



# **CAD IT S.p.A.**

Statutory Financial Statements  
at 31-12-2016

*This document has been translated into English for the convenience of readers outside of Italy.  
The original Italian version remains the definitive and authoritative document.*

# CAD IT S.p.A.

Registered office in Verona, Via Torricelli No. 44/a  
 Share capital € 4,669,600 fully paid in.  
 Tax code and Verona Company Register No. 01992770238  
 Chamber of Commerce REA No. 210441

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## Financial statements at 31 December 2016

Drawn up in accordance with CONSOB resolution no. 11971 of 14 May 1999 and subsequent changes and integrations

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## BOARD OF DIRECTOR AND AUDITORS

### BOARD OF DIRECTORS <sup>(1)</sup>

GIAMPIETRO MAGNANI  
*Chairman <sup>(2)</sup> and Managing Director*

LUIGI ZANELLA  
*Vice Chairman and Managing Director*

PAOLO DAL CORTIVO  
*Managing Director*

GIULIA DAL CORTIVO  
*Managing Director*

MAURIZIO RIZZOLI <sup>(4)</sup>  
*Director*

THOMAS BURKHART  
*Director*

LAMBERTO LAMBERTINI <sup>(4)</sup>  
*Director and lead independent director*

ALESSANDRA PEDROLLO <sup>(4)</sup>  
*Independent Director*

GIAN PAOLO TOSONI  
*Independent Director*

DEBORA CREMASCO <sup>(3)</sup>  
*Independent Director*

### STATUTORY AUDITORS <sup>(1)</sup>

CHIARA BENCIO LINI  
*Chairman*

GIAN PAOLO RANOCCHI  
*Statutory Auditor*

RENATO TENGATTINI  
*Statutory Auditor*

### AUDITORS : PKF ITALIA S.p.A.

- (1) Appointed on 29 April 2015; office expires with the shareholders' meeting for the approval of the 2017 financial statements.
- (2) Appointed on 8 July 2016; office expires with the shareholders' meeting for the approval of the 2017 financial statements.
- (3) Appointed by co-option by the Board of Directors on 19 October 2016 until the next Shareholders' Meeting.
- (4) Member of the Control and Risk Committee; member of the Nominating and Compensation Committee.

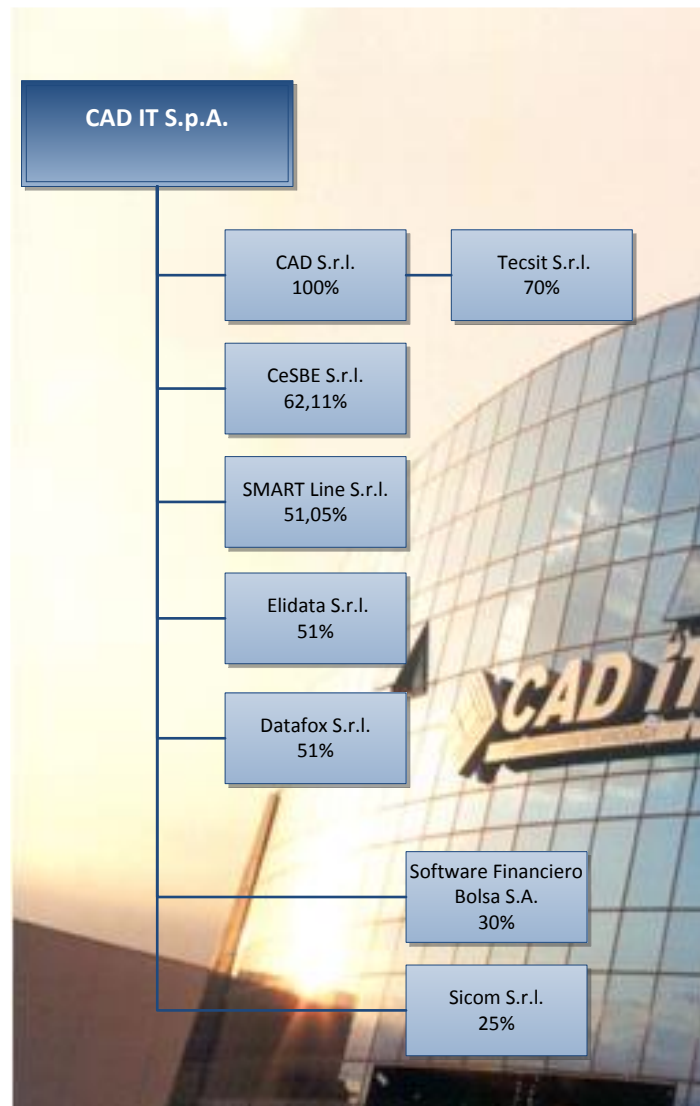
*The main powers reserved in the statute to the Board of Directors are the examination and approval of the strategic, industrial and financial plans of the company; the purchase, sale, exchange or transfer of fixed assets and real estate rights; the granting of collateral on fixed assets; the set up of new subsidiaries and the take-over, acquisition or sale of corporate investments; the acquisition, sale, exchange or transfer of the whole company or of business lines; the underwriting of obligations, commitments and responsibilities which, either singularly or jointly with other connected negotiations, come to more than €4,000,000; the nomination of managing directors; the release of warranties and real or personal guarantees of any kind to the sum of more than €2,000,000 for each individual transaction and, if in the interest of subjects other than the Company and its subsidiaries, to any sum whatsoever; the examination and preventive approval of significant transactions including those with company related parties and company subsidiaries; verification of the appropriateness of the administrative and organisational structure and the general accounting, the internal control system and any conflicts of interest.*

*The Chairman and Managing Director, Giampietro Magnani, is authorised to perform all ordinary and extraordinary administrative duties, excluding only those which can not be delegated by law and those assigned to the Board of Directors by article 19 of the company by-laws.*

*The Vice-Chairmen Luigi Zanella, pursuant to article 20 of the company by-laws, carries out vicarious functions to those of the President in case of his absence or impediment. The managing director Luigi Zanella, will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million); furthermore, the aforementioned director will have the power and faculty, with their single free signature, to purchase and/or sell registered assets, with the exception of boats and airplanes of any kind.*

*The Managing Director Paolo Dal Cortivo will have full ordinary administrative power including the faculty to prepare reports and to order banking transactions, within the limits of account availability and credit worthiness, with the power to act alone for each individual transaction to the amount of Euro 2,000,000 (two million) and with the joint signature of another managing director for each individual transaction to the amount of Euro 4,000,000 (four million). The said Managing Director will have ordinary administrative power to represent the Company in terms of relations with institutional investors and shareholders as well as with Borsa Italiana S.p.A. and Consob, by sending them communications and information, including anything required by the laws in force and/or the international best practice rules in respect of the laws and rules themselves and any internal regulations.*

*The Managing Director Giulia Dal Cortivo has been delegated to matters concerning the management of the Company's employees as well as the employees of its subsidiaries CAD Srl, Cesbe Srl, Datafox Srl and Smart Line Srl; the Managing Director, Giulia Dal Cortivo, has also been entrusted with the management - as the person in charge - of CAD IT Group's legal and corporate affairs and company secretarial and administrative matters.*



*CAD IT Group as at 31/12/2016*

## DIRECTORS' REPORT ON OPERATION

This management report is an integral part of CAD IT S.p.A.'s annual financial report at 31/12/2016 and includes references to the important events which occurred during the financial year and their incidence on the balance sheet, together with a description of both CAD IT S.p.A.'s and the Group's primary risks and uncertainties.

The balance sheet at 31<sup>st</sup> December 2016 was drafted to conform with the applicable international accounting standards recognised in the European Community in accordance with EC regulation no. 1606/2002 issued by the European Parliament and Council on 19<sup>th</sup> July 2002 and with the provisions laid down in art. 9 of Leg. Dec. no. 38/2005, as well as in observance of Consob regulation no. 11971 of 14<sup>th</sup> May 1999 and subsequent modifications and integrations.

CAD IT S.p.A. is obliged to draft a consolidated balance to which reference may be made for further information on the Group's result and economic-financial situation.

Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. The totals and subtotals of the statements presented are determined by rounding the sum of the point data. The percentage figures shown are calculated using the non-rounded off figures.

### ***Information on CAD IT and Group's activities***

CAD IT is the leader of a group that is one of the most dynamic organizations in the Italian information technology sector.

CAD IT was set up as a joint stock company under Italian law. The registered office and the administrative and main operating offices are in Via Torricelli 44/a, Verona. The company is registered in the Verona Company Register under no. 01992770238. Share capital amounts to € 4,669,600, fully subscribed and paid-in, and comprises 8,980,000 ordinary shares. There are no other action categories. These shares are nominal and cannot be divided. Each of them entitles to one vote in the ordinary and extraordinary meetings of the company and to the execution of all other corporate and property rights in accordance with the law and the company's by-laws.

The company is listed in the STAR segment of MTA market of the Italian stock exchange, segment conceived for mid size companies that voluntarily comply with requirements of excellence in terms of information transparency, communication, liquidity of free float and Corporate Governance, in line with best international standards.

CAD IT S.p.A. is not subject to the control of any other company, as provided by article 2359 of the Italian Civil Code and it is fully responsible for defining its own general and operational strategic policies. CAD IT S.p.A. manages and coordinates its own subsidiaries.

The CAD IT Group operates in Italy with its own branches and companies in Verona, Milan, Rome, Prato and Padova.

#### ***A dynamic and innovative company ...***

The group philosophy is that every customer situation is unique and for each of them will be sought specific solution. For this reason group's technology solutions are established on component-based architectures that allow for secure, phased and progressive implementation.

With over 600 highly trained professionals employed within the company, the aim of the Group is to harness innovation and technology to help the company run better.

#### ***... with a broad and impressive customer base***

CAD IT serves demanding market-leading organisations across Europe.

Its customer base includes banking groups, national authorities, local authorities, consumer goods companies, insurance companies, outsource service providers and foundations.

Each day, its technology solutions support over 200,000 end-users in over 1,000 organisations with their essential tasks in Italy, Switzerland, Germany, UK and the Czech Republic.

### ***... operating through a dedicated company network***

During the years it has widened its product range through the continual increase in new skills, a careful strategy of acquisitions and partnerships, considerable investment in research and development and constant market trend monitoring, that has always favored the issue of products in line with the changing needs and anticipating needs. The founding of new companies and other strategic purchases have enabled the Group to improve synergies and to enter new markets, e.g. business intelligence and control and management systems for banks, insurance companies, private and public institutions, innovative solutions to interconnect financial markets, SIM (securities brokerage firm) and SGR (company asset management), ERP applications and solutions for local tax collection agencies.

### ***... with market leading products based on reliable and flexible technology***

CAD IT has proven and functionally-rich technology solutions and offers its customers true expertise in technology. With the gained experience and consistent R&D in technology design and application development, the group has the expertise to build reliable, user-friendly and highly scalable application architecture. Based on an independent model platform, service oriented its architectures offer customers the flexibility of phased implementation within a technology framework that is designed for today and can evolve around their changing needs. The “lego” methodology, coupled with a broad range of services, facilitates the tailoring of common technological solutions to the customer’s situation.

### ***... combining with a comprehensive set of services***

The services offered are related to developed solutions in the following areas:

- project management;
- system integration;
- consultancy and training;
- customisation and change management activities;
- application monitoring & support through agreed SLA;
- multi-lingual, 24x7 Help Desk;
- regulatory support;
- application development;
- application maintenance;
- private cloud;
- business processing.

### ***... and a laser focus on customer service***

Guidelines, frameworks and specific toolsets are in place to ensure every aspect of work is linked to these needs from requirements and service planning, through solution development to deployment and support.

Software Development Centre of CAD IT supports all software releases, documentation and materials that allow to simplify the operation activities of its customers.

The Group developed a special single-point-of-contact (SPOC) Customer Support Framework for the management of support and maintenance activities including Service Desk, Incident and Problem Management, Change and Release Management.

Its main purpose is:

- to act as a single point of contact for the CAD IT software end-user;
- to manage the life cycle of user generated issues and service requests;
- to guarantee pre-agreed service levels;
- to organise and prioritise requirements;
- to keep end-users updated on progress.

### ***... innovating together with a wide network***

CAD IT invests heavily in R&D for its technology solutions.

Its capacity to innovate together with its clients is a compelling advantage. For many years now CAD IT adopted a collaborative research and development approach with customers, universities, regulatory authorities, consultancies, communities and technological and business partners.

With a growing user community of over 200,000 end-users, where customer demands and requirements constantly evolve, Group's strength is the ability to deliver solutions that respond to our client's needs and adapt to the changing market environment.

### ***... offering constant improvement***

The CAD IT Group offers solutions based on the know-how of a vast community of users and supports customers in achieving their own specific objectives with a personalised approach based on granular software components and tailor-made modular services.

Due to the inspiration we receive from our customers and believing firmly in creating stable and lengthy relations, we aim to evolve constantly by making every effort to find new methods, innovate our technology and support the professional growth of our own resources through training and experiential courses.

The Group is convinced that its commitment to understanding the customers' needs and to providing increasingly more efficient solutions is the true reason behind its managing to maintain customer satisfaction rate extremely high.

We believe that innovation does not simply end with the supply of a state-of-the-art technological solution, but is a continual process of customer support to provide solutions that evolve and adapt to changing market conditions.

This is why the Group continues to provide support for all the releases and, although invites its customers to evolve, never obliges them to replace their software with updated versions.

By offering holistic services like system integration, training, consultancy, assistance and constant support, the Group is continually enriching its own know-how by increasing the added value of the solutions it offers to the customers.

## **FINANCE**

Area Finanza, flagship product, is viewed as the gold standard on the Italian market, with about a 90% share of the Italian securities processing market, according to the estimate of the company.

Since 2006, with continuing product development, Area Finanza has now been implemented successfully internationally, at leading financial institutions in Switzerland, Germany, UK and the Czech Republic.

Area Finanza offers total automation of all processes relating to derivatives and securities in the following macro areas: Position Keeping, Custody and Administration, Corporate Actions, Order Management, Trading Rooms, Securities Master Database, Settlement, Asset Management, Reconciliations, REPOs, Know Your Customer, Financial Advice and Reporting.

Customers are banks, banking groups, insurance companies, global custodians, brokers, asset managers, IT and BPO service providers, finance companies, trust companies and banking foundations.

According to company estimates within Europe, applications for Area Finanza are the following:

- 1,000 financial institutions;
- 25,000 bank branches;
- 14,000 post office branches;
- 200,000 users;
- 25,000,000 security deposit accounts.

## **PUBLIC ADMINISTRATION**

The Group holds a leading position in providing software solutions for Tax Collection in Italy.

Our SET suite for tax collection is the National IT solution being used by the Institutions that manage public tax collection.

Activity in this sector began in the 1980s and has been developed by constantly keeping up with the legal and functional evolutions in the management of both "voluntary" and "compulsory" tax collection.

Since 2006, in view of the ongoing decentralisation of local tax collection, CAD IT has made considerable





investments in developing its FE suite for managing Taxation for Public Authorities, capitalising on its experience in Tax Collection at a central level.

FE offers avant-garde tools at the service of all types of central and local Authority for managing tax collection, from preparing "loading lists" up to payment collection and settlement. Furthermore, the FE suite includes planning and control solutions that improve the Authority's internal management, so that Public Administration can accompany the citizen through all the most important events of the public service lifecycle: from information services to the various payment means.

Customers are Authorities, Licensed Companies, Tax Collection Agents and Banking Groups that carry out Treasury and Tax collection services.

Taxation for Authorities (FE) and Tax Collection System (SET) are used throughout Italy and exclusively manage tax collection activities for the National Public Administration Service.

## **INDUSTRY**

In addition, the Group boasts a long-standing activity in the industrial and the financial sectors and can count on the capacity to offer solutions for e-business, credit and industrial companies in constant evolution.

CAD IT is a reference point for companies producing the most famous "made in Italy" products: fashion and food. In these sectors, CAD IT aims at providing specific IT and business skills through software packages and services with high added value that ensure immediate benefits for its customers.

Customers are hundreds of companies dotted all over Italy with branches abroad and with a strong potential for internationalization. Companies that have grown with the collaboration of CAD IT in terms of modernising and reviewing their company procedures. With them were created organizational models so that decisions can be taken quickly and within economically sustainable time periods.

CAD IT, with the support of its strategic partners, is able to provide its customers with a complete range of services so that they can make the decisions that lead to creating advanced systems supported by the very best specific skills available on the market.

## **HOT TOPICS**

### **IFRS 9**

In July 2014, the IASB issued the new IFRS 9 accounting standard that legislates financial instrument classification, measurement, impairment and hedge accounting and which will replace the IAS 39 accounting standard. The IFRS 9 application range involves all debt and equity financial instruments that were already included in the IAS 39 scope. The new standard will come into force as of 01/01/2018.

The FRS 9 will have a number of new aspects compared to the current IAS 39 standard:

- new Business Model concept;
- new binding rules for classifying financial instruments in terms of the SPPI test ("Solely Payments of Principal and Interest");
- new balance categories;
- new ways to measure financial instruments;
- new ways to calculate impairment.

These new entries in IFRS 9 will have a significant impact on Financial Institute Balances, especially in terms of a potentially considerable increase in Economic Statement volatility.

Furthermore, these new entries will also have heavy consequences on organisational procedures and company information technology systems.

In this context, CAD IT, thanks to its expertise and consolidated experience in developing IT solutions for financial instrument management, has defined its own Finance Area evolutionary strategy in order for it to be IFRS 9 compliant.

To optimize the quality of its offer, CAD IT, during 2016, has organized a work group with leading Italian financial institutions in order to compare the impacts of the new regulation as well as the relative solutions.

In the fourth quarter of 2016 some parts of the software relating the Master Data Portfolios, Master Data Securities, the First Time Adoption, Assessments and Accounting, were already released. Moreover in the first quarter of 2017 the parts relating Impairment, Hedging, Controls on dispositive and administrative functions are going to be released.

### **MiFID II – MiFIR**

Banks and other investment companies operate in an environment with strict, complex and hard-to-interpret regulations. Several regulations (e.g. EMIR, BASEL III, CRD IV, IFRS 9, Market Abuse) affect the same operating processes.

In this context, the new European Union directives, MiFID II and MiFIR, will be coming into force as of 2018. This new regulation regards various operational processes and will impact on income sources such as commissions, incentives and financial product distribution.

The banks and investment companies need a comprehensive and modular MiFID II/MiFIR compliant solution that has a lesser impact on current processes and which allows large volumes of data to be managed efficiently and centrally.

CAD IT's solution for managing MiFID II and MiFIR obligations is flexible and covers all the regulatory areas: "customer protection", "markets" and "compliance".

CAD IT's solution is solid because it is based on existing products and founded on regulatory requirements shared by a work group created during the 2016 that comprises all CAD IT's customers, including some of Europe's leading banks, and over 90% of the Italian banking market.

### **Master Data**

After meticulous international market research into best practices and best available technologies, and following years of research and development in collaboration with a leading banking group, CAD IT has created Master Data. A robust, dynamic and pro-active Master Data that is able to rapidly evolve and adapt its own processes! Designed to meet the needs of a banking group which, in total autonomy, wants to configure, manage and monitor processes and the specificities of each Entity.

Master Data is user-oriented thanks to an active graphic interface, fitted with dynamic module loading, real-time validation, self-completion, contextual help windows and timely messaging, that also supports the user during every data process phase, thus increasing concentration and zeroing error percentages.

Master Data is quality-centric, based on an intrinsic data quality system that enables the constant data management, offering definition and configuration autonomy in:

- data acquisition processes through workflow definition and form design;
- data checking through data dictionary;
- proper usage of the data.

Master Data is migration-oriented, a unique product that brings with it the experience of a sustainable migration process which allows:

- new and "old" data to be constantly aligned thanks to a two-directional synchronisation process;
- applications that access "old" data to progressively migrate to the new data.

### **Cash & Liquidity Management - Basilea III compliant**

Constant evolution in the Payment System world, globalisation and high market volatility make Treasury activities more and more complex and Treasury is forced to face difficult challenges on a daily basis: risk management, uncertainties concerning the quality of information gathered, processing of reliable forecasts and satisfying the current regulatory requirements set by institutional entities (like, for example, the Basel Committee of Banking Supervision, BCBS).

Underestimating these scenarios can lead to high risk in terms of wasting resources in activities with poor added value, running into pointless expenses linked to interest rates and not achieving cash flow objectives. It is therefore necessary to find a solution that would offer the greatest number of benefits and advantages to the user. A solution



that would be able to respond, at any moment, to the most important questions in terms of liquidity management. CAD IT aims at determining factors to achieve this objective, in other words: detailed collection and management (also in real-time if possible) of all the necessary information, check functions that guarantee the quality of the data used, product adaptation to all possible operative configurations, maximum usability in order to reduce errors and increase user action effectiveness.

SPIKE, CAD IT's Cash & Liquidity Management, supports the Treasury in managing the Liquidity needed for all the Bank's or Financial Institute's activities. Adaptable to the organisational structure in terms of security/enabement and operative workflow, SPIKE interfaces with the Systems (Internal and External) that operate on liquidity, providing an overall and detailed view of the Cash trend: End of Day, Intraday and Forecast, all supported by graphics and parameterisable alert functions. There is a Funding functionality which also acts automatically, processing transaction "proposals" (giros and transfers) on the basis of rules linked, for example, to balance and average stock. The user can modify and/or confirm these proposals which, if sent to the Systems of reference, will immediately be used by the application to calculate forecasts.

Report management is an important advantage that SPIKE offers to the Liquidity Manager in order to meet accounting needs at all organisational levels as well as everything foreseen by the regulations (e.g. Central Banks, BASILEA 3, etc.). Print-outs can be produced automatically or on command by the user who, starting from all the information in the database, can manage reporting through pre-defined models or in a personalised manner. The reports can be edited on the basis of all the most commonly used layouts (pdf, csv, xls, txt, etc.).

### ***KID per PRIIPs***

The introduction of KIDs for all PRIIPs comes fully within the host of post-crisis European provisions aimed at strengthening retail investor protection.

PRIIPs "packaged retail investment and insurance-based investment products", are "pre-assembled" investment and insurance products sold by the financial industry to retail customers.

KIDs "key information documents", refer to 3-page documents, which every issuer will be obliged to submit to the customer, containing key information on the product sold.

According to the European Union, as of January 1st 2017, every issuer will be obliged to provide the KIDs relating to products of their own issue and supply the customers with a copy, otherwise they will not be able to sell the products. The information therein should be standardized and comparable and an average retail investor should be able to understand them easily.

Until now, issuers have paid little attention to this topic, convinced that the regulation's coming into force would be deferred and that they would be able to produce an "in-house" document since it seemed to be easy to create.

In reality, even if the starting date were to be postponed for a few months, the activation times would still be very tight because the KIDs will not only have to be prepared for new products, but also for those of older issue. Each KID must then be constantly monitored and, if necessary, updated and published on multiple channels.

Furthermore, issuers are now realizing that the KIDs are not just simple reports but do, in fact, contain quantitative and qualitative information that is hard to assemble, implying an in-depth knowledge of the regulation and the technical standards to be applied.

This is why issuers, particularly banks and insurance companies, are now rushing to adapt quickly to the regulation. In order to meet the needs of its clientele, CAD IT, in collaboration with «Fairmat», a company that has been working for years on themes regarding PRIIPs, has created a software solution that will allow issuers to rapidly structure the KIDs in relation to all product types involved in the regulation.

The platform is extremely flexible and can be integrated with the necessary general data for automating the process.

Moreover, scenarios can be constructed to check the final result of the KIDs created for the Issuers' new products.

### ***BitFinder***

Bitfinder is a full text search engine that searches contents that may be present in any application, system, network or platform. BitFinder replaces the various tools that provide vertical search services on single applications with one single system able to carry out searches and group information and content from the most varied internal and



external sources.

A powerful syntax allows specialised and personalised searches to be carried out for different contexts through the use of words, phrases, proximity operators, logic operators, regular weights and expressions.

Third party applications therefore have the chance to enrich their own functions by integrating BitFinder search services through the use of the API web service.

A security system based on Roles, ensures that only those effectively authorised will be able to see the information returned by the search.

The web administration module provides simple and complete management and parameterisation of all the functionalities.

### **Intelligo**

Intelligo is a massively multi-lingual CMS (Content Management System), designed to provide total separation between the contents and their typographic or multi-media presentation. In order to manage structural and graphic aspects, it can operate in combination with the most common open source CMSs (WordPress, Drupal, Joomla). Moreover, it allows the contents themselves to be further enriched with semantic tags and micro-data according to Schema.org and RDF standards.

The content in Intelligo is pure in that it is free of font, colour or capital letters, as is its translation in one or more languages, and is a value since it can be re-used and given significance. This characteristic will provide the basis for publishing and websites in the future (multi-media publishing and semantic web), but it is now already possible to take advantage of the potential in SEO terms with Google, thus obtaining better search positioning and more effective snippets for our own web pages. Furthermore, being able to re-use "meaningful sentences" can lead to significant savings in translation costs.

Viewing the contents in Intelligo is controlled by rules that allow articles to be personalised according to user profiles, business policy management, regulations and laws, by means of an interpretation engine applied to user questionnaires.

### **SOS**

Banca d'Italia has reviewed the entire collection and management system for suspicious transaction alerting. This new system aims at improving the quality of the alerts by ensuring greater uniformity and completeness as well as shortening the analysis and investigation procedures. An important new factor in the way that information flows with alerting parties are exchanged is the introduction of the standard XBRL format and the use of the Banca d'Italia portal.

The SOS system is natively integrated within CAD IT's "Anti money laundering" module but can also be independently interfaced with the bank's internal systems.

CAD IT's SOS system aims at making it easier to collect and integrate the data required for executing an alert by providing access to external files such as General Data, the Single Computerised File and the "unexpected" lists in the "Gianos" procedure.

An alert follows a route that generally starts from the branch in which the minimal data is collected, then goes to the central offices responsible for inserting other additional elements and ends with the production of files in the XBRL format, ready to be sent to the UIF.

The SOS software is able to memorise each individual stage, thus ensuring that the entire operation is archived.

### **TDOC@Web**

In a world that is becoming increasingly submerged by information, constant attention to digitalisation issues is now necessary with a view to a simple and effective re-organisation of know-how. It is therefore essential to have the tools that are able to favour data and information exchange in a structured yet flexible manner.

TDOC@Web is CAD IT's tool that allows Bank, PA Office and Company users to quickly, safely and automatically transfer large volume data flows between different platforms and, more generally, between environments where controlled flow exchanges are essential for carrying out their service.

The instrument uses standard methods like MQ Series, Thema Spazio, Certified mail, Web Services, etc.



Specific additional modules manage functionalities connected to "Digital Signatures" for user identification through Smart Cards, to verify documents that have been signed digitally and to affix Digital Signatures.

The system foresees functionality through the Internet/Intranet for checking, supervising and managing the users and for standard or personalised operative flows.

#### ***EMIR: Reporting Compliance for Derivative Trades***

According to the EMIR regulation, financial and non-financial counterparties must ensure that the details of any derivative contract they may have concluded as well as any subsequent modification or termination of said contract is reported to a trade repository, no later than one the working day following its the conclusion, modification or termination of the contract.

The reporting obligation will take effect as of July 2013 for derivatives on interest and credit and as of January 2014 for derivatives on all other asset classes.

CAD IT's Trade Repository Reporting allows to introduce new reporting logic into your current applications.

Trade Repository Reporting captures operations in real time from existing Front Office Systems (e.g. MUREX, Kondor+, Bloomberg, direct market connection, etc.) and from the Area Finanza Suite, elaborates the data and sends all necessary messages to the Trade Repository. The monitoring screen shows the status of all messages for all contracts.

Through CAD IT's partnership with REGIS-TR ([www.regis-tr.com](http://www.regis-tr.com)), the European trade repository, launched by Iberclear (BME) and Clearstream (Deutsche Boerse Group), we are able to supply a complete service.

#### ***Market Abuse Sensing***

Market Surveillance Authority regulations are becoming increasingly more severe and extensive. Applying them effectively while limiting the impact in terms of cost and application complexity, is a challenge that can be faced with automation.

CAD IT has developed a tool for Market Abuse Sensing (compliant with Italian and European laws) that is able to identify suspect transactions of market manipulation and information abuse (insider trading). The application also manages a register of interest conflicts.

The platform totally automates the processes for acquiring data for processing and has automatic search functions with a high number of variables to find potentially suspect transactions. The effectiveness of investigation into automatically identified transactions, in order to establish the soundness of the suspicion and to notify any transactions to the market surveillance authorities, is supported by a vast information workflow that allows the user easy and fast management of investigation activities.

#### ***Local Authority Treasuries***

Local Authority Treasuries: software procedure for the total automated management of Local Authority Treasury and Funds for which the law imposes the figure of Treasurer or Receiver (Local Authority, Balances, documental and non-documental cash collection and payment management). The application can be integrated with Teso@Web, a product that, through Internet and by using special consultation functions, allows Local Authorities to swiftly access their own data. The SIOPE and UNIFIED TELEMATIC PUBLIC TREASURY procedures are available for Banca d'Italia reporting.

#### ***INDUSTRY DIVISION***

In the period collaboration activities with INFOR were continued.

This year once again saw CAD IT alongside VENISTAR in sponsoring the "FashionAble World 2016" event that was held in Verona on 19th May 2016: the theme of the event was "Innovation for Fashion: digital customer experience in an omni-channel world".

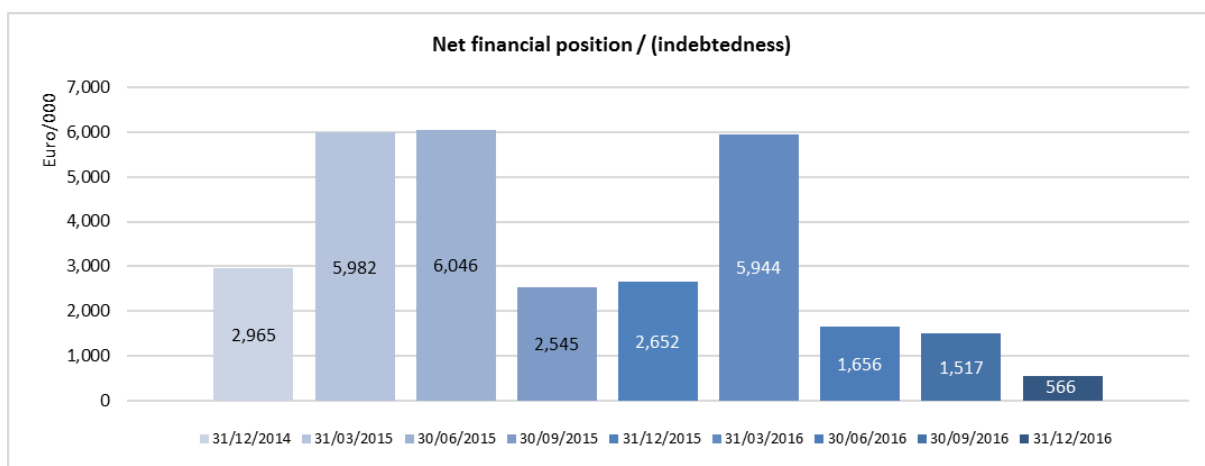
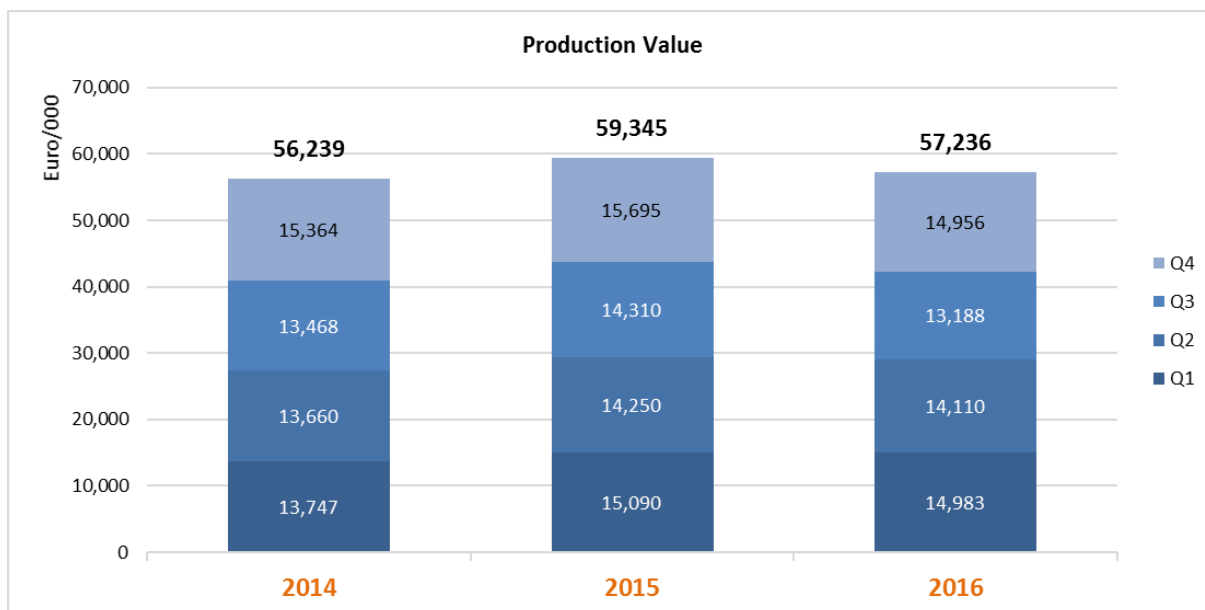
A day devoted to Fashion & Luxury Brands to analyse and further investigate the best Digital Customer Experience strategies to put into action in order to involve the omni-channel Customer, by creating exclusive and personalised content throughout the entire purchase procedure and increasing Brand Awareness.

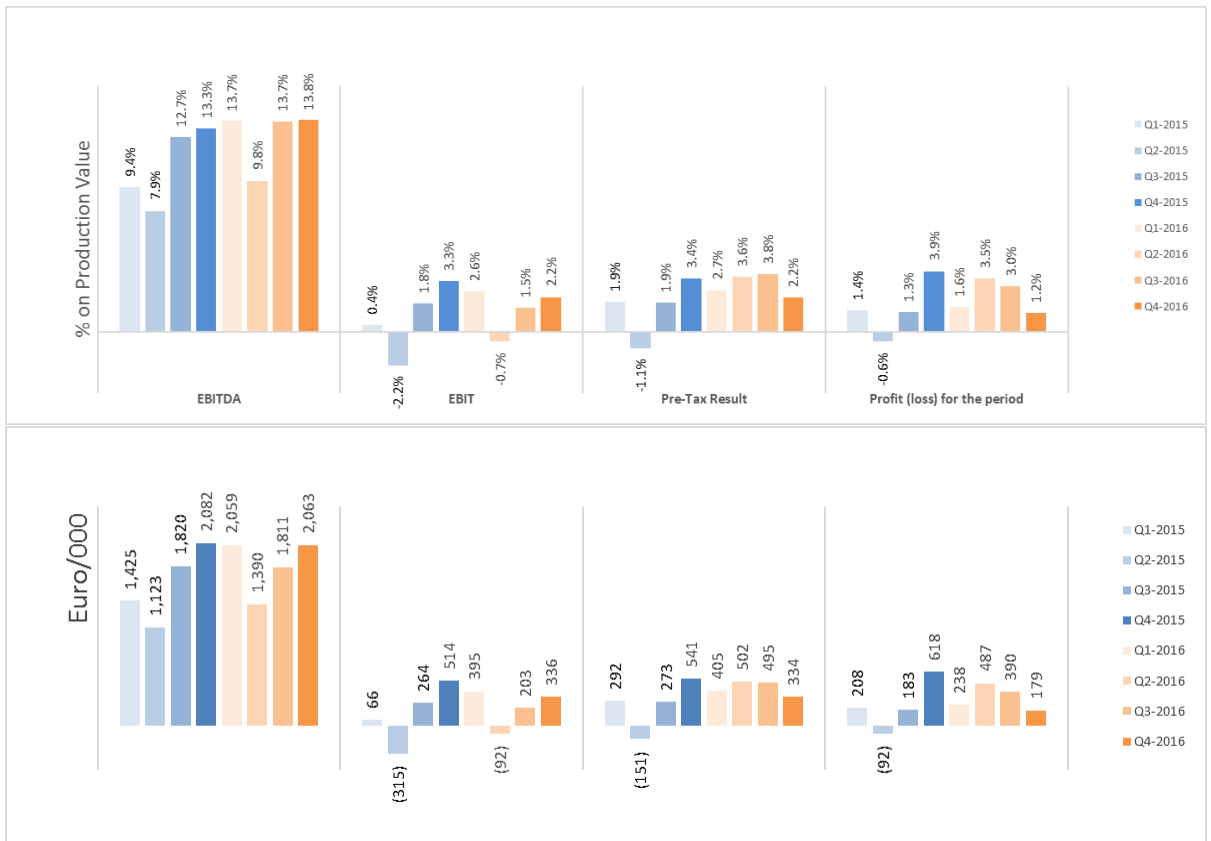
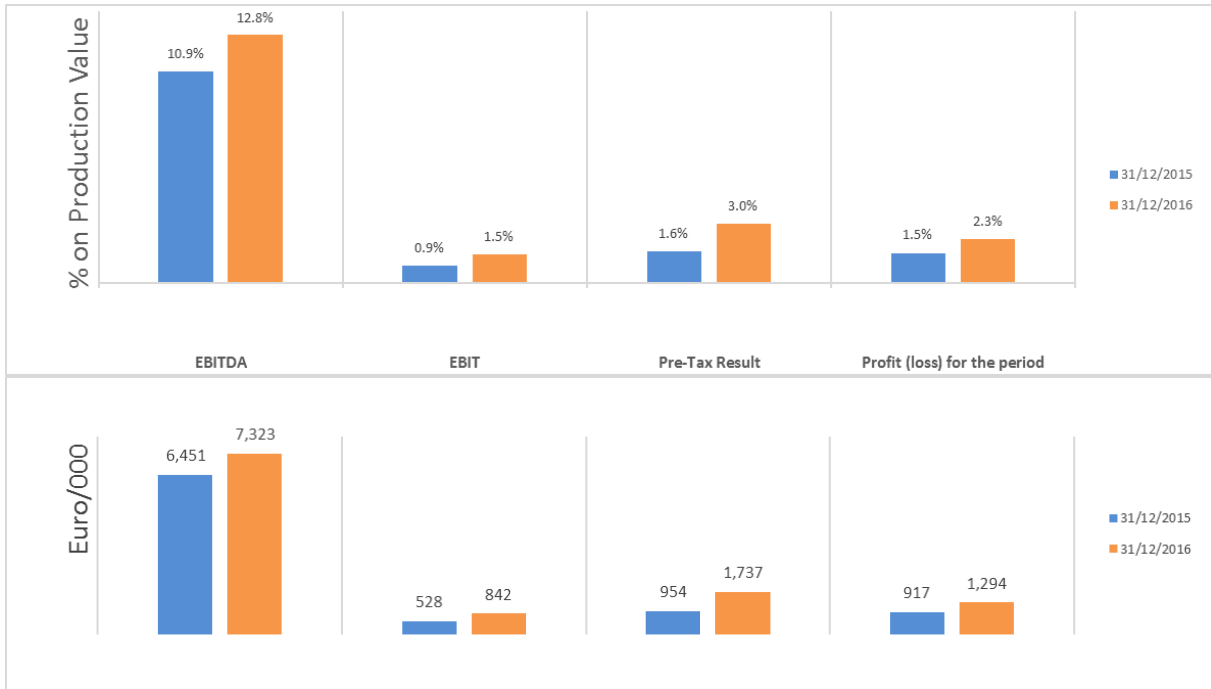


## Synthesis of CAD IT's results

	Period 2016		Period 2015		Variations	
	€/000	% PV	€/000	% PV	absolute	%
Production value	57,236	100.0%	59,345	100.0%	(2,109)	- 3.6%
Gross operational result (EBITDA)	7,323	12.8%	6,451	10.9%	871	+ 13.5%
Operational result (EBIT)	842	1.5%	528	0.9%	314	+ 59.5%
Pre-tax result	1,737	3.0%	954	1.6%	782	+ 82.0%
Income taxes	(443)	(0.8%)	(38)	(0.1%)	(406)	- 1.080.6%
<b>Profit for the period</b>	<b>1,294</b>	<b>2.3%</b>	<b>917</b>	<b>1.5%</b>	<b>377</b>	<b>+ 41.1%</b>
<b>Total Comprehensive income</b>	<b>1,177</b>		<b>1,232</b>		<b>(55)</b>	<b>- 4.5%</b>

	31/12/2016	31/12/2015
Total Assets	89,972	89,831
Total Equity	54,440	54,610
Net short-term financial position/(indebtedness)	1,327	3,913
Net financial position / (indebtedness)	566	2,652
Employees at the end of the period (number)	355	355
Employees (average number in the period)	356	342







## Analysis of CAD IT S.p.A. income results

	Period 2016		Period 2015		Variations	
	€/000	% PV	€/000	% PV	€/000	%
Income from sales and services	51,750	90.4%	54,768	92.3%	(3,019)	(5.5%)
Asset increases due to internal work	5,144	9.0%	4,280	7.2%	864	20.2%
Other revenue and receipts	342	0.6%	297	0.5%	46	15.4%
<b>Production value</b>	<b>57,236</b>	<b>100.0%</b>	<b>59,345</b>	<b>100.0%</b>	<b>(2,109)</b>	<b>(3.6%)</b>
Purchase costs	(262)	(0.5%)	(286)	(0.5%)	24	8.2%
Service costs	(26,526)	(46.3%)	(29,446)	(49.6%)	2,920	9.9%
Other operational costs	(459)	(0.8%)	(391)	(0.7%)	(68)	(17.5%)
<b>Added value</b>	<b>29,989</b>	<b>52.4%</b>	<b>29,222</b>	<b>49.2%</b>	<b>767</b>	<b>2.6%</b>
Labour costs	(21,562)	(37.7%)	(21,642)	(36.5%)	80	0.4%
Other administrative expenses	(1,105)	(1.9%)	(1,129)	(1.9%)	24	2.2%
<b>Gross operational result - EBITDA</b>	<b>7,323</b>	<b>12.8%</b>	<b>6,451</b>	<b>10.9%</b>	<b>871</b>	<b>13.5%</b>
Allocation to fund and credit depreciation	(279)	(0.5%)	(130)	(0.2%)	(149)	(114.2%)
Intangible fixed asset amortization	(5,774)	(10.1%)	(5,379)	(9.1%)	(395)	(7.3%)
Tangible fixed asset amortization	(427)	(0.7%)	(414)	(0.7%)	(14)	(3.3%)
<b>Operational result - EBIT</b>	<b>842</b>	<b>1.5%</b>	<b>528</b>	<b>0.9%</b>	<b>314</b>	<b>59.5%</b>
Financial income	928	1.6%	456	0.8%	472	103.4%
Financial expenses	(34)	(0.1%)	(30)	(0.1%)	(4)	(11.9%)
<b>Ordinary result</b>	<b>1,737</b>	<b>3.0%</b>	<b>954</b>	<b>1.6%</b>	<b>782</b>	<b>82.0%</b>
Revaluations and depreciations	0	0.0%	0	0.0%	0	-
<b>Pre-tax result</b>	<b>1,737</b>	<b>3.0%</b>	<b>954</b>	<b>1.6%</b>	<b>782</b>	<b>82.0%</b>
Income taxes	(443)	(0.8%)	(38)	(0.1%)	(406)	(1,080.6%)
<b>Profit for the period</b>	<b>1,294</b>	<b>2.3%</b>	<b>917</b>	<b>1.5%</b>	<b>377</b>	<b>41.1%</b>

The financial year 2016 closed with a profit of Euro 1,294 thousand, a significant improvement (+ 41.1%) compared to Euro 917 thousand profit of year 2015. During the year the decrease of 3.6% in the production value, which was also matched by a decrease in service costs, allowed to maintain profitability margins and positive results.

The value of production for the period, showing a 3.6% decrease, mainly includes revenues from sales and services to the amount of Euro 51,750 thousand (-5.5% compared to Euro 54,768 thousand in 2015). The decline in sales and service revenues was mainly due to the contraction of supplies to some customers who reduced their investments in new software developments and implementations.

Increases in internal work capitalized under fixed assets, for the use of resources dedicated to the development of new procedures and the company's own software park, amounted to Euro 5,144 thousand, showing an increase compared to Euro 4,280 thousand in 2015 financial period.

The other revenues and equivalent earnings, which came to Euro 297 thousand in 2015, stood at Euro 342 thousand and included non-recurring income of 139 thousand euro for damages.

The Euro 29,989 thousand added value increased by 2.6% compared to Euro 29,222 thousand in 2015 financial period, improving marginality on the value of production at 52.4% (49.2% in the previous year).

Purchase costs of Euro 262 thousand decreased compared to Euro 286 thousand of 2015.

Service costs of Euro 26,526 thousand, decreased by 9.9% (-2,920 thousand euro) compared to 2015, due to the lower use of external collaborations to the Group. Service costs include costs towards subsidiaries of Euro 18,642 thousand, amount substantially in line with the previous year (Euro 18,762 thousand).

Labour costs of the year of Euro 21,562 thousand, were in line with the previous year (Euro 21,642 thousand). The cost of ordinary work increased compared to the previous year, and it was offset by a decrease in overtime and by the use of vacation. The average number of employees in the year was 356 units, a slight increase compared to 2015 (342 units).

Other administrative costs came to Euro 1,105 thousand compared to Euro 1,129 thousand in 2015 financial period. The EBITDA Gross Operational Result stood at Euro 7,323 thousand (equal to 12.8% of the value of production) an improvement compared to Euro 6,451 thousand of 2015 (equal to 10.9% of the relative value of production).

Allocations to fund and credit depreciations amounted to Euro 279 thousand, compared to Euro 130 thousand of previous year. During the period, a foreign credit was allocated to devaluation fund relating to activities carried out in previous years, following the failure of legal action to recover the same.

Amortization contributions for the period stood at Euro 5,774 thousand in regard to intangible assets and Euro 427 thousand for tangible assets, compared to Euro 5,379 thousand and Euro 414 thousand in the same period 2015. The amortization of intangible assets increased compared to the previous period due to the beginning of the amortization schedules of software procedures, concluded in previous years, which have become available for use and for sale.

The EBIT operational result for the period was in credit by Euro 842 thousand, an improvement compared to previous year (Euro 528 thousand).

The net financial management result was in credit and mainly refer to cashed dividends from subsidiaries and associates (Euro 869 thousand), interest on customer trade receivables, on bank deposits and capitalization insurance policies (Euro 59 thousand), as well as financial expenses (Euro 34 thousand).

The ordinary result was in credit by Euro 1,737 thousand compared to Euro 954 thousand in 2015.

The pre-tax result of 2016 was in credit by Euro 1,737 thousand, equal to 3.0% of the value of production (previous period Euro 954 thousand, equal to 1.6% of the related value of production).

Income taxes amounted to Euro 443 thousand, equal to 25.5% of pre-tax result, compared to Euro 38 thousand in the 2015 financial period (3.9% of pre-tax result); the period 2015 benefited from the realignment of deferred taxes as a result of the IRES rate reduction from 27.5% to 24% as provided for by the Stability Law 2016.

The total result of the 2016 financial period, following the registration of actuarial losses on liabilities for defined benefit for employees of Euro 117 thousand, was positive for Euro 1,177 thousand (compared to a total income of Euro 1,232 thousand in 2015).

The Company's Net Financial Position was in credit by Euro 566 thousand, decreasing compared to Euro 2,652 thousand at 31/12/2015.

## Financial indicators

The following table shows some synthetic indicators that compare the last three financial periods of reference, expression to the conditions of patrimonial, economic and financial balance.

Patrimonial soundness analysis aims at estimating the company's ability to maintain financial equilibrium in the medium-to-long term. This ability depends on two types of factors: the financing structure for medium/long-term uses and the composition of financing sources.

In reference to the first aspect, on the assumption that the recovery time of these uses must logically be correlated to the recovery time of the sources, the chosen indicators to analyze these correlations are the following.

ASSET FINANCING INDICATORS		2016	2015	2014
Primary structure margin	<i>Shareholders' equity – Non-current assets</i>	683	2,062	869
Primary structure quotient	<i>Shareholders' equity / Non-current assets</i>	1.01	1.04	1.02
Secondary structure margin	<i>(Shareholders' equity + Non-current liabilities) – Non-current assets</i>	7,519	9,250	7,631



Secondary structure quotient	$(\text{Shareholders' equity} + \text{Non-current liabilities}) / \text{Non-current assets}$	1.14	1.18	1.14
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In reference to the second aspect, regarding the composition of financing sources, the following indicators are given.

FINANCING STRUCTURE INDEXES		2016	2015	2014
Total debt quotient	$(\text{Non current Liabilities} + \text{Current liabilities}) / \text{Shareholders' equity}$	0.65	0.64	0.70
Financial debt quotient	$\text{Financing liabilities} / \text{Shareholders' equity}$	0.06	0.06	0.03

In reference to earning capacity analysis, the following indicators, which are frequently used in company practices, are shown below in order to monitor the remuneration of the invested capital over time.

EARNING CAPACITY INDEXES		2016	2015	2014
Net ROE	$\text{Net result} / \text{Average Shareholders' equity}$	2.26%	2.61%	1.60%
Gross ROE	$\text{Gross result} / \text{Average Shareholders' equity}$	3.68%	3.77%	4.63%
ROI	$\text{Operational result} / (\text{Invested operating capital} - \text{Average operational liabilities})$	4.11%	4.27%	5.78%
ROS	$\text{Operational result} / \text{Sales income}$	3.23%	3.26%	4.49%

The following solvency indicators are frequently used to study the company's ability to maintain financial equilibrium in the short term, i.e. to face short-term expenses (current liabilities) with existing liquid assets (immediate liquidity) and expected short-term receipts (deferred liquidity). Consequently, on the assumption that the recovery time for uses must "logically" be correlated to the recovery time for sources, the indicators for studying this correlation are the following.

SOLVENCY INDICATORS		2016	2015	2014
Availability margin	$\text{Current assets} - \text{Current liabilities}$	7,519	9,250	7,631
Availability quotient	$\text{Current assets} / \text{Current liabilities}$	1.26	1.33	1.24
Treasury margin	$(\text{Deferred liquidity} + \text{Immediate liquidity}) - \text{Current liabilities}$	7,019	8,775	7,160
Treasury quotient	$(\text{Deferred liquidity} + \text{Immediate liquidity}) / \text{Current liabilities}$	1.24	1.31	1.23

## The short-term situation

Worldwide economic conditions have improved slightly in 2016, though a number of uncertainties continue to weigh on the outlook. According to IMF estimates released in January, global GDP grew by 3.1 per cent in 2016 and will accelerate to 3.4 per cent in 2017 and to 3.6 per cent in 2018. Prospects for the United States will depend on the economic policies enacted by the new administration, which have yet to be worked out in detail. The fiscal policy measures announced could have an expansionary effect, which is difficult to quantify at present, while the imposition and spread of restrictions on trade could have a negative impact.

In Europe, a high degree of uncertainty continues to surround the negotiations that will define the new trade relationship between the European Union and the United Kingdom. Global growth could be held back by any turbulence in the emerging economies associated with the normalization of US monetary policy. Following the presidential elections, expectations in the financial markets of an expansionary fiscal policy and higher inflation in the United States have triggered a shift in portfolios from bonds to equity. Long-term yields have also risen in the other advanced economies, but only to a limited extent owing to the divergence of monetary policies. Capital outflows from emerging economies have resumed. Growth in the euro area continues at a moderate though gradually strengthening pace. The risks of deflation have largely subsided; inflation turned upwards again in December but core inflation is still at low levels. With a view to maintaining the expansionary monetary conditions necessary to ensure inflation continues on an upward path, the ECB Governing Council has extended its asset



purchase programme until the end of December 2017, or beyond, if necessary.

In Italy, the latest available indicators suggest that the economy continued to recover in the autumn, though at a slow pace. Considering the performance of industrial production, electricity consumption and freight transport, which all recorded growth, and business confidence indicators, which are at high levels, GDP is estimated to have risen by around 0.2 per cent in the fourth quarter of 2016 compared with the third. Economic activity was stimulated by the revival of investment and the expansion of household expenditure. Lending to the nonfinancial private sector has continued to expand in recent months, as has business lending, though the pace of growth is still slow. The credit quality of Italy's banks has continued to benefit from the brighter cyclical outlook, with the ratio of new non-performing to outstanding loans declining further.

Regarding Italian banking system, in the first nine months of 2016 the profitability of the significant banking groups diminished in the first nine months of 2016 compared with the year-earlier period: annualized ROE fell to 1.4 per cent from 3.8 per cent. Net interest income and other income decreased by 4.3 and 1.4 per cent, respectively. Operating costs increased by 6.1 per cent, largely on account of the extraordinary expenses associated with early retirement incentive schemes for some personnel and with contributions to the deposit guarantee and resolution funds. Gross income diminished by about one fifth. Write-downs of loans rose by 20.6 per cent, following the significant increase in the NPL coverage ratios by some banks.<sup>1</sup>

The positive signs prevailed over the general slackening in the first six months of 2016 and in the ICT market. In fact, in the first half of 2016, the Italian digital market (IT, telecommunications and content) grew to Euro 31,953 million, that is by 1.2% compared to the same period in the previous year, revealing an increase for the entire year of 1.3% to arrive at Euro 65,759 million compared to a 1% growth in 2015 and constant drop-offs in the years leading up to that. And, if the market is broken down, and the important telecommunication network service component is removed, the comparison becomes even more encouraging with a growth of 3.2% in the first six months of 2016, compared to a 2.5% increase in the first half of the previous year. This growth figure is not only higher than the GDP but also greater than investments, excluding means of transport.

Right from the very first level of disaggregation, the figures indicate that all the divisions made a contribution towards growth, except, as mentioned earlier, network services: ICT Services at Euro 5,198.5 million (+ 2%); Software and ICT Solutions at Euro 2,863 million (+4.8%), Devices and Systems at Euro 8,355 million (+1%), Digital Content and Digital Advertising at Euro 3,816 million (+9%). Within individual divisions, the trends of the various segments once more confirmed a slowing down in the more traditional areas and a definite dynamism in those more linked to the digital transformation of production and service models. However, the device market still showed signs of stability, thanks to those components that are more markedly infrastructured and smartphones (Euro 1,570 million, + 9.8%), which are now owned by 65% of Italians and which, in the six months in question, generated a growth in data traffic on the mobile network of 52.7%. The PC component fell (-8% in volumes), but not the PC server bracket, which actually grew in volume by 10.3%, further highlighting the transformation process that is ongoing within companies and the constant development of data centres. On the whole, the software and ICT solution segment, which had already started to recover two years earlier and which is linked more than anything to innovation, showed an even more lively trend arriving at Euro 2,863 million (+4.8%) half way through the year. A sign of ongoing transformation is also evident here. In fact, application software increased well (Euro 2,034 million, +7.1%) mainly due to the most innovative components - web management platforms (+15.2%) and IoT (for manufacturing, energy management, the vehicle industry, etc., +16.4% to Euro 815 million) - while traditional application solutions (-0.2% to Euro 1,060 million) showed substantially stable results. System software (-0.4% to Euro 246 million) and middleware (Euro 583 million, -03% against +2.6% in the first six months of the previous year) slowed down slightly, not due to a lack in demand but rather to a good part having migrated to cloud environments and infrastructure outsourcing.

A highly encouraging note comes from ICT services, second only to network services in terms of weight on the digital market as a whole. The considerable 2% growth to Euro 5,198.5 million, not only clashes with last year's immobility, (+0.3%), but also with the continual fall-offs of the previous years, and shows all the consistency of the

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<sup>1</sup> Data source: Banca D'Italia, Economic Bulletin no. 1, January 2017.



new and more evolved spending trends. The segment is, in fact, pulled along by data centre services and cloud computing (+18.8% to Euro 1,074.8 million) which compensates the immobility in the technical assistance service segment (Euro 339 million) and the moderate downward trend of all the other segments (outsourcing -1.7%, training -2.5%, consultancy -1.2%, application development and systems integration -1.9%), which, although more exposed on the traditional ICT front, are still involved in the ongoing transformation.

More sustained dynamics are needed to recuperate the delays accumulated in the Italian ICT market over the years. However, the signals are still good both in terms of the positive signs that have been accompanying overall trends for the second year running and, above all, because it is increasingly more evident that there is a change in demand which is boosting components that are more linked to process, service and product innovation. The change is already ongoing but still, and only, in the more dynamic sectors.<sup>2</sup>

### **Significant events of the period**

In February 2016, CAD IT signed a strategic agreement with Spafid Connect, a company within the Mediobanca Group which provides application development activities and solutions with high technological content in the shareholder and corporate service sector on behalf of listed Issuers. With this ten-year agreement, Spafid Connect and CAD IT intend to promote their respective commercial relations with bank and insurance company clients, in order to offer a unique and innovative service also by integrating CAD IT's Finance Area product with Spafid Connect's Issuers platform. The agreement is of strategic importance to CAD IT since, besides strengthening its own positioning on the banking and insurance market, it also creates synergies in research and development costs. In March 2016 it was signed a partnership with GoldenSource, leading independent provider of Enterprise Data Management (EDM) and Master Data Management (MDM) solutions for the securities and investment management industry. The agreement provides for the integration of the GoldenSource EDM with CAD IT's Area Finanza platform and allows CAD IT's customers to use GoldenSource as Security Master for Area Finanza and ensures automatic upgrades for any changes in the data feed.

In April CAD IT acquired 30% of the capital of the Spanish company Software Financiero Bolsa and signed an agreement to increase to a majority share in 2019. Founded in 1994 and with registered offices in Madrid, SFB is the leader in Spain in the supply of front, middle and back office software solutions with which settlement instructions amounting to over 50% of trading volumes negotiated on the Madrid Stock Exchange are processed daily. SFB closed its 2016 financial period with revenues of Euro 3.7 million, a net profit equal to Euro 0.5 million and with a Net Financial position in credit by Euro 0.9 million.

For the 30% acquisition of SFB's capital were paid in cash Euro 250 thousand at the first closing. Payment of the definitive price will take place after the closure of the 2018 balance (second closing) and will be calculated on the basis of the results that SFB achieves over the 2016-2018 financial periods, with a minimum value of Euro 1,650 thousand. At the second closing, CAD IT will have the option to acquire further shareholdings to a controlling share of 51%, or up to 100% of the capital depending on the right of SFB's current shareholders to exercise a PUT on the remaining 49%. CAD IT will have alternatively opportunity to exercise a PUT option to assign again the 30% share capital acquired to the sellers, renouncing to the amount of Euro 250 thousand already paid.

With this deal, CAD IT further strengthens its presence on the financial software market in Europe and confirms its active interest in expanding onto the Spanish market, offering with SFB highly innovative products already in use at 90% of Italian banks and at Swiss, German, British and Czech Republic customers.

This agreement provides CAD IT with important opportunities to increase revenues due to:

- SFB's considerable commercial and technical presence in Spain and Portugal;
- SFB's existing customer portfolio consisting of about 40 financial institutions to whom CAD IT's products, complementary to those of SFB, could be offered;
- cross selling opportunities with SFB products to CAD IT customers;
- the credibility of both brands on the market.

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<sup>2</sup> Assinform – The Digital Market in Italy in the 1<sup>st</sup> six months of 2016





On 28th April 2016, the Ordinary Shareholders' Meeting approved the Annual Financial Statements at 31st December 2015 and decided the distribution of an ordinary dividend of Euro 0.15 per share. The dividend will be paid from 11th May 2016. Dividend payment resulted in a cash outlay of Euro 1,347 thousand. The Shareholders' Meeting also approved the first section of the Remuneration Report ex article 123-ter of Leg. Dec. 58/1998 (available in the Company's website).

On 8<sup>th</sup> July 2016, the CAD IT Board of Directors examined and acknowledged Giuseppe Dal Cortivo's renunciation of his position as President and Managing Director of the CAD IT S.p.A. Board, and nominated Giampietro Magnani as its President (previously Vice President of the Company). Giuseppe Dal Cortivo informed the Company that, as a consequence of the Public Prosecutor's on-going investigations in Rome, he believes it appropriate to suspend his position as President and Managing Director of the CAD IT S.p.A. Board, until the events that have led to his being investigated as the Company's legal representative for crimes of a fiscal nature, have been clarified. The indictment regards the payment of three invoices, registered in the accounts and in the annual statements for taxation years 2010, 2012 and 2013, whose total amount is equal to Euro 194 thousand (excluding VAT).

On 19th October 2016 the CAD IT S.p.A. Board of Directors acknowledged Giuseppe Dal Cortivo's resignation from his position as Non Executive Director of CAD IT and at the same time, in accordance with art. 18 of the Company By-laws and art. 2386 of the Italian Civil Code, on prior favourable consent of the Board of Auditors and the Nominating and Remuneration Committee, the Board also nominated, by co-option, the lawyer Debora Cremasco, with experience in the corporate and financial sector, as Non-Executive Independent Director.

Giuseppe Dal Cortivo, already suspended from his functions, communicated his wish to resign in order to protect the interests of the Company and the market in general in view of the investigations to which he is still subject. The Company, in acknowledging Giuseppe Dal Cortivo's decision, and convinced of the correctness of his actions, hopes that this question can be resolved as soon as possible, entrusting in the work of the Magistracy. CAD IT Group has been operating on the market for almost forty years, it has never been subject to criminal disputes, it currently employs about 650 people and has national and international customers of primary standing.

## ***Human Resources***

CAD IT takes maximum care of its own human resources, which it has always considered as a precious patrimony, a central and critical factor for a group that aims at innovation in a rapidly and constantly changing sector.

Continual training leads to the development of know-how and an ability to innovate, as well as a systematic transfer of skills, in a process of constant improvement based on attention to its own human resources, their motivation and their involvement in company objectives.

Each year, therefore, a great deal of attention is paid to the development and training of staff through an analysis of their needs, the defining of plans and training courses, the carrying out of courses, both internally and on the premises of qualified external organizations, and the evaluation of training activities.

2016 saw 11.5 thousand hours taken up by training (9.2 in 2015) to support operational activities, professional development and safety and health at work, with the involvement of 355 resource units (351 in 2015) and an average of 32 hours of training per resource unit (compared to 26 hours in 2015). The main training areas were: IT and technical updating, safety and health at work, foreign languages, company organization and managerial training.

## ***CAD IT's and Group research and development***

CAD IT Group dedicates a significant part of its activities and resources to conceive, create and develop their own software, which will either be licensed out to clients or directly used for product development and the provision of service to its customers.

In particular, activities for the realization of new modules to increase the functional and/or technological development of the considerable range of software installed, with the purpose of consolidating traditional business, diversifying the Group's offer with new products and towards those sectors bordering on the ones in which it is



already present and to new markets abroad, are still underway.

An important development project concerns the evolution of the *Suite Area Finanza*, made up of independent and integrated modules that can each carry out their own specific activities and interface with others to ensure high standards of efficiency in the management of data, avoiding duplication, in perspective of simplifying the product and the method of release. The evolutions allow to make the Suite even more attractive for the international market. Development and innovation activities for the Suite is particularly intense with the aim to improve user experience and create new functions or modules required by the national and international markets, like, for example:

- Easy Action, a new generation, comprehensive platform for the controlled end-to-end management of corporate actions and income;
- Position Keeping: module dedicated to recording the events/movements and able to update the positions in real time, manage the process of completing tasks for each event (taking care to enable the modules of competence for settlement, taxation, corporate actions), make accounting records and prepare reports of supervision.

CAD IT, in activities aimed at developing its own range of products, is also creating solutions linked to the new laws (for example further wave provided by Target 2 Securities).

Another important ongoing development project regards the new General Data (Anagrafe Generale) product, a modern, technologically avant-garde, flexible and versatile solution, which will make it easy to adjust to constant variations in regulations and in the commercial or operative needs of banking institutions. Considering the centrality and criticality of the process, which is one of the primary data sources for the entire banking information system, thanks to the tools being developed, CAD IT will be able to offer gradual data migration within its implementation projects, which will include a period of co-existence and synchronisation between the old and new data system, in order to allow integration and interfacing with the system's other processes as well as standardisation of the data to be transferred into the new data file.

Activity in the production of specialized modules for the business intelligence (Managerial Information System) area is also continuing, especially in regard to risks, fraud and long-distance control.

The product has been developed and enhanced with a new Dashboard, acquiring a new highly end-user connotation, characterized by a very timely look & feel, flexible and easy to use, while the editors dedicated to administrators and technicians are separated and specialized.

Moreover, during the financial period, further developments and software updates were made and/or started in relation to sector or regulation evolutions that have had, and are set to have, considerable impact on customer systems in the financial sector. These include the new IFRS9 accounting standard, the 2014/65/EU European Directive (MiFID II) and Regulation no. 600/2014 (MiFIR), Classic Repo management, the adoption of the "rolling" method for dilutive increases in capital.

## **Investments**

Investments in tangible and intangible fixed assets came to a total of Euro 5,690 thousand in the 2016 financial period (Euro 4,599 thousand in the previous year).

Particularly ongoing intangible asset costs, of Euro 5,144 thousand, mainly refer to the use of the Group's internal resources for the development of its own software which will be licensed out to clients or used for the Group's activities. The investment plans are defined and coherent with strategic decisions taken by the Board of Directors and management, who have approved the development of a large number of products, projects and new technologies in order to be ready for development lines in the sector and to be able to propose an updated range of products that can quickly satisfy market demand.

Investments in tangible fixed assets mainly refer to the purchase of a new air conditioning system for Verona office (Euro 340 thousand) and electronic machinery and infrastructure.



<i>Summary of investments</i>	<i>Period 2016</i>	<i>Period 2015</i>	<i>Variations</i>
Intangible fixed assets	60	134	(74)
Intangible assets under development and payments on account	5,144	4,280	864
Property, Plant and equipment	485	185	300
<b>Total investments in tangible and intangible fixed assets</b>	<b>5,690</b>	<b>4,599</b>	<b>1,091</b>

### ***Related parties transactions***

Transactions made with third parties, including infra-group transactions, are neither atypical or unusual and are a normal procedure within the activities of the Group's companies. These transactions are governed by market conditions bearing in mind the characteristics of the supplied goods and services concerned.

Information on relations with third parties, including that required by the Consob Communication of 28th July 2006, is shown in the Consolidated Financial Statement and Financial Statement Sheet Notes.

### ***Relationships with subsidiaries, associates and parent companies***

As the head of a group of companies, CAD IT holds relations of a commercial and financial nature with its sister companies and subsidiaries. The relations entertained between the Group's companies are governed by competitive conditions compared to market conditions, taking into account the quality of the goods and services in question.

A summary of the revenues and costs, as well as the credit and debit position of CAD IT S.p.A. in respect of the subsidiaries, as at 31<sup>st</sup> December 2016, are shown in the table below:

<i>Company</i>	<i>CAD IT costs</i>	<i>CAD IT revenues</i>	<i>CAD IT Financial expenses</i>	<i>CAD IT Financial income</i>	<i>CAD IT credits</i>	<i>CAD IT debts</i>
CAD S.r.l.	12,090	1,021	-	-	2,305	9,151
CeSBE S.r.l.	3,083	491	3	-	188	4,139
SmartLine Line S.r.l.	1,474	91	-	-	92	1,319
Elidata S.r.l.	1,780	19	-	-	2	997
Datafox S.r.l.	214	8	-	-	31	153
Tecsit S.r.l.	-	2	-	-	2	-
<b>Total</b>	<b>18,642</b>	<b>1,631</b>	<b>3</b>	<b>-</b>	<b>2,619</b>	<b>15,759</b>

For further information on relations between the Group's companies, please refer to the management's report in the Consolidated Financial Statement at 31 December 2016.

### ***Shares held by managerial and controlling organs and by the managers with strategic responsibilities***

The shares held, both in CAD IT S.p.A. and the other companies it controls, by members of the administrative and controlling bodies, general managers and other managers with strategic responsibilities, as well as not legally separated spouses and children under 18, either directly or through controlled companies, trust companies or third parties, are outlined in the *Remuneration Report* in accordance with art. 84-quater, paragraph 4, of Consob Regulation no. 11971, along with the established criteria in Attachment 3A, Table 7-ter.

Information relative to payments for any security of the main company or its direct or indirect subsidiaries to Board





members or auditors and to managers with strategic responsibilities are shown in the *Remuneration report*.

## **Corporate Governance and Internal Control System**

CAD IT considers and defines its Internal Control System as “a set of rules, procedures and organisational structures aimed at achieving, by means of a suitable identification, measurement, management and monitoring process of the principle risks, the running of a healthy, correct and coherent business with pre-established objectives”. The internal system for managing risk and control in financial information technology is a constitutive part of a broader Internal Control System. This system also aims at guaranteeing trustworthiness, accuracy, reliability and timeliness of the company and the Group’s financial information technology.

The Internal Control System is the mainstay on which *Corporate Governance* stands and is the catalyzing element of all subjects and functions that, each in their own way, contribute to the healthy, correct and coherent running of the business in order to give maximum sustainable value to every activity within the organisation.

Essential parts of the Internal Control System are the Code of Ethics and the Management and Control Organisation Model adopted by the Board of Directors in accordance with the norms concerning “Company administrative responsibility rules” in Leg. Dec. no. 231/2001 and subsequent modifications. The Model adopted also includes the Health and Safety at Work System in accordance with the UNI/INAIL guidelines which represent a best practice standard of reference for compliance to the provisions in Leg. Dec. 81/08.

The system of corporate governance adopted by CAD IT SpA is the traditional one.

CAD IT adheres to the Code of Conduct for listed companies issued by the Italian Stock Exchange (the “Codice di Autodisciplina”), available on the website of the Italian Stock Exchange.

More information about the corporate governance system adopted, information on property assets and adhesion to Corporate Governance regulations is provided on the *Corporate governance and property asset report*, in accordance with articles 123 bis and 124 ter TUF and 89 bis Consob Issuer Regulations, which the CAD IT S.p.A. Board of Directors annually approves.

The report is published at the same time as this financial reporting and is available for public viewing in the Investor Relations sector of the company’s Internet site: [www.caditgroup.com](http://www.caditgroup.com).

## **The main risks and uncertainties to which CAD IT S.p.A and the Group are exposed**

The Company has an internal control system made up of a set of rules, procedures and organisational structures aimed at achieving the healthy and correct running of the business also through a suitable process for identifying, managing and monitoring the principle risks that could present a threat to achieving company objectives.

This paragraph describes the risk factors and uncertainties relating to the economic-legal and market context and which can considerably influence the Company’s performance; the specific risks that can determine the generation of obligations within the Company and the Group are, however, the object of evaluation when determining the relative earmarking and are mentioned in the balance notes together with the potential liabilities found. Additional risks and uncertain events that cannot be foreseen, or are considered improbable at the moment, could still affect the activities, the economic and financial conditions and the prospects of the company and the Group.

CAD IT adopts specific risk factor management procedures aimed at maximising the value for its shareholders by activating the necessary measures to prevent any risks inherent to the Group’s activities.

CAD IT S.p.A., in its position as Parent Company, is exposed to the same risks and uncertainties described below to which the entire Group is exposed.

### **External Risks**

#### **Risks connected to the general conditions of the economy and sector**

The information technology consultancy market is linked to the economic trend of industrialised countries where

the demand for highly technological products is higher. A continuation of the weak economic global situation at both a national and/or international level could reduce demand for the Group's products with a consequent negative effect on the economic, patrimonial and financial situation of the Group itself.

The main market outlet in which currently the Group deals is the banking and finance sector. As of 2008, global financial markets were subjected to strong turbulence which led to a marked slowdown of the economy. The global economic recession of 2008 and 2009 which practically affected all geographical areas and all economic sectors of more developed countries, led to a sharp contraction of demand.

The latest periods showed weak signs of global recovery, but the economic projections are still uncertain.

### **Risks connected to the rapid evolution in technologies, customer needs and reference norms**

The sector in which the Group operates is characterized by fast and complicated technological changes and a constant development in skills and professionalism. Furthermore, an increase in customer needs, together with any changes in the laws, means that the software for the banking sector and other financial institutions has to be constantly updated.

The Group makes substantial investments in the development of new projects and new technologies, not only in order to promptly satisfy market demand, but also to anticipate development lines by proposing a range of new products as a factor able to influence, in turn, the type of user demand. Therefore, a reduction in customer tendency towards buying the new technologies offered could expose the Group to the risk of not earning enough to cover the investments sustained.

These investments cannot, however, guarantee that the Group will always be able to recognise and use innovative technological instruments, exclude the risk of the obsolescence of existing products or ensure the Group's ability to develop and introduce new products or renew existing ones in good time for the customer and adequately for the market. The above-described situations are a significant potential risk for the Group's activities and its economic and financial results.

### **Risks connected to the high competition in the sector in which the Group operates**

The Information Technology market is highly competitive. Some competitors could try to expand and damage the Group's market share. Moreover, the intensification of competition levels and the possible entry into the Group's reference sector of new subjects with good human resources, financial and technological backing that can offer more competitive prices, could influence the Group's activities and the possibility to consolidate or widen its own competitive position in the sector with consequent repercussions on the Group's activities and its economic, patrimonial and financial situation.

### **Risks connected to protecting technological property**

The Group's procedures and software programmes are protected by Italian copyright laws. Furthermore, the Group owns the exclusive rights for the economic use of the programmes and procedures which it has registered in the Special Public Register for Processors as the SIAE – Italian Society for Authors and Editors.

The management also maintains that the technological level of the products the Group offers, together with the technical knowhow needed for their constant and progressive use and updating, are in themselves factors able to limit any risks connected to the appropriation of significant competitive advantages on the part of potential and current competitors. Nevertheless, it cannot be said that the protection recognised by Italian copyright laws excludes other operators in the sector from developing, entirely on their own, similar products or duplicating the Group's unregistered products or designing new ones able to copy the performances and functions without violating the Group's rights. Furthermore, the Group's technology could be exposed to acts of piracy by third parties.

## **Internal Risks**

### **Risks relating to dependence on key personnel**

The success of the Group depends appreciably on the ability of some key figures who have made a significant

contribution to its development i.e. its own executive managers and other management components with many years of experience in the sector. The loss of one of the aforementioned key figures' services without an adequate replacement could have negative effects on the Group's prospects, activities and economic and financial results. Moreover, the Group's business is strongly characterised by the extremely high technical skills of its staff. Therefore, the future success of its activities largely depends on the continuity of the functions carried out by the currently employed specialized technicians and collaborators as well as the ability to attract and maintain highly qualified staff.

In the Information Technology sector, staff costs are a critical development factor. Any difficulties that the Group may face in managing staff could produce a negative effect on its activities, its financial conditions and its operative results.

#### **Risks connected to sale times and implementation cycles**

The management of sales activities for the Group's software products is normally rather lengthy, especially considering that the potential advantages of using the Group's products have to be illustrated and training activities at the customer's premises so that the products are used correctly have to be carried out. Negotiations and the consequential execution of product sale activities usually take a period of time that ranges from a few months to a whole year. Moreover, the implementation process for the Group's products often involves the customer's investment in terms of staff and money which can extend over time. Sales activities and adjustment cycles of the product to the customer's information technology system are subject to potential and determining delay such as the completion of the implementation process of the product itself, unexpected events that the Group cannot control, like sudden limitations in the customer's budget or company renovation operations or, more generally, the complexity of the customer's technical requirements. Any delays due to extended sales cycles or referable to the product's use on the part of the customer, could influence the Group's activities, financial situation and operative results.

#### **Risks connected to customer dependence**

The Group offers its products and services to small, medium and large companies operating in different markets. A significant part of the Group's revenues is concentrated on a relatively small number of customers, the loss of which could therefore have a negative effect on the Group's future activities and economic, patrimonial and financial situation.

However, the management maintains that the Group's results do not significantly depend on any specific customer in particular because these customers update their information technology systems at different times and this operation takes rather a long time.

#### **Risks connected to internationalization**

The Group has made significant efforts in recent years in terms of its own internationalization strategy and expects that an increasingly large part of its revenues will be generated from foreign customers. The Group could therefore be exposed to the risks related to internationalization as those relating to changes in their economic, political, fiscal and local law conditions, as well as variations in the domestic currency trend, should the country concerned be outside the Euro area. The occurrence of unfavourable development in these areas could have a negative effect on the Group's prospects and activities.

#### **Risks connected to breaches of contract and potential liabilities towards customers**

Highly complex software products like those offered by the Group can, even if duly tested, reveal some defects and anomalies during the installation phase and while integrating with the customer's information technology system. These circumstances can cause damage to the Company's image and its products and also expose the Company to claims for damages and the application of contractual penalties due to not respecting deadlines and/or the agreed qualitative standards.

Furthermore, the Group could find itself having to invest considerable resources to carry out corrective interventions



and be obliged to interrupt, postpone or cease the supply of its services to the customer.

To date there have not been any significant events of this kind that have determined any remarkable controversy in customer relations, except for a lawsuit filed during the 2016 period by a customer in the industry area with claims for damages amounting to Euro 955 thousand; in order not to be held liable for any damages, CAD IT has brought in its own insurance company. Moreover, the company maintains that the request is totally unfounded and is taking legal action to support its defence.

## Financial Risks

### Rischio di credito

The Group mainly operates with banks and service companies controlled by banks, financial institutions and insurance companies, tax collecting agencies and public administration offices, and, generally speaking, customers with proven soundness and solvency. For commercial reasons, specific policies aimed at monitoring times of collection of credits, also for important amounts, that, following previously revealed operative risks, could undergo delays, are adopted.

### Liquidity risks

Liquidity risks are linked to the difficulty of finding funds to finance obligations. The availability of liquid assets and the ability to generate positive cash flows make the risk of not being able to find enough financial funding to satisfy the obligations and needs of Group operations highly unlikely. Cash flows, funding requirements and the liquid assets of the Group's companies are constantly monitored with the aim of guaranteeing an efficient and effective management of financial resources.

It cannot be excluded, however, that, should the uncertain market situation continue with reduction of revenues or longer times of collection and significant losses on credits, the risk of a reduction in liquidity could arise with the consequent need to resort to external financial sources.

### Exchange rate risks and interest rate risks

Exposure to interest rate risks is linked to the need to finance operative or investing activities as well as using available liquid assets. The Group uses available liquid assets in bank accounts and capitalization insurance policies and mainly uses financial resources in the form of bank deposit loans on commercial credits and bank account credit worthiness. Variations in market interest rates can affect revenues and the cost of financing influences the progress of financial returns and expenses.

At the moment the Group operates almost entirely in the Euro area and is therefore not subject to exchange rate risks.

It is not in the Group's policy to use derivative financial instruments that require cover and/or negotiation.

## Other Information

Neither CAD IT S.p.A. nor its controlled companies own, and/or have purchased and/or sold during the financial period CAD IT or their own shares, not even through trust companies or third parties.

CAD IT S.p.A. is not subject to the management and coordination of companies or bodies and defines its own general and operative strategies in full autonomy.

In accordance with art. 2497 bis of the Civil Code, directly or indirectly affiliated companies, with the exception of particular cases, have identified CAD IT S.p.A. as an organization that exercises managerial and coordination activities. These activities mainly consist of indicating general and operative Group strategies and focus on defining and adjusting to internal control regulations, the issuing of a Code of Ethics to be adopted at a Group level, the processing of general policies for the management of human and financial resources, the provision of productive factors. Moreover, Group coordination for some companies means a centralization of administrative, corporate and financial management services. The affiliated companies that remain in full control of their managerial and



operative autonomy, can then scale their economies by taking advantage of the professionalism and specialist services and concentrate their own resources in the management of their specific operational skills.

During this financial period, and the previous one, no atypical or unusual operations have been carried out as defined in the Consob communication no. DEM/6064293 of 28 July 2006.

Inside the Directors' Report on management is included the profit and loss account drafted in scalar form, highlighting the intermediary results as follows:

- Production revenues: this is the value of services and goods produced and sold by the Group, including internal assets and other income and earnings from the traditional offer.
- Added value: obtained by subtracting the operative costs for service and asset purchases from production revenues, this measures how much of the internal production and distribution of goods and services is due to company productive factors.
- Gross Operational Result (EBITDA): this figure is obtained by subtracting from the added value all of the costs that can be put down to staff and other administrative expenses. It highlights the result based on the traditional offer including depreciations, financial management, revaluations or devaluations and taxes.
- Operational Result (EBIT): this figure is obtained by subtracting the depreciation and funding amounts from the gross operational result.
- Ordinary Result: this includes the financial management result.
- Pre-tax result: obtained by including revaluations and devaluations in the ordinary Result.

In the Financial Statement report, no alternative performance indicators have been adopted with the exception of the financial indicators reported in the related paragraph of this report, for each of which the items of reference for their determination are shown, and the net financial position, shown in the Financial Statement notes, for which no reclassifications have been made in terms of Financial Statement figures and relative explanations are supplied and linked to the patrimonial status entries concerned, as defined in the CESR Recommendations.

CAD IT and some group companies adopt and maintain the following management systems:

- **Quality Management System**, in conformity with the UNI EN ISO 9001:2008 norm, for the design, production and sale of component-based software and its after-sale assistance and maintenance;
- **Information Security Management System**, in conformity with the UNI CEI ISO/IEC 27001:2014 norm, for the management activities of information and data relating to software solution development activities, maintenance, customisation, integration, application management, consultancy and training in the banking, finance, insurance, industry and public administration sectors;
- **Health and Safety Management System**, implemented according to the UNI/INAIL Guidelines (September 2001 edition).

During 2016, CAD IT S.p.A, and the other Group companies involved, passed the periodic surveillance checks for the renewal and maintenance of the certifications held with positive results.

The Company adopts an adequate system to protect information in accordance with Leg. Dec no. 196 of 30<sup>th</sup> June 2003 "Personal data protection code" to ensure the protection of personal data.

CAD IT, in accordance with art. 3 of Consob Deliberation no. 18079 of 20th January 2012, has decided to comply with the simplification regime provided for in articles 70, paragraph 8, and 71, paragraph 1-bis of Consob Regulation no. 11971/1999 and subsequent modifications and integrations, therefore availing itself of the right to waiver the obligation to present the expected information documents on significant operations relating to mergers, splits, increases in capital by means of the transfer of assets, acquisitions and sales.

### ***Foreseeable development in the management***

According to IMF estimates released in January 2017, global GDP grew by 3.1 per cent in 2016 and will accelerate to 3.4 per cent in 2017 and to 3.6 per cent in 2018. Compared to previous forecasts, the estimates have been revised slightly upwards for almost all the main advanced economies and marginally downwards on average for the emerging economies, although an acceleration is forecast for these countries in the next two years. In Italy, in the macroeconomic framework GDP is projected to grow by 1.0 per cent on average per year in 2017-19. Economic activity will be driven by domestic demand and by a gradual strengthening of foreign demand. In 2019 output is

expected to be about 4 percentage points below the value recorded in 2007. The analysts polled in January by Consensus Economics expected the average rate of inflation to rise in 2017 to 0.9 per cent from -0.1 per cent in 2016, below that forecast for the euro area as a whole. In general, a highly accommodating stance of monetary policy and a continued, gradual improvement in credit growth, in keeping with the results of the latest surveys, remain the premises for a strengthening of economic activity.<sup>3</sup>

The development strategies adopted for the current year aim at meeting the priorities that the Italian and European banks are now being obliged to face. In fact, financial institutions are now finding themselves having to deal with the constant need to adjust their procedures and structures in order to quickly acknowledge new norms and regulations introduced at an international, European and national level as well as to try and improve results and margins in order to manage the current market context that is now beginning to show signs of recovery.

The principal norms that the banks will have to face in the immediate future involve: modifications to the IFRS 9 accounting standard, the 2014/65/EU European Directive (MiFID II) and Regulation no. 600/2014 (MiFIR) integrated with directives and delegated regulations in the issuing stage, the management of Classic Repos and new individual savings plans (PIR), adjustments to the FTT model and register according to recent Inland Revenue Office provisions, EU Regulation 1286/2014 regarding the KID (Key Information Document) aimed at increasing the transparency of Packaged Retail and Insurance-based Investment Products (PRIIPs), Market Abuse, Data Quality, Alerts (Puma 2), Basel III, T2S.

For the purposes of an efficient, timely and coordinated development in the procedures in order to adjust to the new regulations, CAD IT has set up a series of "work groups" in collaboration with its customers to further study the new specifications.

As regards pursuing improved margins, the financial institutions are constantly trying to contain costs and extend their business areas.

CAD IT also puts itself forward as a strategic partner for its customers on these fronts with innovative software like the new Oder Hub and General Data systems which are able to take advantage of new technologies that lead to achieving high standards of efficiency in terms of data and process management, with significant reductions in processing times and costs.

Lastly, in order to provide financial institutions with support in their business area and business volume expansion strategies, CAD IT offers a Framework for the new generation Digital Bank and, thanks to significant experience and references matured in the field of solutions for financial promoters, also places its skills at the disposal of those financial institutions that want to innovate and promote their own offers and networks.

In addition to the mentioned opportunities the main strategic objectives of the company and the Group are to maintain and further develop its leadership position in the Italian banking sector, increase its customer portfolio in the insurance and trust companies sectors, in the local tax collection sector, further distribute new products relating to business intelligence, promote its software for the industrial sector at medium/large-sized companies, also at international level.

The Group is also continuing to pursue its efforts to expand towards the European and international markets, which could also be supported and accelerated by the recent acquisition of the shareholding in the Spanish company Software Financiero Bolsa S.A., as well as by the optimal references it has obtained from its existing foreign customers and by the internationalization procedures for which the large Italian and European banking groups are advocating.

The CAD IT S.p.A. managers are also constantly on the look-out for any development opportunities, whether direct or through external lines, through technical or commercial collaboration agreements and by taking on or acquiring holdings in order to create activities that are complimentary and synergic to existing ones.

The prospects for the ongoing year foresee a good trend in sales revenues and Group performances in the domestic banking sector, taking into account the numerous and significant developments in the regulations that the customers will have to adjust to. Moreover, the Group's increase in activities on a European and international scale and the acquisition of new customers in sectors bordering on financial institution areas, may contribute to maintaining and increasing the value of production compared to that of the 2016 financial period. The global short-

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<sup>3</sup> Data source: Banca D'Italia, Economic Bulletin no. 1, January 2017



term economic situation remains difficult and uncertain, however, still a national and international level, and the managerial trend would be subject to risks connected to factors outside the Group's control. Despite this, the Board of Directors expects that positive results can still be achieved, considering activities and actions already developed and those planned in the development plans of the company and of the Group.

***Balance approval proposal and allocation of the 2016 financial period result***

Dear Shareholders,

the year 2016 ended with a net profit of separate financial statements of Euro 1,293,787. In subjecting the balance at its closure date of 31st December 2016 for your approval, in its entirety and with all its items, together with the directors' management report, taking into account the result obtained and the financial position of the Company, the board of directors proposes the distribution of a dividend of Euro 0.20 gross of legal deductions for each of the 8,980,000 ordinary shares, to the total amount of Euro 1,796,000, allocating the entire year's profit of Euro 1,293,787, together with Euro 502,213 to be withdrawn from the undivided available profits reserve.

The dividend will be paid as of 10th May 2017 (coupon release on 8th May 2017).

Verona, 14 March 2017

On behalf of the Board of Directors  
The Chairman  
/s/ Giampietro Magnani



## FINANCIAL STATEMENTS AT 31 DECEMBER 2016

### Income statement

(in thousands of Euro)

	Notes	31/12/2016		31/12/2015	
		Total	of which related parties	Total	of which related parties
Income from sales and services	2	51,750	1,594	54,768	1,792
Asset increases due to internal work	2 – 13	5,144		4,280	
Other revenue and receipts	2	342	55	297	105
Purchase costs	4	(262)		(286)	
Service costs	5	(26,526)	(19,450)	(29,446)	(20,225)
Other operational costs	6	(459)		(391)	
Labour costs	7	(21,562)	(544)	(21,642)	(506)
Other administrative expenses	8	(1,105)	(890)	(1,129)	(930)
Allocation to fund and credit depreciation		(279)		(130)	
Intangible fixed asset amortization	13	(5,774)		(5,379)	
Tangible fixed asset amortization	12	(427)		(414)	
Financial income	9	928	870	456	327
Financial expenses	9	(34)		(30)	
Revaluations and depreciations		0		0	
<b>Pre-tax result</b>		<b>1,737</b>		<b>954</b>	
Income taxes	10	(443)		(38)	
<b>Profit/(loss) for the period</b>		<b>1,294</b>		<b>917</b>	

Weighted average number of ordinary shares outstanding		8,980,000		8,980,000	
Basic earnings per share (in €)	11	0.144		0.102	

### Statement of comprehensive income

(in thousands of Euro)

	Period 2016	Period 2015
<b>Profit (loss) for the period</b>	<b>1,294</b>	<b>917</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or (loss)</b>		
Actuarial gains/(losses) on defined benefit liabilities net of tax effects	(117)	315
<b>Other comprehensive income that will be reclassified subsequently to profit or (loss)</b>		
Gains/(Losses) on fair value of available-for-sale financial assets	-	-
Reclassification adjustments: gains realized on disposal of available-for-sale	-	-
<b>Total comprehensive income (loss)</b>	<b>1,177</b>	<b>1,232</b>

(in Euro)

<i>Income statement</i>	<b>2016</b>	<b>2015</b>
Income from sales and services	51,749,504	54,768,093
Asset increases due to internal work	5,144,449	4,280,196
Other revenue and receipts	342,274	296,515
<b>Production value</b>	<b>57,236,228</b>	<b>59,344,803</b>
Purchase costs	(262,191)	(285,718)
Service costs	(26,525,708)	(29,445,755)
Other operational costs	(459,176)	(390,949)
Labour costs	(21,562,000)	(21,642,122)
Other administrative expenses	(1,104,603)	(1,129,087)
Allocation to fund and credit depreciation	(278,500)	(130,000)
Intangible fixed asset amortization	(5,774,327)	(5,379,353)
Tangible fixed asset amortization	(427,273)	(413,627)
Financial income	927,914	456,230
Financial expenses	(33,529)	(29,960)
Revaluations and depreciations	0	0
<b>Pre-tax result</b>	<b>1,736,836</b>	<b>954,462</b>
Income taxes	(443,049)	(37,528)
<b>Profit/(loss) for the period</b>	<b>1,293,787</b>	<b>916,934</b>

<i>Statement of comprehensive income</i>	<b>2016</b>	<b>2015</b>
<b>Profit (loss) for the period</b>	<b>1,293,787</b>	<b>916,934</b>
<b>Other comprehensive income that will not be reclassified subsequently to profit or (loss)</b>		
Actuarial gains/(losses) on defined benefit liabilities net of tax effects	(116,757)	315,199
<b>Total comprehensive income (loss)</b>	<b>1,177,030</b>	<b>1,232,132</b>



## Statement of financial position

(in thousands of Euro)

	Notes	31/12/2016		31/12/2015	
		Total	of which related parties	Total	of which related parties
<b>ASSETS</b>					
A) Non-Current Assets					
Property, plant and equipment	12	16,562		16,509	
Intangible assets	13	20,223		20,793	
Investments	14	16,777		15,127	
Other non-current credits		22		15	
Credits due to deferred taxes	15	174		104	
<b>TOTAL NON-CURRENT ASSETS</b>		<b>53,757</b>		<b>52,548</b>	
B) Current Assets					
Inventories	16	4		6	
Trade receivables and other credits	17	31,231	2,630	30,340	2,849
Tax credits	18	1,153		1,230	
Cash on hand and other equivalent assets	19-31	3,827		5,707	
<b>TOTAL CURRENT ASSETS</b>		<b>36,215</b>		<b>37,283</b>	
<b>TOTAL ASSETS</b>		<b>89,972</b>		<b>89,831</b>	

### EQUITY AND LIABILITIES

A) Equity					
Company capital	20	4,670		4,670	
Reserves	21	35,246		35,246	
Accumulated profits/losses	22	14,524		14,694	
<b>TOTAL EQUITY</b>		<b>54,440</b>		<b>54,610</b>	
B) Non-current liabilities					
Financing	24	761		1,261	
Deferred tax liabilities	25	2,458		2,458	
Employee benefits and quiescence provisions	26	3,617	158	3,469	144
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b>6,837</b>		<b>7,188</b>	
C) Current liabilities					
Trade payables	27	19,175	15,977	19,963	16,600
Current tax payables	28	2,163		2,543	
Short-term financing	29	2,500		1,794	
Other liabilities	30	4,858	305	3,733	302
<b>TOTAL CURRENT LIABILITIES</b>		<b>28,696</b>		<b>28,033</b>	
<b>TOTAL LIABILITIES AND EQUITY</b>		<b>89,972</b>		<b>89,831</b>	



(in Euro)

<b>ASSETS</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
A) Non-Current Assets		
Property, plant and equipment	16,562,093	16,508,907
Intangible assets	20,222,969	20,792,552
Investments	16,776,642	15,126,642
Other financial assets available for sale	-	-
Other non-current credits	21,745	15,128
Credits due to deferred taxes	173,608	104,318
<b>TOTAL NON-CURRENT ASSETS</b>	<b>53,757,057</b>	<b>52,547,547</b>
B) Current Assets		
Inventories	3,973	6,281
Trade receivables and other credits	31,231,459	30,340,480
Tax credits	1,152,629	1,229,679
Cash on hand and other equivalent assets	3,827,088	5,706,931
<b>TOTAL CURRENT ASSETS</b>	<b>36,215,149</b>	<b>37,283,372</b>
C) Non-current assets for sale	-	-
<b>TOTAL ASSETS</b>	<b>89,972,206</b>	<b>89,830,919</b>

<b>EQUITY AND LIABILITIES</b>	<b>31/12/2016</b>	<b>31/12/2015</b>
A) Equity		
Company capital	4,669,600	4,669,600
Reserves	35,246,400	35,246,400
Accumulated profits/losses	14,523,946	14,693,916
<b>TOTAL EQUITY</b>	<b>54,439,946</b>	<b>54,609,916</b>
B) Non-current liabilities		
Financing	760,770	1,260,729
Deferred tax liabilities	2,458,407	2,458,407
Employee benefits and quiescence provisions	3,617,407	3,468,613
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>6,836,584</b>	<b>7,187,750</b>
C) Current liabilities		
Trade payables	19,175,130	19,962,820
Current tax payables	2,162,778	2,543,339
Short-term financing	2,500,005	1,794,259
Other liabilities	4,857,761	3,732,836
<b>TOTAL CURRENT LIABILITIES</b>	<b>28,695,675</b>	<b>28,033,253</b>
<b>TOTAL LIABILITIES AND EQUITY</b>	<b>89,972,206</b>	<b>89,830,919</b>



## Statement of changes in equity

(in thousands of Euro)

Statement of changes in equity	Company capital	Reserves	Accumulated profit (loss)	Period result	Equity
<b>Total 31/12/2013</b>	<b>4,670</b>	<b>35,246</b>	<b>14,571</b>	<b>97</b>	<b>54,585</b>
Allocation of the period result			97	(97)	-
Total comprehensive profit/(loss)			(543)	504	(40)
<b>Total 31/12/2014</b>	<b>4,670</b>	<b>35,246</b>	<b>14,125</b>	<b>504</b>	<b>54,545</b>
Allocation of the period result	-	-	504	(504)	-
Dividend distribution	-	-	(1,167)	-	(1,167)
Total comprehensive profit/(loss)	-	-	315	917	1,232
<b>Total 31/12/2015</b>	<b>4,670</b>	<b>35,246</b>	<b>13,777</b>	<b>917</b>	<b>54,610</b>
Allocation of the period result	-	-	917	(917)	-
Dividend distribution	-	-	(1,347)	-	(1,347)
Total comprehensive profit/(loss)	-	-	(117)	1,294	1,177
<b>Total 31/12/2016</b>	<b>4,670</b>	<b>35,246</b>	<b>13,230</b>	<b>1,294</b>	<b>54,440</b>

## Cash Flow Statement

(in thousands of Euro)

	NOTES	Period 2016	Period 2015
<b>A) OPERATING ACTIVITIES</b>			
Profit (loss) for the period		1,294	917
Amortisation, revaluation and depreciation:			
- Property, plant and equipment amortisation	12	427	414
- Intangible fixed asset amortisation	13	5,774	5,379
- revaluation of investments and financial assets available for sale		-	0
- depreciation of investments and financial assets available for sale		-	0
Allocations (utilization) of provisions		(13)	(223)
Financial performance:			
- Net financial (receipts) charges	9	(894)	(426)
- Profit / (losses) on exchanges		(4)	(1)
Other working capital variations		(1,646)	93
Income taxes paid		(633)	(1,125)
Interest paid	9	(30)	(29)
<b>(A) - Cash flows from (used in) operating activities</b>		<b>4,275</b>	<b>4,999</b>
<b>B) INVESTMENT ACTIVITIES</b>			
Investments in activities			
- purchase of property, plant and equipment	12	(485)	(185)
- purchase and increase in intangible assets	13	(5,205)	(4,414)
- purchase of investments and other assets available for sale		(250)	-
- increase in other fixed assets		(9)	(4)
Disinvestment activities			
- transfers of property, plant and equipment	12	5	-
- transfers of assets available for sale			-
- Decrease in other fixed assets		3	3
Cashed Interest	9	59	129
Cashed dividends	9	869	327
<b>(B) - Cash flows from (used in) investment activities</b>		<b>(5,014)</b>	<b>(4,144)</b>
<b>C) FINANCING ACTIVITIES</b>			
Medium/long term financing repayment	24	(500)	(245)
Medium/long term financing opening	24	0	1,506
Dividends paid	23	(1,347)	(1,167)
<b>(C) - Cash flows from (used in) financing activities</b>		<b>(1,847)</b>	<b>93</b>
(A+B+C) - Total cash and other equivalent assets flows		(2,586)	948
<b>Opening cash balances and equivalents</b>	31	<b>3,913</b>	<b>2,965</b>
<b>Closing cash balances and equivalents</b>	31	<b>1,327</b>	<b>3,913</b>

For the liquid asset and equivalent means reconciliation, refer to note 31.

## **Notes to the financial statements**

CAD IT S.p.A. is a joint stock company and is governed on the basis of Italian law and exercises its management and coordinated activities on its own controlled companies. CAD IT S.p.a. is not subject to other company control in accordance with art. 2359 of the civil code. The company is listed in the STAR market of the Italian stock exchange. The registered office and the administrative and main operating offices are in Via Torricelli 44/a, Verona. The company is registered in the Verona Company Register under no. 01992770238.

Per informazioni e commenti sul risultato e la situazione economico-finanziaria del Gruppo CAD IT si rimanda al bilancio consolidato ed alla relativa relazione degli amministratori.

### **1 Accounting policies and evaluation criteria more important**

This report has been drafted in accordance with the applicable IFRS International accounting standards issued by the International Accounting Standard Board (IASB) and recognized by the European Community in conformity with EC regulation no. 1606/2002. IFRS refers to the International Accounting Standards (IAS) presently in force as well as the interpretative documents issued by the International Financial Reporting Interpretations Committee (IFRIC), previously known as the Standing Interpretations Committee (SIC).

In the drawing up of this report, the same accounting standards have been applied as those adopted in the drafting of the Balance at 31st December 2015, with the exception of the items described in the paragraph below – Accounting Standards paragraph, amendments and interpretations applied since 1st January 2016; there have been no modifications in the comparative information.

This document comprises financial statements, notes to the said financial statements, management observations. The financial statement has been drafted using the evaluation criterion of past cost. Moreover, where some land and buildings have been included in First Time Adoption, the fair value has been used instead of the cost.

Unless otherwise indicated, the monetary quantities in the accounting tables and those in the notes, are shown rounded off to the nearest thousand euro. The totals and subtotals of the statements presented are determined by rounding the sum of the point data. The percentage figures shown are calculated using the non-rounded off figures. This financial statement has been prepared in accordance with Consob regulation no. 11971 of 14th May 1999, and subsequent modification and integration.

#### **Use of estimates**

In accordance with the IFRS, when drafting the Financial Statement the company management formulates evaluations, estimates and hypotheses to apply the accounting standards which affect the amounts of credit and debit and the costs and revenues found in the Financial Statement. Estimates and their relative hypotheses are based on past experience and factors considered reasonable for the case concerned. Since they are estimates, the results obtained are not necessarily the same as the results portrayed.

The estimates and hypotheses are reviewed on a regular basis. Any variations deriving from an accounting estimate review are shown in the period in which the review was made if such review only affects that period. If the review affects the current and future periods, the variation is recorded in the period in which the review is made and in the relative subsequent periods.

#### **Accounting standards, amendments and interpretations applied since 1<sup>st</sup> January 2016**

There are no, or no significant, other matters and cases governed by standards, amendments and interpretations effective from 1<sup>st</sup> January 2016 approved by the IASB and IFRIC and published in the European Community's Official Gazette. No standards approved by the European Union, the application of which will be compulsory in the future, have been adopted in advance.

#### **Balance sheet layout**

The balance layouts have been drafted according to IAS 1 specifications and opportunely integrated with the

information required by the Consob deliberation no. 15519 of 2006.

The Company has decided to present revenue and cost entries referring to the period in question in two statements. One statement shows the profit (loss) components for the period (Consolidated Income statement) and the other, which begins with the profit (loss) of the period and shows the statement entries of the other components of the overall profit and loss account (Statement of comprehensive income).

The Company presents its economic account by nature, the format that is considered the most representative in terms of function presentation. In fact, the chosen format conforms to the internal reporting modalities and the business management and is in line with the way the economic account was represented in the past.

As for the patrimonial situation, a distinction has been made between current and non-current assets and liabilities. The financial statement has been presented according to the indirect method so that the profit (or loss) for the period has been adjusted of any non-monetary operations and by deferments and the setting aside of future incomes or payments.

Each column in the statement of net patrimony variations reconciles the opening and closing balances for each net patrimony voice.

Each significant entry shown in the above-mentioned statements, is marked with references to notes which provide the relative information and details of the composition.

### **Subsidiaries and Associated companies**

Shares in subsidiaries and associated companies, not classified as owned for sale in accordance with IFRS 5 or available for sale, have been accounted for at cost.

### **Property, plant and equipment**

Tangible fixed assets are shown at purchase cost, including any costs that may be directly ascribable and necessary for activating the asset and putting it to the use for which it was purchased. In reference to land and buildings listed in *First Time Adoption*, the *fair value* was used instead of the cost.

Tangible fixed assets are shown at net value of the relative accumulated depreciations and losses due to the reduction in value determined in accordance with the modalities described below.

Tangible fixed assets are amortised in constant rates during the course of their expected useful life cycle, i.e. the estimated period of time in which the asset will be put to company use. Whenever significant parts of tangible fixed assets have different estimated useful life cycles, said components are amortised separately.

The value to be depreciated is given by the registered value of the asset net of any loss in value and reduced by its assumed value at the end of its useful life cycle, if significant and reasonably calculable. The useful life cycle and the cash value are reassessed annually and any changes, where necessary, are brought in with a perspective application.

The main economic-technical tax rates used are the following:

- industrial buildings: 3%
- electrical equipment: from 5 to 10%
- air conditioning equipment: from 6 to 15%
- telephone systems: 20%
- alarm systems: from 10 to 30%
- furniture and fittings: 12%
- electrical machinery: 15%
- electronic machines and computers: 20%
- vehicles: 25%

Land, both without buildings or next to civil and industrial constructions, is accounted for separately and not amortised as it is considered an element with an indefinite useful life cycle.

In order to calculate any losses due to depreciation, the accounting value of intangible fixed assets is subject to verification.

At the time of elimination or when no future economic benefit can be expected from the use of an asset, it is eliminated from the balance and the eventual loss or profit (calculated as the difference between the assignment



value and the taxation value) is shown in the economic account of the year in which the asset is eliminated.

### **Intangible fixed assets**

Intangible fixed assets are shown as such when it is likely that they will bring in future economic benefits for the company and when the asset cost can be feasibly determined.

Intangible fixed assets, having a defined useful life cycle, are subsequently registered net of the relative accumulated amortizations and any losses due to a reduction in value.

The useful life cycle is reassessed annually and any changes, where necessary, are brought in with a perspective application.

Profits or losses deriving from the transfer of an intangible fixed asset are determined as the difference between the elimination value and taxation value of said asset and are reported on the economic account at the time of elimination.

Research costs are charged to the income statement in the period in which they are incurred.

The development costs of projects for the production of instrumental software, or those to be sold, are registered on the assets when they satisfy the following conditions: the costs can be reliably determined, the product is technically feasible, the expected use and/or sale of the product indicate that the sustained costs will generate future economic benefits. In respect of the standard that correlates costs and returns, these costs are amortized as from the moment in which the activity becomes available for use, in permanent amortisation amounts for the entire duration of the product's lifecycle, estimated at five years. The costs of internally generated intangible assets include any expenses that can be directly attributable to the development of the product and any reasonable part of general production costs attributable to the preparation stages before putting the product to use. Development costs that cannot be capitalised, when sustained, are reported on the income statement.

The concessions and licences entry mainly includes software under licence purchased by third parties and used for programming activities, depreciated for their useful life-cycle, estimated at 3 years.

### **Impairment loss**

The company annually verifies the accountable value of intangible and tangible assets or more often whenever there is an indication that assets may have suffered a value loss.

If the charged value exceeds the recoverable value, the assets are devalued to reflect their recoverable value, represented by the greatest figure between the net price and use value. In defining the use value, expected future financial flows are discounted back using a pre-tax discount rate that reflects the current market estimations in reference to the cost of money at the time and the specific risks of the asset in question. For an asset that does not generate widely independent financial flows, the return value is determined in relation to the unit generating the financial flows of which the asset is a part. The value losses are accounted for in the economic account among depreciation and devaluation costs. When subsequently an asset value loss, different from the beginning, is less or decreases, the accounting value is increased to a new estimate of the recoverable value within the limit of the previous value loss. The recovery of a value loss is registered to the economic account.

### **Other non-current credits**

These are registered at their nominal value, representative of their fair value.

### **Stock**

Leftover stock is valued as the lesser value between purchase cost and the net value of the assumed income. The cost is determined in accordance with the average calculated cost method.

### **On-going orders**

When the result of an order can be reliably estimated, the relative revenues and costs are shown in relation to the situation of the activity's progress at the time of financial period closure, on the basis of the ratio between sustained costs for the activity carried out to date and the total estimated cost of the order, unless this calculation is not



deemed representative of the order's progress.

Any variations to the contract, price or incentive reviews, are included to the amount that were agreed with the customer.

When the result of an order cannot be estimated reliably, the relative revenues are shown only within the limits of the order's sustained costs, which will probably be retrieved. Order costs are shown as expenses in the financial period in which they were sustained.

Should it appear likely that the total costs of a work to order will exceed the revenues, the expected loss is immediately shown as a cost.

### **Commercial credits and other credits**

Commercial credits, whose expiry limits are within normal commercial terms, are not updated and are registered at their nominal value net of any loss of value. Moreover, they are adjusted to their assumed cash value by means of the registration of an appropriate amendment fund.

### **Liquid asset availability and equivalent means**

The availability of liquid assets and equivalent means is registered at nominal value and has the requirements to be immediately available or available at very short notice, without obstacles and with no significant expense for collection. Financial investments are classified as liquid assets only when they have a short expiry.

### **Non current assets held for sale**

The voice includes non-cash assets, the value of which will mostly be recovered by their sale rather than through their continuous use. These assets are valued as the lesser value between the net accounting value and the cash value net of sales costs.

### **Employee benefits Post-employment**

Severance pay (TFR), governed by Civil Code article 2120, foresees that, when the work contract ends and working relations close, an employee shall be paid a sum calculated on the basis of the length of time he/she was employed and the amount of remuneration received.

Following the reform on additional welfare benefits, amounts matured up to 31/12/2006 remain in the company and the old governance system will be applied on these. Instead, for amounts matured since 01/01/2007, the employees can decide whether to allocate them as an additional welfare payment or to keep them in the company (if the company employs at least 50 people) or even have them put into a treasury fund (if the company employs at least 50 people) set up at INPS (State Welfare Offices).

Therefore:

- Severance Pay amounts matured up until 31/12/2006 and amounts matured since 01/01/2007 and kept in the company, are shown as definite benefit plans, while
- Severance Pay amounts matured since 01/01/2007 and transferred into additional welfare funds or treasury funds at INPS, are shown as definite contribution plans.

Severance Pay is calculated by independent actuaries using the "matured benefit" method by means of the "Projected Unit Credit" criterion as provided for in IAS 19. The calculation method can be outlined by the following phases:

- projection for each employee according to the assessment date of any Severance Pay already set aside and any future Severance Pay amounts that will mature up to the unforeseeable end of relations and by projecting the worker's remunerations;
- determination for each employee of probable Severance Pay payments that the company may have to make should the employee decide to resign, be dismissed, be incapacitated, die or take early retirement as well as any request for advance payments;
- the discounting back, at assessment date, of each probable payment.



### **Risk and obligation funds**

In accordance with the IAS 37, the allocations are shown when there is an ongoing obligation (legal or implicit) that stems from a past event, whenever an outlay may be necessary to satisfy the obligation and a feasible estimation may be made on the obligation amount.

If the effect of updating the assumed cash value is significant, the allocations are calculated by updating the expected future financial flows at a pre-tax discount rate that reflects the current market evaluation of the cash value in relation to time. When updating has been done, the increase in the allocation caused by the passing of time is shown as a financial obligation.

### **Commercial debts and other current liabilities**

The commercial debts, whose deadlines are within normal commercial terms, are not updated and are registered at cost (identified by their nominal value).

Financial liabilities are initially shown at cost, which corresponds to the fair value of the liability, net of transition costs, which are directly attributable to the issue of the liability itself.

### **Revenues and costs**

The revenues and costs are determined in accordance with the qualifying economic principle to the amount to which the *fair value* can be feasibly determined.

Depending on the type of operation, the revenues are determined on the basis of the specific criteria reported below:

- the revenues for services are determined with reference to the point at which they stand on the basis of the same criteria used for determining the position of ongoing orders. If it is not possible to feasibly determine the revenue values, they are then calculated until they concur with the amount of expenses sustained and which are deemed recoverable.
- the profits from the sale of goods are shown when significant risks and benefits of the ownership of the goods are transferred to the purchaser, the sale price is agreed or can be determined and payment is collected.

As for sales concerning assistance and/or maintenance services carried out with the annual subscription formula, the accrual is calculated in proportion with time.

The costs are ascribed in the balance according to the same criteria as those for revenue acknowledgment.

### **Dividends**

Dividends are accounted for in the financial period in which the distributing company decides to distribute them.

### **Income taxes**

Current income taxes for the financial period are calculated on the basis of estimates of taxable income in accordance with the laws in vigour: Moreover, the effects deriving from the activation within the Group of the national tax consolidation are also taken into account. The debt for current taxes is accounted for in the patrimonial status, net of any taxes paid in advance.

Deferred and pre-paid income taxes are calculated on the temporary differences between the patrimonial values registered in accordance with the IFRS international accounting standards and the corresponding values realised for tax purposes. Deferred income tax are calculated applying the tax rate which will be in force at the year after the account reference dates.

In particular, assets due to pre-paid taxes are registered when their recovery is probable, that is, when it is expected that sufficient tax profits will be available in the future so that these assets may be used. The degree of recovery of pre-paid tax assets is re-examined at the end of every period. Deferred taxes are always calculated in compliance with the IAS 12.

The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income that corresponds to the algebraic sum of all net comprehensive incomes of the companies in the group. The liquidation



of this one tax allows the Group the contextual use of any tax losses in the period.

## 2 Revenues

The revenues gained in the period by the company are subdivided as follows:

	31/12/2016		31/12/2015		Period variations	
	€/000	% PV	€/000	% PV	absolute	%
Income from sales and services	51,750	90.4%	54,768	92.3%	(3,019)	(5.5%)
Asset increases due to internal work	5,144	9.0%	4,280	7.2%	864	20.2%
Other revenue and receipts	342	0.6%	297	0.5%	46	15.4%
<b>Production value</b>	<b>57,236</b>	<b>100.0%</b>	<b>59,345</b>	<b>100.0%</b>	<b>(2,109)</b>	<b>(3.6%)</b>

The supply of services and sales of goods includes any income from the sale of licensed out software, maintenance services and software updating, the Application Management, the use of personalised applicative packages, consultancy services and information technology system design, the sale of hardware.

The 2016 financial period showed a decrease in revenues of Euro 3,019 thousand (-5.5%), to reach a value of Euro 51,750 thousand (compared to Euro 54,768 thousand in 2015 financial period). The decline in sales and service revenues was mainly due to the contraction of supplies to some customers who reduced their investment plans in new software implementations and developments.

Revenues from foreign customers during the year 2016 were substantially in line with the previous year and accounted for 6.5% of the total sales and services revenues (6.3% in the previous year); foreign revenues are a result of the internationalization strategy pursued in recent years by the company and the group aimed at looking for new customers and markets in Europe and abroad.

Revenues from sales and services include Euro 1,576 thousand (Euro 1,779 thousand in previous period) towards CAD IT subsidiaries (see also in the Directors' management report and in the transactions with related parties note) of which Euro 1,453 thousand for logistic and administrative services and Euro 123 thousand for IT services.

Increases in internal work capitalized under fixed assets came to Euro 5,144 thousand, compared to Euro 4,280 thousand in the 2015 financial period and included activities carried out by CAD IT (Euro 3,267 thousand), as well as those commissioned by CAD IT to its subsidiaries CAD (Euro 1,439 thousand), CeSBE (Euro 425 thousand) and Datafox (Euro 13 thousand) for the development of new procedures for sale on licence or instrumental for traditional activities.

Other revenues and earnings amounted to Euro 342 thousand, showing an increase compared to 2015. Other revenues and earnings include Euro 139 thousand non-recurring compensation for damages, as well as amounts recharged to companies of the group of costs sustained by the parent company for Euro 56 thousand; they also include contributions allocated by interprofessional funds for financing of company training plans amounting to Euro 62 thousand and recruitment incentives for Euro 7 thousand.

CAD IT's activities are not on the whole, affected by significant cyclical or seasonal variations in total sales during the financial period.

## 3 Segment reporting by sectors

The internal organisational and managerial structure and the internal reporting for the Board of Directors is presently grouped into two operative divisions: Finance and Manufacturing. These divisions are the basis on which the Group reports sector information according to the primary layout.

The main activities of each sector are as follows:

- Finance: includes the computer applications aimed specifically at banks, insurances and other financial institutions. The main applications provide:
  - management of intermediary activities on securities, funds and derivate instruments;



- management of the typical services in the credit sector, such as the collection, treasury and monitoring of credit procedures;
  - service allocation for trading on line;
  - management of integrated banking computer systems;
  - consultancy and training.
- Manufacturing: includes the development and marketing of instruments and software applications and offers a series of services aimed at allowing the companies to effectively manage numerous company processes, including Outsourcing.

The data not allocated to the sectors mainly refer to income and costs for logistics and administration services given to the group's companies by the controlling party.

Disclosures for business segments	31/12/2016				
	Finance	Manufacturing	Not allocated/General	Elisions	Total
External revenues	54,240	1,201	1,796		57,236
Intersegment revenues	2,357			(2,357)	
Total revenues	56,596	1,201	1,796	(2,357)	57,236
Costs	(54,875)	(968)	(2,907)	2,357	(56,394)
Gross Operating Result (EBITDA)	8,201	233	(1,111)		7,323
Operating Result (EBIT)	1,721	233	(1,111)		842
Net financial income (expenses)			894		894
Revaluations and devaluations					
Result	1,721	233	(217)		1,737
Income taxes			(443)		(443)
Financial period profit (loss)	1,721	233	(660)		1,294
Assets	88,646		1,326		89,972
Liabilities	30,911		4,621		35,532

Disclosures for business segments	31/12/2015				
	Finance	Manufacturing	Not allocated/General	Elisions	Total
External revenues	56,660	970	1,714		59,345
Intersegment revenues	2,388			(2,388)	
Total revenues	59,048	970	1,714	(2,388)	59,345
Costs	(58,763)	(943)	(1,499)	2,388	(58,817)
Gross Operating Result (EBITDA)	6,208	27	216		6,451
Operating Result (EBIT)	285	27	216		528
Net financial income (expenses)			426		426
Revaluations and devaluations					
Result	285	27	642		954
Income taxes			(38)		(38)
Financial period profit (loss)	285	27	604		917
Assets	88,497		1,334		89,831
Liabilities	30,219		5,002		35,221

Information on the sector according to the secondary layout by geographical area is not provided as CAD IT presently produces and carries out its activities almost totally nationally and homogeneously. Revenues from foreign customers amount to 6.5% of total sales and services revenues (6.3% in the previous year) and mainly relate to customers of the following countries: Switzerland, Germany, U.S.A., Chine and United Kingdom.

#### 4 Purchase Costs

The table below shows the details of CAD IT' purchase costs:

	31/12/2016	31/12/2015	Variations	%
Hardware-Software purchases for sale	63	54	9	16.9%
Maintenance and consumable hardware purchases	11	17	(6)	(34.4%)
Other purchases	186	216	(29)	(13.6%)
Variations in raw material stock	2	(0)	2	3.530.6%
<b>Total</b>	<b>262</b>	<b>286</b>	<b>(24)</b>	<b>(8.2%)</b>

Costs for hardware and software purchases for commercialization refer to purchases made for orders that clients had already confirmed.

The item Other purchases includes mainly the costs of fuel for vehicles used in the business activity (Euro 110 thousand), as well as consumables, chancellery and advertising.

Inventories increased during the period of Euro 2 thousand.

#### 5 Service costs

	31/12/2016	31/12/2015	Variations	%
External collaboration	23,058	25,792	(2,734)	(10.6%)
Travelling expenses and fee reimbursement	741	1,069	(328)	(30.7%)
Other service costs	2,727	2,585	142	5.5%
<b>Total</b>	<b>26,526</b>	<b>29,446</b>	<b>(2,920)</b>	<b>(9.9%)</b>

Service costs in the 2016 financial period came to Euro 26,526 thousand, showing a decrease of 9.9% compared to the previous year (Euro 29,446 thousand). Costs for external collaboration include Euro 18,388 thousand (previous period Euro 18,690 thousand) for services from subsidiaries, Euro 568 thousand from associates (previous period Euro 1,154 thousand) and Euro 4,102 thousand for services from third parties (previous period Euro 5,948 thousand).

The reduction in costs for external collaborations in the year 2016 is mainly due to lower use of external service providers to ensure the commitment of activity on projects for clients, this trend is related to the decrease in revenues.

Expenses and transfer fees suffered a decrease compared to 2015 settling at Euro 741 thousand, compared to Euro 1,069 thousand in the previous year.

Other service expenses to the amount of Euro 2,727 thousand registered an increase of 5.5% compared to previous year (Euro 2,585 thousand). This item mainly includes service costs and hardware and software assistance and maintenance charges, energy costs, administrative, legal and fiscal consultancy, maintenance and management costs for the offices and facilities, insurance costs, costs for training courses.



## 6 Other operating costs

The table below shows the details of other operating costs:

	31/12/2016	31/12/2015	Variations	%
Leases and rentals	281	260	22	8.4%
Misc. operating costs	178	131	46	35.3%
<b>Total</b>	<b>459</b>	<b>391</b>	<b>68</b>	<b>17.5%</b>

Leases and rentals mainly refer to equipment and instrumental software rental and to lease of operational offices. Other operating costs mainly include taxes and fees not related to the taxable income (such as municipal tax on real estate, tax on indivisible services, registration taxes, stamp duty and taxes on waste) for Euro 124 thousand, as well as expenses for periodicals and publications and donations (Euro 15 thousand) and credit losses (Euro 15 thousand).

## 7 Labour costs and Employees

Labour costs are as follows:

	31/12/2016	31/12/2015	Variations	%
Salaries and wages	15,677	15,660	17	0.1%
Social security contributions	4,507	4,616	(109)	(2.4%)
Severance indemnities	1,218	1,207	12	1.0%
Other costs	159	159	(0)	(0.0%)
<b>Total</b>	<b>21,562</b>	<b>21,642</b>	<b>(80)</b>	<b>(0.4%)</b>

Labour costs in 2016 financial period decreased by Euro 80 thousand (-0.4%) compared to the previous year. The decrease in labour costs is mainly due to the decrease in working overtime and to the increase in use vacation, which offset the increase in the cost of ordinary work due to the slight increase in the average number of employees. The figures relating to the precise number of employees working in CAD IT at the end of the year are shown below:

Category of employees	labour force at 31/12/2016	labour force at 31/12/2015	labour force at 31/12/2014
Management	17	16	18
White-collars and cadres	295	306	297
Apprentices	43	33	16
<b>Total</b>	<b>355</b>	<b>355</b>	<b>331</b>

At the end of 2016, the number of CAD IT staff has not changed compared to the previous year, with a total number of 335 employees. To be precise, during the period were employed and dismissed 12 people, thus determining the following turnover rates:

Employees turnover	2016	2015	2014
Negative turnover (Dismissed/employees at beginning of period)	3.38%	1.81%	3.0%
Positive turnover (Employed/employees at beginning of period)	3.38%	9.37%	13.7%
Total turnover ( $\Sigma$ turnover)	6.76%	11.18%	16.7%
Turnover compensation rate (Employed/Dismissed)	100.00%	516.67%	455.6%

The details relating to the average number of CAD IT employees are shown below; the average number of



employees increased by 14 units during the financial period.

<i>Category of employees</i>	<i>Average number 2016</i>	<i>Average number 2015</i>
Management	17	17
White-collars and cadres	295	301
Apprentices	43	23
<b>Total</b>	<b>356</b>	<b>342</b>

The Group dedicates particular attention to professional staff training by means of internal training and updating courses. The main training areas were: updating in new programming languages and systems management, health and safety at work, foreign languages (English), company organization and managerial training.

## **8 Other administrative costs**

The table below shows the other administrative costs in detail.

	<i>31/12/2016</i>	<i>31/12/2015</i>	<i>Variations</i>	<i>%</i>
Directors fees	824	875	(51)	(5.8%)
Directors' fee contributions	66	56	10	18.5%
Telephone charges	205	192	12	6.5%
Advertising fees	11	7	4	60.9%
<b>Total</b>	<b>1,105</b>	<b>1,129</b>	<b>(24)</b>	<b>(2.2%)</b>

The other administrative expenses of Euro 1,105 thousand decreased by 2.2% compared to the 2015 financial period and were mainly made up of directors remunerations for Euro 824 thousand (-5.8% compared to 2015) and the relative contributions of Euro 66 thousand, telephone charges of Euro 205 thousand (+6.5% compared to the 2015 financial period) and advertising costs to the amount of Euro 11 thousand (+60.9% compared to 2015).

Director remunerations in the 2016 financial period include the allocation of variable short-term remunerations (Euro 123 thousand), and the setting aside of the variable medium to long-term remuneration (Euro 39 thousand) which may be distributed at the end of the three-year mandate depending on the achievement of objectives defined. Further information on fixed and variable components of directors' remuneration are outlined in the Remuneration Report.

The other administrative costs include remunerations to related parties (see note 32).

## **9 Financial performance**

Returns are made up of dividends from holdings in subsidiaries and associates to the amount of Euro 869 thousand (of which Euro 300 thousand from CAD S.r.l., Euro 186 thousand from CeSBE, Euro 204 thousand from Elidata and Euro 179 thousand from Sicom), an increase compared to Euro 327 thousand of the previous year, of interest received on liquid assets and equivalent means (current account deposits and capitalization insurance policies) to the sum of Euro 58 thousand, compared to Euro 66 thousand of the previous year. In the period 2015 the item also included active default interest for Euro 64 thousand.

Financial expenses, increasing compared to the previous year, mainly refer to temporary overdrafts on current accounts (Euro 6 thousand) and interest on bank loans (Euro 21 thousand). The table below shows the details of financial performance.

	31/12/2016	31/12/2015	Variations	%
Dividends from investments in subsidiaries	690	155	535	344.6%
Dividends from investments in associates	179	172	7	4.3%
Interest on bank deposits and on late payments	58	129	(72)	(55.4%)
Other receipts and interest income	1	0	1	-
<b>Total financial income</b>	<b>928</b>	<b>456</b>	<b>472</b>	<b>103.4%</b>
Interest on bank overdrafts and loans	(27)	(26)	(1)	(2.8%)
Other interest expense	(3)	(3)	(0)	(12.6%)
Foreign exchange losses	(4)	(1)	(3)	(185.5%)
<b>Total financial charges</b>	<b>(34)</b>	<b>(30)</b>	<b>(4)</b>	<b>(11.9%)</b>
<b>Net financial income and (charges)</b>	<b>894</b>	<b>426</b>	<b>468</b>	<b>109.9%</b>

## 10 Income taxes

	31/12/2016	31/12/2015	Variations	%
Current taxes	477	409	68	16.6%
Taxes relating to previous periods	(10)	(11)	1	10.2%
Tax pre-payments	(24)	(17)	(7)	(40.7%)
Deferred taxes	0	(343)	343	100.0%
<b>Total income taxes</b>	<b>443</b>	<b>38</b>	<b>406</b>	<b>1.080.6%</b>
Incidence of total taxes on the gross pre-tax result	25.5%	3.9%		

The taxes ascribable to 2016 financial period were estimated taking the results of the period and the norms in force into account and they represent the best possible estimate of the tax expenses ascribable to the period in question. The tax incidence for the period on the gross pre-tax result amounted to 25.5%, an increase compared to 2015, when it was 3.9%.

The increased incidence of taxes is mainly due to the fact that the period 2015 benefited from the realignment of deferred taxes as a result of the IRES rate reduction from 27.5% to 24% as provided for by the Stability Law 2016. The controlling company, CAD IT S.p.A., and some of the Group's companies, have exercised the option of Group taxation as stated in art. 117 of TUIR 917/1986, which concerns the determination of a global income in terms of IRES that corresponds to the algebraic sum of all net incomes of the companies in the group. The liquidation of the only tax due allows the Group to contextually use any tax losses during the year and determine, at a group level, the amount of interests allowed that can be deducted fiscally.



<b>RECONCILIATION BETWEEN TAX EXPENSES IN THE BALANCE AND THEORETICAL TAX EXPENSES</b>				
<b>Theoretical rate</b>	<b>IRES</b>	<b>27.5%</b>	<b>IRAP</b>	<b>4.0%</b>
	<b>Taxable</b>	<b>Tax</b>	<b>Taxable</b>	<b>Tax</b>
<b>Pre-tax result / theoretical tax</b>	<b>1,737</b>	<b>478</b>	<b>1,737</b>	<b>69</b>
<i>Temporary differences deductible in later financial periods</i>				
Unpaid directors' fees	162	45	0	0
Provisions for credit losses	137	38	0	0
<i>Total temporary fiscal increasing variations</i>	<i>299</i>	<i>82</i>	<i>0</i>	<i>0</i>
<i>Reversal of temporary differences from previous years</i>				
TFR discounting back	7	2	7	0
Payment of previous periods directors' fees	(163)	(45)	0	0
Directors' fees of previous years no longer payable	(12)	(3)	0	0
<i>Total temporary variations from previous periods</i>	<i>(168)</i>	<i>(46)</i>	<i>7</i>	<i>0</i>
<i>Permanent differences</i>				
To IRES / IRAP income increases	454	125	1,822	73
To IRES / IRAP income decreases	(929)	(256)	(953)	(38)
<i>Total permanent differences</i>	<i>(476)</i>	<i>(131)</i>	<i>869</i>	<i>35</i>
<b>Taxable income / tax on the period's income</b>	<b>1,392</b>	<b>383</b>	<b>2,600</b>	<b>104</b>
Tax credits		(10)		0
<b>Current taxes</b>		<b>373</b>		<b>104</b>
<b>Taxes's effective rate on the pre-tax result</b>		<b>21.5%</b>		<b>6.0%</b>
Greater (lesser) taxes previous financial periods		(12)		3
Prepaid and deferred taxes		(36)		0
Prepaid and deferred taxes alignment for variations of rate		12		0
<b>Income taxes</b>		<b>337</b>		<b>106</b>
Income taxes's effective rate on the pre-tax result	IRES	19.4%	IRAP	6.1%

<b>Summary comprehensive effective tax charge</b>	<b>current period</b>		<b>previous period</b>	
IRES tax	373	21.5%	309	32.4%
IRAP tax	104	6.0%	99	10.4%
<b>Total current taxes and effective rate</b>	<b>477</b>	<b>27.4%</b>	<b>409</b>	<b>42.8%</b>

## 11 Earnings per share

The basic earnings per share is calculated by dividing the year's net profit ascribable to the ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the year. The number of ordinary shares outstanding does not change during the year of the period and no other types of share are admitted. There are no options, contracts or convertible financial instruments or equivalent that give their owners the right to acquire ordinary shares, therefore, the basic profit per share and the dissolved profit per share agree.

<b>Earnings per share</b>	<b>2016</b>	<b>2015</b>
Net profit (loss) ascribable to ordinary shares in thousands of Euro	1,294	917
Weighted average number of ordinary shares outstanding	8,980,000	8,980,000
<b>Net profit (loss) ascribable to ordinary shares for basic profit per share (Euro)</b>	<b>0.144</b>	<b>0.102</b>

## 12 Property, plant and equipment

The caption "property, plant and equipment" is composed as follows:

	31/12/2016	31/12/2015	Variations	%
Land	1,527	1,527	0	-
Buildings	13,782	13,912	(130)	(0.9%)
Plant and equipment	914	720	194	26.9%
Other assets	323	350	(26)	(7.5%)
Assets under development and payments on account	16	0	16	-
<b>Total property, plant and equipment</b>	<b>16,562</b>	<b>16,509</b>	<b>53</b>	<b>0.3%</b>

In the period, the item "property, plant and equipment" varied as follows:

	Land and buildings	Plant and machinery	Other tangible fixed assets	Assets under development	Total
Purchase or production cost	8,803	3,781	2,854	-	15,439
First time adoption revaluations	8,439	-	-	-	8,439
Previous years depreciation and write-downs	(1,803)	(3,061)	(2,504)	-	(7,369)
Adjustments to previous years write-downs	-	-	-	-	-
<b>Opening value</b>	<b>15,439</b>	<b>720</b>	<b>350</b>	<b>-</b>	<b>16,509</b>
Purchases	10	351	108	16	485
Transfers	-	-	-	-	-
Reduction in accumulated depreciation due to disposals	-	57	61	-	118
Disposals	-	(61)	(62)	-	(123)
Revaluations for the period	-	-	-	-	-
Depreciation and write-downs for the period	(140)	(154)	(133)	-	(427)
Adjustments to write-downs for the period	-	-	-	-	-
<b>Total tangible fixed assets</b>	<b>15,309</b>	<b>914</b>	<b>323</b>	<b>16</b>	<b>16,562</b>

Land and buildings include property and land, accounted for separately, belonging to the Group.

There are no restrictions on the legal ownership and possession of assets, systems and machinery to guarantee liabilities. There are no contractual restrictions for buying assets, systems or machinery.

Some land and buildings have been revaluated at FTA at fair value as a substitute of cost and is calculated by an external expert; during 2015 the recoverability of these assets, was verified on the basis of an external valuation as of 30/06/2015 and drafted by the appointed expert. The valuation report showed current values of assets in excess of the net book values without, therefore, having to involve pointing out any impairment.

The purchasing of new tangible assets during the year came to a total of Euro 485 thousand, of which the greater part (Euro 351 thousand) was for "plant and machinery" relating to the purchase of a new air conditioning system for Verona office and (Euro 108 thousand) was for "other tangible assets", voice that included the purchasing of information technology equipment, managerial instruments characteristic of the Company's activities.

During the year property, plant and equipment were not subject to any value reductions that required registration in the balance.



### 13 Intangible fixed assets

The caption "intangible fixed assets" is composed as follows:

	31/12/2016	31/12/2015	Variations	%
Industrial patents	11,260	12,175	(915)	(7.5%)
Licences, trademarks and similar rights	124	145	(21)	(14.6%)
Intangible fixed assets under development	8,839	8,472	366	4.3%
<b>Total Intangible fixed assets</b>	<b>20,223</b>	<b>20,793</b>	<b>(570)</b>	<b>(2.7%)</b>

In the period, "Intangible fixed assets" varied as follows:

	Industrial patents and similar rights	Licences, trademarks	Assets under development and payments on account	Total
Purchase or production cost	41,021	2,131	8,472	51,625
Previous years revaluations	-	-	-	-
Previous years depreciation and write-downs	(28,846)	(1,987)	-	(30,833)
Adjustments to previous years write-downs	-	-	-	-
<b>Opening value</b>	<b>12,175</b>	<b>145</b>	<b>8,472</b>	<b>20,793</b>
Purchases	-	60	5,144	5,205
Transfers	4,778	-	(4,778)	-
Reduction in accumulated depreciation due to disposals	-	-	-	-
Disposals	-	-	-	-
Revaluations for the period	-	-	-	-
Depreciation and write-downs for the period	(5,693)	(81)	-	(5,774)
Adjustments to write-downs for the period	-	-	-	-
<b>Total intangible fixed assets</b>	<b>11,260</b>	<b>124</b>	<b>8,839</b>	<b>20,223</b>

The voice "industrial patent rights and works of ingenuity" is almost entirely made up of software procedures developed by the CAD IT Group; the voice increased by Euro 4,778 thousand because procedures that previously were recognized as ongoing investments were ended and became available for sale and/or use in the course of the period and therefore the incurred costs were reclassified. The values are registered to the directly sustained cost, mainly related to the use of internal resources, as well as any possible additional accessory fees that may occur. In respect of the principle that correlates costs and revenues, such costs are amortized as of the moment in which they are available for use and in terms of the product's lifecycle, estimated at five years. The amortizations of this voice in the course of this financial period came to Euro 5,693 thousand, increasing compared to Euro 5,275 thousand of 2015 financial period.

The caption "Licences, trademarks" principally includes the licensed out software bought by third parties used for programming activities. Purchasing during the period came to a total of Euro 60 thousand, while depreciation amounted to Euro 81 thousand.

The voice assets under development refers to investments in the development of software procedures under construction both for sale and for in-company use. Most of these investments are aimed at new, advanced products, the use of which will be needed very shortly, even by law, in credit and financial institutions as well as in the field of public and industrial administration.

These assets are listed on the basis of the directly sustained cost related to the use of dedicated staff. The fundamental condition for their registration in patrimonial credit is that said costs concern clearly defined, distinguishable and measurable products or processes and that they relate to projects that are both technically feasible and economically recoverable through revenues that will develop in the future by application of the project itself. These assets have undergone no reduction in value that required registration in the balance, during the year.



## 14 Investments

	31/12/2016	31/12/2015
Investments in subsidiary companies	15,124	15,124
Investments in associated companies	1,653	3
<b>Total Investments</b>	<b>16,777</b>	<b>15,127</b>

Investments are shown at purchase cost. The value of holdings in subsidiary companies stands at Euro 15,124 thousand, while the value of holdings in associated companies is Euro 1,653 thousand.

### Investments in subsidiaries

The balance values and the fraction of net patrimony concerning controlled companies, determined in accordance with international accounting standards, are shown below.

Company Name	Company Capital in Euro	Percentage of Investment	Net Profit or Loss (euro/000)	Shareholders' Equity (euro/000)	Quotaholders' Equity Held (euro/000)	Carrying Value (euro/000)
CAD S.r.l.	350,000	100.00%	23	3,577	3,577	12,938
CeSBE S.r.l.	10,400	62.11%	175	3,127	1,942	287
Elidata S.r.l.	20,000	51.00%	437	1,666	850	781
Datafox	99,999	51.00%	81	264	135	454
Smart Line S.r.l.	102,700	51.05%	18	787	402	664
Tecsit S.r.l. (*)	75,000	70.00%	(0)	54	37	53

(\*)Controlled through CAD S.r.l.

The company annually verifies the holding values at least once a year or more often if there are indications of value losses.

The recoverable value of the CGU is verified by determining the value in use.

The evaluation of the CAD IT Group companies was made through a *Discounted Cash Flow* (DCF), the most common calculation method in financial markets. Operational cash flow forecasts are based on the most recent budget plans approved by the Board of Directors and relate to the period 2017-2019 which take into account the concrete company growth possibilities based on past data and on management forecasts. The financial flows that go over this period have been calculated with great care using a growth rate of nil. The putting into effect rate used is the weighted average of capital  $k_s$ .

The main assumptions used by the Directors for discounting back prospective financial flows in order to make an analysis of the holding value are reported below:

the equation used for estimating the weighted average cost of capital is the following

$$k = k_b(1 - TC) \left( \frac{B}{V} \right) + k_p \left( \frac{P}{V} \right) + k_s \left( \frac{S}{V} \right)$$

where:

$k_b$  = interest rate in case of debt

$TC$  = marginal tax rate of the economic bodies being evaluated

$B$  = market value of the debt of a company

$V$  = total market value of a company

$k_p$  = advisability cost of risk capital

$P$  = market value of the privileged shares

$k_s$  = advisability cost of own capital determined by the market

$S$  = market value of the net capital.

The cost of capital was identified as  $k_s = 7.82\%$ .

The permanent growth rate of the company being evaluated was chosen by taking it as 0% a year despite the CAGR of the income and profits of each being greater.

The value of the companies was determined as a summation of discounted back cash flows (Free Cash Flow), of the remaining value and the net financial position. In brief we can say:

$$\text{Company value} = \pm \text{net financial position} + \text{discounted back cash flows} + \text{remaining value}$$

Into mathematical terms, the value corresponds to the following formula:

$$NPV = \pm PFN + \sum_i^N FCF (1+k)^{-N} + \left( \frac{FCF_{N+1}}{k-g} \right) \left\{ \frac{1}{[1+(k-g)]^N} \right\}$$

where:

$NPV$  = company value (Net Present Value)

$PFN$  = Net Financial Position

$FCF$  = cash flow

$k$  = cost of capital

$N$  = explicit period

$g$  = growth rate of the implicit period

The evaluations confirmed the validity of the recorded values, whereby the recording of value adjustments was not necessary.

Investments in associated companies

Company Name	Company Capital in Euro	Percentage of Investment	Net Profit or Loss (euro/000)	Shareholders' Equity (euro/000)	Quotaholders' Equity Held (euro/000)	Carrying Value (euro/000)
Sicom S.r.l.	10,400	25.00%	955	1,722	430	3
Software Financiero Bolsa S.A.	529,000	30.00%	466	1,101	330	1,650

Investments in associated companies increased compared to 2015, following the acquisition, in April 2016, of 30% of the Spanish company Software Financiero Bolsa.

## 15 Credits due to prepaid taxes

Credits due to prepaid taxes have been recorded as assets in the current and previous periods, as, on the basis of the forecast plans approved by the Management Board, will be probably the realization of a taxable income for which they can be used. Credits for prepaid IRES and IRAP taxes are mainly in reference to time differences deductible over the next few financial periods.

Description of the temporary differences	Pre-paid taxes at 31.12.2015			Pre-paid taxes at 31.12.2016			Income statement and Statement of comprehensive income (a-b)
	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	
Non-deductible provision on credit depreciation fund	-	-	-	137	24.0%	33	(33)
TFR discounting back	163	27.90%	45	331	27.9%	92	(47)
Directors' fees	214	27.50%	59	201	24.0%	48	11
<b>Total</b>			<b>104</b>			<b>173</b>	<b>(69)</b>

## 16 Inventories

Leftover stock includes finished products and goods for a total amount of Euro 4 thousand, a decrease compared to the previous year.

## 17 Trade receivables and other credits

Commercial credits and other credits are made up as follows:

	31/12/2016	31/12/2015	Variations	%
Credits to clients	28,426	27,216	1,210	4.4%
Credit depreciation fund	(592)	(317)	(275)	(86.9%)
Credit towards subsidiaries	2,619	2,849	(230)	(8.1%)
Credits to associated companies	0	0	0	-
Accrued income and deferred expenses	497	469	28	6.0%
Other credits	282	124	158	127.7%
<b>Total trade receivables and other credits</b>	<b>31,231</b>	<b>30,340</b>	<b>891</b>	<b>2.9%</b>
% coverage credit depreciation fund	2.08%	1.16%		

Credits to clients are mainly in favour of banking, financial and insurance institutions and other group customers institutions; the accounting value of commercial credits and other credits is approximate to their fair value.

The high sum of credits towards clients is conditioned by the size of the value of the contracts, as well as the contractual terms of payment which may state that the payment of the amounts due are to be paid after the procedures supplied have been tested and the projects and provided services have been completed.

The company evaluated the credits to the probable break-up value. This evaluation is made analytically for expired credits and on expiry of a greater length of time than the average receipt time and on a lump-sum basis for the other credits, depending on the past incidence of losses that the company finds for sales during the invoicing year. Regarding credits that are considered uncollectable, an allocation fund has been set up to the amount of Euro 592 thousand which ensures a cover of 2.08% of the total amount of credits towards clients. This fund was determined on the basis of past data regarding losses on credits and is considered proportionate. During the period, a foreign credit was allocated to devaluation fund relating to activities carried out in the years 2011-2013, following the failure of legal action to recover the same and the risk of the company's bankruptcy debtor.

Among the commercial credits and other credits, Euro 2,630 thousand were towards related parties, mainly towards the Group's companies (see note 32).

The entry Accrued income and deferred expenses entirely refers to prepaid expenses made up of the following:

Nature	31/12/2016	31/12/2015
Software assistance	303	345
Expenses for leases and rentals	4	3
Telephone charges	57	5
Administrative services	4	6
Various insurances	16	7
Other various	81	83
Hardware assistance	31	20
<b>Total prepaid expenses</b>	<b>497</b>	<b>469</b>

The total sum of the point on other credits showed the following results:





<i>Credits towards other</i>	31/12/2016	31/12/2015	Variations	%
Receivables from social security institutions	13	14	(1)	(7.6%)
Receivables for advances on travel expenses	1	0	1	-
Payments on account to suppliers	124	106	18	16.8%
Other	144	4	140	3.511%
<b>Total credits towards other</b>	<b>282</b>	<b>124</b>	<b>158</b>	<b>127.7%</b>

## 18 Tax credits

The entry of Euro 1,153 thousand, showing a decrease compared to the previous period (Euro 1,230 thousand), was made up of:

- excess down payments in direct taxes IRES (Euro 61 thousand);
- credit relating to the IRES reimbursement, according to Decree-Law 201/2011, deriving from not inferred IRAP relating staff costs and assimilated for periods 2007-2011 (Euro 1,092 thousand).

## 19 Cash and other equivalent assets

	31/12/2016	31/12/2015	Variations	%
Bank and postal accounts	3,820	3,019	801	26.5%
Cash-on-hand and cheques	7	5	3	61.1%
Insurance policies capitalized	0	2,684	(2,684)	(100.0%)
<b>Total Cash and other equivalent assets</b>	<b>3,827</b>	<b>5,707</b>	<b>(1,880)</b>	<b>(32.9%)</b>

The bank and postal account deposits are made up of cash-on-hand in current bank accounts for Euro 3,820 thousand, increasing by Euro 801 thousand compared to 31<sup>st</sup> December of previous financial period

In the last quarter of 2016 it was redeemed the capitalization insurance policy; its rate of return in the course of 2016 was 2.50%.

## 20 Company capital

The company capital, entirely registered, deposited and unchanged over the period, amounted to € 4,669,600. It was subdivided into 8,980,000 ordinary shares with a nominal value of € 0.52 each and all with equal rights.

The ordinary shares are registered and indivisible and each one gives the right to a vote at the ordinary and extraordinary shareholders' meetings, as well as to the faculty of carrying out other company and patrimonial rights in accordance with the law and the statute.

Neither CAD IT S.p.A. nor its controlled companies own CAD IT or their own shares, not even through trustee companies or third parties.

CAD IT's net patrimony at 31<sup>st</sup> December 2016, including the financial period result, came to Euro 54,440 thousand compared to Euro 54,610 thousand at 31<sup>st</sup> December 2015.

## 21 Reserves

The capital reserves are made up entirely of share premium reserve which amounts to Euro 35,246 thousand.



## 22 Accumulated profit/losses

	31/12/2016	31/12/2015	Variations	%
Previous profits/losses	585	585	0	-
Legal reserve	934	934	0	-
First Time Adoption transition reserve	2,119	2,119	0	-
Available reserve of undivided profits	9,832	10,262	(430)	(4.2%)
Revaluation liabilities reserve for defined benefit	(240)	(123)	(117)	(95.0%)
Period profits/losses	1,294	917	377	41.1%
<b>Total accumulated profits/losses</b>	<b>14,524</b>	<b>14,694</b>	<b>(170)</b>	<b>(1.2%)</b>

Previous period profit refers to the profit of Euro 585 thousand relating to the difference in profits for the 2004 period following to the application of IAS/IFRS accounting standards compared to the profit calculated with the national accounting standards.

The FTA transition reserve covers any differences that may have occurred when the international accounting standards were first adopted.

The revaluation reserve liabilities for defined benefit plan includes the actuarial differences recognized in the other comprehensive income.

The available reserve of undivided profits decreased by Euro 430 thousand due to the effect of payment of the dividend to shareholders.

The legal reserve has already reached a fifth of the company capital (art. 2430 c.c.).

There are no restrictions to the possibility of using deriving from the statutory arrangements.

The Stockholders' equity quotas that cannot be distributed amounted to Euro 20,099 thousand to cover for long-term costs that have not yet been amortized (art. 2426, no. 5 c.c.).

Nature/description	Amount at 31.12.2016	Use possibility (*)	Available Amount	Summary of the uses made in the three previous financial periods:	
				for loss coverage	for other reasons
<b>Capital</b>	4,670				
<b>Capital reserves:</b>					
Share premium reserve	35,246	a - b - c	35,246	-	-
<b>Riserve di utili:</b>					
Legal reserve	934	b	-	-	-
Available reserve of undivided profits	9,832	a - b - c	9,832		1,094
Valuation reserve for financial assets available for sale	0	-	-	-	-
Revaluation liabilities reserve for defined benefit	-240	-	-	-	-
IAS transition reserve	2,119	-	-	-	-
Profits of previous periods	585	-	-	-	-
Profit of current period	1,294	a - b - c	1,294		
<b>Total</b>	<b>54,440</b>		<b>46,372</b>	<b>0</b>	<b>1,094</b>
Amount that can not be distributed			20,099		
Remaining amount distributable			26,272		
(*) legend: a = company capital increase    b = loss coverage    c = shareholder distribution					

### 23 Dividends paid and decided

On 28<sup>th</sup> April 2016 the CAD IT S.p.A. ordinary shareholders' meeting decided to give shareholders a dividend of Euro 0.15 per share, for total amount to Euro 1,347,000 using the entire profit for the year 2015 of Euro 916,934 together with the amount of Euro 430,066 be taken from the available reserve of undivided profits. The dividend was paid on 11 May 2016.

### 24 Financing

The amount of Euro 761 thousand refers to a loan quota that goes beyond 12 months, which began during the period 2015, and which involves half-yearly repayment deadlines until January 2019.

### 25 Liabilities due to deferred taxes

Deferred taxes amounted to Euro 2,458 thousand (unchanged compared to previous period) and took into account the taxable time differences resulting from taxable time differences resulting from time differences of the accounting value of an asset or liability compared to its recognized value for tax purposes. In particular they mainly referred to the fiscal effect of adjustments made at the FTA, the taxation of which was deferred to future periods after verifying the taxability conditions of the major values registered for the activities or the reduction of the liability value.

Description of the temporary differences	Deferred tax at 31.12.2015			Deferred tax at 31.12.2016			Income statement (a - b)
	Taxable	Rate	Tax (a)	Taxable	Rate	Tax (b)	
Land revaluation	388	27.90%	108	388	27.90%	108	-
Land depreciation	72	24.00%	17	72	24.00%	17	-
Building revaluation	8,051	27.90%	2,246	8,051	27.90%	2,246	-
Building depreciation	438	24.00%	105	438	24.00%	105	-
Systems depreciation	(66)	27.90%	(18)	(66)	27.90%	(18)	-
<b>Total</b>			<b>2,458</b>			<b>2,458</b>	<b>0</b>

### 26 Employees' leaving entitlement and quiescence reserves

The point concerning the Severance indemnities (TFR) fund shows the movements resulting from annual allocations made on the basis of the evaluations of external actuaries based on the IAS 19 and the uses carried out concerning end of working contract resolutions or advance payments.

Employees' leaving entitlement	31/12/2016	31/12/2015
at 1 January	3,469	3,960
Interest cost	56	66
Benefits paid	(69)	(322)
Transfer in/(out)	0	32
Actuarial (gains)/losses	162	(268)
<b>Closing balance</b>	<b>3,617</b>	<b>3,469</b>

In order to carry out the mathematical evaluation the database of each employee (salary, matured TFR net of any

advance payments, age, sex, qualification, etc.) was given to the external actuaries by the companies' qualified offices. The hypothetical specifications on the employees in service regarding both their demographic evolution and their future economic characteristics were calculated on the basis of some past company series, on similar experience and on market figures as well as on the basis of some indications supplied by the companies themselves in terms of their experience and sensitivity to company events.

The following table shows the actuarial assumptions used to determine the present value of the obligation.

	31/12/2015	31/12/2016
<b>ECONOMIC ASSUMPTIONS</b>		
Annual discount rate	2.03%	1.31%
Annual inflation rate	1.50% for 2016 1.80% for 2017 1.70% for 2018 1.60% for 2019 2.00% from 2020 onwards	1.5%
Annual rate of increase in severance pay	2.625% for 2016 2.850% for 2017 2.775% for 2018 2.700% for 2019 3.000% from 2020 onwards	2.625%
Annual rate of salary increase	0.50%	0.50%
<b>DEMOGRAPHIC DATA</b>		
Death	Mortality tables RG48 General Accounting Office	
Disability	Tables INPS	
Retirement	100% to the wagering requirements AGO	
<b>TECHNICAL BASES TURNOVER AND ADVANCES</b>		
Frequency Advances	1.00%	1.00%
Turnover frequency	2.50%	2.50%

The annual discount rate used to determine the obligation was determined by reference to the average yield curve of that comes from the index *iBOXX Eurozone Corporates AA* with a duration of 10+ years in the month of evaluation. To this purpose, the yield having a duration similar to the workers' collective involved in the evaluation was selected.

The average maturity (*duration*) of debt is 12.1 years (compared to 12.4 years at 31/12/2015).

The following table shows the sensitivity analysis for the main evaluation parameters and the estimated future disbursements.

**Sensitivity analysis**

Change in actuarial assumptions	Value of severance pay
Turnover rate +1%	3,552
Turnover rate -1%	3,606
Inflation rate +0.25%	3,641
Inflation rate -0.25%	3,515
Discount rate +0.25%	3,478
Discount rate -0.25%	3,681

**Estimated future disbursements**

Year	Estimated disbursement
1	130
2	129
3	127
4	145
5	148



## 27 Commercial debts

The entire point shows the following trend:

	31/12/2016	31/12/2015	Variations	%
Debts towards subsidiaries	15,759	16,102	(343)	(2.1%)
Debts towards associated companies	170	356	(186)	(52.3%)
Debts towards suppliers	2,336	2,891	(555)	(19.2%)
Payments on account received	368	-	368	-
Accrued expenses and deferred income	543	614	(71)	(11.6%)
<b>Total Commercial debts</b>	<b>19,175</b>	<b>19,963</b>	<b>(788)</b>	<b>(3.9%)</b>

Debts towards suppliers are referred to as current debts for supplies of goods and services received, including those regarding investments in fixed assets.

Among the sales debts, Euro 15,977 thousand are towards related parties, almost entirely towards the Group's companies (15,759) as also indicated in note 32.

The entry "Accrued expenses and deferred income" refers almost entirely to deferred income, for Euro 537 thousand, already invoiced regarding annual ordinary maintenance contracts on user licences and mainly pertaining to next financial period.

## 28 Tax debts

The entry of Euro 2,163 thousand (Euro 2,543 thousand in the previous period) is mainly made up of debt for value added tax (Euro 1,211 thousand), debt for the withholding taxes applied by the company for tax substitution activities towards employees and collaborators (Euro 948 thousand). Debts for income taxes are offset with tax credits for tax advances paid during the year.

## 29 Short-term financing

The voice of Euro 2,500 thousand is made up of short-term financing provided by banks and bank overdrafts and increased compared to the previous year when amounted to Euro 1,794 thousand.

## 30 Other debts

Details of other debts are as shown.

	31/12/2016	31/12/2015	Variations	%
Social security charges payable	1,496	1,555	(60)	(3.8%)
Towards directors	225	226	(1)	(0.4%)
Towards staff for deferred salaries and pay	1,737	1,952	(215)	(11.0%)
Other	1,400	0	1,400	-
<b>Total</b>	<b>4,858</b>	<b>3,733</b>	<b>1,125</b>	<b>30.1%</b>

Debts towards welfare institutions included matured contributory debts on current monthly salaries as well as the quota for deferred maturing salaries.

The other debts are made up of Euro 1,400 thousand towards the partners who sold a 30% holding share of the Spanish company Software Financiero Bolsa S.A., purchased by CAD IT in April 2016, relating to the remaining sum to be paid in 2019 on acquisition closing, in respect of the already defined minimum price (for more information see the section Significant events of the period in the management Report).



Staff debts refer to the current salaries for December 2016 and to accruals for deferred salaries that matured as at 31<sup>st</sup> December. During the year debts for holiday decreased of 250 thousand euro as a result of the use of leave by staff.

Details of debt towards staff are shown in the following table:

<i>Debt towards staff for wages and deferred pay</i>	31/12/2016	31/12/2015	Variations	%
For wages and expense accounts	714	689	25	3.7%
For holidays	477	727	(250)	(34.4%)
For fourteenth month (summer bonus)	546	536	10	1.9%
<b>Total</b>	<b>1,737</b>	<b>1,952</b>	<b>(215)</b>	<b>(11.0%)</b>

### 31 Net financial position

The net financial position at the end of the period 2016 was in credit by Euro 566 thousand, compared to Euro 2,652 thousand at 31/12/2015.

In particular, the net short-term financial position amounted to Euro 1,327 thousand, while the net financial position is positive for Euro 566 thousand, due to the presence of long-term loans for Euro 761 thousand.

	31/12/2016	31/12/2015	Variations	%
Cash-on-hand and at bank	3,827	3,023	804	26.6%
Capitalization insurance policies	0	2,684	(2,684)	(100.0%)
Payables due to banks current portion	(2,500)	(1,794)	(706)	(39.3%)
<b>Net short-term financial position/(indebtedness)</b>	<b>1,327</b>	<b>3,913</b>	<b>(2,586)</b>	<b>(66.1%)</b>
Long-term loans	(761)	(1,261)	500	39.7%
<b>Net long-term financial position/(indebtedness)</b>	<b>(761)</b>	<b>(1,261)</b>	<b>500</b>	<b>39.7%</b>
<b>Net financial position/(indebtedness)</b>	<b>566</b>	<b>2,652</b>	<b>(2,086)</b>	<b>(78.6%)</b>

Cash-on-hand and in bank accounts came to Euro 3,827 thousand. In the fourth quarter of 2016 it was redeemed the capitalization insurance policy with consequent collection.

Short-term debts towards banks amounted to Euro 2,500 thousand and regard overdrawn accounts and advances subject to final payment.

As a link between the data of the net financial position statement and the balance statement, it is hereby reported that: cash in bank accounts and capitalization insurance policies are registered in the patrimonial status as "Cash and other equivalent assets"; short-term financial debts are registered as "Payables due to banks current portion"; long-term financing is registered in the patrimonial status as "Long-term loans".

As shown in the cash flow statement, the absorption of flows of financial assets (Euro -2,586 thousand) was determined by the following managements:

- the operational management activities generated a positive cash flow of Euro 4,275 thousand (compared to Euro 4,999 thousand in the previous year) due to self-financing (net profit plus depreciation and amortization), net of non-cash items;
- investing activities absorbed Euro 5,014 thousand (compared to Euro 4,144 thousand in 2015) for investments in intangible assets (Euro 5,205 thousand), tangible assets (Euro 485 thousand), holding companies (Euro 9 thousand) and for the purchase of investments and other assets available for sale (Euro 250 thousand), partly offset by interests and dividends received (Euro 59 and 869 thousand respectively);
- financing activities absorbed Euro 1,847 thousand (compared to a positive cash flow of Euro 93 thousand in 2015) due to payment of dividends (Euro 1,347 thousand) and to repayment of portions of financing (Euro 500 thousand).



### 32 Related parties transactions

Any commercial relations between the Group's companies are governed by normal market conditions. The summary of income and costs, as well as the credit and debit position at 31st December 2016 between the Group's subsidiaries, is shown in the specific note on management relations. The following table shows the incidence of transactions with related parties on the respective balance entry.

Transaction incidence with related parties - Period 2016	Total	Related Parties	
		Absolute value	% on Tot.
<b>A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account</b>			
Income from sales and services	51,750	1,594	3.1%
Other revenue and receipts	342	55	16.0%
Service costs	(26,526)	(19,450)	73.3%
Labour costs	(21,562)	(544)	2.5%
Other administrative expenses	(1,105)	(890)	80.5%
Financial income	928	870	93.8%
<b>B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation</b>			
Commercial credits and other credits	31,231	2,630	8.4%
TFR and pension funds	3,617	158	4.4%
Commercial debts	19,175	15,977	83.3%
Other debts	4,858	305	6.3%
<b>C) Transaction or position incidence with correlated parties on financial flows</b>			
Cashed dividends	869	869	100.0%

Income from sales and services with related parties mainly concern the services carried out towards subsidiaries companies (Euro 1,576 thousand), as well as the supply of services carried out for the company Xchanging (Euro 16 thousand).

Service costs towards related parties mainly include services carried out by subsidiaries companies (Euro 18,642 thousand) and associates (Euro 568 thousand), Board of Auditors fees (Euro 61 thousand) and translation and language training services supplied by a company partly owned by the spouse of one of the CAD IT directors (Euro 165 thousand).

Labour costs to related parties regard remuneration to directors and managers with strategic responsibilities who are employees and remunerations to employees who have a family relationship or affinity with the CAD IT directors. The other administrative expenses relating to related parties concern remunerations for their position paid to CAD IT directors.

Credits towards related parties are mainly made up of the parent company's credits towards subsidiaries (Euro 2,619 thousand).

Debts to related parties were mainly made up of commercial debts, for services (Euro 15,759 thousand), debts towards employees for pay and pay accruals (Euro 77 thousand) and severance indemnities (Euro 158 thousand) and debts towards Board Members (Euro 225 thousand).

Apart from the above relations, no other relations of an economic-patrimonial nature of any significant substance with correlated parties have been undertaken.



The following table shows the incidence of transactions with related parties for the 2015 financial period.

Transaction incidence with related parties - Period 2015	Total	Related Parties	
		Absolute value	% on Tot.
<b>A) Transaction or position incidence with correlated parties on entries in the Profit and Loss account</b>			
Income from sales and services	54,768	1,792	3.3%
Other revenue and receipts	297	105	35.3%
Service costs	(29,446)	(20,225)	68.7%
Labour costs	(21,642)	(506)	2.3%
Other administrative expenses	(1,129)	(930)	82.4%
Financial income	456	327	71.6%
<b>B) Transaction or position incidence with correlated parties on entries in the Patrimonial situation</b>			
Commercial credits and other credits	30,340	2,849	9.4%
TFR and pension funds	3,469	144	4.1%
Commercial debts	19,963	16,600	83.2%
Other debts	3,733	302	8.1%
<b>C) Transaction or position incidence with correlated parties on financial flows</b>			
Cashed dividends	327	327	100.0%

### **33 Fees paid to members of the Board of Directors, Statutory Auditors and executives with strategic responsibilities**

All remunerations during the financial period, under any title and in any form, paid by the company and by its controlled and associated companies, to members of the administration and controlling bodies, and to those managers with strategic responsibilities, are outlined in the *Remuneration Report*.

### **34 Guarantees provided and received**

In regard to credit lines granted to CAD IT by banking institutes, the company gave as collateral credits to the sum of Euro 1,500 thousand.

To guarantee the contractual fulfilments that CAD IT has taken, bank suretyships or insurances have been provided to the sum of Euro 4,403 thousand towards customers and public administrations.

### **35 Other information**

There have been no transactions or any non recurrent significant events, as defined in the Consob DEM/6064293 communication, in the present financial period or the previous one.

CAD IT has not drawn up any contracts containing clauses that depend on continual financial funding (*covenant*) nor any agreements where a subject – to whom a loan has been granted – must behave accordingly (*negative pledge*).

In accordance with Consob Notification no. DEM/11070007 of 5th August 2011 (which in turn refers to document ESMA no. 2011/266 of 28th July 2011) on the information to be supplied in financial reports concerning sovereign debt statements kept by listed companies, it is hereby declared that the Group does not hold any bonds or loans



issued by central or local governments or governmental bodies.

The present statutory financial statement was approved by the CAD IT S.p.A. Board of Directors on 14th March 2017 and will be an item for approval at the shareholders' meeting to be held on 27th April 2017.

### **36      *Important events since 31/12/2016***

There were no significant events subsequent to the date of this financial report.

For further information on the foreseeable development of company management, please refer to the specific paragraph in the management report.

## ATTESTATION OF FINANCIAL STATEMENT IN ACCORDANCE WITH ART. 154 BIS OF LEGISLATIVE DECREE NO. 58/98

1. The undersigned, Giampietro Magnani, Chairman of the CAD IT S.p.A. Board of Directors, and Michele Miazzi, the manager responsible for drafting the CAD IT S.p.A. company accounting documents, hereby declare, bearing in mind the content of art. 154-bis, paragraphs 3 and 4 of legislative decree no. 58 of 24th February 1998 in terms of:

- the adequacy in relation to the characteristics of the company and
- the effective application,

of the administrative and accounting procedures for drafting the financial statements during the 2016 financial period.

2. Moreover, it is hereby declared that the financial statements:
  - a) has been drafted in accordance with the international accounting standards (IFRS) – adopted by the European Union – in compliance with regulation (EC) no. 1606/2002 of the European Parliament and Council on 19th July 2002;
  - b) corresponds to the results in the accounting books and documents;
  - c) appropriately gives a true and correct representation of the Company's patrimonial, economic and financial situation.
3. The management report includes a reliable analysis of the management trend and result as well as the company's situation, together with a description of the main risks and uncertainties to which the company is exposed.

Verona, 14 March 2017

/s/ Giampietro Magnani  
On behalf of the Board of Director  
The Chairman

/s/ Michele Miazzi  
Manager in charge of drafting  
the CAD IT S.p.A. accounting documents



## ATTACHMENT 1 - INFORMATION IN ACCORDANCE WITH ART. 149-DUODECIES OF CONSOB ISSUER REGULATION

The following table, drafted in accordance with art. 149-duodecies of the Consob Issuer Regulation, shows the compensations regarding the 2016 financial period for auditing services and other non-audit services; no services were carried out by entities belonging to the network of the respective independent auditors.

<i>Type of service</i>	<i>Receiver</i>	<i>Subject that carried out the service</i>	<i>2016 financial period audit fees (in euro)</i>
Accounting audit	CAD IT S.p.A.	PKF ITALIA S.p.A.	34,000
Accounting audit	Subsidiaries	PKF ITALIA S.p.A.	20,000
Consultancy on extraordinary transaction	CAD IT S.p.A.	PKF ITALIA S.p.A.	4,000
<b>Total</b>			<b>58,000</b>

The above compensations are adjusted annually in accordance with the Istat index, as provided for in the contract and in compliance with decisions made at the Shareholders' Meeting on 29.4.2015, which appointed the audit company.

## ATTACHMENT 2 - SUMMARY FINANCIAL STATEMENTS OF CAD IT GROUP COMPANIES <sup>4</sup>

### SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED

#### SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA

*(article 2429 of the Italian Civil Code)*

#### CAD SRL

**REGISTERED OFFICE:** Via Torricelli, 44/A - 37136 VERONA

**QUOTA CAPITAL:** € 350,000.00 fully paid in

**% OF INVESTMENT OF CAD IT SPA:** 100%

	<i>(in euro)</i>	<b>31/12/2016</b>	<b>31/12/2015</b>
TURNOVER		12,265,382	12,770,384
GROSS OPERATING RESULT		236,823	214,115
NET OPERATING PROFIT		211,854	152,657
NET FINANCIAL INCOME AND CHARGES		(106,441)	(122)
PROFIT BEFORE TAXATION		105,413	152,535
NET PROFIT / (LOSS) FOR THE YEAR		22,770	32,028
NET TANGIBLE FIXED ASSETS		132,563	156,543
NET WORKING CAPITAL		5,408,975	5,648,165
NET INVESTED CAPITAL		3,361,129	3,621,656
EMPLOYEES' LEAVING ENTITLEMENT		2,180,409	2,183,052
EQUITY		3,384,449	3,661,680
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		23,320	40,024

<sup>4</sup> Data calculated in accordance with national accounting standards

**CESBE SRL****REGISTERED OFFICE:** Via Torricelli, 44/A - 37136 VERONA**QUOTA CAPITAL:** € 10,400.00 fully paid in**% OF INVESTMENT OF CAD IT SPA:** 62.11%

	<i>(in euro)</i>	<b>31/12/2016</b>	<b>31/12/2015</b>
TURNOVER		3,732,305	4,036,507
GROSS OPERATING RESULT		319,849	305,618
NET OPERATING PROFIT		318,849	304,569
NET FINANCIAL INCOME AND CHARGES		3,048	2,949
PROFIT BEFORE TAXATION		321,897	307,518
NET PROFIT / (LOSS) FOR THE YEAR		219,061	209,671
NET TANGIBLE FIXED ASSETS		2,242	3,282
NET WORKING CAPITAL		3,932,108	3,987,522
NET INVESTED CAPITAL		3,108,037	3,199,236
EMPLOYEES' LEAVING ENTITLEMENT		826,313	791,568
EQUITY		3,131,162	3,212,101
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		23,125	12,865

**SMART LINE SRL****REGISTERED OFFICE:** Via Torricelli 44/A – 37136 VERONA**QUOTA CAPITAL:** € 102,700.00 fully paid in**% OF INVESTMENT OF CAD IT SPA:** 51.05%

	<i>(in euro)</i>	<b>31/12/2016</b>	<b>31/12/2015</b>
TURNOVER		1,549,109	1,573,869
GROSS OPERATING RESULT		(71,976)	91,802
NET OPERATING PROFIT		(110,780)	54,398
NET FINANCIAL INCOME AND CHARGES		3	(69)
PROFIT BEFORE TAXATION		(110,777)	54,329
NET PROFIT / (LOSS) FOR THE YEAR		(82,466)	29,315
NET TANGIBLE FIXED ASSETS		58,528	90,525
NET WORKING CAPITAL		1,054,944	1,093,892
NET INVESTED CAPITAL		690,373	786,179
EMPLOYEES' LEAVING ENTITLEMENT		423,099	398,238
EQUITY		718,290	800,753
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		27,917	14,574



**ELIDATA SRL****REGISTERED OFFICE:** Via Sanadolo, 19 - Caglione d'Adda - LO**QUOTA CAPITAL:** € 20,000.00 fully paid in**% OF INVESTMENT OF CAD IT SPA:** 51%

	<i>(in euro)</i>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
TURNOVER	2,322,130	2,577,923
GROSS OPERATING RESULT	533,418	721,841
NET OPERATING PROFIT	427,167	646,564
NET FINANCIAL INCOME AND CHARGES	-17,345	41
PROFIT BEFORE TAXATION	409,822	646,605
NET PROFIT / (LOSS) FOR THE YEAR	264,192	425,475
NET TANGIBLE FIXED ASSETS	1,891,186	1,866,093
NET WORKING CAPITAL	435,446	273,051
NET INVESTED CAPITAL	2,076,402	1,927,184
EMPLOYEES' LEAVING ENTITLEMENT	250,230	211,960
EQUITY	1,380,103	1,515,911
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)	319,072	672,926

**DATAFOX SRL****REGISTERED OFFICE:** Via Torricelli 44/A – 37136 VERONA**QUOTA CAPITAL:** € 99,999.00 fully paid in**% OF INVESTMENT OF CAD IT SPA:** 51%

	<i>(in euro)</i>	
	<b>31/12/2016</b>	<b>31/12/2015</b>
TURNOVER	488,666	609,508
GROSS OPERATING RESULT	(27,930)	101,566
NET OPERATING PROFIT	(31,638)	98,207
NET FINANCIAL INCOME AND CHARGES	3	113
PROFIT BEFORE TAXATION	(31,635)	98,320
NET PROFIT / (LOSS) FOR THE YEAR	(22,060)	79,306
NET TANGIBLE FIXED ASSETS	9,457	5,687
NET WORKING CAPITAL	231,673	289,514
NET INVESTED CAPITAL	205,188	264,487
EMPLOYEES' LEAVING ENTITLEMENT	35,942	30,714
EQUITY	226,228	267,953
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)	21,040	3,466



**SUMMARY FINANCIAL STATEMENTS OF THE CONSOLIDATED  
INDIRECT SUBSIDIARY COMPANIES INCLUDED IN THE CONSOLIDATION AREA**  
*(article 2429 of the Italian Civil Code)*

**TECSIT SRL****REGISTERED OFFICE:** Via Silvio D'Amico, 40 - 00145 ROMA**QUOTA CAPITAL:** € 75,000.00 fully paid in**% OF INVESTMENT OF CAD IT:** 70%

	<i>(in euro)</i>	31/12/2016	31/12/2015
TURNOVER		79,627	53,310
GROSS OPERATING RESULT		(122,451)	9,969
NET OPERATING PROFIT		(148,886)	6,738
NET FINANCIAL INCOME AND CHARGES		(2,961)	(5,019)
PROFIT BEFORE TAXATION		(151,847)	1,719
<b>NET PROFIT / (LOSS) FOR THE YEAR</b>		<b>(151,847)</b>	<b>(486)</b>
NET TANGIBLE FIXED ASSETS		1,377	2,304
NET WORKING CAPITAL		(104,508)	(94,592)
NET INVESTED CAPITAL		(103,131)	(92,288)
EMPLOYEES' LEAVING ENTITLEMENT		0	0
EQUITY		38,515	53,561
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		141,646	145,849

**SUMMARY FINANCIAL STATEMENTS OF THE ASSOCIATED COMPANIES**  
*(article 2429 of the Italian Civil Code)*

**SOFTWARE FINANCIERO BOLSA S.A.****REGISTERED OFFICE:** Av. de la Albufera, 321, 28031 Madrid, Spain**CAPITALE SOCIALE:** € 529,000.00 fully paid in**% OF INVESTMENT OF CAD IT:** 30%

	<i>(in euro)</i>	31/12/2016	31/12/2015
TURNOVER		3,743,411	4,788,464
GROSS OPERATING RESULT		647,867	1,617,535
NET OPERATING PROFIT		583,948	1,416,201
NET FINANCIAL INCOME AND CHARGES		38,418	45,339
PROFIT BEFORE TAXATION		621,257	1,458,529
NET PROFIT / (LOSS) FOR THE YEAR		465,943	1,057,948
NET TANGIBLE FIXED ASSETS		454,603	397,766
NET WORKING CAPITAL		(177,492)	(307,692)
NET INVESTED CAPITAL		277,111	90,074
EMPLOYEES' LEAVING ENTITLEMENT		0	0
EQUITY		1,100,743	2,452,206
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		871,667	2,411,712

**SICOM SRL****REGISTERED OFFICE:** Via Verdi, 15/a - 46019 Viadana (MN)**QUOTA CAPITAL:** € 10,400.00 fully paid in**% OF INVESTMENT OF CAD IT:** 25%

	<i>(in euro)</i>	31/12/2016	31/12/2015
TURNOVER		5,525,200	4,916,219
GROSS OPERATING RESULT		1,465,516	1,108,259
NET OPERATING PROFIT		1,434,204	1,078,105
NET FINANCIAL INCOME AND CHARGES		7,481	10,677
PROFIT BEFORE TAXATION		1,441,685	1,088,782
NET PROFIT / (LOSS) FOR THE YEAR		955,090	716,678
NET TANGIBLE FIXED ASSETS		1,001,694	1,122,919
NET WORKING CAPITAL		(388,011)	271,766
NET INVESTED CAPITAL		144,582	1,008,254
EMPLOYEES' LEAVING ENTITLEMENT		469,101	386,431
EQUITY		1,721,706	1,482,618
NET SHORT-TERM FINANCIAL POSITION/( INDEBTEDNESS)		1,577,124	474,364





**Independent auditor's report  
in accordance with art. 14 and 16 of Legislative Decree n. 39, dated 27 January 2010  
(Translation from the original Italian text)**

To the Shareholders of  
CAD IT S.p.A.

**Report on the financial statements**

We have audited the accompanying financial statements of CAD IT S.p.A., which comprise the statement of financial position as at December 31, 2016, the income statement, the statement of comprehensive income, the statement of changes in shareholders' equity, the statement of cash flows for the year then ended, a summary of significant accounting policies and other explanatory notes.

*Directors' responsibility for the financial statements*

The Directors of CAD IT S.p.A. are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree 38/05.

*Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (ISA Italia) implemented in accordance with art. 11, paragraph 3 of Legislative Decree dated 27 January 2010. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's professional judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Ufficio di Verona: Via XX Settembre, 14 | 37129 Verona | Italy  
Tel +39 045 8009385 | Fax +39 045 2429606 | Email [pkf.vr@pkf.it](mailto:pkf.vr@pkf.it) | [www.pkf.it](http://www.pkf.it)

*Opinion*

In our opinion, the financial statements give a true and fair view of the financial position of CAD IT S.p.A. as at December 31, 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards as adopted by the European Union as well as with the regulations issued to implement art. 9 of Legislative Decree 38/05.

**Report on other legal and regulatory requirements***Opinion on the consistency with the financial statements of the Report on Operations and of specific information of the Report on corporate governance and shareholding structure*

We have performed the procedures required under auditing standard (SA Italia) n. 720B in order to express, as required by the law, an opinion on the consistency of the Report on Operations and of specific information of the Report on corporate governance and shareholding structure as provided for by art. 123-bis, paragraph 4 of Legislative Decree 58/98, with the financial statements of CAD IT S.p.A. as at December 31, 2016. The Directors of CAD IT S.p.A. are responsible for the preparation of the Report on Operations and of the Report on corporate governance and shareholding structure in accordance with the applicable laws and regulations. In our opinion the Report on Operations and the specific information of the Report on corporate governance and shareholding structure are consistent with the financial statements of CAD IT S.p.A. as at December 31, 2016.

Verona, March 27, 2017

PKF Italia S.p.A.  
Signed by: Umberto Giacometti,  
partner

*This report has been translated into the English language solely for the convenience of international readers.*

CAD IT S.p.A.

Sede in Verona (VR) – Via Torricelli 44/a

Capitale sociale € 4.669.600,00 i.v.

Codice fiscale e numero iscrizione Registro Imprese di Verona 01992770238

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**Relazione del Collegio Sindacale all'assemblea degli azionisti**

**(ai sensi dell'articolo 153 D. Lgs. 58/1998 e dell'articolo 2429 del c.c.)**

All'Assemblea degli Azionisti della Società CAD IT S.p.A.

L'art. 153 del D.Lgs. 24.2.1998 n. 58 prevede l'obbligo per il Collegio Sindacale di riferire all'assemblea, convocata per l'approvazione del bilancio di esercizio, sull'attività di vigilanza svolta, sulle omissioni e sui fatti censurabili rilevati, nonché la facoltà di fare proposte in ordine al bilancio, alla sua approvazione ed alle materie di propria competenza.

A tale disposizione normativa adempiamo con la presente relazione, anche nel rispetto dell'art. 2429, comma 2, Codice Civile.

Il Collegio Sindacale in carica è stato nominato, in base alle disposizioni dello Statuto, dall'Assemblea del 29 aprile 2015 e cesserà il suo mandato con l'approvazione del bilancio chiuso al 31 dicembre 2017.

Nel corso dell'esercizio chiuso al 31.12.2016 abbiamo svolto l'attività di vigilanza prevista dalla legge, tenuto conto delle Norme di comportamento del Collegio Sindacale di società quotate raccomandate dal Consiglio Nazionale dei Dottori Commercialisti ed Esperti Contabili, riscontrando l'osservanza delle norme di legge e dello statuto in ordine alla gestione nonché alla formazione e all'impostazione del bilancio d'esercizio, di quello consolidato e delle relative relazioni.

La società è capogruppo e sottopone quindi al controllo e coordinamento (art. 2497-bis del Codice Civile) altre società individuate nel bilancio d'esercizio chiuso al 31.12.2016.

Abbiamo avuto contatti con il Collegio Sindacale delle controllate, ove nominato, e ottenuto informazioni dai rappresentanti nei vari consigli di amministrazione delle controllate e non sono emersi dati ed informazioni rilevanti che debbano essere evidenziati nella presente relazione.

In particolare, anche in osservanza alle indicazioni fornite da Consob, con comunicazioni DEM n. 1025564 del 6 aprile 2001, n. 3021582 del 4 aprile 2003 e n. 6031329 del 7 aprile 2006, riferiamo quanto segue:

- abbiamo vigilato sull'osservanza della legge e dello statuto sociale;
- abbiamo partecipato alle riunioni dell'assemblea e del Consiglio di Amministrazione e ottenuto dagli amministratori, con periodicità almeno trimestrale, informazione sull'attività svolta, sull'andamento della gestione e sulla prevedibile evoluzione, sulle operazioni di maggior rilievo economico, finanziario e patrimoniale deliberate e poste in essere dalla Società e dalle sue controllate. Sulla base delle informazioni reseci disponibili ed acquisite nello svolgimento delle nostre verifiche, possiamo ragionevolmente affermare che le azioni deliberate e poste in essere sono conformi alla legge ed allo statuto sociale e non appaiono manifestamente imprudenti, azzardate, in potenziale conflitto di interesse o in contrasto con le delibere assunte dall'assemblea o tali da compromettere l'integrità del patrimonio sociale;
- abbiamo acquisito conoscenza e vigilato, per quanto di nostra competenza, sull'adeguatezza della struttura organizzativa della società e sul rispetto dei principi di corretta amministrazione, tramite raccolta di informazioni dai responsabili della funzione organizzativa e dal dirigente preposto alla redazione dei documenti contabili societari oltrechè tramite incontri con responsabili della società

di revisione ai fini del reciproco scambio di dati ed informazioni rilevanti e a tale riguardo non abbiamo osservazioni da riferire;

- con riferimento ai fatti rilevanti accaduti nell'esercizio rileviamo, come evidenziato nella Relazione degli Amministratori sulla gestione, che in data 08/07/2016 il Consiglio di Amministrazione di CAD IT ha esaminato e preso atto della rinuncia di Giuseppe Dal Cortivo alla carica di Presidente e Amministratore Delegato del Consiglio di Amministrazione di CAD IT S.p.A., e nominato Presidente Giampietro Magnani (già in precedenza Vicepresidente della Società). Giuseppe Dal Cortivo ha comunicato alla Società di ritenere opportuno, in seguito ad indagini in atto presso la Procura di Roma, di rimettere il proprio mandato di Presidente e Amministratore Delegato del consiglio di amministrazione di CAD IT, fintantoché non sarà fatta chiarezza in merito agli accadimenti che lo vedono indagato in qualità di legale rappresentante della Società, per reati di natura fiscale afferenti gli anni di imposta 2010, 2012 e 2013 (l'importo complessivo contestato è di 194 mila euro, IVA esclusa). A tale riguardo abbiamo ottemperato alle richieste informative formulate dalle autorità competenti.

In data 19/10/2016 il Consiglio di Amministrazione di CAD IT ha preso atto della richiesta di dimissioni di Giuseppe Dal Cortivo dalla carica di consigliere non esecutivo di CAD IT e ha contestualmente nominato per cooptazione, ai sensi dell'art. 18 dello statuto sociale e dell'art. 2386 del codice civile, previo parere favorevole del Collegio Sindacale e del Comitato per la Remunerazione e Proposte di Nomina, l'avvocato Debora Cremasco quale amministratore non esecutivo ed indipendente;

- abbiamo espresso il nostro parere con riferimento alle proposte di remunerazione in particolare degli Amministratori Esecutivi e di quelli investiti di particolari cariche;
- abbiamo vigilato sull'adeguatezza delle disposizioni impartite dalla società alle società controllate, ai sensi dell'articolo 114, comma 2, del D. Lgs. 58/1998, affinché le stesse forniscano tutte le notizie necessarie per adempiere agli obblighi di comunicazione previsti dalla legge;
- abbiamo constatato che nel corso del 2016 non vi sono state significative variazioni organizzative aziendali nel Gruppo;
- diamo atto che i criteri di valutazione illustrati nelle Note al bilancio, tenuto conto di quanto indicato dagli amministratori nel paragrafo Principi contabili, emendamenti ed interpretazioni applicati dal 1° gennaio 2016, sono sostanzialmente omogenei con quelli utilizzati per la redazione del bilancio dell'esercizio precedente;
- l'iscrizione dei costi di sviluppo fra le attività immateriali è avvenuta con il nostro consenso ai sensi dell'art. 2426, comma 1, n. 5, codice civile;
- abbiamo valutato e vigilato sull'adeguatezza della struttura amministrativa e del sistema di controllo interno che riteniamo adeguato alle esigenze societarie. Nel corso dell'esercizio abbiamo avuto periodici incontri con i responsabili del controllo interno e con l'internal auditor che ci hanno informato sugli esiti degli accertamenti compiuti presso la capogruppo ed alcune controllate;
- abbiamo valutato e vigilato sull'adeguatezza del sistema amministrativo-contabile, nonché sulla sua affidabilità a rappresentare correttamente i fatti di gestione, sia mediante l'ottenimento di informazioni dal dirigente preposto alla redazione dei documenti contabili societari e dai responsabili delle rispettive funzioni, sia mediante l'esame dei documenti aziendali che mediante



l'analisi dei risultati del lavoro svolto dalla società di revisione, nonché della funzione internal audit, e a tale riguardo non abbiamo informazioni particolari da riferire;

- non abbiamo rilevato l'esistenza di operazioni atipiche e/o inusuali anche infragruppo o con parti correlate;
- diamo atto che la società aderisce al sistema di tassazione del consolidato fiscale nazionale;
- in merito alle operazioni infragruppo o con parti correlate, le stesse sono state adeguatamente descritte sia nelle note di bilancio, nell'apposito prospetto, che nella relazione sulla gestione e ad esse Vi rimandiamo in ordine alle caratteristiche e alla rilevanza economica. Le suddette operazioni risultano eseguite a condizioni di mercato, condotte in termini di coerenza strategica, di affidabilità economica e di atteso ritorno per la Società. Gli effetti economici, patrimoniali e finanziari derivanti dai rapporti con parti correlate sono debitamente illustrati al punto 32 delle note di bilancio. Le stesse informazioni sono altresì contenute al punto 35 delle note di bilancio consolidato al netto delle elisioni effettuate dei rapporti infragruppo;
- In data 27 marzo 2017 la società di revisione ha emesso le relazioni al Bilancio d'esercizio ed al Bilancio consolidato, esprimendo un giudizio senza rilievi;
- l'adesione della Società al Codice di Autodisciplina, predisposto dal Comitato per la Corporate Governance e promosso da Borsa Italiana S.p.A., e le modalità di attuazione delle regole di governo societario, sono illustrate nell'apposita relazione annuale del consiglio di amministrazione. In particolare abbiamo verificato i requisiti di indipendenza dei sindaci previsti dall'articolo 148, terzo comma, lettera c) del TUF, abbiamo accertato la corretta applicazione dei criteri di valutazione e delle procedure indicati dal Codice di Autodisciplina in merito all'indipendenza degli Amministratori non esecutivi nominati dall'assemblea o cooptati dal consiglio di amministrazione;
- diamo atto che la società adotta un adeguato sistema di protezione delle informazioni di cui al D.Lgs. del 30 giugno 2003 n. 196 "Codice in materia di protezione dei dati personali" per garantire la protezione dei dati personali;
- diamo atto che la società ha adottato il modello di organizzazione e gestione per la prevenzione dei reati previsti dal D. Lgs. 8.6.2001, n. 231 concernente la responsabilità amministrativa della società per reati commessi dai propri dipendenti e collaboratori. L'ultimo aggiornamento del Modello è stato effettuato in data 10/11/2016. La società ha perseguito, mediante l'Organismo di Vigilanza appositamente costituito, azioni ispettive sui processi e procedure per valutare la persistenza dei requisiti di prevenzione dei reati rilevanti ai fini del citato Decreto; nel corso dell'esercizio l'Organismo di Vigilanza non ha comunicato al Collegio fatti di rilievo;
- per quanto attiene ai compiti di revisione legale, essi sono svolti dalla società PKF Italia Spa che cesserà il proprio mandato novennale con la revisione del bilancio al 31 dicembre 2023;
- alla società di revisione risultano conferiti i seguente incarichi regolarmente eseguiti:
  - per la controllante CAD IT S.p.A.: revisione del bilancio d'esercizio e del bilancio consolidato ai sensi dell'art. 14 comma 1 lettera a) D.Lgs. 39/2010; revisione contabile limitata relativa al bilancio semestrale abbreviato predisposto ai sensi dell'art. 154-ter, comma 2 D.Lgs. 58/1998; controllo contabile ex art. 14 comma 1 lett. b) D.Lgs. 39/2010; verifica sulla coerenza della relazione sulla gestione e della specifica sezione sul governo societario e gli assetti proprietari con il bilancio di esercizio e il bilancio consolidato;



- per le tre società controllate CAD srl, CeSBE srl, Elidata srl: revisione del bilancio d'esercizio; controllo contabile; verifica sulla coerenza della relazione sulla gestione con il bilancio di esercizio;
- sottoscrizione delle dichiarazioni fiscali per l'attività di propria competenza, per la capogruppo e le società controllate di cui sopra;

Nel corso dell'esercizio la società PKF Italia spa non ha svolto servizi non di revisione; la remunerazione per tutti gli incarichi sopracitati è ricompresa nell'importo complessivo approvato in sede di delibera assembleare per il conferimento dell'incarico;

- abbiamo verificato la sussistenza dei requisiti di indipendenza della società di revisione ;
- nel corso del 2016 il Consiglio di Amministrazione della Società si è riunito 9 (nove) volte, il Comitato Controllo e Rischi 7 (sette) volte e il Comitato per le Remunerazione e per le Proposte di Nomina 5 (cinque) volte. Nel corso del medesimo esercizio il Collegio Sindacale si è riunito 10 (dieci) volte esclusa la riunione dedicata alla redazione delle relazioni al bilancio di esercizio e consolidato. Il Collegio ha partecipato alle riunioni consiliari e assembleari tenutesi nel corso dell'esercizio. Il Collegio ha inoltre partecipato, in persona del Presidente, a riunioni del Comitato Controllo e Rischi;
- nel corso del 2016 non sono pervenute denunce ex articolo 2408 codice civile o esposti da parte di azionisti;
- il Collegio Sindacale e la società di revisione, in applicazione di quanto previsto dall'articolo 150 del D. Lgs. 58/2008, hanno provveduto a scambiarsi dati ed informazioni rilevanti per l'espletamento dei rispettivi compiti;
- nel corso dell'attività di vigilanza svolta e sulla base delle informazioni da noi ottenute dalla società di revisione, non sono state rilevate omissioni, fatti censurabili, irregolarità o comunque fatti significativi tali da richiederne la segnalazione agli organi di controllo e vigilanza o la menzione nella presente relazione.

Alla data di redazione della presente relazione non risultano comunicati dalla società di revisione rilievi in ordine:

- all'adeguatezza dell'organizzazione presso la Capogruppo per quanto riguarda l'afflusso delle informazioni e le procedure di consolidamento;
- alla corretta applicazione dei principi contabili adottati.

Per quanto concerne il bilancio d'esercizio, che presenta un utile di Euro 1.294 migliaia, abbiamo verificato l'osservanza delle norme di legge regolanti la sua impostazione e formazione, mediante i controlli da noi esercitati, nei limiti della nostra competenza, di cui all'art. 149 D. Lgs. 24.02.1998 n. 58 e le informazioni forniteci dalla società di revisione.

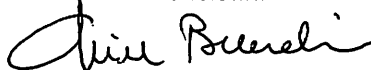
In particolare abbiamo accertato che non sono state esercitate deroghe di cui all'art. 2423 comma 4 Codice Civile.

La relazione degli amministratori sulla gestione, illustra adeguatamente la situazione economica, patrimoniale, finanziaria, nonché l'andamento della gestione anche dopo la chiusura dell'esercizio della società.

Tenuto conto di quanto evidenziato e per quanto di nostra competenza riteniamo il bilancio, unitamente alla proposta del consiglio di amministrazione sulla destinazione dell'utile suscettibile di approvazione.

Verona, lì 27 marzo 2017

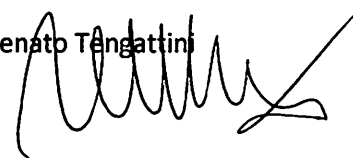
Chiara Benciolini



Gian Paolo Ranocchi



Renato Tengattini





**Gruppo CAD IT**  
Via Torricelli, 44/a  
37136 Verona - ITALY  
Tel: +39 045 82 11 111  
Fax: +39 045 82 11 110  
[caditgroup@caditgroup.com](mailto:caditgroup@caditgroup.com)  
[www.caditgroup.com](http://www.caditgroup.com)