



Cerved Group S.p.A.

Interim Report on Operations at

March 31, 2019



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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 Directors ¹	Gianandrea De Bernardis	Executive Chairman
	Andrea Mignanelli	Chief Executive Officer
	Andrea Casalini	Independent Director
	Mara Anna Rita Caverni	Independent Director
	Fabio Cerchiai	Independent Director
	Sabrina Delle Curti	Director
	Valentina Montanari	Independent Director
	Umberto Carlo Maria Nicodano	Director
	Mario Francesco Pitto	Independent Director
	Aurelio Regina	Independent Director
	Alessandra Stabilini	Independent Director
Control and Risk Committee	Alessandra Stabilini	Chairperson
	Mara Anna Rita Caverni	
	Valentina Montanari	
Compensation Committee	Aurelio Regina	Chairman
	Umberto Carlo Maria Nicodano	
	Fabio Cerchiai	
	Valentina Montanari	
Related Party Committee	Andrea Casalini	Chairman
	Umberto Carlo Maria Nicodano	
	Marco Francesco Pitto	
	Alessandra Stabilini	
Board of Statutory Auditors ²	Antonella Bientinesi	Chairman
	Paolo Ludovici	Statutory Auditor
	Costanza Bonelli	Statutory Auditor
	Laura Acquadro	Alternate
	Antonio Mele	Alternate
Independent Auditors	PricewaterhouseCoopers S.p.A.	
Corporate Accounting Documents Officer	Francesca Perulli	

¹ Elected by the Shareholders' Meeting on April 16, 2019 for a term of office ending with the approval of the statutory financial statements at December 31, 2021.

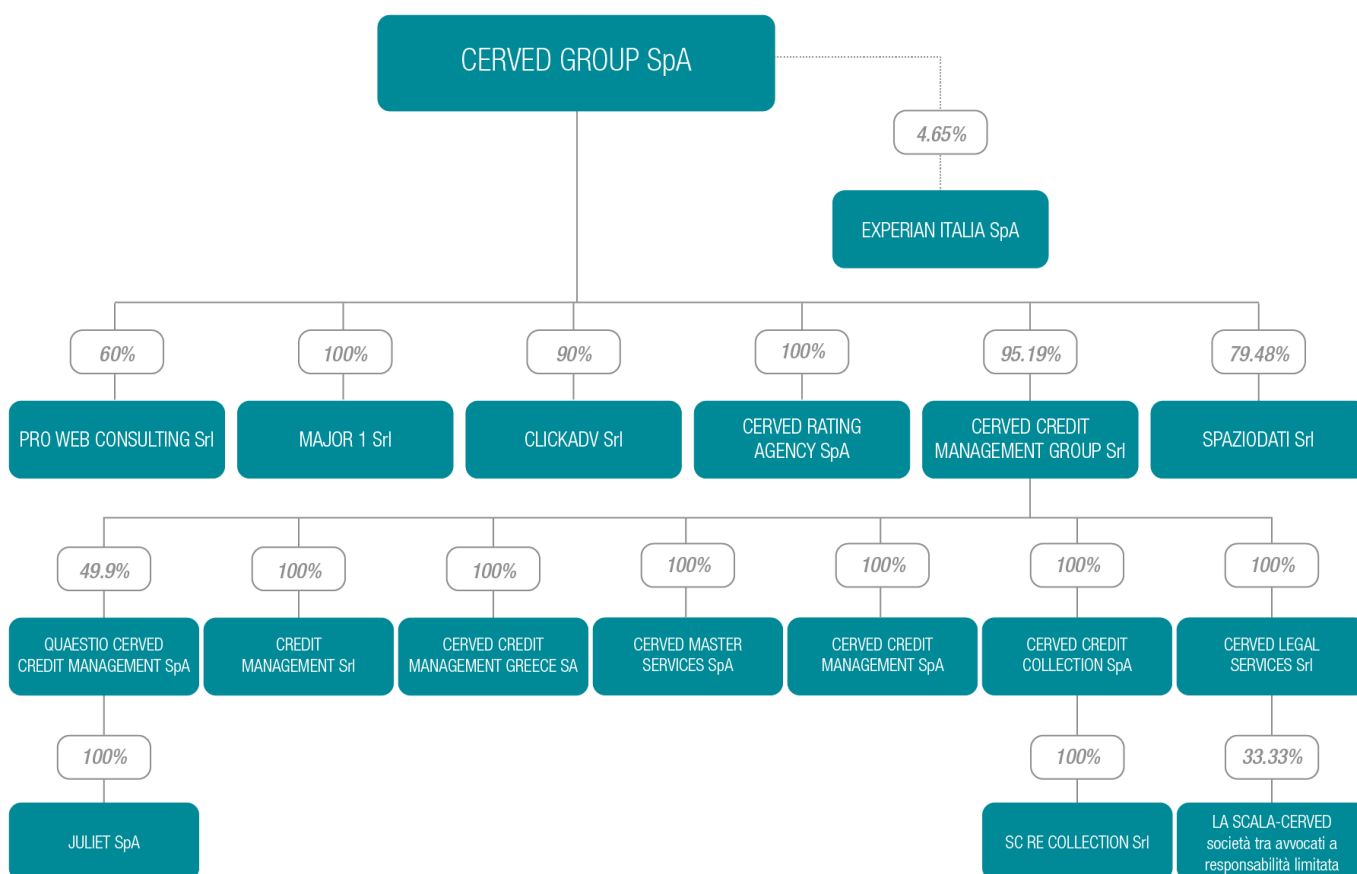
² Elected by the Shareholders' Meeting on April 13, 2017 for a term of office ending with the approval of the statutory financial statements at December 31, 2019.

³ Appointed by the Board of Directors on April 19, 2019.

STRUCTURE OF THE GROUP

The Cerved Group is Italy's principal operator in the delivery of credit assessment and management services for banks, businesses and professionals. Through Cerved Credit Management Group S.r.l. and its subsidiaries, it is one of the top independent players in the management of nonperforming loans and, through the Cerved Rating Agency, one of Europe's top rating agencies. Lastly, through its Marketing Solutions Division, the Group offers services to help customers analyze their target markets and the competitive environment.

The diagram that follows depicts the structure of the Cerved Group at March 31, 2019:



At the beginning of 2013, the investment funds managed by CVC Capital Partners, through the special purpose entity Chopin Holdings, acquired from Bain Capital and Clessidra Cerved's entire share capital and, in June 2014, Cerved made its debut on Borsa Italiana's Online Stock Exchange following one of the most important IPOs of the year.

In 2015, with its main shareholder Chopin Holdings gradually divesting its equity stake, Cerved became a public company with a 100% share float.

Interim Report on Operations

FOREWORD

Insofar as the three-month period ended March 31, 2019 (hereinafter “**March 31, 2019**”), is concerned, the purpose of the numerical data listed in this Interim Report on Operations and the comments provided in it is to present an overview of the Group’s financial position and operating performance, as well as of the changes that took place during the reporting period and any significant events that may have occurred and their impact on the result for the period.

Because the Group opted for a retrospective adoption of the new principles applicable starting with the 2019 reporting year, as required by IAS 8, the comparative data at March 31, 2018 were restated to reflect the effects deriving from the implementation of the provisions of IFRS 16 “Leases (hereinafter IFRS 16).

ACTIVITIES OF THE GROUP

Cerved offers the most comprehensive range of information products and services for financial institutions, businesses, insurance companies, the public administration, professionals and private individuals.

Our databases offer an asset that is unique in Italy in terms the quality, completeness and historical depth of the information. A depth that shows how event trends developed over time and tells the story of businesses, groups and individuals.

Cerved addresses the needs of credit managers, chief financial officers, marketing managers, purchasing managers and sales managers and professionals 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.

b) Marketing Solution

Identifying new customers and partners, analyzing the competitive scenario, improving performance and gaining a more in-depth understanding of the customer base: 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. Through its Click Adv S.r.l. and Pro Web Consulting S.r.l. subsidiaries, the Group also offers digital advertising and digital marketing solutions within the Search Engine Optimization (SEO) and Conversion Rate Optimization (CRO) areas and related services.

c) Credit Management

Through its subsidiary group Cerved Credit Management Group and its subsidiaries, Cerved is the top player in the independent market, offering valuations based on certified information and data. Services include specialized competencies in various areas, from the assessment of loans to their management through out-of-court settlements and through court proceedings and up to the remarketing of personal property and real estate. Cerved can help identify the most effective solutions over a loan’s entire life cycle, making it possible to take action quickly and professionally and shorten money collection time.

RESULTS OF THE GROUP AT MARCH 31, 2019

The tables that follow show a condensed statement of comprehensive income at March 31, 2019 compared with the quarter ended March 31, 2018 Restated:

(in thousands of euros)	March 31, 2019	%	March 31, 2018 Restated	%	Change	% change
Sales and service revenues	117,354	99.9%	105,345	99.9%	12,009	11.4%
Other income	139	0.1%	63	0.1%	76	120.9%
Total revenues and income	117,494	100.0%	105,408	100.0%	12,086	11.5%
Cost of raw material and other materials	253	0.2%	1,865	1.8%	(1,612)	-86.5%
Cost of services	28,984	24.7%	26,754	25.4%	2,230	8.3%
Personnel costs	32,144	27.4%	25,851	24.5%	6,293	24.3%
Other operating costs	2,031	1.7%	1,208	1.1%	823	68.1%
Impairment of receivables and other accruals	1,166	1.0%	1,204	1.1%	(38)	-3.1%
Total operating costs	64,578	55.0%	56,882	54.0%	7,696	13.5%
Adjusted EBITDA⁽¹⁾	52,916	45.0%	48,526	46.0%	4,390	9.0%
Performance Share Plan	1,423	1.2%	947	0.9%	476	50.3%
EBITDA	51,493	43.8%	47,579	45.1%	3,914	8.2%
Depreciation and amortization	20,103	17.1%	17,930	17.0%	2,172	12.1%
Operating profit before non-recurring items	31,390	26.7%	29,649	28.1%	1,741	5.9%
Non-recurring items ⁽²⁾	2,359	2.0%	1,294	1.2%	1,065	82.3%
Operating profit	29,031	24.7%	28,355	26.9%	677	2.4%
Financial income	6	0.0%	13	0.0%	(7)	-50.3%
Financial charges	(4,535)	-3.9%	(4,171)	-4.0%	(364)	8.7%
Non-recurring financial income / (charges)	0	0.0%	(550)	-0.5%	550	-100.0%
Income tax expense	(7,565)	-6.4%	(8,102)	-7.7%	537	-6.6%
Net profit	16,937	14.4%	15,544	14.7%	1,393	9.0%

Note:

- 1) EBITDA correspond to the operating profit before depreciation and amortization and non-recurring charges/(income). 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 criteria applied by the Group could be different from those adopted by other parties and, consequently, not comparable.
- 2) At March 31, 2019, non-recurring components included service costs of 1,724 thousand euros and personnel costs of 635 thousand euros, listed below the operating profit line. At March 31, 2018, Restated, non-recurring components included service costs of 1,024 thousand euros and personnel costs of 270 thousand euros.

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 non-recurring and non-core items. This indicator reflects the Group's economic results, net of non-recurring items and factors that are not closely related to its core business activities and performance, thereby allowing an analysis of the Group's performance based on homogeneous data for the two periods that are being represented.

<i>(in thousands of euros)</i>	At March 31, 2019	At March 31, 2018 Restated
Net profit	16,937	15,544
Non-recurring components	2,359	1,294
Amortization of gains allocated to the Business Combinations	9,830	7,930
Financing fees – amortized cost	869	512
Nonrecurring financial (income) / charges	-	550
Tax effect	(3,563)	(2,818)
Adjusted net profit	26,432	23,012
Adjusted net profit attributable to non-controlling interests	2,077	122
Adjusted net profit attributable to owners of the parent	24,355	22,890
Adjusted net profit attributable to owners of the parent % / Revenues	20.7%	21.7%

The adjusted net profit represents the net profit in the income statement at March 31, 2019 and 2018, net of:

- non-recurring costs mainly related to costs for early retirement incentives and cost of services related to incidental charges for extraordinary transactions executed during the period;
- amortization of intangible assets recognized in connection with business combinations;
- financial charges incurred in previous periods with the signing of the Forward Start financing facility and recognized in the income statement by the amortized cost method;
- tax effect of the items described above.

The table that follows shows the revenues and EBITDA of the business segments.

<i>(in thousands of euros)</i>	PERIOD FROM JANUARY 1, TO MARCH 31, 2019				PERIOD FROM JANUARY 1, TO MARCH 31, 2018 RESTATED			
	Credit Information	Marketin g Solutions	Credit Management	Total	Credit Information	Marketin g Solutions	Credit Management	Total
Revenues by segment	71,754	7,385	39,230	118,369	71,803	5,725	28,826	106,354
Inter-segment revenues	(422)	(32)	(561)	(1,015)	(557)	-	(452)	(1,009)
Total revenues from outsiders	71,333	7,353	38,669	117,354	71,246	5,725	28,374	105,345
EBITDA	36,626	1,779	13,087	51,493	37,476	1,899	8,203	47,579
EBITDA %	51.3%	24.2%	33.8%	43.9%	52.6%	33.2%	28.9%	45.2%
Non-recurring income / (charges)				(2,359)				(1,294)
Depreciation and amortization				(20,103)				(17,930)
Operating profit				29,031				28,355
Pro rata interest in the result of companies carried at equity				-				1
Financial income				6				11
Financial charges				(4,535)				(4,171)
Non-recurring financial income/(charges)				-				(550)
Profit before income taxes				24,503				23,646
Income taxes				(7,565)				(8,102)
Net profit				16,937				15,544

Review of the Group's Performance in the Period Ended March 31, 2019

Total revenues and income grew from 105,408 thousand euros in the first quarter of 2018 to 117,494 thousand euros in the first three months of 2019, for an increase of 12,086 thousand euros, or 11.5%. 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 totaled 71,803 thousand euros in 2018 compared with 71,754 thousand euros in 2019, virtually in line with the previous year.

Within the Credit Information business segment:

- the Enterprise Division showed a gain compared with the first quarter of 2018 (+1.4%), mainly reflecting the development dynamics of some projects in the Large User area;
- the Financial Institution Division reported a slight contraction compared with 2018 (-1.7%), mainly attributable to the Business Information and Property Register Information segments and due to the impact of the early renewals of some important multi-year contracts, offset in part by gains in the Real Estate Appraisal services area and other projects.

Marketing Solutions Revenues

The revenues of the Marketing Solutions segment rose from 5,725 thousand euros in 2018 to 7,385 thousand euros in 2019 for an increase of 1,660 thousand euros, or 29%, mainly due to the consolidation of Pro Web Consulting, a company acquired in October 2018.

Credit Management Revenues

The revenues of the Credit Management segment grew from 28,826 thousand euros in 2018 to 39,230 thousand euros in 2019, for a gain of 10,404 thousand euros, or 36.1%.

This gain is attributable for 12.8% to the organic growth of the 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 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% of revenues, down from 46% in the previous period, even though they increased by 4,390 thousand euros in absolute terms (+9.0%), rising from 48,526 thousand euros in 2018 to 52,916 thousand euros in 2019. This slight contraction in profitability reflects the effect of growth in the Credit Management area, a business structurally less profitable due to the high incidence of labor costs that characterize its activities.

Operating costs rose from 56,882 thousand euros in 2018 to 64,578 thousand euros in 2019, for an increase of 7,696 thousand euros (+13.5%), as described below:

- The cost of raw materials and other costs contracted by 1,612 thousand euros, falling from 1,865 thousand euros in 2018 to 253 thousand euros in 2019. This decrease closely reflects a contraction of the asset remarketing activities carried out by the Cerved Credit Management Group S.r.l. subsidiary.

- Cost of services increased by 2,230 thousand euros, up from 26,754 thousand euros in 2018 to 28,984 thousand euros in 2019 (+8.3%), mainly due to the growth of the Group's Credit Management segment and the change in the scope of consolidation compared with the previous year.
- Personnel costs grew by 6,293 thousand euros, rising from 25,851 thousand euros in 2018 to 32,144 thousand euros in 2019 (+24.3%). This increase is primarily attributable:
 - for 3,156 euros to the effect of the consolidation of 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;
 - for 1,400 thousand euros to the seconding to Juliet S.p.A. of 92 specialized resources by the Monte dei Paschi Group; and
 - to the higher labor costs incurred in the Credit Management area due to the hiring of new resources, both in the previous year and the reporting period, in response to the significant business growth.
- Other operating costs increased by 823 thousand euros, up from 1,208 thousand euros in 2018 to 2,031 thousand euros in 2019, mainly due to higher rent expense for the newly consolidated companies and leasing of the software platform used for Juliet.
- Accruals to the provisions for risks and impairment of receivables decreased by 38 thousand euros, falling from 1,204 thousand euros in 2018 to 1,166 thousand euros in 2019, following a detailed assessment of loan losses and contingent liabilities.
- Depreciation and amortization increased by 2,172 thousand euros, rising from 17,930 thousand euros in 2018 to 20,103 thousand euros in 2019, due primarily to the higher depreciation and amortization recognized in connection with the purchase price allocation for the 2018 business combination, for 2,535 thousand euros,.

The cost recognized during the period ended March 31, 2019 for the granting of options amounted to 1,423 thousand euros for the cycles of the "2019-2021 Performance Share Plan."

Non-recurring components increased by 1,065 thousand euros, up from 1,294 thousand euros in 2018 to 2,359 thousand euros in 2019, primarily due to:

- costs related to non-recurring services amounting to 1,724 thousand euros for incidental charges incurred in connection with extraordinary transactions executed during the reporting period;
- staff incentives provided in connection with the integration of Group companies for 635 thousand euros.

Financial income decreased by 7 thousand euros, falling from 13 thousand euros in 2018 to 6 thousand euros in 2019.

Recurring **financial charges** increased by 364 thousand euros, up from 4,171 thousand euros in 2018 to 4,535 thousand euros in 2019, chiefly due to higher incidental charges for the Senior facility.

Income taxes for the period decreased by 537 thousand euros, falling from 8,102 thousand euros at March 31, 2018 to 7,565 thousand euros at March 31, 2019, due primarily to the effect to the recognition of prepaid taxes on the business combinations executed the previous year.

STATEMENT OF FINANCIAL POSITION OF THE CERVED GROUP

The schedule below shows a statement of financial position of the Group, reclassified by “Sources and Uses,” at March 31, 2019 and at December 31, 2018 and March 31, 2018 Restated.

	At March 31, 2019	At December 31, 2018 Restated	At March 31, 2018 Restated
(in thousands of euros)			
Uses			
Net working capital	19,669	11,856	1,322
Non-current assets	1,264,133	1,274,947	1,210,820
Non-current liabilities	(143,137)	(144,745)	(134,394)
Net invested capital	1,140,665	1,142,059	1,077,748
Sources			
Shareholders' equity	566,633	550,965	558,429
Net financial debt	574,032	591,094	519,317
Total financing sources	1,140,665	1,142,059	1,077,747

The table that follows shows a breakdown of net working capital at March 31, 2019 and at December 31, 2018 and March 31, 2018 Restated:

	At March 31, 2019	At December 31, 2018 Restated	At March 31, 2018 Restated
(in thousands of euros)			
Net working capital			
Inventory	106	111	501
Trade receivables	200,788	197,799	178,800
Trade payables	(51,703)	(59,844)	(46,994)
Liabilities for deferred income, net of selling costs	(83,223)	(87,525)	(83,467)
Net commercial working capital (A)	65,968	50,541	48,840
Other current receivables	8,248	7,350	12,701
Net current tax payables	(11,227)	(4,676)	(19,176)
Other current liabilities net of “Liability for deferred income”	(43,320)	(41,358)	(41,043)
Other net working capital components (B)	(46,299)	(38,685)	(47,517)
Net working capital (A + B)	19,669	11,856	1,322

At March 31, 2019, net working capital amounted to 19,669 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, 2018:

- trade receivables increased from 197,799 thousand euros at December 31, 2018 to 200,788 thousand euros at March 31, 2019, for a gain of 2,989 thousand euros that reflects invoicing dynamics during the period;
- trade payables went from 59,844 thousand euros at December 31, 2018 to 51,703 thousand euros at March 31, 2019, for a decrease of 8,141 thousand euros mainly related to payment dynamics during the period;
- liabilities for deferred income, net of the corresponding selling costs, which refer to services invoiced but not yet provided to customers, decreased by 4,302 thousand euros, due to the growth dynamics in the consumption of prepaid services invoiced the previous year.

Other current liabilities, shown net of liabilities for deferred income, increased from 41,358 thousand euros at December 31, 2018 to 43,320 thousand euros at March 31, 2019.

The main components of non-current assets, which totaled 1,264,133 thousand euros at March 31, 2019, include goodwill and other intangible assets.

The Group's net investments in property, plant and equipment and intangibles totaled 9,612 thousand euros for the period.

Non-current liabilities mainly reflect the following:

- 19,888 thousand euros for the non-current portion of the liability recorded upon the recognition of the options executed with the minority shareholders of Cerved Credit Management Group S.r.l., Click Adv S.r.l. and Major 1 S.r.l.;
- 102,321 thousand euros for the 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 on the value of Customer Relationships.

NET FINANCIAL DEBT OF THE CERVED GROUP

The table that follows shows a breakdown of the Group's net financial debt at March 31, 2019 and at December 31, 2018 and March 31, 2018 Restated:

	At March 31, 2019	At December 31, 2018 Restated	At March 31, 2018 Restated
(in thousands of euros)			
A. Cash	16	14	22
B. Other liquid assets	67,975	42,349	95,093
C. Securities held for trading			
D. Liquidity (A)+(B)+(C)	67,991	42,364	95,114
E. Current loans receivable	-	-	-
F. Current bank debt	(122)	(178)	(123)
G. Current portion of non-current borrowings	1,987	1,344	1,945
H. Other current financial debt	(26,367)	(18,475)	(6,675)
I. Current financial debt (F)+(G)+(H)	(24,502)	(17,310)	(4,853)
J. Net current financial debt (D)+(E)+(I)	43,489	25,054	90,262
K. Non-current bank debt	(612,257)	(612,828)	(609,044)
L. Bonds outstanding	-	-	-
M. Other non-current financial debt	(5,264)	(3,320)	(535)
N. Non-current financial debt (K)+(L)+(M)	(617,521)	(616,148)	(609,579)
O. Net financial debt (J)+(N)	(574,032)	(591,094)	(519,317)

At March 31, 2019, the Group's net financial debt totaled 574,032 thousand euros, compared with 591,094 thousand euros at December 31, 2018. This net financial position reflects the impact of the adoption of IFRS 16, which caused net financial debt to increase by 42,085 thousand euros at March 31, 2019, 43,645 thousand euros at December 31, 2018 and 42,017 thousand euros at March 31, 2018.

SIGNIFICANT EVENTS OCCURRING DURING THE FIRST QUARTER

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.

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

SIGNIFICANT EVENTS OCCURRING AFTER MARCH 31, 2019

The Eurobank transaction closed on April 1, 2019. In accordance with the stipulated agreement, EPS’s entire share capital was acquired for a price of 8.0 million euros. This price could increase by an earnout of up to 5.0 million euros, based on the attainment of economic targets achieved over a time period up to 2023. At the same time, EPS will enter into a three-year agreement with Eurobank, automatically renewable for an additional two years, for the servicing of real estate assets. On April 24, 2019, EPS changed its name to Cerved Property Services.

Further to the election of the Company’s new Board of Directors on April 16, 2019, the Board of Directors, meeting on April 19, 2019, appointed Gianandrea De Bernardis Chairman and Andrea Mignanelli Chief Executive Officer.

BUSINESS OUTLOOK

Insofar as the progress of the Group’s business operations is concerned, the Group’s scenario for 2019 calls for gains in Revenues and EBITDA as per the 2018-2020 Strategic Outlook reflecting the contribution of all divisions (Credit Information, Credit Management and Marketing Solutions), leveraging on the consolidation of the industrial partnerships and acquired companies, and an improvement of the integration, rationalization and efficiency of processes, with the target to improve both the profitability and the Operating Cash Flow generation of the Group.

TREASURY SHARES

At March 31, 2019, the Company held 3,971,881 treasury shares valued at 30,000 thousand euros.

PERFORMANCE SHARE PLAN

i) 2019-2021 Performance Share Plan

The table below shows the status of the options for the three cycles and the third supplemental cycle outstanding at March 31, 2019:

	Options outstanding at December 31, 2018	Options awarded	Options expired/revoked	Options exercised	Options outstanding at March 31, 2019
2019-2021 Performance Shares 1 st Cycle 2016	792,537				792,537
2019-2021 Performance Shares 2 nd Cycle 2017	671,235				671,235
2019-2021 Performance Shares 3 rd Cycle 2018	752,130				752,130
2019-2021 Performance Shares Supplemental 3 rd Cycle	708,387				708,387
Total	2,924,289	-	-	-	2,924,289

The accrued cost recognized at March 31, 2019 for the abovementioned plans amounted to 1,423 thousand euros and was included among Personnel costs.

The year 2018 marked the end of the first cycle of the “2019-2021 Performance Share Plan.” The Board of Directors, having verified the level of achievement of the three-year targets originally established, approved the award, through the use of treasury shares, in accordance with the terms originally approved by the Shareholders’ Meeting, of a total of 551,606 shares. The percentage of vesting options is 69.6%, based on the following target achievement percentages:

- Growth of Adjusted Profit Before Taxes = 76.4%
- Total Shareholder Return = 53.7%

The shares will be distributed within 60 days from the Shareholders’ Meeting approving the financial statements.

ii) 2022-2024 Performance Share Plan

The 2022-2024 Performance Share Plan, which was approved by the Shareholders’ Meeting on April 16, 2019, is structured into recurring three-year cycles for the years 2019, 2020 and 2021, each characterized by a three-year vesting period and the award of a maximum number of Company shares free of charge.

The performance targets identified for the first cycle are:

- PBTA Target” – Growth of Adjusted Profit Before Taxes per share during the reference period;
- Mid-Cap TSR Target, which references the Company’s Total Shareholder Return (TSR) compared with the TSR of the companies included in the FTSE Mid Cap Index Italia generated by Borsa Italiana S.p.A.
- Sector TSR Target, which references the percentage variance of the Company’s TSR, for each Plan cycle and the entire duration of the corresponding performance period, compared with the TSR of the FTSE Italia Industria Index of Borsa Italiana.

No option had been awarded as of the date of this Report.

CRITERIA FOR THE PREPARATION OF THE INTERIM REPORT ON OPERATIONS

This Interim Report on the Group's Operations at March 31, 2019 was prepared pursuant to Article 154 *ter*, Section 5, of the Uniform Financial Code (TUF), introduced by Legislative Decree No. 195/2007 in implementation of Directive No. 2004/109/EC. On May 7, 2019, this Interim Report on Operations was approved by the Board of Directors of Cerved Group S.p.A., which authorized its publication on the same day.

This Interim Report on the Group's Operations at March 31, 2019 was not audited by the Statutory Independent Auditors.

OVERVIEW OF ACCOUNTING PRINCIPLES

The accounting principles applied to develop the quantitative data presented in the income statement, statement of financial position and statement of cash flows at March 31, 2019 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 the end of the reporting period.

The accounting principles and consolidation criteria adopted to prepare this Interim Report on Operations at March 31, 2019 are consistent with those adopted to prepare the aggregate consolidated financial statements of the Group for the year ended December 31, 2018, restated as necessary to reflect the effects deriving from the implementation of the provisions of IFRS 16 "Leases."

The introduction of this principle is aimed at improving the transparency of the financial statements of lessees in connection with leasing transactions, as demanded by investors, financial analysts and regulatory entities.

For the adoption of this new standard, required starting in reporting years beginning on or after January 1, 2019, the Group opted for a retrospective adoption of the new standard, consistent with the provisions of IAS 8.

The new process for 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 asset 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.

Based on an analysis performed by the Group, the adoption of this new principle had an impact on the leases for operational and commercial facilities and on some hardware rental contracts, the effects of which at January 1, 2018 are summarized below:

(in thousands of euros)		Opening at 01/01/2018	Credit Information	Marketing Solution	Credit Management
			IFRS 16	IFRS 16	IFRS 16
Statement of financial position	Property, plant and equipment (Right of Use)	36,615	28,007	528	8,080
	Financial liabilities	(43,311)	(34,341)	(540)	(8,430)
	Deferred income (on contributions received from lessor, as per previous IAS recognition)	1,994	1,994	-	-
	Accrued expenses (from linearization of rent payments, as per previous IAS recognition)	3,452	3,452	-	-
	Net prepaid taxes	349	248	3	98
	Shareholders' equity	(901)	(640)	(9)	(252)

In the preparation of this Interim Report on Operations, management is required to apply estimates and assumptions that affect the amounts shown in the financial statements for revenues, costs, assets and liabilities and the disclosures concerning contingent assets and liabilities at the end of the reporting period. If in the future these estimates and assumptions, which are based on the best estimates by the Board of Directors, were to differ from actual circumstances, they will be appropriately revised in the period in which the abovementioned circumstances may occur.

The table below lists the international accounting principles, interpretations, 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 principle
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, Curtailed 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 and 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 Group did not choose early adoption for accounting standards and/or interpretations that were not endorsed and the adoption of which would be mandatory for reporting period beginning after January 1, 2019.

The comparative data at March 31, 2018 were also adjusted to reflect the 2018 year-end results deriving from the impacts of the adoption of the IFRS 15 accounting standard. Also at March 31, 2018, the data were adjusted to reflect the impacts of the retrospective recognition of the Purchase Price Allocation for the Credit Management S.r.l. business combination completed in December 2018, with the resulting reduction of goodwill and the corresponding increase in non-current assets. At the income statement level, the depreciation and amortization for the period were recognized together with the corresponding tax effect.

SCOPE OF CONSOLIDATION AND CONSOLIDATION CRITERIA

The Consolidated Financial Statements include the financial statements of the Group's Parent Company and those of companies in which the Parent controls, directly or indirectly, a majority of the votes exercisable at the Ordinary Shareholders' Meeting.

A list of companies consolidated line by line or by the equity method at March 31, 2019 is provided below:

	Registered office	Share capital (in thousands of euros)	% ownership (direct and indirect)	Consolidation method
Cerved Group S.p.A. (Parent Company)	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.	Trent	22	79.48%	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 method
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	Milan	75	31.73%	Equity method
Pro Web Consulting S.r.l.	San Donato Milanese	100	60.00%	Line by line

All subsidiaries 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 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 by virtue of the enhanced governance rights awarded to Cerved originating shareholders by virtue of the shareholders' agreement executed by the company's two shareholders.

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").

The Procedure, the purpose of which is to ensure the transparency and the substantive and procedural fairness of transactions executed with related parties, was published on the "Governance" page of the Company website.

INFORMATION ABOUT THE “OPT OUT” SYSTEM

As required by the provisions of Article 70, Section 8, of the Issuers' Regulation, the Company indicates that on April 2, 2014, concurrently with the filing of an application to list its shares on the MTA, it chose to adopt the “opt out” system provided under Article 70, Section 8, and Article 71, Section 1-*bis*, of the Issuers' Regulation, thereby availing itself of the exemption from the obligation to publish the information memoranda required in connection with material transactions involving mergers, demergers, capital increases through conveyances of assets in kind, acquisition and divestments.

Financial Statements

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

(in thousands of euros)	At March 31, 2019	At March 31, 2018 Restated
Revenues	117,354	105,345
- amount with related parties	270	151
Other income	139	63
Total revenues and income	117,494	105,408
Cost of raw materials and other materials	253	1,865
Cost of services	30,708	27,778
- amount from non-recurring transactions	1,724	1,024
- amount with related parties	219	249
Personnel costs	34,203	27,068
- amount from non-recurring transactions	635	270
- amount with related parties	1,298	1,433
Other operating costs	2,031	1,208
Impairment of receivables and other accruals	1,166	1,204
Depreciation and amortization	20,103	17,930
Operating profit	29,031	28,354
Pro rata interest in the result of companies valued by the equity method	-	1
- amount with related parties	-	1
Financial income	6	12
Financial charges	(4,535)	(4,721)
- amount from non-recurring transactions	-	(550)
Profit before income taxes	24,503	23,646
Income tax expense	(7,565)	(8,102)
Net profit	16,937	15,544
Amount attributable to non-controlling interests	1,295	(77)
Net profit attributable to owners of the parent	15,642	15,621
Other components of the statement of comprehensive income:		
<i>Items that will not be later reclassified to the income statement:</i>		
- Actuarial gains/(losses) on defined-benefit plans for employees	(767)	(8)
- Tax effect	214	2
- Gains / (Losses) deriving from hedge accounting	(2,049)	(37)
- Tax effect	572	9
- Gains / (Losses) from the translation of the financial statements of foreign companies	43	(6)
Comprehensive net profit	14,950	15,504
- Amount attributable to owners of the parent	13,671	15,583
- Amount attributable to non-controlling interests	1,279	(79)
Basic earnings per share (in Euro)	0.080	0.080
Diluted earnings per share (in euros)	0.081	0.079

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

(in thousands of euros)	At March 31, 2019	At December 31, 2018 Restated
ASSETS		
Non-current assets		
Property, plant and equipment	54,020	55,576
Intangible assets	450,961	460,423
Goodwill	747,173	747,173
Investments in companies valued by the equity method	3,131	3,131
Other non-current financial assets	8,847	8,644
- amount with related parties	700	500
Total non-current assets	1,264,133	1,274,947
Current assets		
Inventory	106	111
Trade receivables	200,788	197,799
- amount with related parties	305	255
Tax receivables	10,920	12,305
Other receivables	2,800	3,028
- amount with related parties	191	32
Other current assets	14,833	14,288
Cash and cash equivalents	67,991	42,364
Total current assets	297,439	269,894
TOTAL ASSETS	1,561,572	1,544,841
Share capital	50,521	50,521
Statutory reserve	10,090	10,090
Additional paid-in capital	434,099	434,099
Other reserves	44,444	(39,100)
Net profit attributable to owners of the parent	15,642	84,795
Shareholders' equity attributable to owners of the parent	554,796	540,406
Shareholders' equity attributable to non-controlling interests	11,838	10,559
TOTAL SHAREHOLDERS' EQUITY	566,634	550,965
Non-current liabilities		
Long-term debt	617,521	616,148
Employee benefits	14,620	13,621
Provision for risks and charges	5,571	5,534
Other non-current liabilities	20,625	20,640
- amount with related parties	8,617	8,617
Deferred tax liabilities	102,322	104,950
Total non-current liabilities	760,659	760,893
Current liabilities		
Short-term borrowings	24,500	17,310
Trade payables	51,703	59,844
- amount with related parties	273	678
Current income tax payables	14,936	5,985
Other tax payables	7,211	10,996
Other liabilities	135,929	138,849
- amount with related parties	5,605	6,727
Total current liabilities	234,279	232,984
TOTAL LIABILITIES	994,938	993,876
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES	1,561,572	1,544,841

CONSOLIDATED STATEMENT OF CASH FLOWS

(in thousands of euros)	At March 31, 2019	At March 31, 2018 Restated
Profit before taxes	24,503	23,646
Depreciation and amortization	20,103	17,930
Impairment of receivables and other accruals, net	1,166	1,204
Performance Share Plan	1,423	947
Net financial charges	4,529	4,709
Pro rata interest in the result of investee companies valued by the equity method	-	(1)
Cash flow from/(used in) operating activities before changes in working capital	51,724	48,346
Change in operating working capital	(16,531)	(22,712)
Change in other working capital items	(2,590)	3,431
Change in provisions for risks and charges, deferred taxes and other liabilities	741	50
Cash flow from changes in working capital	(18,380)	(19,231)
Income taxes paid	58	-
Cash flow from/(used in) operating activities	33,402	29,205
Additions to intangible assets	(8,316)	(8,584)
Additions to property, plant and equipment	(1,296)	(1,215)
Financial income	6	12
Payment of deferred price for interest in Spazio Dati S.r.l.	(1,383)	-
Acquisitions net of acquired cash	225	(18,000)
Change in other non-current financial assets	(4)	-
Cash flow from/(used in) investing activities	(10,768)	(27,787)
Change in short-term borrowings	(1,205)	(587)
Utilization of revolving line	9,140	-
Disbursement of the La Scala Cerved loan	(200)	-
Charges for amending the Senior Loan facility	-	(1,000)
Purchase of treasury shares	(704)	-
Interest paid	(4,038)	(3,925)
Cash flow from/(used in) financing activities	2,993	(5,511)
Change in cash and cash equivalents	25,627	(4,093)
Cash and cash equivalents at the beginning of the period	42,364	99,207
Cash and cash equivalents at the end of the period	67,991	95,114
Difference	25,627	(4,093)

CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands of euros)	Share capital	Statutory reserve	Additional paid-in capital	Other reserves	Net profit attributable to owners of the parent	Consolidated shareholders' equity attributable to owners of the parent	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at December 31, 2017	50,450	10,090	438,981	(16,827)	52,734	535,428	7,452	542,880
Impacts from first-time adoption of IFRS 16				(878)		(878)	(23)	(901)
Balance at January 1, 2018 Restated	50,450	10,090	438,981	(17,705)	52,734	534,550	7,429	541,979
Appropriation of the 2017 result				52,734	(52,734)	-		-
Performance Share Plan				941		941	6	947
Acquisition of non-controlling interest through capital increase (Consit)	71			1,596		1,667	(1,667)	-
Total transactions with owners	71	-	-	55,271	(52,734)	2,608	(1,661)	947
Net profit					15,621	15,621	(77)	15,544
Other changes in statement of comprehensive income				(38)		(38)	(2)	(40)
Net comprehensive result	-	-	-	(38)	15,621	15,583	(79)	15,504
Balance at March 31, 2018	50,521	10,090	438,981	37,528	15,621	552,741	5,689	558,430

(in thousands of euros)	Share capital	Statutory reserve	Additional paid-in capital	Other reserves	Net profit attributable to owners of the parent	Consolidated shareholders' equity attributable to owners of the parent	Shareholders' equity attributable to non-controlling interests	Total shareholders' equity
Balance at December 31, 2018	50,521	10,090	434,099	(38,169)	85,189	541,730	10,579	552,309
Impacts from first-time adoption of IFRS 16				(931)	(394)	(1,324)	(20)	(1,344)
Balance at December 31, 2018 Restated	50,521	10,090	434,099	(39,100)	84,795	540,406	10,559	550,965
Appropriation of the 2018 result				84,795	(84,795)	-		-
Performance Share Plan				1,423		1,423		1,423
Acquisition of non-controlling interests							-	-
Purchase of treasury shares				(704)		(704)		(704)
Total transactions with owners	-	-	-	85,515	(84,795)	719	-	719
Net profit					15,642	15,642	1,295	16,937
Other changes in statement of comprehensive income				(1,971)		(1,971)	(16)	(1,988)
Net comprehensive result	-	-	-	(1,971)	15,642	13,671	1,279	14,950
Balance at March 31, 2019	50,521	10,090	434,099	44,444	15,642	554,796	11,838	566,634

CERTIFICATION PURSUANT TO ARTICLE 154 *BIS*, SECTION 2, OF THE TUF

Pursuant to Article 154 *bis*, Section 2, of the Uniform Financial Code, the Corporate Accounting Documents Officer declares that the accounting information contained in this document is consistent with the data in the supporting documents and the Group's books of accounts and other accounting records.

Milan, May 7, 2019

Francesca Perulli

Corporate Accounting
Documents Officer