



ASSITECA GROUP

CONSOLIDATED HALF-YEARLY FINANCIAL REPORT AT 31 DECEMBER 2019

Consolidated. Administration bodies

Chairman	Luciano Lucca
Deputy Chairman	Filippo Binasco
Chief Executive Officer	Gabriele Giacomà
Chief Executive Officer	Piero Avanzino
Chief Executive Officer	Alessio Dufour
Chief Executive Officer	Nicola Girelli
Chief Executive Officer	Carlo Orlandi
Independent Director	Jody Vender
Director	Emanuele Cordero di Vanzo
Director	Carlo Vigliano
Director	Roberto Quagliuolo
Director	Luca Bocelli
Director	Ignazio Rocco di Torrepadula

Board of Statutory Auditors

Chairman	Michele Pirotta
Standing Auditor	Nicoletta Morrione
Standing Auditor	Luigi Garavaglia

Auditing firm

Baker Tilly Revisa S.p.A. – Milan

Significant events in the first half of 2019/20

In the first half of the year 2019/2020, therefore, the period from 1 July to 31 December 2019, the Group maintained its internal growth trend, with an improvement in profit margins compared to the same period in the previous year.

The half was, however, characterised in particular by a series of highly important transactions, that will have a major impact on the future development of the Assiteca Group, and which can be summarised below:

- Increase in share capital and entry of Tikehau to the shareholding structure
- Acquisition of Assita S.p.A.
- Acquisition of Arena Broker S.r.l.
- Continuation of M&A activities in the first half of 2020

TIKEHAU

In the first few days of August, Assiteca reached an investment agreement with Tikehau Capital, alternative asset manager and investment group, which made provision for the entry of Tikehau in ASSITECA's shareholding structure, through a reserved share capital increase.

The transaction was completed on 5 November 2019 with the subscription, by Chaise S.p.A., of a reserved share capital increase of Euro 25 million, corresponding to a minority share of 23.43%, at a subscription price of Euro 2.50 per share.

Chaise S.p.A. is a company indirectly and wholly-owned by “Tikehau Growth Equity II”, a professional pan-European private equity fund represented by the management company Tikehau Investment Management.

ASSITECA strengthened its position through this transaction, bringing its assets to over Euro 50 million, and acquired new financial resources to accelerate and continue the external growth process in Italy and in Europe.

ASSITA

On 30 July 2019, the purchase of 80% of the share capital of ASSITA S.p.A. Programmi Assicurativi Professionali Integrati was completed at a price of Euro 2.8 million.

ASSITA S.p.A. is a leading multi-firm agency in Professional Civil Liability Insurance and the main reference insurance intermediary for Freelance Professionals such as Doctors, Lawyers, Accountants and Tax Advisors, Engineers and the associated Bodies, Associations, Trade Unions and Scientific Societies.

ASSITA, which has a secondary office in Rome, closed the year ended as at 31 December 2018 with revenues of roughly Euro 2.2 million and EBITDA of roughly Euro 220 thousand.

The acquisition falls under ASSITECA’s external growth strategy targeted at enhancing the expertise and the range of products and services in specialist sectors, such as R.C. Professionale (Professional third-party liability), an insurance branch which, over the last few years, also as a result of regulatory updates, which have made provision for an insurance obligation for some orders, has witnessed significant development.

ARENA BROKER

At the end of November 2019, the purchase of 100% of the shares of Arena Broker S.r.l. was completed.

Incorporated in Verona in 1990 on the back of the initiative of Mauro Galbusera, a professional whose family has operated in insurance brokerage for more than a century, the company Arena Broker S.r.l. has grown into one of the leading Italian brokers over the years. In 1998, Banca Popolare di Verona, now Banco BPM, considering the activity of insurance services for its customers to be strategic, assumes control of it, by acquiring a 57.3% stake.

As at 31 December 2018, Arena Broker s.r.l. registered shareholders’ equity exceeding Euro 3 million; the portfolio currently amounts to roughly Euro 2.2 million. The price of the transaction, fully financed with own funds and paid at the same time as the transfer of the shares, amounted to Euro 5.95 million.

The transaction spawned a company in Verona with a portfolio of roughly Euro 7 million, immediately taking up the position as the biggest insurance broker in the territory.

ASSITECA has actually been present in the Veronese city since its incorporation, in 1982. The headquarters has developed significantly over the years throughout the north-east and now boasts a customer portfolio with major companies in the food, clothing, tanning, iron and steel sectors, as well as strategic partnerships with the Confindustriali associations in the territory.

M&A ACTIVITIES

Aside from the aforementioned transactions, the company launched important negotiations and due diligence activities in Italy and Spain, targeted at additional acquisitions of which one (6sicuro S.p.A. which will be described in the section on events occurred after the close of the year) was completed in February 2020.

Shareholding structure

Based on the latest information available, 60.38% of the share capital of the parent company Assiteca S.p.A. is held by the parent company Lucca's S.r.l., and 23.43% by Chaise S.p.A. (Tikehau), while 16.19% is stock market float.

Analysis of the results of the first half of the year 2019/20

Main consolidated economic/financial results:

- **Revenues** of Euro 45 million (Euro 39 million in the first half of 2018/19), +15%;
- **EBITDA** equal to Euro 10.1 million (Euro 8.5 million in the first half of 2018/19), +19%; the result benefitted from the effect of the adoption of IAS/IFRS 16 from 1/7/19, amounting to Euro 0.7 million. Net of this effect, the increase would be 11%.
- **Pre-tax result** of Euro 8.1 million (Euro 7.2 million in the first half of 2018/19), +11%;
- **Net result** equal to Euro 5.15 million (Euro 4.77 million in the first half of 2018/19), +8%;
- **Net financial position** amounts to Euro 22.6 million, an improvement of Euro 10.3 million compared to 31 December 2018. The 2019 figure reflects the negative impact of the adoption of IAS 16, amounting to Euro 7.5 million; net of this adjustment, the improvement would be Euro 17.8 million. With respect to 30 June 2019, the improvement amounts to Euro 0.6 million (which rises to Euro 8.1 million net of IAS 16). The NFP includes payables for new acquisitions.
- **Shareholders' equity** stands at Euro 53.3 million, compared to Euro 26.9 million as at 30 June 2019. This increase, the result of the share capital increase and the results obtained, reinforces the Group's capital and financial strength.

The reclassified consolidated income statement as at 31.12.2019 is reported below.

In this regard, it should be noted that, as of 1/7/2019, Assiteca adopted IAS/IFRS 16, as per mandatory requirements.

The effect on the income statement as at 31.12.2019 is summarised below:

- Higher EBITDA for Euro 0.7 million
- Higher amortisation/depreciation for Euro 0.6 million
- Higher financial charges for Euro 0.1 million

The balance sheet effect is as follows:

- Increase in tangible fixed assets (right of use) of Euro 7.5 million
- Increase of Euro 7.5 million in financial payables.

Conto economico riclassificato (valori in €/000)	Primo semestre 2019/20	Primo semestre 2018/19	differenza	
Ricavi netti	44.555	38.416	6.139	
Altri proventi	422	592	-170	
Totale ricavi netti	44.977	39.008	5.969	15%
Costi operativi				
Servizi	14.879	13.101	1.778	
Per godimento beni di terzi	1.744	1.888	-144	
Personale	16.648	14.261	2.387	
Altri costi operativi	1.582	1.239	343	
Totale costi operativi	34.853	30.489	4.364	14%
EBITDA	10.124	8.519	1.605	19%
<i>incidenza su Ricavi</i>	22,5%	21,8%		
Ammortamenti e accantonamenti	1.465	724	741	
Risultato operativo	8.659	7.795	864	11%
Proventi (oneri) finanziari	-349	-370	21	
Proventi (oneri) IAS16 17 e 19	-159	-111	-48	
Proventi (oneri) straordinari	-85	-62	-23	
Risultato ante imposte	8.066	7.252	814	11%
Imposte sul reddito	2.652	2.303	349	
Risultato netto attività in funzionam	5.414	4.949	465	9%
Utile perdita di esercizio di pertinenz	262	175	87	
Risultato netto	5.152	4.774	378	8%

Net revenues: these rose by 15% (Euro 6 million); of these, approximately 9% derives from M&A transactions, while the remaining 6% derives from internal growth (4% as at 31/12/18), an increase compared to the historical growth trends, characterised by development of the portfolio and the acquisition of new customers, as well as advisory activities.

Operating costs: these rose by 14% in the period, equal to Euro 4.4 million. Net of M&A and the effect of the application of IAS 16, the increase comes to roughly 4.5%, less than

proportional than that of revenues. As regards the costs of the companies acquired in the half, it should be noted that, obviously they still do not benefit from the expected economies of scale.

The subsequent increase in **EBITDA** (+19% compared to 2018/2019), ensures that said item accounts for 22.5% of revenues, with respect to 21.8% in the same period in the previous year.

The net result before taxes signalled growth of 11%.

Net profit, less the portion attributable to third parties, grew by Euro 0.4 million (+8%).

* * *

The **Net financial position**, amounting to Euro 22.7 million, improved by Euro 10.3 million compared to 31 December 2018. The improvement, net of the IAS effect, came to Euro 17.8 million.

The balance of the extraordinary transactions - share capital increase and outflows for M&A and Dividends - had a positive impact totalling Euro 12 million, the remaining Euro 5.8 million was generated by current operations.

The improvement was lower with respect to 30 June 2019 (Euro 0.7 million or Euro 8.2 million net of IAS), due to the seasonal nature of the collections, heavily concentrated in the months of January and February.

Net Financial Position at 31 December 2019

(valori in €/000)	31/12/19	31/12/18	Variaz.	30/6/2019	Variaz.
<i>Passività finanziarie con scadenza entro i 12 mesi</i>	(16.964)	(29.006)	12.042	(21.812)	4.848
<i>Debiti finanziari a breve per acquisizioni</i>	(670)	(474)	(196)		(670)
<i>Incassi in transito (*)</i>				4.387	(4.387)
Totale disponibilità liquide	14.086	12.369	1.717	7.010	7.075
Posizione finanziaria netta a breve	(3.548)	(17.111)	13.563	(10.414)	6.866
<i>Passività finanziarie con scadenza oltre i 12 mesi</i>	(11.329)	(15.524)	4.195	(12.678)	1.349
Debiti ias 16	(7.540)		(7.540)	0	(7.540)
<i>Debiti a lungo per rilevamento leasing con metodo finanziario</i>	(237)	(323)	86	(221)	(16)
Posizione finanziaria netta a M/L	(19.106)	(15.847)	(3.259)	(12.899)	(6.207)
Posizione finanziaria netta totale	(22.654)	(32.958)	10.304	(23.313)	659
composizione debito					%
<i>a breve</i>					16%
<i>a medio lungo termine</i>					84%

(*) Al 30 giugno 2019, la posizione finanziaria netta a breve è inclusiva degli incassi pari a Euro 4,39 milioni relativi a premi di competenza dell'esercizio in corso, per i quali i clienti hanno effettuato bonifico in data 28.06.2019 e accreditati sui conti correnti della società con valuta al 2.07.2019

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From a balance sheet perspective, it should be noted that the Group, as a result of the transactions and results already described, has current shareholders' equity of Euro 53.3 million, compared to Euro 26.9 million as at 30 June 2019, which enables the company to tackle new challenges bolstered by its increased capital and financial strength.

Significant events after 31 December 2019

Purchase of 6SICURO S.p.A., leading insurance aggregator in Italy

On 14 February 2020, ASSITECA S.p.A. completed the acquisition of 78.79% of the share capital of 6SICURO S.p.A., in which it already held a stake of 21.21%, thereby acquiring 100% of the share capital.

6SICURO S.p.A. is the third insurance aggregator in Italy. Founded by ASSITECA in 2000 as the first free on-line service for comparing car and motorcycle policies, it meets consumers' needs for savings, transparency and simplicity.

The acquisition falls under the development projects linked to the digital transformation.

Merger of ARENA BROKER S.r.l. and plan for the purchase and disposal of own shares

On 12 March 2020, ASSITECA's Board of Directors resolved to proceed with the integration, through the merger by incorporation, of the wholly-owned subsidiary ARENA BROKER S.r.l.

The transaction, resulting from the acquisition of the entire shareholding in ARENA BROKER S.r.l. which took place on 20 November 2019, will take effect on 1 January 2020 for tax purposes and 30 June 2020 for legal purposes, and will be subject to approval by the company's extraordinary shareholders' meeting called for 20 April 2020.

The Board of Directors also resolved to present to the Shareholders' Meeting, on the same date, the proposal for the authorisation to purchase and dispose own shares in order to boost the share's liquidity; to ensure a portfolio of own shares which can be used as consideration within the context of any extraordinary, strategic and commercial transactions; allow buy-backs from beneficiaries of any stock option plans.

New acquisitions

Lastly, the company continues to seek out fresh external growth opportunities, consistently with the strategy to consolidate its position on the Italian market and achieve growth on the Spanish market.

Some due diligence activities are already in progress, which could lead to new acquisitions by the end of the half.

Covid – 19

Assiteca is closely monitoring developments in the spread of COVID-19 and is taking all the necessary measures to prevent, control and contain the pandemic, at all its offices in Italy and Spain.

In particular, all the actions recommended from time to time by the Law Decrees and the Decrees of the President of the Council of Ministers, as well as the guidelines of the Istituto Superiore della Sanità (Italian National Institute of Health) have been implemented.

From an organisational point of view, a smart working plan has been prepared, which has allowed company operations to continue uninterruptedly and enabled the company to provide continuous service to customers, also supporting them in dealing with the emergency through dedicated webinars.

The measures that both European countries and the United States have been taking in recent days in an attempt to contain the spread of the epidemic are public knowledge; the effects of these measures may only become clear over the next few weeks.

Therefore, it is extremely difficult to make quantitative predictions regarding the impacts of COVID-19 on the Group's economic-financial results which will be reflected in the last four-month period of the current year.

Assiteca continues to monitor the developments in events with a view to managing the situation with its usual professionalism, focussing attention on the needs of its customers and on protecting the health of its employees.

Statement of financial position as at 31 December 2019

(valori in €/000)	Note	31.12.2019	30.06.2019
ATTIVITA'			
Attività immateriali	1	47.076	40.793
Attività materiali	2	10.073	1.713
Attività finanziarie	3	4.063	3.537
Crediti tributari	4	198	227
Imposte anticipate	5	1.913	1.661
TOTALE ATTIVITA' NON CORRENTI		63.324	47.931
Crediti verso clienti ed altre attività commerciali	6	11.225	8.314
Crediti tributari	7	2.392	1.438
Crediti verso altri	8	66.940	48.816
Disponibilità liquide e mezzi equivalenti	9	14.086	6.870
TOTALE ATTIVITA' CORRENTI		94.643	65.438
TOTALE ATTIVITA'		157.967	113.369
PATRIMONIO NETTO E PASSIVITA'			
Capitale sociale		7.617	5.832
Altre riserve		39.572	14.976
Utile dell'esercizio		5.152	5.424
TOTALE PATRIMONIO NETTO DI GRUPPO		52.340	26.233
Capitale e riserve di terzi		680	392
Risultato netto di periodo di pertinenza di terzi		262	258
TOTALE PATRIMONIO NETTO DI TERZI		942	650
TOTALE PATRIMONIO NETTO	10	53.282	26.883
Passività per prestazioni pensionistiche e trattamento di fine rapporto	11	14.603	14.150
Debiti vari e altre passività	12	7.777	345
Passività finanziarie con scadenza oltre i 12 mesi	13	11.329	12.678
TOTALE PASSIVITA' NON CORRENTI		33.708	27.173
Passività finanziarie con scadenza entro i 12 mesi	14	16.964	22.542
Debiti commerciali	15	3.415	1.951
Debiti tributari e previdenziali	16	6.738	3.563
Altre passività	17	43.860	31.257
TOTALE PASSIVITA' CORRENTI		70.977	59.313
TOTALE PATRIMONIO NETTO E PASSIVITA'		157.967	113.369

Note: the balance sheet balances as at 31 December 2019 are compared with the data at the close of the consolidated financial statements as at 30 June 2019.

Income statement for the first half of the year 2019/2020

(valori in €/000)	Note	I semestre 2019/2020 al 31.12.19	I semestre 2018/2019 al 31.12.18
Ricavi	18	44.555	38.416
Altri proventi	19	423	592
Totale ricavi operativi		44.979	39.008
Costi per servizi	20	14.879	13.101
Costi per godimento di beni di terzi	21	1.744	1.888
Costi del personale	22	16.648	14.261
Altri costi operativi	23	1.583	1.240
Ammortamenti e svalutazioni	24	1.465	724
Totale costi operativi		36.320	31.213
Risultato operativo		8.659	7.795
Proventi (oneri) finanziari	25	(508)	(481)
Proventi (oneri) non ricorrenti		(85)	(62)
Risultato prima delle imposte		8.065	7.252
Imposte sul redditi	26	2.652	2.303
Risultato netto attività in funzionamento		5.413	4.949
Utile (perdita) di esercizio di pertinenza di terzi		262	175
Utile (perdita) dell'esercizio		5.152	4.774

Statement of cash flows

(valori in €/000)		I semestre 2019/2020	I semestre 2018/2019
Disponibilità liquide		6.870	9.740
Saldo iniziale delle disponibilità liquide e mezzi equivalenti	A	6.870	9.740
Flussi monetari da attività di esercizio:			
Utile (perdita) dell'esercizio		5.414	4.949
Ammortamento delle immobilizzazioni		1.262	504
Variazione netta dei fondi relativi al personale		453	353
Differenza attuariale		0	(17)
Storno proventi ed oneri finanziari		508	481
Flusso monetario da attività di esercizio prima delle variazioni del capitale circolante		7.637	6.270
Variazioni delle attività e passività correnti:			
(Incremento) decremento dei crediti commerciali e altri crediti		(3.865)	(17.839)
Incremento (decremento) dei debiti commerciali e altri debiti		14.067	514
(Incremento) decremento delle altre attività		(18.124)	(832)
Incremento (decremento) delle passività tributarie		3.175	2.642
Incremento (decremento) delle altre passività		(5.576)	15.862
Totale variazioni delle attività e passività correnti		(10.323)	347
(Incremento) decremento dei crediti tributari non correnti		(224)	(222)
Incremento (decremento) delle altre passività non correnti		7.431	44
Incremento (decremento) delle passività finanziarie oltre i 12 mesi		(1.349)	771
Oneri finanziari netti		(508)	481
Flusso monetario generato (assorbito) dalle attività operative	B	2.663	6.729
Flussi monetari da attività di investimento:			
(Investimenti) disinvestimenti netti delle immobilizzazioni materiali		(9.275)	(111)
(Investimenti) disinvestimenti netti delle immobilizzazioni immateriali		(6.630)	(773)
(Investimenti) disinvestimenti in altre attività finanziarie		(527)	(119)
Flusso monetario generato (assorbito) dalle attività di investimento	C	(16.432)	(1.003)
Flussi monetari da attività di finanziamento			
Effetti variazione area di consolidamento (patrimoniali)		23.971	0
Distribuzione dividendi		(2.986)	(2.837)
Variazione debiti verso enti finanziatori per locazioni finanziarie			(260)
Flusso monetario generato (assorbito) dalle attività di finanziamento	D	20.985	(3.097)
Flussi di cassa generati (assorbiti) nell'esercizio	E = B+C+D	7.216	2.629
Saldo finale delle disponibilità liquide e mezzi equivalenti	A + E	14.086	12.369

Explanatory notes

Note 1 - General information on the Group

The Group was established in 1982 on the initiative of some professionals in the insurance industry and is now considered one of the most important groups of insurance brokerage in Italy. Since the creation of the first company, a development programme based on regional penetration has been developed, implemented through the acquisition or creation of local companies, which have led the Group to operate with 22 offices in Italy, located in the main national production and business centres.

This presence allows us to provide the customer with continuous advice and assistance, supported by a full range of customized services characterized by technical and commercial professionalism.

The Group is also present in Spain with two offices in Madrid and Barcelona through its subsidiary Assiteca Espana S.A. and in Switzerland with a new office in Lugano.

In Europe and worldwide, as a member of EOS RISQ and Lockton Global Networks, it can guarantee a presence in over one hundred countries and offer a personalised service to its customers' requests, ensuring timeliness and efficiency in facing the new challenges of a global market. The Assiteca Group, under the full control of the management, has become over time the only large independent entity from banking and industrial groups within the landscape of the main insurance brokerage companies.

As at 30 June 2019, the Group held assets of Euro 26.8 million (as at 31 December 2019, these stood at Euro 53 million) and recorded turnover of approximately Euro 70.7 million.

In July 2015, Assiteca S.p.A. was listed on AIM Italia, the market that the Stock Exchange dedicates to small and medium-sized Italian companies.

Note 2 - Standards used to prepare the condensed consolidated half-yearly financial statements and measurement criteria

These condensed consolidated half-yearly financial statements in accordance with the international accounting standards, (IAS/IFRS), and the related interpretations of the International Financial Reporting Interpretations Committee (IFRIC), and the Standing Interpretations Committee (SIC) issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the measures issued in implementation of Article 9 of Legislative Decree 38/2005.

In preparing these condensed consolidated half-yearly financial statements, drafted in compliance with IAS 34 - Interim financial reporting, the same accounting standards used to draft the consolidated financial statements as at 30 June 2019, to which reference should be made, were applied, with the exception of what is described in note 8 "Adoption of new accounting standards, amendments and interpretations issued by the IASB" as far as applicable.

In preparing the condensed consolidated half-yearly financial statements as at 31 December 2019, the Consob provisions contained in resolutions 15519 and 15520 and in communication 6064293 of 28 July 2006 were also applied, in application of art. 9, paragraph 3, of Legislative Decree no. 38 of 28 February 2005.

Note 3 - Use of estimates

The preparation of the condensed consolidated half-yearly financial statements and related notes in accordance with IFRS requires the management to make estimates and assumptions that have an effect on the values of assets and liabilities and on the information relating to contingent assets and liabilities at the reference date. The estimates and assumptions used are based on experience and other factors considered relevant. The results may differ from these estimates. The estimates and assumptions are reviewed periodically and the effects of any changes made are reflected immediately in the income statement or in shareholders' equity in the period in which the estimate is revised.

Certain valuation processes, in particular the more complex ones such as the determination of any impairment or write-backs of fixed assets, are generally only carried out completely at the time of the drafting of the annual financial statements, when all the necessary information is available, except for cases in which there are indicators of "impairment" which require an immediate valuation of any impairment.

Income taxes are recognised on the basis of the best estimate of the average weighted rate expected for the entire year.

Note 4 - Condensed consolidated half-yearly financial statements

The condensed consolidated half-yearly financial statements for the period 1 July 2019 - 31 December 2019 have been prepared in accordance with the IFRS adopted by the European Union and include the financial statements of Assiteca S.p.A. and of the Italian and foreign companies over which the company has the right to exercise, directly or indirectly, control, determining their financial and operating decisions, and obtaining the relative benefits. For consolidation purposes, where the consolidated companies do not already prepare their individual financial statements in accordance with IFRS, the financial statements (for the Italian subsidiaries) and the accounting statements (for the foreign subsidiary) prepared in accordance with the valuation criteria set out in local regulations have been used, adjusted to bring them into line with IFRS.

The condensed consolidated half-yearly financial statements at 31 December 2019 have been prepared on a going concern basis.

The income statement data and cash flows in the first half ended 31 December 2019 are presented in comparative form with those for the period 1 July 2018 - 31 December 2018. The balance sheet figures at 31 December 2019 are presented in comparative form with those at 30 June 2019.

Subsidiaries are not consolidated on a line-by-line basis from the date on which control was actually transferred to the Group but were consolidated on a line-by-line basis from the first day of the company year in which Assiteca S.p.A. acquired control of it. This forms the basis of

the objectives of these consolidated financial statements, which are to provide comparative information with respect to the summary prospectus and the communications issued to the stock market on the listing date.

The subsidiaries included in the scope of consolidation at 31 December 2019 are as follows:

Società	% di pertinenza del Gruppo	Capitale sociale	Sede Sociale
A & B Insurance and Reinsurance S.r.l.	100%	104	Milano
Assiteca Consulting S.r.l.	100%	10	Milano
Assiteca S.A.	100%	301	Madrid
Assiteca Agricoltura S.r.l.	100%	30	Verona
Assiteca BSA S.r.l.	100%	49	Modena
Socoupa S.A.	100%	89	Neuchatel
Assita S.p.A.	80%	120	Milano
Arena Broker S.r.l.	100%	500	Verona
ArtigianBroker S.r.l.	50%	100	Roma

Valori in euro/000

The scope of consolidation as at 31 December 2019 increased as a result of the acquisition of 80% of the share capital of the company Assita S.p.A. and 100% of the company Arena Broker S.r.l.

Non-consolidated associated companies and subsidiaries

Associated companies are those in which the Group holds at least 20% of the voting rights or exercises significant influence, but not control, over financial and operating policies.

The non-consolidated associated companies and subsidiaries are as follows:

Importi in €/000	Valore di carico	Partecipazione diretta
6Sicuro S.p.A.	2.543	21,2%
Assiteca SIM S.p.A.	405	4,2%
	2.948	

The non-consolidated subsidiaries did not change with respect to 30 June 2019. The company A.S.T. S.r.l. Agenzia di Assicurazione was not included in the scope of consolidation given insignificant for Assiteca SA (Lugano) as it is at the business start-up phase.

Consolidation principles

In the preparation of the consolidated financial statements, the assets, liabilities, costs and revenues of the consolidated companies are included on a line-by-line basis, attributing to minority shareholders in specific items of the balance sheet and income statement their share of shareholders' equity and of the result for the period.

The book value of the investment in each of the subsidiaries is eliminated against the corresponding portion of the shareholders' equity of each of the subsidiaries, including any

adjustments to the fair value, at the date of acquisition, of the related assets and liabilities; any residual difference emerging is allocated to goodwill.

All intercompany balances and transactions, including any unrealised profits arising from transactions between Group companies, are eliminated. Profits and losses realised with associated companies are eliminated for the part pertaining to the Group. Intragroup losses are eliminated except where they represent long-term losses.

Conversion of financial statements in currencies other than the euro

The consolidated financial statements are presented in thousands of euros. The Euro is also the functional currency in which all Group companies operate.

Note 5 - Contents of the Explanatory notes

These Explanatory notes exclusively report the events and transactions considered relevant for understanding the changes in the financial position and the economic performance of the Group over the course of the first half of the current year; therefore, they provide only the relevant updates with respect to the information already provided in the explanatory notes to the last set of consolidated financial statements for the period ended as at 30 June 2019.

Unless indicated otherwise, the data in the explanatory notes are stated in thousands of euros.

Note 6 - Transactions with related parties, atypical and/or unusual transactions and significant non-recurring events and transactions

In the condensed consolidated half-yearly financial statements, the balances originating from transactions with related parties are highlighted separately, if significant.

Note 7 - Seasonal nature of transactions

Insurance brokerage activities are characterised by a heavy concentration of policy expiries as at 31 December: this involves an increase in both receivables due from policyholders and payables due to companies, which are settled in January and February.

Note 8 - Adoption of new accounting standards, amendments and interpretations issued by the IASB

The condensed consolidated half-yearly financial statements as at 31 December 2019 have been prepared in accordance with the international accounting standards issued by the International Accounting Standards Board (IASB) and approved by the European Union, as well as the provisions issued in implementation of Article 9 of Legislative Decree no. 38/2005. The term IFRS also includes all the revised international accounting standards (IAS) and all the interpretations of the International Financial Reporting Interpretations Committee (IFRIC) previously known as the Standing Interpretations Committee (SIC).

The accounting standards adopted in the preparation of these condensed consolidated half-yearly financial statements are consistent with those applied in the preparation of the

consolidated financial statements at 30 June 2019, with the exception of the following with regard to amendments and interpretations applicable from 1 July 2019.

Accounting standards, amendments and interpretations applied as from 1 July 2019

The nature and impact of each standard/change are listed below:

On 23 October 2018, IFRIC 23 “**Uncertainty over Income Tax Treatments**” was endorsed, containing guidance on the accounting of tax assets and liabilities (current and/or deferred) relating to income taxes in the presence of uncertainties in the application of tax legislation. The provisions of IFRIC 23 are effective for financial years starting on or after 1 January 2019. This new provision was therefore considered for the purposes of the preparation of this report.

In January 2016, the IASB issued an amendment to **IFRS 16 Leases**. The amendment establishes the principles for the recognition, measurement, presentation and disclosure of lease contracts for both parties involved and replaces the previous standard IAS 17 "Leases". IFRS 16, defines a lease as a contract that transfers to the customer (lessee), in exchange for consideration, the right to use an asset for a specified period of time; the distinction for the lessee between operating and finance leases is eliminated, and a single accounting model is introduced whereby a lessee is required to recognise assets and liabilities for all leases due in more than 12 months, unless the underlying asset is of low value, and to recognise separately in the income statement the depreciation of the assets with respect to interest expense. This standard is applicable for financial years beginning on or after 1 January 2019 and was considered in this report by using the “modified retrospective” method to calculate the impact on previous years.

IFRIC Interpretation 23 Uncertainty over Income Tax Treatment. The interpretation defines the accounting treatment of income taxes when the tax treatment involves uncertainties which affect the application of IAS 12 and does not apply to taxes or duties that do not fall within the scope of IAS 12, nor specifically includes requirements relating to interest or penalties attributable to uncertain tax treatments. The interpretation specifically addresses the following points:

- whether an entity considers uncertain tax treatments separately
- the assumptions of an entity over the examination of the tax treatments by the tax authorities
- how an entity determines the taxable income (or tax loss), the tax base, the unused tax losses, the unused tax credits and tax rates
- how an entity considers changes in facts and circumstances.

An entity must define whether to consider each uncertain tax treatment separately or together with other (one or more) uncertain tax treatments. The approach that better predicts the resolution of the uncertainty must be applied. The interpretation is in force for the years starting on or after 1 January 2019, but some concessions for first-time application are available. The company will apply the interpretation at the date of entry into force and is still evaluating whether the adoption of said standard could impact its financial statements.

Amendments to **IFRS 9: *Prepayment Features with Negative Compensation***. Pursuant to IFRS 9, a debt instrument can be measured at amortised cost or at fair value in the statement of comprehensive income, provided that the contractual cash flows are “exclusively payments of principal and interest on the outstanding amount” (SPPI criterion) and the instrument is classified in the appropriate business model. The amendments to IFRS 9 clarify that a financial asset passes the SPPI criterion regardless of the event or circumstance that causes the early termination of the contract and irrespective of which party pays or receives reasonable compensation for the early termination of the contract. The amendments that must be applied retrospectively are effective from 1 January 2019 and early application is permitted. These amendments did not have an impact on the company’s financial statements.

Amendments to **IAS 28: *Long-term interests in associates and joint ventures***. The amendments clarify that an entity applies IFRS 9 to long-term interests in an associate or joint venture, for which the equity method is not applied but which, in substance, form part of the net investment in the associate or joint venture (long-term interests). This clarification is important because it implies that the expected credit loss model of IFRS 9 applies to these long-term interests. The amendments also clarify that, in applying IFRS 9, an entity does not need to take account of any losses of the associate or the joint venture or of any impairment of the investment, recognised as adjustments of the net investment of the associate or joint venture that derive from the application of IAS 28 *Investments in Associates and Joint Ventures*. The amendments must be applied retrospectively, are effective from 1 January 2019 and early application is permitted. Since the company does not hold long-term interests in its associates and joint ventures, the amendments did not impact the financial statements.

Accounting standards, amendments and interpretations not yet applicable and not adopted in advance by the Group

The following are the principles which, at the date of preparation of the financial statements, had already been issued but were not yet in force. The Group intends to adopt these principles when they enter into force.

On 18 May 2017, the IASB issued **IFRS 17 “Insurance Contracts”**, which defines the accounting of insurance contracts issued and the reinsurance contracts held. The provisions of IFRS 17, which supersede those currently set forth in IFRS 4 “Insurance contracts”, are effective for financial years starting on or after 1 January 2021.

On 22 October 2018, the IASB issued amendments to **IFRS 3 “Business Combinations”**, aimed at providing clarifications on the definition of a business. The amendments to IFRS 3 are effective for financial years starting on or after 1 January 2020.

On 31 October 2018, the IASB issued amendments to **IAS 1** and to **IAS 8 “Definition of Material”**, aimed at clarifying, and making uniform within the IFRS and other publications, the definition of relevance with the purpose of supporting businesses with formulating judgements on the matter. In particular, information is material if omitting, misstating or obscuring it could

reasonably be expected to influence the decisions that the primary users of the financial statements make on the basis of those financial statements. The amendments to IAS 1 and to IAS 8 are effective for financial years starting on or after 1 January 2020.

The Group will adopt these new standards, amendments and interpretations, on the basis of the expected date of application, and will assess their potential impacts, when they are endorsed by the European Union.

Segment reporting

Pursuant to Consob communication no. 98084143 of 27 October 1998, it should be noted that the Group's primary business sector is insurance brokerage; consequently, the economic-equity components of the financial statements are essentially attributable to this type of business. In addition, the bulk of the Group's activities are carried out in Italy.

Information on the balance sheet, financial position and statement of comprehensive income

The individual items of the balance sheet and income statement are commented on below.

Note 1 - Intangible assets

The composition and changes in intangible assets at 31 December 2019 are shown in the table below:

Importi in Euro	Saldo al 30.06.2019	Variazione area consolidamento	Acquisizioni	Alienazioni	Ammortamenti e svalutazioni	Saldo al 31.12.2019
Avviamento/Disavanzo di fusioni	35.665	376	0	0	(24)	36.017
Altre attività immateriali	824	369	308	0	(323)	1.178
Differenza di consolidamento	4.304	5.577	0	0	0	9.881
Totale attività immateriali	40.793	6.322	308	0	(347)	47.076

Check for impairment of goodwill

Goodwill, as an asset with an indefinite useful life recognised as a fixed asset at 30 June 2019, was tested for impairment.

This assessment is carried out annually and was carried out at the level of the cash generating units (CGUs) to which the value of goodwill can be allocated.

In order to determine recoverable value, reference was made to value in use, determined using the "Discounted cash flow" method, which estimates future cash flows and discounts them using a rate that coincides with the weighted average cost of capital (WACC).

Other intangible assets

The increases are due primarily to the acquisition of the other intangible assets present in the company Assita S.p.A.

Note 2 - Property, plant and equipment

The composition and changes in property, plant and equipment at 31 December 2019 are shown in the table below:

(valori in €/000)	Saldo al 30.06.2019	Variazione area consolidamento	Altre variazioni	Acquisizioni	Alienazioni	Ammortamenti e svalutazioni	Saldo al 31.12.2019
Valori netti							
Attrezzature	14			30		(4)	40
Autovetture	303	9		186	(62)	(80)	357
Cellulari	350			32		(48)	333
Diritti d'uso			8.162			(593)	7.569
Fabbricati		718				(23)	695
Impianto telefonia	11			22		(3)	31
Macchine elettroniche	527	44		19	(32)	(107)	450
Mobili e arredi	507	97		50		(56)	599
Totale valori netti	1.713	868	8.162	339	(94)	(915)	10.073

Note 3 - Financial assets

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Partecipazioni in imprese controllate	117	117
Partecipazione in imprese collegate	2.948	2.948
Partecipazione in altre imprese	200	200
Crediti verso altri	798	272
Totale attività finanziarie	4.063	3.537

The item equity investments in non-consolidated subsidiaries refers to the company Assiteca S.A. with registered office in Lugano, in which Assiteca S.p.A. holds a 52% stake, amounting to Euro 107 thousand, and 100% of the company A.S.T. S.r.l., amounting to Euro 10 thousand. These companies were not included in the scope of consolidation given considered insignificant as of today.

Equity investments in associated companies

Details of equity investments in associated companies are provided below

Importi in €/000	Valore di carico	Partecipazione diretta
6Sicuro S.p.A.	2.543	21,2%
Assiteca SIM S.p.A.	405	4,2%
	2.948	

Receivables from others

The amount of Euro 798 thousand at 31 December 2019 is composed primarily of security deposits for utilities and rent.

Note 4 - Tax receivables (non-current)

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Crediti verso erario per rimborso I.R.A.P. anno 2013	53	53
Altri crediti verso Erario	146	174
Totale crediti tributari a lungo	198	227

Note 5 - Deferred tax assets

Deferred tax assets were determined on the temporary differences between taxable income and the result of the financial statements by applying the I.R.E.S. rate of 24% and the I.R.A.P. rate of 3.9%.

Note 6 - Receivables from customers and other commercial activities

Receivables from customers were made up as follows at 31 December 2019:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Crediti commerciali	8.594	5.517
Risconti attivi	2.631	2.798
Totale crediti verso clienti e altre attività commerciali	11.225	8.314

Prepayments are calculated on the basis of commissions that will have a future cash flow but whose right to be received has already accrued to Group companies.

Note 7 - Tax receivables (current)

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Crediti per I.R.E.S.	1.710	870
Crediti per I.R.A.P.	140	65
I.V.A.	41	2
Crediti da Ricerca e sviluppo	452	452
Altri crediti	49	50
Totale crediti tributari	2.392	1.438

Note 8 - Receivables from others

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Crediti verso assicurati e compagnie (premi e provvigioni)	60.597	39.214
Anticipi sinistri	1.919	341
Crediti verso dipendenti	459	394
Diversi	3.964	8.867
Totale crediti verso altri	66.940	48.816

The increase in receivables for premiums is due to the comparison between 30 June 2019 and 31 December 2019 which, as already described, represents the different months for Group activities with periods of different movements in premiums.

Note 9 - Cash and cash equivalents

Cash and cash equivalents are broken down as follows:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Depositi bancari e postali	13.965	6.688
Denaro e valori in cassa	121	182
Totale disponibilità liquide	14.086	6.870

The balance represents cash and cash equivalents on bank and postal current accounts and the existence of cash and cash equivalents at the end of the period.

The value of cash and cash equivalents is deemed to be in line with their fair value.

Note 10 - Shareholders' equity

The composition of the Group shareholders' equity and the changes with respect to the previous year are shown in the table below:

Importi in euro	Saldo al 30.06.2019	Destinazione risultato d'esercizio	aumento capitale	Variazione area consolidamento	Altri movimenti	Saldo al 31.12.2019
Capitale sociale	5.832		1.785			7.617
Riserva legale	1.038	197				1.235
Riserva sovrapprezzo azioni	10.222		23.215			33.437
Riserva di transizione I.A.S./I.F.R.S.	(187)				3	(184)
Differenza da concambio	(1.265)					(1.265)
Riserva attuariale	(2.378)					(2.378)
Altre riserve	7.547	5.227	(1.062)		(2.986)	8.726
Risultato dell'esercizio	5.424	(5.424)			5.152	5.152
Totale Patrimonio Netto	26.233	-	23.938	0	2.169	52.340
Utile di terzi	258	(258)			262	262
Patrimonio netto di terzi	392	258		30		680
Totale patrimonio netto	26.883	-	23.938	30	2.431	53.282

The fully subscribed and paid-up share capital at 31 December 2019 amounts to Euro 7,617 thousand and consists of 42,673,353 ordinary shares with no par value (Euro 0.1785 in accounting terms).

The main changes in shareholders' equity in the half ended 31 December 2019 were as follows:

- increase in share capital, following the subscription, by the company Chase S.p.A., of 10,000,000 ordinary shares, for an amount of Euro 1,785 thousand and an increase of Euro 23,215 thousand in the share premium reserve.
- the change in the shareholders' equity of the Group due to the changes in the scope of consolidation as a result of the acquisition of 80% of the share capital of the company Assita S.p.A. and 100% of the company Arena Broker S.r.l.
- the Group profit of Euro 5,152 thousand,
- the distribution of dividends for Euro 2,986 thousand.

Note 11 - Liabilities for pensions and severance indemnities

This item includes all pension obligations and other benefits in favour of employees, subsequent to the termination of employment or to be paid on maturity of certain requirements, and is represented by provisions for severance indemnities relating to Group personnel.

Liabilities for pensions and severance indemnities amounted to Euro 14,603 thousand as at 31 December 2019 (Euro 14,150 thousand at 30 June 2019).

The movements in the period are shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Saldo all'inizio dell'esercizio	14.150	12.111
Accantonamenti dell'esercizio	629	1.167
Variazione area di consolidamento	312	433
Utilizzi	(488)	(469)
Perdita (profitto) attuariale rilevata		908
Totale passività per prestazioni pensionistiche e trattamento di fine rapporto	14.603	14.150

Movements during the period reflect provisions and disbursements, including advances, made during the first half of the year.

The provision for employee severance indemnities is part of the defined benefit plan.

The Project Unit Cost method, already shown in the notes to the consolidated financial statements for period ended 30 June 2019 was used to determine the liabilities.

Note 12 - Other payables and other non-current liabilities

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debiti a lungo per rilevamento leasing con metodo finanziario	237	171
Debiti per rilevamento diritto d'uso (IAS 16)	7.540	0
Debiti a lungo per acquisizioni	0	0
Altri debiti a lungo	0	175
Totale debiti vari a lungo	7.777	345

Long-term payables are characterised by the recognition of leases according to the financial method, with an impact relating to the application of IAS 16 of Euro 7.54 million.

Note 13 - Financial liabilities due beyond 12 months

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debito chirografaro Intesa San Paolo		
Debito chirografaro UBI	512	764
Debito chirografaro Creval	333	670
Debito chirografaro Banco Popolare	258	512
Debito chirografaro Biver	171	427
Debito chirografaro Banco Desio	0	1
Debito chirografaro Banco di Sardegna	1.138	1.386
Linea Capex - pool Banca Intesa	8.917	8.917
Totale passività finanziarie con scadenza oltre i 12 mesi	11.329	12.678

The Group did not take out any new loans in the half.

Note 14 - Financial liabilities due within 12 months

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debiti a breve per rilevamento leasing con metodo finanziario	309	184
Conti correnti	1.231	10.357
Finanziamento in pool revolving	7.000	12.000
Altri finanziamenti	8.424	0
Totale passività finanziarie con scadenza entro i 12 mesi	16.964	22.542

These are mainly payables on credit lines granted by banks on ordinary current accounts.

The revolving pool loan is a credit line disbursed for a total amount of 30 million euro by a pool of credit institutions led by Intesa SanPaolo.

The other loans consist of hot money lines and unsecured bank loans for the principal amount to be repaid within the next financial year.

Note 15 - Trade payables

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debiti verso fornitori	3.260	1.912
Ratei e risconti passivi	154	39
Totale debiti commerciali	3.415	1.951

Note 16 - Tax and social security payables

The breakdown of this item at 31 December 2019 and 30 June 2019 is shown below:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debiti tributari	4.927	2.073
Debiti previdenziali	1.811	1.490
Totale debiti tributari e previdenziali	6.738	3.563

Tax payables mainly refer to payables for withholding taxes applied to employees or self-employed work, plus taxes on profit for the year.

Social security payables refer to amounts owed to social security institutions, INPS and supplementary pension funds.

Note 17 - Other liabilities

Other liabilities at 31 December 2019 mainly refer to the payable to companies for premiums already received by the company, to be repaid in subsequent months based on the contractual agreements.

The breakdown of this item is as follows:

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Debiti verso compagnie	32.900	26.230
Debiti verso assicurati	5.569	2.315
Debiti verso dipendenti	1.662	1.295
Altri debiti	3.729	1.418
Totale altre passività	43.860	31.257

Memorandum accounts

(valori in €/000)	Saldo al 31.12.2019	Saldo al 30.06.2019
Garanzie, fidejussioni, avalli	13.000	13.000
Totale conti d'ordine	13.000	13.000

The amount is composed, for Euro 13,000 thousand by bank guarantees issued pursuant to art. 117, paragraph 3 bis of the Insurance Code.

Note 18 - Revenues

The Group's revenues derive from the following activities:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
Provvigioni	42.388	36.728
Consulenze	2.168	1.688
Totale ricavi	44.555	38.416

The revenues of Group companies in the first half ended as at 31 December 2019 rose compared to the same period in the previous year; the increase is due not only to the acquisitions made, but also the growth in the portfolio managed with the acquisition of new customers and the expansion in advisory services.

Note 19 - Other income

The item, amounting to Euro 423 thousand in the first half (compared to Euro 592 thousand in the first half of year 2018/2019) refers primarily to extraordinary revenues, such as, for example, the disposal of assets, charges for the use of cars, insurance reimbursements.

Note 20 - Costs for services

In the first half of 2019/2020 and in the first half 2018/2019, the breakdown of this item is as follows:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
Provvigioni passive	4.217	4.477
Consulenze e collaborazioni	3.423	2.667
Postali, telefoniche e telex	248	189
Viaggi e trasferte	489	460
Emolumenti amministratori	3.712	3.056
Compenso collegio sindacale	44	29
Altri costi per servizi	2.747	2.223
Totale costi per servizi	14.879	13.101

The net change of roughly Euro 1,778 thousand is linked primarily to the increase in advisory services and collaborations connected with growth in the portfolio and directors' fees.

Note 21 - Costs for use of third party assets

This item breaks down as follows:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
Fitti passivi e spese	803	1.153
Renting autovetture/hardware	941	735
Totale costi per godimento beni di terzi	1.744	1.888

The Group has long-term rental contracts for cars granted as benefits to employees.

Note 22 - Personnel costs

The breakdown of this item for the half ended 31 December 2019 and the half ended 31 December 2018 is shown below:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
Salari e stipendi	12.017	10.331
Oneri sociali	3.813	3.188
Trattamento di fine rapporto	804	720
Altri costi	14	22
Totale costi del personale	16.648	14.261

Personnel costs increased compared to the same period in the previous year, mainly due to the new acquisitions.

Numero dei dipendenti al	al 31 dicembre 2019	al 31 dicembre 2018
Dirigenti	23	21
Quadri	109	95
Impiegati	456	413
Operai	1	0
Totale	589	529

Note 23 - Other operating costs

Other operating costs for the half ended as at 31 December 2019 amounted to Euro 1,583 thousand, up Euro 343 thousand on the first half of the previous year.

Note 24 - Amortisation, depreciation and write-downs

Depreciation, amortisation and write-downs amounted to Euro 1,465 thousand, compared with Euro 724 thousand in the half ended as at 31 December 2018. This item breaks down as follows:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
Ammortamento immobilizzazioni immateriali	347	187
Ammortamento immobilizzazioni materiali	915	317
Accantonamenti riguardanti i crediti	202	220
Totale ammortamenti e svalutazioni	1.465	724

The increase is due not only to the change in the scope of consolidation, but primarily to the effect of the application of IAS 16, for an amount of Euro 593 thousand.

Note 25 - Financial income and charges

The breakdown of this item is as follows:

(valori in €/000)	I semestre 2019/2020	I semestre 2018/2019
PROVENTI FINANZIARI:		
Interessi attivi e proventi finanziari	13	8
Utile su cambi	17	43
Totale proventi finanziari	30	51
ONERI FINANZIARI:		
Perdite su cambi	11,01	14,56
Interessi passivi e oneri finanziari	368	406
Interesse passivi IAS	159	111
Totale oneri finanziari	538	532
Totale proventi (oneri) finanziari	(508)	(481)

The item was impacted by the increase in interest expense from IAS 16, for Euro 86 thousand.

Commitments and contingent liabilities

There are no commitments or liabilities that derive from obligations in progress and for which the use of resources capable of meeting the obligation is probable, which are not already reflected in the values of the consolidated half-yearly report as at 31 December 2019.

Capital management

The primary objective of the Assiteca Group is to ensure the best possible balance between the structure of assets and liabilities (solvency ratio) both at corporate level and from the Group's overall point of view. Starting from this principle, the parent company works, even in a complex financial market context, to identify the sources necessary to support the Group's industrial growth plans in the medium term. These sources must be found at the best market conditions, in terms of cost and duration, with the aim of maintaining the capital structure at an adequate level of soundness.

The Group manages the capital structure and changes it to reflect changes in economic conditions and the objectives of its strategic plans.

Supplementary information from IFRS 7

The rules in IFRS 7 shall be applied by all entities to all financial instruments. Paragraph IN4 of the introduction specifies that IFRS 7 applies to all companies with few financial instruments, but the extent of the information required depends on the extent to which the company uses the financial instruments and is exposed to risk.

The Group is a commercial group whose only financial instruments are trade receivables and trade payables.

The Group has no commitments, guarantees or risks outstanding at the end of the year.

In the course of its business, the Group is exposed to various financial risks, including in particular the market risk in its main components and the exchange rate risk associated with currency trading.

Financial risks are managed by the administrative department, which evaluates all major financial transactions and implements the related hedging policies.

The Group has taken out appropriate insurance policies covering the risk of loss of ownership, product risk and the risk of potential liabilities arising from business interruption following exceptional events. This coverage is reviewed annually.

The following is a series of pieces of information designed to provide information on the extent of the Group's exposure to risks in addition to the information already contained in the report on operations:

a. credit risk management: brokerage risk relates only to insurance premiums for which the Group declares coverage to the companies without having yet received the premium from the insured.

b. liquidity risk management: the Group's financing requirements and cash flows are coordinated with the aim of ensuring effective and efficient management of financial resources within the framework of centralised treasury management. Cash outflows from current operations are substantially financed by cash inflows from ordinary activities. Liquidity risk may arise only in the event of investment decisions in excess of cash and cash equivalents that are not preceded by sufficient and readily available sources of appropriate funding.

c. interest rate risk: the risk of fluctuations in interest rates over time is also closely related to liquidity risk. The Group takes steps to minimise the related cost, diversifying the sources of financing also in consideration of the rates applied and their variability over time. The medium/long-term loans in place are at variable rates. Short-term credit lines are at variable rate, with values that vary in the various forms of financing, and an average cost that in the financial year 2018/2019 was approximately 2.25%.

An upward fluctuation in market reference rates, which in the current international macroeconomic context is not likely, given the current structure of the Group's sources of financing, could in any case have a negative effect on its economic performance.

d. risk associated with exchange rate fluctuations: the Group has some premium income in dollars, with consequent exposure to exchange rate risk. If the risk is evaluated as

significant, specific forward purchase contracts for foreign currency are signed, in order to hedge against the risk of exchange rate fluctuations.

Exposure to external and operational risks

In carrying out its activities, the Group incurs risks deriving from external factors connected with the macroeconomic context or the sector in which it operates, as well as internal risks connected with the operational management of the activity itself.

Risks arising from the macroeconomic recession

The unfavourable macroeconomic situation reduces customers' propensity to consume, with the consequent risk of a reduction in revenues attributable to the reduction in volumes sold as well as to the reduction in commission expected in relation to the reduction in premiums for all variable-premium policies (a typical example is the professional liability policy). This risk is mitigated by customer loyalty actions and by measures to rationalise production processes in terms of costs and product and service quality.

Risk of managing relations with the authorities

Insurance brokerage activities are subject to administrative and legal regulatory constraints, in particular with reference to Personal Data Protection regulations and IVASS requirements. The Group is exposed to the risk of non-compliance with the rules set out in the Code for the Protection of Personal Data with regard to its end customers, which may lead to sanctions by the relevant Authority (Privacy Guarantor) and to the risk of non-compliance in the application of the information required by IVASS regulations. In the face of this risk, the Group has developed internal procedures to ensure that the processing of its end customers' data, both manually and electronically, always takes place in compliance with current legislation.

Information on the balance sheet, financial position and statement of comprehensive income

The undersigned Luciano Lucca, Chairman of the Board of Directors of Assiteca S.p.A., parent company of the Assiteca Group, hereby certifies, also taking into account the provisions of art. 154-bis, paragraphs 3 and 4, of Legislative Decree no. 58 of 24 February 1998:

- the adequacy in relation to the characteristics of the company and
- the effective application of the administrative and accounting procedures for the preparation of the consolidated half-yearly financial statements during the first half of the year 2019/2020.

It is also hereby certified that the condensed consolidated half-yearly financial statements as at 31 December 2019:

- were drafted in compliance with the applicable international accounting standards recognised in the European Community pursuant to Regulation (EC) no. 1606/2002 of the European Parliament and Council of 19 July 2002;

- correspond to the results of the books and the accounting records;
- are suitable to provide a true and fair view of the equity, economic and financial position of the group of the issuer;
- the interim report on operations contains references to important events that occurred in the first six months of the year and their impact on the condensed consolidated half-yearly financial statements, together with a description of the main risks and uncertainties for the remaining six months of the year, as well as the information on the significant transactions with related parties.

Milan, 30 March 2020

The Chairman of the Board of Directors
(Luciano Lucca)