Macro material topics	Risk	Management modalities
Governance and Compliance	Corporate Compliance: lack of compliance with relevant regulations (in effect and as amended)	<p>Monitoring of relevant regulatory changes through industry associations and dialog with sector operators</p> <p>Designation of the Compliance Specialists specifically tasked with monitoring and updating their respective relevant regulations</p> <p>Submission of periodic reports to Management</p> <p>Periodic training activities regarding Compliance</p>
Risk management and operational continuity	Business Continuity Risk: operations blockage	<p>Issuance of an official Operational Continuity Policy</p> <p>Definition of roles and responsibilities for crisis management, also regarding Risk Assessment and Business Impact Analysis activities</p> <p>Periodic monitoring of relevant indicators for operational continuity purposes</p> <p>Periodic verification of chosen recovery strategies</p> <p>Themed channel devoted to security – Cerved Security Lab</p>
Economic and product responsibility and technological innovation	Innovation Risk: development/ innovation of products/services not timely and/or in line with customer and/or market expectations	<p>Definition and communication to the market of strategic initiatives for the Group's development</p> <p>Periodic monitoring of the actual implementation of planned actions</p> <p>Management of relations with all stakeholders and investors for timely communications of updates and significant events with an impact on established initiatives</p>
Social responsibility and towards people	ESG Risk: failure to include stakeholder expectations when defining the sustainability strategy	<p>Publication of an official Sustainability Policy</p> <p>Participation in the Global Compact.</p> <p>Implementation of stakeholder engagement activities</p>
Environmental responsibility	ESG Risk: inefficient monitoring and measurement of energy consumption and greenhouse gas emissions	<p>Progressive implementation of a system to monitor energy consumption and related emissions active at all Group facilities</p> <p>Designation of parties responsible for controlling consumption and emissions</p> <p>Monitoring of consumption by Data Center rooms and high energy user infrastructures</p>

In 2019, focusing on future development, the Group will continue to work on a further evolution of the ERM Model, adopting the recommendations of the COSO Framework "Enterprise risk management - Applying enterprise risk management to environmental, social and governance-related risks."



Thanks to a **continuous certification process**, Cerved guarantees an **adequate management** of information in terms of availability, confidentiality and integrity

DATA SAFETY AND CYBER SECURITY

Insofar as standards and international guidelines are concerned, within the framework of the Information Security Management System, Cerved abides by the UNI CEI ISO/IEC 27001:2017 international standard, which establishes the requirements for defining, implementing, managing, maintaining and improving the system with regard to logical, physical and organizational security issues.

In this context, the CCMG Group obtained ISO 27001:2017 certification in November 2018, while Cerved Group S.p.A. is implementing the activities required to qualify for the same certification in 2019.

In 2018, consistent with a continuous improvement approach and taking into account the evolution of IT technologies available in the market, Cerved followed a multipronged approach to improve its management system, including:

- Organizational issues, relying on the Security Committee to perform a coordination and monitoring role with regard to security activities
- Verification, updating and monitoring adopted policies and procedures
- Adoption of new technologies in the cybersecurity area
- Stipulation of a specific insurance policy to cover cyber risks
- Monitoring specific risk indicators (also using a third-party Cyber Security Rating system)
- Monitoring the information security risk at third parties
- Vulnerability assessment and penetration test activities
- Increasing user awareness through training/educational sessions and the launch of a dedicated information channel called Cerved Security Lab

The objective is to equip the Group with an organization, technologies and rules to ensure that the management system has preventative characteristics, while still being able to react promptly to complex and critical situations.

Economic and product responsibility and technological innovation

Material topics	Objectives and management modalities	Actions in 2018
Quality of products and services, customer satisfaction	<p>Guarantee the satisfaction of customer needs and the creation of a solid relationship based on principles of transparency and fairness</p> <p>Prevent and promptly resolve any problems</p>	<ul style="list-style-type: none"> ✓ Monitoring of complaints received from customers, clustering and resolution of requests ✓ Identification of areas that need improvement ✓ Customer Value Management Project
Economic and product responsibility and technological innovation	<p>Support customers in managing and growing their businesses with a broad range of data, information and services</p> <p>Improve user experience</p> <p>Seek new functional solutions to foster an efficient management of assets, while at the same time increasing security levels</p>	<ul style="list-style-type: none"> ✓ Convergence on a single platform of the business information and credit collection services ✓ Development of user friendly versions of products and services ✓ Participation in three multi-year projects within the framework of Horizon 2020 ✓ Acquisitions of innovative companies (Pro Web Consulting, Bauciweb and SpazioDati)
Integrity and independence of information	<p>Reduce the inequality of information access between rated entities and the users of the rating</p> <p>Guarantee the quality and integrity of the rating process and the rating's independence from conflicts of interest</p>	<ul style="list-style-type: none"> ✓ Establishment of safeguards to prevent, manage and mitigate real or potential conflicts of interest. ✓ Designation of corporate control functions structured to constantly monitor the adequacy of the organizational, procedural and regulatory structure established by Cerved Rating Agency

VALUE ADDED

Cerved continues to report significant revenue growth. In this past year, growth was once again in line with the announcement made at the Investor Day, held on June 25, 2018, which is to say Group EBITDA growth ranging between 2.5% and 4.5% annually.

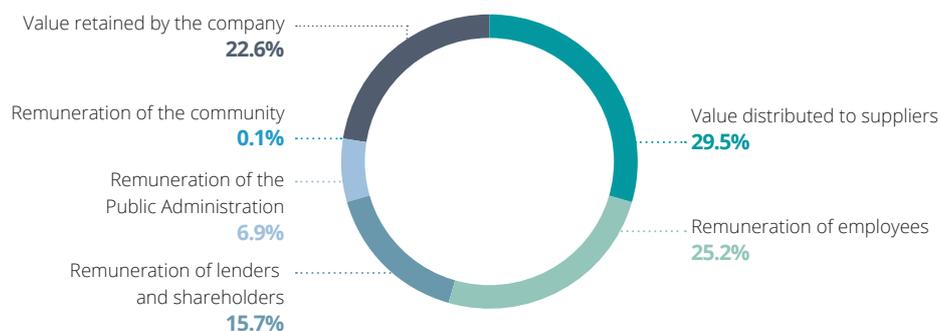
Based on a reclassification at December 31, 2018 of the income statement of the Cerved Group, directly generated value added totaled 466.547 million euros.

Value added represents the wealth generated and distributed by Cerved with its activities to its stakeholders and is one of the Group's main drivers in that it provides the best illustration of the economic side of the business and the Group's impact on society in general.

These results were made possible by:

- a** the value added generated by a Business Information division firmly focused on the development of new products and services
- b** a targeted strategy that includes the integration of important companies, so as to strengthen the Group's presence in its target markets and facilitate its entry in adjacent markets
- c** the phenomenal growth of the nonperforming loan market in which the CCMG Group has gained important market shares

Distribution of value added in 2017



Distribution of value added in 2018



ABILITY TO INNOVATE

To strengthen its competitive advantage, Cerved conducts its business activities triangulating innovation components, differentiation factor and distinctive approaches.

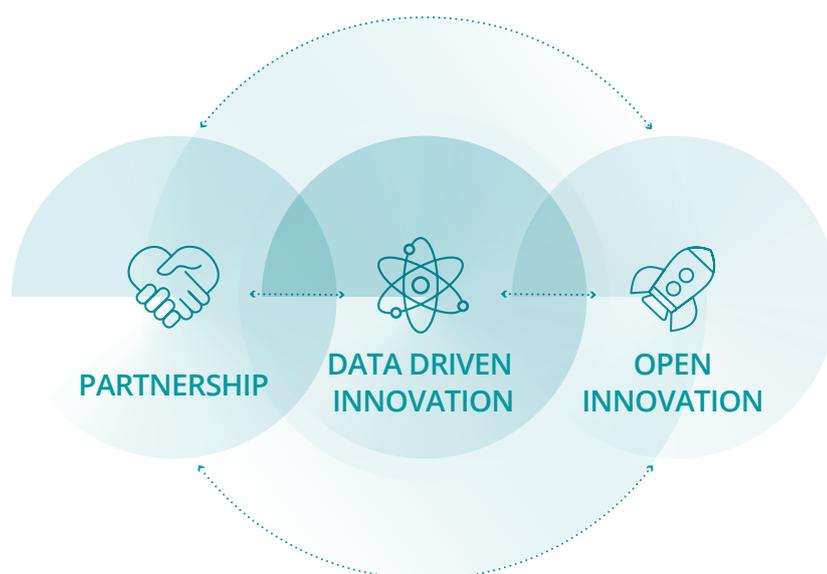
The Group's investment plan is aimed at:

- a** broadening the data base, the scoring models and the assessment methodologies
- b** improving user experience thanks to the adoption of service design logics
- c** identifying and integrating new technologies with the objective of continuously developing new efficient, functional and secure solutions



We launched **40 innovative Data Scouting** projects in the **Big Data Management** and **Data Scientist** areas

The cornerstones that guide the innovation and development path are:



Data Driven Innovation

Cerved is proud to include among its strategic assets a series of algorithms and rules defined together with its customers, structured to intercept the right information at the right time and transform data into strategic actions to support its business.

More specifically, the Group completed several projects aimed at expanding the coverage of official data, including those that are not of the chamber-of-commerce type, and strengthen its data scouting activities.

The objective is to make algorithms even more predictive and information more interesting for customers thanks to the use of multiple public or exclusive sources.



We organized, participated in and sponsored over **20 events** on the **Data Driven Economy**

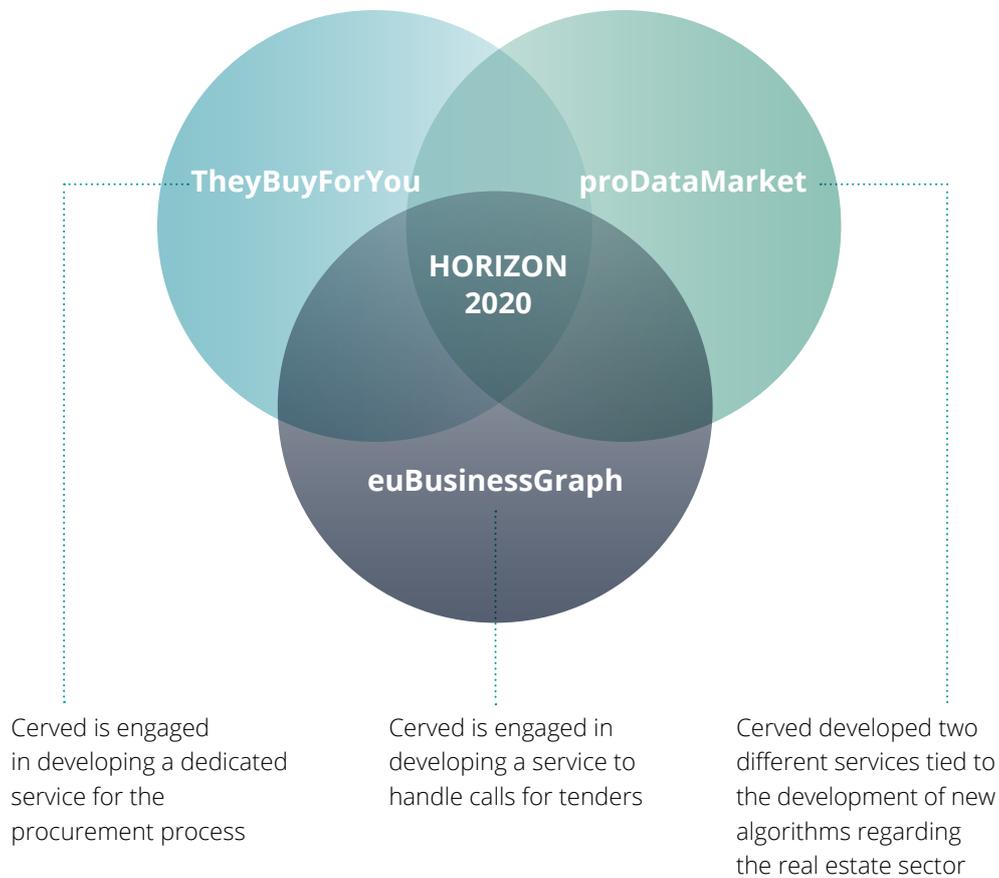
Cerved's **Big Data** offer a detailed picture of Italy's businesses and economic **fabric**

We participate in **dozens of national and European projects** focused on the identification, integration and more innovative use of data

In 2018, Cerved launched **more than 10 work tables** concerning Data Driven Innovation issues

With regard to Open Data, Cerved carried out a project that allowed the integration of ANAC (National Anticorruption Agency) data regarding over 12 million economic transactions between the Public Administration and its suppliers, thereby increasing the transparency of information regarding the Italian economic context.

The Group works with centers of excellence, continuing to promote a data culture. Between 2015 and 2018, the Group participated in three multi-year projects that were part of **Horizon 2020**, the European Framework Program for Research and Innovation, designed to provide financial support for research and development projects with a strong potential in terms of innovation:



Launched in 2018, **Similarity Score** is a platform that provides a recommendation and compatibility service of customers included in a portfolio

New scores

To support innovation in its three main business lines, Cerved created specific scores that include:



Real estate scores, which make it possible to improve Credit Information's valuations



Geolocalized socioeconomic scores that also draw from OpenStreetMap data and deliver a better and more in-depth knowledge of the territory

Web Data

In the Web Data area, Cerved launched important projects for the use of information drawn mainly from corporate websites and introduced semantics techniques that offer better, more granular and strategic searching. In a complementary fashion, integrated by machine learning algorithms, Web Data are used to perform risk analyses of companies and offer analyses of specific clusters regarding the territory, the industrial environment and the life phases of businesses.

Data storage

Capitalizing different data storage technologies, the Group is developing projects aimed at exploiting the most innovative products. Specifically, Cerved has 18 of the top 30 database models in production worldwide and uses paradigms that include all of the new frameworks (such as Hadoop) and allow fast processing even of non-structured data.

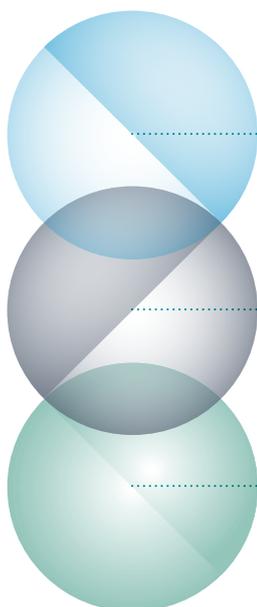


We have **18 on the top 30 databases** in production worldwide

Extremely complex methodologies and solutions provide Cerved with an incredible competitive advantage. An example is the NEO4j technology, also called “graph based,” which makes it possible to develop algorithms at a reasonable cost and with superior performance. Also in this area, the Group developed Graph4You, an innovative platform that, using the API ecosystem, enables Cerved to formulate data analyses in a massive and fast way, including not only a single company or person but a whole series of existing relationships between a plurality of different parties.

GRAPH4 YOU

A platform that can be used to explore relationships between parties within in the database. This platform competed in the Digital360 Awards 2018, a contest for new entries in the field of digital innovation in Italy, winning in the “Big Data Analytics” category.



INNOVATION

Its graph-based structure makes it possible to easily identify and review in greater detail relationships between different parties. Each graph node identifies a party (company, person, entity, unregistered enterprise, etc.)

COMPLETENESS

The platform shows not only connections but also detailed information about each party (Ateco code, data about revenues and employees, etc.)

INTEGRABILITY

Designed to be easily integrated into customer operating systems, it provides an optimum user experience



In 2018, Cerved consolidated as many as **124 container families** that, in terms of development and release, deliver greater autonomy, scalability, flexibility and automation

By adopting DevOps models, a set of practices supported by automated and Lean Management tools, Cerved introduced new automation processes for the software production and release chain, enabling customers to expect secure and high quality applications delivered much more quickly.

Special attention paid to the API ecosystem enables Cerved to simplify the dialog between applications. A strong integration and information exchange component makes for faster accesses, while ensuring the scalability, control and flexibility of the developed application platforms.

Thanks to this system of application interfaces, Cerved allows a select group of developers and Fintech¹⁰ to access its data for the purpose of creating new programs and services. An example is the “Cerved Data Driven Competition,” an initiative that identifies new entities that are developing innovative products within the Fintech space using Cerved wealth of information, with a prize of 10,000 euros and the possibility of collaborating with the Group for the market launch of their project. This initiative is addressed to software developers and IT experts, as well as to Fintech startups and digital transformation companies that operate throughout Italy.

Open Innovation

Open Innovation is a paradigm that enables Cerved to create greater value and be more competitive in the marketplace by integrating digital talent into its staff, sponsoring competitions for startups, providing contributions to managed startup accelerators and activating initiatives aimed at identifying innovative startups to be assessed as potential acquisition targets. A particularly noteworthy event was the fifth edition of Osservitalia, which focused on an analysis of small and midsize enterprises ready for stock listing or to be acquired by private equity funds.



In 2018, regarding the **Data Driven Economy**, Cerved participated in, sponsored and organized throughout Italy **over 20 events** of national relevance

Also in 2018, Cerved organized the first edition of NEXT, an Italian event devoted exclusively to promoting a Data Driven culture, focused on the most innovative use of Big Data, associated with Artificial Intelligence, Automated Learning, data monetization, data visualization and blockchain. Specifically, the strategic horizon of Cerved’s Open Innovation encompasses the growth prospects related to the Distributed Ledger and cryptocurrency world. One of the projects worthy of mention in this area is the development of new modalities for processing encrypted data through the implementation of the most innovative methodologies associated with Secure Multiparty Computation.

10. Fintech shall be understood to mean the ecosystem of businesses that are accelerating the digitization and automation of the banking and financial system, using innovative technologies that make the system more efficient.

Partnership

In 2018, Cerved continued to pursue strategic partnerships to integrate specialized competencies and knowhow, drawing from the development capital of university research entities and startups.

Through its ongoing relationships with specialized businesses and an important community of data scientists, programmers and consultants, the Group improved its market position, successfully embracing strategies that are part of the disruptive innovation era.

For example, the Cerved Data Driven Competition mentioned above was implemented thanks to a partnership with the Fintech District, an open community that aims to be the reference point for the Italian Fintech, promoting collaboration, networking and open innovation and facilitating the aggregation of Fintech operators, supplier of technology and investors

Also in 2018, Cerved continued its collaboration with Lventure & LuissEnLabs, financing the new AI WORKLAB 2.0 incubator program, devoted to startups and talents who wish to develop innovative Artificial Intelligence applications synergistically with businesses. To validate their projects, participants can have access to direct interaction with managers and experts from established entities.



AI WORKLAB
Call4ideas is the incubation program focused on Artificial Intelligence

QUALITY OF PRODUCTS AND SERVICES

Cerved operates in the Business-to-Business (B2B) area offering products and services that encompass a broad offering of data, information, services and scores. The high quality of its offering delivers to customers tangible results and an increase in competitiveness.

An important project finalized in 2018 resulted in the convergence of the business information and credit collection services in a single platform, with the unification of all sales networks: this reorganization was followed by the definition of the development guidelines for Cerved's offerings in 2019.



It is estimated that financial and commercial loans totaling **1,500 billion** euros* are distributed and monitored each year, based also on information provided by Cervedzioni fornite da Cerved

*internal estimate



With an **accuracy ratio** of **76%**, Cerved Group Score is used by some banks as a benchmark in deciding whether to grant or deny a credit line

Credit Information

Given the impact that economic information has on the system, Cerved developed its own main score (Cerved Group Score), which, thanks to an accuracy ratio¹¹ of 76%, offers a result comparable to the one obtained with the IRB (Internal Rating-Based approach) models approved by Banca d'Italia.

In addition, to meet the needs of banks and financial institutions, the entire main backend of the service delivery platforms (Silos Credit Desk) was redesigned, including the MonDo monitoring system, a solution to determine whether the conditions for granting a loan continue to be met.

With the aim of preventing money laundering, Cerved completed its offering of services for the risk both of money laundering and the financing of terrorism, in partnership with Hawk S.r.l, a specialist in this area.

New tools and decision-making systems were implemented:

1. the web version of Credit Board
2. Credit Limit Web
3. an online platform to purchase solutions and services with a credit card

In addition, the range of international services was expanded, with the addition of 20 countries. With regard to the Business Decision area, the Cerved Credit Suite reports were integrated into the platform, together with the CGs-x Utilities score, which summarizes the information drawn from the Cerved archives and SIC Experian.

Marketing Solutions

To broaden the its product range in the areas of digital marketing services and Sales & Marketing solutions in support of Italian companies, Cerved signed agreements with and acquired leading players in Italian web marketing, including a majority equity interest in SpazioDati and Pro Web Consulting, and purchased some Bauciweb business operations.

The strategic objective is to create value for customers offering high quality consulting services thanks to the synergies that will be developed among subsidiaries.

In 2018, the marketing teams worked on a new Marketing&Sales product line, with more innovative solutions in the digital marketing area, which are scheduled to launch in 2019.

11. The accuracy ratio synthesizes the predictive capacity of a credit rating assessment model.

In 2018, the Group relaunched Cerved Connect, a new application that provides immediate access to the Cerved data inside the Salesforce platform, a global leader in customer relationship management. This new tool expands the customer data files, identifying new business opportunities.

Credit Management

Cerved engages in credit assessment activities and offers services for extrajudicial recovery, through an amicable procedure of a communicational, administrative and legal nature that delivers a quick and low cost resolution.

The Group offers packages of services that enable customers to outsource the management of collections through actual guided paths, selected and integrated in accordance with specific customer needs. With regard to services for financial institutions, Cerved offers specialized solutions for the remarketing of personal property and real estate assets that deliver lower management costs and faster resale speed.

During the past 12 months Cerved:

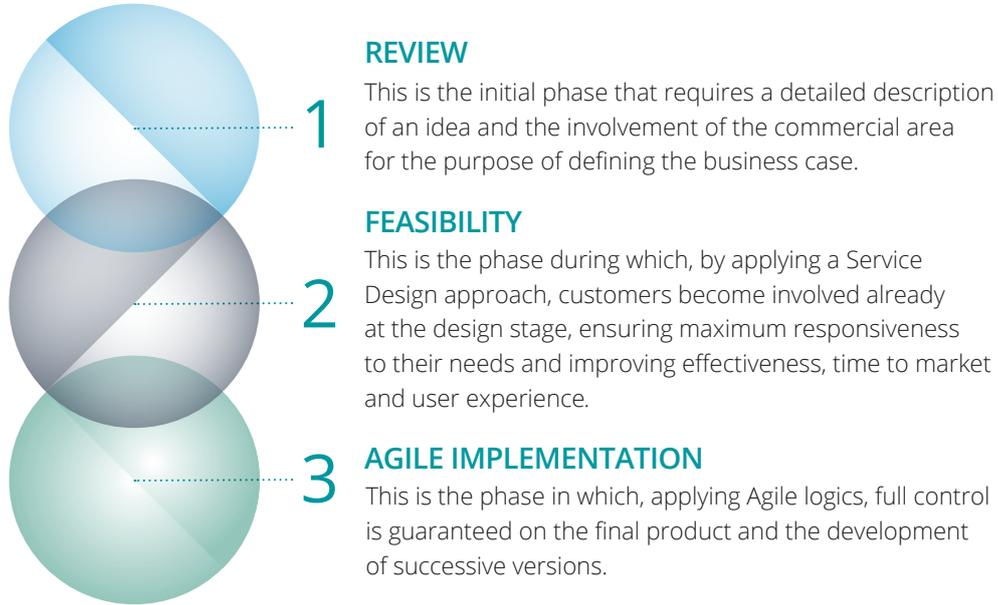
- a** entered the market for the Management of PA receivables, i.e., receivables owed to SMEs by the Public Administration
- b** launched Recoverability Assessment, a new service to assess troubled loans for the purpose of activating judicial proceedings
- c** introduced Collection Score, a solution designed for differentiated recovery based on the type of debt and debtor, which highlights the positions on which it is best to invest on a priority basis
- d** launched Credit Management Collection Score Web App, a solution conceived to enable companies and professionals to assess past due receivable, determining the true possibilities of recovery



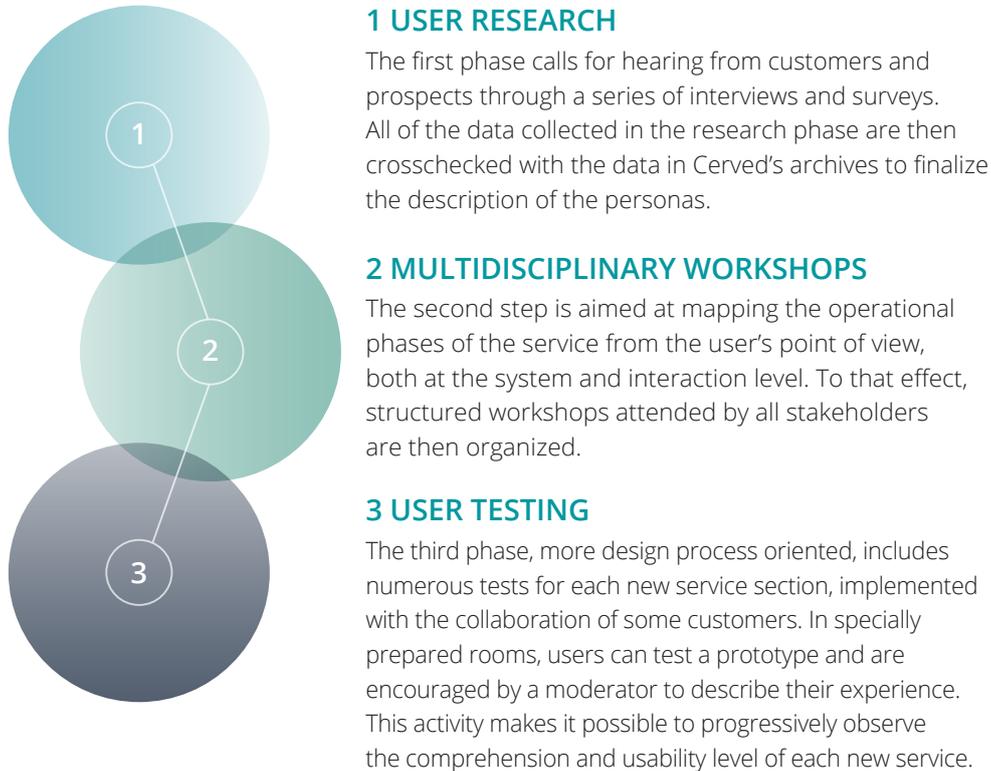
14,5 billion euros in nonperforming loans originated by the Monte dei Paschi di Siena Group have been serviced by Cerved Credit Management under a special servicing agreement executed with the master servicer Credito Fondiario S.p.A.

Product development

Quality and speed in the development of products and services are guaranteed by a rigorous process guided by the Group's Marketing Function, carried out in three main phases:



The main innovations introduced in the three phases by the Service Design team are:



INTEGRITY AND INDEPENDENCE OF INFORMATION

As part of its business information activity, Cerved collects and processes information in compliance with industry regulations. Compliance with the provisions of the Privacy Code and the Code of Deontology ensures respect of the right of the parties being surveyed and any individuals or other interested parties linked with them economically.

Specifically regarding the activity of Cerved Rating Agency, in order to ensure the quality and integrity of the rating process and the independence of the assessments, the company adopted a Corporate Governance Code in line with the principles proposed by IOSCO (International Organization of Securities Commissions). In addition Cerved Rating Agency publishes each year a Transparency Report designed to explain to the market and the interested parties all the information needed to understand its governance, main policies and the activities of the control functions.

The information processed by the Centrale dei Bilanci (CeBi) area is relevant to the extent that it is included in most of the Credit Information services supplied by Cerved. Specifically, CeBi oversees the development and maintenance of the scoring suite called CGS – Cerved Group Score, on the basis of which the credit reliability of the parties queried on Cerved's platforms is assessed.

The adoption of formally established and audited analysis processes and procedures safeguards the objectivity of the analyses performed, the quality of the analyzed data and the reliability of the models' results. In this context, official technical-operational standards, control procedures, dedicated reports and a process for the continuous monitoring of proprietary models were formally established.

In 2018, Cerved's CGS model underwent the annual backtesting activity, which did not detect any performance shortcomings significant enough to require intervention to re-estimate its assessment components. Also in 2018, CeBi developed a new CGS scoring model dedicated for so-called Third Parties, i.e., resellers of Cerved information. In addition, among its activities CeBi supplies some information services directly under agreements with Italy's main banks. For these services, called SIEF, SURC and SIAM, CeBi performs a centralization function for consortium activities.



Each Group company defined the action guidelines that should be adopted for

- data processing
- the assigned responsibilities and the company's entities responsible for data processing
- minimum security measures



45 consulting projects were promoted in 2018 by the **Ce.Bi** area through a model development and data processing model, revised in light of the new provisions of the GDPR

Social responsibility and towards people

Material topics	Objectives and management modalities	Actions in 2018
Diversity and equal opportunities	Guarantee equal opportunities to all employees, without discrimination	<ul style="list-style-type: none"> ✓ Implementation of the Smart Working project
Industrial relations	Monitor legal and contractual issues, contributing to the management of human resources and the company's operating activities	<ul style="list-style-type: none"> ✓ Constant commitment to social dialog ✓ Consolidation of wellbeing and work-life balance issues, in accord with social partners ✓ Sharing of the criteria for bonus determination
Health and safety	Safeguard employee health and safety	<ul style="list-style-type: none"> ✓ Offering of fire prevention, first aid and defibrillator use courses ✓ Installation of defibrillators
Talent and training	<p>Provide the company with the best resources for the performance of its activities and the achievement of strategic objectives</p> <p>Foster the continuous development of competencies and knowhow in line with the company's objectives</p>	<ul style="list-style-type: none"> ✓ Attendance at university career fairs ✓ Establishment of an Attraction and Talent Development unit ✓ Introduction of innovative recruiting methods (e.g., Cerved Next Campus) ✓ Development of customized training paths (e.g., Cerved Academy) ✓ Strengthening of the internal job posting platform (BralN) ✓ Implementation of onboarding (Buddy) projects
Wellbeing, work-life balance and employee engagement	Ensure the wellbeing of Cerved employees	<ul style="list-style-type: none"> ✓ Extension of benefit plans and special arrangements ✓ Implementation of surveys ✓ Offer of flexible work schedules ✓ Smart working
Management of suppliers and relations with strategic partners	Select the best suppliers based on economic criteria and environmental and social responsibility	<ul style="list-style-type: none"> ✓ Updating of technical specifications and valuation criteria integrating environmental and social requirements
Relations with institutions	Support institutions and policy makers in economic and political decisions	<ul style="list-style-type: none"> ✓ Organization of events ✓ Mailing list of conducted studies and observatories ✓ Meeting with the IMF and Banca d'Italia regarding credit issues
Respect of human rights	Promote and support respect for human rights	<ul style="list-style-type: none"> ✓ Implementation of the Code of Ethics ✓ Hiring of employees consistent with the regulations in effect in the countries where the company operates

RELATIONSHIPS WITH THE PEOPLE OF THE GROUP

The Cerved world: our culture and our DNA

Diversity as value

As a company always mindful of the issues of diversity and equal opportunity, Cerved puts the inclusion and empowerment of its employees at the center of its value system.

As stated in the Code of Ethics, the commitment to guarantee equal right to all of the Group's people must be reaffirmed every day.

No forms of discrimination of any kind are allowed and no type of retaliation is permissible against anyone who complains about any occurrences of discrimination, hostility or harassment.

In practice, these principles translate into the offering of equal opportunities to candidates during the recruitment, assessment and career development phases, as well as in the attribution of compensation based exclusively on criteria concerning professional competencies and the role performed.

The achievement of these objectives is pursued through the ongoing monitoring of compliance with diversity and equal opportunities within the Group, thanks to accurate analyses about gender parity and protected categories.



We generate value by respecting the people of the Group and the stakeholders who work with us



62% of Cerved's employees are women and **3,5%** belong to protected categories

INCLUSION IS AT THE CORE OF OUR VALUES

YES

- Guarantee the same rights for all of the Group's people
- Foster inclusive practices
- Foster equal pay for equal work practices
- Foster equal opportunities for everyone based exclusively on meritocratic criteria

NO

- Discriminatory practices based on diversity factors of any kind
- Hostile / discriminatory behavior

NUMBER OF GROUP EMPLOYEES BY PROFESSIONAL CATEGORY AND GENDER AT DECEMBER 31

	2017			2018		
			Total			Total
Executives	84% 	16%	69	84% 	16%	80
Managers	63% 	37%	306	63% 	37%	354
Other employees	31% 	69%	1.617	31% 	69%	1.822
Total	38% 	62%	1.992	38% 	62%	2.256

NUMBER OF CERVED GROUP EMPLOYEES BELONGING TO PROTECTED CATEGORIES AT DECEMBER 31¹²

	2017			2018		
			Total			Total
Executives	-	-	-	-	-	-
Managers	1	-	1	1	4	5
Other employees	24	44	68	29	45	74
Total	25	44	69	30	49	79

With regard to the gross annual compensation (GAC), estimates show that, taking the GAC of a man as 100, the median compensation of a woman is about 93% for executives and managers and 88% for office staff.

People at the center

Concern for the quality of life and the wellbeing of the people who work at the Group is of fundamental importance and translates into concrete actions aimed at guaranteeing a positive employee experience.



58% of employees voluntarily enrolled in the company welfare program

COMPANY WELFARE

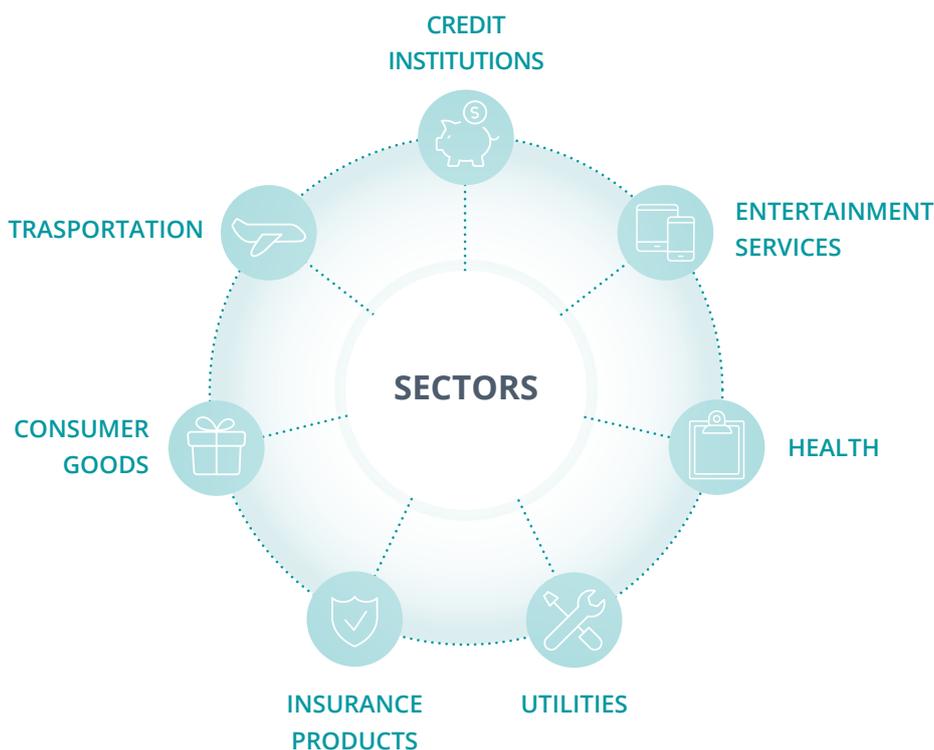
In 2018, Cerved inaugurated Company Welfare, a project conceived for and with the employees who qualify for the performance bonus, who were given the option of either asking that it be disbursed through the pay stub or earmarking it for welfare services, including free 730 service and the possibility to allocate the welfare amount, or part of it, to the pension fund. Other feature of this successful program include greater buying power, flexibility and an innovative digital communication mode (classroom based training, live video of Q&A and community on Workplace).

¹². In 2017, Romania was not included in these data. In 2018, there were no employees belonging to protected categories among the staff of the companies that operate in Romania.

THE GROUP'S SPECIAL ARRANGEMENTS

In 2018, as part of its wellbeing programs, Cerved launched the Corporate Benefit platform, in which the employee dedicated special arrangements were renewed. All special arrangements are communicated through a dedicated group on the social enterprise platform (Workplace).

The main sectors in which special arrangements are available are:



OUR BENEFITS

With the Supplemental Company Collective Bargaining Agreement Cerved offers to all employees several benefits, including:

- Extension of the *post partum* part-time work schedule by 12 months more than under the National Collective Bargaining Agreement
- Work schedule flexibility
- Possibility to request an advance from the severance benefit fund
- Paid leaves, charged in full to the company, for medical specialist visits or illness/indisposition
- An extra day off for fathers, beyond leave required pursuant to law, upon the birth of a child



1.400 employees
one day a week
Private domicile/coworking space

OPERATION SMART CERVED

Mutual trust, empowerment and focus on wellbeing are the pillars of smart working, an agile and ecosustainable work modality that enables employees to perform their activities remotely, without the need for a physical presence in the office. After a successful pilot program in 2017, smart working was extended to various areas of the company in 2018.

Work at Cerved? Yes, thank you!



72% of employees responded to the survey



The satisfaction index exceeded those of the benchmark companies



80% of employees would recommend working at Cerved to a friend



Cerved Workplace

- Social Collaboration platform
- Dynamic, informal and immediate
- To foster integration and sense of belonging
- Innovative tool for communicating, sharing, collaborating

Health and safety

In line with the Group's values, safeguarding workplace health and safety for all employees is at the center of the company's commitment. This issue is addressed through organizational measures consistent with the requirements of Legislative Decree No. 81/2008 (Uniform Occupational Health and Safety Code).

A Risk Assessment Document is prepared for each Group company, consistent with regulations and company structures. In this regard, reports on the outcome of the activities of the Oversight Boards that verify content and evaluate management activities are submitted periodically. In addition, meetings are held at least once a year with the members of first aid and fire-fighting teams to review the main critical issues and implement appropriate corrective actions. Lists of the members of the emergency teams and the emergency and evacuation plans, designed to achieve proper handling of safety issues at all locations are posted on the company's Intranet.

Focus On project

To better understand their opinions and expectations towards Cerved, employees were asked to respond to a questionnaire shared within the Workplace's Focus On group.

People were engaged through an instant win system in which the prize was a training course in the digital area.

The objective was to test the results with a sample of employees from different areas of the Group and different seniority levels. This made it possible to produce summary reports, starting point for the construction of tomorrow's Cerved through targeted action plans that will be developed in 2019.

The prevention initiatives mentioned above are bolstered by constant attention to the mandatory training required by Legislative Decree No. 81/08, concerning the protection of employee health and safety and the training of emergency teams.

Health and safety at the company

- 🕒 Drafting of the Risk Assessment Document
- 🕒 Constant interaction with the Oversight Boards
- 🕒 Annual meetings with the members of the first aid teams

HEALTH AND SAFETY INDICATORS OF THE CERVED GROUP IN 2018¹³

2018	Men	Women	Total
No. of workplace accidents	-	1	1
<i>No. for Cerved Rating Agency S.p.A.</i>	-	1	1
No. of workdays lost due to workplace accidents	-	24	24
Italy	-	24	24
Abroad	-	-	-
No. of accidents in transit	4	12	16
<i>No. for Cerved Group S.p.A.</i>	2	4	6
<i>No. for Cerved Credit Collection S.p.A.</i>	-	2	2
<i>No. for Cerved Credit Management Group S.r.l.</i>	1	-	1
<i>No. for Cerved Credit Management S.p.A.</i>	-	2	2
<i>No. for Cerved Legal Services S.r.l.</i>	-	2	2
<i>No. for Cerved Rating Agency S.p.A.</i>	-	1	1
<i>No. for Major 1 S.r.l.</i>	1	-	1
<i>No. for Credit Management S.r.l.</i>	-	1	1
Lost workday incidence rate	0.03	0.12	0.09
Italy	0.03	0.15	0.10
Abroad	-	-	-
Injury incidence rate	-	0.50	0.29
Italy	-	0.63	0.34
Abroad	-	-	-
Occupational illness incidence rate	-	-	-
Italy	-	-	-
Abroad	-	-	-
Total No. of absence days	4,926	17,797	22,723
Italy	4,577	13,187	17,764
Abroad	349	4,610	4,959
Absenteeism rate	2%	5%	4%
Italy	2%	5%	4%
Abroad	3%	7%	6%

13. The injury incidence rate was computed in accordance with the following formula: (at work accidents/ hours worked)*1,000,000. The lost workday incidence rate was computed in accordance with the following formula: (lost work days per accident/workable hours)*1,000. The occupational illness rate was computed in accordance with the following formula: (recognized occupational illness/hours worked)*1,000,000. The absenteeism rate was computed in accordance with the following formula: (absence days/workable days)%. In 2018, no accidents were recorded for temporary employees, interns and executive directors, With regard to external associates and independent contractors, the Cerved Group currently does not monitor this information.

Industrial relations

In compliance with legal and contractual requirements, employee representatives and trade unions are important interlocutors for the Group's management. These relationships are managed through ongoing interaction and mutual acknowledgment.

Indeed, Industrial Relations represent an important support for the Group with regard to the management of human resources and the various activities of the organization, with a positive effect on the internal atmosphere.

The main issues addressed in 2018 included:



Management of vacations/leaves through the definition of collective closings



Work schedule



Smart Working



Rules for the use of work tools



Management of economic issues, with focus on the performance bonus determination and the welfare option as an alternative to the payment of the bonus in cash

Relations with offices abroad are handled by the Human Resource Department, through the Industrial Relations function, together with representatives of the business line and employee representatives, managing relationships through planned meetings. In 2018, discussion tables focused on the renegotiation of some elements of the company collective agreement and the issue of video monitoring. In compliance with the company collective bargaining agreement, and consistent with a common approach, resources employed at companies based in Romania are managed by management, the local HR Division and the Group Human Resource Department.

Management, development and training: our people are our top resource

Employee training represents an investment that generates double value: for the organization and for the people that belong to it.

The training modalities offered are a mix of the more classic activities and the tools created by the digital culture to increase and enhance the capabilities of each one.

The pillars of the training paths undertaken in 2018:

- **Managerial Skills:** activities designed to develop managerial competencies that are essential for constructing a high performing team
- **Professional Skills:** training focused on the development of professionalism building competencies and role techniques, also in view of a constant updating of the technical knowhow
- **Compliance:** training about regulations with an impact on our business and company activities
- **Wellbeing:** prevention initiatives of an informational nature aimed at promoting the wellbeing of all Group employees



Over **38,900 training hours**, or **45% more** than the previous year, provided in 2018

HOURS OF TRAINING PROVIDED AT THE CERVED GROUP AT DECEMBER 31

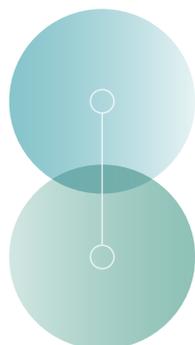
	Hours men	Average hours/men	Hours women	Average hours/women	Total hours	Average hours/category
2017						
Executives	357	6.15	139	12.59	495	7.17
Managers	1,426	7.35	815	7.28	2,241	7.32
Other employees	7,630	15.35	16,505	14.74	24,135	14.93
Total	9,413	12.57	17,458	14.05	26,871	13.49
2018						
Executives	1,435	21.42	282	21.69	1,717	21.46
Managers	679	3.06	596	4.52	1,275	3.60
Other employees	12,121	21.53	23,821	18.92	35,942	19.73
Total	14,235	16.71	24,699	17.59	38,934	17.26



"We invest in development paths for young recent graduates to **train** the Loan Managers of the future"

In 2018, to support its growth, Cerved launched new development and innovation initiatives focused on the enhancement of human capital, a true strategic asset.

Cerved Academy, a hub created in 2018 that encompasses various initiatives that support the development and growth of the Group's resources:



Sales Academy

a project that will be implemented in 2019 with the aim of growing the transversal competencies of the sales department at a moment when the range of services offered is being developed and expanded.

Road to Loan Manager

a career accelerator focused on training the Loan Managers of the future. The collaboration provided by Cerved Credit Management helped define and map the core competencies of each position. The newly recruited young employees were placed at the company and supported in their work activity by a series of tutors. Training sessions, for over 100 training hours in the first six months, enhanced competencies and professional effectiveness.

With the aim of supporting managers in the development of their leadership skills, stimulate their desire to achieve excellence level performance, promote a feedback culture and foster a process of sharing and exchanging useful for effective team leadership, we introduced executive coaching programs.

With the same aim, an important project was carried out involving front-line employees of the sales area in a change management track, designed to support the dissemination of desirable behaviors, implement organizational change and build a high performing team.

To disseminate throughout the company an adequate digital culture shaped by innovation, Cerved organized a Master Class to strengthen competencies in this area, in collaboration with the Talent Garden Innovation School and the entire sales network of Marketing Solutions, specialized in the new digital relational techniques.



In 2018, Cerved chose a **partnership with Talent Garden Innovation School** to disseminate an Agile digital and innovation culture

Also together with the Talent Garden Innovation School, Cerved held an Innovation Day dealing with digital and lean themes.

This program was carried out through implementational workshops that equipped participants with the basic tools of the Agile methodology. This initiative promoted a new mindset, creating ambassadors originating from various divisions.

Prevention and wellbeing

Following the installation of defibrillators at the San Donato, Turin and Mangone offices, Cerved developed a training path on the use of these devices, which was attended by about 80 employees chosen on a voluntary basis.

For the purpose of providing support and concern for human life, the company developed a prevention and information path about pediatric disostruction, useful for all parents at the company.

Our partnerships

In 2018, Cerved established a partnership with Università Bicocca to develop a program for the certification of the role of Credit Rating Analyst. The analysts of the Rating Agency were involved in this project, following a training path designed to consolidate their technical competencies and certify their role,

In 2018, the Group strengthened its partnership with CETIF, the Center for Research in Technologies, Innovation and Financial Services of Università Cattolica, and joined the association The Ruling Companies, which promotes the development of an advanced business culture, and HR Community, an innovative international network focused on HR issues.

These collaborative relationships, carried out through conventions and in-depth workshops, make it possible to network with other companies, sharing experiences on specific topics and the adoption of innovative practices.



Let's talk about prevention

Courses on how to use defibrillators and informational paths on pediatric disostruction



Our partners

Università Bicocca
Cetif
The Ruling Companies
HR Community

The Importance of attracting and retaining talents

Professional background and aptitude: the Group's growth must be pursued by searching for the best talents

Candidate selection as a strategic asset

The hiring of the best profiles present on the market is based on two principles: transparency and meritocracy.

Considering the importance of attracting the best talents available on the market, 2018 saw the establishment of an internal entity devoted to personnel recruiting and selection.

The objective is to be closer to the business and identify—through a careful analysis of internal needs and the context—the persons best suited for joining the company, both for their professional competencies and their personal characteristics.

Cultural fit, technical competencies, positive attitude and emotional intelligence are the characteristics under close scrutiny.

The search for the ideal candidate is conducted within the Group itself. Thanks to the Job Posting Brain—founded on the principles of transparency and meritocracy—Cerved employees can monitor the open positions at the company, becoming protagonists of their own growth.



"Cultural fit, recruitment, hiring, final feedback by all candidates to guarantee **a positive and valuable experience**, irrespective of the interview's outcome"

Cerved invests in young people, their training and the development of internal growth paths, giving ample space also to college seniors and recent graduates, selected through group assessments that can highlight their relational skills and critical thinking ability. In this phase, the line Hiring Managers and their HR colleagues play a crucial role, assessing the candidates based not on their CVs, which are no longer representative of their potential, but on their behavior and ability to reason.

THE CHARACTERISTICS OF A CERVED EMPLOYEE

- Ethics
- Resiliency
- Result oriented
- Professionalism
- Spirit
- Entrepreneurial empathy

Innovative employer branding

Employer branding is a strategic tool for positioning the Group.

Helping recent graduates understand the company's world lays the foundations for the Cerved of the future. Several activities are being carried out in this area: case studies for specific college courses, participation to Career Days at the main universities both in Italy and Romania, participation to round tables between universities and businesses.

The onboarding process

Cerved has developed an exclusive onboarding path with the aim of:

- Facilitating the inclusion of new hires in the work environment
- Broadening their network
- Fostering an understanding of the company's culture

This path relies on two main tools:

- a Welcome Event that includes an overview of the company, a detailed description of the orientation process and administrative issues, as well as a presentation of the benefits and services offered
- the designation of a buddy, i.e., a Cerved employee preferably from another structure/division who will provide support during the orientation phase. The buddy provides answers for doubts and questions regarding the Cerved world, explains how the main platforms work and organizes informal meeting opportunities to broaden each other's networks. Buddies are recruited through a Call 4 volunteer on Workplace, where any Cerved employee can be a candidate.



Enthusiastic, positive, expert about the Cerved world, the **buddy** is a key figure that helps new colleagues feel welcome and integrated in the corporate context

Cerved Next Campus: Cerved professionals for a day

- Innovative Employer Branding activity within the broader framework provided by Cerved Next
- 20 students preselected through a digital challenge
- 1 case study on the hypothetical joint launch of two company products
- 1 jury of Cerved leaders to assess the proposals
- 6 work at Cerved today

Compensation policies

To attract and retain talents, the Group developed ad hoc compensation packages that reward commitment and individual performance.

The objectives of the Compensation Plan:

1. Create value by aligning individual performances with medium/long-term business objectives, consistent with the risk profile defined for the Group
2. Promote the managerial and professional development of the persons involved through feedback opportunities with management
3. Incentivize individual recognition, rewarding individual performance and valuing the professional contribution of each one

For office staff and managers, the compensation package is comprised of two parts: a fixed portion and a variable portion. The former, which reflects a meritocratic approach, is reviewed annually and, if needed, is adjusted consistent with the principles of competitiveness with the external environment, internal fairness and individual performance. The latter consists of a performance bonus, agreed upon with the labor unions and benchmarked based on an incentive system for company targets. Starting in 2018, the bonus can also be disbursed in welfare mode for all participants.

For a portion of the Group's staff, the variable compensation includes a further reward tied to individual performance and company results. This process entails the definition of clear targets shared with the relevant manager and the possibility to receive continuous feedback about the results achieved.

For executive directors and executives with strategic responsibilities, the compensation policy is the result of a shared and transparent process in which the company's Compensation and Nominating Committee and Board of Directors perform a central role. Insofar as the sales organization is concerned, the results achieved are rewarded with special incentive systems based on quantitative and qualitative Key Performance Indicators. Each employee enrolled in the Plan may be assigned at least two and not more than four targets. All Executives (and optionally Managers who oversee employees) are assigned a "Collaborative Leadership" KPI with a weight of 10%.

Our compensation policies:

- Meritocratic approach
- Assessment of individual performance
- Alignment with company results

Three-step performance bonus

1. **Assignment of targets:** the manager discusses and officializes the targets proposed by the employee (attainment of Group EBITDA and specific individual targets)
2. **Mid-year review:** the manager monitors the progress being made towards the individual quali-quantitative targets
3. **Final performance assessment:** the manager gives to the employee overall feedback about his/her annual performance

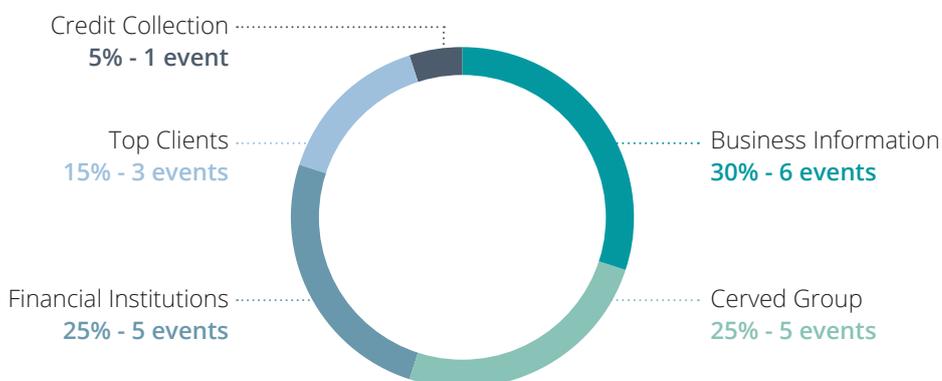
CUSTOMER RELATIONS

Cerved's priority objective is to satisfy the needs of its customers, whether in the public or private sector, and create a strong relationship based on the principles of utmost fairness, efficiency and professionalism, in line with the Code of Ethics. For this reason, the contracts stipulated with customers and any other communications addressed to them are designed in accordance with the criteria of simplicity, clarity and completeness.

In 2018, the Group stepped up the opportunities to meet and interact with customers, intensifying the planning of physical events (conventions and festivals) and virtual events (webinars) staged to support the different areas of business. These initiatives were undertaken with the two-fold objective of expanding the market and facilitating the collection of sales leads.

Name of event	Type of event	Attendees
Cerved Next	Organized	1,598
Webinar Fondo Centrale PMI	Organized	21
Giornate Studio	Organized	42
Osservitalia	Organized	489
Fondazione Bellisario	Co-organized	117
Industria Felix (4 events)	Co-organized	228
Rating Confindustria Genova	Co-organized	10
Fintech District	Co-organized	70
Webinar with Experian	Co-organized	11
Confires	Sponsored	278
Salone Antiriciclaggio	Sponsored	600
Fiera del Credito	Sponsored	2,000

External events by Business Line





Opening of the Cerved channel on YOUTUBE and Cerved's listing on Google My Business

Customer relations: tools and strategies

In 2018, with the goal of customizing ever more effectively the customer journey, the Group implemented tools and algorithms aimed at improving customer profiling and thus delivering a targeted offering of information that matched the actual interests.

At the same time, several lead generation campaigns were activated with the objective of creating new contact opportunities and broaden the customer base.

Also in 2018, with the aim of facilitating communications with users and improving Cerved's positioning on all search engines, the company released www.cerved.com, the company's new website, completely redesigned with new graphics and content and developed with SEO logic.

Cerved Next



3,661

Registered users

5

Keynotes

1,598

Participants

20+

Workshop

18

Sponsor

Customer satisfaction

The customer's central role translates into paying maximum attention and optimizing Group performance to provide a specific and timely response to customer needs. With this approach, in 2018 the Group carried out the Performance Feedback project, which made it possible to implement procedures for monitoring complaints received from customers in writing, mapping them by type and monitoring their resolution.

Also in 2018, Cerved finalized a survey aimed at assessing customer satisfaction.

In addition, also in 2018, Cerved included in its strategic industrial plans an important and innovative Customer Value Management project that encompasses:



86% of customers were satisfied or very satisfied with the service they received

1

Value creation

Analysis of customer satisfaction in terms of the real business needs

Preservation of value

Creation of next best action mechanisms customized to respond to customer needs

2

3

Sharing of value

Create customer loyalty by offering the best product at a fair price

Complaint resolution

Cerved pays the utmost attention to the prevention and resolution of any problems that could affect its four main stakeholders, i.e., end customers (the filers of the complaints), consumer associations, protection and oversight authorities and intermediate customers, namely the buyers of Credit Management services and Business Information products.

The foundations of the complaint resolution process are:

- **TRACEABILITY AND RE-TRACEABILITY OF THE COMPLAINT**
Entering the complaint into the system, with a detailed report
- **TIMELINESS**
The complaint must be resolved within 30 days from the date it was received
- **TRANSPARENCY**
Information clarity regarding the complaint filing modalities and a full accounting of the complaint resolution activity
- **CLARITY**
production of answers that must always be reasoned and well motivated
- **FAIRNESS**
Conduct must always reflect maximum fairness towards customers
- **KNOWLEDGE**
Adequate training of the personnel in charge regarding regulations and procedures
- **NO COST**
No complaint handling cost required for the complainant
- **OMNICHANNEL ACCESS**
Possibility for the complainant to choose any preferred analog or digital communication channel

Through complaint resolution, Cerved identifies area where improvement is possible and implements corrective actions. This issue impacts all processes within the organization: improvement objectives can indeed be applicable to any Group unit, ensuring fair and transparent transactions with all customers.

Glossary: Complaint

Cerved has codified a complaint as “any action by which a clearly identifiable customer—i.e., the filer of a complaint, a supervisory authority or an attorney or a consumer association representing the complainant—challenges in writing (for example, with a letter, fax or email) a conduct or an omission by Group companies.”

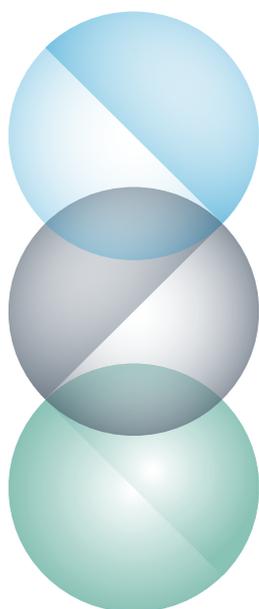
For the Credit Management and Business Information areas, the process for receiving and resolving written complains includes:

- 1 an initial classification phase
- 2 an in-depth analysis
- 3 a final review and any corrective or improvement actions

Thanks to the use of digitized records, the trend in formalized and received complaints is constantly monitored by the Credit Management and Business Information areas. The sharing of this information with management and the control functions takes place on a monthly basis through a report on the trends in written complaints, prepared on a quantitative and qualitative basis.

The Credit Management area had begun a revision of its approach regarding terminology and classification, with the aim of guaranteeing the same treatment of all complaints through a tracing, management and resolution process uniform for all portfolios. The establishment of a second-level organizational unit tasked with monitoring specific situations (e.g., high risk cases) is also under consideration.

Lastly, processes to monitor improvement activities are being defined, which will make it possible to anticipate and satisfy customer need in a more proactive and innovative way. The complaint resolution activity is carried out through a Quality Based model using the following resolution approaches:



PREVENTIVE APPROACH

which engages with an end-to-end modality the employees responsible for resolving customer complaints in all operating processes

OPERATIONAL APPROACH

which creates a consultant type and horizontal relationship with the other organizational units, to define control safeguards and provide legal support to address business needs aimed at achieving commercial and performance objectives

PROACTIVE APPROACH

which identifies the areas that need improvement in all company processes with a Quality Based model, formalizing the remedial action plans and monitoring and supporting their implementation

RELATIONS WITH INSTITUTIONS

A responsible management of the relations with institutions and the Public Administration is a strategic priority for the Group.

Cerved's role as a preferential interlocutor of numerous national and international institutions is supported by a store of data, information and assessment unique at the national level. In 2018, activities in this area were carried out primarily by organizing and attending events such as Osservitalia or press release, and sending completed studies and observatories to mailing lists.



Cerved collaborated to the definition of programs for the disposal of nonperforming loans

Since 2017, the process of engaging with institutional counterparties has been defined in a more structured manner, thanks in part to the support of a consulting company. In 2018, the Group continued to provide pro bono data, information and assessments to institutions and policy makers, so as to support them in making decisions regarding economic and political issues and in the legislative realm.

Several national and international entities used Cerved's data and analyses to interpret developments concerning credit access by SMEs, the reform of bankruptcy laws and the evolution of Nonperforming Loans.

The main interlocutors include:



Associazione Bancaria Italiana (ABI)



Confindustria



Banca d'Italia



Organisation for Economic Cooperation and Development (OCSE)



Fondo Monetario Internazionale (FMI)



Cerved's involvement in the Public Affairs arena includes monitoring legislation with the aim of obtaining information regarding all of the activities of its main stakeholders that are relevant for its business. This activity is bolstered by the consolidation of relationships with the reference institutions, the strengthening of the company's institutional presence, at the national and international level, and its contribution to the legislative and decision-making process through ideas, data and position papers aimed at correctly informing institutions and stakeholders.

Insofar as relationships with the Italian Public Administration are concerned, Cerved developed the Cerved PA Portal, a vertical portal that offers information on entities that operate in and for the Public Administration sector.

Cerved collaborates with several associations, including:

- ANCIC (Associazione Nazionale tra le Imprese di Informazioni Commerciali e di Gestione del Credito)
- UNIREC (Unione Nazionale Imprese a tutela del Credito) and, through this one, Fondazione Forum Unirec-Consumatori
- BIIA (Business Information Industry Association)
- European Committee of Central Balance-Sheet Data Offices
- Tavolo di Studio sulle Esecuzioni Immobiliari (T6)
- Big Data Value Association (BDVA)
- ASSIRM (Associazione Italiana delle Ricerche di Mercato, Sociali e di Opinione)
- ASSONIME (Associazione fra le Società Italiane per Azioni)

Studies and analyses

The Research Department of the Cerved Group conducts analyses and research projects that make it possible to decode trends in the Italian entrepreneurial context. These studies, which combine rigorous analyses with a readily understandable language, are available free of charge on the know.cerved.com portal.



A number of research reports were published in 2018, many of which were conducted in partnership with other institutions:

- Cerved SME Report 2018
- Observatory on Corporate Venture Capital with Smau, Assalombarda and Italia Startup
- Report on New Nonperforming Loans with ABI
- Report on Business Credit with Assalombarda
- Report on bankruptcies and composition with creditors proceedings
- Report on Financial Statements
- Report on Payment Behaviors
- Cerved Industry Forecast
- Evolution of the Nonperforming Loan (NPL) Market

The **Cerved SME Report**, which is published annually, provides a snapshot of the economic and financial health of Italian small and midsize enterprises. The report is accompanied by a more in-depth monograph, which in 2018 was devoted to an analysis of the SMEs that are ready for stock listing or being acquired by Private Equity funds. The content of the monograph represent an organic summary of several quarterly studies focused on each individual economic observatory; some more in-depth versions for Central-Northern Italy and Southern Italy were later developed in collaboration with Confindustria.

Confirming its attention to financial education, the Group will add to its know.cerved.com portal an Educational section where some complex and structured issues of economic interests are presented in a straightforward manner, making the content readily understandable. In 2018, several tools and educational videos were also published, presenting in a clear and intuitive fashion laws, regulations and rules of conduct concerning companies and their businesses.

The know.cerved.com website also features a Cash Flow Calculator, a tool that can be used to input a company's economic and financial data and measure its liquidity easily and quickly. Additional information provided includes infographics with specific sector outlooks and numerous interviews and articles.

Also in 2018, the Group presented the fourth edition of the Mini-Bond Observatory, a report devoted to debt securities issued by small and midsize enterprises, edited by the School of Management of Milan's Politecnico in partnership with the Cerved Rating Agency. Lastly, within the context of the Industry Advisory Board of Italia Startup, a Third Observatory of Italian Open Innovation Models and Corporate Venture Capital, promoted by Assalombarda, Italia Startup and Smau, in partnership with BTO Research and Cerved, was published.

RELATIONS WITH ANALYSTS AND INVESTORS

Cerved's Investor Relations team (which also handles Corporate Development and Mergers & Acquisitions) primarily manages relations with analysts and investors and is committed to communicating public information transparently and in accordance with current laws, thereby creating value both for the Group and its stakeholders.

In 2018, Investor Relation activities focused on:

- preparing and making available documents concerning quarterly results and documents for the Shareholders' Meeting
- attending events with the financial community and investors
- carrying out Investor Care and prospect targeting activities
- monitoring analyst estimates and internal reconstruction of consensus estimates
- monitoring the performance of the Cerved stock
- organizing ad hoc events (Investor Day and Open Day)
- monitoring and updating the main regulatory changes enacted

15 International Conferences

1 Investor Day

60+ Conference calls (call consecutive/follow-up calls)

20 Non-deal roadshow

1 Open Day

20+ More than 20 meetings at Cerved Group, at the request of investors

RELATIONSHIPS WITH SUPPLIERS AND COMMERCIAL PARTNERS

Given the mainly material-free nature of its business, Cerved's main purchases are from suppliers of work and services, mainly of an intellectual nature. As for allocation, virtually all of the Group's 2,600 suppliers are located within Italy's territory, consisting of Italian suppliers or multinational companies with offices in Italy.

The selection of suppliers is carried out through a dedicated procedure for procurement transaction and the consultation of the "Cerved Group Score," combined with high level market scouting. The merchandise categories with a higher environmental impact are the subject of cost management activities and renegotiations, with the aim of reducing consumption and greenhouse gas emissions.

SUPPLIERS OF THE CERVED GROUP AT DECEMBER 31

	2017	2018
Suppliers		
Total number of suppliers retained by the Group	About 2,300	About 2,665
Percentage of total revenues with local (Italian) suppliers	About 90%	About 90%

The procurement process, was revised in 2018 with the introduction of environmental sustainability and social responsibility criteria for all of the company's procurement activities. Special attention was devoted to calls for tenders procedures: in these cases, access to the selection process is conditional on the vendor meeting certain income and financial criteria and, if possible, environmental and social criteria.

The issues thus identified are monitored on an ongoing basis through specific procedures defined in the technical specifications. Specifically, in order to verify compliance with the requisite environmental and/or social standards, vendors must undergo detailed on desk and on site verifications for the entire duration of the contract.

Technical specifications govern the activities, including those of an environmental or social nature, that vendors must be able to control in order to be qualified; they include:

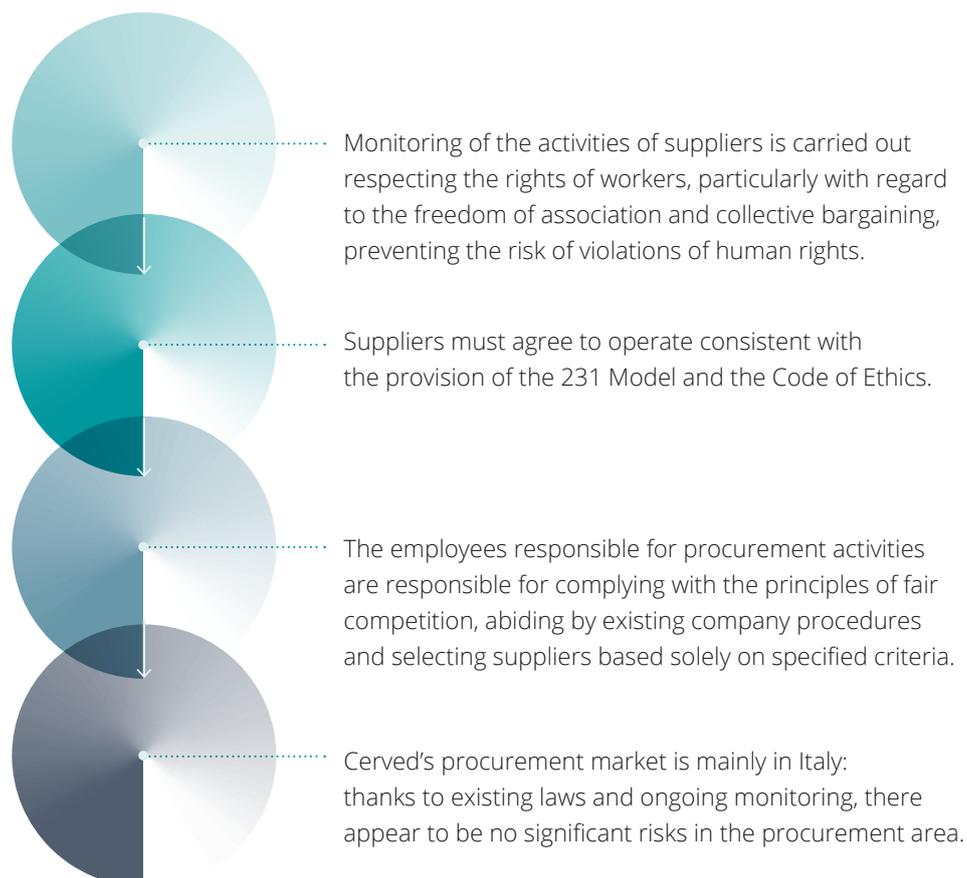
- environmental certifications regarding waste disposal
- planning and designing activities and performing specific field analyses

Some beneficial/penalizing assessment criteria for scoring computation:

- Type of products used (e.g., Ecolabel certification)
- Energy management activities
- Experiences and proposals to reduce environmental impact
- Experience and proposals for social responsibility policies (e.g., certifications)

The innovations introduced in 2018 were adopted for the calls for tenders for the facility management services of the Group's buildings. The calls for tenders, which applied to the cleaning, maintenance and security of buildings and mechanicals, were carried out in Italy and involved about 120 vendors.

Respect of human rights

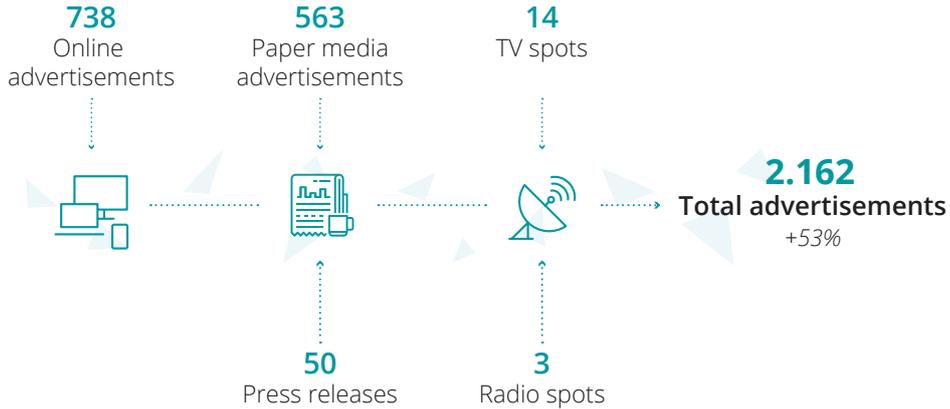


In 2018, the vehicle fleet underwent a process of gradual renewal, aimed at disposing of the more polluting automobiles and replacing them with new high energy efficiency vehicles. An in-depth analysis based on the concept of energy efficiency got under way with the aim of identifying for each driver the automobile that best satisfied his/her needs and was also capable of lowering consumption and the environmental impact.

RELATIONS WITH THE MEDIA AND THE COMMUNITY

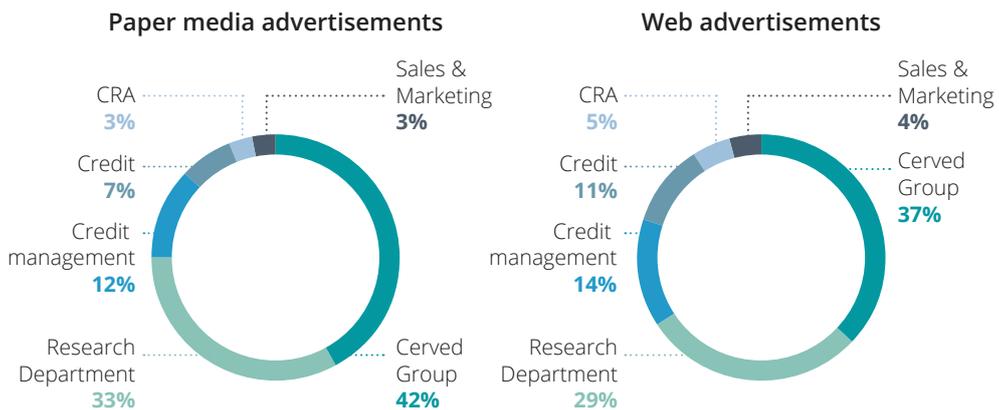
Advertising and presence on local, regional and national, online and paper information media is entrusted to an external agency that functions as a press office.

Advertising campaigns aim at highlighting the numerous initiatives promoted and sharing the results achieved, working to bolster brand awareness, the Group's brand identity and the personal branding of Cerved's top managers.



Information about events, studies, financial results, acquisitions and other particularly significant activities is disseminated by means of press releases or through one-on-one meetings with newspaper editors.

Business Line Media Coverage



All radio and TV advertisements are generated from content produced by the Research Department
 Period: January 1 – December 31, 2018

A total of 50 press releases were issued during the year and the public relation activity to consolidate relations with economic and sector media and strengthen the Group's positioning continued.



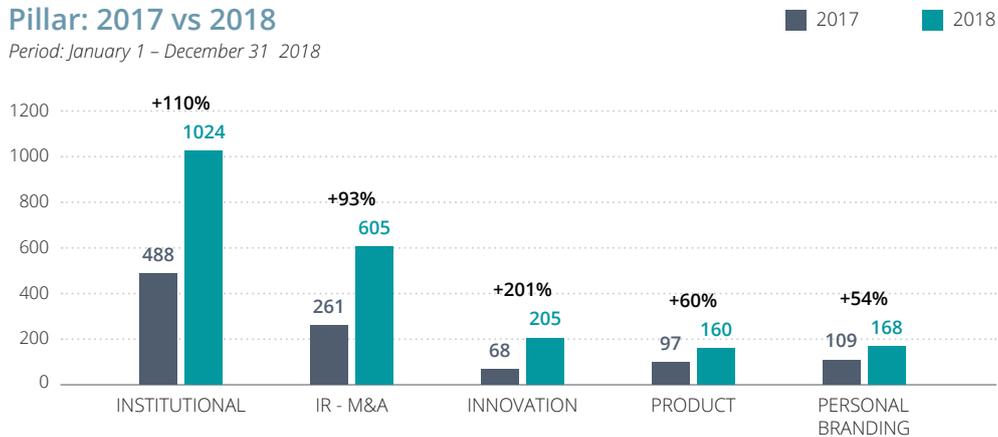
+201% the number of **articles** about **innovation**, driven by Cerved Next, Fintech and AI

The high number of articles (more than 2,000) confirms the growing attention by the press, an engagement by the Group now firmly established in the territorial and national, specific or scenario related dynamics and attests to the acknowledgment of the company's role among Italy's main players.

This commitment is bolstered by the concurrent promotion of all Group activities, which is planned from time to time, through in-depth interviews about specific topics, involving in different ways the relevant managers. At the request of journalists, the Group provides processed data information and analyses regarding micro and macroeconomic developments.

Pillar: 2017 vs 2018

Period: January 1 – December 31 2018

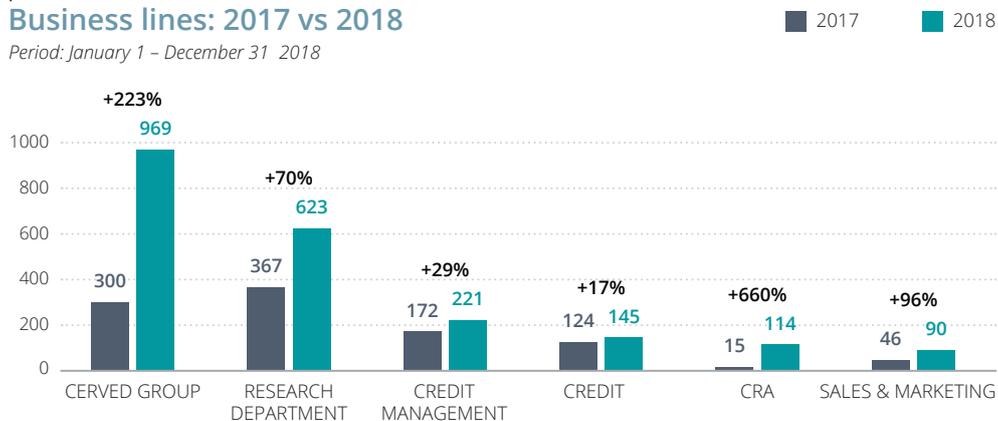


Institutional advertising is growing: it is the journalists who are now calling us, looking for numbers and research. The number of innovation themed articles **is up 201%**, driven by Cerved Next, Fintech and AI. Very well for **personal branding** and **product advertising** (+60%).

Nel corso del 2018 la comunicazione relativa ai prodotti e servizi Cerved è salita del 60%

Business lines: 2017 vs 2018

Period: January 1 – December 31 2018



The Research Department continues to be the main provider of newsworthy content, even though the business lines with the highest number of advertisements are **Cerved Group** and **CRA**. CRA's positive result is mainly due to the news story «what happens to Italy in the event of default». Cerved Group grows because we are increasingly using content from the Research Department to position the brand, the top managers and the product.

The initiatives in which Cerved participates to foster the development of the local community and strengthen the social fabric are also of fundamental importance.

Milano City Marathon: Cerved supported the RunChallenge project promoted by the PlayMore! Association to introduce disabled children to running. The Group participated to the solidarity race with two company relay teams, each comprised of four employees. The eight runners/fundraisers were able to raise additional funds for each relay race through sponsorships provided by colleagues and friends.

Collegio Universitario di Torino Renato Einaudi: In 2018, Cerved provided a donation aimed at improving the offerings of the Collegio, which is not just a welcoming and stimulating community where students can interact and establish constructive, deep and lasting bonds, but also a place of personal growth and a life school to grow as persons, citizens and professionals.

Comitato Maria Letizia Verga: Cerved supported with a donation this organization that devotes its activity to the study and cure of child leukemia. The offering of qualified medical and psycho-social assistance guarantees for the young patients the highest possibility of being cured and a better quality of life.

The employees also took part in a fund raiser to support research and were involved in the #UnoDueTreStella initiative bringing actual games to the Committee's children

Environmental responsibility

Material topics	Objectives and management modalities	Actions in 2018
Environmental management policies and systems	Promote an efficient use of resources and reduce the company's environmental impact	<ul style="list-style-type: none"> ✓ Renewal of the automobile fleet to reduce impacts ✓ Activities to increase awareness ✓ Gradual increase of the energy efficiency of company facilities

ENVIRONMENTAL IMPACT

In 2018, the Group further improved and broadened the strategies pursued in 2017, continuing to translate its sustainability objectives into concrete results. Consistent with this approach, smartworking was adopted at all facilities with the aim of further reducing employee travel and minimizing the environmental impact from the use of transportation equipment.

In keeping with a resource conservation approach, new campaigns were promoted to increase environmental awareness among employees.

The entire organization redoubled its environmental commitment working on different issues tied to the energy efficiency of buildings: new requirements were added to maintenance contracts designed to optimize consumption and environmental diagnostics. In 2018, the Bari office relocated to a new facility with high energy performance (A1), leveraging the sustainable use of energy source specific to the Group's operating context.

At the San Donato Milanese office, the windows were fitted with sun control films that optimize equipment performance, help reduce energy consumption and improve interior comfort.

ENERGY CONSUMPTION OF THE CERVED GROUP AT DECEMBER 31^{14 15}

Type of consumption	2017	2018
	Total in GJ	Total in GJ
Electric power consumed	15,619.73	12,101.61
<i>Total purchased</i>	<i>15,619.73</i>	<i>12,101.61</i>
Natural gas	2,473.78	2,617.28
Gasoil	214.39	257.26
Fuels used for the automobile fleet		13,298.55
<i>Gasoil used</i>	<i>-</i>	<i>13,167.88</i>
<i>Gasoline used</i>	<i>-</i>	<i>130.66</i>
Consumption of nonrenewable fuels	2,688.17	16,173.09
Electric power, heating and cooling purchased for consumption	15,619.73	12,102.61
Total energy consumption	18,307.90	28,275.71

DIRECT GREENHOUSE GAS EMISSIONS (SCOPE 1) OF THE CERVED GROUP AT DECEMBER 31

Type of nonrenewable fuel	2017 ¹⁶	2018
	Total in tCO ₂	Total in tCO ₂ e
Natural gas	138.28	152.15
Heating gasoil	15.77	17.62
Fuels used for the automobile fleet	-	1,170.75
<i>quantity for auto diesel</i>	<i>-</i>	<i>1,160.07</i>
<i>quantity for auto gasoline</i>	<i>-</i>	<i>7.15</i>
<i>quantity for hybrid auto</i>	<i>-</i>	<i>3.52</i>
Total	154.05	1,340.52

GREENHOUSE GAS EMISSIONS GENERATED BY ENERGY CONSUMPTION (SCOPE 2) OF THE CERVED GROUP AT DECEMBER 31 (LOCATION BASED)¹⁷

Type of nonrenewable fuel	2017	2018
	Total in tCO ₂	Total in tCO ₂
Electric power purchased – Italy	1,627.06	1,173.66
Electric power purchased – Romania	-	28.88
Total	1,627.06	1,202.53

14. The company's consumption data are computed based on invoices and bills (electric power and natural gas used for heating and bathroom hot water) and through purchasing documents (gasoil for heating) or fuel vouchers (gasoil for transportation). The portion of the data attributed to offices leased for a rent that includes consumption were estimated.

15. Compared with 2017, consumption data by the Group's foreign offices are included. The data for energy consumption are partially estimated.

16. Source of emission factors: UK Government GHG Conversion Factors for Company Reporting - Conversion Factors 2018 – Fuels, table of national standard parameters, 2017 update.

17. Source of emission factors: Terna, international comparisons 2016.

GREENHOUSE GAS EMISSIONS GENERATED BY ENERGY CONSUMPTION (SCOPE 2) OF THE CERVED GROUP AT DECEMBER 31 (MARKET-BASED)¹⁸

Type of nonrenewable fuel	2017	2018
	Total in tCO ₂	Total in tCO ₂
Electric power purchased – Italy	2,018.03	1,564.88
Electric power purchased – Romania	-	43.31
Total	2,018.03	1,608.19

By embracing dematerialization and last-generation digital technologies, Cerved significantly reduced its paper use, achieving a more sustainable business development. An example indicative for all is the Group's information database: the switch from the Oracle operating system to the Graph Nei4j platform (totally transactional database integrated into the applications) contributed a further saving in the use of paper materials.

Another issue to which the Group pays attention is the disposal of waste. In compliance with existing laws, Cerved carries out a separate collection of hazardous and non-hazardous waste, including the disposal of batteries. Hazardous waste is monitored and disposed of in accordance with the CER code, as listed in the SISTRI form (or waste identification form) and in the chronological register (or incoming and outgoing waste register).

WASTE (IN TONS) BY TYPE AND DISPOSAL MODALITY OF THE CERVED GROUP AT DECEMBER 31

Disposal modality	Hazardous	Non hazardous	Total	% Total
2017¹⁹				
Recycling	0.501	55.09	55.591	100%
<i>paper</i>	-	6.862	6.862	12.3%
<i>toner and/or printer cartridges</i>	-	0.316	0.316	0.6%
Total	0.501	55.09	55.591	100%
2018				
Recycling	-	9.5	9.5	99.2%
<i>paper</i>	-	-	-	-
<i>toner and/or printer cartridges</i>	-	0.076	0.076	0.8%
Total	-	9.576	9.576	100%

For the disposal and toner collection service available at all offices, the Group relies on the ONLUS Vestisolidale cooperative, which is a nonprofit entity that provides personal, environmental and social services, focusing on employment opportunities for disadvantaged individuals.

18. Source of emission factors: European Residual Mixes 2017.

19. The data for 2017 were determined based on extraordinary disposal transactions that included all of the activities related to the relocation of the headquarters from Milan to San Donato Milanese and the closure of three company offices (Brescia, Prato and Verona).

Note on methodology

This document represents the Consolidated Non-financial Statement, (hereinafter also "NFS" or the "Sustainability Report") prepared pursuant to Legislative Decree No. 254/16 of December 30, 2016 implementing Directive No. 2014/95/EU, of the companies belonging to a group comprised of Cerved Group S.p.A. and its subsidiaries (here in after also "Cerved", the "Cerved Group" or the "Group").

As required by Article 5 of Legislative Decree No. 254/16, this document constitutes a separate report identified by a special title in order to make it consistent with the NFS required pursuant to law.

The NFS was prepared, to the extent necessary, to ensure an understanding of the Group's activity, its trends, its results and its impact, covering the topics deemed relevant pursuant to Articles 3 and 4 of Legislative Decree No. 254/16, and with the aim of providing a clear and transparent representation of the activities promoted by the Group in the area of sustainability.

The content of this Report was developed **consistent with the "GRI Sustainability Reporting Standards"** published in 2016 by the Global Reporting Initiatives (GRI) "in accordance with the Core" option. The "GRI Content Index Template," which provides a summary of the indicators and the corresponding reference pages, is included at the back of the document. The "Annexes" represent an integral part of this Report, showing detailed information and tables with quantitative data for the purpose of providing exhaustive evidence of how the topics identified as material were addressed and of the respective GRI indicators. The choice of performance indicators took into account the materiality analysis, updated in 2018, the implementation modalities of which are described in the section entitled "Our path to sustainability," and, when applicable, the recommendations of the European Commission in its "Guidelines on non-financial reporting."

The information in this Report refers to 2018 (from January 1 to December 31, 2018) and, in order to allow data comparability over time and assess the performance of the Group's activities, offers a comparison with the previous year, whenever possible. An effort was made to minimize as much as possible the use of estimates, which, when present, are based on the best available methodologies and are appropriately flagged.

The reporting boundary for economic data is the same as in the 2018 Consolidated Financial Statement of the Group, while the reporting boundary for social and environmental data includes only the subsidiaries consolidated on a line-by-line basis, except for ProWeb Consulting, which was acquired in the second half of 2018.

Also please note that, with regard to environmental information and data, the reporting boundary includes only the offices where the Group monitors utilities directly. Cerved Group has undertaken to plan and implement a system to monitor the environmental impacts of all of the Group's offices.

Any additional limitations of the reporting boundary are expressly indicated in the text. The frequency of publication of the Non-financial Statement is once a year. This Sustainability Report was reviewed and assessed by the Control and Risk Committee on February 27, 2019 and subsequently approved by the Board of Directors of Cerved Group S.p.A. on March 5, 2019.

This document underwent a conformity review by the independent auditors, who in a separate special report certified that the information provided is consistent with the requirements of Article 3, Section 10, of Legislative Decree No. 254/16. The audit was carried out in accordance with the procedures explained in the "Report of the Independent Auditors," annexed to this document.

For additional information regarding the 2018 Sustainability Report, please contact us by email at: sustainability@cerved.com. The 2018 Sustainability Report is also available on the company website: <http://company.cerved.com/>.

Annexes

Determination of value generated		
<i>(amounts in thousands of euros)</i>	2017	2018
Revenues	401,375	457,221
Other income	297	861
Financial income	5,908	8,464
Pro rata interest in the results of companies valued by the equity method	257	0
Economic value generated directly	407,937	466,546
Economic value distributed		
<i>(amounts in thousands of euros)</i>	2017	2018
Value distributed to suppliers (reclassified operating costs)	120,424	139,603
Cost of raw materials and other materials	7,138	3,221
Cost of services	101,645	117,327
Other operating costs	8,740	11,758
Impairment of receivables and other accruals	3,243	3,805
Restructuring and non-recurring costs	-	3,808
Management expenses (fees for memberships in entities and institutions, gifts, gratuities and nondeductible contributions)	(342)	(316)
Remuneration of personnel	102,724	121,861
Personnel costs	102,724	119,089
Costi di ristrutturazione e non ricorrenti riclassificati - Costo lavoro	-	2,772
Remuneration of lenders	15,518	14,885
Reclassified financial charges	15,518	14,885
Remuneration of shareholders	49,330	62,581
Distribution of the year's net profit	47,775	58,582
Net profit attributable to non-controlling interests	1,555	3,998
Remuneration of the Public Administration	28,161	22,413
Income taxes	28,161	22,413
Remuneration of the community	342	316
Charitable contributions and sponsorships	342	316
Value retained by the Company	91,438	104,884
Retained earnings	9,015	26,607
Depreciation and amortization	67,077	73,780
<i>Amortized cost of financing</i>	2,516	3,101
Fair value measurement of options	12,830	1,396
Economic value distributed	407,937	466,547

LIST OF COMPANIES CONSOLIDATED LINE BY LINE OR BY THE EQUITY METHOD AT DECEMBER 31, 2018

	Consolidation method	Included in the Report
Cerved Group S.p.A.	Line by line	Yes
Cerved Rating Agency S.p.A.	Line by line	Yes
Major 1 S.r.l.	Line by line	Yes
ClickAdv S.r.l.	Line by line	Yes
Cerved Credit Collection S.p.A.	Line by line	Yes
Cerved Credit Management Group S.r.l.	Line by line	Yes
Cerved Credit Management S.p.A.	Line by line	Yes
Cerved Legal Services S.r.l.	Line by line	Yes
Cerved Master Services S.p.A.	Line by line	Yes
Quaestio Cerved Credit Management S.p.A.	Line by line	Yes
Credit Management S.r.l.	Line by line	Yes
Juliet S.p.A.	Line by line	Yes
SC Re Collection S.r.l.	Line by line	Yes
SpazioDati S.r.l.	Line by line	Yes
Cerved Credit Management Greece S.A.	Line by line	No
Pro Web Consulting S.r.l.	Line by line	No
La Scala-Cerved	Shareholders' equity	No
Experian Italia S.p.A.	Shareholders' equity	No

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY GROUP COMPANY AND GENDER AT DECEMBER 31

	2017			2018		
	Men	Women	Total	Men	Women	Total
Cerved Information Solutions S.p.A.	15	25	40	-	-	-
Cerved Group S.p.A.	471	483	954	517	547	1,064
Consit Italia S.p.A.	16	16	32	-	-	-
Cerved Rating Agency S.p.A.	38	137	175	38	135	173
Cerved Credit Management Group S.r.l.	41	30	71	50	39	89
Cerved Credit Management S.p.A.	64	127	191	93	201	294
Cerved Legal Services S.r.l.	5	28	33	9	31	40
Cerved Credit Collection S.p.A.	38	130	168	38	126	164
ClickAdv S.r.l.	5	17	22	6	16	22
Major 1 S.r.l.	12	6	18	10	4	14
Juliet S.p.A.	-	-	-	6	2	8
Cerved Master Services S.p.A.	-	-	-	2	1	3
Credit Management S.r.l.	-	-	-	10	11	21
SpazioDati S.r.l.	-	-	-	22	5	27
Quaestio Cerved Credit Management S.p.A.	-	-	-	-	-	-
Romania - Cerved Credit Collection S.p.A.	34	148	182	38	162	200
Romania - SC Re Collection S.r.l.	10	96	106	13	124	137
Total	749	1,243	1,992	852	1,404	2,256

4. Sustainability Report 2018

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY GEOGRAPHIC REGION AND GENDER AT DECEMBER 31

	2017			2018		
	Men	Women	Total	Men	Women	Total
Italia	705	999	1,704	801	1,118	1,919
Cerved Information Solutions S.p.A.	15	25	40	-	-	-
Cerved Group S.p.A.	471	483	954	517	547	1,064
Consit Italia S.p.A.	16	16	32	-	-	-
Cerved Rating Agency S.p.A.	38	137	175	38	135	173
Cerved Credit Management Group S.r.l.	41	30	71	50	39	89
Cerved Credit Management S.p.A.	64	127	191	93	201	294
Cerved Legal Services S.r.l.	5	28	33	9	31	40
Cerved Credit Collection S.p.A.	38	130	168	38	126	164
ClickAdv S.r.l.	5	17	22	6	16	22
Major 1 S.r.l.	12	6	18	10	4	14
Juliet S.p.A.	-	-	-	6	2	8
Cerved Master Services S.p.A.	-	-	-	2	1	3
Credit Management S.r.l.	-	-	-	10	11	21
SpazioDati S.r.l.	-	-	-	22	5	27
Quaestio Cerved Credit Management S.p.A.	-	-	-	-	-	-
Estero	44	244	288	51	286	337
Romania - Cerved Credit Collection S.p.A.	34	148	182	38	162	200
Romania – SC Re Collection S.r.l.	10	96	106	13	124	137
Totale	749	1,243	1,992	852	1,404	2,256

TOTAL NUMBER OF CERVED GROUP EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GENDER AT DECEMBER 31

	2017			2018		
	Men	Women	Total	Men	Women	Total
Temporary	733	1,218	1,951	838	1,376	2,214
Permanent	16	25	41	14	28	42
Total	749	1,243	1,992	852	1,404	2,256

TOTAL NUMBER OF EMPLOYEES BROKEN DOWN BY TYPE OF CONTRACT AND GEOGRAPHIC REGION AT DECEMBER 31

	2017			2018		
	Permanent	Temporary	Total	Permanent	Temporary	Total
Italia	1,663	41	1,704	1,877	42	1,919
Cerved Information Solutions S.p.A.	40	-	40	-	-	-
Cerved Group S.p.A.	939	15	954	1,055	9	1,064
Consit Italia S.p.A.	32	-	32	-	-	-
Cerved Rating Agency S.p.A.	175	-	175	173	-	173
Cerved Credit Management Group S.r.l.	69	2	71	87	2	89
Cerved Credit Management S.p.A.	168	23	191	271	23	294
Cerved Legal Services S.r.l.	33	-	33	38	2	40
Cerved Credit Collection S.p.A.	168	-	168	163	1	164
ClickAdv S.r.l.	21	1	22	21	1	22
Major 1 S.r.l.	18	-	18	14	-	14
Juliet S.p.A.	-	-	-	8	-	8
Cerved Master Services S.p.A.	-	-	-	3	-	3
Credit Management S.r.l.	-	-	-	21	-	21
SpazioDati S.r.l.	-	-	-	23	4	27
Quaestio Cerved Credit Management S.p.A.	-	-	-	-	-	-
Estero	288	-	288	337	-	337
Romania - Cerved Credit Collection S.p.A.	182	-	182	200	-	200
Romania - SC Re Collection S.r.l.	106	-	106	137	-	137
Totale	1,951	41	1,992	2,214	42	2,256

TOTAL NUMBER OF CERVED GROUP EMPLOYEES BROKEN DOWN BY PROFESSIONAL TYPE AND GENDER AT DECEMBER 31

	2017			2018		
	Men	Women	Total	Men	Women	Total
Full-time	725	991	1,716	828	1,159	1,987
Part-time	24	252	276	24	245	269
Total	749	1,243	1,992	852	1,404	2,256

4. Sustainability Report 2018

AVERAGE NUMBER OF EXTERNAL STAFF BY PROFESSIONAL CATEGORY AND GENDER

	2017			2018		
	Men	Women	Total	Men	Women	Total
External associates	256	234	490	318	324	642
Independent contractors	-	-	-	2	-	2
Temporary workers	1	4	5	1	7	8
Interns	4	4	8	11	9	20
Other (executive Directors)	5	-	5	7	-	7
Total	266	242	508	339	340	679

NUMBER OF CERVED GROUP EMPLOYEES BY PROFESSIONAL CATEGORY AND AGE BRACKET AT DECEMBER 31

	< 30	% <30	30-50	% 30-50	> 50	% >50	Total	% Total
2017								
Executives	-	-	38	55%	31	45%	69	4%
Managers	1	0%	213	70%	92	30%	306	15%
Other employees	250	15%	1,156	71%	211	13%	1,617	81%
Total	251	13%	1,407	71%	334	17%	1,992	100%

	< 30	% <30	30-50	% 30-50	> 50	% >50	Total	% Total
2018								
Executives	-	0%	42	53%	38	48%	80	3%
Managers	1	0%	229	65%	124	35%	354	16%
Other employees	208	11%	1,336	73%	278	15%	1,822	81%
Total	209	9%	1,607	71%	440	20%	2,256	100%

NUMBER OF CERVED GROUP EMPLOYEES WHO RECEIVE REGULAR PERFORMANCE AND CAREER ASSESSMENTS

	Men	% Men	Women	% Women	Total	% Total
2017						
Executives	37	64%	11	100%	48	70%
Managers	90	46%	61	54%	151	49%
Other employees	43	9%	45	4%	88	5%
Total	170	23%	117	9%	287	14%

	Men	% Men	Women	% Women	Total	% Total
2018						
Executives	51	76%	12	92%	63	79%
Managers	106	48%	75	57%	181	51%
Other employees	58	10%	62	5%	120	7%
Total	215	25%	149	11%	364	16%

PERCENTAGE OF EMPLOYEES COVERED BY COLLECTIVE BARGAINING AGREEMENTS²⁰

	2017	2018
Total employees	1,992	2,256
Number of employees with collective bargaining agreements	1,992	2,256
Percentage of the total	100%	100%

20. For Italy, the reference agreements are the National Collective Bargaining Agreement for employees of companies in the tertiary, distribution and services sectors, the National Collective Bargaining Agreement for executives of commercial enterprises, the National Collective Bargaining Agreement for employees of credit, financial and foundation controlled companies and the National Collective Bargaining Agreement for executives of credit, financial and foundation controlled companies. The Company Collective Agreement is applied outside Italy

4. Sustainability Report 2018

NUMBER OF NEW EMPLOYEE HIRES AND SEPARATIONS IN 2017²¹ AND 2018

New hires	< 30 years	30-50 years	> 50 years	Total	Total turnover rate
2017					
Cerved Group					
Men	38	77	7	122	16%
Women	66	122	5	193	16%
Total	104	199	12	315	16%
Total turnover rate	41%	14%	4%	16%	
Italy					
Men	21	70	7	98	14%
Women	15	70	3	88	9%
Total	36	140	10	186	11%
Total turnover rate	-	-	-	-	-
Abroad					
Men	17	7	0	24	55%
Women	51	52	2	105	43%
Total	68	59	2	129	45%
Total turnover rate	-	-	-	-	-
2018					
Cerved Group					
Men	47	101	14	162	19%
Women	73	191	10	274	20%
Total	120	292	24	436	19%
Total turnover rate	57%	18%	5%	19%	
Italy					
Men	24	90	13	124	16%
Women	30	129	6	165	15%
Total	54	219	19	292	15%
Total turnover rate	52%	16%	4%	15%	
Abroad					
Men	23	11	1	35	69%
Women	43	62	4	109	38%
Total	66	73	5	144	43%
Total turnover rate	62%	33%	50%	43%	

21. The turnover rate by age bracket was not reported in the breakdown by region in 2017. This information will be reported in 2018

Separations	< 30 years	30-50 years	> 50 years	Total	Total turnover rate
2017					
Cerved Group					
Men	29	52	12	93	12%
Women	57	102	13	172	14%
Total	86	154	25	265	13%
Total turnover rate	34%	11%	7%	13%	
Italy					
Men	13	42	12	67	10%
Women	13	61	12	86	9%
Total	26	103	24	153	9%
Total turnover rate	-	-	-	-	-
Abroad					
Men	16	10	0	26	59%
Women	44	41	1	86	34%
Total	60	51	1	112	38%
Total turnover rate	-	-	-	-	-

Separations	< 30 years	30-50 years	> 50 years	Total	Total turnover rate
2018					
Cerved Group					
Men	33	49	11	93	11%
Women	31	84	16	131	9%
Total	64	133	27	224	10%
Total turnover rate	31%	8%	6%	10%	
Italy					
Men	13	41	11	65	8%
Women	7	43	14	64	6%
Total	20	84	25	129	7%
Total turnover rate	19%	6%	6%	7%	
Abroad					
Men	20	8	-	28	55%
Women	24	41	2	67	23%
Total	44	48	2	95	28%
Total turnover rate	42%	22%	10%	28%	

NUMBER OF CONTACTS RECEIVED AT DECEMBER 31, 2018²²

	Credit Management	Marketing Solution	Credit Information
Total contacts received	3,314	55	124,421
<i>% resolved on average on first request</i>	50%	100%	66%
Average contact resolution time	296	15	24

NUMBER OF COMPLAINTS RECEIVED AT DECEMBER 31, 2018

	Credit Management	Marketing Solution	Credit Information
Total number of complaints received for alleged customer privacy violations	379	4	978
<i>Number received by third parties and verified by the organization</i>	13	n.a.	n.a.
Other types of complaints	235	n.a.	1,411
Average complaint resolution time	520	n.a.	87

NUMBER OF CONTACTS RECEIVED AT DECEMBER 31, 2017

	Credit Management	Marketing Solution	Credit Information
Total contacts received	2,596	549	123,441
<i>% resolved on average on first request</i>	100%	n.a.	63%
Average contact resolution time (in hours)	348	n.a.	6

NUMBER OF COMPLAINTS RECEIVED AT DECEMBER 31, 2017

	Credit Management	Marketing Solution	Credit Information
Total number of complaints received for alleged customer privacy violations	239	57	1,027
<i>Number received by third parties and verified by the organization</i>	3	-	-
Other types of complaints	168	-	-
Average complaint resolution time (in hours)	669.6	175.2	175.2

22. In 2018, the methodology for computing the contacts and complaint received by Cerved Group companies was modified. The data shown for Credit Management include the following companies: Cerved Credit Collection S.p.A., Cerved Credit Management S.p.A., Cerved Credit Management Group S.r.l., Cerved Legal Services S.r.l., Credit Management S.r.l., Juliet S.p.A., S.C. Re Collection S.r.l. and Cerved Master Services S.p.A. The data shown for Marketing Solutions include Clickadv S.r.l. and the complaints managed directly by Marketing Solution (pro rata share of Cerved Group S.p.A.). The data shown for Credit information include the following companies: Cerved Group S.p.A., Cerved Rating Agency S.p.A., Major 1 S.r.l. and Spazio Dati S.r.l. The new methodology used in 2018 provided for a reclassification of contacts and complaints in a way to be able to bring the data back to the group's business lines. The 2017 data have been restated to guarantee the comparability of information.

TEMPLATE OF THE BOUNDARY OF MATERIAL TOPICS FOR THE CERVED GROUP AND RECONCILIATION WITH THE CORRESPONDING GRI TOPICS

Area	Material topics	Boundary	Cerved's role	Reconciliation with GRI topics	
Governance and compliance	Ethics, integrity and anticorruption	Cerved Group and its relations with all stakeholders	Direct	Anticorruption Indirect economic impacts Anti competitive behaviour	
	Governance and compliance	Cerved Group	Direct	Diversity and equal opportunity Socioeconomic compliance	
	Privacy protection	Cerved Group	Direct	Customer privacy	
	Sustainability of business strategy	Cerved Group and its relations with all stakeholders	Direct	Environmental compliance	
Risk management and operational continuity management	Risk Management	Cerved Group	Direct	N.A.	
	Data and information security management	Cerved Group	Direct	N.A.	
Economic and product responsibility, technological innovation	Integrity and independence of information	Cerved Group	Direct	N.A.	
	Product and service quality and customer satisfaction	Cerved Group and its customers	Direct	Marketing and labelling	
	Economic and product responsibility, technological innovation	Cerved Group and its relations with all stakeholders	Direct	Economic performance	
Social responsibility and towards people	Diversity and equal opportunities	Cerved Group	Direct	Diversity and equal opportunity Non discrimination Labor/ management relations	
	Industrial relations	Cerved Group	Direct	Freedom of Association and Collective Bargaining	
	Health and safety	Cerved Group	Direct	Occupational health and safety	
	Talent and training	Cerved Group	Direct	Training and education	
	Wellbeing, work-life balance and employee engagement	Cerved Group	Direct	Employment	
	Management of suppliers and relations with strategic partners	Cerved Group	Direct	Supplier social assessment Supplier environmental assessment Freedom of association and collective bargaining Child labor Forced and compulsory labor	
	Relations with institutions	Cerved Group	Direct	N.A.	
	Respect of human rights	Cerved Group and its supply chain	Direct and indirect	Human rights assessment	
	Responsibility towards the environment	Environmental management policies and systems	Cerved Group	Direct	Energy
					Effluents and waste

GRI Template Content Index

The 2018 Sustainability Report of the Cerved Group was prepared in accordance with the Sustainability Reporting Standards defined in 2016 by the Global Reporting Initiative (GRI), based on the “Core” option, which calls for reporting at least one indicator for each of the topics identified as material through the materiality analysis²³.

UNIVERSAL STANDARDS		
GRI Standard	Page No.	Information
GRI 102: General Disclosures		
Profile of the organization		
102-1	3	Name of the organization
102-2	257 – 264	Main brands, products and/or services
102-3	3	Main office
102-4	6- 7	Number of countries where the organization conducts its operational activities and countries where the organization has activities or where the activity performed is particularly significant relative to the sustainability topics reviewed in the corresponding Sustainability Report
102-5	4 – 5, 54, 246 - 248	Ownership structure and legal status
102-6	257 – 264, 279 - 283	Markets served (including geographic coverage, sectors of activity and types of customers and recipients)
102-7	256, 268	Size of the organization
102-8	4 – 5, 54, 268, 299 – 302	Number of employees broken down by contract and gender
102-9	287 – 288	Organization's supply chain
102-10	296 – 297	Significant changes that occurred during the reference period in the entity's size and structures or the type of business activities
102-11	252 – 254	Modalities for applying a conservative principles or approach
102-12	242	Adoption of codes of conduct, principles and charters developed by external entities/associations regarding economic, social and environmental performance
102-13	284 – 285	Membership in national or international associations or organizations that promote sustainability
Strategy		
102-14	12 – 15	Declaration by the top manager at the helm of the organization

23. See the Chapter “The Cerved Group” – “Approach to sustainability”.

UNIVERSAL STANDARDS

GRI Standard	Page No.	Information
Ethics and integrity		
102-16	246 – 251	Values, principles, standards and rules of conduct adopted by the organization
Governance		
102-18	4 - 5, 54, 246 - 249	Governance structure of the organization
102-22	54	Composition of the highest governance body
Stakeholder Engagement		
102-40	243	List of stakeholders engaged by the organization
102-41	272, 303	Percentage of employees covered by the national collective bargaining agreement
102-42	243 - 244	Principles to identify stakeholders for engagement
102-43	243 – 244	Organization's approach regarding the concept of stakeholder engagement, including the frequency of engagement by type and group of stakeholders, and identification of the engagement activity and interaction in the reporting process
102-44	244 – 245	Material topics identified through the engagement of stakeholders and how the organization responded, including the preparation of a report. List of stakeholder groups that brought up the topics subject of analysis
Reporting specifications		
102-45	296 – 297, 299	Entities included in the organization's consolidated financial statements or equivalent documents
102-46	296 – 297	Process for the defining reporting boundaries and limitations
102-47	242 - 245	Material issues identified in the analysis performed to define the reporting boundaries
102-48	296 – 297	Changes to information included in previous reports and reasons for those changes
102-49	There have been no significant changes to the objective and the limitations compared with the previous reporting period	Significant changes to the objective and the limitations compared with the previous reporting period
102-50	297 – 297	Reporting period
102-51	The latest Sustainability Report was approved by the Board of Directors of Cerved Information Solutions S.p.A. on February 26, 2018	Date of the most recent report
102-52	Annual	Reporting intervals
102-53	297	Useful contacts and addresses to obtain information about the Non-financial Statement
102-54	296 – 297	Specify the GRI Standard conformity option chosen by the organization
102-55	308 - 316	GRI Content Index

4. Sustainability Report 2018

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
ECONOMIC			
Material topic: ECONOMIC PERFORMANCE			
GRI 103: Management Approach			
103-1	255 - 256		Explanation of material topics and related boundaries
103-2	255 - 256		General information about management approach and respective characteristics
103-3	255 - 256		Assessment of management approach
GRI 201: Economic performance			
201-1	255		Economic value generated and distributed directly
201-3		The Cerved Group does not have specific pension plans and applies the laws currently in effect	Defined pension obligations and other pension plans
201-4		<ul style="list-style-type: none"> • Tax credit of about 461 thousand euros for research and development costs; • reduction of social security contribution for the Mangone office in Calabria (about 100-150 thousand euros); • EU contribution of about 192.7 thousand euros for software development costs; • Further to a clarification issued by the Revenue Agency in the first quarter of 2018, the content of which clarifies whether or not certain projects may be treated as "Research and Development" eligible for tax credits, it became necessary to revise downwards the tax credit accrued during the previous year. This restatement resulted in 2018 in the repayment of about 559 thousand euros to the Revenue Administration. 	Financing received from the Public Administration
Material topic: INDIRECT ECONOMIC IMPACTS			
GRI 103: Management Approach			
103-1	255 - 256		Explanation of material topics and related boundaries
103-2	255 - 256		General information about management approach and respective characteristics
103-3	255 - 256		Assessment of management approach
GRI 203: Indirect economic impacts			
203-1		No investment in infrastructures and services provided	Investment in infrastructures and services provided
Material topic: ANTICORRUPTION			
GRI 103: Management Approach			
103-1	246 - 249		Explanation of material topics and related boundaries
103-2	246 - 249		General information about management approach and respective characteristics
103-3	246 - 249		Assessment of management approach
GRI 205: Anticorruption			
205-3		There were no corruption cases in 2018	Number of corruption cases and actions taken

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Material topic: ANTICOMPETITIVE BEHAVIOR			
GRI 103: Management Approach			
103-1	246 – 251		Explanation of material topics and related boundaries
103-2	246 – 251		General information about management approach and respective characteristics
103-3	246 – 251		Assessment of management approach
GRI 206: Anticompetitive behavior			
206-1	No legal actions were filed regarding anticompetitive behaviors and violations of legislation against frauds and antitrust practices		Legal actions regarding unfair competition and respective outcomes
ENVIRONMENTAL			
Material topic: ENERGY			
GRI 103: Management Approach			
103-1	292		Explanation of material topics and related boundaries
103-2	292		General information about management approach and respective characteristics
103-3	292		Assessment of management approach
GRI 302: Energy			
302-1	292 – 293		Energy consumption within the organization
Material topic: EFFLUENTS AND WASTE			
GRI 103: Management Approach			
103-1	292 – 294		Explanation of material topics and related boundaries
103-2	292 – 294		General information about management approach and respective characteristics
103-3	292 – 294		Assessment of management approach
GRI 306: Effluents and waste			
306-2	294		Total weight of waste, broken down by type and disposal method
Material topic: ENVIRONMENTAL COMPLIANCE			
GRI 103: Management Approach			
103-1	292 – 294		Explanation of material topics and related boundaries
103-2	292 – 294		General information about management approach and respective characteristics
103-3	292 – 294		Assessment of management approach
GRI 307: Environmental compliance			
307-1	There were no instances of noncompliance with environmental laws and regulations		Monetary value of significant fines and total number of non-monetary penalties for noncompliance with environmental laws and regulations

4. Sustainability Report 2018

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Material topic: ENVIRONMENTAL ASSESSMENT OF SUPPLIERS			
GRI 103: Management Approach			
103-1	287 – 288		Explanation of material topics and related boundaries
103-2	287 – 288		General information about management approach and respective characteristics
103-3	287 – 288		Assessment of management approach
GRI 308: Environmental assessment of suppliers			
308-1	No environmental criteria were used for supplier assessment purposes in 2018		Percentage of new suppliers assessed based on environmental criteria
SOCIAL			
Material topic: EMPLOYMENT			
GRI 103: Management Approach			
103-1	266 – 278		Explanation of material topics and related boundaries
103-2	266 – 278		General information about management approach and respective characteristics
103-3	266 – 278		Assessment of management approach
GRI 401: Employment 2017			
401-1	304 – 305		Total number of new hires and turnover by age brackets, gender and geographic areas
401-2	269		Benefits provided to employees
Material topic: MANAGEMENT OF EMPLOYMENT RELATIONSHIPS			
GRI 103: Management Approach			
103-1	266 – 278		Explanation of material topics and related boundaries
103-2	266 – 278		General information about management approach and respective characteristics
103-3	266 – 278		Assessment of management approach
GRI 402: Management of employment relationships			
402-1	Advance notice varies depending on the type of operational change and can be defined in the applicable laws, the national collective bargaining agreement or company stipulations		Minimum advance notice periods for changes in activities, including length specified in the national collective bargaining agreement

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Topic materiale: SALUTE E SICUREZZA SUL LUOGO DI LAVORO			
GRI 103: Management Approach			
103-1	266 - 278		Explanation of material topics and related boundaries
103-2	266 - 278		General information about management approach and respective characteristics
103-3	266 - 278		Assessment of management approach
GRI 403: Occupational Health and safety			
403-1	No committees have been established		Percentage of employees represented in the official company-workers health and safety committees
403-2	270 - 271		Types of accidents, accident rates, occupational illnesses, lost workdays and absenteeism and work related fatal accidents broken down by region and gender
403-3	There are no jobs at the company that entail a high risk of occupational illnesses		Employees at a high risk of illness or accidents due to their occupational activities
Material topic: TRAINING AND EDUCATION			
GRI 103: Management Approach			
103-1	273 - 278		Explanation of material topics and related boundaries
103-2	273 - 278		General information about management approach and respective characteristics
103-3	273 - 278		Assessment of management approach
GRI 404: Training and education			
404-1	273		Average annual hours of training per employee broken down by gender and category
404-3	278, 303		Percentage of employees who receive regular performance and career assessments broken down by gender and category
Material topic: DIVERSITY AND EQUAL OPPORTUNITIES			
GRI 103: Management Approach			
103-1	266 - 278		Explanation of material topics and related boundaries
103-2	266 - 278		General information about management approach and respective characteristics
103-3	266 - 278		Assessment of management approach
GRI 405: Diversity and equal opportunities			
405-1	54, 299 - 302		Composition of the governance bodies and breakdown of the staff by gender, age and inclusion in protected categories

4. Sustainability Report 2018

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Material topic: NON DISCRIMINATION			
GRI 103: Management Approach			
103-1	266 - 267		Explanation of material topics and related boundaries
103-2	266 - 267		General information about management approach and respective characteristics
103-3	266 - 267		Assessment of management approach
GRI 406: Non discrimination			
406-1	There was no occurrence of discrimination		Number of episodes tied to discriminatory practices
Material topic: FREEDOM OF ASSOCIATION AND COLLECTIVE BARGAINING			
GRI 103: Management Approach			
103-1	266, 272		Explanation of material topics and related boundaries
103-2	266, 272		General information about management approach and respective characteristics
103-3	266, 272		Assessment of management approach
GRI 407: Freedom of association and collective bargaining			
407-1	The main procurement market (Italy) does not present any significant risks		Identification of the activities and the main suppliers in connection with which freedom of association and collective bargaining can be exposed to significant risks and actions taken
Material topic: CHILD LABOR			
GRI 103: Management Approach			
103-1	266 - 278		Explanation of material topics and related boundaries
103-2	266 - 278		General information about management approach and respective characteristics
103-3	266 - 278		Assessment of management approach
GRI 408: Child labor			
408-1	The main procurement market (Italy) does not present any significant risks		Identification of the transactions and the main suppliers with a high risk of occurrence of child labor and actions taken
Material topic: FORCED LABOR			
GRI 103: Management Approach			
103-1	266 - 278		Explanation of material topics and related boundaries
103-2	266 - 278		General information about management approach and respective characteristics
103-3	266 - 278		Assessment of management approach
GRI 409: Forced labor			
409-1	The main procurement market (Italy) does not present any significant risks		Identification of the transactions and the main suppliers with a high risk of occurrence of child labor and actions taken

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Topic: SECURITY POLICIES			
GRI 103: Management Approach			
103-1	266 – 278		Explanation of material topics and related boundaries
103-2	266 – 278		General information about management approach and respective characteristics
103-3	266 – 278		Assessment of management approach
GRI 410: Security policies			
410-1	There are no employees responsible for the security of the company's assets		Employees responsible for security trained on the policies and procedures concerning human rights
Material topic: ASSESSMENT OF HUMAN RIGHTS			
GRI 103: Management Approach			
103-1	288		Explanation of material topics and related boundaries
103-2	288		General information about management approach and respective characteristics
103-3	288		Assessment of management approach
GRI 412: Assessment of human rights			
412-2	There is no specific training but general information is provided		Average number of training hours per employee on policies and procedures concerning human rights
Material Topic: SUPPLIER SOCIAL ASSESSMENT			
GRI 103: Management Approach			
103-1	287 – 288		Explanation of material topics and related boundaries
103-2	287 – 288		General information about management approach and respective characteristics
103-3	287 – 288		Assessment of management approach
GRI 417: Supplier Social Assessment			
414-1	No social criteria were used for supplier assessment purposes in 2017		New suppliers that were screened using social criteria
Material topic: MARKETING AND LABELING			
GRI 103: Management Approach			
103-1	255, 257 - 265		
103-2	255, 257 - 265		
103-3	255, 257 - 265		
GRI 417: Marketing and labeling			
417-3	There have been no occurrences of noncompliance regarding communication and marketing		Occurrences of noncompliance regarding marketing communications

4. Sustainability Report 2018

TOPIC-SPECIFIC STANDARDS

GRI Standard	Page No.	Omission	Information
Material topic: CUSTOMER PRIVACY			
GRI 103: Management Approach			
103-1	279 – 283		Explanation of material topics and related boundaries
103-2	279 – 283		General information about management approach and respective characteristics
103-3	279 – 283		Assessment of management approach
GRI 418: Customer privacy			
418-1	306		Number of documented complaints regarding privacy violations and loss of consumer data
Material topic: SOCIOECONOMIC COMPLIANCE			
GRI 103: Management Approach			
103-1	246 – 248		Explanation of material topics and related boundaries
103-2	246 – 248		General information about management approach and respective characteristics
103-3	246 – 248		Assessment of management approach
GRI 419: Socioeconomic compliance			
419-1		There have been no occurrences of noncompliance regarding laws and regulations in the socioeconomic area	Monetary value of significant fines and total number of non-monetary penalties for noncompliance with laws and regulations in the socioeconomic area

Independent
Auditors' Report
on the Non-Financial
Statement



CERVED GROUP SPA

INDEPENDENT AUDITORS' REPORT ON THE NON-FINANCIAL STATEMENT PURSUANT TO ARTICLE 3, PARAGRAPH 10 OF LEGISLATIVE DECREE 254/2016 AND TO ARTICLE 5 OF CONSOB REGULATION 20267

FOR THE YEAR ENDED 31 DECEMBER 2018



Independent auditors' report on the consolidated non-financial statement

pursuant to article 3, paragraph 10 of Legislative Decree 254/2016 and to article 5 of Consob regulation 20267

To the Board of Directors of Cerved Group SpA

Pursuant to article 3, paragraph 10 of the Legislative Decree 254 of 30 December 2016 (the "Decree") and article 5 of Consob Regulation 20267, we have performed a limited assurance engagement on the consolidated non-financial statement of Cerved Group SpA and its subsidiaries (hereafter the "Group") for the year ended 31 December 2018, in accordance with article 4 of the Decree, and approved by the Board of Directors on 5 March 2019 (hereafter the "NFS").

Responsibility of the Directors and of Those Charged with Governance for the NFS

The Directors are responsible for the preparation of the NFS in accordance with articles 3 and 4 of the Decree and the "Sustainability Reporting Standards", defined in 2016 by the GRI-Global Reporting Initiative (hereafter "GRI Standards"), according to option "core", identified by them as the reporting standard.

The Directors are responsible, in accordance with the law, for the implementation of internal controls necessary to ensure that the NFS is free from material misstatement, whether due to fraud or unintentional errors.

The Directors are responsible for identifying the content of the NFS, within the matters mentioned in article 3, paragraph 1 of the Decree, considering the activities and characteristics of the Group and to the extent necessary to ensure the understanding of the Group activities, its trends, its results and related impacts.

The Directors are responsible for defining the business and organisational model of the Group and, with reference to the matters identified and reported in the NFS, for the policies adopted by the Group and for the identification and management of risks generated and/or faced by the Group.

Those Charged with Governance are responsible for overseeing compliance with the Decree in the terms prescribed by the law.

PricewaterhouseCoopers SpA

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Auditors' independence and quality control

We are independent in accordance with the principles of ethics and independence disclosed in the Code of Ethics for Professional Accountants published by the International Ethics Standards Board of Accountants, which are based on the fundamental principles of integrity, objectivity, competence and professional diligence, privacy and professional behaviour. Our audit firm adopts the International Standard on Quality Control 1 (ISQC Italy 1) and, accordingly, maintains an overall quality control system which includes processes and procedures for the compliance with ethical and professional principles and with applicable laws and regulations.

Auditors' responsibility

We are responsible for expressing, on the basis of the work performed, a conclusion regarding the compliance of the NFS with the Decree and with the GRI Standards. We conducted our engagement in accordance with “International Standard on Assurance Engagements 3000 (Revised) – Assurance Engagements Other than Audits or Reviews of Historical Financial Information” (hereafter “ISAE 3000 Revised”), issued by the International Auditing and Assurance Standards Board (IAASB) for limited assurance engagements. The standard requires that we plan and apply procedures in order to obtain a limited assurance that the NFS is free of material misstatements. The procedures performed in a limited assurance engagement are less in scope than those performed in a reasonable assurance engagement in accordance with ISAE 3000 Revised and, therefore, do not provide us with a sufficient level of assurance to become aware of all significant facts and significant circumstances that might be identified in a reasonable assurance engagement.

The procedures performed on the NFS are based on our professional judgement and consisted in interviews, primarily with company personnel responsible for the preparation of the information presented in the NFS, in the analysis of documents, recalculations and other procedures aimed at obtaining evidence as appropriate.

In particular, we have performed the following procedures:

- 1 analysis of the relevant matters reported in the NFS relating to the activities and characteristics of the Group, in order to assess the reasonableness of the selection process used, in accordance with article 3 of the Decree and the with the reporting standard adopted;
- 2 analysis and assessment of the criteria used to identify the consolidation area, in order to assess its compliance with the Decree;
- 3 comparing the financial information reported in the NFS with the information reported in the Group consolidated financial statements;
- 4 understanding of the following matters:
 - business and organisational model of the Group, with reference to the management of the matters specified by article 3 of the Decree;
 - policies adopted by the Group with reference to the matters specified by article 3 of the Decree, actual results and related key performance indicators;



- main risks, generated and/or faced by the Group, with reference to the matters specified in article 3 of the Decree.

With reference to such matters, we have carried out some validation procedures on the information presented in the NFS and some controls as described under point 5 a) below;

- 5 understanding of the processes underlying the preparation, collection and management of the qualitative and quantitative material information included in the NFS.

In particular, we have held meetings and interviews with the management of Cerved Group SpA and with the personnel of Cerved Credit Management Group Srl, ClickAdv Srl, Spaziodati Srl and Major 1 Srl and we have performed limited analysis and validation procedures to gather information about the processes and procedures for the collection, consolidation, processing and submission of the non-financial information to the function responsible for the preparation of the NFS.

Moreover, for material information, considering the activities and characteristics of the Group:

- at a Group level,
 - a) with reference to the qualitative information included in the NFS, and in particular to the business model, the policies adopted and the main risks, we carried out interviews and acquired supporting documentation to verify its consistency with available evidence;
 - b) with reference to quantitative information, we performed analytical procedures as well as limited tests, in order to assess, on a sample basis, the consolidation of the information
- for Cerved Group SpA, Cerved Credit Management Group Srl, with registered offices in San Donato Milanese (Milano), which were selected on the basis of their activities, their contribution to the performance indicators at a consolidated level and their location, we carried out site visits during which we met local management and gathered supporting documentation regarding the correct compliance with procedures and calculation methods used for the key performance indicators.



Conclusions

Based on the work performed, nothing has come to our attention that caused us to believe that the NFS of Cerved Group for the year ended 31 December 2018 has not been prepared, in all material respects, in compliance with articles 3 and 4 of the Decree and with the GRI Standards.

Milan, 20 March 2019

PricewaterhouseCoopers SpA

Signed by

Andrea Martinelli
(Partner)

Signed by

Paolo Bersani
(Partner)

This report has been translated from the original, which was issued in Italian, solely for the convenience of international readers. We have not performed any verification procedures on the English translation of the NFS of Cerved Group SpA as of 31 December 2018.

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